



# St. John's Amalgamation Review 2011

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## Recommendation

*Based on the analysis contained in the following document, we recommend that the City of St. John's pursue amalgamation with the City of Mount Pearl and the Elizabeth Park, Evergreen Village, and St. Anne's Industrial Park areas of the Town of Paradise. This amalgamation will bring together within one municipal unit all lands that drain into the Waterford River Basin and then into St. John's Harbour. Exclusion of the areas of Paradise examined provides no advantage. The balance of Paradise will be better off with a more consistent level of service and lower tax rates. In addition, postponing this relatively minor addition will simply leave the issue for a further debate in the future.*

# Acknowledgements

*This is the fifth report on the subject of St. John's and its amalgamation with adjacent municipal units prepared by John Heseltine, MCIP, and the second in which Tom McGuire, M.A. (Econ.) has assisted. Mr. Heseltine has graduate degrees in Urban and Regional Planning (Queens) and Public Administration (Dalhousie). Mr. McGuire has a graduate degree in Economics (Dalhousie). The authors have worked together regularly for more than a decade on economic impact assessments and cost-benefit studies, as well as studies related to tourism, economic development, and public administration.*

*Mr. Heseltine has completed many assignments for the City of St. John's. He led a team that worked with City staff to respond to the proposal of the Province of Newfoundland and Labrador to amalgamate municipalities on the Northeast Avalon in 1990 and authored the resulting Position Paper for the City. He has also prepared reports relating to annexation of lands by the City of Halifax, on amalgamation of Summerside and Charlottetown, PEI, and on behalf of the City of St. John's in response to the application of the City of Mount Pearl to annex the Southlands as well as previous editions of this document.*

*The current report is the fourth review of amalgamation prepared for St. John's. It provides an overview of amalgamation experience in St. John's and across Atlantic Canada. It also contains an assessment of the viability of amalgamating Mount Pearl to St. John's, and possibly portions of the Town of Paradise that drain into Mount Pearl and then into the City of St. John's, including Elizabeth Park, Evergreen Village, and St. Anne's Industrial Park. For the current version of the report, we have updated information on the City of St. John's and the amalgamation experience on the Northeast Avalon Peninsula in consultation with City of St. John's staff. We have also re-interviewed many senior municipal administrators across Atlantic Canada previously contacted for earlier reports and/or other municipal staff familiar with current municipal operations and financial conditions. As we have adjusted the focus in the current study to also investigate several areas in Atlantic Canada where amalgamation has been considered but not pursued, we interviewed some representatives from those areas for the first time.*

*The authors would like to express their appreciation to all of the individuals who have assisted us by providing information and/or taking the time to participate in interviews for this and previous work on municipal reorganization for St. John's.*





# Executive Summary

## 1.0 INTRODUCTION

This is the fourth version of this report. The format is not greatly changed from earlier versions, which each established the background of municipal reorganization in Canada, with an emphasis on amalgamation in the 1990s. They have also assessed key municipal amalgamations undertaken in the Atlantic Provinces during that period. The preceding reports have then reviewed municipal service delivery in St. John's and the Northeast Avalon, and the anticipated fiscal consequences of a recommended amalgamation of St. John's, Mount Pearl, and a portion of the Town of Paradise. This report covers the same topics, although we have made some adjustments to the order for this edition. It draws now on a growing depth of experience with amalgamated municipalities in the region, which now have a track record that can be compared to those areas that have remained unorganized.

## 2.0 AMALGAMATION AND ST. JOHN'S

Like most cities in North America, St. John's owes much of its growth to annexation and amalgamation. The city took on areas on its periphery largely at the behest of the Province of Newfoundland and Labrador in 1963, 1984, and 1992. It has expended substantial funds to upgrade the areas for which it has assumed responsibility. Since 1992, the neighbouring City of Mount Pearl has twice attempted to annex attractive lands from St. John's. St. John's, for its part, has through previous versions of this report and the statements of its staff and political representatives, made the case that Mount Pearl should be joined with St. John's to strengthen the Northeast Avalon region and the province of Newfoundland and Labrador. The amalgamation of St. John's and Mount Pearl has been adopted by the St. John's as a Strategic Direction in the City's recent Strategic Plan. This version of St. John's Amalgamation Review has been prepared to support and advance that initiative by outlining the case for amalgamating the Cities of St. John's and Mount Pearl and the portion of the Town of Paradise within the Waterford River watershed into a single, unified city and stronger capital for the Province of Newfoundland and Labrador.

## 3.0 MUNICIPAL REORGANIZATION IN CANADA

The need for regional governance is almost unassailable. Even the strongest opponents of amalgamation recognize that the scope of at least some services extends beyond typical municipal boundaries. Canada has been a leader in the establishment and refinement of regional governments. Metro Toronto, which was established in 1953, was an immediate and widely admired success. It led to the establishment of similar two-tier regional governments throughout Ontario and in other major Canadian centres such as Winnipeg and Vancouver.

Atlantic Canada, which largely missed, the era of two-tier regional government, initiated the second wave of regional reform in Canada led by the Newfoundland program, which among other changes resulted in the reorganization of municipalities on the Northeast Avalon in 1992. Several other major Atlantic Canadian communities were also amalgamated into single tier regional municipalities, most notably Halifax. Subsequently, Toronto was also amalgamated into a unified city and by the end of the decade only three of Canada's twelve largest metropolitan regions had a two-tier regional structure.

The upheaval of the 1990s, however, came to an end led by the forceful resistance of academic proponents of public choice theory, who have pointed to the examples offered by many large American cities that are divided into as many as 200 municipal units. The example is not, however, compelling, especially when one considers the problems of cities like Los Angeles, Pittsburgh, and St. Louis that are offered as models. Many Canadian analysts continue to see a need for consolidation for regions facing economic challenges and the benefits that have been gained by the many regions that have been reformed.

#### **4.0 AMALGAMATION IN ATLANTIC CANADA**

To respond to criticism of amalgamation when we prepared the first version of this report in 1999, we reviewed the nine major amalgamations approved in Atlantic Canada in the 1990s to assess whether the new governments had performed effectively or not. We have revised and added to this evidence in each subsequent edition to develop a picture of the evolution of amalgamated municipalities and, in this version, have added a comparison of amalgamated municipalities to areas in Atlantic Canada for which reorganization was considered but for one reason or another not pursued.

Although most indicated in our first round of interviews that the transition presented substantial challenges, nearly all have now adjusted to new structures, as have the citizens they serve. The City of Miramichi, New Brunswick, which struggled with substantial increases in costs immediately following amalgamation, has now, for example, brought its expenditures in line with pre-amalgamation levels. In Grand Falls-Windsor; Charlottetown and Summerside, PEI; the Saint John area of New Brunswick; and three regional municipalities in Nova Scotia, indications are that amalgamation has either been neutral or has reduced municipal expenditures.

Comparison of amalgamated municipalities in Nova Scotia and New Brunswick to unamalgamated regions and municipalities in general based on municipal financial data published annually by each Province indicates that the amalgamated units have controlled their costs as well or better than their unconsolidated counterparts. There are many lessons that can be derived from recent amalgamation experience in Atlantic Canada. Certainly transition has been smoother where municipal administrators supported the amalgamation initiative. Most important though, the evidence strongly indicates that amalgamation can save money, can stabilize financially troubled local government, and has ultimately been durable in every region that it was undertaken.



## 5.0 MUNICIPAL SERVICES IN ST. JOHN'S

The Cities of Mount Pearl and St. John's, and the portion of Paradise under consideration for amalgamation have similar levels of service. They are all urban areas in which most development is connected to piped water and sewer services. These services are shared among the three municipalities under the oversight of the City of St. John's. Nearly all wastewater is ultimately disposed in St. John's Harbour, where it is now treated by a sewage treatment system largely located on St. John's Harbour. Water supply areas are also nearly entirely in St. John's but the infrastructure is shared among the municipalities.

Most other municipal services provided to the three areas recommended for amalgamation are supplied by the City of St. John's, including fire protection, transit and para-transit, and solid waste disposal as well as water supply and wastewater treatment. Furthermore, roads, and parks and recreation services provided by St. John's are significantly impacted by the use of outside residents, particularly from Mount Pearl. The only services in which interaction among the three municipalities is limited are planning and economic development. These are, interestingly, the services whose effectiveness could be most improved by amalgamation.

## 6.0 FINANCIAL ANALYSIS

*Financial analysis was conducted using a model that incorporates a variety of assumptions regarding future events including growth rates of revenue and expenditure in the municipal units under consideration. Other assumptions could result in different results and readers should be aware that actual results will vary from those produced by the model used.*

Amalgamation, by our calculations, should benefit both residents and businesses in St. John's in the short and long terms. Short-term impacts on Mount Pearl, on the other hand, will be negative as a more equitable distribution of regional service costs is established. In the longer run, however, tax rates should fall below current levels as the residential and business tax bases continue to grow.

The portion of Paradise to be incorporated in amalgamation will be affected in a similar manner to Mount Pearl as its residents and businesses will become more directly responsible for the services that they benefit from. The balance of Paradise, which does not make use of these services, by contrast, will be freed of any responsibility for associated debt and operating costs, which should allow a substantial reduction in tax rates for both residents and businesses.

## 7.0 WHY AMALGAMATE?

While the attack mounted on municipal restructuring has subsided and interest in consolidation is reviving, it is understandable that many members of the public continue to have questions. These questions include: Why can't inter-municipal arrangements continue to be used to deliver regional services? Couldn't public-private partnerships



offer an alternative? Will a city encompassing St. John's and Mount Pearl be unwieldy? Will City government become remote? What will be the consequences of losing a municipal choice on the Northeast Avalon? What will an amalgamated municipality cost? What overall benefits can be obtained?

It must be considered positive that arguments in opposition to municipal consolidation have developed over the past fifteen years. Amalgamation, after all, is a substantial step and should not be undertaken lightly: benefits must be compared to costs. The arguments of opponents, however, largely seem to rest on discounting the cost savings, and administrative and technical efficiencies of consolidation, while heavily emphasizing the representative benefits of smaller municipal units. Amalgamation will provide a fairer environment in which all citizens within the urban core can participate in the definition and financial support of municipal services that they use. It will create a stronger capital city for Newfoundland and Labrador. The substantive differences among the municipalities in the Northeast Avalon region – particularly the lower taxes levied in Mount Pearl – have much more to do with specific local advantages in infrastructure condition and tax base.

# TABLE OF CONTENTS

<b>1.0</b>	<b>INTRODUCTION.....</b>	<b>1.1</b>
<b>2.0</b>	<b>AMALGAMATION AND ST. JOHN'S.....</b>	<b>2.1</b>
2.1	ANNEXATION IN 1984 .....	2.1
2.2	AMALGAMATION IN 1992.....	2.3
2.3	AMALGAMATION AND ST. JOHN'S SINCE 1992 .....	2.6
2.4	BOUNDARY ISSUES SINCE 1992.....	2.7
2.5	AMALGAMATION FOR THE FUTURE.....	2.10
<b>3.0</b>	<b>MUNICIPAL REORGANIZATION IN CANADA.....</b>	<b>3.1</b>
3.1	REGIONAL GOVERNMENT IN CANADA TO 1980 .....	3.2
3.2	AMALGAMATION IN THE 1990S .....	3.5
3.3	THE AMALGAMATION DEBATE.....	3.7
3.4	THE AFTERMATH OF AMALGAMATION .....	3.12
3.5	THE NEED FOR AMALGAMATION .....	3.14
<b>4.0</b>	<b>AMALGAMATION IN ATLANTIC CANADA.....</b>	<b>4.1</b>
4.1	NEWFOUNDLAND AND LABRADOR.....	4.5
4.1.1	Town of Grand Falls-Windsor .....	4.6
4.1.2	Northeast Avalon .....	4.8
4.2	PRINCE EDWARD ISLAND.....	4.12
4.2.1	Charlottetown Area .....	4.13
4.2.2	City of Summerside .....	4.18
4.3	NOVA SCOTIA.....	4.20
4.3.1	Cape Breton Regional Municipality.....	4.21
4.3.2	Halifax Regional Municipality .....	4.24
4.3.3	Region of Queens .....	4.29
4.4	NEW BRUNSWICK.....	4.32
4.4.1	City of Miramichi .....	4.33
4.4.2	Saint John Area .....	4.36
4.5	CONCLUSIONS.....	4.43
4.5.1	The Amalgamation Process.....	4.43
4.5.2	The Benefits of Coordination .....	4.44
4.5.3	The Limits of Cooperation.....	4.45
4.5.4	The Form of Amalgamation .....	4.46

4.5.5	The Costs and Benefits of Amalgamation .....	4.48
4.5.6	Amalgamation and Municipal Viability .....	4.51
4.5.7	Amalgamation and Local Governance.....	4.53
<b>5.0</b>	<b>MUNICIPAL SERVICES IN ST. JOHN'S .....</b>	<b>5.1</b>
5.1	ECONOMIC DEVELOPMENT .....	5.2
5.2	PLANNING AND DEVELOPMENT CONTROL .....	5.4
5.3	FIRE PROTECTION .....	5.6
5.4	TRANSPORTATION AND TRANSIT .....	5.7
5.5	WATER SUPPLY .....	5.12
5.6	STORMWATER .....	5.14
5.7	SANITARY SEWER SYSTEM .....	5.14
5.8	SOLID WASTE MANAGEMENT .....	5.16
5.9	RECREATION.....	5.18
5.10	CONCLUSIONS.....	5.20
<b>6.0</b>	<b>FINANCIAL ANALYSIS.....</b>	<b>6.1</b>
6.1	ST. JOHN'S AND MOUNT PEARL .....	6.3
6.2	ST. JOHN'S, MOUNT PEARL AND PARADISE.....	6.4
6.3	IMPACT ON PARADISE .....	6.6
6.4	SUMMARY .....	6.7
<b>7.0</b>	<b>WHY AMALGAMATE?.....</b>	<b>7.1</b>
7.1	WHY CAN'T WE ALL GET ALONG? .....	7.1
7.2	WHAT CHOICE IS THERE? .....	7.2
7.3	WILL ST. JOHN'S GET TOO BIG?.....	7.3
7.4	AT WHAT PRICE? .....	7.4
7.5	CAN YOU GET GOOD SERVICE?.....	7.6
7.6	WHAT GOOD WILL IT DO?.....	7.8
7.7	CONCLUSIONS.....	7.9

## LIST OF TABLES

<i>Table 2.1: Capital Allocations by the City of St. John's for Annexed Areas from their Incorporation in St. John's (1985 and 1992) through 2009 .....</i>	<i>2.3</i>
<i>Table 3.1 Municipalities and Population, Selected Urban Areas, Canada and the United States, 2000 .....</i>	<i>3.10</i>
<i>Table 4.1: Major Municipal Amalgamations in Atlantic Canada, 1990-1997 .....</i>	<i>4.3</i>
<i>Table 4.2: City of St. John's Operating Expenditures, Fiscal 1990-Fiscal 2009.....</i>	<i>4.9</i>
<i>Table 4.3: City of St. John's, Tax Rates, 1991-2011 .....</i>	<i>4.12</i>



<i>Table 4.4: Operating Expenditure Comparison (\$,000s 2009\$), CBRM, Pre- and Post-amalgamation (Fiscal 1994, 1997, 1999, 2005, and 2008) .....</i>	<i>4.23</i>
<i>Table 4.5: Operating Expenditure Comparison (\$,000s 2009\$), HRM, Pre- and Post-amalgamation (Fiscal 1995, 1997, 1999, 2005, and 2008) .....</i>	<i>4.27</i>
<i>Table 4.6: Operating Expenditure Comparison (\$,000s 2009\$), Region of Queens, Pre- and Post-amalgamation (Fiscal 1994, 1997, 1999, 2005, and 2008) .....</i>	<i>4.31</i>
<i>Table 4.7: Budget Comparison (\$,000s), City of Miramichi, Pre- and Post-amalgamation (Fiscal 1997, 1999, 2006, and 2008) .....</i>	<i>4.35</i>
<i>Table 4.8: Budget Comparison (\$,000s), Town of Grand Bay-Westfield, Pre- and Post-amalgamation (Fiscal 1997, 1999, 2006, and 2008) .....</i>	<i>4.39</i>
<i>Table 4.9: Budget Comparison (\$,000s), Town of Quispamsis, Pre- and Post-amalgamation (Fiscal 1997, 1999, 2006, and 2008) .....</i>	<i>4.40</i>
<i>Table 4.10: Budget Comparison (\$,000s), Town of Rothesay, Pre- and Post-amalgamation (Fiscal 1997, 1999, 2006, and 2008) .....</i>	<i>4.41</i>
<i>Table 4.11: Budget Comparison (\$,000s), City of Saint John, Pre- and Post-amalgamation (Fiscal 1997, 1999, 2006, and 2008) .....</i>	<i>4.42</i>
<i>Table 4.12: Comparison of Expenditure Change, 1994-2008, Selected Atlantic Canada Regions (thousands of 2009\$) .....</i>	<i>4.49</i>
<i>Table 5.1: Existing and Proposed Water Supply Sources, St. John's Urban Region Municipalities, 2007 .....</i>	<i>5.12</i>
<i>Table 5.2: Expenditure Comparison, Cities of St. John's and Mount Pearl, and Town of Paradise, 2008 .....</i>	<i>5.20</i>
<i>Table 5.1: Municipal Service Provisions Involving the City of St. John's .....</i>	<i>5.23</i>
<i>Table 6.1: Estimated Financial Impact of Amalgamating St. John's and Mount Pearl (2010\$), 2010-2019 .....</i>	<i>6.3</i>
<i>Table 6.2: Estimated Financial Impact of Amalgamating St. John's, Mount Pearl, and Paradise (2010\$), 2010-2019 .....</i>	<i>6.5</i>
<i>Table 6.3: Estimated Financial Impact of Amalgamation on the Remainder of the Town of Paradise (2010\$), 2010-2019 .....</i>	<i>6.6</i>
<i>Table 6.4: Summary, Impact on Implied Tax Rates, Alternative Amalgamation Scenarios, 2012 and 2019 .....</i>	<i>6.7</i>

## LIST OF FIGURES

<i>Figure 2.1: Proposed Amalgamation Scenario, St. John's, Mount Pearl, and the Elizabeth Park, Evergreen Village and St. Anne's Industrial Park Areas of Paradise .....</i>	<i>2.13</i>
<i>Figure 4.1: Major Municipal Amalgamations in Atlantic Canada, 1990-1997 .....</i>	<i>4.2</i>



Figure 4.2: Town of Grand Falls-Windsor .....	4.6
Figure 4.3: City of St. John's .....	4.8
Figure 4.4: Building Permit Activity, City of St. John's, 2000-2010 .....	4.11
Figure 4.5: City of Charlottetown, Town of Stratford, and Town of Cornwall .....	4.13
Figure 4.6: City of Summerside .....	4.18
Figure 4.7: Cape Breton Regional Municipality .....	4.22
Figure 4.8: Halifax Regional Municipality .....	4.25
Figure 4.9: Region of Queens .....	4.29
Figure 4.10: City of Miramichi.....	4.34
Figure 4.11: City of Saint John, Town of Grand Bay-Westfield, Town of Quispamsis, and Town of Rothesay.....	4.37
Figure 5.1: Travel Flows to the City of St. John's, 2001 .....	5.8
Figure 5.1: Percentage of St. John's Roadway System Used by Mount Pearl Residents .....	5.10
Figure 5.2: General Service Area, St. John's Wastewater Treatment Project .....	5.16

## 1.0 INTRODUCTION

The issue of municipal structure on the Northeast Avalon Peninsula is long-standing. At Confederation in 1949, St. John's was the only municipality in the region. In the same year, however, the Province of Newfoundland and Labrador passed the *Local Government Act* and subsequently worked hard to induce the creation of municipalities by providing generous financial supports.

These incentives were all too successful. By 1990, when the Province announced an initiative to consolidate local governments, Newfoundland had more municipal units than any other province in Canada except Saskatchewan, even though large areas of the province were and remain unorganized. By that time, there were no less than 20 municipal units on the Northeast Avalon Peninsula.<sup>1</sup>

The roots of the current issue trace back to the 1990 municipal reorganization program. That program, which initiated a round of municipal amalgamation across much of Canada in the ensuing decade, led the City of St. John's to consider its position on the Northeast Avalon. While the City did not agree with the specific reorganization structure proposed by the Province, it did, after deliberation, endorse the principle. One key reason that St. John's disagreed with the Provincial proposal was that, while it addressed the Peninsula as a whole, it avoided the potential strength of a union between St. John's and its immediate neighbour, the City of Mount Pearl.

The author of this report, John Heseltine, worked closely with the St. John's Council and staff in the early 1990s to develop the City's perspective on the amalgamation issue. As an employee of the Halifax consulting company, Porter Dillon, he led a team that prepared the *Position Paper Regarding Municipal Amalgamation in the Northeast Avalon Peninsula*, which recommended the amalgamation of St. John's with Mount Pearl and other urbanizing municipalities across the middle of the Peninsula in what was labeled the "Expanded Urban Core" Most of the remaining municipalities, by contrast, opposed the notion of amalgamation vociferously or were quietly ambivalent.

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<sup>1</sup> In addition to the Metropolitan Area Board, an appointed body that oversaw development in unorganized areas on the Peninsula, the municipalities were the Cities of St. John's and Mount Pearl, and the Towns of Pouch Cove, Flatrock, Bauline, Torbay, Outer Cove/Middle Cove-Logy Bay, Wedgewood Park, Portugal Cove, St. Philips, St. Thomas, Paradise, Conception Bay South, Petty Harbour/Maddox Cove, the Goulds, Bay Bulls, and Witless Bay. Holyrood, which is generally considered a Northeast Avalon municipality, was not part of the program.



The paper and related presentations by the consulting team and City of St. John's staff appear to have influenced the subsequent decision of Provincial Commissioner, Donald Peckham. Commissioner Peckham, however, stopped far short of the comprehensive amalgamation we advocated. His recommendation in 1992 brought about modest reorganization that eliminated the Metropolitan Area Board, an appointed body that oversaw development in unorganized areas on the Peninsula, and brought the number of municipalities down to 14. St. John's increased its area considerably, adding the Towns of Wedgewood Park and the Goulds, and taking control of its watershed from the Metro Board. It also acquired the Southlands, a promising area with clear development potential that abuts Mount Pearl.

In intervening years St. John's has continued to seek the comprehensive amalgamation of the region's urban core. Mount Pearl, for its part, has argued the benefits of inter-municipal competition and the importance of its separate identity. The debate has played out through two attempts by Mount Pearl to annex lands from St. John's and continues to be a feature of discourse concerning the municipal future of the Northeast Avalon. Three previous versions of this report have been prepared to present the City of St. John's position in defense of its lands and in the interest of promoting public understanding.

The format of this report is not greatly changed from earlier versions, which each established the background of municipal reorganization in Canada, with an emphasis on amalgamation in the 1990s. They have also assessed key municipal amalgamations undertaken in the Atlantic Provinces during that period. The preceding reports have then reviewed municipal service delivery in St. John's and the Northeast Avalon, and the anticipated fiscal consequences of a recommended amalgamation of St. John's, Mount Pearl, and a portion of the Town of Paradise.

This report covers the same topics, although we have made some adjustments to the order for this edition. While each element requires some updating to account for the passage of time, a major adjustment is a change in emphasis in our review of past amalgamations in Atlantic Canada. As several provinces in addition to Newfoundland and Labrador pursued amalgamation across much of Canada in the nineties, several Canadian academics developed a substantial literature critical of the processes and their objectives. These writers had a role in stopping large scale amalgamations by the end of the decade as well as probably influencing the demerger process that followed in Quebec at the turn of the current century.

The previous versions of this report responded directly to this point of view, which was definitely ascendant in the late 1990s. The academic format of this document, for one, is a reflection of our desire to put our arguments on a similar footing. With the passage of time, however, the body of data with which to assess amalgamations has grown and debate has moved from a largely philosophical discussion to one that is more fact and performance-based.

It is now 18 years since St. John's amalgamated with the Goulds, Wedgewood Park, and lands of the former Metro Board. It is approximately 15 years for most of the other prominent amalgamations that took place in the Maritimes. This is enough time to not only assess amalgamated municipalities through their initial transition but also through their maturation as established organizations. We have now reached a point where it also seems feasible to compare amalgamated municipalities not just to themselves and the preceding municipal units from which they were formed but also to groups of municipalities for which amalgamation was considered 20 years ago but not pursued.

In Nova Scotia, the "amalgamation" of the Town of Canso and the Municipal District of Guysborough, is underway, albeit through the expected dissolution of the Town. Another may follow to deal with the troubles faced by the Town of Bridgetown in Annapolis County and still more may be required to deal with the financial challenges faced by other smaller towns in the province. Interest in amalgamation is also growing in the Pictou region, where an amalgamation initiative was abandoned in the nineties. In all cases, the model to emulate is the universally acknowledged success of Nova Scotia's Region of Queens, which amalgamated in 1996.

As Commissioner Roil pointed out in comments cited below from his 2007 decision concerning Mount Pearl's application to annex the Commonwealth Avenue and Brookfield Road area, several smaller Newfoundland municipalities have also contemplated amalgamation to address fiscal challenges. The Provinces of New Brunswick, PEI, and Newfoundland and Labrador have furthermore undertaken regionalization initiatives that have re-opened doors to the consideration of municipal restructuring including amalgamation. At the same time, initiatives to encourage the alternative of inter-municipal cooperation have also been tried and can be similarly assessed and compared.

The purpose of this edition of St. John's Amalgamation Review is most certainly to promote municipal consolidation on the Northeast Avalon. It is also an objective consistent with the St. John's Strategic Plan to continue to make this position based on facts as opposed to belief. It is our conviction, based on the information presented in the following chapters of this document, that the progress of St. John's in dealing with the needs of lands for which it has been given responsibility and the successes of other amalgamated municipalities in Atlantic Canada, justify this position. It is also becoming clear that municipal analysts and provincial governments are once again turning to municipal consolidation to support the growing role of local governments in our society.



## 2.0 AMALGAMATION AND ST. JOHN'S

Like most cities in North America, St. John's owes much of its growth to annexation and amalgamation. City boundaries were expanded in 1963 "to include the built-up area around its perimeter," according to C. W. Powell in his 1981 Feasibility Report addressing boundary changes in the St. John's Urban Region.<sup>2</sup> Powell's report further enlarged the city by recommending the addition of Airport Heights, Kilbride, and Shea Heights. Following the amalgamation process of 1989 to 1992, the City also added the Towns of Wedgewood Park and the Goulds, as well as extensive undeveloped areas previously administered by St. John's Metropolitan Area Board, plus the Southlands, which had been within the jurisdiction of the City of Mount Pearl.

While each of these moves was important to the growth of the City of St. John's, the financial consequences have been mixed. With each new area the City acquired additional responsibilities. Addressing the requirements of new lands has been a significant task for the municipal government and a substantial cost for its taxpayers. It has however been essential to the effective development of the region. Delay in assuming these responsibilities would have exacerbated the scale of the challenges that have been addressed and the attendant costs.

### 2.1 ANNEXATION IN 1984

At Powell's recommendation, St. John's, in 1984, took in unorganized lands administered and managed by the St. John's Metropolitan Area Board. These areas, which are now well integrated to the city, all brought with them serious deficiencies in water, sewer, and road networks. The City has so far spent more than \$55 million to upgrade services in these areas and in the Torbay/Logy Bay Roads Area, with no assistance from the Province (see **Table 2.1**):

- *Airport Heights* - There were no municipal water and sewer services anywhere in Airport Heights at its annexation to St. John's in 1984. All servicing was by on-site individual wells and septic disposal systems. Due to poor soil and groundwater conditions, a high proportion of disposal fields were saturated. Contamination from them found its way into wells and road-side ditches. Distance from existing sewage infrastructure also required construction of a major trunk sewer before

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<sup>2</sup> C. W. Powell, B.Sc., LL.D., P.Eng., Commissioner, *Feasibility Report on Boundary and Structural Changes for Local Government in the Urban Core Area*, May 1981, p. 5. From 1945, the City had varying degrees of planning control over these areas.



any local servicing could start at a cost of approximately \$5.5 million spent in 1988 and 1989. High ground elevation precluded the provision of adequate water pressures, so booster pumping was required. A water reservoir was also built between 2000 and 2002 at a cost of approximately \$1.6 million. Work in the area has tailed off over the past three years but more than \$23 million has been spent in the area since it was added to the city (**Table 2.1**).

- *Kilbride* - When Kilbride was annexed most of the community had underground water and sanitary sewer services. All local sewers were however made of asbestos-cement pipe. These pipes were leaking badly and overloading critical sections of the trunk sewers owing to poor construction and inadequate past maintenance. The City of St. John's has made some improvements in this respect, but heavy expenditures are still required. Much of the serviced area is at such a high elevation that booster pumping is required for adequate service pressure.

The City has spent nearly \$19 million to date in Kilbride to upgrade water and sewer networks, and roads (**Table 2. 1**). Improvements in booster pumping reliability are needed, however, and major reservoir facilities are planned for the future. St. John's has also provided municipal services to areas previously served by on-site wells and septic tanks.

- *Shea Heights* – Shea Heights developed piece-meal over a long period, and much of the street surface infrastructure was inadequately designed, badly deteriorated, and in need of replacement. At annexation, most of the area was served by underground sanitary sewer, and a water distribution system based on booster pumping and a small reservoir. There were no storm drainage facilities other than open ditches and, because of the steep terrain, flooding in ditches, local rivers, and street crossings was common. Roughly \$5.7 million has been spent since 1985 with \$600,000 going to flood remediation and \$70,000 required for rock stabilization. The balance, including all capital investments in the past three years was spent through the Streets Rehabilitation Program to renew and upgrade roads (**Table 2.1**).
- *Torbay/Logy Bay Road Area* - Portions of this area, which stretches along arterial routes connecting St. John's to several towns north and east of the city, were annexed in 1985 and 1992. The focus of concern for the area was on the surfaces of the roads themselves, which serve commuter traffic from the area and beyond. All required work for the area has cost close to \$8 million as of 2009 (**Table 2.1**). The bulk of this expenditure was allocated shortly after annexation when the City rebuilt Torbay Road (1985) and built East White Hills Road (1986). Other monies were spent on maintenance and renewal of those two roads, as well as Logy Bay Road and Newfoundland Drive. Since 1999, \$440,000 was spent on the construction of a bridge and the balance was spent through the Streets

Rehabilitation Program.<sup>3</sup>

*Table 2.1: Capital Allocations by the City of St. John's for Annexed Areas from their Incorporation in St. John's (1985 and 1992) through 2009*

Year	Airport Heights	Kilbride	Shea Heights	Torbay/ Logy Bay Roads	Town of the Goulds	TOTAL
1985	\$312,301	\$0	\$0	\$2,875,270	N/A	\$3,187,571
1986	\$100,000	\$1,519,405	\$422,664	\$2,504,530	N/A	\$4,546,599
1987	\$0	\$736,000	\$75,000	\$0	N/A	\$811,000
1988	\$3,097,000	\$400,000	\$720,000	\$408,501	N/A	\$4,625,501
1989	\$2,588,400	\$736,639	\$322,765	\$218,315	N/A	\$3,866,119
1990	\$516,098	\$765,430	\$40,000	\$116,884	N/A	\$1,438,412
1991	\$3,824,579	\$425,203	\$720,000	\$45,000	N/A	\$5,014,782
1992	\$2,312,000	\$35,000	\$20,000	\$57,662	\$150,000	\$2,574,662
1993	\$2,110,000	\$260,442	\$71,320	\$72,123	\$1,000,000	\$3,513,885
1994	\$325,000	\$0	\$116,373	\$150,382	\$3,630,139	\$4,221,894
1995	\$0	\$109,926	\$9,000	\$30,012	\$38,850	\$187,788
1996	\$0	\$328,855	\$144,538	\$27,284	\$1,617,000	\$2,117,677
1997	\$0	\$318,273	\$55,831	\$0	\$913,333	\$1,287,437
1998	\$159,705	\$204,100	\$83,360	\$0	\$323,915	\$771,080
1999	\$145,000	\$904,000	\$18,000	\$60,000	\$297,000	\$1,424,000
2000	\$1,338,000	\$2,283,000	\$92,000	\$99,000	\$621,000	\$4,433,000
2001	\$1,003,000	\$2,985,000	\$87,000	\$40,000	\$620,662	\$4,735,662
2002	\$561,000	\$959,000	\$109,000	\$230,000	\$852,000	\$2,711,000
2003	\$145,000	\$1,254,000	\$927,000	\$229,700	\$4,013,000	\$6,568,700
2004	\$22,350	\$691,080	\$132,705	\$27,520	\$2,467,798	\$3,341,452
2005	\$1,998,806	\$1,264,290	\$231,747	\$164,775	\$4,351,091	\$8,010,708
2006	\$2,542,055	\$1,237,990	\$9,344	\$165,855	\$1,972,054	\$5,927,298
2007	\$109,354	\$78,695	\$257,588	\$12,012	\$338,173	\$795,822
2008	\$59,633	\$565,260	\$466,068	\$36,002	\$1,108,938	\$2,235,901
2009	\$24,847	\$885,842	\$558,945	\$316,020	\$4,109,679	\$5,895,334
<b>TOTALS</b>	<b>\$23,294,128</b>	<b>\$18,947,430</b>	<b>\$5,690,248</b>	<b>\$7,874,847</b>	<b>\$28,424,632</b>	<b>\$84,243,284</b>

Source: City of St. John's

## 2.2 AMALGAMATION IN 1992

Amalgamation in 1992 was part of a comprehensive proposal for municipal reorganization on the Northeast Avalon put forward by the Province in 1990. With twenty municipalities surrounding Newfoundland's largest city, the Northeast Avalon was a logical target for Newfoundland and Labrador's amalgamation program. Although the Province proposed many amalgamations at the time and pursued several, reorganization of St. John's and its neighbours drew by far the most attention.

<sup>3</sup> The impact of expenditures on the former Town of the Goulds is discussed in **Section 2.3**, below.

The program began with a proposal by the Province of Newfoundland and Labrador to create four municipalities from the Metro Board and nineteen of the municipal units that then existed on the Peninsula as follows:

- One centred on St. John's consisting of the City of St. John's, and the Towns of Petty Harbour-Maddox Cove; the Goulds, Portugal Cove, Hogan's Pond, and St. Phillips, as well as portions of lands under the St. John's Metropolitan Area Board, including Windsor Lake, Petty Harbour Long Pond, and Bay Bulls Big Pond watersheds.
- One centred on Mount Pearl consisting of the City of Mount Pearl, and the Towns of Paradise, Conception Bay South and St. Thomas, and portions of lands under the Metro Board.
- One centred on Torbay consisting of the Towns of Torbay, Logy Bay-Middle Cove-Outer Cove, Flatrock, Pouch Cove, and Bauline, and portions of lands under the Metro Board.
- The combined Towns of Witless Bay and Bay Bulls.<sup>4</sup>

A consulting team led by the current author was hired by the City of St. John's early in the process to review the Provincial proposal and recommend a course of action for the City. Although team members did not agree with the configuration proposed by the Province, we did agree that municipal reorganization was needed. Data showed that most residents of the Northeast Avalon worked in the City of St. John's taking daily advantage of the services provided by the City government. We also saw the results of fragmentation in the poor state of many small municipal units in the region.

The February 1990 consultant report, *Position Paper Regarding Amalgamation in the Northeast Avalon Peninsula*, recommended a comprehensive approach to amalgamation called the "Expanded Urban Core."<sup>5</sup> This proposal was approved by St. John's City Council and put forward to the Provincial Commissioner. The Expanded Urban Core involved amalgamation of St. John's with a band of urban or urbanizing municipalities, including Wedgewood Park, Mount Pearl, the Goulds, Paradise, and Conception Bay South, as well as parts of the St. John's Metropolitan Area Board,<sup>6</sup> which stretched diagonally across the Northeast Avalon from the established northeast boundary of St. John's to Conception Bay South. The proposal was devised in recognition of the Provincial objective to put all municipal units on a viable financial footing.

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<sup>4</sup> Porter Dillon Limited, *Position Paper Regarding Municipal Amalgamation in the Northeast Avalon Peninsula*, February 1990, p. 106. See also Figure 18, p. 110.

<sup>5</sup> *Ibid.*, pp. 116-120.

<sup>6</sup> *Loc cit.*

The diagonal of the Expanded Urban Core was and remains the primary path of urban development on the Northeast Avalon Peninsula. In the middle of this path is Mount Pearl. The consultants did not devise the proposal as the most beneficial arrangement for the City of St. John's. In our opinion, it best met the objectives of the Province to create viable municipal units. St. John's, our client, would take on many areas with financial and administrative problems. It was particularly important to the success of this proposal that Mount Pearl with its strong tax base be included in the proposed arrangement to assist with these burdens.

We were resistant to the idea of amalgamating all of the municipal units on the Northeast Avalon in a single government because we perceived that many were independent resource-based communities with modest relationships to the City of St. John's. This included the Town of Petty Harbour-Maddox Cove, which was largely a fishing community from which relatively few working residents appeared to commute to St. John's.<sup>7</sup> Our proposal concentrated on those areas that were clearly urbanized or urbanizing and from which the majority of residents commuted to St. John's for work.

The approach to reorganization that, in fact, had the most immediate logic consistent with these principles was the "Urban Core" scenario proposed to us at the outset of our work by City of St. John's staff. It involved amalgamation of St. John's with Wedgewood Park, Mount Pearl, the Goulds, and areas then under the control of the St. John's Metropolitan Area Board, including the Windsor Lake, Petty Harbour Long Pond, and Bay Bulls Big Pond watersheds. These areas are mostly connected to St. John's by major transportation routes, generally drain into the Waterford drainage basin in St. John's, provide the St. John's water supply, and demonstrably have a high degree of economic integration with St. John's. The same factors apply to the extreme eastern portion of Paradise, which drains into the same drainage basin as Mount Pearl and St. John's, and receives water from the Bay Bulls Big Pond watershed. This small area has consequently also been regarded as part of the Urban Core.

Recognizing the strong resistance of Mount Pearl to amalgamation, the consulting team even tested the possibility of implementing the Expanded Urban Core without including Mount Pearl. We concluded that Mount Pearl could not be excluded by our criteria. We felt that continued independence for Mount Pearl would discourage coordination and preserve counter-productive competition. We also felt an independent Mount Pearl would lack the land and resources to provide a full range of services for its citizens. We even speculated that Mount Pearl, in this situation, would seek to increase its area,<sup>8</sup> which it subsequently did with its unsuccessful attempts to annex from St. John's the Southlands in 1997 and the lands between Commonwealth Avenue and Brookfield Road in 2007.

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<sup>7</sup> Porter Dillon Limited, *op cit.*, pp. 111-115.

<sup>8</sup> *Ibid.*, pp. 121-125.



There is no documentation of the Provincial decision proclaimed in 1991. Many observers at the time considered it “beneficial” to St. John's.<sup>9</sup> Certainly, it reflected some consideration of the arguments developed by the consulting team with City of St. John's staff and Council. It incorporated in St. John's the Towns of Wedgewood Park and the Goulds, the portion of Southlands in Mount Pearl, and substantial lands previously under the Metropolitan Area Board. Wedgewood Park, of course, was encompassed by the City of St. John's and the Goulds was clearly subject to forces of urbanization originating in St. John's. The amalgamation, however, excluded the area that is more clearly connected to St. John's than any area ever incorporated in the city with the exception of Wedgewood Park.

### 2.3 AMALGAMATION AND ST. JOHN'S SINCE 1992

Notwithstanding that St. John's secured areas that it “asked for” in 1992, the City knowingly took on significant challenges. The Goulds, most notably, was and continues to be an area in need of service improvements. It was also in a weak financial position at amalgamation. The other areas were either fiscally sound (Wedgewood Park) or undeveloped (Southlands and Metro Board lands). They balanced or potentially balanced the responsibilities St. John's assumed elsewhere. The arrangement implemented by the Province, however, left Mount Pearl as a separate municipality, even though it abuts St. John's and is physically all but indistinguishable from St. John's. Inter-municipal rivalry perseveres and municipal structure continues to be in flux as demonstrated by Mount Pearl's two attempts to annex territory from St. John's.

Within the new boundaries of St. John's established in 1992 amalgamation appears to have generally been successful. Wedgewood Park has been absorbed into the city, although it is still well-recognized as a neighbourhood. Its recreation facilities, in particular, play a valuable role for the city. City staff have noted that Wedgewood Park and East Meadows were developed to “a reasonable urban standard” before their incorporation into St. John's. They, furthermore, pointed out that the operating expenditures required have not been far from the norm for other areas of the city.<sup>10</sup> Capital allocations in the Torbay/Logy Bay Road area of which Wedgewood Park is a part have been modest since 1992 with very little attributable to the former town (see **Table 2.1**, above).

The Goulds, too, has retained its identity as a community within St. John's but has required significant municipal investment in its infrastructure. As a separate town the Goulds faced serious financial difficulty. In addition to financial concerns, problems with existing infrastructure and problems caused by lack of infrastructure were severe. The area is characterized by a relatively flat landscape and a high groundwater table. In the

<sup>9</sup> “St. John's big winner,” *The Evening Telegram*, St. John's, date uncertain, 1992.

<sup>10</sup> *Pers comm.*, John Dawe, City of St. John's, October 1999.

extensive areas served by individual wells and septic systems, disposal fields were flooded, causing contamination of wells and roadside drainage ditches.

The City has spent \$6 million on the Shoal Bay Road water and sewer project, and the Lakeview Drive watermain to provide water service to residents of the Goulds now on wells. The City has also committed over \$1 million to future expansion of the water line along Main Road and to dig wells for residents who do not have access to water lines.

In a 1999 interview with the author, current Kilbride MHA John Dinn, who served as a Councillor for the Town in the 1970s and 1980s and represented the Goulds on St. John's Council from 1992 to 2005, described amalgamation as "the best thing that ever happened to the Goulds."<sup>11</sup> He noted that taxes rose considerably but that improved planning, development control, and engineering services have been a major benefit. He indicated the City has resolved flooding problems and a fly control issue, and is in the process of upgrading sewer services. There is also now a bus run to the area and the City built an arena in 1995 that the Town could not previously afford.

The Goulds prior to its incorporation in the City of St. John's was a classic example of the problems created by fragmented municipal governance. The Town lacked engineering expertise on staff and pursued development with little regulation. It also routed sewage disposal in a less than optimal fashion so as to avoid connection to the St. John's system. Infrastructure was cheaply developed and poorly maintained. In areas where water and sewer services were provided, lack of grade, poor construction practices, and inadequate maintenance by the Town caused problems of infiltration and silt blockage. The standards and frequency of street surface repair and construction were also in need of improvement. The City has spent nearly \$28.5 million for capital improvements in the Goulds since 1992 (see **Table 2.1**, above). Estimates by City of St. John's engineers suggest the total cost of addressing problems in the Goulds is approaching \$70 million.<sup>12</sup>

## 2.4 BOUNDARY ISSUES SINCE 1992

The issue of municipal organization on the Northeast Avalon was not settled by the decisions of 1992. Notwithstanding the commitment and success of the City in dealing with the responsibilities that it acquired in 1992, Mount Pearl sought to annex the Southlands from St. John's in 1997. Ten years later, in 2007, Mount Pearl attempted to gain the Brookfield Road/ Commonwealth Avenue area.

Mount Pearl's attempt to annex the Southlands from St. John's reflected the evolution of views of amalgamation for the early nineties. Mount Pearl took the position that the Southlands would allow their city to grow and, picking up on the public choice view of municipal organization that was rising at the time (see **Section 3.3**, below), made a virtue

<sup>11</sup> *Pers comm.*, Councillor John Dinn, City of St. John's, June 1999.

<sup>12</sup> *Pers comm.*, Art Cheeseman, Director of Engineering and Planning, City of St. John's, May 2003, reconfirmed February 2007.

of municipal fragmentation, arguing that “two strong cities in this Region will ensure an efficient and cost effective municipal regional structure”<sup>13</sup> and that a stronger Mount Pearl “would create a barometer for government, business and residents to compare the tax structure and level of services between [it and St. John’s].”<sup>14</sup>

Submissions to the Commissioner from both cities outlined their respective capacities and the expected impact of exchanging the Southlands on each. The Mount Pearl submission was supported by a document prepared by Professors Wade Locke and Peter Townley called *The Future of a Stronger Urban Core: The Case for Returning the Southlands to the City of Mount Pearl*, which elaborated the City’s argument that two cities were better than one.<sup>15</sup> The current author was engaged by the City of St. John’s to prepare a response to the Professors’ paper that was titled *Southlands in St. John’s: Staying the Course*. As the title “Staying the Course” implies, this document argued that although the Province had taken a halting step in 1992, it was a step in the right direction. To “deannex” the Southlands would simply undo what little had been achieved.

The ultimate direction intended by the 1992 decision was more strongly reinforced by a letter solicited from former Provincial Premier Clyde Wells by the City of St. John’s. Mr. Wells, who on coming to power in 1989 widened the municipal consolidation program begun by the preceding Peckford government, essentially stated that the Province saw the logic of amalgamating Mount Pearl with St. John’s in 1992 but balked at the strong resistance of the City of Mount Pearl:

[Amalgamation of Mount Pearl and St. John’s] would have proceeded except for the very strong resistance of the council and a very large portion of the people of Mount Pearl. Government saw its options to be *either*, force a large portion of the population of the capital city area to surrender its separate municipal Government [sic] and become part of the City of St. John’s with resultant ill will and bitterness that could continue for some time, *or* proceed with all of the remainder of its proposed capital city area amalgamation but exclude the existing developed area of Mount Pearl for the time being.<sup>16</sup>

He continued that it was a matter of time for Mount Pearl and its residents to “come around” to the idea of amalgamation:

Government chose [not to include Mount Pearl in amalgamation] in the belief that it would only be a matter of time before the relatively small existing developed area of Mount Pearl would be surrounded by housing and commercial

<sup>13</sup> City of Mount Pearl, *Southlands in Perspective*, October 1997, pp. 48-49

<sup>14</sup> *Ibid.*, p. 68.

<sup>15</sup> Wade Locke and Peter Townley, *The Future of a Stronger Urban Core: The Case for Returning the Southlands to the City of Mount Pearl*, October 22, 1997.

<sup>16</sup> Letter from Clyde Wells to the Honourable Frederick W. Russell, CM, CD, LLD, Southlands Feasibility Study Commission, November 4, 1997, p. 3 in Southland Feasibility Commission, *op cit.*, Appendix B.



development within the City of St. John's and the people of the Mount Pearl area would be much more receptive to full amalgamation and thereby reduce, if not eliminate, any residual ill will or bitterness.<sup>17</sup>

The decision of Provincial Commissioner Frederick W. Russell unequivocally addressed the assertion of Mount Pearl that the 1992 reorganization was intended to foster inter-municipal competition:

In its brief the City of Mount Pearl stated, ***“Government’s 1991 decision to continue to maintain two Cities in this region was in keeping with Government’s program. Such a decision recognized that the continued existence of two senior governments with this Region would be more beneficial in strengthening the municipal structure than if they were amalgamated into a large City”***. The evidence does not support this statement. Prior to the actual amalgamation proposal to the House of Assembly in May of 1991 it was clearly Governments’ [sic] intention to amalgamate Mount Pearl with St. John’s. This is confirmed in a letter from former Premier Wells, and from the Government documents leading to the 1992 boundary adjustment decision. It would appear then, that Governments’ policy was for a strong Urban Region centred on an enlarged St. John’s that included Mount Pearl within its boundaries. Further, it would appear Government believed that, from a financial point of view, this would give the Northeast Avalon a strong regional government that would be better able to serve the needs for the citizens of the Urban Region.<sup>18</sup>

Mount Pearl was not however long deterred. By 2007 the City of Mount Pearl made a second attempt to gain territory from St. John’s with its application to annex lands in the Brookfield Road/Commonwealth Avenue area. The 2007 version of this document was prepared to respond to the second initiative in support of a detailed assessment of servicing issues and impacts by City of St. John’s staff.

In rejecting this application, Commissioner John Roil broadly suggested that there was little significant difference between the services that Mount Pearl might offer in the land they sought to annex and those already provided there by the City of St. John’s. He also castigated the governments of both cities for what he considered unconstructive debate over the issue characterized by posturing and petty criticism.

The Commissioner clearly wanted to see the level of debate elevated to address the “good of the region” as opposed to the rivalry between its two largest municipal units, as he outlined in his decision to refuse the Mount Pearl application:

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<sup>17</sup> *Loc cit.*

<sup>18</sup> Southlands Feasibility Study Commission, *Feasibility Report to the Minister of Municipal and Provincial Affairs Government of Newfoundland and Labrador Under section 6(1) of the City of Mount Pearl Act to Determine Whether the Development Known as the Southlands should Remain Within the Municipal Jurisdiction of the City of St. John’s or Whether it Should be Municipally Administered by the City of Mount Pearl*. Emphasis in original.

... allowing St. John's, the economic centre of this region, to be eroded by other municipal entities that share borders with it is not a progressive activity to encourage in the long term.<sup>19</sup>

He also expressed tacit support for amalgamation stating, "... I am not satisfied that some form of amalgamation or integration cannot exist here ..." continuing shortly thereafter to say:

In the strongest possible words, I encourage both [St. John's and Mount Pearl] to work together to continue the integration of services for their citizens living within their municipal limits. While many municipal centres outside the Avalon region willingly seek amalgamation for reasons of financial survival, residents of this area have been blessed with economic health, fiscal ability and a surplus of land assets which allow easy development. That may not be the situation in the future. There must be economies of scale which can be taken advantage of to the betterment of residents. The administrative entities which collect the garbage, provide water and sewer systems, remove the snow from the streets and provide spaces for recreation should never be allowed to become the wedges that divide the residents of these two fortunate cities.<sup>20</sup>

The edition of this document written at that time as part of the response from the City of St. John's to the application of Mount Pearl for annexation, as well as two preceding versions, argued that the continued separation of Mount Pearl from St. John's is harmful to St. John's, the Northeast Avalon region, and the Province of Newfoundland and Labrador. St. John's must provide services for commuters, the most substantial portion of whom come from Mount Pearl; it also provides services such as regional parks that are heavily used by residents of Mount Pearl; and it must provide for its own older infrastructure and several areas taken in through past annexations and amalgamations without the assistance of Mount Pearl, even though Mount Pearl could not exist without St. John's and the services and amenities that the City of St. John's provides.

## 2.5 AMALGAMATION FOR THE FUTURE

The continued separation of St. John's and Mount Pearl costs the region and the province as the two cities continue to work against each other. Although the City of St. John's was successful in defending itself in the battles over the Southlands and the Brookfield Road/Commonwealth Avenue area, St. John's City Council feels strongly that the future of both St. John's and Mount Pearl, as well as the balance of the Northeast Avalon will be best served by the union of the two cities in a single strong municipal government that can ameliorate or address the following persistent concerns:

- Unsettled relations between St. John's and Mount Pearl, exemplified by two attempts by Mount Pearl to annex lands from St. John's since 1992;

<sup>19</sup> John F. Roil, Q.C., Commissioner, *An Application by the City of Mount Pearl to Amend its Municipal Boundaries to Include a Portion of Lands Within the Municipal Boundaries of the City of St. John's*, March 11, 2007, p. 49.

<sup>20</sup> *Ibid.*, p. 51.

- Continued reliance on inter-municipal and regional service arrangements that are often not agreeable to some of the parties involved;
- A persistent belief that current arrangements are inequitable; and
- Concern that due to inter-municipal competition – primarily between St. John's and Mount Pearl – the Northeast Avalon is not in a position to compete effectively for economic development with the other major urban centres of Atlantic Canada such as Halifax, Moncton, and Saint John.

It also remains that, although there is considerable interaction between Mount Pearl and St. John's, there are significant differences in tax levels and lesser variations in the demographic characteristics of their respective populations. Locke and Townley, in 1997, argued that these differences justified the continued separation of St. John's and Mount Pearl. They believed that the differences between the two communities reflected the preferences of their residents.

We have argued, on the other hand, that St. John's and Mount Pearl, as well as Paradise and several other areas, represent a "community of interest."<sup>21</sup> In our opinion, the fact that St. John's is the major provider of infrastructure and services to Mount Pearl and Paradise justifies their union into a single entity in which residents equally share the burden of the services from which they benefit. Although this might mean higher taxes in Mount Pearl, we anticipate more efficient allocation of funds without regard for artificial boundaries will lead to a reduction in overall costs based on our examination of recent Atlantic Canadian amalgamation experience discussed below. More certainly, it will also result in a fairer allocation of the burden of costs and the direct engagement of citizen-consumers in all three municipalities in the governance of service delivery.

This is also relevant with respect to economic development. In many regions with fragmented municipal structures, over allocation of industrial land is apparent. It results from the desire of nearly all municipalities to attract non-residential assessment. There are also, frequently, disputes over lands with commercial potential on municipal boundaries. Municipalities, furthermore, frequently compete with each other to attract entrepreneurs to their lands and facilities, sometimes undermining private markets. We have long believed that efforts to promote the Northeast Avalon will be most effective if "the region can speak with a single voice." We also believe these efforts will cost less per capita.<sup>22</sup>

Insofar as Mount Pearl and St. John's are concerned, municipal viability is not a serious issue. As Commissioner Roil suggested, both cities are financially sound, although both must mind the bottom line at all times. They are not, however, reaching their full potential. The amalgamations of 1991 were, at best, a step toward resolving the

<sup>21</sup> *Ibid.*, pp. 28-31.

<sup>22</sup> *Ibid.*, pp. 74-76.

municipal issues on the Northeast Avalon, as former Halifax Mayor and noted municipal analyst Allan O'Brien recognized:

How long the new system, based on compromise and rushed analysis will last is impossible to know. An effort will be made to make it work, but further change at some point is expected by many of those directly involved.<sup>23</sup>

The St. John's Council has recently re-committed to further consolidation of municipalities on the Northeast Avalon in its Corporate Strategic Plan:

**Strategic Direction 2: Support and advance amalgamation of communities in the St. John's CMA.**

The City will continue to support and advance amalgamation of communities in the St. John's CMA and capture the opportunities to reduce urban sprawl, capitalize on efficiency and effectiveness gains in the delivery of services, and reap the collective benefit of higher returns on investments and greater competitiveness nationally.<sup>24</sup>

The Plan recognizes, though, that public understanding of the issue is lacking. The first initiative following from the foregoing direction is to "[r]evisit and as necessary revise the existing business case developed by the City to support regional amalgamation and fully assess its continued relevance, implications and impacts." This document implements that direction. It will, furthermore, provide the foundation for the following Strategic Plan initiative to "[d]evelop and launch a communications strategy based on facts and intelligence designed to educate the public about the realities and opportunities of amalgamation."<sup>25</sup>

**Figure 2.1** represents the new municipal entity that the City of St. John's has advocated since 1991. It will include all of the current Cities of St. John's and Mount Pearl, as well as the portion of Paradise that drains into the Waterford River watershed, consisting of Elizabeth Park, Evergreen Village, and St. Anne's Industrial Park. This is a cohesive unit within which residents have regular interaction with each other and within which many municipal services are already shared under varied regional service arrangements.

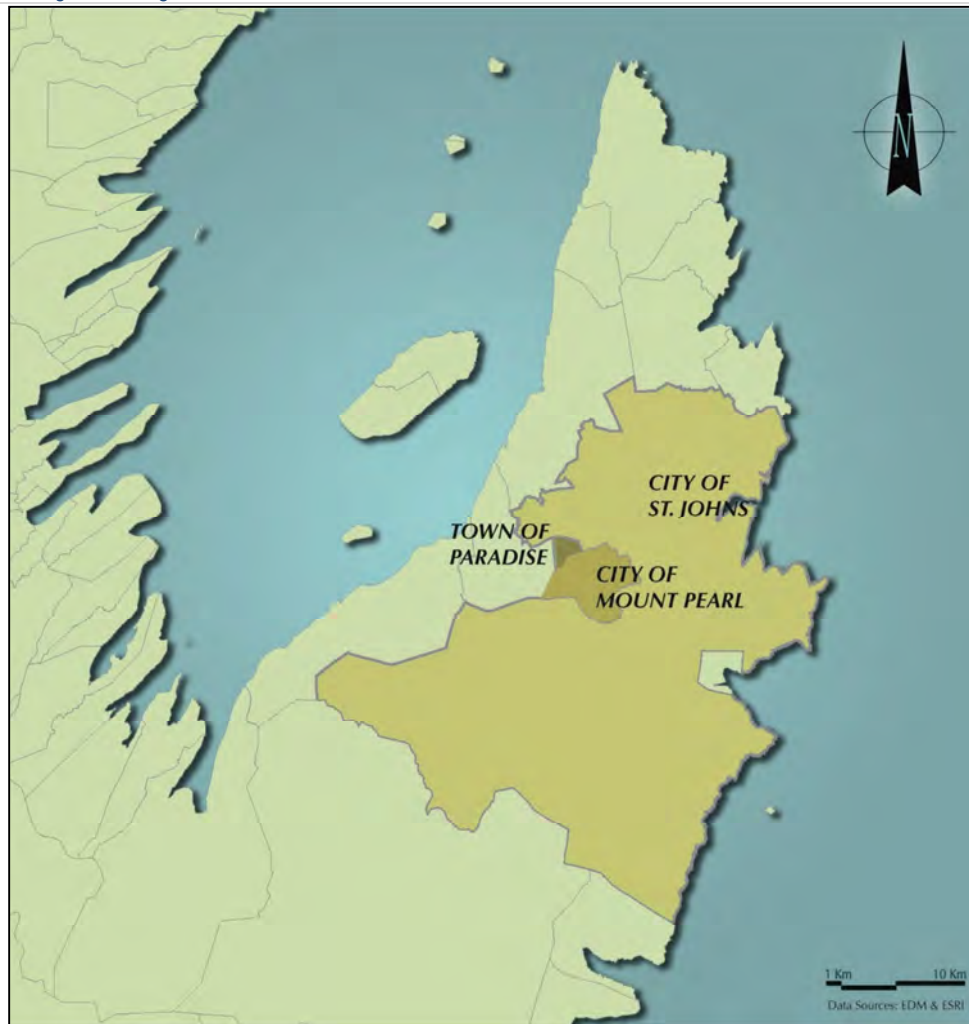
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<sup>23</sup> Allan O'Brien, *Municipal Consolidation in Canada and its Alternatives*, p. 26.

<sup>24</sup> City of St. John's, *Corporate Plan, 2010-2013*, June 2010, p. 6.

<sup>25</sup> *Loc cit.*

Figure 2.1: Proposed Amalgamation Scenario, St. John's, Mount Pearl, and the Elizabeth Park, Evergreen Village and St. Anne's Industrial Park Areas of Paradise



We urged the formation of this municipal unit in every preceding version of this report beginning in 1999. Little has changed to alter our point of view in the interim. Interaction within this area has, if anything, intensified and significant inter-municipal issues persist. The need for St. John's to strengthen its position among the leading cities in Atlantic Canada and as the capital of the Province of Newfoundland and Labrador also remains a priority.



**Stantec**

## 3.0 MUNICIPAL REORGANIZATION IN CANADA

The need for regional governance is almost unassailable. Even the strongest opponents of amalgamation recognize that the scope of at least some services extends beyond typical municipal boundaries. Regions with many municipal governments, like the Northeast Avalon, normally have regional service agencies to accomplish this and opponents of amalgamation invariably point to the viability of such agencies as a key argument against amalgamation.

Three basic approaches are available to address regional service delivery:

- *Inter-municipal Agreements and Agencies* – Specific services can be delivered through commissions, authorities, or similar bodies supported by two or more independent municipal units. Each agency is responsible for one or more services. In the United States, very large urban centres are served through *ad hoc* arrangements of this type. In British Columbia, many inter-municipal arrangements are coordinated through the province's system of Regional Districts.
- *Upper Tier Regional Governments* – Two or more independent municipal units can participate in a regional government that will normally provide one or more services mutually agreed upon by the participating units. The municipalities separately provide the balance of services themselves. Two-tier structures of this type were standard for a time in Ontario and were used in other areas as well. They have been superseded in Ontario by single tier structures, although some examples persist elsewhere in Canada, most notably the Montreal Metropolitan Community.
- *Single-tier Regional Government* – Two or more independent municipalities can dissolve into a single local government that provides all municipal services.

The last of these options is, in some respects, both the oldest and the newest. Progressive annexation served many expanding urban areas well through the first century of Canada's existence and continues to be employed in many situations to extend urban services to new communities and developed areas. By the 1950s, however, the approach met with resistance in areas where established communities came to abut each other, most notably in Toronto, where Canada's first two-tier regional government was established. The reform effort of the nineties, which more or less started



in Newfoundland and Labrador, returned to the notion of unified urban government achieved through union rather than takeover. Today, advocates of the single-tier approach tend to compete with opponents who consider inter-municipal agreements can achieve necessary ends without disturbing the municipal *status quo*.

### 3.1 REGIONAL GOVERNMENT IN CANADA TO 1980

Canada has been a leader in the establishment and refinement of regional governments.<sup>26</sup> This restructuring came to the country in two major waves. In the 1950s and 1960s many of the largest urban centres in Central and Western Canada consolidated, usually into two-tier regional structures,<sup>27</sup> under the influence of the much-admired Municipality of Metropolitan Toronto, which was formed in 1953.<sup>28</sup> Metro Toronto consolidated the City of Toronto and twelve other municipalities under a regional government structure that provided for such major functions as assessment, debenture borrowing, water supply and trunk mains, wastewater treatment works and trunk sewers, and designated metropolitan roads. Waste disposal and social assistance were added later.<sup>29</sup>

Metro Toronto was an immediate and widely admired success. Over time, the upper metropolitan tier increased its role in service delivery to its rapidly growing region. It soon inspired the creation of similar two-tier regional governments for Greater Winnipeg (1961-71) and throughout Ontario.<sup>30</sup> It also influenced the establishment of the Montreal Urban Community (MUC) in 1969 and the Greater Vancouver Regional District (GVRD), which began to take shape in 1967.

The MUC was a much weaker regional structure that covered relatively less of the Montreal region even though it encompassed 29 municipal units in addition to the City of Montreal. The GVRD, which was recently renamed Metro Vancouver, was one of 28 regional districts established in British Columbia in the late 1960s primarily to provide

<sup>26</sup> Katherine Graham, *et al.*, *Urban Governance in Canada: Representation, Resources, and Restructuring*, Toronto: Harcourt & Brace, 1998, p. 11.

<sup>27</sup> Amalgamation and annexation were also a feature of this period. Richard Tindal has observed that "23 of 32 cities in Ontario" had substantial adjustments to their boundaries" between 1951 and 1963. See: C. Richard Tindal, "Municipal Restructuring: The Myth and the Reality," *Municipal World*, March 1996, p. 3.

<sup>28</sup> Although Metropolitan Toronto is the best known metropolitan government, the first metro structure in Canada was the Island of Montreal Metropolitan Commission. Montreal's metro was created by the Province of Quebec in 1920 when the City of Montreal refused to annex four financially troubled municipalities. See: Trudi Bunting and Pierre Filion, *Canadian Cities in Transition*, Toronto: Oxford University Press, 1991, p. 476.

<sup>29</sup> C. Richard and Susan Nobes Tindal, *Local Government in Canada*, Seventh edition, Toronto: Nelson Education, 2009, p. 99.

<sup>30</sup> From 1969 through 1974, the Province of Ontario established two-tier regional governments in Ottawa-Carleton, Niagara, York, Halton, Sudbury, Waterloo, Durham, Haldimand-Norfolk, Hamilton-Wentworth, and Peel.

local services to rural areas in the province that lacked any form of local government. Nevertheless, the districts provided a framework for regional service provision and inter-municipal arrangements that proved particularly beneficial for the fast-growing urban area.

BC's regional district model is often touted as a flexible, intermediate approach between *ad hoc* fragmentation and complete amalgamation.<sup>31</sup> The key feature of the BC approach is that no municipality or area is required to participate in any specific regional service. Two areas that require piped water and sewer systems, for example, may set up a mutual arrangement within the district without the involvement of other municipalities that do not require those services or who do require the services but can either provide them independently or with other more appropriate partners within their district. At the same time, all might, for example, contribute to a regional planning agency. Based on limited contact with the system through one consulting assignment, the author's experience is that the system can appear very intricate to an outsider and is acknowledged to be so by some local participants; however, it has allowed local government to be extended to a very large portion of the province.<sup>32</sup>

Two-tier arrangements overcame political resistance to regional organization in Toronto, BC, and elsewhere by preserving traditional community identities and political positions. Not surprisingly, under the circumstances, layered government was often accused of being overly bureaucratic and confusing to the public. At the same time, depending on the strength of the regional level, fragmentation and duplication might well persist. The influence of the regional structure, furthermore, was often affected by such issues as the method of election to the regional level, the associated interest of regional representatives in regional as opposed to local issues, and the commitment of local municipalities. This led to a *mélange* of issues that may or may not be a priority depending on the perspective of the observer, as illustrated by the following observations in an assessment of BC's regional districts provided in the most recent edition of the well-known, *Local Government in Canada*, by Richard and Susan Nobes Tindal:

... there are longstanding and growing concerns about the governing structure of the regional districts, especially the indirect election of a portion of board members. A Regional District Review Committee set up in 1977 found insufficient efforts by the districts to explain their responsibilities and encourage public involvement and public concerns that the districts were inaccessible and secretive. [Patrick J.] Smith has expressed concern about the extra responsibilities being given to the regional districts, such as the shift of public transit from the province to the Greater Vancouver area ...

Artibise ... [by contrast] argues that the [GVRD's] mandate is too limited, since it is delegated to the district by member municipalities and "changes with the

<sup>31</sup> Tindal and Tindal, *op cit.*, p.86.

<sup>32</sup> BC is divided into 29 districts of which 28 are administered locally. The Stikine District in the extreme northwest corner of the province is administered directly by the Provincial Government.



fortunes of the regional interest at the local ballot box.” Because all of the board members are part time regional politicians, no one speaks out forcefully and consistently for the region and, as a result, the staff of the GVRD have too much influence ... On the other hand, Bish concludes that the present governing arrangements are beneficial in that they do not engender competition and rivalry between elected councillors at the local and regional levels. This problem was very much in evidence in Ontario when it introduced directly elected upper tier councils within a number of its regional government systems. [Bish] also points out that only a small percentage of services are provided across the whole area of a [BC] district. As a result it is not inappropriate to have a structure that gives priority to local citizens’ interests rather than some concept of a regional interest.<sup>33</sup>

The creation of Winnipeg’s Unicity in 1972 attempted to address the delicate balance between local and regional interests by consolidating twelve local governments within its previous two-tier structure into a single-tier city government. The restructuring sought “to overcome jurisdictional fragmentation, enhance administrative and financial centralization, and presumably promote efficiencies” as well as “to promote a broader regional basis to deal more effectively with issues such as transportation, water, tax equalization, economic development, and other services.”<sup>34</sup>

To address local interests, Unicity provided for a large, 50-member Council that was expected to operate on a parliamentary model, and thirteen community committees, each covering several wards and supported by elected Resident Advisory Groups (RAGs). All of these features eventually fell by the wayside.

Although it was heralded at the time, Unicity did not apparently achieve its primary purpose, which was to engage suburban areas in the revitalization of the urban core. The suburban areas incorporated in the Unicity already had more residents than the central city and, therefore, more representation on Unicity’s Council. As a result, Andrew Sancton has argued that Unicity ironically “facilitated suburban growth in part by spreading the costs throughout the metropolitan area rather than by concentrating them on the new residents and/or their immediate neighbours with the relatively small suburban municipalities.”<sup>35</sup>

Notwithstanding these criticisms, Unicity has persisted in form if not name. If anything, its regional features have been reinforced in the current City of Winnipeg with a smaller

<sup>33</sup> Tindal and Tindal, *op cit.*, pp. 86-87. Opinions attributed to Patrick Smith and Alan Artibise are based on their writings in 1998, while the opinions of Robert Bish are contained in a 2002 study that he authored.

<sup>34</sup> Tom Carter, “Manitoba,” in Andrew Sancton and Robert Young (eds.), *Foundations of Governance: Municipal Government in Canada’s Provinces*, Toronto: University of Toronto, p. 242.

<sup>35</sup> Andrew Sancton, *Governing Canada’s City-Regions: Adapting Form to Function*, Montreal: Institute for Research and Public Policy, 1994, pp. 25.

council of 15 members, five community committees, and no RAGs. It has also equalized taxes and provided for comprehensive planning within its boundaries.

### 3.2 AMALGAMATION IN THE 1990S

Atlantic Canada largely missed the first wave of regional municipal reform. Before 1990, the only organization that remotely resembled a second-tier regional government was the Metropolitan Area Planning Commission in Halifax-Dartmouth, which dealt with regional transit, solid waste management, and correction facilities but was unquestionably weak relative to its counterparts elsewhere in Canada.

Nevertheless, after a long hiatus in the wake of the Unicity reform, Atlantic Canadians led the second wave of regional reform, particularly Newfoundland, as former Halifax mayor and urban political scientist, Allan O'Brien stated at the time:

Newfoundland moved first. Within weeks of coming to power in 1989, the Wells government announced "a public process that would merge some one hundred and thirteen municipalities and nearby settlements into forty-three consolidated municipal units." The Department of Municipal and Provincial Affairs declared "the main objective of the proposed municipal consolidations is to create more viable local government units."<sup>36</sup>

Each of the Maritime Provinces followed with its own amalgamation program. Whereas the need to provide infrastructure for growth stimulated the first wave of municipal reform elsewhere in Canada, the second wave was motivated in the Atlantic region by a desire to reduce costs in a period of fiscal restraint. Each Atlantic Province hoped to reduce costs by streamlining local government and taking advantage of the potential for economies of scale in service delivery.

Although much of the process was arduous, the four provinces made significant changes over the course of roughly five years. Three of four provincial capitals were reorganized as well as several other major centres in the region. The nine processes assessed in the following chapter impacted local governments accounting for approximately one-third of all Atlantic Canadians. The solutions adopted ranged from modest adjustments in St. John's and Saint John through to the creation of major regional municipalities in Nova Scotia and Miramichi, New Brunswick, that were the first single tier urban regional governments created after Winnipeg.

Saskatchewan, which was then the only province with more municipal units per capita than Newfoundland, also moved to reduce its number of local governments:

... the Minister's Advisory Committee on Inter-Community Co-operation and Community Quality of Life in Saskatchewan recently recommended that municipalities that do not "maintain their status over two census periods be

<sup>36</sup> Allan O'Brien, "Municipal Restructuring: An Opportunity for Planners?" *Plan Canada*, July 1994, p. 129.

required to attain the appropriate legal status as permitted by legislation”; and that the province significantly reduce the number of separate local government entities by the year 2000.<sup>37</sup>

As reorganization proceeded in Atlantic Canada, the Ontario government studied the reorganization of Metropolitan Toronto, which culminated in the formation of a single “mega-City” on January 1, 1998.<sup>38</sup> In addition, Ontario consolidated local governments in Kingston and in Chatham. Following re-election in 1999, the Ontario Government continued the initiative with proposals to reduce governance in Ottawa, Hamilton, Sudbury, and Haldiman-Norfolk.<sup>39</sup>

Ontario was soon followed by Quebec. Under the Parti Québécois Quebec established a “voluntary amalgamation” program with the objectives of “strengthen[ing] the governance of municipalities by promoting greater municipal cooperation, improving economic development, and reducing the costs of public services in the Province.”<sup>40</sup> It was the seventh of ten Canadian provinces to adopt some form of municipal consolidation program in the 1990s.<sup>41</sup> Ultimately, the PQ moved forcefully to consolidate municipalities on the Island of Montreal generating considerable controversy. The government also moved strongly in other urban areas creating a total of 36 municipal mergers that eliminated 200 suburban municipal units on January 1, 2002.

Although Newfoundland began the trend to municipal consolidation, the province fell well short of its objectives. As O’Brien stated in its immediate aftermath:

The Newfoundland program met with only limited success. The St. John’s area was restructured, and some small amalgamations occurred before problems of timing and process brought the effort to a halt.<sup>42</sup>

Even the St. John’s reorganization, in our opinion, was a limited success. Although leading Provincial officials apparently believed that a more comprehensive amalgamation combining Mount Pearl with St. John’s was justified, they did not have the nerve to carry

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<sup>37</sup> *Ibid.*, p. 130.

<sup>38</sup> John Livey, “Greater Toronto,” *Plan Canada*, Vol. 38 no. 3, May 1998, p. 32.

<sup>39</sup> James McGovern, “Four Ontario municipalities told to pare governments,” *The Chronicle-Herald*, Halifax, August 24, 1999.

<sup>40</sup> *Ibid.*, p. 53.

<sup>41</sup> Among the three provinces that did not have specific consolidation, BC experienced individual initiatives to reorganization within the system of regional districts, most notably the voluntary amalgamation of the Districts of Abbotsford and Matsqui into the City of Abbotsford; Manitoba has a long history of municipal innovation with respect to Winnipeg, which is home to over half of the province’s population; and Alberta has managed urban expansion through an ongoing process of annexation/amalgamation.

<sup>42</sup> Allan O’Brien, “Municipal Restructuring: An Opportunity for Planners?,” Volume Special Edition, no. 4, July 1994, p. 129.

it out because of resistance from Mount Pearl residents. While the number of units has been reduced, equilibrium has not been reached, as exemplified by the continued tension between Mount Pearl and St. John's.

Granting that municipal amalgamation programs were nearly all controversial and fell short of their objectives, they nevertheless had significant nation-wide impacts, as Jean-Pierre Collin and Jacques Léveillé noted in 2003:

By the early 1990s, only three of Canada's twelve largest metropolitan areas did not have a second-tier regional structure (Edmonton, Calgary and Winnipeg). Now, ten years later, only three of Canada's twelve largest metropolitan areas still have such a structure (Vancouver, Montréal and Quebec City) [as the rest have converted to a single-tier arrangement].<sup>43</sup>

More broadly, between 1996 and 2001, Statistics Canada recorded the dissolution of 910 municipal units in the country and the incorporation of 526, most of which, according to Statistics Canada, were "newly amalgamated municipalities." Ontario led the way with 529 dissolutions and 168 incorporations, followed by Quebec with 232 dissolutions and 109 incorporations. Saskatchewan, despite its efforts to encourage the restructuring of weaker municipal units had 50 incorporations against 18 dissolutions, and British Columbia had many more incorporations than dissolutions.<sup>44</sup>

### 3.3 THE AMALGAMATION DEBATE

Positions in the debate over municipal amalgamation are now well developed. For a considerable time, consolidation held the field alone. Major amalgamations were undertaken in substantial urban areas such as Philadelphia and New York in the nineteenth century and annexation of suburban areas by central cities was commonplace throughout North America in the same period. Co-ordinated advocacy of consolidation was largely a product of the American progressive movement of the period from 1890 to 1920 embodied by such groups as the National Municipal League and the League of Women Voters.<sup>45</sup>

<sup>43</sup> Jean-Pierre Collin and Jacques Léveillé, "Municipal Organization in Canada: Tradition and Transformation, Varying From Province to Province," *Villes Régions Monde*, September 2003, pp. 20-21.

<sup>44</sup> Statistics Canada, "Geographic Units – Census Subdivision (CSD)," Modified December 4, 2003, <http://www12.statcan.ca/english/census01/Products/Reference/dict/geo012.htm>. These numbers do not include the results of municipal amalgamation processes in Newfoundland and Labrador, and PEI, which were completed before 1996. The re-establishment of some Quebec municipalities occurred after 2001. In the case of Saskatchewan, some of the incorporations are undoubtedly connected to dissolutions. In BC, the establishment of First Nations communities and the BC's flexible approach to local government service provision appear to have been key factors in the increasing number of municipal units.

<sup>45</sup> Robert L. Bish, *The Public Economy of Metropolitan Areas*, Chicago: Markham, 1971, pp. 148-149.



The idea of municipal consolidation remained popular with many intellectuals and civic reformers thereafter but was less frequently implemented in the early twentieth century because of political opposition that, from the time of early annexations, has usually been strongest among suburban interests. The attention and plaudits given to Metropolitan Toronto on its formation and through its considerable success were in no small part attributable to the fact that it boldly broke the logjam of resistance and then demonstrated the efficacy of coordinated municipal government.

When amalgamation was proposed in Atlantic Canada early in the 1990s, opposition revolved around concern for loss of community identity and fear of increased taxes. As reorganization continued across Canada, however, a more sophisticated anti-amalgamation position was refined and promoted by several academics who drew heavily on the economic sub-discipline called public choice theory.

Public choice ideas were certainly not unknown beforehand. The Position Paper prepared for the City of St. John's in 1992, in fact, referenced two key tenets of the public choice argument:

- Multiple municipalities provide citizens and businesses with choices
- The optimal scale for production of municipal services varies for different services and the circumstances under which services are delivered.<sup>46</sup>

While the scope of public choice theory covers all branches of government, its foundational contribution to the consideration of local government is found in a famous article written by American economist Charles Tiebout in 1956.<sup>47</sup> The essence of Tiebout's theoretical argument was that citizens in areas with many local governments can choose the municipal unit that best reflects their preferred mix of services by taking up residence there. If a family prefers good schools and is willing to tolerate inferior roads, Tiebout contended they can "vote with their feet" and move to the municipality that best reflects that preference. The more municipal units, he suggested, the better the chance that citizens will be able to find a municipal government with an expenditure pattern that matches their priorities. They will in other words get what they want for their tax dollars.

Arguments related to the issue of optimal scale are largely based on a substantial body of research conducted in the 1960s and 1970s that assessed the delivery of local government services and the optimal size of cities. A leading justification for amalgamation is the expectation of so called economies of scale or the lowering of production costs associated with reduction of overheads and enhanced capacity. The

<sup>46</sup> Andrew Sancton, *Governing Canada's City-Regions: Adapting Form to Function*, Montreal: Institute for Research on Public Policy, 1994, p. 52.

<sup>47</sup> Charles Tiebout, "A Pure Theory of Local Expenditures," *Journal of Political Economy*, Vol. 64, no. x, 1956, pp. 416-424.



aspect of this research emphasized by anti-amalgamationists, however, is the diseconomies of scale that may come into play as a result of the challenges of communication and bureaucratization that arise as organizations grow.

Both arguments are worthy of consideration. While the economies of scale available to a large organization are a leading feature of the development and success of big businesses, the drawbacks of monopolies in terms of production efficiency and customer service are also well recognized. Diseconomies of scale, furthermore, are a key reason for the existence of local government, as we recognized in our earliest work for the City of St. John's:

It is clear, however, that municipal services are subject to diseconomies at a lower level than most other public services by the very fact they are delegated to smaller, local agencies.<sup>48</sup>

Counter arguments are equally obvious, however. Notwithstanding that Tiebout's argument is a classic formulation, it ignores many important real world factors. While residents of an urban region as well as businesses unquestionably will move from one municipality to another to avoid higher taxes or to gain access to services that they prefer, many other considerations separate from local government actions have as much or more priority, such as property prices or rents, location relative to place of work, and proximity to friends and relatives. Besides, the supposed mix of services inherent in the selection of a municipal address is difficult to fix on because it changes over time as new residents come to an area, new officials are elected, and both public demand and municipal supply evolve.<sup>49</sup>

On the Northeast Avalon, furthermore, the choices for urbanites seeking to vote with their feet have always been limited. The population of the region is small relative to the American metropolises that Tiebout had in mind.<sup>50</sup> In general, US metropolitan areas are

<sup>48</sup> Porter Dillon, *op cit.*, p. 56.

<sup>49</sup> There is abundant literature that demonstrates both that individuals do vote with their feet and that they move for other reasons as well. Wallace E. Oates, "The Effects of Property Taxes and Local Public Spending on Property Values: An Empirical Study of Tax Capitalization and the Tiebout Hypothesis," *Journal of Political Economy*, 77, Issue 6, November-December, 1969, pp. 957-971, is generally cited as the first important article to examine the real world efficacy of Tiebout's ideas, although Oates tacitly recognizes the influence of other considerations in his conclusion (p. 938) that "results appear consistent with a model of the Tiebout variety in which rational consumers weigh (to some extent at least) the benefits from local public services against their tax liability in choosing a community of residence." Many others have reinforced and contradicted Tiebout's theory. Bruce D. McDonald's recent "Staying Put: A Rebuttal to Tiebout," in Patti Meglich (ed.), *Annual Proceedings of the National Business and Economics Society*, Miami, Florida: North American Business Press, 2010, has asserted that the actions of local governments competing to attract residents results in a homogenization of services that ultimately eliminates the incentive to move.

<sup>50</sup> To discuss his hypothesis in an empirical setting, Tiebout and his colleagues resorted to the Los Angeles area, which Robert Bish noted in 1969 had 233 local governments (76 municipalities) serving 7.0 million people. See Vincent Ostrom, Charles Tiebout, and Robert Warren, "The Organization of Government in Metropolitan Areas: A Theoretical





much more populous than their Canadian counterparts and support startlingly large numbers of local governments (**Table 3.1**).

*Table 3.1 Municipalities and Population, Selected Urban Areas, Canada and the United States, 2000*

Urban Area	Population	Municipalities	1,000 population/ Municipalities
Los Angeles, CA*	10,441	88	118.65
Boston, MA	5,828	282	20.67
Detroit, MI	5,439	151	36.02
Dallas, TX	4,683	207	22.62
Houston, TX	4,320	115	37.57
Atlanta, GA	3,627	102	35.56
Miami, FL	3,515	55	63.91
Seattle, WA	3,368	88	38.27
Montreal, QC	3,327	111	29.97
Cleveland, OH	2,908	146	19.92
Phoenix, AZ	2,840	32	88.75
Minneapolis, MN	2,792	192	14.54
San Diego, CA	2,723	18	151.28
St. Louis, MO	2,558	228	11.22
Pittsburgh, PA	2,361	238	9.92
Denver, CO	2,318	67	34.60
St. John's, NL**	181	14	12.94

Source: Andrew Sancton, *Merger Mania: The Assault on Local Government*, 2000, p. 73 (except Los Angeles and St. John's)

\* 2010 data from Los Angeles Almanac, <http://www.laalmanac.com/default.htm>

\*\* 2006 data from Census of Canada

Even before the 1992 reorganization, the Northeast Avalon offered only 20 options. Today, there are 14 with perhaps five providing urban services and lifestyle.<sup>51</sup> Because Canadian urban centres are generally smaller than their American counterparts and the reform tradition has been stronger here, even the most fragmented urban centres in Canada offer relatively fewer choices. Montreal comes closest to this “highly fragmented” pattern in Canada with nearly 100 municipalities serving a population of 3.6 million after its reorganization and reconstitution, which is not accounted for in **Table 3.1**. Few other Canadian regions are served by more than 20 municipal units, however, and it is worth noting that only two of the major amalgamations undertaken in Canada in the 1990s

Inquiry,” *American Political Science Review*, Vol. 55, December 1961, pp. 831–42, and Robert L. Bish, *The Public Economy of Metropolitan Areas*, pp. 81-93.

<sup>51</sup> Statistics Canada identifies substantial portions of St. John's, Mount Pearl, Paradise, Conception Bay South, and Torbay as urban. It designates the balance of the region as rural. See: [http://geodepot.statcan.gc.ca/2006/13011619/13011619\\_030118200519/03130103010320/1412/03130120001-02.pdf](http://geodepot.statcan.gc.ca/2006/13011619/13011619_030118200519/03130103010320/1412/03130120001-02.pdf).

involved more than 20 municipal units.<sup>52</sup> It is also notable that even in relation to the high degree of fragmentation in some large metropolitan areas of the United States, the Northeast Avalon has fewer people per municipality than all but two of the urban areas listed in **Table 3.1**: St. Louis and Pittsburgh.

The ability to take advantage of economies of scale is another obvious argument against the fragmented municipal pattern advocated by anti-amalgamationists. Public choice theorists do, however, have a ready response, pointing to inter-municipal agreements and special districts as superior alternatives. Professor Bish has been a particularly strong advocate of this approach, noting the success of the regional districts in BC, with which he is very familiar, emphasizing the flexibility of the district arrangement noted in **Section 3.1**, above.

Certainly, there is no argument that inter-municipal agreements and special districts can work under positive circumstances. Similar ends can, however, be achieved within consolidated municipalities by creating precincts or districts to deliver services that benefit from local delivery or by creating special boards to deal with unique features. Consolidated municipalities, furthermore, may be required to enter into inter-municipal arrangements for services that extend beyond their boundaries.

Organization of service delivery within a single municipal structure nevertheless avoids a concern raised in the author's submission concerning the Southlands annexation application that Sancton cited and acknowledged to be relevant in his discussion of the Southlands decision:

Terms of trade between municipalities are often inequitable, inasmuch as there is usually only one service provider and occasionally only one municipal buyer. Service agreements can and do work. But sometimes they are held together more by lack of choice and/or a sense of social responsibility than by mutual satisfaction with contractual arrangements.<sup>53</sup>

Elsewhere in the same publication, Sancton is critical of our failure to identify what price(s) would be satisfactory for the many services that Mount Pearl residents obtain from the City of St. John's and the failure of the City to press for greater compensation. The challenge rests in two issues. First, it is simply too difficult to price and restrict access to some services used by Mount Pearl residents such as St. John's roads and parks. Second, the absence of other municipalities that can either buy or sell the required service turns the "market" into an essentially political forum in which the supplier is inevitably at risk of "being the bad guy" if an agreement is not reached.

<sup>52</sup> See: Tindal and Tindal, *op cit.*, Table 5.3, p. 131. Of 20 amalgamations listed Montreal and Chatham-Kent involved the most municipal units (28 and 23 respectively). The average number of municipalities or communities involved in amalgamations cited was 10.

<sup>53</sup> John Heseltine and John Jozsa, *Southlands in St. John's: Staying the Course*, Dillon Consulting Limited, 1997, p. 11 cited in Andrew Sancton, Rebecca James, and Rick Ramsay, *Amalgamation vs. Inter-municipal Cooperation: Financing Local and Infrastructure Services*, Toronto: ICURR Press, July 2000, p. 45.

### 3.4 THE AFTERMATH OF AMALGAMATION

Municipal reform eventually sputtered and stalled under the pressure of opposition in each Atlantic Province. The reorganization of the Saint John region in 1997 largely brought the process to an end. By the turn of the century, initiatives in central Canada also came to an end for similar reasons. Of the seven provinces that undertook amalgamations in the nineties, Saskatchewan has continued with its largely ineffectual voluntary amalgamation program<sup>54</sup> and all four Atlantic Provinces have pursued alternative initiatives but all have had little effect.

Some provinces attempted to undo the work of their predecessors. At the beginning of the current century, Ontario permitted a referendum to consider reversing the amalgamation that created the City of Kawartha Lakes. Deamalgamation gained a slim majority of 51.3 per cent from a 48 per cent voter turnout in Kawartha Lakes; however, the Liberals, whose leader, Dalton McGuinty, had made many statements suggesting his willingness or even desire to undo Conservative mergers, decided to stand pat in the belief that several of the municipal units that would be reconstituted would not be financially viable. The statement of McGuinty's Minister of Municipal Affairs, John Gerretson, summarizes the government's rationale:

As I have stated previously, there is no provincial funding available for municipal de-amalgamation ...

As the Minister of Municipal [A]ffairs, my first responsibility is to help ensure that the people of Ontario are privileged to enjoy the security and benefits that come from living in financially viable and sustainable municipalities that deliver services we now expect from local governments. I would be betraying the trust placed in me if I were to establish a new municipal structure that resulted in municipalities financially unable to provide ongoing delivery of those services.

I have reason to believe that a number of the previous 16 lower-tier municipalities that would result from de-amalgamation would experience significant financial challenges, given their present-day roles and responsibilities. The government will therefore not be implementing the de-amalgamation of the City of Kawartha Lakes at this time

The Liberal government that replaced the PQ in Quebec, on the other hand, sponsored a structured de-amalgamation initiative<sup>55</sup> that led to referendums in 89 communities, after

<sup>54</sup> See: Jack C. Stabler and M. Rose Olfert in *A Framework for Municipal Restructuring*, Saskatchewan Government Relations, March 2000. We do not have data on the number of municipalities that have chosen to restructure under the Saskatchewan guidelines, although the Saskatchewan Department of Government Relations publication, *A Guide to Voluntary Municipal Restructuring*, June 2006, provides five case brief studies on municipalities that have chosen to amalgamate with or be absorbed by other municipal units.

<sup>55</sup> Although the Liberal government of Jean Charest established a procedure for de-amalgamation based on an election promise in 2003, it is worth noting that since 1990 all major parties in Canada have pursued municipal reorganization while in power in at least one province. This includes both Liberal and Conservative governments in Newfoundland

which 31 municipal units absorbed in amalgamations were re-established. The demergers, however, carried conditions that “[a]ny municipality that demerged would have to participate in an urban agglomeration council comprising all the municipalities formerly part of the amalgamated municipality and retaining most of the powers previously vested in the amalgamated city,” which suggest that the new Liberal government in Quebec saw benefits in regional coordination that it was not about to see abandoned.<sup>56</sup> Little further action on municipal reform has since taken place in either province.

As amalgamation initiatives subsided in Atlantic Canada in the late 1990s, the region’s Provincial Governments turned to the type of intermediate cooperative models that Sancton and Bish urge. Newfoundland pursued several regionalization initiatives that have resulted in little concrete change.<sup>57</sup> The Province of PEI has recently completed a study of local governance and planning called *New Foundations*. The report, which was prepared by the Commission on Land Use and Local Governance, calls for the Province to work with the public to determine the consensus of Islanders concerning Island-wide municipal incorporation.<sup>58</sup> Again, no results are evident at what is admittedly an early stage.

Nova Scotia, which has been comprehensively organized since the 1870s, has attempted to encourage inter-municipal cooperation and in 2006 added a section to its manual of municipal practice dealing with inter-municipal agreements. The guide reinforces the need for inter-municipal cooperation as an alternative to consolidation but also reinforces the need for mutual commitment, citing the exact price definition issues that we have noted have been critical to St. John’s:

Regardless of a unit’s size, inter-municipal agreements must be consensus-based to avoid implementation problems. As an example, problems can result if the municipality buying the service becomes upset with the cost and suspects that it is being overcharged, particularly with respect to overhead. Also, the municipality selling the service can develop concerns that it is not being fairly compensated. In reality, inter-municipal agreements are like joint ventures in the private sector. Both parties must enter the agreements with an open mind, a

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and Labrador, and in Nova Scotia; Liberals in New Brunswick and PEI; the PQ in Quebec; Conservatives in Ontario; and the NDP in Saskatchewan.

<sup>56</sup> Tindal and Tindal, *op cit.*, p. 113.

<sup>57</sup> *Ibid.*, p. 126.

<sup>58</sup> PEI Commission on Land and Local Governance, *New Foundations: Report of the Commission on Land and Local Governance*, December 2009, pp. 5-6. Island-wide incorporation addresses the possibility of extending municipal government to all areas of the island, through the establishment of counties or a similar form of rural local government.

desire to accept change and an acceptance that the status quo is not the preferred option.<sup>59</sup>

The guide is based on a study conducted for the County of Cumberland and the four towns that it encompasses (Amherst, Oxford, Parrsboro, and Springhill). No agreements have been developed in Cumberland since the study and there is no evidence of new agreements among any of Nova Scotia's other municipalities. Those that are confronting challenges appear to be giving more serious consideration to amalgamation or dissolution.<sup>60</sup>

In New Brunswick, the former Villages of Florenceville and the Bristol voluntarily amalgamated into the Town of Florenceville-Bristol in 2008 but little else has been accomplished. Since reorganizations in Saint John and Edmundston in 1997, the Province has prepared nine studies dealing with aspects of municipal governance. The most recent of these focused on regionalization and has recommended the imposition of comprehensive local government for the entire province considerably more emphatically than it has been suggested in Newfoundland and PEI:

We firmly believe that most of the systemic changes proposed in this report, should they be implemented, will be similarly embraced [as were earlier municipal reforms in New Brunswick]. And, we can also say with some certainty that reform, if approached entirely on a voluntary basis, as has generally been the case for the last 40 years, will not fundamentally alter the present governance structure. Voluntary-based reform undertakings, while producing a rich record of research and deliberation, have not produced the system-wide, enduring results of the type that are now so urgently required to put in place a more efficient, effective and representative system of local governance for all residents of New Brunswick.<sup>61</sup>

This return to much stronger rhetoric is certainly indicative of the frustration that has festered over the past decade as solutions have been sought that will not upset the status quo.

### 3.5 THE NEED FOR AMALGAMATION

Both fragmented and amalgamated regions can function. Most of Canada's major urban centres are now amalgamated and most of them are thriving. In some cases, such as Cape Breton, amalgamated regions are facing major economic challenges but

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<sup>59</sup> Service Nova Scotia and Municipal Relations, *Local Government Resource Handbook*, Part II – Administration, December 2006, Section 2.3.1 "Intermunicipal Agreements Best Practices Guide," p. 11.

<sup>60</sup> In addition to Canso and Guysborough, and the Pictou area referenced in **Chapter 1**, the Town of Shelburne has recently studied the feasibility of amalgamation, and several municipalities in Lunenburg are contemplating a similar study.

<sup>61</sup> Jean-Guy Finn, Commissioner on the Future of Local Governance, *Building Stronger Local Governments and Regions: An Action Plan for the Future of Local Governance in New Brunswick*, November 2008, p. 183.

amalgamation is helping them to deal with those challenges as outlined below in **Chapter 4.**

By the same token, fragmented regions can also survive. We consider St. John's to be at best partially amalgamated but the region and the city are in the midst of what is probably their strongest period of economic growth in history. Montreal, Quebec, and Vancouver also centre vibrant regions that are divided into multiple municipal units, although each has a second tier body to at least coordinate regional service delivery.

Municipal structure will not overcome the lack of resources or an unfavourable location any more than it can prevent growth and creativity in areas where economic opportunities and human energy are present. It can and typically has, however, provided a framework for efficient provision of services and for promotion of regional assets. While some municipal mergers were nullified in Quebec before they were effectively implemented, the secession of the rural municipality of Headingly from Winnipeg's Unicity is the only case of a demerger from an established union of which we are aware in Canada. Once amalgamation has taken place, in other words, it has invariably been accepted and its benefits acknowledged. There has rarely been a backward step.

Public choice theorists, including Tiebout, Bish, and Sancton, all enjoy pointing out the ability of the metropolitan areas such as St. Louis and Pittsburgh to function with literally hundreds of municipal entities, and local boards and service entities.<sup>62</sup> Both regions, however, have attempted to amalgamate several times in the past in order to deal with service duplication and inefficiencies, as well as serious urban-suburban issues. The City of St. Louis, which ironically seceded from surrounding St. Louis County in 1876, has seen its population fall from fourth to 53<sup>rd</sup> among American cities as it struggled with massive suburban flight in the first half of the twentieth century. The City of Pittsburgh has recently contemplated bankruptcy.<sup>63</sup> Politicians in both cities and their respective counties are currently working on merger initiatives intended to address the systems that Bish and Sancton have urged as models for Canadian municipal governance.<sup>64</sup>

The record of the American urban centres listed above in **Table 3.1** is in fact a general caution. The problems of US cities with decaying downtowns, discrimination, and urban

<sup>62</sup> See for example: Sancton, *et al.*, *Amalgamation vs. Inter-municipal Cooperation: Financing Local and Infrastructure Services*, pp. 4-6.

<sup>63</sup> Christopher Briem, "Forum: Candidates, be careful what you wish for, The current recovery plan has briefly delayed the inevitable, and the prospect of a bankrupt city of Pittsburgh must be faced head on," *Pittsburgh Post-Gazette*, October 30, 2005

<sup>64</sup> We have not directly researched the current situations in either Pittsburgh or St. Louis for this project; however, many news items on the Internet address efforts toward mergers in both regions that appear likely to go to voters in the near future. See for example: WTAE.com, "Pittsburgh-Allegheny County Merger Recommended: Ravenstahl, Onorato Back The Idea," April 3, 2008, <http://www.wtae.com/print/15782593/detail.html> and Paul Hampel, "Dooley says city-county merger would benefit entire region," *StLToday.com*, September 28, 2010, [http://www.stltoday.com/news/local/govt-and-politics/political-fix/article\\_91bbf386-ca6e-11df-9ad9-00127992bc8b.html](http://www.stltoday.com/news/local/govt-and-politics/political-fix/article_91bbf386-ca6e-11df-9ad9-00127992bc8b.html).

sprawl are more chilling than inspiring to most Canadians. Canadian cities, which are predominantly amalgamated cities or governed by two-tier structures, generally appear much more equitable, stable, and attractive than their fragmented American counterparts and yet are equally creative.

It is notable that Professor Sancton's most recent publication, *Foundations of Governance: Municipal Government in Canada's Provinces*, which is a collection of reviews of municipal governance in each province prepared by varied authors, contains repeated references to the need for structural reform exemplified by the following concerning Saskatchewan:

Notwithstanding a widespread consensus that several of the frameworks within the municipal system should be reconfigured to improve both local governance and multilevel governance for the benefit of the local, regional, and provincial communities and economies, the likelihood that reform will occur in the very near future is not very high. In municipal-governance reform, Saskatchewan has been, and continues to be, a model of timidity and stasis. This is a paradoxical situation for a province that, for several decades in the post-Second World War era, prided itself on being a bold and courageous leader in designing and implementing leading-edge reforms to governmental institutions, policies, and programs at the provincial level.<sup>65</sup>

Timidity and stasis have, in fact, gripped nearly every province.

In some rural areas, amalgamation is now being considered without pressure from provincial governments because financial challenges require it. For the Town of Canso imminent bankruptcy has forced it reluctantly into union with the surrounding District of Guysborough. The plight of Pittsburgh and apparent financial challenges of several other municipalities in ultra-fragmented Allegheny County, Pennsylvania, has likewise brought consolidation to the fore.

Reorganization, however, should not be a last resort. When it is left to the eleventh hour, the severity of problems is inevitably exaggerated, a problem that the City of St. John's has dealt with as it has assumed responsibility for various areas now within its boundaries. At the same time the complexity of local government services is growing:

- Guidelines developed by the Canadian Council of Ministers of the Environment have considerably increased standards for sewage treatment.
- Similar standards have been put in place by individual province for solid waste disposal requiring more costly, upgraded landfills and diversion and recycling programs.

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<sup>65</sup> Joseph Garcea and Donald Gilchrist, "Saskatchewan," in Andrew Sancton and Robert Young (eds.), *Foundations of Governance: Municipal Government in Canada's Provinces*, Toronto: University of Toronto Press, 2009, p. 377.

- Sustainability initiatives through the Federal government's Green Municipal Fund have expanded the scope of municipal responsibility to include areas such as active transportation, demand management, and alternative energy.
- Recreation facility and program demands are transforming under the influence of population aging and changing tastes, requiring provision of new facilities such as trails networks and improved facilities such as community recreation centres.
- The importance of planning is rising with the creation of Integrated Community Sustainability Plans to coordinate infrastructure investments and encourage sustainable practice; the general spread of municipal planning; and the requirement for renewed regional plans.

Local government is the most efficient level of government because of its smaller scale and because it is closer and, therefore, better attuned to its constituents. At the same time, municipalities must have the size, resources, and control to deliver needed services effectively. Through the consolidation efforts of the 1990s most of Canada's large cities have this capacity and have used it positively.

While the opponents of amalgamation whether they are local residents fearful of increased taxes, local politicians seeking to preserve their power base, or academics entranced by the elegance of public choice theory, have asserted stridently that the process has been disastrous, there is little evidence to sustain their accusation. Regional governments helped many of Canada's urban regions to succeed through the 1960s, 70s, and 80s. Amalgamation has helped many more to continue to grow and improve since. Both two-tier and amalgamated structures have met contemporary municipal challenges and seem better positioned than their counterparts south of the border to continue to do so in the future.





**Stantec**

## 4.0 AMALGAMATION IN ATLANTIC CANADA

Although many areas in Atlantic Canada are beginning to show an interest in municipal reorganization, many opponents continue to argue that past municipal consolidations have failed. To respond to this opposition when we prepared the first version of this report in 1999, we reviewed the nine major amalgamations approved in Atlantic Canada in the 1990s to assess whether the new governments had performed effectively or not. We have revised and added to this evidence in each subsequent edition to develop a picture of the evolution of amalgamated municipalities and, in this version, have added a comparison of amalgamated municipalities to areas in Atlantic Canada for which reorganization was considered but for one reason or another not pursued.

**Table 4.1** summarizes the nine major amalgamations that we have reviewed (see **Figure 4.1** for locations). Although the table does not take into account every municipal change in the region during the nineties, the nine processes listed resulted in the reduction of more than 50 municipal units to just thirteen. Most of the resulting municipalities are among the largest in Atlantic Canada, most notably HRM, which is the largest; CBRM, the second largest; and the City of St. John's, the third largest.

In each case, we have interviewed senior officials with the amalgamated municipalities listed to determine how well each was functioning. Consultations were first undertaken in 1999 and followed up in early 2001 and again in late 2006 for the preceding edition of this document. For the current document, we have undertaken a fourth round of interviews.

Where possible, we contacted City/Town Managers or Chief Administrative Officers. In some cases, we were able to add the views of others involved in municipal administration, such as municipal planners or staff in the respective Provincial departments responsible for municipal affairs.



Figure 4.1: Major Municipal Amalgamations in Atlantic Canada, 1990-1997



Table 4.1: Major Municipal Amalgamations in Atlantic Canada, 1990-1997

Location	Year	Primary Result(s)	Census Population			
			1991	1996	2001	2006
Newfoundland and Labrador						
Grand Falls-Windsor	1991	Amalgamation of the Towns of Windsor and Grand Falls into the <b>Town of Grand Falls-Windsor</b>	14,693	14,160	13,340	13,558
Northeast Avalon Peninsula	1992	Amalgamation of St. John's with the Towns of the Goulds and Wedgewood Park, and some Metro Board lands into the <b>City of St. John's</b>	104,659	101,936	99,182	100,646
Prince Edward Island						
Charlottetown Area	1995	Amalgamation of the City of Charlottetown, the Town of Parkdale, and the Communities of East Royalty, Hillsborough Park, Sherwood, West Royalty, and Winsloe into the <b>City of Charlottetown</b>	31,541	32,245	32,245	32,174
		Amalgamation of the Communities of Cornwall, Eliot River, and North River into the <b>Town of Cornwall</b>	4,053	4,291	4,412	4,677
		Amalgamation of the Communities of Bunbury, Cross Roads, Keppoch-Kinloch, and Southport into the <b>Town of Stratford</b>	5,427	5,869	6,314	7,083
Summerside	1995	Amalgamation of the Town of Summerside, and the Towns of St. Eleanors and Wilmot into the <b>City of Summerside</b>	13,636	14,525	14,654	14,500
Nova Scotia						
Cape Breton Region	1995	Amalgamation of the City of Sydney, the Towns of Dominion, Glace Bay, Louisbourg, New Waterford, North Sydney, Sydney Mines, and County of Cape Breton into <b>Cape Breton Regional Municipality</b>	120,098	114,733	105,968	102,250
Halifax Region	1996	Amalgamation of the Cities of Halifax and Dartmouth, the Town of Bedford, and County of Halifax into <b>Halifax Regional Municipality</b>	330,846	342,851	359,111	372,679
Queens County	1996	Amalgamation of the Town of Liverpool and County of Queens into the <b>Region of Queens</b>	12,923	12,386	11,694	11,177
New Brunswick						
Miramichi	1995	Amalgamation of the Towns of Newcastle, Chatham, and Douglastown, with the villages and local service districts of Nelson-Miramichi, Loggieville, Nordin, Moorefield, Douglasfield, Ferry Road/Russellville, Chatham Head, and Chatham Parish into the <b>City of Miramichi</b>	21,165	19,241	18,508	18,129
Saint John Area	1997	Amalgamation of the Town of Quispamsis, the Village of Gondola Point, and some rural areas (Wells) into the <b>Town of Quispamsis</b>		13,579	13,757	15,239
		Amalgamation of the Town of Rothesay, the Villages of East Riverside, Fairvale, and Renforth, and some rural areas (Wells) into the <b>Town of Rothesay</b>		11,070	11,505	11,637
		Amalgamation of Villages of Grand Bay and Westfield into the <b>Town of Grand Bay-Westfield</b>	4,816	4,880	4,949	4,981
Source: Populations from Census of Canada (pre-amalgamation populations calculated by Stantec using Census data)						

Source: Populations from Census of Canada (pre-amalgamation populations calculated by Stantec using Census data)



We have criticized aspects of some of these reorganizations. We consider the 1992 restructuring on the Northeast Avalon to have been a half measure at best, excluding, as we have argued above, key urban areas associated with the City of St. John's. The amalgamations in the Charlottetown and Saint John areas resulted in enlarged suburban towns surrounding a circumscribed urban core similar to St. John's. On the other hand, the amalgamations of HRM, CBRM, and the City of Miramichi took in areas that arguably should not have been placed under an urban municipal government.

Interviews and data analysis over this time have revealed the challenges that new municipal units have faced through reorganization. With successive reviews we have attempted to interview subjects in the same positions and monitor the evolution of these governments. Many contacts have continued in the same positions, which has been beneficial. The subject communities have now been in their amalgamated configurations for 14 to more than 20 years, and staff have considerable experience with the "new" structure. Each is now a maturing if not established organization. At this point, it is possible to consider not simply the challenges of reorganization but also their successes in governance and service delivery.

Overall, the outcomes of restructuring have been heartening. Most of the senior municipal staff interviewed indicated that the resulting municipal structures were more workable than preceding fragmented arrangements and identified specific advantages following from amalgamation in the context of a variety of challenges. Financial data, which are compared for years before and after amalgamation where available, also suggest that operating costs have been controlled and in some locations significantly reduced.

At the same time, assessment must take into the changing environment in which these local governments are operating. The middle and late 1990s, and the first years of this century were largely positive for Atlantic Canada. Unemployment fell in the context of relatively low inflation. The region however suffered in the recent recession, although perhaps less than some other areas of Canada and certainly less than the United States and many European countries.

Rural areas of the region have however had to deal with major economic readjustments throughout the past two decades as resource industries have faced major challenges. One consequence has been substantial movement of population from rural areas to the larger cities of the region. This is especially notable for HRM but also for the St. John's area, which has absorbed many people from outports and the interior of the province even as a portion of its own residents have been drawn to opportunities outside Newfoundland, particularly in the Western Canada.

The influx of population combined with historically low interest rates has encouraged unprecedented levels of residential construction in key urban areas of Atlantic Canada and especially in the amalgamated communities of HRM, St. John's, and Charlottetown.

This has been accompanied by complementary expansion in the retail sector and may well be followed by additional growth in office construction.

Construction and rising property values have of course increased property tax bases available to these municipalities. With a backlog of requirements for existing development and additional infrastructure built to serve new development, some municipalities that have augmented their financial resources have increased spending accordingly. Others, such as Miramichi and CBRM, by contrast, have not experienced significant growth and have acted differently since amalgamation. The recession has moderated this trend and created some fiscal pressures recently, most notably for HRM, but the basic relationship between growing and declining centres continues to hold, as discussed below.

Where possible, we have tried to make adjustments for variations in circumstances. One obvious way is to standardize all dollar values to a common (2009\$) level to facilitate year-to-year comparison without the influence of inflation and this has been done for all expenditure figures provided in the balance of this chapter. Changes in population, households, and assessments are however more difficult to track, as well as less certain in their influence. Where we feel these factors may have had an influence, we have introduced them below; hopefully, in a manner readers will find objective and supportive of our analysis.

#### 4.1 NEWFOUNDLAND AND LABRADOR

In many respects, the municipal amalgamation program in Newfoundland and Labrador was inspired by the successful amalgamation of Windsor and Grand Falls. The ambitious provincial program sought to amalgamate 113 municipalities selected municipalities province-wide into just 43 new units.<sup>66</sup> The initiative, however, largely came to an end following the decisions concerning reorganization on the Northeast Avalon Peninsula. In addition to the amalgamation of the Towns of Wedgewood Park and the Goulds with St. John's; the Towns of Paradise and St. Thomas amalgamated into the Town of Paradise; and the Town of Portugal Cove was amalgamated with the Towns of St. Philip's and Hogan's Pond to become the Town of Portugal Cove-St. Philip's.

Elsewhere in the province, Allan O'Brien noted in 1993 that amalgamations had been completed that combined Irishtown and Summerside in the Humber Valley, and the Towns of Spaniard's Bay and Tilton on Conception Bay. A proposed amalgamation of Appleton and Glenwood near Gander was however rejected. Between 1989 and 1993, O'Brien indicated the number of municipalities in Newfoundland and Labrador fell from 309 to 295.<sup>67</sup> Currently, the province has 278 municipal units.

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<sup>66</sup> Porter Dillon, *op cit.*, p. 4.

<sup>67</sup> Allan O'Brien, *Municipal Consolidation in Canada and Its Alternatives*, Toronto: ICURR Publications, 1993, p. 20 and pp. 23-24.





#### 4.1.1 Town of Grand Falls-Windsor

By giving rise to Newfoundland and Labrador's amalgamation process, the union of Grand Falls-Windsor (**Figure 4.1**) in the mid-1980s essentially marks the starting point of what we referred to above as the second wave of Canadian municipal restructuring. Brian Peckford's Progressive Conservative government provided the impetus but the amalgamation itself was a relatively simple initiative to bring together two towns that were artificially separated in the first place. Grand Falls was founded in 1905 as a classic company town focused on a pulp mill. By policy, only permanent mill employees living in company houses and employees of a limited number of businesses were permitted to live within the Town limits. The Town of Windsor was an offshoot of this policy, providing accommodation for people excluded from Grand Falls. The policy ended in 1961.

Figure 4.2: Town of Grand Falls-Windsor



The union of the two communities, therefore, eliminated an illogical and artificial barrier. Amalgamation in 1991 was smooth. Management was reduced from a combined number

of eight to five through interviews with the newly elected council and staff were merged with little difficulty.

Initially, residents and administrators apparently thought that service levels would decrease, and that Windsor would have a negative effect on Grand Falls; however, this did not occur. Michael Pinsent, who has been the Town Manager for the amalgamated town throughout its existence, reported that the majority accepted amalgamation quickly and most agree that the results have been positive.<sup>68</sup> There is still disparity between the two areas, but socioeconomic differences are gradually evening out.

The amalgamated town is now close to 20 years old. Mr. Pinsent noted recently that the town has progressed well over the period. The tax rate has been maintained at 9.5 mills since 1989. Assessments have increased at the same time, allowing the Town to reduce its debt ratio from 20 per cent to 14 per cent.

The Town now has a Municipal Plan prepared by a consultant and adopted in 2006. Economic development efforts drew a major call centre to the community that now employs 350. As the largest town in central Newfoundland, the community has reinforced its position as the primary transfer point for the trucking industry in Central Newfoundland. Its size is also attracting interest from major retailers, who perceive Grand Falls-Windsor as the primary centre on the island between St. John's and Corner Brook.

The town also spent \$10 million on a water treatment system in 1992. The Exploits Regional Services Board now provides water treatment services to Bishops Falls as well as Grand Falls-Windsor, and is extending services to the communities of Botwood and Peterview. The Town also spent \$10 million on development of a wastewater collection network and treatment plant (WWTP) in 1996. The WWTP, which Mr. Pinsent said the separate towns could not have afforded, has resulted in improved water quality in the Exploits River, which is one of the best Atlantic Salmon habitats in the world.<sup>69</sup>

Since 2000, other communities in the area have shown interest in joining Grand Falls-Windsor. The Town of Bishops Falls, which is roughly 12 km separated but is facing significant financial challenges, has expressed an interest in joining the amalgamation. A Feasibility Study was completed in 2003 recommending a "co-operative merger" to create a new city.<sup>70</sup> The Town of Botwood, which is about 20 km from Grand Falls-

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<sup>68</sup> *Pers comm.*, Michael Pinsent, Town Manager, Town of Grand Falls-Windsor, August 1999.

<sup>69</sup> *Pers comm.*, Michael Pinsent, February 2007.

<sup>70</sup> Chris Lowe and John Robison, *Draft Commissioners Report Feasibility Study – Bishop's Falls and Grand Falls - Windsor Cooperative Merger*, November 2003.





Windsor but within about 5 km of Bishops Falls, subsequently expressed interest in joining this grouping.<sup>71</sup> No further amalgamation has, however, been completed.

#### 4.1.2 Northeast Avalon

As discussed above, amalgamation on the Northeast Avalon was the centrepiece of an ambitious Provincial program to reduce the number of municipal units in Newfoundland. The ultimate decision to combine the Towns of Wedgewood Park and the Goulds, as well as substantial vacant lands managed by the Metro Board (**Figure 4.3**) was at best a half measure. With the consolidation of Portugal Cove and St. Philips, and Logy Bay, Middle Cove, and Outer Cove, the number of municipalities on the Northeast Avalon Peninsula fell from nineteen to fourteen.

Figure 4.3: City of St. John's



<sup>71</sup> Pers comm., Michael Pinsent, February 2007.

While this was a modest achievement from considerable upheaval, the changes appear to have largely been successful. St. John's has continued to function well with new areas under its jurisdiction. Wedgewood Park has integrated seamlessly as has the Goulds, notwithstanding the servicing challenges that came with the former town. The City has invested to resolve these problems, as it also continues to address the service issues that persist from its assumption of Airport Heights, Kilbride, and Shea Heights in the 1980s.

Unquestionably, the service deficiencies in areas absorbed into St. John's have been a burden to the City and its residents, albeit one they have managed as discussed in **Chapter 3**, above. The assertion of Mount Pearl that larger municipalities are inefficient, aside, operating expenditures since amalgamation indicate that St. John's has achieved modest economies of scale. **Table 4.2** illustrates the trend in expenditure comparing combined expenditures by the City of St. John's, the Towns of the Goulds and Wedgewood Park, and the Metro Area Board before the 1992 amalgamation to subsequent expenditure by the amalgamated City of St. John's. The table indicates that costs adjusted for inflation were less than pre-amalgamation expenditures up to 2001.

*Table 4.2: City of St. John's Operating Expenditures, Fiscal 1990-Fiscal 2009*

Year	Total Expenditures	Total Expenditures (Constant 2009\$)	% Annual Change (Constant 2009\$)	% of 1991 Expenditure (Constant 2009\$)	Occupied Dwelling Units	Expenditure (Constant 2009\$) per Dwelling Unit	% of 1991 Expenditure (Constant 2009\$)
1991*	\$105,433,646	\$143,159,903			32,797	\$4,365	
1992	\$106,637,805	\$143,267,203	0.1%	100.1%	33,631	\$4,260	97.6%
1993	\$105,648,215	\$139,645,737	-2.5%	97.5%	34,466	\$4,052	92.8%
1994	\$107,875,098	\$140,802,804	0.8%	98.4%	35,301	\$3,989	91.4%
1995	\$104,851,749	\$135,011,353	-4.1%	94.3%	36,135	\$3,736	85.6%
1996	\$102,948,737	\$130,508,023	-3.3%	91.2%	36,970	\$3,530	80.9%
1997	\$105,405,012	\$130,871,228	0.3%	91.4%	37,805	\$3,462	79.3%
1998	\$109,459,560	\$135,611,520	3.6%	94.7%	38,639	\$3,510	80.4%
1999	\$111,508,130	\$136,234,880	0.5%	95.2%	39,474	\$3,451	79.1%
2000	\$116,925,375	\$138,712,712	1.8%	96.9%	40,309	\$3,441	78.8%
2001	\$131,941,404	\$154,764,431	11.6%	108.1%	41,144	\$3,762	86.2%
2002	\$141,162,021	\$161,771,676	4.5%	113.0%	41,978	\$3,854	88.3%
2003	\$145,729,070	\$162,298,848	0.3%	113.4%	42,813	\$3,791	86.8%
2004	\$154,273,830	\$168,700,200	3.9%	117.8%	43,648	\$3,865	88.5%
2005	\$162,651,453	\$173,232,867	2.7%	121.0%	44,482	\$3,894	89.2%
2006	\$169,324,438	\$177,210,782	2.3%	123.8%	45,317	\$3,910	89.6%
2007	\$192,348,204	\$198,407,778	12.0%	138.6%	46,152	\$4,299	98.5%
2008	\$184,769,860	\$185,254,820	-6.6%	129.4%	46,986	\$3,943	90.3%
2009	\$199,275,662	\$199,275,662	7.6%	139.2%	47,821	\$4,167	95.5%

\* Sum of combined expenditures by separate municipal units

Sources: Financial Statements, City of St. John's, Towns of the Goulds and Metropolitan Area Board, Occupied Dwelling Units from Census of Canada, 1996, 2001, 2006 (interim years interpolated)

In 2001, costs rose abruptly and have continued to rise since. At that time, the City began operating Mile One Stadium and the St. John's Convention Centre in place of the more modest Memorial Stadium, adding to operating costs, which increased revenues have offset to a certain extent. Some years have been affected by weather, particularly 2001, which was the worst winter in St. John's since records were first kept in the 1880's. In 2007, actual snow clearing costs increased by \$5 million, from \$7.5 to \$12.5 million.

Varied factors have driven the higher rate of increase since 2001, some specific and others more general. One specific factor is increasing water and sewer expenditure resulting from upgrades to the existing Water Treatment Plant at Bay Bulls Big Pond and a new plant at Windsor Lake. These needed improvements brought increased salary and operating costs as well as increased debt service charges. Similarly, the Harbour Clean-Up project has added significantly to debt service and began augmenting operating costs in 2008 and 2009. Since the disastrous winter of 2001, the City has also added substantial equipment and staff to meet snow clearing needs.

The city has also grown significantly since amalgamation. Even as St. John's lost population during the 1990s, the number of households and related building development increased. Between 1996 and 2001, the City of St. John's lost 2,754 residents or 2.9 per cent of its population according to the Census of Canada. At the same time, however, the number of occupied dwellings reported in the City by the Census rose from 36,970 to 39,290 or by 6.2 per cent. From 2001 to 2006, when population grew by just under 1.5 per cent, the number of households in the city increased by 5.6 per cent.

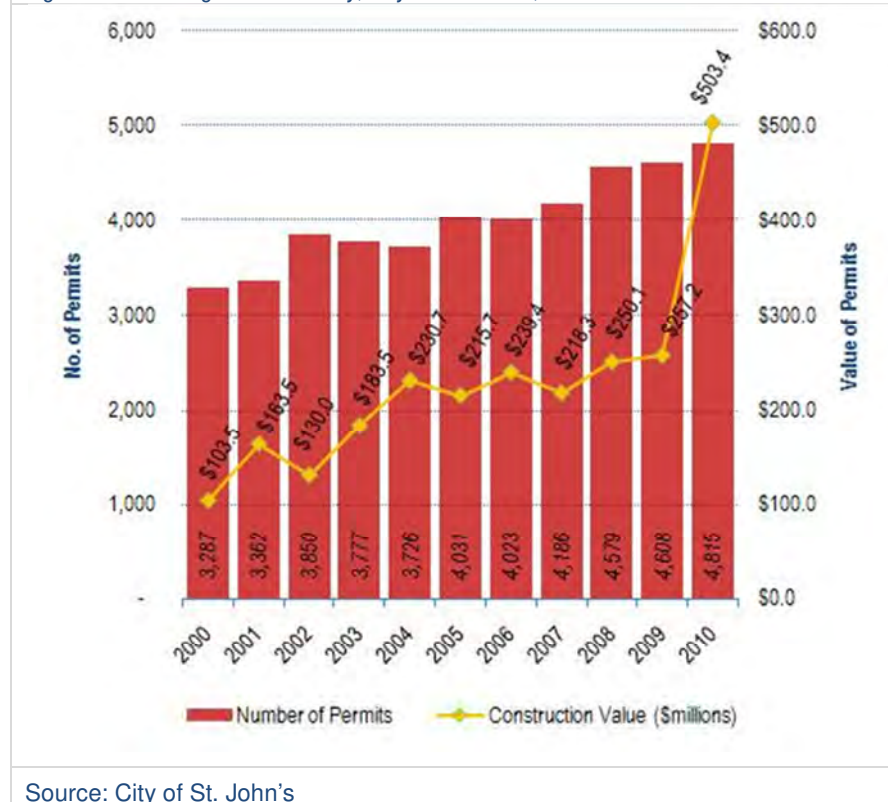
Building permits issued by the City of St. John's have risen nearly every year. In 1999, the City issued 2,899 building permits with a construction value of nearly \$100 million (excluding permits for renovations).<sup>72</sup> It was the third year in a row that the construction value increased and the best year in the history of St. John's for total new building value. The trend has since continued with the City issuing more permits every subsequent year with an accompanying escalation in value. In 2010 just past, the City issued 4,815 permits worth a record \$503,358,526 (**Figure 4.4**).

In the context of this growth, City expenditures have actually been remarkably steady. As the right-most column in **Table 4.2**, above indicates, total expenditures corrected for inflation, despite recent substantial increases remain below the level required to provide for three separate municipalities and the Metro Board lands before amalgamation. The expanding tax base resulting from strong development and rising property values has supported the expansion of services without increasing tax rates (**Table 4.3**).

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<sup>72</sup> City of St. John's, *1999 Annual Report*, p. 5.

Figure 4.4: Building Permit Activity, City of St. John's, 2000-2010



Source: City of St. John's

The Water Tax has however increased substantially as the wastewater treatment plant has come into operation and one further addition to the water infrastructure is added. Predecessor municipal units, including the City of St. John's, paid less for sewage disposal but sewage was discharged to the harbour and ocean without treatment. Piped networks, particularly in areas annexed by the City were inadequate as was the water system. The upgrade and maintenance of these systems is essential and was facilitated by amalgamation.



Table 4.3: City of St. John's, Tax Rates, 1991-2011

Year	Residential	Business Realty	Business Occupancy*	Water Tax	Seniors Discount
1991	11.0 mils	16.5 mils	16.5 mils	\$160.00	15%
1992	11.0 mils	16.5 mils	16.5 mils	\$160.00	15%
1993	11.0 mils	16.5 mils	16.5 mils	\$160.00	15%
1994	11.0 mils	16.5 mils	16.5 mils	\$160.00	15%
1995	11.0 mils	16.5 mils	16.5 mils	\$160.00	15%
1996	11.0 mils	17.0 mils	17/35 mils	\$160.00	15%
1997	11.0 mils	17.0 mils	17/35 mils	\$160.00	15%
1998	11.0 mils	17.0 mils	18/70 mils	\$190.00	15%
1999	11.5 mils	17.5 mils	18/70 mils	\$190.00	15%
2000	11.5 mils	17.5 mils	18/70 mils	\$190.00	15%
2001	11.5 mils	17.5 mils	18/70 mils	\$190.00	15%
2002	12.7 mils	18.7 mils	19.26/74.9 mils	\$280.00	15%
2003	12.7 mils	18.7 mils	19.26/74.9 mils	\$280.00	15%
2004	12.2 mils	18.2 mils	18.76/72.96 mils	\$280.00	15%
2005	12.2 mils	18.2 mils	18.76/72.96 mils	\$305.00	15%
2006	12.2 mils	18.2 mils	18.76/72.96 mils	\$400.00	15%
2007	11.0 mils	17.2 mils	17.73/68.95 mils	\$400.00	15%
2008	11.0 mils	17.2 mils	17.73/68.95 mils	\$440.00	15%
2009	11.0 mils	17.2 mils	17.73/68.95 mils	\$520.00	15%
2010	10.1 mils	16.3 mils	16.83/65.45 mils	\$570.00	20%
2011	10.6 mils	16.8 mils	17.33/67.39 mils	\$580.00	25%

\* Business occupancy rates from 1996 show lowest and highest rates

Source: City of St. John's, <http://www.stjohns.ca/cityservices/taxes/millrates.jsp>

## 4.2 PRINCE EDWARD ISLAND

The amalgamation initiative in PEI focused on its two primary urban concentrations in and around the City of Charlottetown and the Town of Summerside. Both areas were assessed through a single process overseen by Commissioner of Municipal Reform Lorne Moase. The author, then with Porter Dillon,<sup>73</sup> prepared a cost-benefit analysis that was a key input to the Commissioner's eventual report.<sup>74</sup> The Provincial program targeted only these two areas and was complete following the Commissioner's decisions, which resulted, by 1994, in the amalgamation of five municipalities and two unincorporated communities into the new City of Summerside, and 14 municipalities and two unincorporated communities in the Charlottetown area into the City of Charlottetown, the Town of Cornwall, and the Town of Stratford.

<sup>73</sup> Porter Dillon Limited, *Cost-Benefit Analysis - P.E.I. Municipal Reform, Final Report*, January 1994.

<sup>74</sup> Lorne R. Moase, *Report of the Commission on Municipal Reform (Charlottetown and Summerside Areas)*, December 1993.

#### 4.2.1 Charlottetown Area

Based on the cost-benefit analysis, the Commissioner favoured comprehensive amalgamation of fourteen municipal units in the Charlottetown area. The communities west of the North River and those east of the Hillsborough River, however, expressed a preference for the formation of three municipalities, which had also been assessed by Porter Dillon.<sup>75</sup>

*Figure 4.5: City of Charlottetown, Town of Stratford, and Town of Cornwall*



Estimates by Porter Dillon indicated a single municipality would provide greater savings in operating expenditures and, we believed, would allow for more effective management of regional growth. The existing municipalities that became Cornwall and Stratford (**Figure 4.5**), however, determined to work together on their own separate

<sup>75</sup> Porter Dillon Limited, *Cost-Benefit Analysis - P.E.I. Municipal Reform, Final Report*, p. 90.



amalgamations. They made submissions to the Province that in the words of the Town of Cornwall web site “were sufficient to convince Commissioner Moase of the merits of th[eir] proposal[s].”<sup>76</sup>

Cornwall and Stratford both had sound technical arguments for their separation from Charlottetown, most notably the barriers created by the North and Hillsborough Rivers, respectively, and the resultant separation of water, sanitary sewer, and storm drainage networks. Furthermore, Cornwall, although primarily a suburb of Charlottetown, has a considerably more rural character.

The Commissioner summed up his position on the three-municipality scenario versus its alternatives as follows:

The one-municipality scenario would provide the greatest opportunity for long-term cost savings, the one and two-municipality scenario would offer the greatest potential for a co-ordinated planning approach and economy of scale benefits. However, this is not solely a technical exercise. People are involved and their views, as well as technical aspects, must be considered. The three-municipality configuration appears to have the greatest amount of municipal support and the most likely chance of success. This structure would be a major step in reducing artificial boundaries – from 14 municipalities/communities to three; it would substantially reduce the problem of over-governance; it would address some of the inequities which have existed between municipalities in the region; it has the potential for some economies of scale benefits; and it has the potential for healthy competition in contrast to the unhealthy rivalry that currently exists.<sup>77</sup>

In other words, although the three-municipality approach was not optimal, it was a considerable advance over the prevailing situation. It also had stronger support, which gave it a better chance of success.

To limit sprawl, which we noted as a concern to be addressed throughout our cost-benefit analysis report, the Province established buffer strips averaging 5 km in width around the major amalgamated municipalities. Regulations were established for these special planning areas on amalgamation in 1994 to control residential and commercial development. The regulations sought to limit urban-related development that might otherwise spill over from the higher tax, amalgamated municipal units. The arrangement was renewed several times after its original implementation in 1994 and was finally made permanent by the Province on October 14, 1998.

All three municipal units have been successful. Stratford, in particular, has grown strongly since amalgamation. Assessments increased by roughly 20 per cent in the first

<sup>76</sup> [www.munisource.ca/cornwall/about.html](http://www.munisource.ca/cornwall/about.html)

<sup>77</sup> Lorne R. Moase, *op cit.*, p. 56. Although Commissioner Moase accepted the opposition of residents in Stratford and Cornwall, he overcame the objections of suburban municipalities on the Charlottetown peninsula, most notably the Town of West Royalty. Moase recognized amalgamation of Charlottetown would not be viable without the full participation of all municipal units.

five years after amalgamation. The municipality was able to expand and upgrade its staff without changing the municipal tax rate. Only residents of the Battery Point area, which was an unincorporated community of very good quality homes, objected. They had to begin paying municipal property taxes, which were phased in over two years.

Stratford adopted an Official Plan in 1997 in compliance with the requirements of the *Charlottetown Area Municipalities Act*, which the Province passed to implement amalgamation. The Town approved a revised plan after review in 2003. The plan acknowledges that the town is a bedroom community to Charlottetown. It also notes, however, that the town is becoming the primary retail service centre for the eastern and southern portions of central PEI and has established a new industrial park.<sup>78</sup> Interestingly, the Stratford OP contains a complaint concerning the failure of the Commissioner to give the Town jurisdiction over an area referred to as “Bunbury District” that the town essentially encircles.<sup>79</sup>

In Cornwall, amalgamation has had less influence but there also appear to have been few issues beyond downloading of responsibilities from the Province to the municipality and an increase in taxes in Eliot River, the smallest of the three municipalities involved. In both Cornwall and Stratford, the municipalities joined together were small and had few staff, so there were minimal issues with labour in the transition to amalgamation.

Cornwall also adopted an Official Plan in 1997, as required by the act for amalgamation. The plan describes Cornwall as a mix of urban and rural influences but also makes explicit reference to the Town’s objective to develop its industrial park to offer an alternative to the City’s industrial park in West Royalty, which the plan suggests is approaching capacity.<sup>80</sup> The document also outlines the challenges before the Town to integrate and upgrade water and sewer collection and treatment systems installed by the separate municipal units that preceded amalgamation.<sup>81</sup>

Charlottetown, although much larger than Stratford or Cornwall at more than 30,000 residents, was also not a particularly complex amalgamation. The amalgamated City’s first CAO, Harry Gaudet, who held the equivalent position with the City before amalgamation, referred to the process as “seamless.”<sup>82</sup> In a speech given to the Charlottetown Rotary on the first anniversary of amalgamation, Mr. Gaudet noted that annual expenditure per capita dropped from \$819 to \$711 (13.2 per cent) in the first year

<sup>78</sup> Town of Stratford, *Revised Official Plan*, 2003, p. 14.

<sup>79</sup> *Ibid.*, pp. 5-6. The issue is also referenced on the Town of Stratford Web site.

<sup>80</sup> Town of Cornwall, *Official Plan 2003*, pp. 22 and 40.

<sup>81</sup> *Ibid.*, pp. 15-16 and 45

<sup>82</sup> *Pers comm.*, Harry Gaudet, CAO, City of Charlottetown, August 1999.



of the expanded city.<sup>83</sup> In the same speech, he credited the success of amalgamation to the following:

- “the Province of P.E.I. by creating a workable act and negotiating a tax sharing system with the City in good faith
- City Council by implementing policies and programs in a responsible and cost effective way and by setting aside individual community interests and working for the betterment of the entire new City
- City staff by facing the challenges brought about by amalgamation as an opportunity and working for the new City with a strong sense of commitment and enthusiasm
- and finally the citizens and businesses of the new City, for their understanding and patience during this time of change.”<sup>84</sup>

He acknowledged subsequently that objections continued to be raised after amalgamation in West Royalty, which strongly opposed amalgamation and experienced immediate tax increases. He added, however, that \$4 million was being spent to upgrade sewers there and municipal taxes in West Royalty would undoubtedly have risen without amalgamation. In a more recent conversation, Don Poole, Manager of Planning for the City of Charlottetown, indicated that this “initial concern” with taxes has completely faded.<sup>85</sup> On the other hand, current CAO Roy Main indicated that the upgrading of services to higher levels across the city had depleted municipal reserves. He also noted that the installation of new piped systems placed a strain on older, downstream infrastructure in central Charlottetown into which new portions of the network feed.<sup>86</sup>

Interaction among the three communities generally appears to be positive, although some controversy was over the construction of the Charlottetown Area Recreation Inc. (CARI) complex in Charlottetown. The City sought to build the CARI facility with the support of Cornwall and Stratford, and ultimately, if unexpectedly, obtained assistance from Stratford, which Mr. Gaudet felt at the time was essential to getting assistance from senior governments.

Ultimately, the facility was built on the University of PEI campus with \$2.75 million from the governments of Canada and Prince Edward Island under the Canada-Prince Edward Island Infrastructure Program; \$7.65 million from the City; \$2 million as well as the

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<sup>83</sup> *Address to Charlottetown Rotary by Harry Gaudet, Chief Administrative Officer, City of Charlottetown*, April 1, 1996, p. 2.

<sup>84</sup> *Ibid.*, p. 1.

<sup>85</sup> *Pers comm.*, Don Poole, Manager of Planning, City of Charlottetown, February 2007.

<sup>86</sup> *Pers comm.*, Roy Main, CAO, City of Charlottetown, February 2007.

required land from UPEI; and \$400,000 from the Town of Stratford.<sup>87</sup> The contribution of City residents to the project was approximately \$235 per capita versus \$63 per capita for Stratford. The City covers 87.5 per cent of operating costs, while Stratford, which has a representative on the CARI Board, provides less than 5 per cent. Cornwall did not contribute to the capital cost of the facility and does not participate in its operation.

Recreation staff with the City of Charlottetown are appreciative of the spirit of Stratford's contribution but noted that involving Stratford added to logistical challenges. They added that residents of Cornwall probably use the facility to a similar degree to Stratford residents and, furthermore, that Cornwall and Stratford residents, as well as residents of other communities within driving distance of Charlottetown are a significant issue for the City.<sup>88</sup> In a similar vein, Mr. Main noted the competition between Charlottetown and the neighbouring towns for economic development.<sup>89</sup>

The Province of PEI has continued to take responsibility for streets in Stratford and Cornwall since amalgamation. According to the recent report of the Commission on Land and Local Governance, however, Stratford has recently asked to take over this requirement so as to ensure a higher standard of construction and maintenance. The Commission has endorsed Stratford's request, noting that it is rare for local governments not to build and maintain local roads and recommending that the same responsibility also be assigned to Cornwall.<sup>90</sup>

In general, the Charlottetown area and all three of its component municipalities are prospering. In a recent interview, Don Poole indicated that new subdivisions are under development in all three communities and "leapfrogging" over the buffer zone around them has been moderate.<sup>91</sup> He did note, however, that both Stratford and Cornwall have built elaborate town halls, and related community and cultural facilities since amalgamation, and these would not have been needed if the One Municipality option had been pursued. He also indicated that while there is inter-municipal consultation on planning matters, regional planning has received little or no attention in the area.

<sup>87</sup> CARI itself was required to fundraise an additional \$3 million and to carry a debt of \$700,000. Cornwall, as Mr. Gaudet expected, did not make a contribution. See: "Capital City Recreation Project Receives Infrastructure Boost – Charlottetown, Prince Edward Island," November 28, 2002, at [www.acoa.ca/e/media/press/press.shtml?2258](http://www.acoa.ca/e/media/press/press.shtml?2258).

<sup>88</sup> *Pers comm.*, Sue Hendricks, Manager of Recreation, City of Charlottetown, February 2007.

<sup>89</sup> *Pers comm.*, R. Main, February 2007.

<sup>90</sup> PEI Commission on Land and Local Governance, *op cit.*, p. 75.

<sup>91</sup> *Pers comm.*, D. Poole, February 2011. In 2007, Mr. Poole suggested this was a concern but it appears to have moderated.



#### 4.2.2 City of Summerside

In the case of Summerside, Commissioner Moase recommended the One Municipality approach Porter Dillon estimated would provide the greatest savings.<sup>92</sup> The eventual amalgamation followed the Commissioner's recommendation, with the exception that a portion of the Slemon Park business area was left out of the new city. The community of Sherbrooke was split in half, with its more urban portions joining the City of Summerside, and its rural farming areas remaining as an independent municipal unit (**Figure 4.6**).

Figure 4.6: City of Summerside



Summerside administrators were able to negotiate what they considered a reasonable deal for assuming former Provincial responsibilities in the communities brought into the

<sup>92</sup> Lorne Moase, *op cit.*, p. 59.

City.<sup>93</sup> The streets in the three communities amalgamated with Summerside were a Provincial responsibility before amalgamation. Policing was the under a Provincial contract in Wilmot and Sherbrooke, whereas St. Eleanors and the Town of Summerside had their own police forces. Following amalgamation, the new City took on responsibility for both policing and streets, in return for which, the Province agreed to give up a share of provincially collected property taxes.<sup>94</sup> Summerside is the only amalgamated municipal unit that we consulted whose administrators expressed satisfaction with compensation for assumption of downloaded services.

Suburban and rural municipalities in the Summerside area strongly resisted amalgamation at the time. Afterward, taxes fell in the former town area but rose in the areas added to the new city. The escalation in taxes stimulated demand for upgraded services in these peripheral areas and the City has worked to enhance service levels accordingly. City CAO Terry Murphy, who was the Manager of the former Town of Summerside, noted that the replacement of open ditches in the former St. Eleanors area with curb and gutter has been contentious throughout the existence of the City. For a time the City levied a surcharge to cover the cost of upgrading from the open style, which was the provincial standard prior to amalgamation, to enclosed stormwater control; however, this was waived as a result of political pressure. The City has only been able to deal with about 20 per cent of the areas with open ditches and their enclosure currently consumes roughly one-third of the City's capital budget.<sup>95</sup>

Nevertheless, the results of amalgamation have, on the whole, been positive. In a 2007 interview, Mr. Murphy described it as the "best thing that ever happened to Summerside." The City has had the resources to invest and upgrade. When he was interviewed for this investigation in 1999, he noted that operating expenditures in the first year of the new City's existence were \$423,000 below the combined expenditures of the separate municipal units in the preceding year and that the City sustained savings from that time to 1999.<sup>96</sup>

In a subsequent interview Mr. Murphy stated that he stopped monitoring the difference in expenditures before and after amalgamation but was confident that services had been upgraded and investment in the community had paid off. Since amalgamation the community has undertaken an impressive array of capital projects including a \$38 million Wellness Centre (recreation and health facility), a \$19 million wastewater treatment plant upgrade, a \$3 million renovation of City Hall, and a \$1.5 million upgrade of the Police Station, among other initiatives. In our most recent interview, Mr. Murphy continued to be

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<sup>93</sup> *Pers comm.*, Terry Murphy, CAO, City of Summerside, August 1999.

<sup>94</sup> In PEI, the Province shares the property tax base with municipalities.

<sup>95</sup> *Pers comm.*, T. Murphy, February 2011.

<sup>96</sup> *Pers comm.*, T. Murphy, August 1999. The information is anecdotal and it should be noted that the new City did not take in all areas of the previous municipal units.

positive about the state of the community noting that the City-owned electrical utility is now generating 40 per cent of its power output from renewable sources and that the City is continuing to reduce its capital debt.

While some citizens in outlying areas still complain about differences in levels of service the community has largely come together. The City adopted a comprehensive Official Plan to coordinate development in 1998. The plan was revised in 2006. The Strategic Vision provided at the outset of the plan, which was provided in the original plan and confirmed in 2006, sets the objective to “[d]evelop a unified and influential City.”

Summerside grew strongly at the time it was amalgamated to the 2001 Census but lost population from 2001 to 2006. The City has nevertheless continued to experience strong growth in assessment. The primary location of this growth has been within the amalgamated portion of the former Village of Sherbrooke, where an area of shopping centres has expanded considerably. This has had some negative impact on downtown Summerside but it is consistent with the Official Plan and the consequences are less severe because tax benefits have been internalized within the new municipality. The City added an Economic Development Officer following amalgamation and promotes itself strongly as a place for business and as a tourist destination. The closure of CFB Summerside, which took place in 1991 immediately before amalgamation, has from all appearances been completely ameliorated.

Unlike their counterparts in Charlottetown, Summerside officials have not been satisfied with land use controls implemented by the Province. Mr. Murphy noted that development in restricted areas has continued at a very similar pace to the period immediately before amalgamation.<sup>97</sup> He also indicated that all of the commercial portions of Slemon Park, which is the site of the former forces base, are outside the city in unorganized lands administered directly by the Province and subject to a more favourable property tax regime. The City has been unsuccessful in attempts to negotiate a boundary change to bring all of the park and its tax base inside the city limits.<sup>98</sup>

#### 4.3 NOVA SCOTIA

Amalgamation in Nova Scotia followed from a detailed report by Provincial Task Force on Local Government. The Task Force comprised of Provincial and municipal staff from across the province as well as a consultant acting as financial advisor to the group comprehensively examined the allocation of responsibilities between the Province and its municipalities, as well as the organization of municipalities.<sup>99</sup>

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<sup>97</sup> *Pers comm.*, T. Murphy, August 1999.

<sup>98</sup> *Pers comm.*, T. Murphy, February 2007.

<sup>99</sup> Task Force on Local Government, *Report to the Government of Nova Scotia*, April 1992.

The report recommended that municipalities should focus on the provision of services to property, while the Province should concentrate on services to people.<sup>100</sup> This supported a specific and significant recommendation to exchange responsibility for social services, which municipalities had traditionally delivered with substantial financial support from the Province, for maintenance of local roads. The report also addressed several “critical areas” or regions that the Task Force felt could benefit from reorganization and recommended their consolidation through amalgamation. It also recommended that long-standing county boundaries not be changed “without good reason,”<sup>101</sup> a seemingly minor point that has had interesting implications for the amalgamations that ultimately took place.

The Province pursued the amalgamation of two areas that the Task Force identified as critical: Cape Breton and Halifax. Queens and Liverpool were not directly referenced by the Task Force on Local Government but decided to undertake a similar amalgamation on their own initiative.<sup>102</sup> Studies were also done in Pictou and Cumberland Counties but were not followed through as the Province gave in to pressure against amalgamation.

In assessing financial data following, it is important to recognize that the Province’s assumption of social services removed very substantial expenditures from municipal accounts. This reduced financial responsibility was however accompanied by the elimination of substantial grants from the Province that previously supported municipal social services delivery. At the same time, the transfer of responsibility for local roads has never been completely executed and the Province continues to provide considerable assistance to local municipalities, particularly rural districts and counties. The net impact is that, although, overall expenditures by Nova Scotia municipalities fell during the 1990s, their financial circumstances became more stringent as they relied more on own source revenue primarily derived from property taxes. For the local taxpayer, consequently, amalgamation was associated with financial adjustments that municipal Councils represented as attributable to Provincial policies concerning municipalities, the most visible of which was amalgamation. This no doubt contributed to negativity that halted amalgamation in Pictou and the ongoing impression that amalgamation increased costs.

#### 4.3.1 Cape Breton Regional Municipality

Sydney and the surrounding areas historically referred to as “Industrial Cape Breton” were under growing financial stress from the late 1950s into the 1990s. The amalgamation of area municipalities in what became Cape Breton Regional Municipality (CBRM) was undertaken primarily as a means to reduce costs and enhance economic promotion (**Figure 4.7**). One municipal staff member consulted for this study in 1999 indicated that five of the eight municipalities involved in the amalgamation would have

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<sup>100</sup> *Ibid.*, p. 11.

<sup>101</sup> *Ibid.*, p. 33.

<sup>102</sup> Liverpool and surrounding areas in Queens are noted in the report under the heading “Less Critical Areas,” *Ibid.*, p. 30-31.





gone bankrupt if amalgamation had not taken place.<sup>103</sup> Another staff member contacted in 2007 concurred in this assessment and noted that while the amalgamated municipality has struggled, it has been able to survive in a difficult environment of demographic and economic decline.<sup>104</sup>

Figure 4.7: Cape Breton Regional Municipality



Given the challenges before it, CBRM emphasized cost cutting and immediate job reductions on amalgamation. The new Regional Municipality eliminated roughly 120 positions through attrition and competition. Attempts were made to privatize some services to reduce costs and increase the flexibility of the municipality. Labour supported by the strong union movement in Cape Breton resisted these initiatives with some

<sup>103</sup> *Pers comm.*, Bernie White, Municipal Clerk, CBRM, July 1999.

<sup>104</sup> *Pers comm.*, John Whalley, Economic Development Manager, CBRM, February 2007.

success. Eventually, however, many members of the municipal workforce reached retirement age and became more amenable to buyouts and similar arrangements. Today, municipal staffing has apparently settled and, while municipal employees are envied by many in a region in which stable employment is difficult to find, CBRM is notable for a very lean administration.

The reduction in staffing reflects broader financial discipline throughout the existence of the Municipality. CBRM substantially reduced its expenditures following amalgamation and held the line to 2005 as illustrated in **Table 4.4**.<sup>105</sup> Costs have risen more recently but overall inflation adjusted expenditures remain below the level of the nine separate municipalities immediately before amalgamation.

*Table 4.4: Operating Expenditure Comparison (\$,000s 2009\$), CBRM, Pre- and Post-amalgamation (Fiscal 1994, 1997, 1999, 2005, and 2008)*

Expenditure Category	Separate Municipal Units 1994	CBRM 1997	Increase (Decrease) v. 1994	CBRM 1999	Increase (Decrease) v. 1994	CBRM 2005	Increase (Decrease) v. 1994	CBRM 2008	Increase (Decrease) v. 1994
General Government	\$12,547.0	\$8,459.6	(\$4,087.4)	\$7,817.9	(\$4,729.2)	\$9,062.2	(\$3,484.9)	\$13,360.3	\$813.2
Protective Services	\$23,697.0	\$23,318.3	(\$378.7)	\$29,198.2	\$5,501.2	\$31,056.4	\$7,359.4	\$34,487.0	\$10,790.1
Transportation	\$15,522.6	\$24,471.6	\$8,949.0	\$22,157.4	\$6,634.8	\$21,174.4	\$5,651.8	\$21,254.9	\$5,732.3
Environmental Health	\$7,048.9	\$14,656.4	\$7,607.5	\$6,788.4	(\$260.5)	\$8,853.6	\$1,804.7	\$12,444.0	\$5,395.1
Public Health & Welfare	\$43,166.4	\$1,285.6	(\$41,880.8)	\$5,659.4	(\$37,507.0)	\$37.9	(\$43,128.5)	\$1,740.3	(\$41,426.1)
Environmental Development	\$2,816.2	\$862.5	(\$1,953.7)	\$1,087.0	(\$1,729.2)	\$2,808.6	(\$7.5)	\$1,977.5	(\$838.6)
Recreation & Culture	\$4,938.0	\$7,152.7	\$2,214.7	\$6,077.5	\$1,139.4	\$6,704.0	\$1,766.0	\$7,341.9	\$2,403.9
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Extraordinary	\$594.5	\$19.9	(\$574.5)	\$0.0	(\$594.5)	\$0.0	(\$594.5)	\$0.0	(\$594.5)
<b>TOTAL</b>	<b>\$110,330.6</b>	<b>\$80,226.5</b>	<b>(\$30,104.1)</b>	<b>\$78,785.7</b>	<b>(\$31,544.9)</b>	<b>\$79,697.1</b>	<b>(\$30,633.5)</b>	<b>\$92,606.0</b>	<b>(\$17,724.5)</b>

Source: NSDHMA, *Annual Report of Municipal Statistics*, 1994, 1997, 1999, 2005, and 2008

CBRM continues to struggle to operate within its means. Among its current initiatives are controversial proposals to streamline fire service and police operations. The Municipality is also facing a daunting requirement to develop a wastewater treatment system that its staff estimates will cost roughly \$500 million. The estimate is substantially more than was required to build a similar system in Halifax even though the population it will serve is at most 20 per cent of the number reached by the Halifax system. The reason for the greater cost is the separation among communities in the region not so much as a result

<sup>105</sup> Comparison based on the Consolidated Statement of Operations - Expenditure compiled in Nova Scotia Department of Municipal Affairs, *Annual Report of Municipal Statistics for the Fiscal Year Ended March 31, 1994*, and subsequent editions for the years presented in **Tables 4.4** through **4.6**. We consulted Bob Houlihan and Wendy Dauphinee of NSDHMA (October 1999), who were responsible for preparing *Municipal Statistics*, at the time and confirmed that the Consolidated Statements take into account the net impact of commissions, authorities, and other independent agencies involved in delivering municipal services. An exception is village commissions, which disappeared with amalgamation and are excluded from the Consolidated Statements. There were no villages in the CBRM area but there were in Halifax and Queens where their relatively modest expenditures have been added to pre-amalgamation municipal costs (see **Tables 4.5** and **4.6**).



of sprawl, which is a factor, but more so because of the development of towns around various mine heads.

The many CBRM staff who the author has worked with over the past two years on CBRM's Integrated Community Sustainability Plan (ICSP) and previously on other projects have however acknowledged the role of amalgamation in preserving the financial health of local government in the region. The Municipality prepared a comprehensive municipal plan in 2004 that expressed clear commitment to the amalgamated unit:

This first Plan of our new community of communities intends to set out a clear and unified vision of the future CBRM based on the aspirations of businesses, constituents, institutions, and other stakeholders in our community. It is not an amalgam of [15 preceding community plans] but a new document prepared to foster the combined strengths in our municipality.<sup>106</sup>

As noted, the municipality placed a priority on economic development on its foundation, and this has been facilitated by the regional structure.<sup>107</sup> John Whalley, the Manager of Economic Development for CBRM, has suggested in the past that a regional government like CBRM is, in fact, the ideal unit for pursuing economic development because it not only eliminates inter-municipal competition but also represents the level at which localities logically compete with each other for development.<sup>108</sup>

Concern with amalgamation has subsided over time but has not completely disappeared. Some rural residents and, particularly, residents from the Louisbourg area, which is distinct from the major urban concentration around Sydney Harbour, raise complaints. In the course of working with the current Regional Council on the municipal ICSP, however, the author was struck by the strong desire of many Council members to reduce the distinctions between the former municipal communities and reinforce the identity of the region as an economic unit.

#### 4.3.2 Halifax Regional Municipality

The amalgamation of the Halifax region is probably the most prominent of the nine amalgamations undertaken in Atlantic Canada. It combined four municipalities into a single unit roughly the size of Prince Edward Island (**Figure 4.8**) that had 373,000 residents according to the 2006 Census accounting for more than 40 per cent of all Nova Scotians. Halifax is also frequently cited as an example by opponents to municipal consolidation, although the municipality has grown to regional pre-eminence since its formation.

<sup>106</sup> Cape Breton Regional Municipality, *Municipal Planning Strategy of the Cape Breton Regional Municipality*, adopted September 17, 2004, including amendments adopted by Council December 18, 2007, which came into effect January 31, 2008, p. 1.4.

<sup>107</sup> *Pers comm.*, B. White, January 2001.

<sup>108</sup> *Pers comm.*, J. Whalley, February 2007.

Figure 4.8: Halifax Regional Municipality



Many have speculated on the reasons for amalgamation of the region. Brian Lee Crowley, who was in charge of the Atlantic Institute of Market Studies think tank in the years shortly following amalgamation and was critical of the move, has emphasized counter-productive competition between the cities of Dartmouth and Halifax to attract Price Club (now Costco) to their respective communities.<sup>109</sup> Others have pointed to inadequate development control in Halifax County, which encircled the two cities and Bedford, and the purported dire financial condition of Dartmouth.<sup>110</sup> The fact that

<sup>109</sup> Brian Lee Crowley, President, Atlantic Institute for Market Studies, "Municipal amalgamations in Atlantic Canada and beyond: Why amalgamate?," Annual Meeting of the BC Municipal Finance Authority, March 29, 2001, Victoria, BC. Crowley repeated the same idea in 2009 in "Surviving and thriving in an irrational world," Alberta Union of Municipal Associations, April 30, 2009, Red Deer, Alberta.

<sup>110</sup> "HRM – The Urban-Rural Question," posted on [www.citizensforhalifax.ca](http://www.citizensforhalifax.ca) but no longer available, pp. 1-2. While this is a weak documentary source, the issue of Dartmouth's

amalgamation of HRM was identified as a critical priority in a report prepared four years previously before a change in the governing party is astonishingly ignored.

Certainly, amalgamation was not popular at the time. The new municipality was large and its amalgamation was complicated. In an article prepared in the immediate wake of amalgamation, Ken Meech, the first CAO of HRM and last CAO for the County of Halifax, described the Halifax amalgamation as a “shotgun merger” into which the municipal units had been rushed by the Province.<sup>111</sup> He and his transition team were given only five months to prepare for the merger; whereas, he felt a full year was needed.

While the transition was difficult, Mr. Meech indicated in a later conversation before he left HRM that the Municipality was getting “better use from its resources.”<sup>112</sup> Although some observers have contended that transition costs were considerably higher than predicted,<sup>113</sup> comparison of pre-amalgamation expenditures for Halifax, Dartmouth, Bedford, and the County of Halifax to the post-amalgamation expenditures of HRM indicates a substantial decrease in costs to 2005 (**Table 4.4**) similar to Cape Breton. In 1994, the four separate municipal units spent \$384 million in constant 2009\$ on operating expenditures, versus, \$350 million in 1997, the first complete year after their union. In 1999 and 2005, overall operating expenditures in constant 2009\$ hovered around \$350 million but have clearly risen since. Recently, HRM’s Council has wrestled with an expected \$30 million funding gap.<sup>114</sup>

Shortly after amalgamation, taxpayers were not aware of amalgamation efficiencies because tax increases were commonly represented as equivalent to expenditures:

... according to a study by the Dalhousie School of Public Administration on the costs and savings of the amalgamation, during the first four years (1996 to 2000) user charges increased significantly. Property taxes in urban areas rose by roughly 10 percent, and by roughly 30 percent in suburban and rural areas. It seems those complaining about rural property tax increases were right, after all. HRM has three basic tax rates (urban, suburban, and rural), and more than 60 pre-amalgamation special taxing areas (primarily in the former county).

While it is understandable that the bottom line for citizens is the taxes they pay, the better measure of cost of service provision is the annual expenditures for services presented in **Table 4.5**. In either case, it is important to recognize that HRM initially gained

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financial position and the supposed desire of then Premier and ex-Dartmouth Mayor John Savage to conceal it is a widespread urban legend in HRM.

<sup>111</sup> Ken Meech and Rudy Vodicka, “Hindsight is 20 / 20: Planning for Amalgamation in Halifax Regional Municipality,” *Cordillera Institute Journal*, February 1997, Special Reprint, p. 2.

<sup>112</sup> *Pers comm.*, Ken Meech, Chief Administrative Officer, HRM, March 2001.

<sup>113</sup> “HRM – The Urban-Rural Question,” p. 2.

<sup>114</sup> See: Halifax Regional Municipality, “Budget 2010-11 Snapshot - Addressing the Funding Gap.”

significantly from service exchange on the expenditure side (reduced obligations of about \$47 million). As with other Nova Scotia regional municipalities, however, support to the Municipality from senior governments fell dramatically. Whereas “Transfers from Federal or Provincial Governments” amounted to \$80,439,500 for the four separate Halifax-area municipalities in 1994, HRM received only \$6,215,148 from these sources in 1997, a loss of nearly \$75 million.<sup>115</sup>

*Table 4.5: Operating Expenditure Comparison (\$,000s 2009\$), HRM, Pre- and Post-amalgamation (Fiscal 1995, 1997, 1999, 2005, and 2008)*

Expenditure Category	Separate Municipal Units 1994	HRM 1997	Increase (Decrease) v. 1994	HRM 1999	Increase (Decrease) v. 1994	HRM 2005	Increase (Decrease) v. 1994	HRM 2008	Increase (Decrease) v. 1994
General Government	\$37,828.8	\$24,624.8	(\$13,203.9)	\$44,954.7	\$7,125.9	\$77,415.3	\$39,586.5	\$77,600.9	\$39,772.1
Protective Services	\$98,894.9	\$91,345.4	(\$7,549.5)	\$103,545.8	\$4,650.9	\$133,885.9	\$34,990.9	\$153,419.8	\$54,524.9
Transportation	\$37,260.3	\$106,976.2	\$69,715.9	\$79,286.5	\$42,026.3	\$83,984.1	\$46,723.8	\$107,145.8	\$69,885.5
Environmental Health	\$16,630.6	\$53,736.0	\$37,105.3	\$49,004.8	\$32,374.2	\$48,609.0	\$31,978.3	\$45,171.9	\$28,541.3
Public Health & Welfare	\$156,347.0	\$28,282.2	(\$128,064.7)	\$23,491.7	(\$132,855.2)	\$0.0	(\$156,347.0)	\$2,445.8	(\$153,901.2)
Environmental Development	\$11,099.8	\$31,042.3	\$19,942.6	\$13,118.9	\$2,019.2	\$17,067.4	\$5,967.6	\$15,450.3	\$4,350.5
Recreation & Culture	\$25,742.5	\$13,746.4	(\$11,996.1)	\$45,131.8	\$19,389.3	\$43,256.0	\$17,513.5	\$45,181.9	\$19,439.4
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Extraordinary	\$74.4	\$0.0	(\$74.4)	\$0.0	(\$74.4)	\$0.0	(\$74.4)	\$0.0	(\$74.4)
<b>TOTAL</b>	<b>\$383,878.3</b>	<b>\$349,753.4</b>	<b>(\$34,124.9)</b>	<b>\$358,534.3</b>	<b>(\$25,343.9)</b>	<b>\$404,217.5</b>	<b>\$20,339.3</b>	<b>\$446,416.3</b>	<b>\$62,538.1</b>

Source: NSDHMA, *Annual Report of Municipal Statistics*, 1994, 1997, 1999, 2005, and 2008

Unlike most communities in Atlantic Canada, Halifax must deal with pressures arising from significant demographic and economic growth. HRM has increased its population by close to one per cent annually since its creation and dwelling units by 3 to 5 per cent per year. As one of the few growing municipalities in Atlantic Canada and by far the largest, HRM has since its creation been able to address several challenges that could not be resolved prior to amalgamation and to pursue an array of initiatives that have not been feasible for most other communities in the region. Among the long-standing issues addressed were the siting and construction of a regional landfill and the construction of a complete wastewater treatment system to protect all of Halifax's large harbour. The Municipality has also substantially expanded its transit system, developed extensive trails, and begun to implement other features of an active transportation plan. It has also considerably improved recreation facilities adding several new ice surfaces, a number of artificial turf fields, and a new swimming/gymnasium facility for the 2011 Canada Games. On the cultural side, planning is well underway for a new central library facility and

<sup>115</sup> Comparison based on Nova Scotia Department of Municipal Affairs, *Annual Report of Municipal Statistics for the Fiscal Year Ended March 31, 1994*, Halifax: NSDMA, 1996, and *Annual Report of Municipal Statistics for the Fiscal Year Ended March 31, 1997*, Halifax: NSDHMA, 1998. The cost of Transportation Services rose from \$37,260,300 in 1994 to \$83,214,000 in 1997 or by \$45,953,700, while Public Health and Welfare Service costs fell from \$156,347,000 to just \$22,000,000 or by \$134,347,000. HRM has apparently gained \$46,833,533 as a result; however, the grants lost are related to support previously provided to meet social service obligations.

agreement has recently been reached on the construction of a new convention centre pending approval of Federal government funding support.

These initiatives are being pursued in the context of coordinated planning. HRM has made many advances in planning since its formation. In July 2006, after a three-year process, HRM Council adopted its first Regional Planning Strategy. The previous regional plan was adopted in 1976 but was repealed on amalgamation in 1996. The new document, which has also been recognized as the Municipality's Integrated Community Sustainability Plan, is considered a major step forward, providing a vision for the region and introducing many new planning concepts aimed at reinforcing and intensifying the urban core, while protecting the rural environment.<sup>116</sup> Considerable work remains to replace more than 30 existing strategies and related land use bylaws that apply in the region but major downtown planning has been completed and a visioning process is now well underway for several HRM communities. In addition, a variety of other functional plans have been completed to address issues such as Halifax Harbour, municipal business parks, active transportation, community energy, and affordable housing, and a process to review the 2006 plan is being put in place.

Although many factors have been favourable for Halifax over the period, municipal unity has been beneficial to economic promotion. One feature of the new structure was the Greater Halifax Partnership, a unique public-private entity that handles economic development on behalf of HRM. The organization was forged by the Halifax Chamber of Commerce, the Municipality, and private business. In its early days it was endorsed by Ken Meech, who pointed out the benefits in cost savings and coordinated presentation that have followed for HRM.<sup>117</sup> Subsequently, the Partnership amalgamated with the Halifax Regional Development Agency, which separately served rural areas in the municipality. The union recognizes growing cohesion across HRM and blends the community economic development objectives of the former RDA with the economic promotion priorities of HRM.<sup>118</sup>

HRM has, in short, made considerable advances as an amalgamated entity. It has grown and prospered while addressing a variety of social and environmental challenges. The current budget shortfall is certainly a challenge that has arisen from increasing aspirations as well as improved and extended services. It has also been exacerbated by

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<sup>116</sup> See: Austin French, "The 2006 Halifax Regional Planning: Process and Overview," *Plan Canada*, Vol. 47 no. 1, Spring 2007, pp. 40-43.

<sup>117</sup> Ken Meech, "Does Amalgamation Enhance Economic Development[?]," presentation to "Managing the New Realities of Municipal Amalgamation," February 13-14, 2001, Toronto, Ontario. Mr. Meech's presentation points out that HRM's expenditure for economic development fell to \$1.2 million from \$3 to \$4 million collectively spent by its four predecessor municipal units.

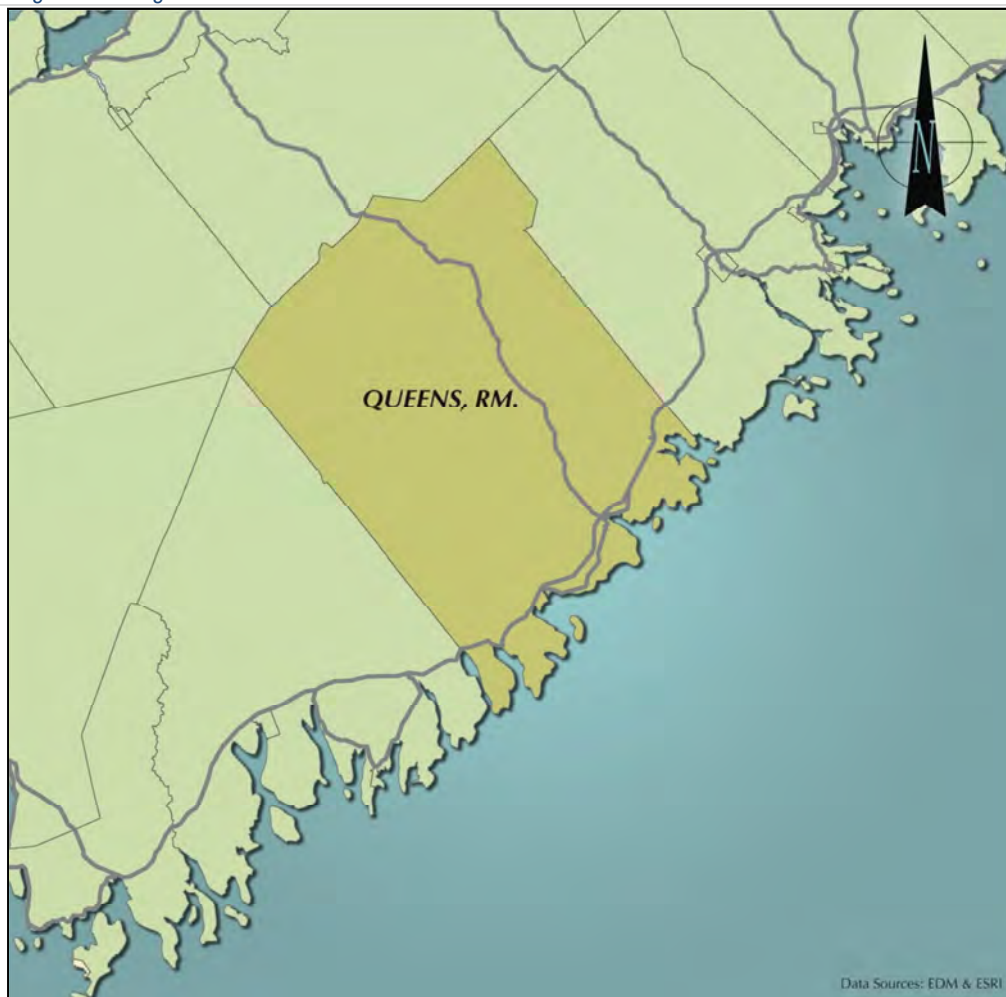
<sup>118</sup> *Pers comm.*, Jim Donovan, Director of Economic Development, HRM, February 2007. In a more recent interview (February 2011), Mr. Donovan reiterated his opinion that amalgamation has facilitated the marketing of the Halifax region.

the assessment cap recently instituted by the Province and the associated reluctance of Regional Council to raise the tax rate.

#### 4.3.3 Region of Queens

The creation of the Region of Queens (**Figure 4.9**) is singular among the amalgamations that have taken place in Atlantic Canada in that it was initiated by the existing local governments. The stimuli to take the step to amalgamate were not entirely positive, however, as both the County of Queens and the Town of Liverpool were afraid that amalgamation would be forced on them and, if they did not take the initiative, might involve municipalities with which they felt they were incompatible. Liverpool also supported amalgamation because it was running out of room for development and both municipal units hoped to achieve benefits from economies of scale.

*Figure 4.9: Region of Queens*







The 2004 testimony of Queens CAO, David Clattenburg before the Nova Scotia Utilities and Review Board Hearing concerning the application by the Town of Antigonish to annex lands from the County of Antigonish, is a very good summary of the amalgamation experience in Queens.<sup>119</sup> In his testimony Mr. Clattenburg noted that an initial staff report by himself and a related consultant's study indicating the potential savings and related advantages of amalgamation were rejected by Liverpool Town Council as being biased. Consequently, the municipalities together hired two local businessmen, James Sapp and Harold Dobson, to study the issue. As with this report and other studies of potential amalgamation, the Sapp and Dobson report set out a road map for amalgamation and estimated the potential cost savings for municipal operations.<sup>120</sup> The key decision that facilitated amalgamation, however, was the appointment of the Warden and Deputy Warden of the County, and the Mayor and Deputy Mayor of the Town to a Coordinating Committee to work with John Moreash, the Provincially appointed Commissioner on amalgamation. The Commissioner chaired the committee and voted only in the event of ties (of which only one or two apparently occurred) between Committee members.

According to Mr. Clattenburg, who was originally appointed by the Coordinating Committee to assist them during the amalgamation process, giving control of the process to political representatives created a commitment that was apparently missing in CBRM and HRM.<sup>121</sup> They ensured that the respective Councils were informed throughout the process,<sup>122</sup> and both the Town and County Councils eventually approved amalgamation unanimously.

As in HRM and CBRM, the Queens Region amalgamation resulted in immediate cost savings. The first municipal budget was \$750,000 less than the budget of the two separate municipalities the preceding year, a 50 per cent greater reduction than was predicted by the amalgamation study, as Mr. Clattenburg testified:

The amalgamation into one municipal unit has allowed municipal government to provide services more efficiently at less cost to the residents of the area. In fact, from a financial perspective the amalgamation resulted in even greater savings than Mr. Sapp or Mr. Dobson had projected in their report.<sup>123</sup>

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<sup>119</sup> "Direct Testimony of David Clattenburg before the Nova Scotia Utility and Review Board Re: Application of the Town of Antigonish to Annex Certain lands in the County of Antigonish and Re: Application of the Municipality of the county of Antigonish to Amalgamate the County and the Town of Antigonish," January 27, 2004.

<sup>120</sup> James Sapp and Harold R. Dobson, *A Blueprint for Unitary Government for Queens County*, February 21, 1995.

<sup>121</sup> *Pers comm.*, David Clattenburg, CAO, Queens Region, August 1999. Mr. Clattenburg was previously CAO of the Municipality of the County of Queens.

<sup>122</sup> Mr. Clattenburg indicated it was important to ensure that Council members were informed before the media throughout the process so that they felt themselves to be "in control."

<sup>123</sup> "Direct Testimony of David Clattenburg ..."

Taxes rose somewhat immediately after amalgamation under the influence of decreased Federal grants-in lieu.<sup>124</sup> Furthermore, as with the other regional municipalities in Nova Scotia, conditional grants were cut severely, falling from \$3,302,749 in 1995 to just \$31,432 in 1997. Since 1997, however, most tax rates have declined. Town residents, in particular, have considerably lower property tax rates than before amalgamation and no longer pay a waste disposal fee previously levied by the Town of Liverpool.

Queens Region has different tax rates for the former Town of Liverpool and Queens County areas. Residential and commercial rates for Liverpool respectively declined from 2.15 and 3.42 per \$1,000 to 1.73 and 2.55 from just before amalgamation to 2000. For Queens, rates rose to 0.86 from 0.84 for residential property and fell from 1.69 to 1.68 for commercial property.

Direct comparison of expenditures from 1997 through 2005, as for the other Nova Scotia municipalities, shows sustained and substantial savings. Expenditures were cut in half almost immediately on amalgamation because of the elimination of 77 per cent of public health and welfare costs. In constant dollar terms total expenditure held steady at \$7 to \$8 million through 2005 but have recently jumped to roughly \$10.5 million (**Table 4.6**). Excluding the swapped services from consideration, Queens saved nearly \$400,000 in constant 2009\$ from 1994 to 1997 and stayed reasonably close to pre-amalgamation levels through 2005.

*Table 4.6: Operating Expenditure Comparison (\$,000s 2009\$), Region of Queens, Pre- and Post-amalgamation (Fiscal 1994, 1997, 1999, 2005, and 2008)*

Expenditure Category	Separate Municipal Units 1994	Queens 1997	Increase (Decrease) v. 1994	Queens 1999	Increase (Decrease) v. 1994	Queens 2005	Increase (Decrease) v. 1994	Queens 2008	Increase (Decrease) v. 1994
General Government	\$1,811.6	\$1,358.3	(\$453.2)	\$1,352.7	(\$458.8)	\$1,469.3	(\$342.3)	\$1,467.8	(\$343.7)
Protective Services	\$1,480.7	\$1,679.6	\$198.9	\$2,005.3	\$524.7	\$2,431.1	\$950.5	\$2,683.2	\$1,202.6
Transportation	\$1,040.6	\$1,397.9	\$357.3	\$1,428.5	\$387.9	\$1,635.8	\$595.2	\$1,830.2	\$789.6
Environmental Health	\$921.9	\$1,130.9	\$209.0	\$1,024.6	\$102.6	\$1,444.2	\$522.2	\$2,320.1	\$1,398.2
Public Health & Welfare	\$7,943.0	\$1,812.4	(\$6,130.6)	\$1,542.9	(\$6,400.1)	\$759.1	(\$7,183.8)	\$905.1	(\$7,037.9)
Environmental Development	\$405.2	\$275.8	(\$129.4)	\$400.2	(\$4.9)	\$709.2	\$304.0	\$570.8	\$165.6
Recreation & Culture	\$319.9	\$226.9	(\$93.0)	\$242.0	(\$77.9)	\$573.3	\$253.4	\$672.1	\$352.2
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Extraordinary	\$119.8	\$0.0	(\$119.8)	\$72.1	(\$47.7)	\$0.0	(\$119.8)	\$0.0	(\$119.8)
<b>TOTAL</b>	<b>\$14,042.6</b>	<b>\$7,881.7</b>	<b>(\$6,160.9)</b>	<b>\$8,068.3</b>	<b>(\$5,974.2)</b>	<b>\$9,021.9</b>	<b>(\$5,020.7)</b>	<b>\$10,449.3</b>	<b>(\$3,593.3)</b>

Source: NSDHMA, *Annual Report of Municipal Statistics*, 1994, 1997, 1999, 2005, and 2008

The overall impact of amalgamation is more fully illuminated by the continuation of Mr. Clattenburg's preceding testimony:

<sup>124</sup> According to the *Annual Report of Municipal Statistics*, grants-in-lieu of taxes declined by \$266,347 between 1995 and 1997.





... the amalgamation has resulted in a change of attitude in the Region. The Region has a much more progressive attitude in getting things done for the benefit of the residents of the Region.<sup>125</sup>

He added immediately that “the amalgamation ... enhanced and strengthened the Liverpool downtown as the focal point for the region” and that the increased fiscal capacity of the combined municipal units allowed them to afford a much needed wastewater treatment plant. At the same time, he noted that debt for streets and paving was reduced from \$650,000 to \$450,000 after amalgamation and that the debt of the Town water utility was reduced from “approximately \$470,000 to less than \$65,000.” Also, over time, amalgamation has reduced the urban-rural animosity that is characteristic of small town and county relations elsewhere in Nova Scotia and Canada.<sup>126</sup>

In 2009, Queens adopted its first Regional Planning Strategy.<sup>127</sup> While Queens was the last of the amalgamated regions in Atlantic Canada to develop a comprehensive plan, it is the smallest region of any kind to have a plan that considers the interaction of its rural and urban areas. It is also one of the few areas in Nova Scotia with a comprehensive plan for rural areas. More recently, the Region began construction of Queens Place, a multi-purpose recreation facility (*i.e.*, rink and fitness facilities) expected to be opened in January 2012, an initiative that most certainly requires the support of all residents of the small region.

#### 4.4 NEW BRUNSWICK

Unlike the other Atlantic Provinces, New Brunswick chose to proceed with municipal reorganization on a case-by-case basis. Similar to the other provinces, New Brunswick appointed a Commissioner for each region it wanted to have considered. The Province did not however suggest a specific scenario as Newfoundland and Labrador did or as Nova Scotia prescribed. Each Commissioner was permitted to make his own determination based on evaluation of individual circumstances.

In the case of the Miramichi region, the process resulted in the formation of an amalgamated urban municipality incorporating less surrounding rural area than the Nova Scotia amalgamations but more than in PEI. The Commissioner appointed by the Province to study reorganization in the Moncton area, on the other hand, rejected the possibility of amalgamation in favour of regional service delivery. In Edmundston, the City of Edmundston absorbed three adjacent villages. A commissioner recommended amalgamation for Campbellton and Atholville in the northwest corner of the province, while regional service delivery was proposed for Dalhousie, just to the south.<sup>128</sup> In Saint

<sup>125</sup> “Direct Testimony of David Clattenburg ...”

<sup>126</sup> *Pers comm.*, Mike McLeod, Director of Planning, Region of Queens, February 2011.

<sup>127</sup> Region of Queens, *Municipal Planning Strategy*, July 20, 2009.

<sup>128</sup> *Ibid.*, pp. 19-20.

John, the City itself was left unchanged but surrounding suburban and rural areas were consolidated into three enlarged towns. The decisions concerning the Saint John region came in 1997 and brought a close to both New Brunswick's program and major amalgamation initiatives in the Atlantic region.

Like PEI, New Brunswick has recently returned to the issue of local government organization. The Commission on the Future of Local Governance has reviewed the subject in depth and has taken an aggressive posture in favour of a comprehensive program of regionalization:

... it is our strong belief that local governance reform in New Brunswick must be a matter of high provincial interest. Consequently, the task of reforming local government must be initiated and aggressively pursued at the provincial level through the right mix of enlightened direction and assistance.<sup>129</sup>

As with Nova Scotia, New Brunswick publishes municipal financial information annually. This information is presented here in a similar format to the Nova Scotia data; however, readers should note that the New Brunswick publication presents budget as opposed to actual expenditure information.

#### 4.4.1 City of Miramichi

Among the many urban areas in New Brunswick, only the City of Miramichi followed the relatively conventional approach of amalgamating an urban core with surrounding suburban areas (**Figure 4.10**). The area amalgamated into Miramichi is extensive, although not as widespread as the regional municipalities created in Nova Scotia.

The transition to comprehensive urban government was not especially smooth. The union of local governments coincided with the closure of Canadian Forces Base Chatham, which was a substantial blow to the local economy. It was also a blow to municipal government, since grants-in-lieu of taxes paid by the Federal Government were lost. The immediate consequence of amalgamation, furthermore, was an escalation in the cost of operations estimated by Professor Harry Kitchen in 1995 to be, "\$1.5 million annually."<sup>130</sup>

Our interview with then City Manager Don Alison and our review of financial data on the municipality reinforced Kitchen. Mr. Alison described the Provincially imposed amalgamation as "pure downloading" in which the Province off loaded road maintenance and other responsibilities without reasonable compensation to the affected municipal

<sup>129</sup> Jean-Guy Finn, Commissioner, *Building Stronger Local Governments and Regions: An Action Plan for the Future of Local Governance in New Brunswick*, Report of the Commissioner on the Future of Local Governance, November 2008, p. 183.

<sup>130</sup> Harry Kitchen, "Presentation to Municipal Government Officials of Brant County on Municipal Restructuring," 21 December 1995, p. 11, cited in Andrew Sancton, "Reducing Costs by Consolidating Municipalities: New Brunswick, Nova Scotia and Ontario," *Canadian Public Administration*, Vol. 39 no. 3, Fall 1996, p. 274.



governments. He stated firmly that there is no evidence of economies of scale and that a local spirit of voluntarism had been lost.

Figure 4.10: City of Miramichi



Mr. Alison, in fact, undertook a comparison using Province of New Brunswick statistics on pre- and post-amalgamation financial conditions in Miramichi similar to the assessments we did across Atlantic for this chapter. At that time, data for 1994 and 1999 (**Table 4.3**) confirmed that costs had risen in Miramichi since amalgamation, in contrast to the early experience of Nova Scotia regional governments, discussed above. Expenditure data for pre-amalgamation municipal units in 1994 compared to expenditures for the new city in 1999 indicated that annual operating costs had increased by \$2.6 million. Taxes, which are charged on a two-tier basis, with lower rates for unserviced rural areas, had also risen.<sup>131</sup> Corrected for inflation the difference was \$1.5 million, as Kitchen estimated (see **Table 4.7**).

<sup>131</sup> Pers comm., Don Alison, City Manager, City of Miramichi, January 2001.

Table 4.7: Budget Comparison (\$,000s), City of Miramichi, Pre- and Post-amalgamation (Fiscal 1997, 1999, 2006, and 2008)

Expenditure Category	Separate Municipalities 1994	City of Miramichi 2000	Increase (Decrease) v. 1994	City of Miramichi 2006	Increase (Decrease) v. 1994	City of Miramichi 2008	Increase (Decrease) v. 1994
General Government	\$1,854.8	\$2,350.3	\$495.5	\$2,259.9	\$405.1	\$2,077.1	\$222.3
Police	\$3,047.7	\$4,266.8	\$1,219.0	\$4,098.5	\$1,050.7	\$4,464.9	\$1,417.2
Fire Protection	\$2,547.2	\$2,169.5	(\$377.7)	\$1,795.6	(\$751.5)	\$1,922.3	(\$624.8)
Water Cost Transfer	\$807.2	\$1,007.0	\$199.8	\$654.5	(\$152.7)	\$631.1	(\$176.1)
Emergency Measures	\$240.7	\$600.4	\$359.7	\$670.1	\$429.4	\$702.4	\$461.7
Other Protection Services	\$221.0	\$49.4	(\$171.6)	\$60.2	(\$160.8)	\$58.1	(\$162.9)
Transportation	\$3,611.8	\$5,317.2	\$1,705.4	\$4,671.8	\$1,060.0	\$5,419.6	\$1,807.9
Environmental Health	\$1,201.9	\$659.3	(\$542.6)	\$847.4	(\$354.5)	\$1,206.7	\$4.8
Public Health	\$0.7	\$0.0	(\$0.7)	\$0.0	(\$0.7)	\$0.0	(\$0.7)
Environmental Development	\$808.0	\$745.9	(\$62.1)	\$794.7	(\$13.3)	\$878.5	\$70.5
Recreation and Culture	\$1,934.6	\$3,574.6	\$1,640.1	\$3,103.7	\$1,169.1	\$3,152.4	\$1,217.9
<b>TOTAL</b>	<b>\$16,275.4</b>	<b>\$23,452.6</b>	<b>\$7,177.2</b>	<b>\$21,562.7</b>	<b>\$5,287.3</b>	<b>\$23,297.6</b>	<b>\$7,022.2</b>

Source: NBELG, *Annual Report of Municipal Statistics, Municipal Budgets by Function, 1997, 1999, 2006, and 2008*

An important qualification with respect to the efficiency of the enlarged government is the downloading of significant responsibilities in the Police and Transportation categories by the Province of New Brunswick. Between them, the two categories accounted for \$2,615,600 in increased expenditures or almost exactly the overall expenditure increase. Mr. Alison acknowledged with respect to Transportation that any increase in cost beyond inflation is probably attributable to downloading. On the other hand, he noted that the Water Cost Transfer, which shows the greatest decrease in expenditure, largely records internal transfers that are balanced on the revenue side.

Since 2000, the municipality has retrenched and brought overall expenditure back to its pre-amalgamation level. Darlene O'Shea, the Assistant City Treasurer, indicated that Council has moved inconsistently to this goal but for 2006, nevertheless, returned expenditure to its pre-amalgamation level (Table 4.7). The City has done so in the face of increasing service demands and decreasing government support. The City, for example, built a \$9 million wastewater treatment plant in 2003 and will increase its garbage collection costs from \$815,000 to \$1.15 million in 2007. Police salaries increased by over 20 per cent following an arbitrated settlement in 2004. Over this time assessments have fluctuated and the Province's unconditional grant has gradually reduced from \$2.8 million in 1994 to just \$2.1 million in 2006.<sup>132</sup>

Wilson Bell, Director of the Miramichi Planning District Commission, has been more positive toward amalgamation since it occurred. The Planning Commission existed as a regional organization before amalgamation and has continued to have the same status afterward. Mr. Bell indicated that planning and land use controls are much easier to

<sup>132</sup> Pers comm., Darlene O'Shea, Assistant Treasurer, City of Miramichi, February 2007.

implement in the amalgamated structure. The Commission has been able to coordinate bylaws eliminating considerable confusion.<sup>133</sup> Since the past edition of the report, the Commission has expanded its mandate to include most of Northumberland County, which surrounds the City of Miramichi.

While he has echoed the opinions of City staff that the Province of New Brunswick has downloaded services excessively and that the municipality encompasses rural areas that are not compatible with the urban core, Mr. Bell feels amalgamation has had important benefits for both planning and economic development.

Mr. Bell has said on many occasions that the area is easier to plan and market as a single entity. Like many resource based communities in Atlantic Canada, Miramichi has been faced with substantial challenges as its paper mill shut down in 2007 and serious population decline has ensued. Mr. Bell has, however, noted that Miramichi has grown as a service centre for New Brunswick's North Shore<sup>134</sup> as a byproduct of recognition by national companies that Miramichi is a substantial centre, as opposed to a collection of villages and small towns.<sup>135</sup> He also stated in our most recent interview, as he was getting underway with a plan review, that the existence of a unified city facilitates the administration of policies intended to limit infrastructure development and associated costs.<sup>136</sup>

#### 4.4.2 Saint John Area

The report prepared by Commissioner Skip Comeau following his review of the Saint John area recommended a single municipal government.<sup>137</sup> As in most cases discussed above, suburban municipalities objected strongly to the prospect of being thrown together with an older central city. Residents apparently feared higher taxes that they perceived were the result of a unionized, bureaucratized government in Saint John.<sup>138</sup>

Given this resistance, Provincial officials adopted a compromise, consolidating the suburban municipalities while leaving the City of Saint John unchanged. Consideration may have been given to consolidating all of the municipalities in the Kennebecasis Valley, but there was apparently concern with the possibility of creating a rivalry with the older city. The decision was therefore made to create three new towns: Grand Bay-Westfield, Quispamsis, and Rothesay (**Figure 4.11**).

<sup>133</sup> *Pers comm.*, Wilson Bell, Director, Miramichi Planning District Commission, July 1999.

<sup>134</sup> *Pers comm.*, D. O'Shea, February 2007.

<sup>135</sup> *Pers comm.*, W. Bell, January 2001.

<sup>136</sup> *Pers comm.*, W. Bell, February 2011.

<sup>137</sup> E. F. Cormier, *A Community of Communities: Local Government Options for the Greater Saint John Area*, February 1997.

<sup>138</sup> *Pers comm.*, John Jarvie, Town Manager, Town of Rothesay, August 1999.

Figure 4.11: City of Saint John, Town of Grand Bay-Westfield, Town of Quispamsis, and Town of Rothesay



The amalgamation process was different for each town, in part, because of transitional political arrangements made by the Province of New Brunswick. Specifically, the Province arranged for the election of a new Council six months before the incorporation of each new municipality. In the mean time, the existing Councils continued to administer the traditional municipal units. In the case of Rothesay and Grand Bay-Westfield, the changeover was reasonably smooth, as the members were elected to the new Council in fairly even proportions from the existing municipalities. In Quispamsis, however, the Mayor of Quispamsis, which had an approximate population of 8,500, unexpectedly lost to the Mayor of Gondola Point, which had only about 3,500 residents. As an apparent result, Quispamsis subsequently resisted amalgamation strenuously to the point of initiating legal actions against the Province. In particular, it was difficult for the newly elected transitional Council to control spending by the Town in this period.





The leading municipal executives managing the three towns in 1999 and 2000 gave mildly conflicting opinions on the timeframe of amalgamation. On the one hand, the current Town Manager for Rothesay, who joined after amalgamation was complete, feels that some issues such as boundary reconciliation could have been better dealt with if more time had been given to the amalgamation process.<sup>139</sup> On the other, the CAO for Quispamsis, felt that the infighting experienced in his municipality would have been reduced if there had been less time from the announcement of amalgamation to incorporation and, especially, between the election of the new Council and their formal assumption of office. He suggested that the election might better have been held two months before incorporation of the new Town.<sup>140</sup>

All three executives complained that transitional funding from the Province of New Brunswick was inadequate, especially given the downloading associated with amalgamation in New Brunswick. As well, one-time expenses associated with renaming the municipality and adjusting staffing were only modestly compensated. The Province, for example, gave Quispamsis only \$300,000 for road upgrading, although it took over some 17 km of roads, including roads in a Local Service District that had been maintained by the Province, which the current CAO describes as being in “deplorable condition.”<sup>141</sup> Other support was provided for the cost of new signage, which is a minor expense in the scheme of changes required.<sup>142</sup>

Financial comparison of the municipalities before and immediately after amalgamation shows consistent and substantial increases from pre-amalgamation budgets (**Tables 4.8** through **4.10**). In the case of Grand Bay-Westfield, the increase is modest and almost entirely attributable to increased transportation expenditures following from downloading (**Table 4.8**).<sup>143</sup> Quispamsis and Rothesay, however, show marked increases, far in excess of additional transportation costs (**Table 4.9** and **4.10**). The Town of Rothesay increased expenditures in every category except “Other Protection Services.”

<sup>139</sup> *Pers comm.*, J. Jarvie, August 1999.

<sup>140</sup> *Pers comm.*, Michael Brennan, Town Administrator, Town of Quispamsis, August 1999.

<sup>141</sup> *Pers comm.*, M. Brennan, August 1999.

<sup>142</sup> *Pers comm.*, J. Jarvie, August 1999.

<sup>143</sup> Pre-amalgamation expenditures in **Tables 4.8** and **4.9** do not account for the rural community of Wells, which was taken out of Rothesay Parish and split between Quispamsis and Rothesay on their respective amalgamations. The expenditures by Rothesay Parish, which is a Local Service District, were, however, a modest \$145,037 in 1997. In 2000, without responsibility for Wells, Rothesay Parish budgeted just \$24,461.

Table 4.8: Budget Comparison (\$,000s), Town of Grand Bay-Westfield, Pre- and Post-amalgamation (Fiscal 1997, 1999, 2006, and 2008)

Expenditure Category	Separate Municipal Units 1997	Town of Grand Bay-Westfield 2000	Increase (Decrease) v. 1997	Town of Grand Bay-Westfield 2006	Increase (Decrease) v. 1997	Town of Grand Bay-Westfield 2008	Increase (Decrease) v. 1997
General Government	\$508.1	\$495.3	(\$12.8)	\$614.3	\$106.2	\$581.5	\$73.5
Police	\$539.6	\$519.2	(\$20.4)	\$581.4	\$41.9	\$618.4	\$78.8
Fire Protection	\$182.1	\$247.2	\$65.1	\$435.5	\$253.4	\$499.9	\$317.8
Water Cost Transfer	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Emergency Measures	\$4.0	\$6.6	\$2.6	\$5.9	\$1.9	\$8.2	\$4.2
Other Protection Services	\$22.2	\$19.5	(\$2.7)	\$21.6	(\$0.6)	\$20.2	(\$2.1)
Transportation	\$783.6	\$959.9	\$176.4	\$924.1	\$140.5	\$1,208.6	\$425.0
Environmental Health	\$107.5	\$0.1	(\$107.4)	\$2.3	(\$105.2)	\$0.2	(\$107.2)
Public Health	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Environmental Development	\$155.2	\$153.6	(\$1.6)	\$166.4	\$11.2	\$266.8	\$111.6
Recreation and Culture	\$291.0	\$301.5	\$10.5	\$336.9	\$45.9	\$540.6	\$249.5
<b>TOTAL</b>	<b>\$2,593.2</b>	<b>\$2,702.9</b>	<b>\$109.7</b>	<b>\$3,088.4</b>	<b>\$495.2</b>	<b>\$3,744.2</b>	<b>\$1,151.0</b>

Source: NBELG, *Annual Report of Municipal Statistics, Municipal Budgets by Function, 1997, 1999, 2006, and 2008*

Another key feature of municipal reorganization in the Saint John area is the creation of regional commissions to address specific requirements. Amalgamation orders called for the creation of regional committees for economic development, regional facilities, and planning. Each addresses an important area in which regional administration is normally seen as beneficial. The Saint John Economic Development Commission (Enterprise Saint John) and the Regional Facilities Commission have been formed and are in operation. Strong opposition to the notion of a planning advisory committee that would have been dominated by the City of Saint John forestalled its creation. Consideration was given to a Planning District Commission along the lines used in Miarmichi and many other New Brunswick regions but no action has followed.

The operation of the other committees also raises issues. The suburban towns all expressed varying levels of concern with the control of Saint John, given that representation is proportionate to assessment. They also noted that economic development initiatives largely benefit Saint John because it has most of the industry. Rothesay, notably, is a middle to upper class community with little interest in enhancing its non-residential assessment. All five of the major facilities over which the Regional Facilities Commission has budgetary control are in Saint John. All of the municipalities, however, share the facility deficits (in proportion to their assessment), which the suburban municipalities appear to resent to varying degrees.





Table 4.9: Budget Comparison (\$,000s), Town of Quispamsis, Pre- and Post-amalgamation (Fiscal 1997, 1999, 2006, and 2008)

Expenditure Category	Separate Municipal Units 1997	Town of Quispamsis 2000	Increase (Decrease) v. 1997	Town of Quispamsis 2006	Increase (Decrease) v. 1997	Town of Quispamsis 2008	Increase (Decrease) v. 1997
General Government	\$862.1	\$651.9	(\$210.3)	\$1,061.8	\$199.7	\$1,535.6	\$673.5
Police	\$1,439.6	\$1,509.6	\$70.0	\$1,886.9	\$447.3	\$2,371.9	\$932.3
Fire Protection	\$834.3	\$994.6	\$160.2	\$1,285.2	\$450.9	\$1,722.5	\$888.2
Water Cost Transfer	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.3	\$6.3
Emergency Measures	\$134.5	\$140.6	\$6.1	\$173.9	\$39.4	\$185.7	\$51.1
Other Protection Services	\$81.9	\$86.5	\$4.6	\$152.7	\$70.8	\$236.7	\$154.8
Transportation	\$1,257.6	\$1,686.1	\$428.5	\$2,615.4	\$1,357.8	\$3,058.6	\$1,801.1
Environmental Health	\$264.5	\$52.2	(\$212.3)	\$125.1	(\$139.4)	\$137.6	(\$126.9)
Public Health	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Environmental Development	\$80.0	\$82.7	\$2.7	\$232.9	\$152.9	\$657.8	\$577.8
Recreation and Culture	\$1,039.8	\$1,459.4	\$419.6	\$1,989.7	\$949.9	\$2,100.1	\$1,060.3
<b>TOTAL</b>	<b>\$5,994.3</b>	<b>\$6,663.4</b>	<b>\$669.1</b>	<b>\$9,523.6</b>	<b>\$3,529.3</b>	<b>\$12,012.7</b>	<b>\$6,018.3</b>

Source: NBELG, *Annual Report of Municipal Statistics, Municipal Budgets by Function, 1997, 1999, 2006, and 2008*

Terry Totten, the City Manager of Saint John at the time, expressed modest concern with the reorganization in 1999.<sup>144</sup> He indicated that the Cormier Report, although not implemented, increased awareness of regional issues. He felt that the reduction in the number of area municipalities, in any case, made inter-municipal issues easier to manage. He also expressed satisfaction with the two regional agencies, especially the Regional Facilities Commission.

Saint John was the subject of a study of local government service provision undertaken by Robert L. Bish. Bish, not surprisingly, found considerable benefit in the inter-municipal arrangements in place in the Saint John area, although he acknowledged that:

Although this region represents a healthy mix of large and small local governments, its small population of 100,000 constrains economies of scale and, as the paper discusses, limits the specialized organizations to produce local government services that can exist in larger urban areas.<sup>145</sup>

In these circumstances, Bish urged the exploration of the potential to obtain services through arrangements with private providers, although the availability of capable private firms is not illuminated.

<sup>144</sup> Pers comm., Terry Totten, City Manager, City of Saint John, August 1999.

<sup>145</sup> Robert L. Bish, *Organization and Opportunities: Local Government Services Production in Greater Saint John*, The AIMS Urban Futures Series, Paper #4, Atlantic Institute for Market Studies, November 2004, p. v.

Table 4.10: Budget Comparison (\$,000s), Town of Rothesay, Pre- and Post-amalgamation (Fiscal 1997, 1999, 2006, and 2008)

Expenditure Category	Separate Municipal Units 1997	Town of Rothesay 2000	Increase (Decrease) v. 1997	Town of Rothesay 2006	Increase (Decrease) v. 1997	Town of Rothesay 2008	Increase (Decrease) v. 1997
General Government	\$834.9	\$860.3	\$25.4	\$1,208.8	\$373.9	\$1,501.6	\$666.6
Police	\$985.1	\$1,274.3	\$289.2	\$1,523.6	\$538.5	\$1,770.9	\$785.7
Fire Protection	\$809.6	\$1,056.5	\$246.8	\$1,199.8	\$390.1	\$1,415.4	\$605.8
Water Cost Transfer	\$57.3	\$89.5	\$32.2	\$127.3	\$70.0	\$177.0	\$119.7
Emergency Measures	\$1.3	\$107.0	\$105.7	\$139.1	\$137.8	\$137.5	\$136.2
Other Protection Services	\$105.2	\$45.0	(\$60.1)	\$23.2	(\$82.0)	\$29.4	(\$75.8)
Transportation	\$1,653.7	\$1,704.3	\$50.6	\$2,624.4	\$970.7	\$2,953.2	\$1,299.5
Environmental Health	\$293.8	\$393.9	\$100.2	\$543.0	\$249.2	\$548.9	\$255.1
Public Health	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Environmental Development	\$42.2	\$422.8	\$380.6	\$520.4	\$478.2	\$707.1	\$664.9
Recreation and Culture	\$541.3	\$760.2	\$218.9	\$815.6	\$274.3	\$1,198.1	\$656.8
<b>TOTAL</b>	<b>\$5,324.4</b>	<b>\$6,713.8</b>	<b>\$1,389.4</b>	<b>\$8,725.2</b>	<b>\$3,400.7</b>	<b>\$10,439.0</b>	<b>\$5,114.6</b>

Source: NBELG, *Annual Report of Municipal Statistics, Municipal Budgets by Function, 1997, 1999, 2006, and 2008*

On the other hand, the absence of a regional planning body or strict provincial planning regulations is a serious issue when dealing with regional development, especially in a region that appears to be poised for significant expansion. The planning commission notion, however, died some time ago.<sup>146</sup> Although each of the newly amalgamated municipalities developed and adopted a municipal plan, Mr. Jarvie, who is a professional planner as well as a municipal administrator, lamented the failure to create a regional planning structure.<sup>147</sup>

Ironically, the City of Saint John appears to have fared better financially than the enlarged suburban municipalities, holding the financial line. Since Grand Bay-Westfield, Quispamsis, and Rothesay were formed to 2008, Saint John's budget increased by just over 30 per cent in constant 2009\$ (Table 4.11). While budgeted expenditures by Grand Bay-Westfield increased by 37.7 per cent or a similar amount to the City, the other two towns have both more than doubled their expenditures as they have dealt with service upgrades and the pressures of new development.

<sup>146</sup> Pers comm., M. Brennan, January 2001.

<sup>147</sup> Pers comm., J. Jarvie, February 2001.



Table 4.11: Budget Comparison (\$,000s), City of Saint John, Pre- and Post-amalgamation (Fiscal 1997, 1999, 2006, and 2008)

Expenditure Category	City of Saint John 1997	City of Saint John 2000	Increase (Decrease) v. 1997	City of Saint John 2006	Increase (Decrease) v. 1997	City of Saint John 2008	Increase (Decrease) v. 1997
General Government	\$11,181.8	\$11,331.5	\$149.7	\$14,802.4	\$3,620.6	\$17,175.1	\$5,993.3
Police	\$20,398.6	\$21,584.1	\$1,185.5	\$22,715.9	\$2,317.3	\$26,754.3	\$6,355.7
Fire Protection	\$18,590.0	\$19,394.6	\$804.6	\$20,329.4	\$1,739.4	\$24,044.2	\$5,454.2
Water Cost Transfer	\$2,279.0	\$2,598.6	\$319.6	\$1,855.2	(\$423.8)	\$2,439.2	\$160.2
Emergency Measures	\$1,656.4	\$1,727.1	\$70.7	\$2,287.0	\$630.7	\$2,812.8	\$1,156.4
Other Protection Services	\$1,359.1	\$1,322.1	(\$36.9)	\$1,598.4	\$239.3	\$1,975.1	\$616.0
Transportation	\$26,707.1	\$26,344.4	(\$362.7)	\$28,095.3	\$1,388.2	\$31,545.7	\$4,838.7
Environmental Health	\$2,461.1	\$3,501.5	\$1,040.5	\$4,183.8	\$1,722.7	\$5,969.8	\$3,508.8
Public Health	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Environmental Development	\$8,927.8	\$8,843.5	(\$84.4)	\$10,172.7	\$1,244.8	\$11,913.6	\$2,985.7
Recreation and Culture	\$10,816.2	\$10,039.2	(\$777.0)	\$10,354.1	(\$462.1)	\$12,253.4	\$1,437.2
<b>TOTAL</b>	<b>\$104,377.0</b>	<b>\$106,686.6</b>	<b>\$2,309.6</b>	<b>\$116,394.1</b>	<b>\$12,017.1</b>	<b>\$136,883.1</b>	<b>\$32,506.1</b>

Source: NBELG, *Annual Report of Municipal Statistics, Municipal Budgets by Function, 1997, 1999, 2006, and 2008*

Mr. Totten also expressed support for a regional plan in 1999 but indicated that it is essential to obtain the support of the other municipalities, which was not forthcoming. In the long-term, he speculated that the comprehensive regional municipality envisioned by Cormier may be created, but anticipates that it is likely that amalgamation of Rothesay and Quispamsis, and Saint John and Grand Bay-Westfield will be an interim step. The expectation has been more strongly reinforced by Commissioner Jean-Guy Finn in his recent report on local governance in New Brunswick:

Economic and social development that has occurred since [1998] is such that the residents of the Greater Saint John area have now more in common than ever before.

There is little doubt that they now form an integrated economic and social unit. The present municipal boundaries are clearly not aligned with the social and economic fabric of that broader community. Such misalignment, however, is not unique to the Saint John area. And while it is recognized that a unitary regional municipality embracing all of the Greater Saint John community would likely be the most effective reorganization option today, we feel that it is a conclusion that the residents of that region have to come to themselves. Without clear signals to that effect from the communities involved, it would be difficult to counsel regional municipal government for one area of the province only. Our proposal for Greater Saint John aligns closely with the "three communities with regionalization of services" option presented in the Cormier report. While it will not take advantage of all existing opportunities, the establishment of a regional service district for the Greater Saint John area will provide a formal mechanism through which area-wide issues will be discussed and resolved. It will also allow for the planning and

coordination of future infrastructure needs for the region, while placing accountability in the hands of elected officials.<sup>148</sup>

Pursuant to this recommendation, discussions in the region are focused on the union of Quispamsis and Rothesay,<sup>149</sup> an initiative that has mixed support.

## 4.5 CONCLUSIONS

The nine municipal reorganization programs discussed above have obviously had varied results that convey many lessons. One outcome that seems common to all, however, is that reorganization through whatever process and in whatever form has eventually been accepted, if grudgingly. Although initiatives for municipal reorganization appear to have been set aside by all four Atlantic Provinces, no municipal government in the region has attempted to de-amalgamate and none appears likely to consider such a move. Although there has generally been strong resistance from suburban residents in the face of reorganization proposals, it has not generally been sustained beyond the first year or two following amalgamation. The most persistent objections have come from rural areas included in essentially urban municipal structures, as discussed further below.

### 4.5.1 The Amalgamation Process

The transition to amalgamation is not trifling, especially when larger, well developed municipal units are involved. HRM's amalgamation was, not surprisingly, the most difficult because two of the municipal units combined were larger than any municipality resulting from the amalgamation processes discussed above, except St. John's. In a large amalgamation such as HRM's, transition costs are likely to be substantial. Analysts critical of amalgamation have pegged HRM's total cost to amalgamate at \$40 million,<sup>150</sup> although this includes the cost of an ill-conceived information systems conversion; however, others we have spoken to in smaller centres, such as Queens and Charlottetown, have suggested that they incurred very modest costs.<sup>151</sup>

In all cases, it is critical to develop a clear plan and schedule to implement amalgamation and explain its objectives. It is essential to inform politicians, staff, and the media to ensure that the process is as transparent as possible. It is remarkable to consider that the Province of Nova Scotia prepared the Task Force on Local Government Report that explained the rationale behind service exchange and the need for strategic

<sup>148</sup> Jean-Guy Finn, *op cit.*, pp. 88-89.

<sup>149</sup> *Pers comm.*, J. Jarvie, February 2011.

<sup>150</sup> Brian Lee Crowley, "Surviving and thriving in an irrational world," talk to the Alberta Union of Municipal Associations, Red Deer, Alberta, April 30, 2009, p. 7.

<sup>151</sup> An intermediate view was offered by John Jarvie, Town Manager for the Town of Rothesay, who suggested that costs would be higher for more complicated amalgamations like that undertaken in HRM and, in the case of the amalgamation that formed his town, "The costs were manageable but did exist." J. Jarvie, *Pers comm.*, February 2011.



amalgamations in the province two years before it initiated the amalgamation of CBRM. The report, however, was rarely if ever referenced to the press and has been almost completely overlooked by academics and pundits who have assessed Nova Scotia's amalgamation processes since. The Task Force report nevertheless clearly set out the objectives of amalgamation in the context of overall municipal reform in the province and better exposure of its goals would have at least prevented the perception that amalgamation in Nova Scotia was pursued on a whim of Premier John Savage

Some amalgamations have been executed over short periods with few problems. In the case of Quispamsis an unexpected result from the municipal election prior to incorporation of the new municipality led the defeated Mayor of the original Town of Quispamsis to attempt to scuttle the process. The time planned for amalgamation should therefore be adjusted in accordance with the size of the problem. Large sophisticated municipal organizations probably require at least a year, as HRM CAO Ken Meech suggested in 1999.

Political representatives of all existing municipal units to be amalgamated should be directly involved in the transition process. Queens Region offers the obvious model. By administering the amalgamation process through a committee composed of the leading members of the existing municipalities, Queens ensured that the Councils were informed of the process and bought into the results.

Firm restrictions should be placed on municipal expenditures at the beginning of the amalgamation process. In Halifax, Cape Breton, and Saint John, contacts stated that some municipalities attempted to deplete their reserves on the eve of amalgamation. This may have been the case in other municipalities. Difficult labour decisions also need to be made as early as possible. As Queens and Cape Breton demonstrated, downsizing can be done at the outset of amalgamation achieving immediate cost savings. Even in HRM, cost savings were achieved at the initial stage, although the slower action in streamlining appears to have extended the impact on morale.

Although transitional funding has rarely been provided by provincial governments encouraging amalgamation, it is desirable to gain acceptance of change. It is also beneficial to ease the transition of tax rates, increases in which are by far the most important basis for objections to reorganization. In some of the amalgamations discussed, modest phasing in of tax increases moderated objections, although the extended six-year phasing in Summerside seems to have had the opposite effect of sustaining the amalgamation debate.

#### **4.5.2 The Benefits of Coordination**

One notable difference between interviews undertaken in 1999 and 2000, and more recent contacts this year and in 2007 was the desire of all of our contacts to look to the future. While the clearest motivation for amalgamation discussed in each of the Atlantic Provinces was to reduce costs, a second purpose was to improve municipal capacity. Communities in the region are relatively small. Even with its extensive post-

amalgamation area, Halifax is only the twelfth most populous municipality in Canada and would be only the sixth largest in Ontario. Municipalities such as Miramichi and Charlottetown are well outside the top 100.

Traditional Atlantic municipalities lack the critical mass to provide the facilities and services that are common in other urban centres and essential to compete for residents and business within North America. The amalgamated municipalities discussed stand out as having addressed issues such as the provision of modern solid waste management, water and sewer treatment, and contemporary recreation facilities.

In nearly all cases, municipalities have cultivated cohesion. All have adopted comprehensive municipal plans, most of which establish a unified vision for community development. It is notable in fact that the municipal plans adopted by Cape Breton, Halifax, Queens, and Miramichi are the only regional plans ever developed at the municipal level in Atlantic Canada.<sup>152</sup> All other amalgamated municipalities have also produced comprehensive plans but even areas in New Brunswick and Nova Scotia with inter-municipal planning commissions have been unable to develop plans that comprehensively address their areas of jurisdiction. If the current regional plan prepared for Corner Brook-Humber Valley is approved, it will be the first of its kind in the region.<sup>153</sup> As noted, however, the Northeast Avalon Regional Planning, which is employing a similar model, is currently stalled.

In some other cases, contacts expressed a more general urge to reinforce the unitary identity of their municipality through promotion and reduced identification of predecessor communities. The virtues of amalgamation for economic promotion have been espoused by nearly every person interviewed for this review currently and in the past. Notably, three contacts who are directly engaged in economic development – Wilson Bell of Miramichi, Jim Donovan of HRM, and John Whalley of CBRM – were the most enthusiastic about the benefits.

#### 4.5.3 The Limits of Cooperation

A second common thread is that, although local involvement was beneficial to some amalgamations, no amalgamation has taken place entirely on the basis of cooperative local initiative. Even the Towns of Cornwall and Stratford in PEI, and the Region of Queens in Nova Scotia were formed in reaction to alternatives that the municipalities involved regarded as less palatable. While it is highly desirable that all parties in a

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<sup>152</sup> John Heseltine, "Urban and Regional Planning in Atlantic Canada's Amalgamated Municipalities," *Plan Canada*, Winter 2008, pp. 27-31.

<sup>153</sup> CBCL Limited, *Draft Humber Valley Regional Land Use Plan 2011-2021*, November 26, 2010. The Humber Valley Plan is in some respects a hybrid as it is being prepared by consultants who are directly responsible to the Newfoundland and Labrador Department of Municipal Affairs. Previous regional plans such as the St. John's Urban Region Regional Plan and the Halifax-Dartmouth Regional Plan were prepared by the respective provinces in the 1970s and did not directly engage the affected municipalities in plan preparation.

municipal amalgamation be amenable to the union and committed to positive action in the context of amalgamation, it is very difficult to achieve, just as it is often difficult to obtain commitment to the inter-municipal partnerships that are touted as the alternative to amalgamation.

As we have noted above, even the mild fragmentation that was preserved in the Charlottetown area has left ongoing problems of coordination between the central city and its suburban “partners” even though the geographic barriers between them (*i.e.*, rivers on either side of Charlottetown) are substantial. Similar, problems are apparent in Saint John. In Moncton, where amalgamation was considered but rejected in 1997, a regional service agency was established through which Moncton, Dieppe, and Riverview were expected to coordinate infrastructure and service delivery. The organization, however, disbanded within three years during which time it does not appear to have accomplished anything.

St. John's, for its part, was turned into a regional service provider through the municipal restructuring that took place on the Northeast Avalon in 1992. The municipalities to which it provides services frequently complain about the terms of service provision and pricing by St. John's. The City of St. John's, for its part, is often equally unhappy with the services it receives. The public choice notion might be that more municipalities would create a more active market with a mix of municipal providers but it is all but impossible to do so because further subdivision would in and of itself create municipalities that could not muster the resources to provide the necessary services. For most of the services that St. John's provides, in any case, topography and the critical mass of the city make it the only possible provider of services on the Northeast Avalon.

#### 4.5.4 The Form of Amalgamation

While we favour comprehensive amalgamation based on communities of interest, we recognize that there are obvious limits to the area that can be effectively amalgamated. Also, if amalgamations can cover sufficient area, they can preclude the need for inter-municipal arrangements, an outcome that Andrew Sancton and his co-authors noted in assessing the amalgamation of Cape Breton municipalities into CBRM.<sup>154</sup> Distance to the seat of local government and the economic relationships among component communities are critical considerations in the definition of municipal limits.

The three Nova Scotia amalgamations all stretch this consideration. Queens seems to have had the least problem even though there is probably modest commuting between the inland areas of the municipality and the primary urban centre in Liverpool. The area

<sup>154</sup> Sancton, *et al.*, *Amalgamation vs. Inter-municipal Cooperation: Financing Local and Infrastructure Services*, notes on p. 31 that Commissioner Charles Campbell, who guided the amalgamation of CBRM, was critical of the roughly 90 special purpose bodies that served the area before amalgamation. He notes on p. 71 if one can “extend the boundaries of a newly amalgamated municipality far enough – especially in a relatively sparsely populated area such as Cape Breton – and inter-municipal entanglements would be eliminated.”



of Queens is the smallest of Nova Scotia's three regional municipalities and the contrast between its urban and rural areas is the least.

In CBRM, however, the Louisbourg area has an economy based on fishing and tourism that is largely distinct from the urban core around the former City of Sydney 30 minutes away. Louisbourg, however, is isolated from other areas of Cape Breton by minimal road connections such that it is not possible to go elsewhere on the island without coming within 15 minutes of Sydney. Louisbourg is not likely to be a viable municipal entity on its own but the only alternative to incorporation with CBRM would be Richmond County to the south, where the county seat in Port Hawkesbury is two hours from Louisbourg.

Distances in the two-hour range have plagued HRM. Many have questioned the incorporation of the area east of the Musquodoboit River in HRM. The eastern portion of HRM contains roughly 10,000 of the Regional Municipality's 370,000 residents and has a distinct economy based on limited agriculture, fishing, and offshore development that is in need of development whereas there is considerably more emphasis on management and control the Halifax core. Sheet Harbour near the eastern boundary of the municipality is approximately 1 hour and 40 minutes from Halifax City Hall, where Council meetings take place. Friction between political representatives from this area and the urban core is ongoing and separation of the eastern area was a campaign issue in the region's last municipal election. Because the incumbent Mayor, who did not support any consideration of dividing the municipality, was re-elected such a move is now remote. The eastern portion of HRM would nevertheless be a viable municipal unit with an area, population and urban-rural composition not much different from Queens and several other municipal districts in Nova Scotia.

More generally, in our opinion, the challenges created by HRM's considerable extent illustrate the continued importance of the distinction between urban and rural government and the practical limits of geographic area. For that reason, the City of St. John's has avoided attempts to annex or amalgamate with communities on the Northeast Avalon that are fundamentally rural and do not require urban services and, also, those communities that are outside the Waterford River drainage basin that should logically develop water, wastewater, and stormwater systems distinct from those in St. John's.

The countervailing point is that partial amalgamations such as the 1992 restructuring on the Northeast Avalon and the amalgamation of suburban communities around Saint John and Charlottetown, beg further resolution. Just as the results of 1992 have been reopened by Mount Pearl and St. John's, it is likely that further consolidation will be required in Saint John. This may even eventually be the case in the Charlottetown area, which has, on the whole, functioned well since its reorganization.

A final consideration is to make processes to name the new municipality and develop devices such as municipal emblems as broad as possible and the inception of a new local government. Although these issues shrink in relation to the other concerns involved, they appear to have been important in several locations, such as Stratford, which held a





plebiscite to select its name. Both HRM and CBRM, which both adopted the names of their predecessor counties, have continued to debate their respective names and their identification as “regions” as opposed to cities. With increasing emphasis on branding in government as well as business collective endorsement of the name carried by local government is receiving increased emphasis.

#### 4.5.5 The Costs and Benefits of Amalgamation

One of the strongest arguments both for and against amalgamation is its influence on costs. Proponents of amalgamation normally argue that amalgamation will reduce the number of politicians, eliminate duplicate staff and infrastructure, and enhance economies of scale. Most of the studies done in support of amalgamation in the 1990s included fiscal impact analyses that assumed some reduction in municipal costs based on these factors. Critics of amalgamation have argued that these benefits are more than cancelled by increased bureaucracy that they argue follows from amalgamation.

The financial information presented in this chapter was gathered to illustrate the ability of amalgamated municipalities in Atlantic Canada to reduce and then control expenditure. The data in the foregoing tables for St. John's, and the New Brunswick and Nova Scotia regions indicate that amalgamated municipalities, with the exception of Miramichi, initially reduced expenditures as hoped for but that only CBRM and the Region of Queens have been able to keep expenditures near pre-amalgamation levels.

Circumstances have however changed over what is now a fairly long period since these amalgamations. While the ability of amalgamated municipalities to control costs is important to respond to opponents of municipal reform, the more critical question now is how have amalgamated municipalities performed relative to their unreformed counterparts. **Table 4.12**, therefore, includes information for 17 Atlantic Canadian municipalities or regions for which financial data were available to us for an adequate time series. In addition to the City of St. John's and the reorganized regions discussed in preceding subsections of this chapter (four fully amalgamated regions and five municipalities, including St. John's, within regions that were partially consolidated), they include other regions that were considered for amalgamation but remained unconsolidated.<sup>155</sup> We have also included measures for remaining areas of Nova Scotia and New Brunswick as a further benchmark.

All financial data are presented in constant 2009\$ as in preceding tables in this chapter. Expenditures are also divided by occupied dwelling units in each municipality to account for relative growth. Comparison within each province allows a reasonable assessment of performance in amalgamated and unamalgamated situations, although it should be acknowledged that each municipal unit faces unique challenges that shape its expenditure pattern and level. Expenditures are presented for 1994, a common pre-

<sup>155</sup> The unconsolidated regions include the four Nova Scotia counties of Colchester (Colchester and the Towns of Truro and Stewiacke), Cumberland (Cumberland and the Towns of Amherst, Oxford, Parrsboro, and Springhill), Kings (Kings and the Towns of Berwick, Kentville, and Wolfville), and Pictou (Pictou and the Towns of New Glasgow, Pictou, Stellarton, Trenton, and Westville).

amalgamation year for all of these municipalities with the exception of St. John's, as well as for 2008, the most recent year for which data were available for all municipalities listed. An extra line is provided for St. John's to compare its financial experience before amalgamation (1991) to the present (2009).

Table 4.12: Comparison of Expenditure Change, 1994-2008, Selected Atlantic Canada Regions (thousands of 2009\$)

Region	1994			2008			% of Pre-reorganization Expenditure	Rank by % Change
	Operating Expenditure	Occupied Dwelling Units	Expenditure per Occupied Dwelling Unit	Operating Expenditure	Occupied Dwelling Units	Expenditure per Occupied Dwelling Unit		
City of St. John's (1991-2009)	\$143,160	34,020	\$4.21	\$199,276	39,649	\$5.03	119.4%	N/A
City of St. John's	\$140,803	35,790	\$3.93	\$185,255	42,153	\$4.39	111.7%	10
<b>Nova Scotia</b>								
CBRM	\$109,735	43,179	\$2.54	\$92,606	42,332	\$2.19	86.1%	3
HRM	\$383,799	126,364	\$3.04	\$446,416	159,299	\$2.80	92.3%	4
Region of Queens	\$13,923	4,863	\$2.86	\$10,449	4,653	\$2.25	78.4%	2
Colchester County	\$27,337	18,268	\$1.50	\$36,299	21,313	\$1.70	113.8%	12
Cumberland County	\$28,814	13,415	\$2.15	\$29,313	13,716	\$2.14	99.5%	6
Kings County	\$35,342	21,533	\$1.64	\$40,581	24,711	\$1.64	100.1%	7
Pictou County	\$48,421	18,036	\$2.68	\$36,838	19,590	\$1.88	70.0%	1
Rest of Nova Scotia	\$176,648	89,960	\$1.96	\$180,183	97,961	\$1.84	93.7%	5
<b>New Brunswick</b>								
City of Miramichi	\$16,275	6,873	\$2.37	\$19,990	7,405	\$2.70	114.0%	13
Saint John Region	\$113,408	38,202	\$2.97	\$127,592	40,834	\$3.12	105.3%	9
- Grand Bay-Westfield	\$2,759	1,658	\$1.66	\$3,664	1,798	\$2.04	122.5%	15
- Quispamsis	\$5,439	3,892	\$1.40	\$11,378	5,474	\$2.08	148.7%	16
- Rothesay	\$4,914	3,449	\$1.42	\$9,395	4,359	\$2.16	151.3%	17
- City of Saint John	\$100,296	29,203	\$3.43	\$103,155	29,203	\$3.53	102.9%	8
Greater Moncton	\$88,624	35,065	\$2.53	\$130,780	46,124	\$2.84	112.2%	11
Rest of New Brunswick	\$196,570	185,949	\$1.06	\$246,632	194,673	\$1.27	119.8%	14
<b>Key:</b>	No Change			Partial Amalgamation			Full Amalgamation	

Based on the numbers shown nearly all of the Nova Scotia municipalities appear to have done the best in terms of cost control; however, the primary cause of the cost reductions shown is the service exchange that took place after 1994. If the services that were swapped in Nova Scotia (social services taken over by the Province of Nova Scotia and local roads assigned to its municipalities) are excluded, the cost of remaining services escalated to a similar degree as overall expenditures in New Brunswick.

This qualification aside, Nova Scotia's three amalgamated municipalities have fared very well over their existence ranking better than all but one of the unconsolidated regions shown (*i.e.*, Pictou County) and better than the balance of Nova Scotia. In New



Brunswick, on the other hand, the fully amalgamated City of Miramichi has not controlled costs as well as the partially amalgamated Saint John region or the fragmented Greater Moncton area. The difference between Miramichi and Moncton is however marginal (1.8 percentage points) and Miramichi rates better than the balance of the province, which was subject to minimal reorganization. Other similar Class “B” municipalities in New Brunswick, in fact, spent 2.9 per cent more per dwelling unit in 2008 than Miramichi.<sup>156</sup>

The Towns of Quispamsis and Rothesay do not have a strong point of comparison. They respectively budgeted \$2,073 and \$2,150 per occupied dwelling unit in 2008 against \$1,917 for Riverview, the only other town included in Group “D.” Budgeted expenditures per occupied dwelling unit by the Town of Grand Bay-Westfield, on the other hand, were only \$1,897 versus \$2,046 for the other 35 towns in Group “E.”

A similar comparison can be done for the Region of Queens in Nova Scotia. Nova Scotia Municipal Indicator data for expenditure per dwelling unit for Queens in 2008 can be compared to three similar unamalgamated areas in Southwest Nova Scotia: Digby, Shelburne, and Yarmouth. Each of these three, like Queens includes a substantial incorporated town surrounded by a rural municipality. Each of the three towns, coincidentally, shares the same name with the associated rural government (*i.e.*, the Towns of Digby, Shelburne, and Yarmouth). Shelburne has a second smaller town within its boundaries in Lockeport. In 2008, Municipal Indicators showed the Region of Queens spent \$1,554, while the combined Town and Municipal District of Digby spent \$1,416 per dwelling; the Towns of Shelburne and Lockeport, and the Municipal District of Shelburne combined spent \$1,538; and the Town of Yarmouth and the Municipal District of Yarmouth together spent \$2,081.<sup>157</sup> Queens, in other words is bracketed by the other areas, slightly below the average for the group (\$1,647).

There are, unfortunately, no municipal units in Nova Scotia to which CBRM and HRM can be compared. Their per capita costs are considerably higher than other municipalities in the province but that is to be expected given that they are considerably larger and more urbanized communities offering a much wider range of services. Like St. John's, they are the engines of their provincial economy and incur associated costs. In constant dollars, however, their expenditures per occupied dwelling unit have gone down by a greater proportion than any of the unconsolidated regions in Nova Scotia except Pictou.

<sup>156</sup> Based on 2008 expenditures less Fiscal Services provided in NBELG, *Annual Report of Municipal Statistics 2000*, Municipal Budgets by Function, Section 1.2-1, divided by 2008 occupied dwelling units projected by Stantec. Group B also includes the amalgamated City of Edmundston, which spent \$2,652 per occupied dwelling unit versus \$2,683 spent by Miramichi. Among six Group B municipalities, Miramichi and Edmundston respectively spent the fourth and fifth least per occupied dwelling unit.

<sup>157</sup> Source: Service Nova Scotia and Municipal Relations, NSDHMA, *Annual Report of Municipal Statistics*, 2008.

#### 4.5.6 Amalgamation and Municipal Viability

Over periods ranging from nearly 15 to more than 20 years, all thirteen municipal units formed by the amalgamation processes discussed in this chapter have been viable. They have faced varied challenges too, ranging from serious economic decline to substantial growth. In some cases, like CBRM, amalgamation has assisted in economic survival and modest revival. In others such as HRM, it has facilitated the coordination of growth and the enhancement of services.

The amalgamation of municipalities in Cape Breton was, in fact, clearly motivated by the need to deal with the financial weakness of several towns in the region. While the region continues to deal with serious economic and demographic decline, CBRM staff regularly confirm that the municipal situation would be far worse had amalgamation not occurred. Staff in other amalgamated regions facing similar issues also recognized benefits of improved coordination and in recognition of the area as a larger market. All of the economic development professionals in both growing and declining regions who have been consulted for this and previous reviews have praised the benefits of amalgamation for economic planning and promotion.

Among regions that resisted consolidation, Pictou County is notable. The region, which has strong parallels to Cape Breton, with multiple towns that once relied on coal mining and steel making, has faced very similar financial challenges. For 16 years, the Town of Westville secured nearly all municipal services through a contractual arrangement with the larger Town of New Glasgow until it was terminated by New Glasgow. At the same time, the Town of Pictou, which is located separate from the urban core of Pictou County, struggled with its finances, as did the Town of Trenton, which like Sydney had a struggling, steel plant that fabricated train cars before it closed in 2007.<sup>158</sup>

Recently, Westville has pressed for a study to assess the potential amalgamation of all six municipalities within Pictou County or just the four towns (New Glasgow, Stellarton, Trenton, and Westville) that abut each other on the upper East River. The more prosperous towns of New Glasgow and Stellarton have opposed the idea but many community members as well as the Pictou County Chamber of Commerce are supportive. Without amalgamation with at least one stronger partner, it is difficult to imagine what future Westville can have or, for that matter, the Town of Pictou.

Across Atlantic Canada distressed rural municipalities are now considering amalgamation to address the challenges of economic and demographic decline. The interest of Bishops Falls and Botwood in joining the amalgamated communities of Grand Falls and Windsor is one example, as is the reluctant decision of the Town of Canso to dissolve and amalgamate with the District of Guysborough. As this version of this report has been prepared, the Council of the Town of Bridgetown in the Annapolis Valley has

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<sup>158</sup> The plant is being re-opened as a production facility for wind turbines, which has improved enhanced the viability of the Town for the time being.

resigned and the town's dissolution seems likely to lead to a similar "amalgamation" with the surrounding County of Annapolis.

The Association Francophone des Municipalités du Nouveau-Brunswick had a major role in stimulating the formation of New Brunswick's Finn Commission on local government. The northern and eastern areas of the province in which French-speaking communities are concentrated have proportionately more population in local service districts (LSDs) than in the balance of New Brunswick and many of their municipalities are experiencing substantial population losses and stagnating local economies. The Francophone Association feels strongly that the economic inequities that result from the Province paying for services provided to LSDs distort settlement patterns to the disadvantage of municipalities. In addition, their current Executive Director, Lise Ouellette, noted inequalities between municipalities, particularly with respect to varying responsibilities for roadways, and the instability of many small municipalities within her association. The Association is currently very disappointed with the tepid efforts of the Province to move forward the municipal reform agenda.<sup>159</sup>

Some Nova Scotia municipalities, particularly in southwestern portion of the province where Queens has provided a positive example, are considering amalgamation voluntarily for similar reasons. The Town of Shelburne has contemplated the same course to join the surrounding District of Shelburne and nearby Town of Lockeport in face of its financial difficulties<sup>160</sup> and the District of Lunenburg is expected to undertake a study with the Towns of Bridgewater and Mahone Bay to consider their potential consolidation.<sup>161</sup>

As fiercely as amalgamation has been derided by its opponents, it is an alternative to which many distressed municipalities turn when they cannot muster the resources to deal with their responsibilities. Many small towns and rural municipalities in Atlantic Canada are facing these challenges as population declines and ages, and standards for services rise. St. John's and Mount Pearl, as John Roil pointed out, are fortunate to be growing and prosperous, St. John's has however been charged to take on the problems of unorganized areas and incorporated communities that could not adequately deal with local needs. St. John's has invested substantially to upgrade these areas, as outlined in **Chapter 2**. Mount Pearl, on the other hand, has been free of such responsibilities.

<sup>159</sup> *Pers comm.*, Lise Ouellette, Directrice générale, Association francophone des municipalités du N.-B., February 2011.

<sup>160</sup> See: "Town of Shelburne: What Issues Do We Face? What Opportunities Do We Have? Should We Amalgamate?," <http://townofshelburne.blogspot.com/2010/05/issues-and-options-summary.html>. The site was created by Ramp Up Consulting, which assessed amalgamation favourably but concluded "[r]elationships with surrounding municipalities are still developing and are not yet at the level required to undertake the type of coordinated effort that a voluntary amalgamation effort would entail."

<sup>161</sup> *Pers comm.*, Paul Wells, Municipal Advisor, Service Nova Scotia and Municipal Relations, January 2011.

#### 4.5.7 Amalgamation and Local Governance

Opponents of amalgamation have frequently been strident in their denunciations of its impacts, invariably applying the adjective “forced” and characterizing it as an “assault on local government,” if not undemocratic.

As noted at many points above, amalgamation was very definitely advanced in conjunction with a redefinition of the role of municipal governments. In Nova Scotia this featured the assumption by the Province of very substantial social service responsibilities from municipalities and a general “disentanglement” of the Province from local government that saw transfers from senior governments fall from 25 per cent of revenue in 1994 to just 4 per cent in 2008. In Newfoundland and Labrador the changes were not, perhaps, as structured but equally ambitious in their objectives to put municipalities on an independent footing with artificial supports from the Province with sufficient residents to provide reasonable local services and contested Council elections.

While downloading, to the extent that it has been part of local government reorganization in the Atlantic Provinces, is stressful for municipal staff and politicians, it is a vote of confidence in the capacity of municipalities to meet the needs of their constituents. While smaller municipal units can, perhaps, satisfy the desires of residents more precisely as public choice theorists suggest, they will fail if they lack the capacity to produce necessary services. This, furthermore, must cover those services that citizens “want” such parks and recreation, and good roads, but also those that they may often not think of and from which many receive limited direct benefit such as wastewater treatment and solid waste disposal.

The latter service categories are almost universally regarded as local because they require location specific physical infrastructure. They have rightly been subject to increasing standards imposed by provincial governments across Canada. The complexity of providing these services has escalated rapidly in recent years. In the case of solid waste management, in fact, the service has been divided into new branches providing services that were previously unimagined (*i.e.*, recycling and composting). Wastewater treatment standards will escalate further and more substantially in coming years as municipalities strive to meet guidelines set by the Canadian Council of Ministers of the Environment.

Fully amalgamated municipalities like CBRM and HRM have led the way in regional planning but even in partially consolidated areas every municipality formed has prepared a municipal plan since its reorganization. In many, significant improvements have been made to water and sewer systems, and to recreation and cultural facilities that have not been matched by their unconsolidated counterparts.

Small municipal units demonstrably cannot provide these services at the level required by contemporary standards. They also have considerable difficulty providing more discretionary services such as community recreation facilities that constituents increasingly demand. Their inability to provide such services is, in fact, a reason for their



lower cost. Where service provision is imperative, the resort has been to regional agencies to make up local incapacities but it is difficult to see how citizens gain control when their village or small town has a single representative on a committee that configures, finances, and charges for regionally provided services.

To be strong, municipal government must be capable, independent, and accountable. Size enhances capacity. St. John's provides such a wide array of services to other municipal units on the Northeast Avalon because its administrative capacity is needed to oversee necessary operations. Independence requires that municipalities rely on their own sources of revenue, which they are now largely compelled to do. Accountability requires that the staff and politicians working on behalf of the public be answerable to the public they serve for the services they deliver.



## 5.0 MUNICIPAL SERVICES IN ST. JOHN'S

As noted in St. John's 1990 Position Paper on municipal reorganization, the primary role of municipalities is to deliver geographically defined services.<sup>162</sup> In other words, as we said in our earlier report, municipal services are typically "boundable"; that is, they can be delivered to a specific area. This is especially true of the two services that normally separate urban municipal government from rural government: water and sanitary sewer services. They take the form of networks that normally conform to drainage basins in which water and sewage naturally flow. Ridges that define drainage basins, therefore, are frequently suggested as the best boundaries for municipalities and regions.<sup>163</sup>

Other municipal services, although perhaps less clearly defined by landscape features, also share the characteristic that they are "local." Beyond a certain distance, it is generally not considered practical to deliver a service such as recreation programs. In private business, geographically-bounded services are usually assigned as "sales or service territories." Provincial governments use municipalities in the same way: to deliver services assigned to the provinces under the Canadian constitution. Each municipality is essentially a territory in which locally defined services are provided.

The array of services provided locally is fairly standard, usually including regulation of building and property, piped services, local roads, police and fire protection, and parks and recreation. There are variations from province to province, such as the provision of police services by the Province in Newfoundland and Labrador, but, on the whole, there is a consensus extending beyond Canada that the listed array of services is most efficiently and effectively provided by local government. The following summarizes arrangements to provide services for which St. John's is responsible.

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<sup>162</sup> Porter Dillon Limited, *Position Paper Regarding Municipal Amalgamation in the Northeast Avalon Peninsula*, p. 72.

<sup>163</sup> See, for example: Lewis Mumford, *The Culture of Cities*, New York: Harcourt Brace Jovanovich, 1970 edition (First published 1938), p. 309. Mumford, who is very famous as an analyst of urban development, made the point in the 1930s that drainage divides are the natural boundaries of regions. They define not only the limits of many service networks but, frequently also, as Mumford asserted, separate social and economic communities.

## 5.1 ECONOMIC DEVELOPMENT

St. John's and Mount Pearl both have offices dedicated to economic development. Mount Pearl began its Economic Development Department in 1995 with funding from Human Resources Development Canada. St. John's has been involved in promotion of economic development since the mid-1970s. The currently responsible agency is the St. John's Department of Economic Development, Tourism and Culture. Both the St. John's and Mount Pearl offices produce good quality promotional materials, and staff are responsible for working with partners to encourage and support industry development.

All Northeast Avalon communities as well as communities west of the Peninsula to Marystown are members within Zone 19 of the Province's Regional Economic Development Board network. Zone 19 is known as the North East Avalon Regional Economic Development Board (formerly Capital Coast Development Alliance). The Board has developed a Strategic Plan for the region and supplements municipal efforts to promote the region through varied of initiatives. The City of St. John's is represented on the board but City staff suggest that its orientation tends emphasize rural development outside the urban core.

Both St. John's and Mount Pearl economic development staff cultivate prospects for all areas of their respective cities. The historic focus for Mount Pearl has been the Donovan's industrial/commercial landholding, which is privately owned. Donovan's is close to full, however. In 2003, the City of Mount Pearl approved a Comprehensive Development Scheme for Kenmount Business Park, a second privately owned business park covering 150 acres, which is currently developing slowly.<sup>164</sup> Several business areas have developed in St. John's, including the O'Leary business area and two more recent privately developed big box shopping districts. Paradise has two industrial parks, St. Annes' Industrial Park, adjacent to Donovan's, and Octagon Industrial Park.

The O'Leary site, although it is identified as an "industrial park," is located behind a retail/office area and is better suited to commercial/retail business. It would be more appropriate to call it a "business park." It is not as well-suited to industrial/warehouse clients as Donovan's, which has direct access to Pitts Memorial Drive through the Trans Canada Highway. Pitts Memorial Drive provides express access to St. John's Harbour. Donovan's has become the key truck to marine transshipment point in the Northeast Avalon region. Its role, in fact, is a regional one and its success is heavily dependent on its access to facilities in the City of St. John's, notably the port and airport.

The competition among the three municipal units is explicitly described in a 2007 online report on industrial and business park opportunities in the St. John's area.<sup>165</sup> The article

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<sup>164</sup> City of Mount Pearl, *Community Profile*, undated, p. 27.

<sup>165</sup> Oil & Gas Magazine Online – Oilworks.com, "Business parks benefit from oil and gas sector," [www.oilworks.com/Features/Economic Development1206.asp](http://www.oilworks.com/Features/Economic%20Development1206.asp), February 2007.

notes the importance of facilities in St. John's to the location of business lands in both Mount Pearl and St. John's:

One of the major attractions for Donovans Business Park is its strategic location with regard to St. John's Airport and the waterfront. This prime location has transformed the park into the major trucking terminal for the province, explains Mount Pearl Mayor Steve Kent.

... Paradise is a strategic base for energy companies, with an international airport, highways and, a port just minutes away.<sup>166</sup>

The article further outlines the incentive arrangements available in Mount Pearl and Paradise:

Mount Pearl participates in the Provincial Government's Economic Diversification and Growth Enterprises (EDGE) program offering substantial tax holidays and start-up assistance to new businesses.

Businesses meeting the established criteria can obtain designation as an EDGE corporation and obtain incentives such as a ten-year holiday from provincial corporate income tax, post-secondary education and health (payroll) tax, and the retail sales tax, followed by a five-year phase in of these taxes.

The Town of Paradise offers a three-year, 50 per cent annual business tax incentive for any business establishing in the town that does not compete with existing business, as well as possible incentives through the provincial government's EDGE program.<sup>167</sup>

St. John's also participates in the EDGE program.

The business tax incentive offered by Paradise is equivalent to an arrangement previously offered by Mount Pearl but since discontinued. This type of arrangement represents a "tax expenditure" by the Town that denies revenue to Paradise residents and residents of the region for the primary purpose of diverting business that might otherwise locate in another Northeast Avalon municipality.<sup>168</sup>

The region now has a mix of economic promotion and marketing initiatives. Destination St. John's, a private company, is currently responsible for marketing the region for conventions and conferences. It is primarily funded through a room tax on tourist accommodation, which draws most heavily from hotels and motels in St. John's. St. John's facilities also, however, reap the most significant benefits from the promotional efforts of the organization. The City provides \$30,000 a year for marketing of its

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<sup>166</sup> *Loc cit.*

<sup>167</sup> *Loc cit.*

<sup>168</sup> A tax expenditure is a reduction in government revenue through preferential tax treatment, as deductions or credits. If this incentive were not provided to businesses locating in Paradise, it could be allocated to other public purposes or used to reduce overall taxation.

convention centre. Destination St. John's will be expanding its coverage from the urban core to the entire Northeast Avalon as part of a Provincial initiative to create tourism management boards for all areas of the province.<sup>169</sup>

The successful work of Destination St. John's aside, each municipal unit continues to solicit many of the same prospects. Local municipal representatives also tend to go to many of the same conferences and promotional events. At times, as many as eight people from St. John's, Mount Pearl, and Paradise promote their respective municipalities at the same event sending a mixed and confused message to business.<sup>170</sup> The cost of this duplication can obviously be eliminated through amalgamation as the experience of HRM discussed in **Subsection 4.3.2** demonstrates.

## 5.2 PLANNING AND DEVELOPMENT CONTROL

The Cities of St. John's and Mount Pearl, and the Town of Paradise each have trained and qualified municipal planners on staff. All three also have approved municipal plans with accompanying development regulations. The St. John's Municipal Plan was adopted by City Council in 1990. It was reviewed and revised in 2003. The City of Mount Pearl Municipal Plan was approved by Mount Pearl Council on March 3, 1989, and has been under review for several years; however, a revised plan has not been adopted.<sup>171</sup> On the other hand, development schemes were approved in the past few years for Blackmarsh Road (2009), Kenmount Hill (2007), and Moffat Road West (2009). The Town of Paradise Municipal Plan was approved by Paradise Council on August 12, 1994, and was most recently reviewed in 2004. No significant conflicts are apparent among these plans.

The St. John's Plan has been amended from time to time since 1990, including amendments "to establish policies to guide development in the 'amalgamated areas' including the Goulds Planning Area and the Blackhead Planning Area" adopted by Council on November 22, 1993. When St. John's assumed responsibility for the Southlands from Mount Pearl in 1992, City staff also reviewed the development scheme adopted for the area by Mount Pearl, which previously administered the Southlands. Mount Pearl was involved in this review and agreed that the changes made by St. John's did not change the direction they had established.

These planning documents are all primarily regulatory. The St. John's Municipal Plan, for example, begins with policies addressing the "provision of suitable, affordable and attractive housing." It then addresses other land use categories in succession, after

<sup>169</sup> *Pers comm.*, Elizabeth Lawrence, January 2011.

<sup>170</sup> *Pers comm.*, E. Lawrence, February 2007.

<sup>171</sup> A draft municipal plan" dated September 2009 is posted on the City of Mount Pearl Web site at <http://www.mountpearl.ca/ckfinder/userfiles/files/PDD%20City%20Plan%202010%20Draft%202010-09-20.pdf>.

which policy groups deal with broader municipal issues, such as transportation, the downtown, and unserved areas.

The 2003 St. John's Plan provides a vision for the City:

This Municipal Plan has been adopted to preserve and enhance the City of St. John's as one of the oldest continuous settlements in North America, as a home for its citizens, and as the economic engine of the Province of Newfoundland and Labrador.

This Vision will be achieved through reinforcement of the physical and social features of the city that define its character, notably the harbour, the Downtown, and the many distinct communities within its boundaries. It is the goal of this Plan to continue to nurture the City of St. John's as a leading community in Atlantic Canada, and as a home that provides its residents with diverse and high quality housing, employment opportunities, and the full range of supporting services.

The St. John's Plan also restricts development in unserved areas in order to encourage reasonably compact development within the City's core. While the vision for the city asserts its key position in Newfoundland and the Northeast Avalon Peninsula, it cannot establish the priority on the downtown in a regional context or control development in areas outside the City Limits that impact demand on its infrastructure and services. It also cannot regulate serviced development outside the city that ultimately impacts sanitary networks and treatment facilities, and stormwater management systems in St. John's.

These considerations are addressed in the St. John's Urban Region Plan.<sup>172</sup> In his decision favouring the retention of the Southlands by St. John's, Commissioner Frederick Russell cited the policy of the *St. John's Urban Region Plan* to recognize St. John's as the "dominant business, trade, administrative, and cultural centre of the Region."<sup>173</sup> The document was adopted in 1976 and was very old by the time of Russell's citation. Although it had been amended following its adoption in 1976, two attempts to review it had foundered.

In 2009, the Provincial Department of Municipal Affairs initiated a regional planning process to which all 15 Northeast Avalon municipalities are contributing. Unfortunately, the process stalled with the first background report prepared by the consultants engaged to carry out the work. Thanks to a disagreement between urban and suburban municipalities concerning control of development in the region, it has been more than a year since any progress has been made on the project. It is hoped that public

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<sup>172</sup> Newfoundland and Labrador Department of Municipal Affairs, *St. John's Urban Region Plan*, 1976.

<sup>173</sup> *Report of the Southlands Feasibility Commission*, January 1998, p. 47.

consultations will resume shortly so that the plan can be completed by Fall 2012, roughly a year and half later than originally scheduled.<sup>174</sup>

### 5.3 FIRE PROTECTION

The St. John's Regional Fire Department took over responsibility for fire protection in the region from the Province following municipal reorganization in 1992. The Department provides fire protection to the Cities of St. John's and Mount Pearl, and the Towns of Paradise and Petty Harbour/ Maddox Cove. It also has service contracts with the Towns of Torbay, Logy Bay-Middle Cove-Outer Cove, Conception Bay South, and Witless Bay. The Department, which is a line department of the City of St. John's, maintains seven stations, six in St. John's and one in Mount Pearl. The fire station in the Goulds, within St. John's, is staffed by volunteers, while the remainder of the stations, including Mount Pearl's, have full-time professional staff.

The Department's mandate covers fire suppression, fire prevention, vehicle and medical response, hazardous materials response, high angle and confined space rescue, water surface rescue, and helicopter rescue. The Department's 20-person Support Services Division is responsible for inspection and enforcement of Fire and Life Safety Codes/Standards, and public awareness programs; the 911 Emergency System for the Northeast Avalon Peninsula (dispatch of fire, police and ambulance); and for initial and ongoing training of Department personnel.<sup>175</sup>

The Town of Paradise does not have a station. The construction of a fire station has been a leading political issue in the community, where many residents feel response time from existing stations is too long. The Town's 2011 Budget Presentation states that the Town currently pays \$580,000 to St. John's for fire services but that:

In conjunction with the Department of Municipal Affairs, we are conducting a feasibility study to determine the best [fire protection] option for Paradise. With an estimated operational cost in the vicinity of \$ 2.0 million, it is critical that we thoroughly explore all options and choose the appropriate one for Paradise.<sup>176</sup>

The budget also refers to a capital request to the Province to fund a new station.

Information on the Town's intentions is equivocal. The ultimate decision will no doubt depend on the outcome of the anticipated feasibility study, which may lead to the

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<sup>174</sup> Pers comm., Cliff Johnston, Director of Planning, City of St. John's, January 2011. See also: Northeast Avalon Regional Plan, Project Overview, <http://www.nearplan.ca/project-overview.htm>.

<sup>175</sup> St. John's Regional Fire Department, *Overview and Recruitment Process*, August 2009, pp. 1-2.

<sup>176</sup> Deputy Mayor Allan English, Chairperson, Finance Committee, "Town of Paradise 2011 Budget Presentation," p. 5, <http://www.townofparadise.ca/userfiles/file/TOPBud2011%20BUDGET%20SPEECH.pdf>.

establishment of a second regional fire department serving municipalities on the western portion of the Northeast Avalon.<sup>177</sup>

## 5.4 TRANSPORTATION AND TRANSIT

St. John's is the focus of commuter travel on the Northeast Avalon Peninsula (**Figure 5.1**). The transportation networks of St. John's, Mount Pearl, and Paradise are clearly integrated. All highway and arterial roads in both Mount Pearl and Paradise run directly to St. John's and regional road maps typically show the three municipalities together as one community. The city and regional road networks were examined in depth by the *St. John's Transportation Study*, prepared for the City of St. John's by the SGE Group Inc.<sup>178</sup> The study comprehensively assessed traffic movement within the St. John's Census Metropolitan Area, which covers all of the Northeast Avalon Peninsula with the exception of Holyrood. SGE developed a model of the transportation network in which Mount Pearl was defined as a single Traffic Zone and Paradise was made part of a much larger "External Zone" that also included Conception Bay South and the largely undeveloped southwest sector of the City of St. John's.

Assessment of the direct impact of outside municipalities was not within the scope of the Terms of Reference for the Transportation Study. The isolation of Mount Pearl as an individual Traffic Zone, however, did allow for an assessment of its specific impact. SGE, therefore, was contracted to assess the impact of Mount Pearl in support of this study in 2000.<sup>179</sup> They used their model to determine:

- The proportion of trips in the Study Area originating in Mount Pearl and destined outside the city,
- Travel delays in St. John's attributable to additional traffic generated by residents of Mount Pearl, and
- The percentage of traffic volume on transportation links (roadways and intersections) in St. John's attributable to Mount Pearl.

First, they determined that 14.6 per cent of trips in the Study Area are generated by Mount Pearl. Of all regional trips, 4.5 per cent originate in Mount Pearl and are destined for Mount Pearl. The remaining 10.1 percentage points are trips from Mount Pearl to destinations outside Mount Pearl's boundaries. As the SGE report stated:

<sup>177</sup> *Pers comm.*, Michael Dwyer, Chief, St. John's Regional Fire Department, February 2011.

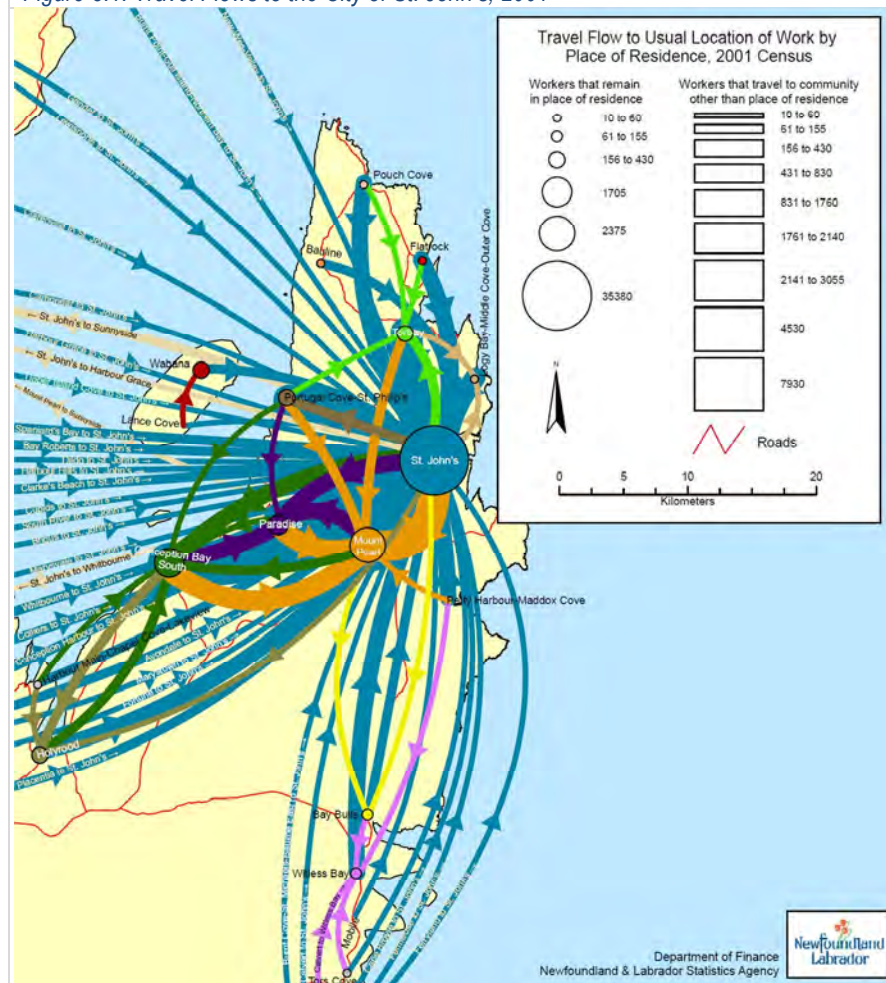
<sup>178</sup> The SGE Group Inc., *St. John's Transportation Study*, April 1998.

<sup>179</sup> The SGE Group Inc., *Review of Roadway System Used by the City of Mount Pearl*, July 1999. The City is currently developing a new transportation model that will support full spatial analysis of traffic origins and impacts; however, it is not expected to be implemented until mid-2011. *Pers comm.*, Robin King, Transportation Engineer, City of St. John's, February 2011.





Figure 5.1: Travel Flows to the City of St. John's, 2001



A total of 30.9 % of the trips originating in Mount Pearl (intra City trips) stay in Mount Pearl over an average day, while 69.1 % of the trips travel on the City of St. John's roads. These trips require the use of the roadway system external to the City of Mount Pearl to travel for purposes such as the trip to work, shopping, or other activity. Therefore Mount Pearl on a daily basis places over 37,800 vehicle trips (10.1%) on the City of St. John's street system.<sup>180</sup>

This considerable proportion of traffic from Mount Pearl naturally has an impact on roadway infrastructure requirements in St. John's. SGE estimated that "approximately 12% of the total traffic on the City's system is Mount Pearl traffic."<sup>181</sup> They further calculated from modelling results that:

<sup>180</sup> *Ibid.*, p. 2.

<sup>181</sup> *Ibid.*, p. 3.

... if Mount Pearl residents did not use the present roadway system, a savings of 40% of vehicular delay would be realized. Although this is an unrealistic scenario, it does clearly state that the City itself could exist with a lesser roadway network if Mount Pearl did not exist. Simply stated the City has overbuilt its system to accommodate Mount Pearl.<sup>182</sup>

**Figure 5.2**, prepared by SGE, illustrates the percentage of use on specific road segments attributable to Mount Pearl residents. Affected roadways and intersections are concentrated in the west end of the City of St. John's. Several, also, are Provincial highways, including Pitts Memorial Drive, Topsail Road, and Thorburn Road.

The same relationship prevails for new roadways; specifically, the East-West Arterial planned to run along the south boundary of Mount Pearl in the area that Mount Pearl attempted to annex from St. John's in 2007. Costs for the \$40 million roadway, which is to commence construction this year, were to be shared \$20 million by the Province, which is responsible for acquiring the land; \$10 million by the Federal Government; and \$10 million shared between St. John's and Mount Pearl with Mount Pearl contributing 25 per cent of the municipal cost. Mount Pearl, however, took the position that the road is a regional project and should be paid for entirely by the Province without municipal participation, categorically refusing to make any contribution.<sup>183</sup>

The requested contribution from Mount Pearl was in fact very favourable considering analysis by City of St. John's staff found that half of the users of the central section of the proposed link would be from Mount Pearl and more than a third of the users of the lower or eastern portion.<sup>184</sup> Ultimately, a decision has been made to fund the project through the Federal and Provincial governments only. The City of St. John's, however, will be entirely responsible for operation and maintenance of the completed infrastructure at a currently estimated annual cost of \$750,000.

St. John's Transportation Commission provides transit services to St. John's and Mount Pearl through Metrobus. According to the *St. John's Transportation Study*, the Commission is "a semi-autonomous body whose purpose is to provide transit to residents of St. John's and Mount Pearl." The study indicates that the Commission:

... is able to cover about 40 percent of costs through fares. It annually obtains funding from the City to cover losses. This has amounted to about five million dollars annually in recent years.<sup>185</sup>

<sup>182</sup> *Loc cit.*

<sup>183</sup> Randy Simms, Mayor, City of Mount Pearl, Letter to Mayor Dennis O'Keefe, City of St. John's, November 4, 2009.

<sup>184</sup> R. King, Transportation Engineer, City of St. John's, *Traffic Volume Analysis – Impacts of East/West Arterial*, Memo to A. Cheeseman, Associate Commissioner/Director of Engineering, January 8, 2006.

<sup>185</sup> The SGE Group Inc., *St. John's Transportation Study*, p. 8-2. More recent work by Wesley John Hollis Andreas indicates current cost recovery is 43 per cent. See: Wesley John

Figure 5.1: Percentage of St. John's Roadway System Used by Mount Pearl Residents



Hollis Andreas, *Moving Forward: Public Transit in Canadian Mid-sized Cities*, MA Thesis, Department of Geography, University of Calgary, January, 2007, Appendix A, Table A-1, p. 317.

Metrobus service is available to a majority of St. John's residents. Transportation Commission policy is to provide service to within a maximum distance of 1,500 feet (a comfortable walk) of most homes. No express bus service is provided. The Commission will eliminate routes if they are grossly under used. A recent Canada-wide transit study indicates St. John's generates 27.9 rides per capita, suggesting a total annual ridership close to 4 million. Among 39 mid-size Canadian cities recorded in the study, St. John's ranks 16<sup>th</sup> in ridership and 5<sup>th</sup> in cost efficiency but only 31<sup>st</sup> in cost recovery.<sup>186</sup>

The City also runs St. John's Para-transit in parallel with Metrobus. Para-transit serves Mount Pearl, like Metrobus. Para-transit fares are only slightly more than Metrobus at \$2.50 per one-way trip. Fares only cover a fraction of the actual cost, requiring an average subsidy of \$10.50 per ride. Roughly, 20 per cent of ridership is attributed to the Province, which uses the system for transportation of patients among medical facilities. Until recently the Province provided a subsidy equivalent to just 7 per cent of the system's operating costs. The contribution was increased to \$176,000 for 2010 on the condition that the City accurately determine the users of the system. The City spent \$300,000 on a software package that will help to obtain required data as well as improve overall system operation.<sup>187</sup>

According to recent City of Mount Pearl budget brochures, the City allocated \$775,000 to public transit in 2010 and \$802,000 in 2011. Mount Pearl provides a grant of \$50,000 annually to Para-transit in addition to these contributions. The grant covers approximately 5 per cent of the Para-transit's current \$1 million budget. These monies are paid to the St. John's Transportation Commission for routes that serve Mount Pearl residents. It is unlikely that Mount Pearl could provide these routes as part of a transit service independent from St. John's.

Mount Pearl has in the past indicated concerns with level of service:

There is a concern among business owners, particularly in the retail sector and in Donovans locations, that there are not enough routes and they do not run at the appropriate times. Some people have expressed interest in a private mini-bus system, however, under the current agreement with the St. John's Transportation Commission, a private system is not permitted.

There is a commitment from the City of Mount Pearl to undertake a public transportation study and make a decision on the bussing issue by next year.<sup>188</sup>

<sup>186</sup> Wesley John Hollis Andreas, *op cit.*, p. 317. Ridership is calculated by multiplying ridership per capita by the service population (140,000) provided in the same document (p. 51).

<sup>187</sup> James McLeod, "Para-transit buys pivotal software," *The Telegram*, July 16, 2010, <http://www.thetelegram.com/Arts--Life/Commuting/2010-07-16/article-1595607/Para-transit-buys-pivotal-software/1>.

<sup>188</sup> City of Mount Pearl Business Retention and Expansion Task Force, *Business Retention & Expansion Initiative Action Plan*, February 2006, pp. 8-9.



Mount Pearl subsequently participated with St. John's in the preparation of a transit service plan that recommended enhanced frequency of service to increase transit ridership.<sup>189</sup> Mount Pearl, however, ultimately decided not to follow the recommendation because of its cost. Whereas St. John's upgraded service to 15 minute intervals, Mount Pearl has continued to serve its routes once per hour.<sup>190</sup> The Commission has engaged IBI to do a new study to evaluate the reasons why transit ridership has not risen as much as hoped for. One factor is very likely lower ridership in Mount Pearl, which generated 5.6 transit rides per capita in 2008 versus 24.8 in St. John's.<sup>191</sup>

## 5.5 WATER SUPPLY

As the primary provider of water to most urban areas in the Northeast Avalon the City of St. John's operates three watersheds at Bay Bulls Big Pond; Petty Harbour Long Pond, which has been held as a backup source since 2000 owing to water quality issues; and Windsor Lake, which is backed up by the Broad Cove River watershed. **Table 5.1** from the 2007 update of the 1994 Regional Water Supply Review Study lists municipal areas served and planned to be served by each watershed.

*Table 5.1: Existing and Proposed Water Supply Sources, St. John's Urban Region Municipalities, 2007*

Municipality	Relationship with Regional Water System	Source of Water	
	Connected/(To be Connected)	Present	Proposed (Potential)
St. John's	East & Central	WL	-
St. John's	Kilbride & West End	BBBP	PHLP
St. John's	Western & Southeast	BBBP	BBBP
St. John's	Goulds & Southlands	BBBP	BBBP
Mount Pearl	Serviced Area	BBBP	BBBP
Conception Bay South	Serviced Area (Unserviced Area)	BBBP	BBBP
Paradise	Serviced Area (Unserviced Area)	BBBP	BBBP
Portugal Cove-St. Philips's	Serviced Area	BBBP	BBBP
Petty Harbour-Maddox Cove	Serviced Area	Beer Pond of PHLP	Beer Pond
<b>Key:</b> BBBP – Bay Bulls Big Pond PHLP – Petty Harbour Long Pond WL - Windsor Lake			
Source: Newfoundland Design Associates Limited, <i>St. John's Regional Water Supply Update to 1994 Report</i> , p 1-3			

<sup>189</sup> IBI Group, *Building a Better Metrobus - A 5-Year Transit Service Plan*, October 2007. Level of service recommendations including reference to post-study modifications made at the behest of Mount Pearl are on pp. 39-42.

<sup>190</sup> *Pers comm.*, R. King, February 2011.

<sup>191</sup> *Pers comm.*, Judy Powell, General Manager, St. John's Transportation Commission, February 2011.



For the most part, the protected watersheds from which the City draws water are within the current City Limits on lands that were added through the 1992 amalgamation. Protection is provided through the purchase of watershed lands and zoning applied through the City's Development Regulations. One area outside the boundaries of St. John's is a very small portion of the Windsor Lake watershed that is within Paradise. The Town of Paradise has a development agreement with the City of St. John's to protect the water supply from development in this area.

These water supply areas and the Bay Bulls Big Pond watershed, from which water is drawn to serve municipalities other than St. John's, are administered by the Regional Water Committee. The utility is called the St. John's Water System and its staff are employees of the City of St. John's. The Committee sells water wholesale to each municipality based on consumption metered for each municipal unit. The municipalities then sell to customers within their boundaries on a flat rate basis. There is limited metering of non-residential customers but most water is sold on a bulk basis. St. John's charges \$580 per residential service, which is discussed further below in relation to sanitary sewers (**Section 5.7**). Mount Pearl charges \$500 per service, while Paradise charges \$450. The Mount Pearl Budget Speech characterized "just \$42 per month for this vital service, [as] still perhaps the lowest cost that any of us pay for the many utilities we purchase for daily living."<sup>192</sup>

The Bay Bulls Big Pond components of the system were largely built with Federal funds; whereas, Windsor Lake was developed by the City of St. John's prior to Bay Bulls Big Pond. Petty Harbour Long Pond is also owned by the City. Local improvements required for water distribution such as pipe networks, pumping stations, and other facilities, are considered the responsibility of the municipality in which such improvements are located. Infrastructure is to be constructed to the specifications and standards set by the Regional Water System. Once completed, such facilities are turned over to the utility for operation and maintenance. Improvements of a regional nature, such as expansion of water treatment facilities, should be paid for through rate increases levied by the Committee. Windsor Lake, however, is considered to be a St. John's facility and improvements to it, including \$40 million for recent upgrading including a new water treatment facility, have been financed by the City of St. John's and a leading reason why the water rate paid by St. John's residents is greater than rates levied in Mount Pearl and Paradise.<sup>193</sup>

The St. John's Regional Water Supply Review Study in 1994 specified a list of reservoirs, transmission mains, and pumping stations that are required for the proper functioning of the water system that have now been implemented including construction of new

<sup>192</sup> City of Mount Pearl, "2010 Budget Speech," p. 9.

<sup>193</sup> *Pers comm.*, Walter Mills, P.Eng., Director of Engineering, City of St. John's, February 2011.

reservoirs at Kenmount Hill for the St. John's Southwest Expansion Zone and in Airport Heights.<sup>194</sup>

The 2007 update notes the stresses on the capacity of the existing system resulting from increased water consumption by individual households. It recommended immediate provision of full treatment capabilities at Petty Harbour Long Pond, including reservoir, which are required to bring that supply on-line again, and Dissolved Air Flotation pre-treatment at Bay Bulls Big Pond to correct operational issues there so as to maximize water production levels. The document also recommends upgrading transmission mains and reservoirs to service various municipalities, as well as development of storage at Little Power's Pond to supplement supply from Windsor Lake.<sup>195</sup>

## 5.6 STORMWATER

As noted, stormwater from the Town of Paradise drains into Mount Pearl, which in turn drains into the City of St. John's. The region enjoys good natural stormwater flow and the human-made storm drainage network is limited. The rise in environmental concern has, however, created pressure for the conservation of watercourses. There are several environmental groups concerned with the preservation and restoration of water quality and habitat that monitor potential pollution of lakes and streams.

Major capital expenditures to manage stormwater are not expected in any of the three municipal units. A stormwater study was conducted for the City of St. John's in 1989. It recommended modest flood control improvements in the Waterford River and Rennies River watersheds to address specific floodproofing problems. Of seven recommended upgrades, only one was in Mount Pearl.<sup>196</sup> The study did however outline a recommended approach to controlling flows in the upper reaches of the Waterford River Basin, involving construction of upstream detention basins within Mount Pearl and Paradise.<sup>197</sup> The improvements were not costed and the locations of the storage facilities were only tentatively defined. The study did however demonstrate the interdependence of the municipalities dealing with stormwater management.

## 5.7 SANITARY SEWER SYSTEM

All of Mount Pearl, most of the developed portion of St. John's, and the areas of Paradise under consideration in this study are connected to municipal sanitary sewer pipes. As with stormwater, wastewater from the portion of Paradise in the Waterford River

<sup>194</sup> *Pers comm.*, A. Cheeseman, P.Eng., February 2007.

<sup>195</sup> Newfoundland Design Associates Limited, St. John's Regional Water Supply Update to 1994 Report, August 2007, p. v.

<sup>196</sup> Earle and Associates and Paul Theil Associates Limited, *Regional Stormwater Management Study for the St. John's Urban Area*, April 1989, pp. 53-61.

<sup>197</sup> *Ibid.*, pp. 31-32.



Drainage Basin drains into Mount Pearl. This wastewater and all wastewater generated in Mount Pearl then drains into the St. John's network through which it moves by gravity to the Harbour via the Waterford Valley Trunk Sewer and Waterford River Relief Sewer. The ultimate destination of all wastewater from St. John's and the two upstream municipalities is St. John's Harbour.

The overall system for these three municipalities is remarkably simple. With a consistent down slope from the east end of Paradise all the way to St. John's Harbour, only one pumping station is required. That station is within St. John's and pumps occasional overflows to the Waterford River. The City is responsible for its operation and maintenance. There is minimal need for upgrading of local networks. There are minor problems with local flooding in Mount Pearl but most of the Mount Pearl network is reasonably new. Services in most of the area of Paradise draining into the Waterford Basin are also new.

By contrast, services in the Goulds, as noted in **Section 3.2**, are poorly planned and constructed. St. John's has already spent roughly \$28.5 million to upgrade the area as outlined in **Table 2.1**, above, with a substantial portion going to sewer upgrading. All wastewater from the Goulds is pumped to Shoal Bay where it is discharged without treatment – an arrangement created when the Goulds was a separate municipal entity. The estimate from the most recent sanitary sewer servicing scheme for the Goulds is \$14 million (2009\$).<sup>198</sup>

St. John's would like to redesign the system to work by gravity, which will cost an estimated \$22 million. A separate Wastewater Treatment Plant (WWTP), which has not been estimated, will eventually be required if sewage from the Goulds is to be treated.

The larger area of St. John's is located in a common catchment basin that makes it a natural partner with Mount Pearl and Paradise. In November 2008, the three municipalities completed work on a WWTP for the larger area of the region shown in **Figure 5.2**. The project, which included substantial expansion and upgrading of the sewage collection system, cost \$144 million, considerably more than the \$93 million budget estimated at the planning stage in 1999, which led to a dispute among the participating municipalities at the time the plant was completed.

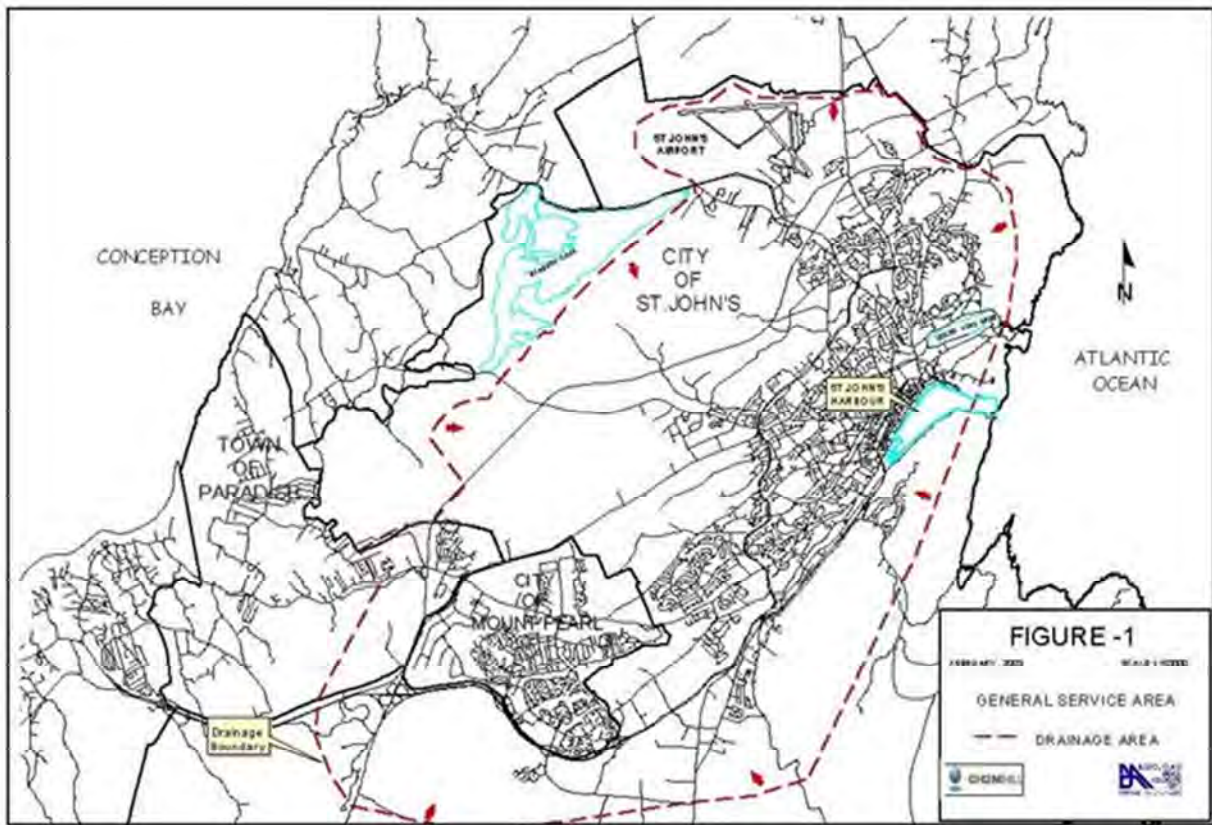
The plant is nevertheless being successfully operated. Only wastewater from Quidi Vidi Village within the City of St. John's, which previously discharged to Quidi Vidi Harbour, has to be pumped to the WWTP. Flows from Paradise and Mount Pearl are metered as a basis for apportioning wastewater treatment costs. The plant is managed by the City of St. John's and administered by a Regional Wastewater Committee comprised of representatives of the Cities of St. John's and Mount Pearl, and the Town of Paradise. Residents of St. John's pay for wastewater collection and treatment through the Water Tax, which has escalated in recent years to \$580 as the treatment system has come on-

<sup>198</sup> *Pers comm.*, W. Mills, January 2011.



line. As noted above in connection with water in **Section 5.5**, rates in Mount Pearl are \$500 and in Paradise are \$450. Both Mount Pearl and Paradise raised their rates by \$50 for 2011 to help cover their costs related to wastewater treatment.

Figure 5.2: General Service Area, St. John's Wastewater Treatment Project



## 5.8 SOLID WASTE MANAGEMENT

The primary facility for disposal of solid waste from the Avalon Peninsula is the Robin Hood Bay landfill operated by the City of St. John's. All municipalities on the Northeast Avalon Peninsula except Witless Bay and Bay Bulls dispose of garbage there. Bay Bulls and Witless Bay use the Bay Bulls landfill, which is too small to accommodate any other municipal user. Robin Hood Bay also accommodates waste from other municipalities on the Greater Avalon Peninsula as far away as Clarenville. In St. John's and Mount Pearl, municipal public works staff collect residential garbage. Residential waste in all other municipalities and commercial waste in all municipalities is collected by private contractors.

The United States military established the Robin Hood Bay landfill to serve the Pleasantville base, which is located in the north end of the City of St. John's. It began its life as a municipal landfill in 1963. The 2002 *Greater Avalon Region Solid Waste*

*Management Plan* by BAE-Newplan Group Limited of St. John's recommended the development of a new regional landfill at Dog Hill near the Foxtrap area of Conception Bay South on unincorporated land under Provincial jurisdiction. According to the study, a new, engineered landfill meeting Provincial standards could be built for an initial construction cost of \$40 million; however, the lifetime cost would ultimately be \$130 to \$150 million. Alternative work by consultants Gartner Lee of Toronto, however, concluded that Robin Hood Bay could be retrofitted to serve the region for another 30 to 40 years at a cost of \$29 million.<sup>199</sup>

The Province ultimately determined in favour of Robin Hood Bay, making it the primary landfill for its Eastern Region. The overall cost of upgrading the facility is now set at \$53.2 million with \$40.2 million coming from the Federal Gas Tax Fund, \$6.5 million from the Province and another \$6.5 million from the City of St. John's. The City recently opened a Materials Recycling Facility at Robin Hood Bay, which is now receiving and processing paper and container products from the Towns of Conception Bay South, Mount Pearl, Logy Bay-Middle Cove-Outer Cove, Pouch Cove, and Paradise, as well as the City of St. John's. Future plans call for a composting facility to be added.<sup>200</sup>

The City has set a tipping fee of \$51 per tonne for disposal of waste to the landfill, which is low in comparison to other Atlantic Provinces. In HRM, which has a sophisticated source-separated solid waste management system, landfill tipping fees are \$115 per tonne for loads greater than 100 kg (non-organic material only). Elsewhere in Nova Scotia, fees run as high as \$143 per tonne at Little Forks Landfill in Cumberland County. The Fredericton Region Solid Waste Commission in New Brunswick, for another example, recently increased its charges \$74 per tonne raising strong protest from Fredericton City Council.<sup>201</sup> Separated recyclables, are taken into Robin Hood Bay at just \$20 per tonne. The 2008 increase in tipping fees from \$23 per tonne nevertheless drew strong protests from client municipalities.<sup>202</sup>

The overall regional solid waste management program will result in the closure of 42 local landfills that do not meet Provincial standards and centralization of disposal at Robin Hood Bay. The system is overseen by the Greater Avalon Regional Waste Management Committee. The formation and operation of the Committee has not been smooth. As the primary service provider, the City of St. John's sought majority

<sup>199</sup> *Pers comm.*, Art Cheeseman, P.Eng., February 2007.

<sup>200</sup> Newfoundland and Labrador Municipal Affairs, "New Robin Hood Bay Recycling Facility Supports Eastern Region in Waste Diversion Efforts," News Release, December 6, 2010, <http://www.releases.gov.nl.ca/releases/2010/ma/1206n02.htm>.

<sup>201</sup> Heather McLaughlin, "Mayor, councillors furious with landfill's hike for tipping fees," *The Daily Gleaner*, November 27, 2010, <http://dailygleaner.canadaeast.com/rss/article/1326653>.

<sup>202</sup> "New fees at St. John's dump outrageous, C.B.S. mayor says," CBC News, November 13, 2008, <http://www.cbc.ca/canada/newfoundland-labrador/story/2008/11/13/tipping-fees.html#xzz1BqYONZBB>

representation on the Committee. At the same time, some municipal participants, most notably Mount Pearl, object to the control assigned to St. John's. The Province eventually compromised by giving St. John's 50 per cent of the membership and appointing an independent Chair, Ken Kelly. Mount Pearl's representative has since resigned from the Committee and Mr. Kelly, who is a management consultant, has left for another opportunity. The Committee's mandate includes establishment of an elected authority under the *Regional Service Boards Act* to replace the currently appointed members, who include a combination of municipal councillors and staff members. The process, however, currently appears to be stalled.<sup>203</sup>

## 5.9 RECREATION

The City of St. John's maintains parks and recreation facilities throughout its territory. The City also offers a variety of recreation programs in municipally-owned facilities. In some areas, including the Goulds, the City contracts for provision of recreation services. City Council formally adopted a user pay policy for recreation programs in April 1999.

Implementation of the program involved determining direct and indirect costs associated with each program or service provided by the Department of Recreation. Staff then developed a rationale for user fees based on the relative benefits accruing to users and the community. The benefits of some services and programs were considered to accrue wholly to users and they are charged 100 per cent to those users (e.g., facility rental and adult programs). Others, such as children's programs, have been deemed to benefit both the community and the user, and are subsidized accordingly. A third group, which includes outdoor facilities like parks, trails, and playgrounds are considered "Basic Services" and are not charged for.<sup>204</sup> This last group, of course, would be difficult to collect fees from.

Facilities and programs in St. John's are open to all regardless of municipality of residence. There is no question that residents from other municipalities – but especially Mount Pearl – use St. John's recreation facilities. As we noted in our 1990 report, recreation studies for the City of Mount Pearl have consistently acknowledged the importance of parks in St. John's, specifically Bowring Park and Pippy Park, to meet the recreation needs of Mount Pearl residents. The 1984 *Mount Pearl Recreation Plan*, for example, referred to Bowring Park as "many people's favorite park."<sup>205</sup> We also noted that regional facilities like Memorial Stadium at the time and the since constructed Mile One Centre in downtown St. John's serve the needs of regional residents, although they are subsidized by city residents alone.

<sup>203</sup> *Pers comm.*, Paul Mackey, Director of Public Works and Parks, February 2011.

<sup>204</sup> City of St. John's Parks and Recreation Standing Committee, "User Pay Project Update - Executive Summary," February 3, 1999, pp. 1-3.

<sup>205</sup> DelCan, *Mount Pearl Recreation Plan*, 1984, p. 15, cited in Porter Dillon Limited, *Position Paper Regarding Municipal Amalgamation in the Northeast Avalon*, pp. 95-96.

Since that time, also, the Grand Concourse trail system has been developed by the Grand Concourse Authority. The system now consists of approximately, 125 kilometers of trails that connect all major parks in St. John's, Mount Pearl, and Paradise. The system has been developed and is maintained by the Authority, which is a non-profit organization. All three municipalities provide financial support. In 2010 the City of St. John's made a contribution of \$200,000.

In recent years the City of St. John's has invested in other facilities that serve regional as well as local needs. Examples include the King George V Soccer Complex in eastern St. John's and the Southlands Soccer Field, both of which are used by regional and provincial leagues and teams, as well as local teams and residents, and the Northwest Rotary Skate Park in Mundy Pond Park, which is the only permanent skate park in the province. The City built these specific facilities with Federal assistance but without funding contributions from the Province or any municipality in the Northeast Avalon region.<sup>206</sup>

There are limited statistics on users of recreation programs but City of St. John's staff indicate that there are definitely users from Mount Pearl and Paradise. Until recently St. John's gave no preference to its own residents over those from other municipalities with respect to program registration. In 2009, however, St. John's Council passed a new policy that provides program registration for City residents one week in advance of non-residents. St. John's Recreation staff indicate that this usually means that popular programs such as aquatics and childcare are fully booked before registration is opened to residents of other municipalities. Staff consulted indicated that similar preference may be given in Mount Pearl and Paradise.<sup>207</sup> The policy is intended to ensure access for St. John's residents, who subsidize programs through their taxes. Residents from other municipalities are ultimately welcomed to ensure the highest degree of enrollment possible. St. John's has no joint recreation programming with either Mount Pearl or Paradise. St. John's and Mount Pearl at one time cooperated in a Sport Tourism Steering Committee but this responsibility was turned over to Destination St. John's.

Representatives from both cities also sit on the committee for the Canadian Tire JumpStart Program – Avalon Chapter. JumpStart is a charitable program set up by Canadian Tire Corporation to provide funds to assist children in financial need to participate in sports programs. The program benefits both cities as well as other

<sup>206</sup> For example, the King George V Soccer Complex was upgraded at a cost of \$3.6 million shared among the City, ACOA, and the St. John's Soccer Association, and the Skate Park was built for \$760,000 with contributions from the Rotary Club of St. John's Northwest, the City, and ACOA. See: City of St. John's, *Annual Report 2005*, p. 5.

<sup>207</sup> *Pers comm.*, Jill Brewer, Director of Recreation, City of St. John's, July 1999 and January 2011. Mount Pearl's Participation for Everyone in Active Recreation and Leisure program, which subsidizes individuals with insufficient resources to pay for recreation programs is clearly restricted to residents but other restrictions are not evident in the current Mount Pearl Recreation Program Guide.

municipal units on the Northeast Avalon by increasing participation in programs and addressing a source of potential social problems.

## 5.10 CONCLUSIONS

The Cities of St. John's and Mount Pearl, and the Town of Paradise offer a very similar array of services. Comparisons of municipal expenditures undertaken for our first report on amalgamation in 1990, our report concerning the Southlands in 1997, and the previous editions of this document have repeatedly found very little difference in the emphasis placed on services from one Northeast Avalon municipality to the next.

In our 1990 report, when we had the opportunity to examine closely the budgets of St. John's, Wedgewood Park, Mount Pearl, the Goulds, Paradise, and Conception Bay South, we concluded:

When debt charges are removed from consideration... the breakdown of expenditures [by budget category] is relatively similar. A notable difference is the proportions spent on administration, which... tend to be very high in the smaller municipalities. Otherwise, expenditure patterns are similar, confirming that the[se] communities... share similar aspirations.<sup>208</sup>

Subsequent reviews in our Southlands report and previous editions of this report continued to find a high degree of similarity among St. John's, Mount Pearl, and Paradise. **Table 5.2** repeats the comparison of the three municipal units with 2008 expenditure data taken from the financial statements posted on their respective municipal Web sites. It confirms, again, the similarity in expenditure patterns between St. John's and Mount Pearl.

*Table 5.2: Expenditure Comparison, Cities of St. John's and Mount Pearl, and Town of Paradise, 2008*

Expenditure Category	City of St. John's	% of Total	City of Mount Pearl	% of Total	Town of Paradise	% of Total
General Government	\$25,676,638	18.7%	\$3,080,607	14.6%	\$2,153,206	22.9%
Planning & Development	\$5,237,209	3.8%	\$684,659	3.2%	\$279,143	3.0%
Protection to Persons & Property	\$21,898,705	15.9%	\$3,657,433	17.3%	\$972,654	10.3%
Transportation Services	\$36,186,934	26.3%	\$7,331,618	34.7%	\$3,513,028	37.3%
Recreation & Community Services	\$17,485,619	12.7%	\$3,349,026	15.8%	\$835,262	8.9%
Environmental Health Services	\$30,984,080	22.5%	\$3,036,824	14.4%	\$1,654,714	17.6%
<b>TOTALS</b>	<b>\$137,469,185</b>	<b>100.0%</b>	<b>\$21,140,167</b>	<b>100.0%</b>	<b>\$9,408,007</b>	<b>100.0%</b>

Source: Financial Statements Cities of St. John's and Mount Pearl, and Town of Paradise, 2008

In terms of General Government overhead, the proportions spent by the three municipalities are quite close, with Paradise devoting the largest portion of its expenditures to legislative and administrative costs. Paradise does have fairly significant differences with respect to expenditures for protection and recreation. In both areas the

<sup>208</sup> Porter Dillon, *Position Paper Regarding Municipal Amalgamation in the Northeast Avalon*, p. 151.



Town is in fact dealing with pressures to improve services as its urban area expands. As noted above, the Town is contemplating the creation of its own fire department but appears hesitant because of additional costs (**Section 5.2**). The Town is also seeking funding assistance and community support to build a new arena,<sup>209</sup> and the development of green space was raised as an issue in the recent municipal elections.

Proportions spent on environmental health services and transportation also vary significantly. St. John's expenditures, however, include substantial outlays for water and wastewater treatment infrastructure that serves Mount Pearl and Paradise as well St. John's residents. These costs are largely recovered by St. John's on the revenue side. The relatively higher proportion spent on transportation by Mount Pearl can be attributed to the greater reliance on the automobile among residents of the suburban municipalities and the influence of the smaller share of total expenditures allocated to environmental services in both areas, thanks to their service arrangements with St. John's.

All of the areas under consideration have similar service needs. Nearly all of the developed lands in all three municipalities are on municipal water and sewer services, and there is a high degree of interaction between residents through work, shopping, and familial ties. More significantly, all three municipalities obtain a considerable portion of their services from the same provider: the City of St. John's. Of the services listed in **Table 5.3**, six – Fire Protection, Transit, Para-transit, Water Supply, Wastewater Treatment, and Solid Waste Management – are provided almost entirely by St. John's. A seventh, regional planning, is provided by the Province. Of the remaining services the requirements of external residents have clear implications for the City of St. John's: either because networks are connected to St. John's (*i.e.*, water, sewer, and storm transmission infrastructure, and roadways) or because outside residents make substantial direct use of the services (*i.e.*, roadways, and recreation facilities and programs) or gain indirect benefits (*e.g.*, economic and tourism promotion).

There is, in fact, no service category in which there is absolutely no interaction among St. John's, Mount Pearl, and Paradise, although coordination of economic development is weak and interaction in planning and development is limited to the regional plan, which is in a hiatus owing to disagreement among municipal participants. These are, interestingly, the services whose effectiveness could be most improved by amalgamation.

And while other services are functioning adequately, we are concerned that arrangements are not as tight as they should be. SGE's work in 2000 determined that St. John's has had to undertake extra development of its road network to accommodate trips by residents of Mount Pearl for which the City of St. John's is at best indirectly compensated. More recently, in dealing with the East/West Arterial, Mount Pearl's insistence that it should not contribute to a project of regional importance jeopardized and delayed the project. Improvements to water infrastructure that are the responsibility

<sup>209</sup> See: Town of Paradise, "Town of Paradise Proposed Arena," <http://www.townofparadise.ca/>.





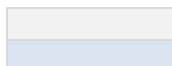
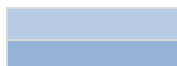
of individual municipalities have not been pursued and the Regional Water Committee is not building a reserve for renewal of regional capital. While the disagreement over sharing of cost increases for the regional wastewater treatment facilities and the debate over solid waste disposal arrangements have been resolved, the withdrawal of Mount Pearl from the Regional Waste Management Committee and the possibility that a second regional service may be established are not encouraging.

Through every review of municipal arrangements on the Northeast Avalon, inter-municipal friction and disputes have been apparent. Mount Pearl and, to a lesser extent, other municipal units, resist the control that the City of St. John's, which, for its part, is frequently unhappy with the compensation it receives. In some instances, such as roads and the provision of recreation services, residents of nearby municipalities simply take advantage of services that are freely available. In the case of others, regional arrangements have been established but most of the difficult questions dealing with responsibility for financing future infrastructure needs have not been fully addressed. Planning and economic development efforts, although generally positive, are uncoordinated and sometimes counter-productive. As a whole, regional service challenges are being dealt with but only with difficulties created by the separation of municipalities.

Table 5.1: Municipal Service Provisions Involving the City of St. John's

Municipal Service	Provider	Regional Agency	Regional Service Users	Other
<b>General Government</b>				
Economic Development	Individual Municipalities	Destination St. John's, North East Avalon Regional Economic Development Board	St. John's, Mount Pearl, & Paradise plus 12 other Northeast Avalon municipalities	Destination St. John's expanding service area. Major regional facilities provided by St. John's
<b>Planning and Development Control</b>				
Planning and Development Control	Individual Municipalities	None	N/A	
Regional Planning	Province	Department of Municipal Affairs	St. John's, Mt. Pearl, & Paradise plus 12 other Northeast Avalon municipalities	Preparation of Northeast Avalon Regional Plan stalled
<b>Protection to Persons and Property</b>				
Fire Protection	St. John's	St. John's Regional Fire Department	St. John's, Mount Pearl, Paradise & Petty Harbour/ Maddox Cove	Contracts with Torbay, Logy Bay-Middle Cove-Outer Cove, Conception Bay South & Witless Bay
<b>Transportation Services</b>				
Roads and Sidewalks	Individual Municipalities	None	65% of work trips from outside St. John's end in St. John's	
Transit	St. John's	St. John's Transportation Commission	St. John's & Mount Pearl	Mount Pearl contributes approximately 10% of net cost
Para-transit	St. John's (Wheelaway)	St. John's Transportation Commission	St. John's & Mount Pearl	Mount Pearl contributes approximately 10% of net cost
<b>Recreation and Community Services</b>				
Recreation	Individual Municipalities	None	All regional residents have access to facilities and programs at same rates as St. John's residents, although on second priority	125-km Grand Concourse trails network connects parks in St. John's, Mount Pearl, and Paradise
<b>Environmental Health Services</b>				
Water Transmission	Individual Municipalities	None	N/A	Trunk transmission to municipal boundaries is responsibility of St. John's
Water Supply	St. John's*	St. John's Water System	St. John's, Mount Pearl & Paradise	Mt. Pearl & Paradise pay for bulk water based on total consumption
Stormwater	Individual Municipalities	None	N/A	All stormwater from Mount Pearl and eastern Paradise drains into St. John's
Wastewater Collection	Individual Municipalities	None	N/A	Downstream collection through St. John's
Wastewater Treatment	St. John's*	St. John's Water System	St. John's, Mount Pearl & Paradise	
Solid Waste Collection	Individual Municipalities	None	N/A	Recycling and composting promoted regionally
Solid Waste Management	St. John's	Greater Avalon Regional Waste Management Committee	St. John's, Mount Pearl & Paradise plus 69 other municipalities, 35 local service districts & 30 unincorporated areas	Directly elected Commission to be established by current Committee

Key:


 Minimal Interaction  
 Regional Interaction

 Regional Coordination  
 Regional Service Provider



**Stantec**

## 6.0 FINANCIAL ANALYSIS

There are many reasons amalgamation may be beneficial for the Northeast Avalon Region. These include better coordination of planning and development regulation, more effective structures for economic promotion, more equitable sharing in the costs and benefits of services, and simplification of administration through elimination of duplicated and superfluous organizations. The most discussed aspect of amalgamation in every process in which we have been involved and have observed has, however, been the influence of municipal consolidation on costs and tax rates. We have, therefore, done financial analyses of the amalgamation options under consideration and their implicit consequences. This includes the following considerations outlined below:

- Amalgamation of the City of St. John's and the City of Mount Pearl;
- Amalgamation of the City of St. John's, the City of Mount Pearl, and portions of the Town of Paradise; and
- The impact of amalgamation of a portion of Paradise on the remaining Town of Paradise.

Calculations were done in early 2011 using financial data available for the Cities of St. John's and Mount Pearl, and the Town of Paradise. The following sources provided the data used in the analysis below:

- Financial statements for the City of Saint John's for 1999 to 2009
- Tax roll for the City of Saint John's for 1996 to 2010
- Historical Mill rates for the City of Saint John's for 1982 to 2011
- Financial statements for the City of Mount Pearl for 2005, 2007, 2008 and Budget Brochures for 2010 and 2011
- Financial statements for the Town of Paradise, 2003, 2004, 2007, 2008 (2005 and 2006 were estimated by interpolation)
- Budget speeches for 2010 and 2011 for both the City of Mount Pearl and the Town of Paradise
- Web sites for all three municipalities

- Government of Newfoundland and Labrador Department of Finance Economic Research and Analysis (ERA) Division ([www.economics.gov.nl.ca/default.asp](http://www.economics.gov.nl.ca/default.asp)).
- Model results prepared and presented for previous versions of this review.

Property assessment and municipal operations data were collected from staff at the Cities of St. John's and Mount Pearl. Information was also drawn from the Web sites of both cities.

The model used for the financial assessment is a revised version of the models applied and reported in previous editions of this report. A key change for the current report was adjustments to the model made necessary to comply with Public Sector Accounting Board requirements adopted for the year ended December 2007. New standards adopted at that time required Newfoundland and Labrador municipalities to shift from traditional cash-based accounts to an accrual basis. As the model is built on the projection of historical trends, adjustments were made to current accounts to ensure compatibility with past data. Historical cash based operating statements for St. John's, Mount Pearl, and Paradise were used to project data from 2008-2009 to 2019. A base year of 2010 was created from historical data and formed the foundation on which the alternative scenarios were generated.

*Financial analysis was conducted using a model that incorporates a variety of assumptions regarding future events including growth rates of revenue and expenditure in the municipal units under consideration. Other assumptions could result in different results and readers should be aware that actual results will vary from those produced by the model used.* Historical financial information for the City of St. John's for the period from 1999 to the present was used as the basis for projection. Only more recent years were available for Mount Pearl and Paradise as indicated in the preceding bulleted list. Past data for Mount Pearl and Paradise was therefore modeled from St. John's trends over the period in question. A more extended period was used as the basis for projection largely because the surge that the region has experienced in the past few years (see **Figure 4.4**, above) is unlikely to be continue in the long-term. The period from 1999 has generally been positive for the region but encompasses a more moderate overall trend that is more likely to be sustainable into the future.

Trends in population change, economic growth, employment, and household formation employed in the original financial assessment model and subsequently adjusted for later versions of this report were taken from published sources. The predictions developed in 2006-2007 have however proven to be significant underestimates given the strong ensuing growth of Newfoundland and Labrador. As a result, the model used in this report predicates growth on the actual experiences of the municipalities involved, predicting future municipal operating expenditures based on the most recent past. In addition, all costs are quoted in thousands of 2010\$ dollars. Growth rates that relate to monetary values are, consequently, real (*i.e.*, net of inflation).

We consider our analysis conservative. The extent of savings available to Newfoundland and Labrador municipalities is limited relative to other provinces because of the narrower range of municipal services provided in the province (e.g., in most provinces policing is a municipal responsibility and fire protection is more often offered as a municipal line responsibility rather than through a commission, as in St. John's). Furthermore, we have assumed relatively modest benefits from economies of scale. Under both amalgamated scenarios we have calculated gains relative to the Status Quo only for General Government, Transportation Services, and Development Services. As our discussion of the Nova Scotia amalgamations resulting in CBRM and Queens Region in **Chapter 4** demonstrates, greater savings are achievable immediately on amalgamation where aggressive cost reductions are pursued.

## 6.1 ST. JOHN'S AND MOUNT PEARL

Amalgamating St. John's and Mount Pearl will unite the closely integrated systems of the two cities. The new city will encompass nearly all of the lands that drain to St. John's Harbour. **Table 6.1** is an overview of our financial analysis of the potential amalgamation of the two cities. The column for 2010 shows expenditures for the Status Quo (*i.e.*, assuming the municipal units remain separate).

The implied tax rates reflect tax revenue actually collected from each tax base (*i.e.*, residential realty, commercial realty, and business occupancy). They are determined by dividing total tax revenue by total assessment in each category and projecting the results forward based on trends from previous years. This simple calculation takes into account tax that may go unpaid or tax that is discounted (such as for seniors) to calculate an 'effective' rate reflecting revenue actually derived from the relevant tax base.

*Table 6.1: Estimated Financial Impact of Amalgamating St. John's and Mount Pearl (2010\$), 2010-2019*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Expenditures St. John's and Mount Pearl (\$,000s)</b>										
Amalgamated	\$238,677	\$238,814	\$243,468	\$245,713	\$246,849	\$247,546	\$248,051	\$248,476	\$248,868	\$249,247
Change		0.06%	1.95%	0.92%	0.46%	0.28%	0.20%	0.17%	0.16%	0.15%
Separate	\$238,677	\$245,055	\$249,998	\$252,368	\$253,554	\$254,272	\$254,787	\$255,217	\$255,612	\$255,993
Change		2.67%	2.02%	0.95%	0.47%	0.28%	0.20%	0.17%	0.15%	0.15%
<b>Savings</b>	<b>\$0</b>	<b>\$6,241</b>	<b>\$6,530</b>	<b>\$6,655</b>	<b>\$6,705</b>	<b>\$6,726</b>	<b>\$6,737</b>	<b>\$6,741</b>	<b>\$6,745</b>	<b>\$6,746</b>
<b>Implied Tax Rates in the Amalgamated City (\$/100 Assessment)</b>										
Residential	10.60	9.50	8.88	8.63	8.54	8.50	8.49	8.48	8.48	8.48
Change		-10.34%	-6.56%	-2.81%	-1.03%	-0.52%	-0.10%	-0.10%	0.00%	0.00%
Commercial	15.58	13.96	13.05	12.68	12.55	12.49	12.46	12.46	12.45	12.45
Change		-10.41%	-6.51%	-2.80%	-1.05%	-0.50%	-0.21%	0.00%	-0.07%	0.00%
Business Tax	16.56	14.84	13.87	13.49	13.33	13.27	13.25	13.24	13.24	13.24
Change		-10.38%	-6.54%	-2.76%	-1.12%	-0.47%	-0.13%	-0.13%	0.00%	0.00%

Source: Solutions Inc.



*Total Expenditures* - The “Total Expenditures” row shows the projected total expenditures for the amalgamated Cities of St. John’s and Mount Pearl. For comparison, the “Separate” row provides a simple sum of the expenditures by the two cities, assuming they continue as independent entities. As the “Savings” row shows, annual savings ranging between \$6.2 and just over \$6.7 million can be expected due to the amalgamation within the forecast period.

*Residential Property Taxes* - In 2012, following amalgamation, residents of the former City of St. John’s will see the implied residential realty rate fall by about 2.5 per cent from the level they would have paid in the independent City of St. John’s. However, residents of the former City of Mount Pearl will see their implied residential realty rates increase 11.7 per cent from what they would have been in the independent City of Mount Pearl. This is largely attributable to higher expenditures per household by St. John’s relative to Mount Pearl.

By 2019, residents of the former City of St. John’s will still see rates 13 per cent lower than they would have been in an independent City of St. John’s and residents of the former City of Mount Pearl will see residential rates about 0.4 per cent lower than they would have been in an independent City of Mount Pearl. The initial increase in rates reflects the higher effective rate when Mount Pearl and St. John’s are combined. By the end of the projection period, tax base growth, which has recently been strong, will offset the initial increase and result in a net reduction of the effective rate for both St. John’s and Mount Pearl.

*Commercial Taxes* – In 2012, at the outset following amalgamation, businesses in the former City of St. John’s will see the combination of realty and business rates fall by 8.8 per cent from what they would have been in an independent City of St. John’s (9.5 per cent less for commercial realty and 8.0 per cent less for business occupancy). However, businesses in the former City of Mount Pearl will see commercial realty rates rise by about 25.5 per cent, while business occupancy rates will fall by about 7.7 per cent (for a weighted net increase of 9.8 per cent).

By 2019, the difference in the rates will fall somewhat. Businesses in the former City of St. John’s will see the combination of commercial realty and business occupancy rates fall about 18.6 per cent from what they would have been in the current City of St. John’s. Businesses in the former City of Mount Pearl will see commercial rates rise by about 11.9 per cent and business occupancy rates fall by 17.7 per cent relative to what they would have been in an independent City of Mount Pearl. The net effect will be a 2.1 per cent decrease in tax rates.

## 6.2 ST. JOHN’S, MOUNT PEARL AND PARADISE

**Table 6.2** describes the results of the amalgamation analysis in the event the eastern portion of the Town of Paradise is included in an amalgamation with the Cities of St. John’s and Mount Pearl. Given the relative size of City of St. John’s operations today compared to Mount Pearl and Paradise, the proportions of the savings and costs



associated with this scenario are not as dramatically different as they were in earlier presentations of this model.

Table 6.2: Estimated Financial Impact of Amalgamating St. John's, Mount Pearl, and Paradise (2010\$), 2010-2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Expenditures for St. John's, Mount Pearl and Paradise (\$,000s)</b>										
Amalgamated	\$245,430	\$245,791	\$250,661	\$253,057	\$254,315	\$255,127	\$255,749	\$256,291	\$256,805	\$257,313
Change		0.15%	1.98%	0.96%	0.50%	0.32%	0.24%	0.21%	0.20%	0.20%
Separate	\$245,430	\$252,032	\$257,192	\$259,711	\$261,020	\$261,855	\$262,485	\$263,033	\$263,550	\$264,057
Change		2.69%	2.05%	0.98%	0.50%	0.32%	0.24%	0.21%	0.20%	0.19%
<b>Savings</b>	<b>\$0</b>	<b>\$6,241</b>	<b>\$6,532</b>	<b>\$6,655</b>	<b>\$6,705</b>	<b>\$6,727</b>	<b>\$6,737</b>	<b>\$6,742</b>	<b>\$6,745</b>	<b>\$6,745</b>
<b>Tax Rates in the Amalgamated City (\$/\$100 Assessment)</b>										
Residential	10.48	9.40	8.79	8.54	8.45	8.42	8.40	8.40	8.40	8.41
Change		-10.37%	-6.45%	-2.84%	-1.04%	-0.42%	-0.21%	0.00%	0.00%	0.11%
Commercial	14.93	13.38	12.52	12.18	12.04	11.99	11.98	11.97	11.98	11.99
Change		-10.38%	-6.46%	-2.70%	-1.10%	-0.44%	-0.07%	-0.07%	0.07%	0.07%
Business Tax	16.04	14.38	13.44	13.08	12.93	12.88	12.85	12.85	12.85	12.86
Change		-10.38%	-6.51%	-2.72%	-1.09%	-0.41%	-0.21%	0.00%	0.00%	0.07%

Source: Solutions Inc.

*Total Expenditures* - The Total Expenditures row shows the expenditures of a new city comprised of the three units. The figure for 2012 is, again, the simple consolidation of the Status Quo. Savings associated with this amalgamation are the same as modelled for the amalgamation of the Cities of St. John's to Mount Pearl running from \$6.2 immediately after amalgamation to just over \$6.7 million by the end of our forecast period. This is similar to the previous level of savings because of the relatively modest expenditures associated with the portion of Paradise that is proposed to be included in amalgamation. It is also assumed that the area of Paradise to be included in the amalgamation will not create significant opportunities for scale economies.

*Residential Property Taxes* - In the first year of amalgamation, 2012, residents of the former City of St. John's will see their residential realty rate fall by about 3.6 per cent. Residents of the former City of Mount Pearl will see their residential rates rise by about 10.4 per cent.

By 2019, the tax differentials will decline somewhat. The former residents of the City of St. John's will have residential taxes about 13.8 per cent lower than they would have been in an independent City of St. John's. The former residents of the City of Mount Pearl will have a residential rate about 1.2 per cent lower than they would have experienced in an independent City of Mount Pearl.

Residents in the portion of Paradise to be amalgamated will see residential initially rates by about 14.8 per cent in 2012 and in 2019 they will be about 2.7 per cent higher than they would have otherwise been.



*Commercial Taxes* - Commercial realty tax rates will generally be lower. However, the distribution of the tax burden among the businesses in the amalgamated city will result in differential impacts on the amalgamated areas of the new city. For example, the former City of St. John's will see its combined commercial realty and occupancy rates fall by 13.3 per cent. However, business owners in the former City of Mount Pearl will see their commercial rate rise by about 20.3 per cent, while occupancy taxes will fall by 10.6 per cent (a net increase of approximately 5.7 per cent). Business owners in the portion of the Town of Paradise that is to be amalgamated into the new city will see their business occupancy rate fall by about 0.2 per cent.

By 2019, businesses in the former City of St. John's will see business rates that are 22.3 per cent lower than they would have been in an independent City of St. John's. Businesses in the former City of Mount Pearl, in 2019, will pay rates 5.4 per cent lower than would have been in an independent City of Mount Pearl. Businesses in the portion of the Town of Paradise amalgamated with the two cities will pay a net of 4.0 per cent more than they would in the Town of Paradise (17.1 per cent more commercial tax and 10.7 per cent less occupancy tax).

### 6.3 IMPACT ON PARADISE

As **Table 6.3** shows, the remainder of the Town of Paradise is, in financial terms, positively impacted by the loss of a portion of its area to the amalgamation of the Cities of St. John's and Mount Pearl. This is the case because we have assumed that a large portion of the Town's debt load will move to the new amalgamated city. We have adopted this assumption because a both Environmental Health expenditures and a disproportionate share of the Town's debt are associated with the provision of water and sewer services in the portion of Paradise considered for amalgamation.

Table 6.3: Estimated Financial Impact of Amalgamation on the Remainder of the Town of Paradise (2010\$), 2010-2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Remaining Town of Paradise Expenditures (\$,000s)</b>										
Amalgamation	\$10,895	\$10,950	\$11,000	\$11,047	\$11,091	\$11,133	\$11,172	\$11,209	\$11,244	\$11,278
Change		0.50%	0.46%	0.43%	0.40%	0.37%	0.35%	0.33%	0.31%	0.30%
Status Quo	\$19,683	\$19,789	\$19,887	\$19,979	\$20,065	\$20,145	\$20,221	\$20,293	\$20,362	\$20,427
Change		0.54%	0.50%	0.46%	0.43%	0.40%	0.38%	0.36%	0.34%	0.32%
<b>Savings</b>	<b>-\$8,788</b>	<b>-\$8,839</b>	<b>-\$8,887</b>	<b>-\$8,932</b>	<b>-\$8,973</b>	<b>-\$9,012</b>	<b>-\$9,049</b>	<b>-\$9,084</b>	<b>-\$9,117</b>	<b>-\$9,149</b>
<b>Tax Rates in Remaining Town of Paradise (\$/\$100 Assessment)</b>										
Residential	6.88	6.31	5.74	5.62	5.62	5.66	5.72	5.78	5.86	5.95
Change		-8.23%	-9.12%	-1.97%	0.00%	0.67%	1.00%	1.16%	1.31%	1.45%
Commercial	9.43	8.63	7.47	7.35	7.32	7.33	7.36	7.39	7.42	7.46
Change		-8.51%	-13.35%	-1.64%	-0.39%	0.13%	0.39%	0.38%	0.38%	0.51%
Business Tax	9.24	8.46	7.33	7.20	7.18	7.19	7.21	7.24	7.28	7.30
Change		-8.48%	-13.28%	-1.80%	-0.26%	0.13%	0.26%	0.39%	0.52%	0.39%

Source: Solutions Inc.



In the remaining Town of Paradise, total expenditures will fall to about \$8.8 million from the projected Status Quo level of approximately \$11 million per year (for the remainder of Paradise in this analysis). Coincident with this substantial expenditure reduction will be a significant reduction in rates for the remaining residents of the town.

For example, in 2012 the implied real property rate is estimated at 8.1 mills (Paradise's posted residential mil for 2011 is 8.9) and the implied business occupancy rate is about 14.4 mills. These rates will fall to about 6.3 mills for real property and 8.5 mills for business occupancy in the remaining Town of Paradise.

## 6.4 SUMMARY

The financial impacts from amalgamation will be distributed differently among St. John's and Mount Pearl. **Table 6.4** summarizes the changes in implied tax rates calculated for each municipality under the two amalgamation scenarios that we have considered. Negative numbers represent a decrease in tax rates, while positive numbers reflect increases. The first scenario does not involve Paradise, while the second has considerably different impacts on the portion of Paradise to be amalgamated and the remainder of Paradise that will remain as a separate community.

*Table 6.4: Summary, Impact on Implied Tax Rates, Alternative Amalgamation Scenarios, 2012 and 2019*

Rate Category	Municipal Unit	St. John's & Mount Pearl		St. John's, Mount Pearl & Paradise	
		2012	2019	2012	2019
Residential Realty	St. John's	-2.5%	-13.0%	-3.6%	-13.8%
	Mount Pearl	11.7%	-0.4%	10.4%	-1.2%
	Amalgamated Paradise	N/A	N/A	14.8%	2.7%
	Remainder of Paradise	N/A	N/A	-27.2%	-39.3%
Commercial Realty	St. John's	-9.5%	-19.3%	-13.3%	-22.3%
	Mount Pearl	25.5%	11.9%	20.3%	7.8%
	Amalgamated Paradise	N/A	N/A	30.7%	17.1%
	Remainder of Paradise	N/A	N/A	-20.5%	-43.7%
Business Occupancy	St. John's	-8.0%	-17.9%	-10.9%	-20.2%
	Mount Pearl	-7.7%	-17.7%	-10.6%	-20.0%
	Amalgamated Paradise	N/A	N/A	-0.2%	-10.7%
	Remainder of Paradise	N/A	N/A	-44.6%	-58.8%
Weighted Commercial / Business Occupancy	St. John's	-8.8%	-18.6%	-12.1%	-21.3%
	Mount Pearl	9.8%	-2.1%	5.7%	-5.4%
	Paradise	N/A	N/A	16.1%	4.0%
	Remainder of Paradise	N/A	N/A	-31.9%	-50.9%
Improved (reduced tax rate)		Worsened (increased tax rate)			

The scenarios themselves have relatively modest influence on the change in tax rates. The inclusion of part of Paradise in amalgamation will enhance positive effects for St. John's and Mount Pearl and moderate negative impacts. The influence of Paradise,



however, is modest as the portion proposed for incorporation in the enlarged city is small by comparison to the two cities.

Amalgamation, by our calculations, should benefit both residents and businesses in St. John's in the short and long terms. Short-term impacts on Mount Pearl, on the other hand, will be negative as a more equitable distribution of regional service costs is established. In the longer run, however, tax rates should fall below current levels as the residential and business tax bases continue to grow.

The portion of Paradise to be incorporated in amalgamation will be affected in a similar manner to Mount Pearl as its residents and businesses will become more directly responsible for the services that they benefit from. The balance of Paradise, which does not make use of these services, by contrast, will be freed of any responsibility for associated debt and operating costs that will allow a substantial reduction in tax rates for both residents and businesses.

## 7.0 WHY AMALGAMATE?

Municipal reorganization has always been controversial. Although Brooklyn was nearly bankrupt when it was annexed by New York City in 1898, its constituents voted in favour of the union by the minuscule margin of 277 votes (64,744 to 64,467). Even today, some leading Brooklynites invoke public choice concepts to argue that things would have turned out better for North America's pre-eminent urban region had it never been consolidated:

If consolidation had not taken place, it seems clear that continued independence for Brooklyn, Long Island City or Queens, and New York City would have fostered intense competition among the municipalities, resulting in dynamic economic growth and an even stronger metropolitan region than we have today.<sup>210</sup>

As we have acknowledged above, the Atlantic Canadian amalgamations of the 1990s were similarly resisted. Like the consolidation that created the contemporary City of New York, though, the enlarged municipalities created more than a decade ago have nevertheless persevered. Some have also prospered, although obviously not remotely to the same degree as New York. Some are also obviously criticized by constituents and by municipal analysts for shortcomings that are both real and imaginary. As with New York, though, it takes a substantial leap of faith to imagine that the fate of any of these regions would have been enhanced by maintaining the fragmented Status Quo.

While the attack mounted on municipal restructuring has subsided and interest in consolidation is reviving, it is understandable that many members of the public continue to raise questions. The following sections of this chapter address key issues that may be in the minds of residents of St. John's, Mount Pearl, and the balance of the Northeast Avalon concern amalgamation, its possible drawbacks, and its potential benefits.

### 7.1 WHY CAN'T WE ALL GET ALONG?

Public choice advocates suggest that amalgamation can invariably be avoided because of the ability of municipal governments to partner with each other. If a municipality is too small to afford an arena or does not have an adequate source of water for its residents, it can buy the service from another municipality that has the resources, the financial clout,

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<sup>210</sup> Brooklyn Borough President Howard Golden quoted in Owen Moritz, "Greater New York, Lesser Brooklyn?", *New York Daily News*, January 4, 1998, [http://www.nydailynews.com/archives/news/1998/01/04/1998-01-04\\_greater\\_new\\_york\\_lesser\\_bro.html](http://www.nydailynews.com/archives/news/1998/01/04/1998-01-04_greater_new_york_lesser_bro.html).

or the necessary technical capacity to provide. If no nearby municipality is large enough, two or more municipalities can band together to provide the service to themselves and, perhaps, to others.

Inter-municipal arrangements have long been a feature of local service provision across Canada and their use has been increasing. Some municipal analysts, in fact, reference St. John's as an example of the "increased use of inter-municipal boards and servicing agreements."<sup>211</sup> Such partnerships, of course, can succeed and often do. Even after the amalgamation proposed here, St. John's will continue to have the leading role in the provision of solid waste management services to other municipalities on the Avalon Peninsula and in the provision of fire protection to several municipalities on the edge of the urban core.

Whether or not friction continues to characterize these inter-relationships is open to question. The terms that are required to ensure a successful inter-municipal agreement, after all, differ little from the prerequisites for successful voluntary amalgamation. As the Nova Scotia manual referenced in **Section 3.4** explains, both parties must be committed to make an agreement work. The manual even alludes to the threat of amalgamation as a motivator to set differences aside.

## 7.2 WHAT CHOICE IS THERE?

Public choice advocates contend that a multiplicity of municipalities gives citizens choices among which to choose the local government that best meets their service preferences. A key issue that appears to make inter-municipal agreements particularly difficult in Atlantic Canada, however, is the lack of partners. Unlike American metropolises in which a municipality in need of a particular service can normally negotiate with several other municipalities to obtain a fair price and appropriate service level, Atlantic Canadian cities rarely have more than one viable partner. Under these circumstances the service providing municipality is often obliged to be "fair" and the service client must accept that assessment of fairness with little to compare it to. If disagreement erupts, divorce ensues and the client municipality is orphaned as has happened to Nova Scotia's Town of Westville.

The Northeast Avalon does not have sufficient population to support the range of choices and municipal service providers that can be sustained in a metropolitan area of a million or more residents. If the amalgamation recommended in this report takes place, the number of municipal units in the region will fall from 14 to 13. The number of municipal units available to provide services required by other municipalities will not change at all. The one that does act as the regional service provider will be stronger and more capable. The lost residential choice would be the disappearance of a suburban municipality relatively protected from the challenges of maintaining older infrastructure and correcting

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<sup>211</sup> C. Richard Tindal, *op cit.*, p. 6.



infrastructure deficiencies in which residents can take advantage of services provided by their larger, older, more urban neighbour at a significant discount if not free of charge.

In the Northeast Avalon, as outlined in **Chapter 5**, St. John's is the primary service provider for the entire urban core – most certainly for the area we are suggesting should be amalgamated. This role has fallen to St. John's not only because it is the largest municipality on the Northeast Avalon but also because of its geographic position and historic status. Only St. John's is large enough to provide key services such as transit and wastewater treatment. In addition, the topography of the urban core requires that wastewater and stormwater ultimately be discharged in St. John's and the pattern of roads in the region and province necessarily converges on the region.

Some public choice theorists faced with the inadequate size of municipalities in some areas argue that municipalities do not have to provide services directly. If they are too small or lack the capacity to produce needed services, they can contract with private companies, as Robert Bish has suggested municipalities in the Saint John region should do (**Subsection 4.2.2**). St. John's does this in the case of its para-transit service, which is provided by Wheelaway Transportation Inc., a private sector transportation firm, and for the marketing of its convention facilities, which is done by Destination St. John's.

On the whole, though, public-private partnerships (P3s) are not common in Newfoundland and Labrador. The relatively small provincial economy does not appear to support domestic P3 providers and has not apparently attracted many private providers from elsewhere. The approach has also been resisted by public sector unions in the province as it has been elsewhere. P3 approaches probably have the potential to be applied more widely in the Northeast Avalon but considerable progress will be required before they can become a reliable alternative to direct municipal provision of needed goods and services.

### 7.3 WILL ST. JOHN'S GET TOO BIG?

Although St. John's is the largest city in Newfoundland by a wide margin and narrowly trails CBRM as the third most populous municipality in Atlantic Canada, it is not a large urban centre. The city ranks 48th by population among Canadian municipalities based on 2006 Census population. No less than 23 towns, cities, or regional municipalities in Ontario alone are larger, as are 275 municipalities counted by the 2000 United States Census.

If St. John's is combined with Mount Pearl, it will be the second most populous municipality in Atlantic Canada with just under 125,000 people and would fall just short of Barrie, Ontario's 17<sup>th</sup> largest municipality. It would have slightly fewer people than Waco, Texas, which is the 193<sup>rd</sup> largest urban municipality in the United States, where we have noted municipal governments tend to be much smaller. It would also barely edge past the population of the *average* municipality in the Los Angeles metropolitan area (see: **Table 3.1**, above), which is touted as an exemplar of responsiveness and flexibility by public choice advocate Robert Bish.





Being residents of a smaller province, Newfoundlanders are accustomed to direct relationships with their political representatives. In St. John's, five ward Councillors, four Councillors at large, and the Deputy Mayor and Mayor provide a ratio of 9,150 residents to each municipal representative, given a 2006 Census population of 100,646. While the number of representatives in St. John's is less than in Mount Pearl, which has five Councillors, and a Deputy Mayor and Mayor representing a 2006 Census population of 24,671, it is considerably more than the norm for Canada's 100 largest municipalities, which average one local government representative for 15,608 citizens. Although the ratio is more than twice as high in St. John's, it is difficult to see a qualitative difference. In both cases, Councillors can only have a first-hand relationship with a minority of residents. The new city would be what St. John's is today, a medium-sized municipal government.

Underlying the issue of representation, of course, is the question of identity, which is invariably invoked by opponents to amalgamation. While municipal incorporation reinforces community recognition, there is no indication, as we have said many times previously, that amalgamation erases a community from the public memory. The communities that originally formed St. John's are still recognized within the City Limits, as are Airport Heights, Shea Heights, Kilbride, Wedgewood Park, and the Goulds, which were more recently added. During his time on City Council immediately after amalgamation former Councillor John Dinn, in fact, stated that the identity of his ward, the Goulds, was "if anything, stronger than before."<sup>212</sup>

The same, of course, can be said of Brooklyn, which does not have to be identified to readers of this report, even though it ceased to be a municipality more than a century ago or of many, many other communities that have become parts of larger city or regional governments. Even communities that never had municipal status continue to be known as places to other residents, to tourists, and to the Post Office. In the case of Mount Pearl, it is unimaginable that the identification of its residents with their community will wane after amalgamation. In the case of the area of Paradise under consideration, it seems likely that its identification with Paradise will be lost but unlikely that the identities of Elizabeth Park, Evergreen Village, and St. Anne's Industrial Park will be eroded given their distinctive features and community character.

## 7.4 AT WHAT PRICE?

While critics of amalgamation are eager to state that amalgamation increases costs and frequently assert their position as if it is an unassailable consensus, **Chapter 4** of this report contains extensive financial data on many municipalities and regions in Atlantic Canada that we feel demonstrates that amalgamation has not increased costs. While the expenditure information does not show spectacular savings in amalgamated municipalities, neither does it suggest dramatically increased costs.

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<sup>212</sup> *Pers comm.*, J. Dinn, June 1999.



Even opponents of amalgamation recognize this. Andrew Sancton, who is cited regularly throughout this report for his opposition to amalgamation, studied amalgamations in Ontario, New Brunswick, and Nova Scotia in the mid-1990s and concluded that, "[t]he debate about cost savings... is a stalemate."<sup>213</sup> Our assessment of amalgamations in Atlantic Canada in the 1990s, however, found six in which cost reductions seem to have been gained immediately: the three Nova Scotia regional municipalities, and Charlottetown and Summerside, PEI, as well as the City of St. John's. Financial data and testimony of administrators indicate that these and other amalgamated municipalities that we have examined have since held their own. They are solvent despite considerable challenges in some cases and compare well to their unamalgamated counterparts. Only the City of Miramichi stands out as having suffered and sustained negative financial consequences, although other benefits from amalgamation have been pointed out by contacts in that region. Even Miramichi, though, does not appear to be any worse off than other municipalities of similar size in New Brunswick.

On the capital side, however, evidence suggests that pressure to raise service standards to "the highest common denominator" frequently follows amalgamation, an experience that St. John's has wrestled with through the annexation of Airport Heights, Kilbride, Shea Heights, and, more recently, the Goulds. Other municipalities we consulted such as HRM and Summerside also indicated that they have had to raise service levels. As we have noted with respect to areas that St. John's has taken on, also, this upgrading is frequently unavoidable and is often postponed until annexation/amalgamation because smaller municipalities lack the technical and/or financial capacity to address service deficiencies. Also, amalgamated municipalities have tended to pursue a higher level of community and cultural infrastructure than their fragmented counterparts, partly because some include larger and more prosperous communities, and partly because they have an easier time coordinating the necessary resources than their fragmented counterparts.

The question in Atlantic Canada is whether expenditures on water and wastewater treatment, stormwater control, libraries, and arenas are a waste of resources by politicians run amok beyond the control of their constituents or are needed investments to protect the environment and advance communities. Atlantic Canada has suffered from chronic underdevelopment of its infrastructure. Amalgamation has allowed several locales supporting a very substantial portion of the region's population to make substantial progress.

A second issue that has influenced the perception of costs associated with amalgamation is the association of most Atlantic Canadian amalgamations in the 1990s with adjustments to provincial-municipal grant arrangements and service downloading. In fact, it is probably fair to say amalgamation was adopted by the region's provinces, at least in part, to ease the transition of suburban and rural municipalities to more urban-style service responsibilities. Nearly all of the consolidated municipal units we have consulted

<sup>213</sup> Andrew Sancton, "Reducing Costs by Consolidating Municipalities: New Brunswick, Nova Scotia and Ontario," p. 286.



have complained that the compensation for taking on new responsibilities was inadequate. Even the Nova Scotia regional municipalities, which all experienced net expenditure reductions as a result of exchanging social service responsibilities for road maintenance, expressed concerns. The factor that has had the greatest impact on the public perception of amalgamation, at least in Nova Scotia, has been the reduction in grants from senior governments that coincided with service exchange.

Municipal costs, in other words, have increased not *because* of amalgamation but *in spite* of it. This outcome is the result of an overall shift from a system of provincial supplements to municipal operations to a more direct reliance on the property tax base.<sup>214</sup> Philosophically, we agree with the change. Direct reliance on a tax base that they control and for which they must answer makes councils more responsible. The reduction of matching grants and other inducements to spend also must reduce the distortion of municipal priorities.

In a combination of St. John's with Mount Pearl and a serviced portion of Paradise, service levelling is not likely to be a significant issue in any case. Changes in provincial-municipal relations should not be a factor either at this point in time. As **Chapter 5** outlines, most urban services in the urban core are already provided by the City of St. John's and these would be changed by amalgamation. Amalgamation will however require the merging of two substantial bureaucracies and the capital of two well developed municipalities. Corporate downsizing goals should be established at the outset to ensure that available savings are achieved quickly and organizational disruption is minimized.

## 7.5 CAN YOU GET GOOD SERVICE?

A leading criticism of amalgamation and the associated enlargement of local governments is their bureaucratization. C. R. Tindal, for example, has noted that while consolidation nearly always reduces the number of local politicians, "What amalgamation would bring is not so much less government as **bigger government**."<sup>215</sup> He contends that local government becomes more formalized with amalgamation. Citizens must prepare briefs to Council as opposed to simply speaking with the municipal representative from their neighbourhood. Politicians become interpreters of formal submissions from citizens and policy proposals from municipal bureaucrats. In smaller municipal units, politicians are more likely to have a hands on approach.

<sup>214</sup> According to Nova Scotia's *Annual Report of Municipal Statistics*, conditional transfers from senior government in Nova Scotia reduced from 19.9 per cent of municipal revenue in 1995 to just 7.6 per cent of municipal revenue in 1997. Over the same period, revenue from municipal taxes (mostly property tax) increased from 53.7 per cent to 61.8 per cent. Also in this time, incidentally, total revenue to Nova Scotia municipalities fell from \$1,003,338,440 to \$907,712,903 or by 9.5 per cent.

<sup>215</sup> *Ibid.*, p. 7. Emphasis in original.

This is probably true for small municipalities with populations of fewer than, perhaps, 1,500 residents. At about this size, our experience is administrative-legislative arrangements are formalized. Full-time municipal staff are hired for most functions and the issues with which politicians must deal become too complex to be addressed without professional advice.

From another perspective, the need for quality technical support is precisely one of the key considerations that justifies enlarging municipal government. It is also a trade-off between small, accessible governments with limited responsibilities and larger units capable of providing a full range of local services. One of the motivations for the amalgamation program when it was introduced by the Wells government was, in fact, the lack of participation in many of Newfoundland's smaller towns where it was frequently difficult to find sufficient residents to form a council.<sup>216</sup>

When considering the situation between St. John's and Mount Pearl, it is unlikely that there will be any significant change in the form or practice of municipal government. Both already have full-fledged municipal bureaucracies and use essentially the same approaches to assess issues: the staff briefings to Council that Tindal maligns. Although this type of approach does reduce the impact of more casual, informal communication that characterizes citizen-council relations in much smaller municipal units, experience has shown that it is very beneficial to ensure comprehensive and technically sound consideration in urban municipalities that must provide an array of complex and interrelated services. This style of governance is well-established in St. John's and Mount Pearl. There is no reason for it to change under the amalgamation scenarios contemplated by this study.

To ensure that amalgamation does not result in government that is simply bigger as Tindal fears, we would also reinforce the need to streamline organizations at the time of consolidation. Although job reductions will be likely to augment resistance to amalgamation, evidence suggests that streamlining is easier and more effective if undertaken as soon as possible. The Region of Queens reduced its staff complement with reasonable ease when it was formed and CBRM staff were reduced at the outset of its existence against much stronger resistance. In both cases, however, the municipalities reduced costs immediately as a result and continue to stand out through their effective cost control. As we noted above, delay extends disaffection with reorganization and deepens the impact of layoffs and terminations on staff morale. It also adds to logistical issues of accommodating staff and, subsequently, downsizing space and equipment requirements.

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<sup>216</sup> See: Porter Dillon Limited, *Position Paper Regarding Municipal Amalgamation in the Northeast Avalon*, p. 26 and pp. 64-65.



## 7.6 WHAT GOOD WILL IT DO?

The proposed amalgamation, as noted, brings together urban areas with very similar levels of service. It is, in fact, a geographic inevitability. It is also a political inevitability that was recognized by the Provincial government of Clyde Wells in 1992 but was, sadly, put off at that time. It unites a “community of interest” that was clearly well-established when we first addressed the amalgamation issue in 1992.

A fundamental issue is the inequity of tax rates between St. John’s, which maintains the older but intensively used infrastructure and services of the urban core and the adjacent suburban municipalities whose residents are heavy users. Leading public choice advocate, Robert Bish, summed up the challenge, in his examination of the Saint John region, which has a very similar population to St. John’s:

A negative consequence of the lack of rivalry among local governments in Greater Saint John is the absence of competitive tax zones in the region. One result of such a tax regime is that taxpayers in higher-density areas unfairly pay the same rate as those in suburban and rural areas that are much more costly to service. Occupants of new developments in low-density areas should pay the full costs of services.<sup>217</sup>

Bish’s reference to “lack of rivalry” clearly establishes that his solution would be the opposite of ours but he gives no direction to overcome the practical challenge facing regions like Saint John and St. John’s that cannot practically be divided into enough units to provide the energetic bazaar of municipal options that Bish and other public choice advocates regard as ideal.

Setting aside the outcomes created by the multi-municipality ideal in larger urban regions, which does not inspire us, no municipality on the Northeast Avalon other than the City of St. John’s is in a position to provide services such as transit, sewage treatment, and solid waste disposal economically. St. John’s has, consequently, become the sole service providing option carrying the obligation to do so efficiently at prices deemed to be acceptable by its municipal customers.

Amalgamation will create a politically equitable structure in which individual recipients of municipal services will directly influence the formulation of municipal service provision. It will also eliminate conflicts over price setting, ensuring ongoing stability in service provision and enhancement. The creation of an amalgamated municipality, furthermore, will create a stronger city to compete in Atlantic Canada.

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<sup>217</sup> Robert Bish, *Organization and Opportunities: Local Government Services Production in Greater Saint John*, p. vi.



## 7.7 CONCLUSIONS

It must be considered positive that arguments in opposition to municipal consolidation have developed over the past fifteen years. Amalgamation, after all, is a substantial step and should not be undertaken lightly: benefits must be compared to costs.

The arguments of opponents, however, largely seem to rest on discounting the cost savings, and administrative and technical efficiencies of consolidation, while heavily emphasizing the representative benefits of smaller municipal units. Certainly, we concede that, all else being equal, a councillor representing 1,000 residents will be able to maintain a closer relationship with constituents than one who must serve 10,000. On the other hand, to be effective any political representative must have a say in the delivery of services and in the resources required for their delivery.

In the case of St. John's and Mount Pearl, this is a critical issue. Whether or not Councillors in Mount Pearl devote as much time to their municipal positions as Councillors in St. John's, their direct involvement in the delivery of many key municipal services is limited. The central role of a Mount Pearl Councillor with respect to the provision of water and sewer services, transportation and transit, and solid waste management is to minimize the cost of these services to their constituents. While this is a legitimate role and is, no doubt, a feature of the responsibilities of Councillors in St. John's, it is detached from equally important responsibilities such as the setting of service levels and environmental stewardship. Furthermore, any distinct savings achieved by Mount Pearl in obtaining these services is necessarily at the expense of other municipalities receiving or delivering the service. Because of its size and lead role of their City in service delivery, the most substantial impact is most likely to be felt by the citizens of St. John's.

With all participants directly engaged in service provision, amalgamation can lead to better coordinated service delivery and more responsible, effective municipal institutions. More often than not it results in higher, more consistent levels of service, frequently addressing real and/or potential environmental and social issues. It can also lead, as we have demonstrated through our review of Nova Scotia and New Brunswick financial data, to cost savings, in exactly the form anticipated by supporters of amalgamation: substantial reductions in administrative overhead.

This last point seems to be the least understood result of amalgamation. As we have explained, the real financial results of municipal consolidation in Atlantic Canada have been obscured by changes in service responsibilities and monetary assistance to local governments. This miscommunication has unquestionably stalled the process of reorganization since 1997. It is worth noting, however, that the opponents of amalgamation who have called into question its financial benefits rarely provide any proof that savings have not been gained.

Although many analysts examined the financial consequences of amalgamation in the 1990s shortly after the formation of new municipalities, none other than Harry Kitchen in

his assessment of Miramichi appears to have found that costs increased. Others like Andrew Sancton, as noted above, called it a dead heat, although there are other stronger statements on specific costs such as those noted with respect to transition in HRM.

The only comprehensive financial assessments that have looked at Atlantic Canadian amalgamations in the longer term are contained in the various editions to this document. In each case, we have noted the struggles with transition that are inherent in municipal reorganization. We, for example, found similar consequences to Kitchen in Miramichi but we found much more positive outcomes and views in other amalgamated municipalities. We have furthermore found that these positive views have been maintained over time as amalgamated municipalities matured and took advantage of their new structure to plan more comprehensively and effectively, to coordinate and enhance service delivery, and to create a broader sense of community.

In the mean time, opponents of municipal amalgamation have attracted considerable support without proving their point through stridently titles such as Andrew Sancton's *Merger Mania: The Assault on Local Government*, and Robert Bish's *Local Government Amalgamations: Discredited Nineteenth-Century Ideals Alive in the Twenty-first Century*.<sup>218</sup> Their major accomplishment has been to shift the *onus* of proof to those who favour amalgamation. Indeed, the only direct comparison of pre- and post-amalgamation expenditures that Sancton provides in his paper, which appears to have been very influential, is based on a study of New Tecumseth, Ontario (formerly four separate townships in the southern portion of Simcoe County), which disclosed "11 per cent savings realized in general government spending from 1990 to 1993" and a 2.5 per cent decrease in "adjusted total expenditures" between 1991 and 1993.<sup>219</sup> These numbers are very similar to the savings we determined from financial information pertaining to the three Nova Scotia regional municipalities.<sup>220</sup>

<sup>218</sup> See: Andrew Sancton, *Merger Mania: The Assault on Local Government*, Montreal: McGill-Queens University Press, 2000, and Robert L. Bish *Local Government Amalgamations: Discredited Nineteenth-Century Ideals Alive in the Twenty-first Century*, C. D. Howe Institute Commentary, No. 150, March 2001.

<sup>219</sup> Ontario Ministry of Municipal Affairs, *New Tecumseth 4 Years After – an Interim Review of a Restructured Municipality*, Toronto: Ministry of Municipal Affairs, 1995, p. 2 and p. 17 cited in Andrew Sancton, "Reducing Costs by Consolidating Municipalities: New Brunswick, Nova Scotia and Ontario," pp. 278-279. Sancton points out on p. 279 that if the "adjusted total expenditure" comparison were based on the 1990 to 1993 period as opposed to 1991 to 1993, "the decrease is only 0.2 per cent."

<sup>220</sup> Sancton ("Reducing Costs by Consolidating Municipalities: New Brunswick, Nova Scotia and Ontario," p. 276) is critical of savings projections by Bill Hayward, the Municipal Reform Commissioner for Halifax County, which at the time Sancton was writing (1996) could not be verified against actual financial data. Hayward estimated that amalgamation could save \$9.8 million on an estimated budget of \$439.6 million (2.2 per cent). After eliminating the apparent impact of service exchange, which was \$46.8 million in favour of HRM (see Table 4.5, above), the new municipality appears to have reduced its expenditures by approximately \$8.4 million in 1997 relative to the expenditures by its predecessors in 1995. When the 1997 figure is adjusted for inflation to 1995 dollars, savings are \$8.6 million, suggesting Hayward was out by 12.2 per cent, which seems an acceptable margin of error in this type of analysis.





Anti-amalgamationists like Sancton and Bish attribute lower tax rates to greater efficiencies they perceive in small jurisdictions where they believe politicians have a hands on approach and citizens contribute voluntarily to municipal needs. We counter that, while voluntarism is valuable, the main reason for lower taxes in these areas is simply avoidance of service responsibilities. Sometimes smaller municipal units achieve this by taking advantage of services in nearby municipalities, as Mount Pearl residents take disproportionate advantage of roads and recreation facilities in St. John's or as Wedgewood Park residents did before their town was amalgamated with St. John's. At other times, smaller municipalities simply have not provided services or have avoided demands beyond their means. This was the case in the areas annexed by St. John's in the 1980s and in the Goulds before its amalgamation with St. John's in 1992. The Metro Board and the Town of the Goulds deferred capital investments that St. John's has since been making up.

In the past, too, smaller municipal units received more assistance from senior governments than larger, more independent local governments. Although this influence is waning, its legacy is apparent in the newer, less expensive to maintain infrastructure built by NLHC for Mount Pearl. As Mount Pearl's infrastructure ages, this cost advantage will narrow. Indeed, roads, sewers, and water lines in Mount Pearl are probably approaching an age where renewal will be required and municipal costs will begin to rise.

Amalgamation will provide a fairer environment in which all citizens within the urban core can participate in the definition and financial support of municipal services that they use. It will create a stronger capital city for Newfoundland and Labrador. The substantive differences among the municipalities in the Northeast Avalon region – particularly the lower taxes levied in Mount Pearl – have much more to do with specific local advantages in infrastructure condition and tax base.