

E Pluribus Unum:

Municipal Amalgamation and the City of Toronto

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The experience of municipal amalgamation in Toronto remains one of the most discussed and observed political and governance phenomena of our times. Response to Premier Mike Harris' plan to amalgamate seven administrations – six cities and one region – under the umbrella of the current City of Toronto has been as diverse as the city itself. Proponents argue that size brings clout, and opponents respond that size brings chaos. Regardless of one's position on the issue, it is impossible to deny that the landscape of the Toronto region changed remarkably in 1998. This paper will seek to shed some light on this change. It will begin by outlining the context in which amalgamation was implemented, including the tense relationship between the Common Sense Revolution and Citizens for Local Democracy. Following this, the current state of the city will be explored against the objectives of the Harris government, focusing on finances and politics in particular. Finally, a series of policy recommendations will be offered that can be used to improve current post-amalgamation realities.

The experience of municipal amalgamation in Toronto remains one of the most discussed and observed political phenomena of our time. The process of politically and institutionally unifying six city governments and one regional government under the aegis of a single entity has been long and arduous. Response to the amalgamation plan proposed and implemented by Progressive Conservative Premier Mike Harris' government in 1997 and 1998 has been as diverse as the city itself. Proponents of the scheme point to the reduction in the size of government and the elimination of redundancies across the six boroughs, frequently focusing in the largess of the new City of Toronto and the political clout that comes from size since "unity brings strength" (James, 2009a). The other side of the debate has been equally vocal. Former City Manager Shirley Hoy pointed to the size of the new "Megacity", noting publically that the size of the project disconnects the city from the citizenry (Grant, 2007). Pre-amalgamation mayors John Sewell and Michael Prue refer to Toronto amalgamation as "a real body blow to the city" and "a disaster", pointing to the cost of the restructuring to both municipal finances and the democratic bonds between citizens and city council (James, 2009a).

Regardless of one's position in the debate, certain facts remain irrefutable. The entire institutional and political landscape of Ontario changed dramatically on 1 January 1998, when the rule of the six boroughs and the Municipality of Metropolitan Toronto ended and the new City of Toronto was incorporated (Boudreau, Keil, and Young, 2009, 74). Under this scheme, seven previously independent but coordinated municipal administrations were combined into one administration with a single city council and one mayor. This was completed under the auspices of a few broad objectives, including cost saving, increased accountability to voters, and the elimination of governance and service duplications across the delivery network (Kushner and Siegel, 2003, 1035).

Despite lingering feelings on both sides of the debate, the incorporation of the City of Toronto as an amalgamated government is a factual reality and one that is unlikely to change in the foreseeable future. Given this reality, the amalgamation story in Toronto is an ongoing experiment in municipal governance and political restructuring. This paper will seek to shed some light on this experiment. It will begin by briefly outlining the context within which Toronto amalgamation was proposed, deliberated, and implemented, including the tense political environment of the Common Sense Revolution and Citizens for Local Democracy. Following this, the present state of the new City of Toronto will be evaluated against the stated objectives of the Harris government, with particular emphasis on the financial impact of the restructuring and the political aftermath of amalgamation. For the most part, these findings suggest that amalgamation has been costly and divisive. Finally, the paper will conclude by offering a series of policy recommendations that can be put to use as the amalgamation project continues.

The Context of Amalgamation: Common Sense and Common Cents

Prior to the incorporation of the new City of Toronto, the six boroughs of Toronto, Etobicoke, York, North York, East York, and Scarborough functioned as independent municipalities. Since 1953, the thirteen municipalities in the region comprised the upper-tier Municipality of Metropolitan Toronto, known colloquially as Metro Toronto. It was the first urban federated municipality in Canada, and quickly became a model to be replicated elsewhere (Feldman, 1995, 203). This structure was reconfigured in 1966 to transform

the thirteen discreet boroughs into six larger units (Bourne, 2001, 32). By the mid-1990s, Metro Toronto covered an area of 632 square kilometres and nearly 2.4 million residents (Bourne, 2001, 30). It oversaw a budget of \$3.9 billion and employed about 30 000 people in areas as diverse as transit operations, emergency services, and a permanent bureaucracy (Feldman, 1995, 203). The Metropolitan Council consisted of 34 members, including the six borough mayors, directly elected councillors, and a Chairperson. The bureaucracy consisted of 14 departments and 12 agencies, boards, and commissions, which were administered by the Chairperson in their additional role as Chief Executive Officer (Reddy, 2001, 70-71).

Though many reasons have been postulated over the years to explain the rise of Metro as a model of municipal governance, the issues of resources and coordination are the most persuasive. The individual six boroughs lacked the fiscal capacity to raise enough capital to finance the post-war boom in population and prosperity, such as constructing new sewage and transportation capacity. The size of Metro as an economic actor made efficient leveraging possible (Sancton, 2005, 321). As a regional actor, Metro could use this fiscal capacity to coordinate planned and efficient growth across the entire jurisdiction.

The boroughs operated as independent governments within a loose federation. Prior to amalgamation, many municipal services were already being funded and administered at the Metro level. The division of competencies under the Metro model followed the principal of subsidiary now popular in much of the federalism literature. In essence, the Metro government would administer services common to the entire region, while individual municipal councils retained control over other competencies that could be more effectively administered at the local level (Reddy, 2001, 70). Under this framework, Metro oversaw such macro-level services as corporate licensing, sewage, traffic control, police services, and public transit. Welfare and aspects of social assistance were cost-shared by the provincial government and Metro. The individual municipalities oversaw more local matters, including building regulations, elections, road maintenance, fire protection, and the municipal portion of low-income housing (Feldman, 1995, 222-224). The Metro model

of regional governance allowed for both efficiency through coordination and effectiveness through local connections to constituent communities.

The Metro structure began to suffer some substantial stresses near the end of the experiment with two-tier metropolitan government. The area was undergoing major transformations but the governance model proved unable to keep up. Population growth patterns began to influence the proceedings of Metro Council, as the more conservatively minded suburban boroughs grew at a faster rate than Toronto. This became apparent as the councillors from the outer cities became increasingly reluctant to pay for the required infrastructure upgrades in the downtown core (Sancton, 2005, 321). The same sort of population dynamic developed in relation to the “905” region of suburban communities encircling Metro Toronto.

The 905 areas grew at an average of four percent from 1971 onward, while Toronto had reached a plateau of population growth (Canadian Urban Institute, 1992, cited in Horak, 1998, 14). By 1991, the population of the suburban 905 communities had reached virtual parity with that of Metro Toronto, and economic activity was spreading outward rather than inward to capitalize on lower taxes and a more business-friendly environment (Frisken et al., 1997, quoted in Horak, 1998, 14). Financial troubles began to plague the system as more and more municipal competences were increasingly being financed by provincial or federal government grants, such that 44 percent of Metro revenue and 23 percent of the City of Toronto’s budget came from these funding programs (Horak, 1998, 14). As creatures of Queen’s Park, the municipalities became progressively more worried about this trend, since their very operation was becoming dependent upon the whims of another order of government. Moreover, operating social services and Metro’s other competences became increasingly expensive as needs in the expanding outer regions deviated from those of the downtown core (Bourne, 2001, 36). Given all of these pressures on Metro Toronto, the system was clearly in need of reform.

The provincial election in 1995 was a watershed moment in the history of municipal affairs in Ontario. Mike Harris and his Progressive Conservatives handily trounced the

left-wing government under Bob Rae that had reigned since 1990, winning 82 out of the possible 103 seats in the Ontario Legislature compared to the 30 for the opposition Liberals and only 7 for the sitting New Democratic Party (Elections Ontario, 2003). This overwhelming majority government gave Mike Harris the platform from which he could launch his Common Sense Revolution. During the election campaign, Harris focused his policy planks around two primary promises: cutting provincial income tax rates by 30 percent, and balancing the provincial budget (Clarkson, 2002, 113). In order to accomplish this, Harris would need to slash \$6 billion from the total provincial budget of \$56 billion (Boudreau, Keil, and Young, 2009, 71).

While the Common Sense Revolution reached every corner of the province, including education and health care, the policies of downloading and amalgamation were particularly potent to municipal issues. Both of these policies were meant to reduce the size of government (Kushner and Siegel, 2003, 1035). The competences of the municipal and provincial orders of government were reshuffled under Harris' downloading scheme. Administration and funding of education was made an exclusively provincial domain. In exchange, many services previously provided by the province were pushed down to the municipal level such that they were either shared or given exclusively to the lower tier. These included welfare, public transit, emergency services, and social housing (Schwartz, 2001, 14-18). The precise details of these funding arrangements are beyond the scope of this paper, but the end result was that municipalities became responsible for funding and administering a number of very expensive services that had hitherto been the domain of the provincial government. All told, the provincial government downloaded about 20 percent of its spending to the municipalities (Clarkson, 2002, 113).

Amalgamation involved the fundamental restructuring of the municipal governance network in Ontario. On 17 December 1996, Queen's Park announced its intention to disband the Metro government and that of the six municipalities in favour of one municipal government for the old Metro Toronto by way of Bill 103, the City of Toronto Act (Boudreau, 1999, 772). This legislation was a blatant use of the provincial government's total and absolute dominance over municipalities. The legislation seemed to come out

of nowhere and lacked any public consultation in the lead-up to First Reading (Horak, 1998, 16). Al Leach, Minister of Municipal Affairs and Housing, told the public that the amalgamation scheme would “save money, remove barriers to growth and investment, and help create jobs” (quoted in Boudreau, 1999, 772). Though the Harris government advanced no public rationale for the plan, a study prepared by KPMG and commissioned by Queen’s Park showed that amalgamation would result in an annual economy of \$82 to \$112 million, plus annual savings from increased efficiencies in the order of \$148 to \$252 million by 2000 (Schwartz, 2001, 1).

Bill 103 faced mixed public reviews from the beginning. Some groups came out in favour of Toronto amalgamation, including the Board of Trade, Metro Council, and some of the major Toronto daily newspapers (Boudreau, Keil, and Young, 2009, 73). For the most part, public sentiment was squarely against the scheme. A number of different community groups sprang out of the anti-amalgamation camp, varying in size and influence. The single most popular of these was Citizens for Local Democracy (C4LD), organized by urban activist and former Toronto mayor John Sewell (Horak, 1998, 15). Framing the amalgamation scheme as a threat to local democracy and illegitimate due to insufficient public consultation, C4LD quickly became the main outlet for citizen discontent. Weekly Monday night meetings were held with thousands of attendees, which culminated in a William Lyon Mackenzie-inspired march along Yonge Street on 15 February 1997 (Boudreau, Keil, and Young, 2009, 74-75). Despite the efforts of C4LD, referenda held across the region, and even a legal challenge, Bill 103 was proclaimed into law on 21 April 1997 after an attempted filibuster in the legislature by the Liberals. Shortly thereafter, the Fewer Municipal Politicians Act formally scrapped the previous governments and replaced the 107 councillors across Metro with the 44-member Toronto City Council (Clarkson, 2002, 116). The new City of Toronto was incorporated on 1 January 1998, along with a series of transition institutions that remained until the end of the month.

Though the legal incorporation of the City of Toronto may have formally eliminated Metro Toronto and its constituent boroughs, the simple act of provincial legislation was only the

beginning. The process of amalgamation began immediately under the guidance of the Transition Team and the recently elected Mayor Mel Lastman. Indeed, that continues today, nearly one-and-a-half decades later. The next section of this paper will evaluate the process and results of amalgamation, using financial and social indicators as barometers of success.

Financial Impact of Amalgamation on Toronto

The process of amalgamation has been a long and arduous task with many ripple effects that continue to be felt today. This is especially true when one looks at the public accounts of the City of Toronto and the changes therein since amalgamation.

During the amalgamation debate, Premier Mike Harris publically extolled the virtues of amalgamation as a cost-saving tool. He went on record saying that the new City of Toronto would save \$645 million in the immediate short-term after amalgamation and \$300 million annually thereafter, compared to the total expenditures of Metro Council and the six municipal governments (Schwartz, 2009, 483). The KPMG report commissioned by the province projected much more conservative estimates of \$82-\$112 million in annual cost savings and \$148-\$252 million in annual efficiency savings by 2000 (Schwartz, 2001, 1). The same report estimated that the total cost of amalgamation would be \$220 million.

In actual fact, the entire process of amalgamation impacted a relatively minimal share of existing city spending. The services and programs requiring amalgamation comprised only 27 percent of Toronto city expenditure, or \$1.5 billion. The rest of the city's spending went to programs that had already been amalgamated under Metro and simply transferred from Metro Council to Toronto City Council when the incorporation took effect (City of Toronto, 2000, 19). Due to this fact, it is difficult to account for the total financial impact of amalgamation. This is particularly difficult since the City of Toronto has largely ceased reporting on the impact of amalgamation in the same detail it did up to 2000. The figures presented below are a best attempt at separating the effect of amalgamation on city expenditure from price effect increases and the accounting issues surrounding cross-

jurisdiction comparisons.

Amalgamation seems to be costing the taxpayer a lot more money than the pre-amalgamation institutions. The most accurate way of evaluating total expenditure from pre-amalgamation to today is to pool the total spending of the original six boroughs plus Metro and compare it to that of the present City of Toronto. These figures can be appropriately compared since the current City of Toronto is the de facto legal and financial successor to the disbanded institutions. Pre-amalgamation, the total expenditure across the seven jurisdictions was \$3.546 billion in 1990, \$4.704 in 1995, and \$4.595 in 1997, the final year before amalgamation. The average growth in the operating budget from 1990 to 1997 was 1.5 percent, including three straight years of negative growth between 1994 and 1996. The operating cost of the city government ballooned in 1998 relative to the combined budget in 1997. During the first year of amalgamation, costs grew by 18 percent to \$5.600, the largest recorded single-year increase on record. More recently, expenditure for 2007 totalled \$7.800 (all data in 1997 base year dollars, taken from Table 1 in Schwartz, 2009, 485). By comparison, the operating cost estimated in the recently adopted budget for 2011 is \$9.381 billion (City of Toronto, 2011, 8). Unadjusted for inflation, the total operating cost for the new City of Toronto has increased by nearly 70 percent since amalgamation relative to total expenditure across the former Metro. This figure is especially powerful in the context of the Provincial-Municipal Fiscal Review, which uploaded many competencies back to the provincial government starting in 2008. Though the full effect of the Review will only be felt in 2018, the initial uploads to date seem to have had virtually no impact upon city expenditure.

The actual one-time transition cost of amalgamation is reported at \$275 million as of 2009 (Schwartz, 2009, 483). This price is only \$55 million above the projected cost of \$220 million estimated by KPMG in their pre-amalgamation report. The gap of \$55 million is fairly minimal when compared to the total cost of the project and the \$9.786 billion operating budget for the City in 2009 (City of Toronto, 2009, 1). The biggest single proportion of the total cost comes from integrating existing business systems, such as switching to new communications and financial tools. The true cost of this aspect of

amalgamation is unknown, since many departments deferred this task in the early years of the new city and instead opted to include it as part of regular capital improvement costs amortized over time (City of Toronto, 2000, 20-24). Moreover, the one-time costs may prove to be more prolonged than expected due to debt servicing costs. Taking on debt from the provincial government and debenture offerings financed fully \$195 million of the amalgamation costs (City of Toronto, 2000, 20-24). Though much of the provincial funding was either interest-free or very low interest over a long period, the increased costs of borrowing may prove to be more dangerous than expected upon amalgamation. The issue of debt servicing is not unique to the one-time costs of amalgamation, and thus will be discussed in further detail below.

The very nature of the amalgamation scheme implemented by the Harris government suggests that the labour changes should be fairly stark. The objective was to reduce the size of government and the duplications arising from seven governments operating in tandem. The 52 departments, 206 divisions, and 106 elected politicians that existed prior to amalgamation have been reduced to six departments, 37 divisions, and 45 politicians. In the words of one senior bureaucrat, “we have gone from six fire departments and six fire chiefs to one” (McInnis, 2000).

Contrary to logical assumptions, the data suggest that the City of Toronto now employs more workers than when the new city was formed. The total number of city employees was 45 860 in 1998, the year of incorporation. A decade later, the city employed 50 601 across all departments (Schwartz, 2009, 485). The city currently employs 50 000 people, which is a net increase of 4 140 employees since amalgamation. The City of Toronto budget for 2011 shows that approximately 48 percent of all expenditure is going toward salaries and benefits for the aforementioned 50 000 employees (City of Toronto, 2011, 8). Though the number of employees may have increased over time, the issue is complicated by the nature of the positions lost and gained since amalgamation. The new city experienced a reduction of 1 753 full-time equivalent positions, amounting to a nine percent decrease in staff positions from 1998 to 2000. Nearly 60 percent of these reductions were in executive management, going from 1 837 positions across the former

jurisdictions to 1 204 in the new City of Toronto (City of Toronto, 2000, 20-24). The high salaries of the executive management and management positions made for significant savings through staffing reductions, which accounted for the majority of the reported \$301 million in structural economies resulting from amalgamation (McInnis, 2000). Even with these staffing changes, salaries and benefits still account for nearly half of all City of Toronto expenditure. This is due in part to the nature of the services taken on by the city due to provincial downloading. The Toronto Transit Commission (TTC), Toronto Police Services, and Fire Services alone account for \$2.3 billion in spending, fully 53 percent of the total salaries and benefits budget (City of Toronto, 2011, 8).

In addition to changes in staffing arrangements, the new City of Toronto has also had to harmonize wages across the government. Prior to amalgamation, civil servants and other staff across the delivery network earned different salaries for doing similar work. As a general rule, wages were harmonized to the highest equivalent rate elsewhere in the old Metro. Using this measurement, most departments used the rates paid by the old City of Toronto (Schwartz, 2009, 487). The amalgamation of wages began with non-unionized workers and management, since these rates of pay were unbound by the myriad of collective bargaining agreements governing salaries and benefits across the old Metro. This effort went hand-in-hand with the management-level restructuring efforts, since older workers could be offered retirement packages under the old system and their positions would simply be eliminated upon retirement.

The effort to standardize unionized wages was much more difficult. Upon incorporation, the City of Toronto inherited 56 collective bargaining agreements with the patchwork of unions of varying sizes and strengths (Schwartz, 2001, 4). By 2000, the unionized labour environment had been simplified to incorporate only two locals of the Canadian Union of Public Employees (CUPE), the Toronto Firefighters' Association, and six collective bargaining agreements (City of Toronto, 2000, 20-38). These modifications to the unionized labour structure governing the City of Toronto have made a significant difference to the overall simplicity of administering the region, since there are now fewer unions with which the amalgamated government must negotiate and therefore fewer

actors at the table when agreements expire. This has been particularly useful over the past year, as the post-amalgamation agreements covering Toronto Fire Services, Toronto Policy Services, and the Toronto Transit Commission expired in late 2010 and early 2011 (City of Toronto, 2011, 8).

While the amalgamation of the labour unions has produced a number of efficiencies, it has also made Toronto unsustainably reliant upon a very small number of bargaining units. The experience of the two waste removal and transit strikes since amalgamation have left a very bitter taste in residents' mouths as they remember the impact of mounds of rotting garbage and gridlock in the streets as a result of labour disputes. With so few unions, the entire transit network across the city comes to a halt if one unit walks about. The same can be said about waste collection. Remembering the impact of the aforementioned transit strikes, the province of Ontario declared the TTC an essential service on March 30, 2011, making future strikes and walkouts illegal (Howlett, 2011). Queen's Park achieved this through an act of parliament, since municipalities are constitutional creatures of provincial governments. Channelling the attitude of transit workers, union leader Bob Kinnear responded to the legislation by saying "if they think they are going to push us into a corner, I assure you, I promise you, that we will come out swinging in defence of our members" (Howlett, 2011). The tense atmosphere between labour and the drastically reduced number of unions has created a potentially dangerous situation in the new City of Toronto.

The combination of amalgamation and downloading has been very harmful to city finances, as indicated by ballooning budgets since the Harris government implemented both policies. The services downloaded to the city have all but cancelled out any possible savings from amalgamation. These included, but were not limited to, the costly operations of public transit, welfare, and some social services. The Liberal government elected in 2003 under Dalton McGuinty has committed to help ease the fiscal burden on the City of Toronto. The Provincial-Municipal Fiscal and Service Delivery Review completed in 2008 was meant to ease the plight of the city by uploading some of the services transferred down by the Harris government. This move is in line with much of the current

public finance literature, which suggests that broad-based taxes are more effective than municipal property taxes at funding social services (Schwartz, 2001, 5-6). Under the terms of the Fiscal Review, Ontario Works, the Ontario Drug Benefit, and the Ontario Disability Support Program are to be fully uploaded to the provincial government by 2018. This is expected to ease municipal finances by approximately \$400 million in Ontario Works benefits alone by the full implementation of the changes (Government of Ontario, 2008). This could not come soon enough, since 70 percent of the Toronto budget in 2011 will be spent on services that were once financed and administered by the province. The TTC is conspicuously absent from the Fiscal Review, despite the fact that it is second only to Toronto Police Services in the total share of the budget (City of Toronto, 2011, 3).

The renewed and reconfigured City of Toronto Act passed in 2006 was meant to further ease the plight of city finances by creating a number of new revenue-raising tools for the city, including provisions for taxes on vehicle registration, land transfers, alcohol sales, and cigarettes. Using figures from 2006, the taxes on land transfers and vehicle registration were expected to raise approximately \$350 million (City of Toronto, 2006, 6-32). Even with these new tools, 38 percent of the total budget for 2011 was raised through property taxes, which has a lower revenue-generating capacity than value-added taxes. Provincial grants and subsidies account for the second-highest proportion of the budget (City of Toronto, 2011, 3).

Debt is the inevitable consequence of increased municipal spending combined with the weak revenue stream from property taxes. This is especially true in the capital accounts, which include the costs of maintaining and purchasing TTC vehicles. The city budget in 2007 saw the biggest single shift in debt accumulation since amalgamation, which increased the city's total debt burden to \$3 billion by 2011 (CBC, 2007). Servicing this debt now accounts for \$273.33 million annually, or nearly five percent of total municipal expenditure (City of Toronto, 2011a, 5 and City of Toronto, 2011b, 12). The increased debt ratio associated with amalgamation shows a disturbing trend in the municipal accounts, by way of the aforementioned borrowing to cover one-time amalgamation costs and growing capital borrowing since 2007. The city has developed a structural deficit,

meaning that the post-amalgamation City of Toronto is borrowing to fund consumption rather than investment. Downloading is the primary cause of this structural deficit, since the bulk of the borrowed funds are going to finance capital works for the TTC (CBC, 2007).

The city's credit rating has remained strong despite increased borrowing. Toronto's debt ratio may be increasing, but it remains relatively low compared to other cities. Moody's reports that debt comprises 41 percent of operating revenue in Toronto but 98 percent in Montreal (Spears, 2010). The growing costs of servicing municipal debt and the growing structural deficit should be the real concern, since debt servicing charges have the potential to overtake other budgetary priorities in the near future. This was the case with Canadian national accounts in the late 1980s and early 1990s.

Social Impact of Amalgamation on Toronto

Elections represent the collective expression of a polity's needs, wants, and ills. They are the most direct form of popular expression we have, and as such can be used as barometers to track public opinion. This is true of all elections, be they federal, provincial, or municipal. To this end, looking at some of the recent municipal elections in Toronto will paint a picture of the social impact of amalgamation. Many observers feel that there was a political motive behind amalgamating Metro and the six boroughs into one municipal government. The geographical construct of the new City of Toronto as articulated in Bill 103 is such that the suburban regions of Etobicoke, York, North York, East York, and Scarborough together hold more seats on City Council than the old Toronto (Boudreau, 1999, 777). Politically, the five suburban boroughs tended to be more conservative than downtown Toronto (Horak, 1998, 17). Combining the two facts together, it becomes clear that a conservative majority in the suburbs becomes the dominant player over a more left-leaning downtown minority (Sancton, 2003, 6). By forming the new City of Toronto, the liberal opinions of the downtown core would be "tempered" by the conservatism of the suburban periphery (Horak, 1998, 17). Though Harris never articulated this publically, the results of the municipal elections in 1997 and 2010 show that this core-periphery relationship is certainly a factual reality.

The first election for the post-amalgamation City of Toronto and the new position of Mayor was held in late 1997. The two front-runner candidates in this election represented two polar opposite views of urban governance. Barbara Hall was the sitting Mayor of Toronto, and was unabashedly left-of-centre. She was the embodiment of modern urbanism in Toronto, showing a profound concern for the homeless and marginalized while offering complex solutions to social problems (Boudreau, Keil, and Young, 2009, 55). Her views and priorities as mayor grew out of her experience as an anti-poverty lawyer and community organizer (Boudreau, 1999, 776). Hall was also a vocal opponent to amalgamation and a key public figure in C4LD. Mel Lastman was the anti-thesis of Barbara Hall. As the long-time Mayor of North York, Lastman had presided over the stunning economic and population growth of his city. His business background made him promise to freeze property taxes for the foreseeable future (Boudreau, 1999, 776). He unashamedly represented the conservatism of the suburbs with a flamboyant charm that made him hard to ignore.

Figure 1 shows the results of that election broken down by geographical area. After a hard-fought election, Mel Lastman beat Barbara Hall by a slightly over 40 000 votes (City of Toronto, 1997). The map shows that the suburban periphery of the new City of Toronto voted overwhelmingly for Lastman, and the downtown core cast their lot behind left-winger Barbara Hall. Only the southern portions of Etobicoke and Scarborough deviate from this trend. The results for City Council break down in roughly the same way, with less than a quarter of the Council elected in 1997 showing left-wing tendencies and support (Boudreau, 1999, 775). His re-election in 2000 showed much the same result (City of Toronto, 2000). These elections were crucial to the development of the city, as they represented a unquestioning endorsement of Mel Lastman's view of municipal government over that of Barbara Hall. It also meant that Lastman's tax-centred agenda would dominate the early years of restructuring post-amalgamation and post-downloading. At their core, the 1997 and 2000 elections show a vote split along the old pre-amalgamation urban-suburban lines that works to cancel out the progressive centre in favour of the conservative outer ring.

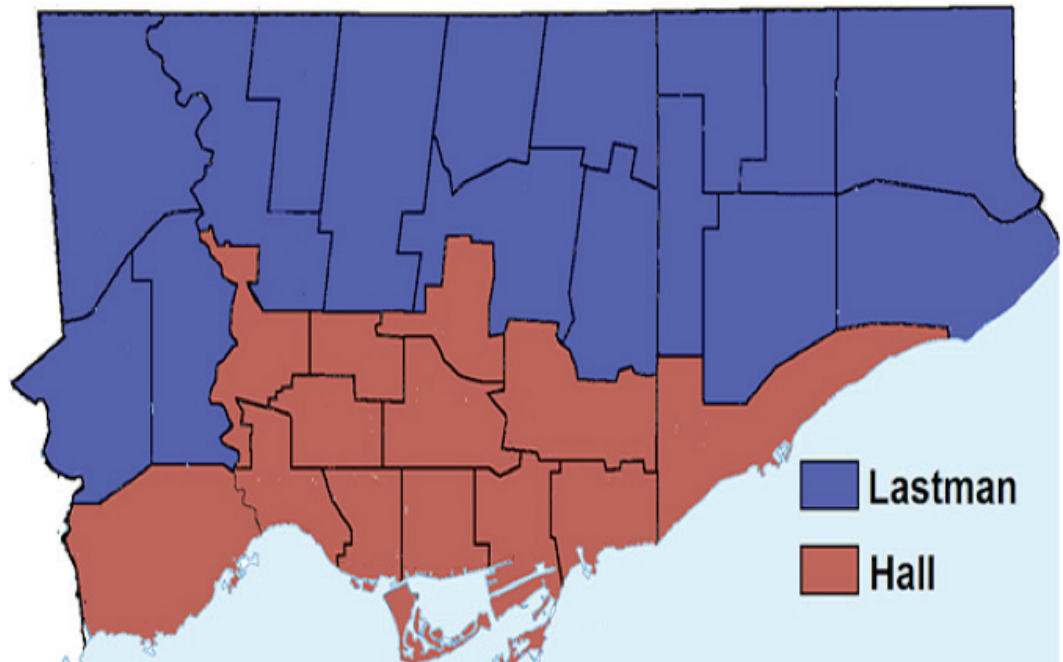


Figure 1, showing the results of the 1977 municipal election by mayor candidate. Source: Flack 2010.

The 2010 municipal election showed that the urban-suburban split is very much alive and well over a decade after amalgamation. The frontrunner candidates were ideological likenesses of Barbara Hall and Mel Lastman. George Smitherman represented the left-wing side of the campaign, focusing much of his platform on the environment, social spending, and working with the marginalized elements of Toronto. He even had a direct connection to Barbara Hall, having served as her chief of staff during her time as mayor and run her 1997 campaign (James, 2009b). Rob Ford, on the hand, was unabashedly holding the right-wing standard. Like Mel Lastman, Ford made a career in municipal politics in the suburban regions of the new city. His famous “stop the gravy train” campaign echoed the populist anti-tax rhetoric of Mel Lastman, promising to scrap a number of social programs and rescind many of the new taxes articulated in the City of Toronto Act (Kohler, 2010).

As can be expected, the election results followed the urban-suburban, pre- and post-amalgamation divide. Figure 2 shows these results laid over a map of Toronto. In the

end, Rob Ford beat George Smitherman by ten percent. Ford carried all of the wards in the four old boroughs of Etobicoke, York, North York, and Scarborough. Unsurprisingly, Smitherman won in every ward in the old City of Toronto, the left-leaning core of the current city. East York was the only region showing any real split between the Smitherman and Ford camps, with the former winning all but three wards (CBC, 2011). This election shows a further consolidation of the 1997 results, since both Etobicoke and Scarborough fell squarely into the Ford's camp without the split along north-south lines seen in the 1997 election. The results of the 2010 election show that the urban-suburban split along pre- and post-amalgamation lines is alive and well in the new City of Toronto. Seeing this trend, municipal commentators have taken to referring to amalgamation as "Harris' gift that keeps on giving" (Toronto Life, 2010).

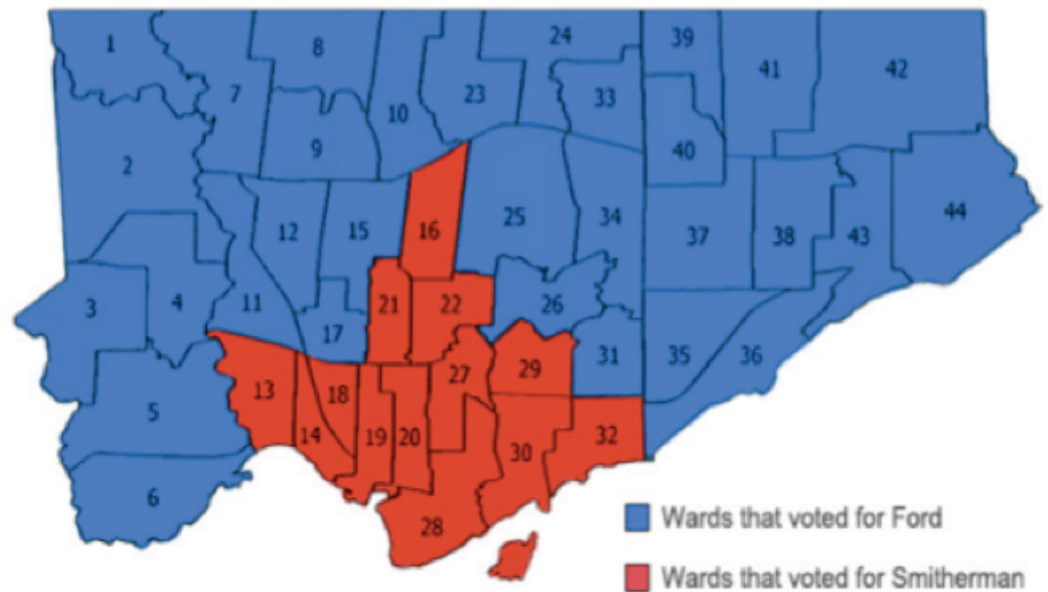


Figure 2, showing the results of the 2010 mayoral election by ward.
Source: CBC, 2011

No discussion of electoral politics in Toronto would be complete without mentioning David Miller, the only left-wing mayor since amalgamation. His electoral victory over conservative candidate John Tory in 2003 seems to contradict the urban-suburban divide that dominated previous elections. Figure 3 demonstrates that the pattern emerged in

the 2003 election as well, though with a different result. David Miller based much of his campaign on his opposition to expanding the Billy Bishop Airport, known colloquially as the Toronto Island Airport (Keil and Boudreau, 2005, 18). This issue galvanized the downtown core and much of the waterfront, which would be most affected by increased air traffic. Even with this strategic advantage, Miller won by a small margin of less than 40 000 votes (City of Toronto, 2003). This same margin swung the race the other way in 1997. Miller’s subsequent re-election in 2007 by 144 037 votes over Jane Pitfield is largely accredited to the latter’s weakness as a candidate (City of Toronto, 2006).

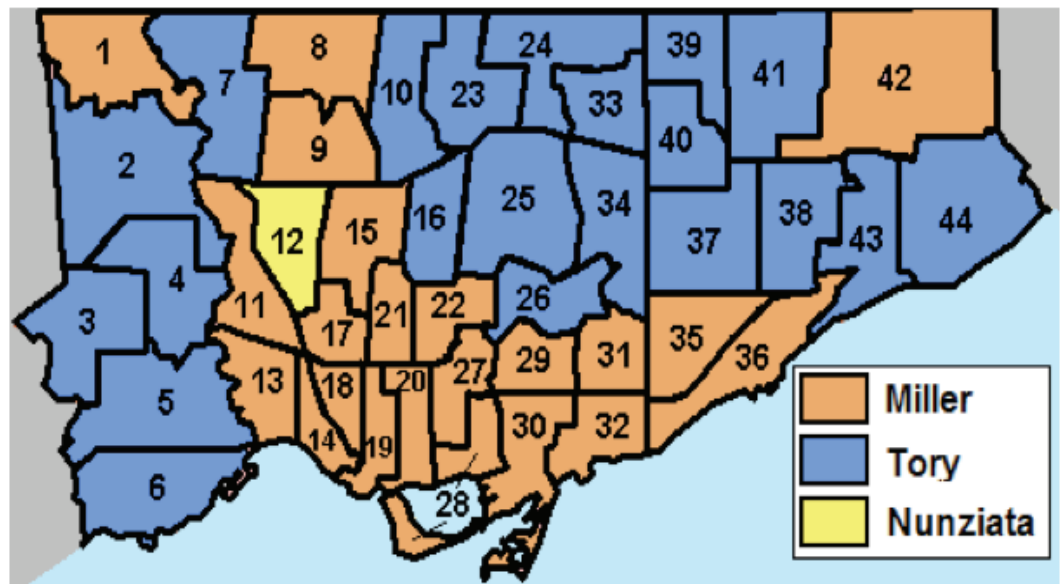


Figure 3, showing the results of the 2003 mayoral election by ward.
Source: Toronto Life, 2010

Recommendations

The evidence shows that amalgamation and downloading have both had an impact upon the finances and social structure of the new City of Toronto. Policy may have a role to play in mitigating and perhaps repairing the financial and social costs of the Harris government’s restructuring programs. The following policy recommendations seek to do just that.

1) Tax reform is urgently needed to support the operations of the City of Toronto

Using property taxes as the primary revenue source makes some sense, given that traditional municipal duties include “local” expenditures such as emergency services and the administration of city government. Funding becomes an issue only in the context of the many more recent additions to the municipal range of responsibilities. Mike Harris’ downloading scheme changed the nature of municipal service provision without modifying restrictions on Toronto’s abilities to raise funds, thus adding expenditures without supporting them through new revenue sources. Simultaneously, provincial regulations prohibiting deficits on operating budgets have forced Toronto to stretch financial resources to fund day-to-day consumption and consequently borrow heavily to fund necessary capital expenses (Slack and Bird, 8). The City of Toronto must be given additional powers to tax, including potentially introducing value-added and income taxes.

2) Follow-through with the Fiscal Review

The Fiscal Review and changes therein could potentially ease the burden on the City of Toronto by uploading many of the costly services pushed down by Mike Harris. The present upload timeline shows that the program will be completed by 2018, seven years from the present (Government of Ontario, 2008). The electoral calendar in both Toronto and Ontario can potentially derail the entire uploading process. At least two provincial elections and one municipal election will be held between 2011 and 2018. Each of these elections can potentially help or hinder the implementation timeline. This is especially true of the provincial elections, since the Progressive Conservatives could potentially form a government under Harris protégée Tim Hudak. Uploading will only help if it is completed, and both orders of government must commit to seeing it through to end. As a constitutional creature of the provincial government, Toronto must do everything it can to hold the provincial government to its commitments.

3) Do something about the TTC

The 2011 city budget allocated 16.3 percent of total expenditure to the TTC, which is the largest single category identified in that budget (City of Toronto, 2011b, 6). The Fiscal Review ignored the TTC as a potential candidate for uploading. This indicates that the

TTC is likely to remain a municipal concern for the foreseeable future. Recognizing the importance of the TTC to economic prosperity in Toronto, it should be supported by grants from both the provincial and federal governments. Paul Martin's New Deal for Cities in 2004 was a step in the right direction, promising a share of the Goods and Services Tax (GST) and revenue raised through gasoline sales directly to cities across Canada (Horak, 2008, 27-32). This plan was interrupted by the change in government in 2006. The present Conservative government in Ottawa seems to have no special interest in public transit, and consequently change does not seem to be on the horizon for the TTC. Despite the current situation in Ottawa and the present attitude from Queen's Park, the two higher orders of government must be brought into the fold if the TTC is to grow to accommodate current and future transit needs.

4) Treat amalgamation as an asset rather than a liability, with built-in flexibility

Amalgamation is a factual reality. Though Winnipeg and some other amalgamated cities in Canada may have demerged since incorporation, there is little sign that Toronto will face similar reconfigurations any time soon (Sancton, 2005, 323). Rather than turning attention to unreasonable dreams of special standing for Toronto under the constitution or even provincial status, lobbying efforts must be turned toward leveraging the size and power of Toronto as a competitive advantage (Clarkson, 2002, 120). In the words of a senior civil servant, Toronto must "seize the opportunities that amalgamation presents" (McInnis, 2000).

Toronto should use the size of its government to cobble together a rich and equitable society. Transit is especially useful in this regard. By taking advantage of the size and power of the Toronto government, coordination is possible that can make a drastic improvement in the everyday lives of many Torontonians. Rather than cutting transit expenditure, the city should leverage its coordinating powers and plan for a large and impressive transit network that can move people from every corner of the city quickly and cheaply. This would also go a long way towards healing the urban-suburban divide, by spreading equality of access to transit across the entire city and not just the downtown core.

With such a large municipal power base, and a diverse population living in Toronto, a certain element of flexibility must be built into the system to allow for some regional differences (Bourne, 2001, 43). The needs of Jane and Finch are very different from those of Leaside, yet both find themselves under the same municipal government. Flexibility would allow City Council to cater to both sets of sets, and many others, by allowing for regional differences in service provisions.

Conclusion

Amalgamation has fundamentally altered many aspects of life in Toronto. The essential fabric governing the Toronto region was turned on its head on 1 January 1998, when the boroughs of Toronto, Etobicoke, Scarborough, York, East York, and North York were amalgamated with the Municipality of Metropolitan Toronto to form the newly incorporated City of Toronto. The system that emerged out of this process is dramatically different from the Metro model that had governed the boroughs since the 1950s.

Financially, amalgamation and downloading have been very expensive for the new City of Toronto. The one-time costs of amalgamation and increased labour expenditure have been a drain on city resources. Harris' downloading scheme has forced the city to finance and administer many services once supported by Queen's Park, including social services and the TTC, which have pushed the city into a structural deficit and potentially into a downward "death spiral" of debt. Socially, the new City of Toronto remains fundamentally fractured along urban-suburban lines. Every election since amalgamation shows this split in the social fabric of the city. This section will offer some policy recommendation that can alleviate the negative financial and social impacts of amalgamation and downloading.

Post-1998 Toronto faces many distinct challenges, many of which have arisen as a direct consequence of the amalgamation and downloading policies pursued by the Harris government. The financial situation in the city requires that Toronto be given new revenue-generating tools, such as value-added or income taxes, and that the provisions of the Fiscal Review be fully implemented regardless of who is in power. Even with these issues resolved, the funding and administrative structure of the TTC must be re-evaluated

to encourage more provincial and federal assistance in the style of Paul Martin's New Deal for Cities. Improvements in this regard would also help to heal the urban-suburban divide that has plagued Toronto since amalgamation. These challenges and many others require attention if Toronto is to live up to its full potential as a truly world-class city.

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