



Metropolitan Governance in Toronto

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Enid Slack
Institute on Municipal Finance and Governance
Munk School of Global Affairs
University of Toronto

IMFG
Institute on Municipal
Finance & Governance

at the

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TORONTO

Outline of Presentation

- ❑ The Canadian Context
- ❑ Background on Toronto
- ❑ History of restructuring in Toronto: from one tier to two tier to one tier
- ❑ Observations on the impact of amalgamation

The Canadian Context

- ❑ Canada is a federation with three levels of government: federal, provincial/territorial and municipal
- ❑ Under the Canadian Constitution, powers are divided between the federal and provincial governments
- ❑ Municipalities are not recognized in the Constitution except to the extent that they are the responsibility of provinces
- ❑ There are 10 provincial governments, 3 territorial governments and about 3,750 municipal governments

Role of the Province

- ❑ Create or dissolve municipalities, e.g. Toronto amalgamation
- ❑ Provincial legislation determines municipal responsibilities and what taxes municipalities can levy
- ❑ Provincial governments set standards for service provision (including non-mandated services)
- ❑ Municipalities cannot run an operating deficit

Role of the Province (cont'd)

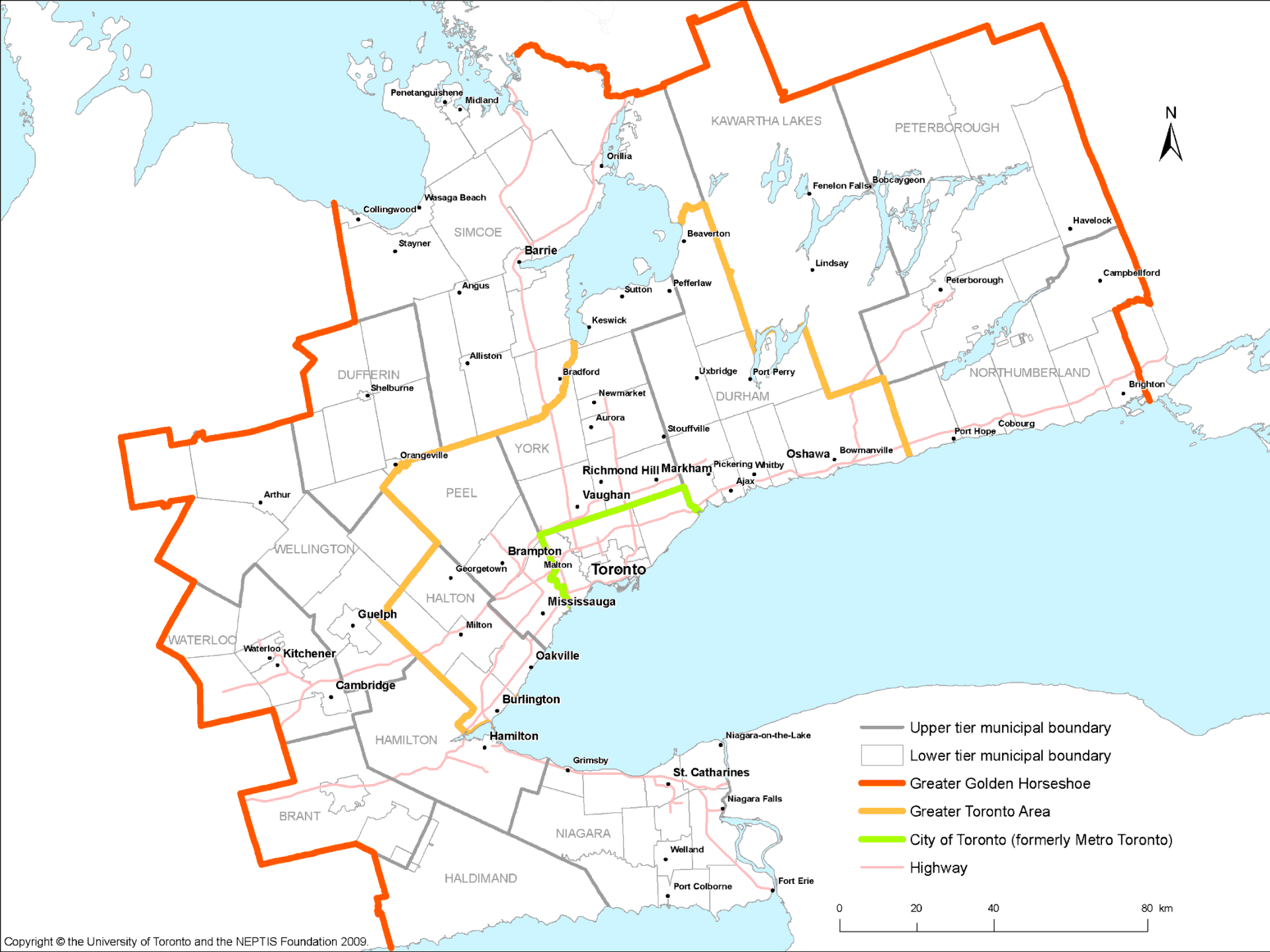
- ❑ Municipal borrowing is restricted by the province (but not in Toronto)
- ❑ Unconditional transfers: based on formulas
- ❑ Conditional transfers: mainly for social services, transportation, environment

Role of Federal Government

- ❑ Provides limited transfers to municipalities, including:
 - ❑ Gas tax transfer
 - ❑ Infrastructure grants
 - ❑ Homelessness grants
 - ❑ Economic stimulus grants

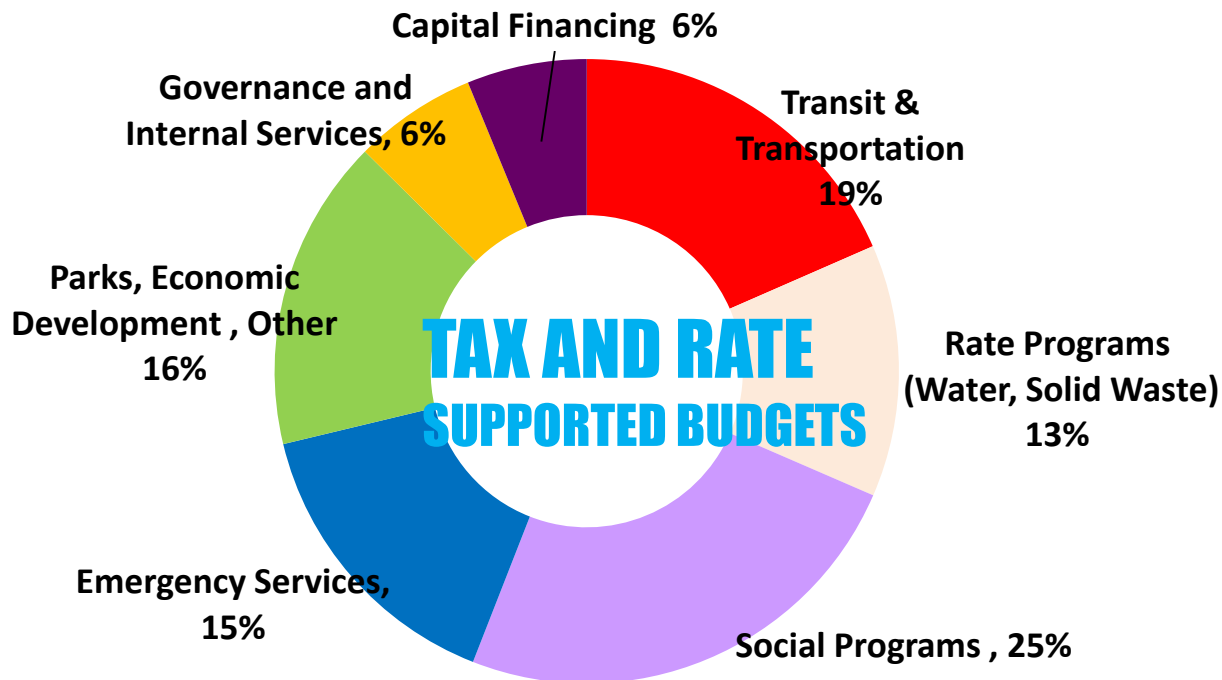
Toronto

- ❑ City of Toronto: 2.6 million people
- ❑ Greater Toronto Area: 6 million people
- ❑ City operating budget – approximately \$11 billion
- ❑ City capital budget -- approximately \$3 billion



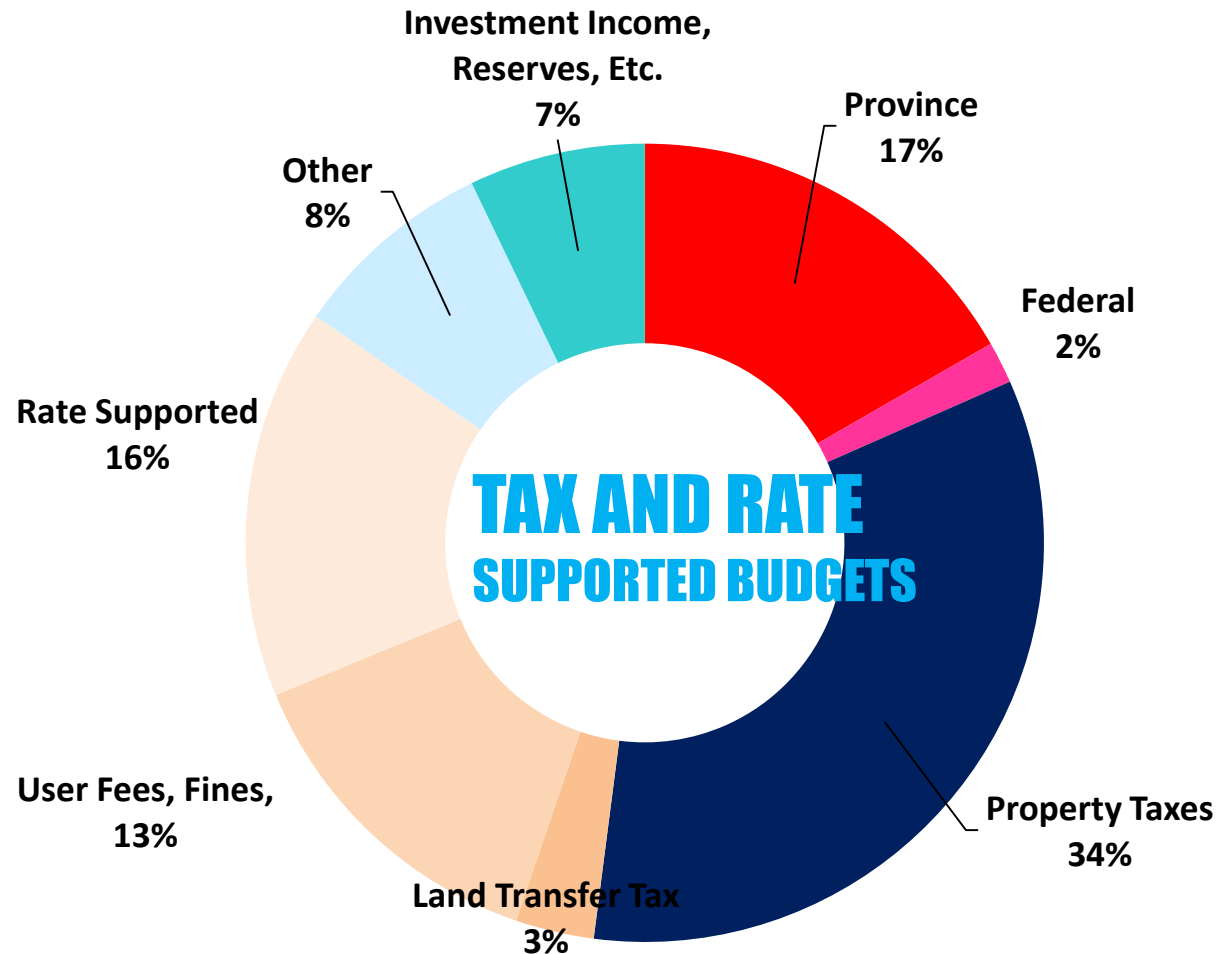
Where the Money Goes:

2014 Program Expenditures of \$11.1 Billion (Source: City of Toronto)



Where the Money Comes From

2014 Program Revenues of \$11.1 Billion (Source: City of Toronto)



Toronto: One tier to two tier to one tier

- ❑ 1954: provincial government created two-tier metropolitan government (metro + 13 lower-tier municipalities)
- ❑ Two-tier government designed to:
 - ❑ redistribute wealth of central city to suburbs to provide infrastructure
 - ❑ coordinate land use planning and transportation across the region
 - ❑ allow lower tiers to be responsive to local needs

Toronto: One tier to two tier to one tier

- ❑ Upper tier: planning, borrowing, tax base assessment, transit, some roads, administration of justice
- ❑ Lower tiers: fire protection, garbage collection and disposal, licensing and inspection, hydroelectric power, policing, public health, general welfare assistance, recreation, tax collection
- ❑ Shared: parks, planning, roads and traffic control, water and sewerage
- ❑ Costs shared on basis of property tax base
- ❑ 1967: amalgamation of 13 municipalities to 6; some functions went up to metropolitan level (e.g. policing)

Toronto: One tier to two tier to one tier

- ❑ Early reviews of the two-tier government in Toronto applauded its success:
 - ❑ built needed infrastructure for orderly growth of suburbs
 - ❑ maintained vibrant city core
 - ❑ pooled revenues over metropolitan area; redistribution from city to suburbs
 - ❑ spillovers of benefits from transportation and planning contained within Metro's borders
 - ❑ local autonomy at lower-tier level

Toronto: One tier to two tier to one tier

- ❑ 1970s: region expanded outside of Metro boundaries
- ❑ Problems of accommodating growth in Greater Toronto Area (GTA)
- ❑ Four new two-tier regional governments created by the province around Metro Toronto
- ❑ 1995: GTA Task Force recommended new GTA government body; eliminate regional tiers and Metro; reduce number of lower tiers
- ❑ 1996: Who Does What Panel recommended Greater Toronto Services Board

Toronto: One tier to two tier to one tier

- ❑ 1998: The province created the new City of Toronto by consolidating two tiers (metro and 6 lower tiers) into single city of 2.5 million people plus 6 community councils
- ❑ 1999: Greater Toronto Services Board created but without legislative authority and was disbanded in 2001
- ❑ 2003: Community councils reduced to 4 – local planning and development, neighbourhood matters such as traffic plans and parking regulations

Toronto: One tier to two tier to one tier

- ❑ Stated rationale for amalgamation in 1998:
 - ❑ cost savings in service delivery
 - ❑ fairer sharing of tax base (redistribution); sharing of costs of social services
 - ❑ metropolitan government has more clout on national and international stage (supported by business community)
 - ❑ opposition centred on the loss of local identity and reduced access to local government

Toronto: One tier to two tier to one tier

- ❑ 2000s: increased provincial role in regional planning:
 - ❑ Places to Grow legislation
 - ❑ Greenbelt legislation

- ❑ 2006: Greater Toronto Transportation Authority created (now Metrolinx)

Observations on Toronto

1. Consolidated one-tier model has advantages:
 - Coordination of service delivery
 - Redistribution among rich and poor areas
 - More influence with national policy leaders
 - More uniform action for urban problems that cross municipal boundaries

BUT

2. Consolidation does not necessarily reduce costs:
 - Harmonization of service levels
 - Harmonization of wages and salaries

Figure 1: Fire Expenditures Per Household - 1988-2008

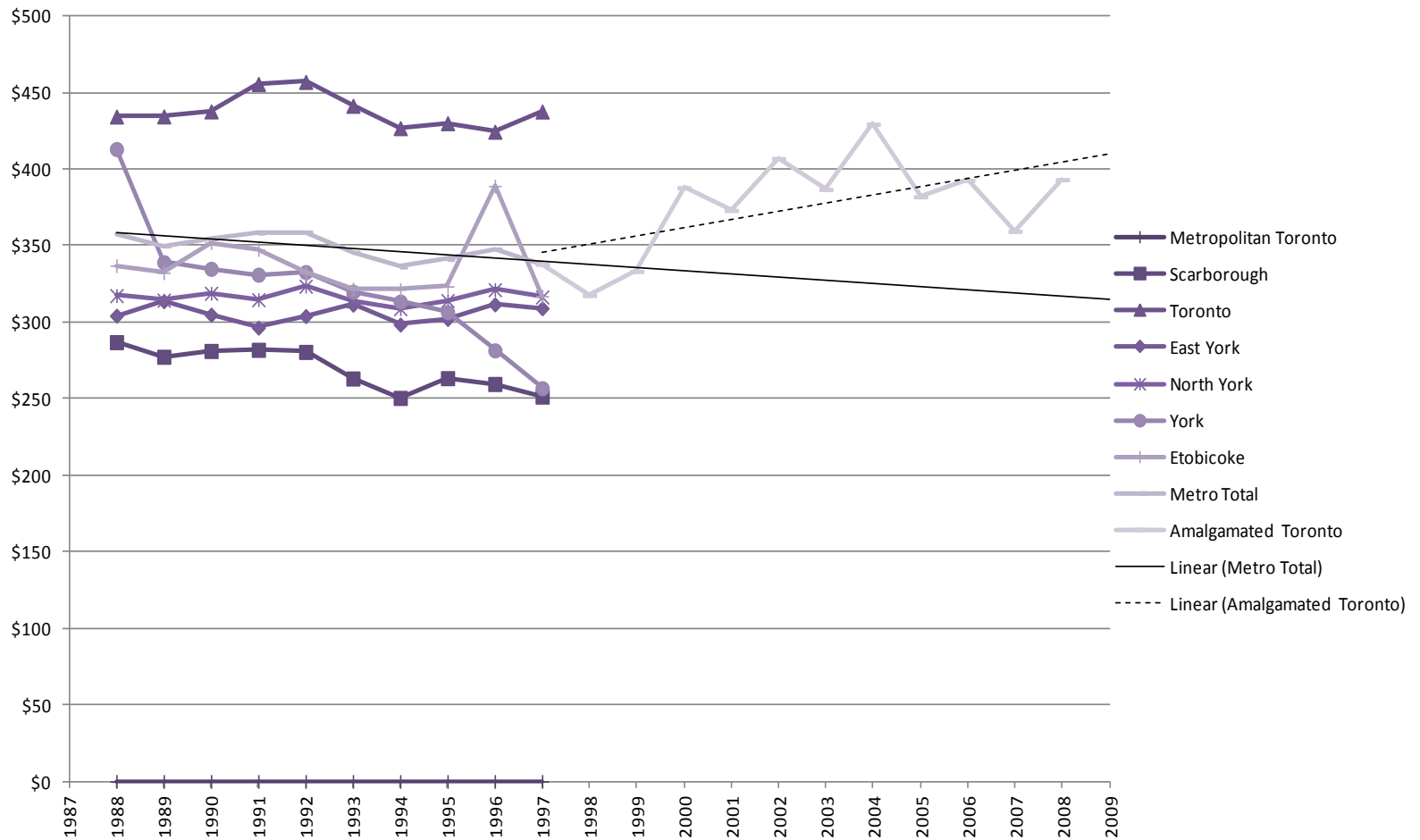


Figure 2: Garbage Collection Expenditures Per Household - 1988-2008

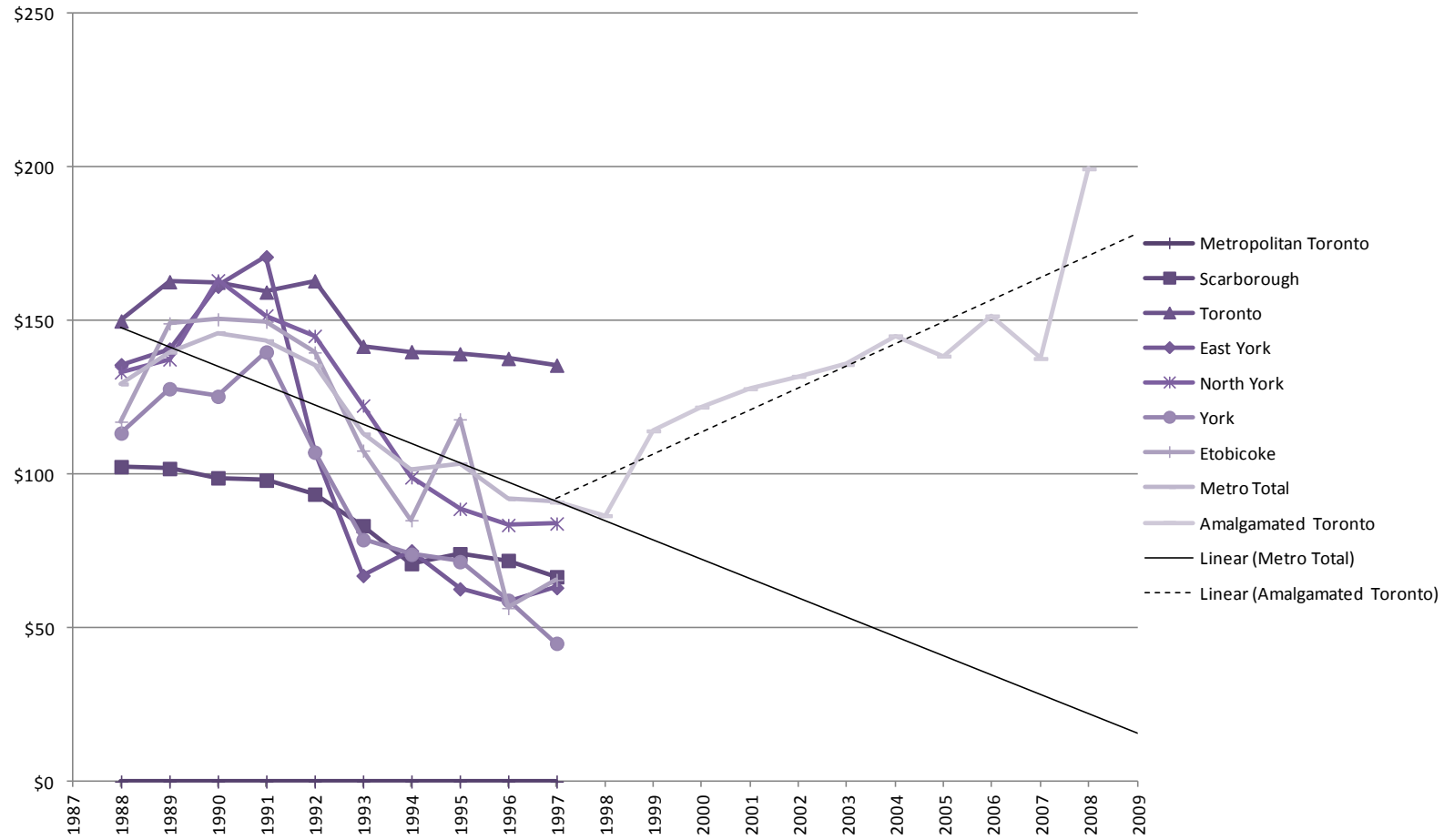


Figure 3: Parks & Recreation Expenditures Per Household - 1988-2008

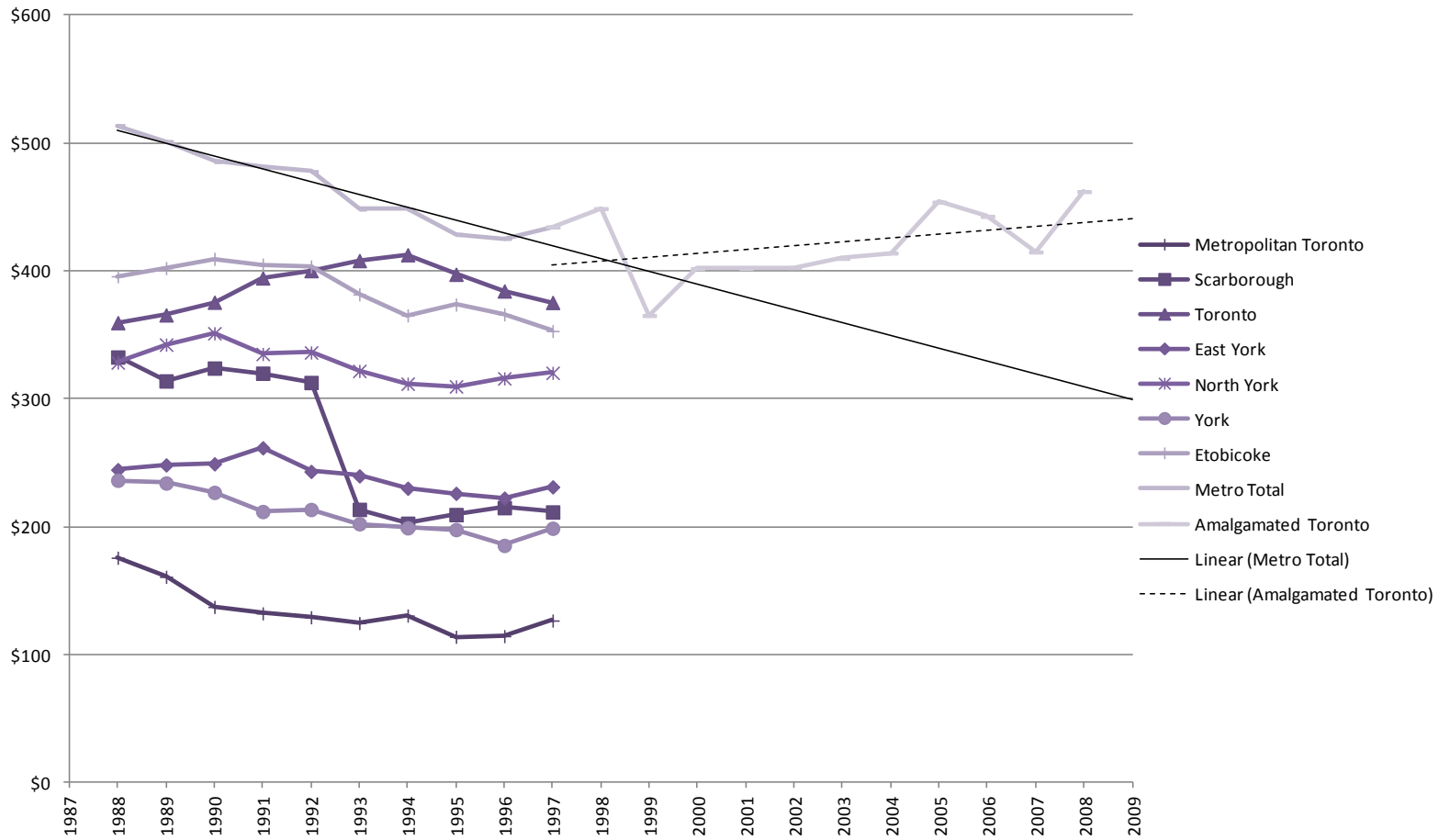
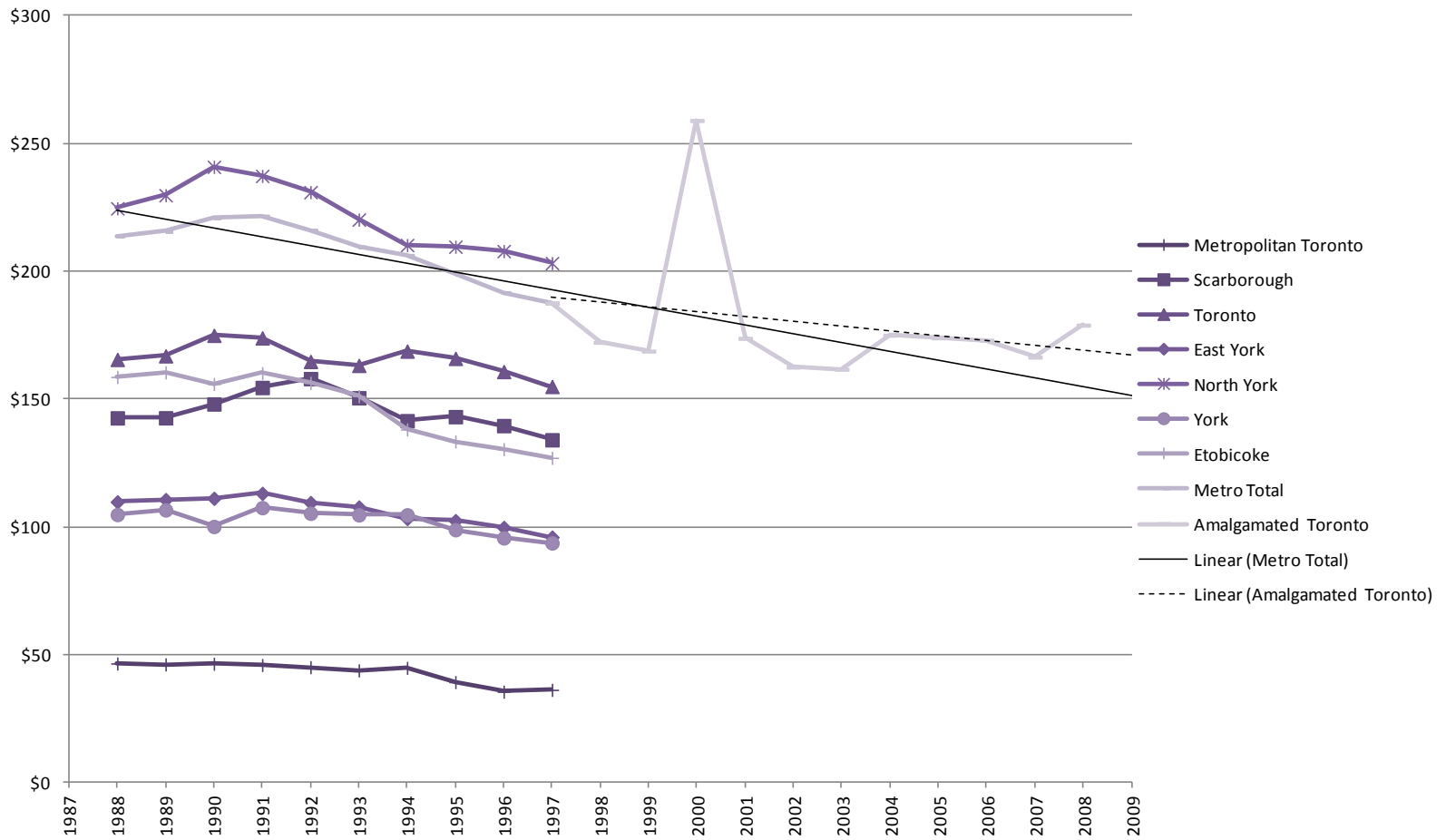


Figure 4: Libraries Expenditures Per Household - 1988-2008



Observations on Toronto

3. Governance models evolve over time as circumstances change
 - Toronto went from one-tier (fragmented) to two-tier to one-tier (consolidated)
4. Citizen access needs to be built into consolidated government model:
 - Larger city reduces opportunities for citizen involvement
 - Community councils or boards increase access but also increase costs

Observations on Toronto

5. Consolidated cities do not necessarily cover the entire metropolitan region:
 - Amalgamated City of Toronto is too big and too small
 - Provincial initiatives or inter-municipal cooperation needed to address regional issues
6. Provincial (“top down”) planning or service delivery raises questions about local responsiveness and accountability to local residents