UNDER THE KNIFE & UNDER THE GUN:
An Overview of Regional Government In Niagara

Introduction

The provincial government has appointed two special advisors to undertake a review of "regional governments and Simcoe County to help ensure that these municipalities are working effectively and efficiently and can continue to provide the vital services that communities depend on."[1] This could lead to changes in the structure of local government in Niagara.

The purpose of this policy brief is to present factual information about Niagara's current system of local government along with some analysis that can be used in the discussions that will be taking place over the next months. It deliberately does not take a position about the debate that will inevitably occur about what the ideal structure should be. The facts in this document are meant to be raw material that can be used in this ongoing discussion.

The brief begins with a discussion of the history of the development of regional government, setting the scene for how we got where we are today. The second section continues the scene-setting by discussing recent initiatives of the Ford government with regard to regional government. The next three sections provide factual information about local government in Niagara: the system of representation, the election of the regional chair, and the responsibility for services. The final section deals with the proverbial elephant in the room: some factual information about municipal amalgamations.

History of the Regional Municipality of Niagara

The Regional Municipality of Niagara was created effective January 1, 1970. Prior to that the governing structure of the Niagara area had consisted of two counties (Lincoln and Welland) and 26 area municipalities. The Regional Municipality of Niagara was created as an amalgam of the two counties, and the 26 area municipalities were restructured into 12.

This previous county structure had been in place pretty much unchanged since 1849. It had worked well in Niagara as it had throughout rural Ontario. However, in the 1969-74 period the provincial government took the initiative to modernize the structure of local governments in southern Ontario in anticipation of the rapid urbanization that would be occurring as the baby boom generation produced families and successive waves of immigrants chose southern Ontario as their new home.

Two-tier regional governments were created in the Golden Horseshoe and in other population centres such as Ottawa and Sudbury. The new regions were given significant powers that the counties had not had. Their mandate was to engage in the kind of planning and infrastructure development that would be needed to accommodate the large influx of new residents in the area.

A second wave of amalgamations occurred in 1998-2001, when some of these regional governments were converted

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[1] https://www.ontario.ca/page/regional-government-review (Accessed, March 1, 2019).

to single-tier structures (Haldimand, Norfolk, Hamilton, Ottawa, Greater Sudbury). Toronto, which had been a two-tier system since 1954, was also converted to a single-tier system at this time.

The other regional governments, such as Niagara, have now existed relatively unchanged for almost 50 years. It should not be surprising that the provincial government feels that it is time that this structure should be reviewed.

The Ford Government

The Progressive Conservative Party led by Doug Ford came to power in Ontario in June 2018. Local government had not been a major issue in the election, but whenever it came up candidate Ford responded that he wanted to improve the efficiency of local government. Obviously, this

is a praiseworthy intention, but he never elaborated much further about what he meant by efficiency.

Shortly after the Conservative government came to power, it stepped into the ongoing municipal election campaign to change the number of councillors in the City of Toronto and the method of election of some regional chairs. The governing party showed its resolve in municipal matters by sticking with this position even in the face of significant opposition.

In January 2019, the provincial government appointed two well-respected advisors, Ken Seiling, former chair for many years of the Region of Waterloo, and Michael Fenn, a highly-experienced former city manager and provincial public servant. Seiling and Fenn were asked to address the nine questions in Box 1.

BOX 1

Questions on municipal governance and decision-making;

a. Is the decision-making (mechanisms and priorities) of upper- and lower-tier municipalities efficiently aligned?

b. Does the existing model support the capacity of the municipalities to make decisions efficiently?

c. Are two-tier structures appropriate for all of these municipalities?

d. Does the distribution of councillors represent the residents well?

e. Do the ways that regional councillors/heads of council get elected/appointed to serve on regional council help to align lower- and upper-tier priorities?

Questions on municipal service delivery;

f. Is there opportunity for more efficient allocation of various service responsibilities?

g. Is there duplication of activities?

h. Are there opportunities for cost savings?

i. Are there barriers to making effective and responsive infrastructure and service delivery decisions?

Question 'c', "Are two-tier structures appropriate for all of these municipalities?" has attracted the most attention from local governments. A previous Conservative government, led by Mike Harris from 1995-2002, instituted a major program of local government restructuring which imposed a number of amalgamations reducing the number of local governments in Ontario from 850 to 444. Local governments are wondering if the current government will repeat the same policy.

The advisors have been asked to provide their report by early summer. Before and after the delivery of the report, there will be a great deal of discussion about the various options for restructuring, including maintaining the status quo. The purpose of this brief is to provide some factual information and analysis to inform that discussion.

TABLE 1

Name of Municipality	Number of Councillors	Method of Election
Fort Erie	6	6 wards
Grimsby	8	4 wards
Lincoln	8	4 wards
Niagara Falls	8	At large
Niagara on the Lake	8	At large
Pelham	6	3 wards
Port Colborne	8	4 wards
St. Catharines	12	6 wards
Thorold	8	At large
Wainfleet	4	At large
Welland	12	6 wards
West Lincoln	6	3 wards
Region of Niagara	32	See below
Totals	126	

System of Representation

One of the major issues that will be discussed is the system of representation used in the Region of Niagara. Table 1 provides information about the number of councillors and method of election for the area municipalities. Table 2 provides comparable information for the regional government.

The table indicates that Niagara has 126 elected representatives across the two tiers of government. The number of councillors in the area municipalities ranges from four in Wainfleet (the minimum number allowed under the Municipal Act) to 12 in St. Catharines and Welland. These numbers are in line with the number of councillors found in municipalities of similar size across the country. To put this in perspective, 126 councillors in 13 municipalities is an average of less than 10 councillors per municipality. That number is not out of line with the size of other municipal councils.

However, the argument has been made that 126 is a large number of elected representatives compared to similar figures in the regions of Halton and Peel, both of which have considerably larger populations than Niagara. The major difference between Niagara and these regions is that Peel has three area municipalities and Halton has four while Niagara has 12.

Some small changes could be made. For example, there was a proposal to elect the six St. Catharines regional councillors on a double-direct basis so that these six councillors would serve on both the area municipal and regional councils. This would have reduced the total from 126 to 120. Some of the municipalities with an at-large election system could reduce their numbers by one or two. None of these changes would make much of a dent in the 126.

The hard truth is that it is very difficult to see a way to reduce the total number of councillors by a significant number without reducing the number of municipalities.

The Region has 32 councillors elected as indicated in Table 2. The basic principle of representation is that the mayor of each municipality is entitled to a seat and additional seats are added on a rough representation-by-population basis. The extreme right column indicates that the rep-by-pop idea is applied roughly. Application of strict rep-by-pop would mean that the three largest cities would be entitled to a substantial increase in representation.

The situation with regard to Regional Council is similar to the situation for the area municipalities. As long as we want to retain 12 area municipalities, it is difficult to see how to reduce this number. In fact, a stricter application of rep-by-pop would increase the number of councillors significantly. Since the region was created there has

periodically been an increase in the number of councillors as some municipalities have grown; there has never been a reduction in the number of seats.

There are at least two possibilities for reducing the number of councillors around the table.

Weighted voting is used by a number of counties in Ontario and regional districts in British Columbia. This system would involve having only the mayors sit at the Regional Council table (or possibly a second representative for the larger municipalities). The rep-by-pop principle would be honoured by giving the mayors of the larger municipalities multiple votes compared to one vote for the mayors of smaller municipalities. This reduces the number of voices around the council table while at the same time paying some respect to the principle of rep-by-pop.

A regional ward system would also reduce the number of seats around the council table. In this model, the mayors would not have seats. Instead, the entire region would be divided into wards in a manner similar to what happens in many municipalities. A decision would then be made about the number of seats desired around the council table and ward boundaries would be drawn accordingly. In this case,

TABLE 2

Name of Municipality	Number of Regional Councillors (incl. Mayor)	Population*	Population per Councillor
Fort Erie	2	30710	15355
Grimsby	2	27314	13657
Lincoln	2	23787	11894
Niagara Falls	4	88071	22018
Niagara on the Lake	2	17511	8756
Pelham	2	17110	8555
Port Colborne	2	18306	9153
St. Catharines	7	133115	19016
Thorold	2	18801	9400
Wainfleet	1	6372	6372
Welland	3	52293	17431
West Lincoln	2	14500	7250
Regional chair	1		
Totals	32		
*2016 Census figures			

ward boundaries would not necessarily follow the boundaries of area municipalities. Some representatives would represent more than one municipality, and every municipality would not necessarily have its own dedicated representative.

Serious thought needs to go into this idea of the number of councillors. The appropriate number of councillors should reflect both good citizen access to local councillors and facilitation of debate around the council table. Too many councillors frustrate meaningful discussion around the council table; too few councillors weaken citizen access to councillors.

Local government is the level of government closest to the people. Easy access to elected representatives is something that sets local councillors apart from their federal and provincial colleagues. A race to the bottom to drive down the number of councillors will reduce the ease of access that we have to our local representatives.

There is another constraint that should limit the move to small municipal councils. Deliberative bodies work best when they truly represent their communities. Elected bodies will make better decisions, decisions that more clearly reflect community values when council members are truly representative of their community. This means that councils should have reasonable levels of diversity with regard to gender, skin colour, sexual orientation, ethnic background, employment background, lived experience, and other characteristics. Too much emphasis on reducing the size of councils could sacrifice the diversity needed to make good decisions.

Selection of the Regional Chair

The Regional Chair is selected at the first meeting of the Regional Council. According to provincial legislation, the council could select anyone qualified to be a member of council, but in Niagara there is a long tradition of selecting the chair from among elected councillors. The chair then vacates that seat and her or his municipality arranges for a replacement.

In some regions, the Regional Chair is directly elected as a part of the municipal election process.

The method of selection of the chair has long been a subject of discussion in Niagara, and there seems to be no strong consensus about which method is preferred.

The previous Liberal government passed legislation mandating that chairs would be directly elected in all regions. When the Conservatives came to power in 2018, this was changed, and Niagara reverted to its previous system of requiring the council to choose the Regional Chair.

This is clearly an issue that is up for discussion at this point.

Division of Responsibilities

The advisors have been asked to consider four questions about service delivery. They tend to relate to duplication of responsibilities and opportunities for cost savings. Table 3 provides a summary of the division of responsibility for services between the region and the area municipalities.

One of the traditional criticisms of two-tier governments has been that they can lead to duplication of services and other inefficiencies when two governments share responsibility for services.

In Niagara, duplication of services is limited by the fact many of the most expensive services are allocated unequivocally to one government, for example, police and social services to the Region, and fire and recreation to the area municipalities. In other cases, there is a kind of wholesale-retail arrangement that defines responsibility fairly well. For example, the Region is responsible for water purification which has a major fixed cost and lends itself to economies of scale, while the area municipalities purchase potable water from the Region and distribute it to individual properties. A deep dive into how some jurisdictions provide these services might turn up some possibilities for cost savings, but these would not be a product of the two-tier system which is the main area that the advisors have been asked to review.

This leaves the 'Shared' column in Table 3 for deeper analysis. Division of responsibility for roads and traffic has something of the wholesale-retail character to it. The Region is responsible for the main connections between area municipalities; the area municipalities are responsible for feeder streets serving local residents. This can be confusing to the public, but criteria exist that dictate ownership and jurisdiction of roadways, and these criteria are used to evaluate the allocation of roads every five years. These reviews could result in individual roads transitioning from one jurisdiction to another.

The roads and traffic function is an area where there have been complaints from residents about overlap. There are stories about the snow plow that drives along a road with its blade raised because the road belongs to the other jurisdiction. In fact, there are a number of service agreements between municipalities that rationalize the provision of services between the two orders of government to prevent the snow plow scenario. For example, by agreement, the City of St. Catharines provides winter control on some regional roads within the city boundaries. The Region provides for the installation and maintenance of all traffic lights in the region regardless of

their location. Major construction projects are engineered and contracted jointly by the affected governments.

Public transit is under active discussion within the region. It was traditionally the responsibility of the area municipalities. The three largest cities have full-fledged transit systems, and other municipalities have instituted a variety of limited public transit options. In recent years, the Region has begun to work with the area municipalities to provide connecting services. The Region and municipalities continue to work together with the goal of developing a region-wide transit system.

A hard look at some of these arrangements might produce some savings, but the affected governments already do a great deal to rationalize the delivery of this shared function.

Planning is another shared responsibility. The Region prepares a broad-scope policy plan which identifies growth areas and permitted uses in various parts of the Region.

TABLE 3

Region	Shared	Area Municipalities
Police Public health Social services Solid waste management Wastewater treatment Water purification	Economic development Planning Public transit* Roads and traffic	Arts and culture Fire Parks Potable water delivery Recreation Wastewater collection

*Under the terms of legislation public transit is the responsibility of the area municipalities. In practice, the region and some area municipalities have entered into an agreement to share responsibility for this service.

The area municipalities must work within this framework to develop their own official plans and zoning bylaws.

Area municipalities have sometimes been critical of decisions made at the Regional level, and developers complain that they must comply with two levels of planning approvals, and that these two levels are sometimes not consistent in their approaches.

Municipalities must do as much as possible to remove unnecessary obstacles to the development process. However, municipalities must also exercise care in approving proposals because planning decisions have a major impact on municipalities extending generations into the future. This dynamic will produce tension between property owners who want to develop their land as they see fit and municipal

councils who feel a need to protect and guide the future of the municipality. It is impossible to remove the innate tension in this process regardless of the municipal structures in place.

Planning and development is an area that should be reviewed by the Region and area municipalities to ensure that it is working as well as possible. However, there is no simplistic solution to this function; planning inevitably produces a certain level of tension among participants.

The organization of the economic development function has been an ongoing problem for the Region of Niagara. There is a need for a strong regional presence to sell the entire Niagara area to prospective investors. At the same time, individual area municipalities feel a need to be involved to ensure that investors are aware of the benefits of locating within their area.

This tension has led to a host of different organizational structures over the history of the Region of Niagara. None of these structures has proven entirely satisfactory to all participants. This is an area that requires significant review.

The overall assessment of duplication of services is that it is not an issue in many of the services that are allocated unequivocally to one level of government. Among the shared services, there is a long-standing series of service agreements that limit duplication in roads and traffic, and public transit is currently under review with a sensitivity to providing a transit system which meets region-wide needs. However, planning and development, and economic development require continuing review.

Duplication of services can be a problem in two-tier systems. Niagara has been sensitive to this issue and has taken steps to avoid duplication. However, some areas are in need of further refinement.

Some Facts about Amalgamations

The current discussion of "municipal governance and decision-making" inevitably leads to considerations of amalgamation (see Question 'c'. above) whether this might be the creation of 'one Niagara' or a combination of the 12 current municipalities into some smaller number. This discussion of amalgamation should be guided by certain facts about previous amalgamations.

Past amalgamations have not resulted in cost savings or tax reductions.

A large number of municipal amalgamations occurred in Ontario in the 1998-2002 period which were sold on the basis that there would be cost savings. Many other changes occurred at the same time as the amalgamations making isolation of cost savings a bit clouded, but there seems to be no evidence in Ontario or elsewhere that significant savings are achieved by amalgamation. There are several reasons why the promised savings never materialize.

1. In some types of organizations, savings could occur because of economies of scale. The evidence for most municipal services is that economies of scale occur at relatively low levels of production, and two-tier systems like Niagara have captured those in the upper-tier. Some examples of services that generate economies of scale would be police services, water purification, and wastewater treatment, which are all responsibilities of the Region. Conversely, services like recreation, which generate few economies of scale, are the responsibility of the area municipalities.

2. Amalgamations increase costs by creating a 'leveling-up' of both services and pay scales. When municipalities are amalgamated there are almost always differences in the service levels in the amalgamated municipalities. This is especially likely in areas like Niagara which combine rural and urban areas. People living in the areas with lower service levels will see themselves as paying the same level of taxes, so they want the same level of services. It is desirable when service levels are increased, but it will inevitably result in increased costs in delivering the services.

Of course, the argument could be made that this tendency to level-up should be resisted and some people should just accept the fact that they will receive lower levels of services than other residents of the same municipality. Human nature and practical politics make this course of events very unlikely. It seems to happen rarely, if ever, in amalgamations.

Everything that was said about service levels could also be said about the wages of municipal employees. Workers in some municipalities will likely be paid less than workers in other amalgamated municipalities. The inevitable tendency in these cases is to level-up pay rates to the higher levels.

3. Apparent cost savings don't add up to as much as you might think. Fewer municipal councillors will reduce total compensation and support expenses of councillors. In most municipalities, total compensation and support for councillors amount to less than one-half of one per cent of total municipal expenditure. Reduction in the number of councillors will have a very limited impact on total municipal expenditure.

Cost savings on the administrative side are also limited. Niagara currently has 13 chief administrative officers, municipal clerks, chief planners, heads of public works, and so forth. Surely, money will be saved when these 13 people are replaced by one. In terms of the total budget for those services, the cost of the department head pales in comparison to the cost of the large number of rank-and-file employees. The head of the public works department makes more than any other individual employee of the department, but there are many more rank-and-file employees. Another factor that limits savings is that the new head of the vastly enlarged department will expect to receive more pay and will need more support staff to carry

out the expanded duties. This will reduce the relatively small savings that were achieved by the initial reduction.

It might be possible that some amalgamation will result in cost savings. However, there seems no evidence that this has yet occurred. The proponents of amalgamations as a cost-saving mechanism should bear a significant burden of proof.

There might be other reasons to amalgamate.

Proponents of amalgamation tend to push the idea of cost savings because it is easily understood and tax savings are something to which everyone can relate. However, there could be other advantages to amalgamation.

Niagara will speak with one voice. This should enhance its position on the provincial, national, and international stages. There are currently 13 councils and heads of council within the Niagara region, all of whom have the right to speak for their municipality. This limits the ability of Niagara to speak with one voice when making its case to the provincial government and businesses. The enhanced positions of the mayors of amalgamated cities like Toronto, Ottawa, and Hamilton are examples.

Amalgamation could have a beneficial impact on the delivery of certain services. It was mentioned above that Niagara has had difficulty organizing the economic development function. Amalgamation would eliminate the competition between area municipalities to enhance their tax base and would allow for the creation of one economic development agency representing the entire region.

Discussion of amalgamation tends to focus on cost savings and tax reductions because these are close to everyone's heart and pocketbook. However, this discussion should extend beyond pocketbook issues to determine if Niagara would reap non-financial benefits from amalgamation.

Conclusion

Niagara is on the threshold of a momentous decision. The current governing structure has been in place relatively unchanged for the previous 50 years. Should we stick with the old ways because we are happy with the status quo? Is it time to jettison the old and restructure to improve the quality of life in Niagara? These are important questions, but Niagara does not really control its own destiny. Municipalities are creatures of the province and the province can modify a municipality in any way that it wants.

However, Niagara can exercise some control over its own destiny if it approaches this issue in a carefully considered and rational manner and speaks with one voice about what Niagara wants its destiny to be. The purpose of this policy brief is to contribute to the discussion that needs to take place to arrive at that end. Good luck Niagara!