



The image shows the top portion of the Canada.com website. At the top is a banner for the 'Summer Guide 2010' featuring a watermelon slice and the text 'Everything Under the Sun' and 'GO NOW'. Below the banner is a navigation bar with links for 'NEWSPAPERS', 'TV NETWORKS', 'LOG IN or SIGN UP', and 'WEBMAIL'. The Canada.com logo is prominently displayed in the center. To the right is a search bar and a 'YellowPages' logo. Below the navigation bar is a 'Hot Topics' section with links to 'Omar Khadr', 'Pakistan Floods', 'Steven Slater', 'Rogers Cup', and 'Superbug'.

## Megacity fallout

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By National Post July 18, 2007 [Be the first to post a comment](#)

Ten years after Mike Harris government forced six municipalities to amalgamate into the megacity of Toronto, the megacity of Toronto is in dire financial straits. In large part, these financial woes are a direct consequence of that merger.

What drove the Harris government's policy in that heated time is still a matter for debate. It was not that the merger was demanded by the people. Separate referendums in each of the municipalities (North York, East York, York, Etobicoke, Scarborough and the former city of Toronto) sent a strong message of disapproval of more than two to one. This is consistent with experience elsewhere. In May, 2004, the province of Quebec permitted former Montreal-area municipalities a referendum on demerger. Despite what has to be a world record short petition period and a super-majority voting requirement, 15 cities voted to leave.

There are two principal theories on why the Harris government went ahead with the amalgamation. One is that the government was so incensed at Toronto Mayor Barbara Hall for leading a Queen's Park demonstration against its policies that they resolved to put her and her left-leaning city council out of business. The other is that, as the government claimed, they wanted to make government in the area more efficient. This was supported by a study by a prestigious accounting firm predicting predicted annual savings of \$300-million.

As it worked out, one, but not the other objective was achieved. Mayor Hall lost her job. As for the savings, however, costs went up and Toronto government became less efficient.

Early on it was clear that the efficiency claims would evaporate away as fast as the value of money in post-World War I Germany. University of Western Ontario urban policy expert Andrew Sancton quickly raised questions about the analysis, pointing out that the harmonization of collective agreements and services among the six jurisdictions could only lead to higher costs and higher taxes.

The government was wrong and Prof. Sancton was right. By 2003, the Toronto City Summit Alliance reported: "The amalgamation of the City of Toronto has not produced the overall cost savings that were projected." The alliance went on to blame "harmonization of wages and service levels" and noted that "we will all continue to feel higher costs in the future."

Indeed, things have only gotten worse. In 2006, City of Toronto operating costs were \$1.25-billion above what would have been spent if the \$300-million in savings had been achieved and simply risen at the rate of population growth and inflation. Residents of "905" can only be thankful that the Harris government would not have dared to include them in the amalgamation, without suffering disastrous electoral losses.

Meanwhile, there is no point in arguing that amalgamation made Toronto more competitive. Despite the impressive residential development in the core, Toronto's growth rate has become anemic. Between 2001 and 2006, the first full census period after amalgamation, the city accounted for only 5% of the metropolitan area's population growth. In the period immediately preceding amalgamation (1991-1996), the city-to-be accounted for 30% of the growth -- six times that of the more recent period.

Finally, things are going from bad to worse. The city faces a projected budget deficit for the current fiscal year that is almost twice the Harris government's phony \$300-million savings. None of this is to deny that municipal amalgamations can produce economies of scale. They do -- though they are limited to the impact upon special interests. As city hall is moved farther away, voters have less control over what goes on. Moneyed interests find larger governments more accessible and thus more susceptible to their influence. This is not just Toronto; it is anywhere that human nature operates.

The experience of large municipal amalgamations is clear. Toronto is just one of the more recent examples. Municipal amalgamations are virtually always sold on the basis of saving money. They virtually never do.

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