
Recent Changes in Provincial-Municipal Relations in Ontario: A New Era or a Missed Opportunity?

David Siegel

Il semble que l'on soit à un moment décisif de l'histoire pour ce qui est des interactions provinciales-municipales en Ontario, et même, des administrations municipales dans l'ensemble de la province. La réforme des gouvernements locaux s'est faite à bâtons rompus au cours des années et les récentes réformes dont il est question dans ce document, sont les plus déterminantes du système municipal de l'Ontario depuis la création du système actuel par le Baldwin Act en 1849. Cependant, on doit considérer l'importance de la persistance comportementale lorsqu'on analyse l'impact de ces changements. Les municipalités se sont longtemps vues comme la progéniture de la province. Et, depuis tout aussi longtemps, la province a joué un rôle empreint de paternalisme envers ses municipalités. Ce chapitre évaluera la situation actuelle et examinera si elle constitue le début d'une ère nouvelle ou une occasion ratée.

Municipal reform in Ontario has moved in fits and starts over the years. The pattern has been repeated over several cycles. There are periods when municipalities are simply ignored; then suddenly there is a relatively short period of intense interest in municipal reform, during which the actual changes fall short of the early intentions; then the next period of quietude sets in. It is fitting to review municipal reform in Ontario at this point because we seem to have just completed one of these cycles and are entering a new period of quietude. However, the real impact of some of these changes is still unfolding. The result could be a major change in the provincial-municipal relationship or a missed opportunity and a reversion to the old way of doing things.

The beginning of responsible municipal government in Ontario is usually dated from the Baldwin Act of 1849. For over a hundred years after the

establishment of responsible government, the municipal system experienced steady growth and incremental change but no major shocks. The creation of Metropolitan Toronto in 1954 was the first major structural change in the system (Rose 1972; Colton 1980; Frisken 1993). This was sufficiently revolutionary to generate international interest; but after this flurry, the somnolence returned for more than ten years, until the Smith Committee (the Ontario Committee on Taxation) in 1967 recommended that all southern Ontario be restructured in the form of regional governments like that of Metro Toronto (Ontario, Committee on Taxation 1967). This led to the creation of ten regional governments (mostly in the Golden Horseshoe around Toronto, plus Ottawa and Sudbury) in the years 1969–74, after which there was another stretch of somnolence (O'Brien 1993; Sancton 1991). The period 1996–99, following the election of the Harris government in 1995, saw the most comprehensive reform of municipal government since 1849. This brief but very important spurt of activity and its aftermath will be the topic of this paper.

The paper will assess whether this flurry of activity will result in any real lasting change in the system. The first section of the paper provides a description of the changes that have been made. The second section analyses these changes to determine what their real impact is likely to be.

THE COMMON SENSE REVOLUTION

In 1995 Mike Harris and his Conservatives swept the previous NDP government out of power with promises of major changes in the political landscape. The Conservatives' success was attributed in part to the Common Sense Revolution. This was outlined in a short pamphlet that stated in a very clear and succinct way what the Conservatives would do when they came to power. Their campaign strategy, which they started pursuing several years before the election, was to develop this clear and fairly simple document and hammer on it throughout the election campaign to make sure that everyone knew where they stood.

While the Common Sense Revolution document made many of the Conservatives' policy goals very clear, it said little about municipal government, so it was not clear what the Conservatives' goal for local government reform was or even if they had a goal (Sancton 2000). Some have suggested that the government's real goal was to reform the primary and secondary education systems and that municipal reform was almost an unintended consequence (Ibbitson 1997; Graham and Phillips 1998). While this may be an accurate analysis of the genesis of reform, it was clear that reform was ultimately pursued with such vigour that it could not really be considered an unintended consequence. At some point, the impetus for municipal reform took on a life of its own.

This paper will discuss the municipal reforms under a number of headings, beginning with financial, since there is some evidence that this was the prime motivator and starting point for the more extensive changes.

FINANCIAL REFORM

Before the Common Sense Revolution, boards of education had received about half their funds from the property tax and the other half from provincial transfer payments.¹ Ontario's chosen method of obtaining more leverage over boards of education was to shift this balance so that almost all education funding would be provided by the province. Then control would follow funding. Of course, the province did not have the funds simply to increase the level of transfers, and even if it had been able to do so, it would have created a windfall if it had allowed the school boards to retain the property tax.

The province's original plan was to provide a significant increase in transfer payments to boards of education but to require them to relinquish their hold on the property tax. Municipalities could then occupy the property tax room vacated by boards of education so that ratepayers would barely be aware that the destination of their property taxes had shifted. Since the municipal property tax take would increase, the province could then reduce its transfer payments to municipalities and use that money to increase transfer payments to boards of education. This was very similar to shifts that had already occurred in Alberta and Quebec (Lapointe 1980). It was a grand circular movement that could have worked very well if the numbers had fitted together better. In practice, the numbers did not work, and school boards are still in the property tax business to a reduced but still fairly significant extent. However, the main point is that this shift did occur to a certain extent.

The most significant outcome of the financial reforms is that municipalities are much more reliant on revenue from their own sources, such as the property tax and user charges, and are considerably less reliant on provincial transfer payments. Table 1 illustrates the extent of this shift. The reduction in provincial transfer payments was greeted with howls of indignation by municipalities, though the increased availability of the property tax was accepted with considerably more equanimity. As will be discussed below, this shift from spending someone else's money to spending revenue from their own sources will have an impact on the municipalities' level of autonomy.

The shift to a greater reliance on the property tax was affected by a major change in the property assessment system. The property tax assessments used in some municipalities in Ontario were fifty years out of date, while assessments in other municipalities were virtually up to date. This created many problems of equity between individual taxpayers, classes of taxpayers, and municipalities.

The province brought in a system of current value assessment that was a very positive change because it would have solved the equity problems

Table 1: Shift in Municipal Revenue

	1996		2003	
	\$ millions	% of total revenue	\$ millions	% of total revenue
Real property tax	7,171.7	42.2	11,794.1	49.0
User charges	3,349.7	19.7	5,696.2	23.6
Other own-source revenue	1,050.7	6.2	1,596.8	6.6
Total own-source revenue	11,572.1	68.1	19,087.1	79.2
Conditional grants	4,542.9	26.7	4,320.8	17.9
Unconditional grants	881.6	5.2	679.4	2.8
Total grants	5,424.5	31.9	5,000.2	20.8
TOTAL	16,996.5	100.0	24,087.3	100.0

Source: Statistics Canada, Cansim II, table 3850004

mentioned above and created a more transparent taxation system (Slack 2002). However, serious problems arose when changes in individual tax liability arose from the movement from the previous inequitable system. For political reasons, the province capped the increase in taxes payable by commercial and industrial taxpayers. This meant that almost the full burden of any tax increase would fall on residential taxpayers, since they were the only group without a cap. The effect of this has been to limit the ability of municipalities to increase taxes because any increase would be focused almost entirely on one group.

FUNCTIONAL REFORM

At the same time that municipal reform was taking place, the province was working on the commitment made in the Common Sense Revolution to reduce government expenditure, reduce the debt and deficit, and ultimately reduce taxes. Thus, it was clear that whatever was done by way of municipal reform could not increase provincial expenditure and ideally would reduce it. This contrasted sharply with the 1970s reform period when the province was willing to throw money at the new system of regional government to ease the transition. As table 1 indicates, the shift in the property tax discussed in the previous section meant that municipalities enjoyed a fairly significant increase in revenue. This provided the province with the opportunity to shift certain expenditures to municipalities – which leads to another part of the story.

The complex web of provincial-municipal relationships had developed in a fairly haphazard way over many years. Everyone involved in the system recognized that the web of approval requirements, funding arrangements, and mutual persuasion was so complex that it had become dysfunctional. Previous governments had attempted to simplify the system without success. When the Conservatives came to power they appointed the well-respected former mayor of Toronto, David Crombie, to head the “Who Does What” task force. This was actually a group of committees charged with trying to simplify this complexity by going back to first principles to determine which level of government should be responsible for which services and what type of interaction should take place between the levels of government. The idea was to take a fresh look at each service and allocate it to the appropriate level of government, eliminating unnecessary interactions and approval requirements between the two levels. In cases where shared responsibility was necessary, the idea was to structure the interaction in a more functional manner (Meyboom and Richardson 1997).

The task force made its recommendations based on a set of rational principles which flowed from the idea that a service should be allocated to the level of government that was best equipped to handle it. However, when the province began to implement the recommendations, it was clear that the ugly face of expediency impinged on the elegance of the task force’s recommendations. In the end, the decisions made about the allocation of responsibilities were heavily influenced by the financial considerations mentioned above; that is, provincial expenditures had to be restrained.

The most significant variation between recommendation and action was in the field of social assistance. The “Who Does What” task force recommended that social assistance be moved to the provincial level, a move that would have brought Ontario into line with the other nine provinces. Instead, the province restructured the system in ways that imposed greater responsibility for social assistance on the municipal level and moved social housing – which had previously been a provincial responsibility – to the local level. Thus, its actions were exactly the opposite of what the Crombie task force had recommended.

At the beginning of this process, the term “revenue-neutral” was used quite a bit. At various stages in the process, scorecards were prepared which purported to show the dollars associated with various transfers. This produced considerable debate, because the amounts to be assigned to various transfers were contentious. And even if the total impact on the municipal system could be determined, the nature of the changes was such that they had very different effects on different municipalities. For example, the requirement that every municipality would now pay for the cost of policing had no impact on the large and medium-sized municipalities, which were already paying this cost, but had a devastating effect on smaller municipalities, which would be paying this for the first time. Over time, the term “revenue-neutral” seems to have

dropped out of use. Municipalities talked a lot about “downloading,” whereas the provincial phrase was “local services realignment.”

Table 2 summarizes some of the changes in the responsibility for functions and some related changes. It avoids the rigid scorecard approach, but it does show whether a particular change was a benefit (+) or a cost (–) to the municipalities. There are many more minuses than pluses in the table, but that can be misleading. For example, the one plus associated with Education Property Tax reform brought in much more money than some of the cost factors.

STRUCTURAL REFORM

Structural reform is tied to the other elements of reform because the Common Sense Revolution promised that the municipal system would be rationalized and the overlap in the layers of government reduced. Structural reform is also tied to financial reform because structural reform was seen as a way of saving money and thus offsetting the reduction in provincial transfer payments to municipalities.

In practice, structural reform meant the amalgamation of municipalities and the restructuring of two-tier counties and regional governments into single-tier governments. The highest profile amalgamation was the 1998 creation of one City of Toronto from Metropolitan Toronto and its six area municipalities. This was followed in 2001 by the creation of large single-tier municipalities in what were the regional municipalities of Hamilton-Wentworth, Ottawa-Carleton, and Sudbury. Throughout this time there were many smaller amalgamations occurring within county systems, including the creation of some large single-tier municipalities, such as Chatham-Kent and Prince Edward County. The extent of the amalgamations can best be appreciated by the fact that in 1995 there were 850 municipalities in Ontario, and by 2001 this number had been approximately halved.

In some cases, these amalgamations were accomplished by provincial edict, particularly in the case of Toronto, Hamilton, Ottawa, and Sudbury. In other cases, there was a strategy of persuasion, with some level of coercion waiting in the wings. The legislation that applied to all of southern Ontario except the regional governments provided mechanisms that allowed municipalities to amalgamate voluntarily, but the legislation also allowed the minister of municipal affairs to appoint a commissioner if requested to do so by any municipality. The commissioner had binding authority to order any type of structural change. A strong message about the use of commissioners was sent when the first commissioner ordered a complete amalgamation of the twenty-three municipalities in the Kent County–City of Chatham area in spite of the fact that none of the local actors wanted such an extensive change. This decision sent many other municipalities scurrying to effect smaller amalgamations before something so extensive was imposed on them. A typical arrangement

Table 2: Changes in the Provincial-Municipal Relationship

<i>Before Common Sense Revolution</i>	<i>After Common Sense Revolution</i>	<i>Change¹</i>
EDUCATION PROPERTY TAX		
Province had been funding a declining portion of total education cost. ¹ The major portion of education funding came from local school boards through the property tax. Education portion of the property tax had been increasing more rapidly than the municipal portion.	Province funds approximately 50% of cost of education. School boards reduced their residential property tax levy, which resulted in rates being reduced by about 50%; municipalities were able to increase their tax rates accordingly. Province has specified uniform school tax rate for commercial and industrial properties.	+
FARM TAX REBATE		
Farmer paid 100% of property tax to municipality and received 75% rebate from province.	Farmer now pays 25% of residential tax rate to municipality; no provincial involvement. Municipal bears this cost instead of province.	-
PROPERTY ASSESSMENT		
Responsibility of province.	Responsibility of municipalities. Performed by autonomous entity funded collectively by municipalities.	-
SOCIAL ASSISTANCE		
Province funded some programs 80/20, others 50/50; administration costs shared 50/50.	All programs shared 80/20; administration still shared 50/50.	-
SOCIAL HOUSING		
Province funded most of the deficit through a variety of means.	Province agreed to spend \$215 million in capital upgrades, after which municipalities will be responsible for future deficits.	-
MUNICIPAL TRANSIT		
Province provided some grants for both capital and operating.	Existing commitments for capital grants honoured, then no further grants for either capital or operating.	-

... continued

Table 2 continued

<i>Before Common Sense Revolution</i>	<i>After Common Sense Revolution</i>	<i>Change¹</i>
	GO-TRANSIT (commuter rail in the Greater Toronto Area)	–
Province met deficit.	Operation assumed by the Greater Toronto Services Board and its successors. No provincial funding.	
	ROADS	–
Province maintained some roads within municipalities. Province provided conditional grant.	Many roads switched to municipalities. One-time maintenance funding provided. Grants eliminated.	
	FERRIES AND AIRPORTS	–
Province provided most funding.	Most ferries and airports turned over to municipalities, except those in sparsely populated areas.	
	POLICING	–
OPP provided service free to small municipalities.	All municipalities responsible for the cost of policing. This could be handled through contracts with OPP or establishing a local police service.	
	LIBRARIES	–
Province provided grant.	Grant reduced.	
	PUBLIC HEALTH	–
Most programs were funded by 80–100% grants from the province.	Province continues to fund 50% of mandatory programs.	
	AMBULANCE SERVICE	–
Provided by province.	Municipalities responsible for land ambulance, province funds 50% of approved expenditure; province provides air ambulance.	
	GROSS RECEIPTS TAX	–
Collected by municipalities.	Must be turned over to province.	

Table 2 continued

<i>Before Common Sense Revolution</i>	<i>After Common Sense Revolution</i>	<i>Change¹</i>
	PROVINCIAL OFFENCES REVENUE	+
Collected by province.	Net proceeds (after adjudication and prosecution costs) directed to municipalities.	
	WATER AND SEWER	0
Province provided service to smaller municipalities on a user-pay basis.	Municipalities are responsible for service, but this was self-funding in most municipalities before anyway.	
	COMMUNITY REINVESTMENT FUND AND TRANSITIONAL ASSISTANCE	+
	Unconditional grant provided. Total amount has varied over time because this is the balancing figure which is intended to make the entire package revenue neutral. Will be discontinued at some point, to be replaced by special circumstances funding on application from municipalities each year.	

¹Municipal benefit +
Municipal cost –
No change 0

Source: Hollick and Siegel 2001

occurred in Elgin County, where fifteen municipalities were restructured into seven and some realignment of services between the county and the lower tiers was achieved. Outside Toronto and a few other places, the changes were frankly more incremental than earth-shattering.

In many cases, there was a great deal of acrimonious debate about the amalgamation. On the one side, the province promised that larger units of government would generate significant efficiencies that would result in lower taxes. On the other side, many local citizens feared a deterioration in services and a loss of local community spirit. As frequently happens in such cases, neither extreme view seems to have come to fruition. None of the amalgamated municipalities have reported major efficiencies and tax reductions, but there are no major examples of serious deterioration in the quality of service.

There have been concerns in Toronto about problems associated with the amalgamation, but John Barber, the local affairs columnist for the *Globe and Mail*, has argued that many of the sins laid at the door of amalgamation are simply examples of old-fashioned bad management, which can occur in organizations of any size (Barber 2001). A colleague and I have done extensive residents' surveys in three amalgamated municipalities, and they indicate that local residents have not seen a deterioration in the quality of service or sense of community since the amalgamation (Kushner and Siegel 2005).

The outcome of most of these amalgamations gives one cause to wonder whether all the focus sometimes placed on organizational structure is worthwhile. Maybe structure does not matter very much. Structures mean a lot to people who work in them and to academics who study them, but to the average citizen they are not nearly as important as having the garbage picked up on time.

LEGISLATIVE REFORM

A final reform was the first major revision in the municipal legislation in Ontario since the Baldwin Act of 1849. The new Act, which was passed in 2001 and took effect on 1 January 2003, was consciously modelled on the Alberta legislation passed in 1994. The Baldwin Act was a very detailed piece of legislation that had been interpreted in line with the classic Dillon's Rule – a municipality could take no action unless it was given express authority to do so under some piece of provincial legislation.

The purpose of the new Act was to give municipalities greater autonomy by providing them with a broader "permissive policy framework," rather than the narrower "restrictive regulatory framework" (Garcea 2004, 18). This was done by identifying ten spheres of jurisdiction in which municipal councils have considerable latitude to operate. The spheres are:

- 1 highways, including parking and traffic on highways
- 2 transportation systems, other than highways
- 3 waste management
- 4 public utilities
- 5 culture, parks, recreation, and heritage
- 6 drainage and flood control, except storm sewers
- 7 structures, including fences and signs
- 8 parking, except on highways
- 9 animals
- 10 economic development services (Ontario, *Municipal Act, 2001*).

The Act also gives municipalities "natural person powers," meaning that they are allowed to carry out duties within these general spheres of jurisdiction

without needing the kind of detailed delegation found in the previous Municipal Act. Specifically, this should provide municipalities with greater flexibility in the areas of entering into contracts, suing and being sued, hiring and dismissing employees, delegating administrative responsibilities to council committees and staff, entering into innovative service delivery arrangements such as public-private partnerships, and purchasing and disposing of property (Garcea 2004).

In addition to natural person powers, municipalities are granted some governmental powers, such as “the authority to tax, to regulate or prohibit certain activities, to require individuals to do certain things, to expropriate property and to establish a system of licences, permits, approvals and registrations” (Ontario, Ministry of Municipal Affairs 2001, 7). Many of these powers already existed in a number of different pieces of legislation, but the new Municipal Act brings them together in one place.

There are certain limits on these new powers. Municipalities cannot pass bylaws that conflict with federal or provincial legislation; they must respect certain procedural requirements in making decisions; and there are some limitations on their financial activities.

CONSEQUENCES

The cumulative effect of all these changes could provide municipalities with more autonomy. The previous sentence is worded in a cautionary manner because much depends on how municipalities react to the opportunities presented to them and how the province responds to these municipal initiatives. The remainder of this paper will consider some of the opportunities that municipalities have, and will provide a preliminary assessment of how they have used these opportunities so far.

MORE POWERFUL MAYORS

Politicians gain a great deal of their authority from the size of the area and the number of people they represent. Currently, the City of Toronto has twenty-two members of parliament, twenty-two members of the provincial legislature, and one mayor. It is not difficult to figure out who will speak with the greatest authority about the needs of the people of Toronto. This will also have an impact when mayors speak collectively. Three of the largest cities in Ontario are now of the amalgamated, single-tier type. The mayors of Hamilton, Ottawa, and Toronto represent more than 30 percent of the total population of the province.

Of course, political power has a significant personal component as well. There will be mayors who are unable or unwilling to wield the amount of

power they have available to them, and it will be some time before this pattern develops to its full extent, but there can be little doubt that these mega-cities have the potential to produce mega-mayors.

SIZE MATTERS

Not only are the amalgamated cities quantitatively larger, but there are qualitative differences that occur as municipalities become larger. Courchene has argued that Toronto is in the process of attaining the status of a global city-region with all the accoutrements of power that this brings (Courchene 2001). Larger and more economically powerful municipalities are able to hire more staff and more highly qualified staff. The larger municipalities have more money, and because of their size they can attract politicians and staff who want the challenge of managing in a larger place. For an aspiring politician, being mayor of a large city looks more attractive than being an MP or MPP. On the staff side, larger municipalities can hire people with more specialized expertise in such areas as policy analysis and intergovernmental affairs. This kind of appointment is sometimes seen in municipalities in other provinces and in the United States, but is not common in Ontario. It could allow municipalities to develop a level of expertise that might rival that of the province.

This has not happened very much so far in Ontario. The traditional view held by many councillors and staff is that local government is about delivering services and minimizing taxes. They consider that policy analysis is something done by other governments; local governments do not waste time considering broader policy issues – a fact that is all too often true. And since intergovernmental relations are handled by the head of council, there is thought to be no need for specialists. This is an area where local governments could improve their position, but they have been slow to move.

SINGLE-TIERS SPEAK WITH ONE VOICE

Two-tier governments were supposed to be desirable because they would provide for economies of scale in the upper tiers and citizen participation in the lower tiers. This has not worked as well as anticipated because there are relatively few economies of scale to be captured, and the goal of citizen participation has been weakened because of the confusion caused by two tiers of government. In practice, two-tier local governments have become vehicles that allow politicians in one tier to spend a great deal of their time and taxpayers' money fighting politicians at the other level (who are spending a great deal of time and taxpayers' money to defend themselves). Blame shifting has become a major activity in two-tier governments.

Mayors of larger municipalities speak with considerable authority, and the mayor of a large, single-tier municipality can speak with greater authority

than the chair of an upper-tier county or region. The downside of this is that the kinds of territorial disputes that used to occur between municipalities now occur within council. This is obviously a problem, and the greater the geographic area of the municipality and the larger the council, the greater is this problem. However, there are established mechanisms for resolving these disputes within council, and they do not involve the same level of visible acrimony as intermunicipal disputes.

MORE UNTIED MONEY

Table 1 above indicated that municipal revenue has increased significantly in the last few years. The shift from a heavy reliance on tied money, in the form of conditional transfers, to greater availability of own-source revenue, in the form of property taxes and users charges, is as significant as the amount of the increase.

Municipal politicians would be quick to point out that these were not exactly windfalls in that the increase in revenues has been accompanied by the downloading of major responsibilities for service provision. Municipal politicians would also point to the political cost and practical constraints on increasing property taxes and user charges. However, the increase in the amount of untied money does give municipalities more levers in making policy. Downloaded responsibilities cannot be ignored, but the lack of conditional transfers, which forced municipalities to spend in certain areas, means that municipalities now have autonomy to decide how much attention (and funding) to focus on these downloaded responsibilities. Municipalities will soon figure out what provincial governments learned some time ago in their dealings with the federal government – that in the absence of conditional grants, it is very difficult to enforce standards and require other governments to engage in particular activities. Municipalities will be able to make policy decisions to move funds around if they choose to do so.

MORE LEGISLATIVE AUTHORITY

The establishment of spheres of jurisdiction and the provision of natural person powers can amount to a notable increase in the powers that municipalities have available to them. These changes constitute a change from the rigid principle of Dillon's Rule to greater flexibility and autonomy in decision making. However, Garcea has argued that the real impact of these changes will be determined by how the municipal governments use them, how the provincial government responds to what municipalities do, and how courts interpret the legislation (Garcea 2004).

A few months after the legislation has come into force, the rhetoric at municipal council meetings has not changed very much. Many councillors would

still rather complain about the intrusiveness of provincial rules than actually make policy themselves. New-found power can be both intoxicating and frightening. Municipal councillors are so comfortable with possessing limited powers and being able to blame the province or the other level of municipal government for problems or missed opportunities that these patterns of behaviour will be slow to change. Smith and Stewart, in their paper in this volume, have provided examples of cases where Vancouver politicians have acted proactively to push the envelope of municipal autonomy in the face of reluctant provincial officials. It would be difficult to find comparable examples in Ontario.

From the provincial perspective, it may be difficult to loosen the reins of municipal government that have been in place for so long. Although the new legislation gives municipalities more autonomy, there are enough restraints in the legislation and in other powers held by the province that it would be easy for the province to revert to its paternalistic role. The constraints preventing this occurring are based more on goodwill than on legislative enactment. For example, the province has recently raised the idea of requiring municipalities to hold a referendum before they increase property taxes. If this idea is followed through, it will have a significant impact on the development of municipal autonomy that I have suggested above. Another effect of this suggestion and the way it was announced is that it has had a devastating impact on the level of trust that was developing between the two levels of governments. As mentioned above, there are levers in the legislation that allow the province to return to a very restrictive position. At first, municipalities believed that the province would not be quick to use these. However, this recent musing about referendums has shaken that confidence.

CONCLUSION

Local government reform in Ontario has come by fits and starts over the years. However, the recent reforms discussed in this paper are the most significant set of reforms made in Ontario's municipal system since the current system was created by the Baldwin Act in 1849. There were financial reforms that have reduced the municipalities' reliance on provincial transfers and given them greater access to own-source revenue. There were functional reforms that have given municipalities much more scope for service provision. There were structural reforms that have reduced the number of municipalities by half, often by replacing two-tier municipalities with very large single-tier municipalities. There were also major legislative reforms that have given municipalities more autonomy from provincial control.

The importance of behaviour persistence needs to be considered in assessing the real impact of these changes. For a long time, municipalities have viewed themselves as creatures of the province; and for an equally long time,

the province has taken a paternalistic view of municipalities. These roles will not change quickly, even with all sorts of structural changes.

Municipalities have been conditioned to see themselves as service-delivery vehicles, trying to squeeze as much money as possible from the province so that they can keep property taxes low. Municipal councillors see their role almost entirely in terms of minimizing property taxes and delivering the mandated services. Ten years ago, Frances Frisken wrote: “[M]ost Canadian municipalities tend to use their powers primarily to protect themselves from the impacts of change, not to accommodate or manage it.” (Frisken 1994, 30) Changing this perspective to a more proactive, policy-oriented role will be very difficult. Since councillors generally see their entire role in financial terms, the additional powers available to them in the new *Municipal Act* have not attracted a great deal of attention.

There are important caveats on the provincial side as well. While there are mechanisms in place to allow more municipal autonomy, there are also mechanisms that could allow that autonomy to be withdrawn. There is a great deal of goodwill in the Ministry of Municipal Affairs and Housing right now because the architects of the new legislation are still there. However, provincial people move around. Will the next group inherit the same spirit of cooperation? Or will they overreact to the first problems that develop in a municipality? Much of this goodwill could be squandered by one quick announcement of a referendum requirement for property tax increases.

A further complication is that the Ministry of Municipal Affairs and Housing is only one ministry in the provincial government. Many other ministries also deal with municipalities, and it seems doubtful that all of them have heard the autonomy message; some are still imposing the kind of detailed control on municipal activity that the Ministry of Municipal Affairs and Housing would like to leave behind.

We seem to be at a significant juncture in the history of provincial-municipal relations – even of municipal government generally – in Ontario. There have been major structural changes in the last few years that pave the way for what could be the greatest change in municipal government since the creation of municipalities in 1849. However, it would be easy to slide back to the old ways of doing things. The next few years will determine what happens.

NOTES

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1 Actually, the two largest boards (Ottawa and Toronto) did not receive any provincial funding.

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