

Municipal Mergers and Demergers in Quebec and Ontario

Andrew Sancton

Department of Political Science
The University of Western Ontario
London, Canada N6A 5C2

asancton@uwo.ca

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Jean Charest and Dalton McGuinty were both elected as premiers of their respective provinces of Quebec and Ontario in 2003; they had both opposed municipal mergers while they were in opposition; and they both had promised while in opposition to create a mechanism for municipal demergers. Charest followed through on his promise and demergers have taken place; McGuinty reneged. Most observers would probably judge that McGuinty has handled the issue more effectively than Charest. The purpose of this paper is to describe the similarities and differences in the political context in which both leaders were working, to explain their different responses, and to assess the relative merits of the different approaches taken by the two premiers..

Events in the two provinces will be described chronologically. This is because there is ample evidence that political actors in each province were paying close attention to, and were affected by, what was going on in the other. There is little or no documentary evidence to support the assertion that Ontario actors were affected by events in Quebec, but anyone who conversed with relevant government officials and demerger activists in Ontario would be aware of their interest in recent events in what was going on in their neighbouring province.¹

Despite its title, this paper does not focus on policy-making in the two provinces relating to municipal mergers. There are two reasons: 1) the topic has already received considerable academic attention;² and 2) Jean Charest and Dalton McGuinty were both responding to the initiatives of others with respect to municipal mergers. Charest=s and McGuinty=s policy problem related to demergers, not mergers.

The possibility of demergers received little or no media attention until October 2000, at which time they were the subject of a resolution passed at the 28th Congress of the *Parti libéral du Québec* (PLQ). At this point the government of Premier Bouchard in Quebec had announced, but not implemented, its plan for forced municipal mergers throughout the province. This is in contrast with Ontario where by this time three separate laws had already been approved and hundreds of mergers were already in place. The first law was Schedule M of the *Savings and Restructuring Act* (Bill 26, 1997), which provided a mechanism for the minister of municipal affairs, if asked by a single municipality, to appoint a commissioner with the authority to order municipal restructuring if local municipalities could not agree. It was this law that provided the basis for the controversial Chatham-Kent amalgamation that took effect on 1 January 1998. This

¹ I perhaps contributed to such awareness through a few speeches at meetings of demerger activists and through occasional conversations with MPPs and government officials.

²For a discussion of the relevant literature, see Sancton, 2003. See also Aubin, 2004.

forced amalgamation in turn prompted hundreds of voluntary amalgamations under the act between 1998 and 2001. The second law was the *City of Toronto Act, 1997*, that amalgamated the constituent parts of the Municipality of Metropolitan Toronto, also effective 1 January 1998. The third was the *Fewer Municipal Politicians Act, 1999*, which, among other things amalgamated the constituent units of the regional municipalities of Ottawa-Carleton, Hamilton-Wentworth and Sudbury. These amalgamations took effect on 1 January 2001 (Sancton 2000, pp.101-59).

For this paper, the notable feature of the passage of these laws was that, although there was considerable opposition to each, there were no pledges during the legislative process by any opposition politician to undo them. Municipal mergers were only a tiny part of Bill 26 and, in any event, the bill provided only for a procedure and did not itself create any mergers. The announcement of the plans by Ontario's conservative government in late 1996 to create the megacity in Toronto came just before Dalton McGuinty succeeded Lyn McLeod as leader of the Ontario Liberal Party. The story of the emergence of massive opposition to the megacity legislation is well known (Horak 1998; Boudreau 2000). However such opposition is characterized, no one could claim that Dalton McGuinty and the Liberals were its most important feature. Much of the opposition was outside the legislature altogether, notably in the group Citizens for Local democracy (C4LD), led by former Toronto mayor, John Sewell. Within the legislature, the New Democratic Party (NDP) caused more trouble for the government than the Liberals. In his book on the early years of the government of Premier Mike Harris, John Ibbitson states that, 'Dalton McGuinty had reportedly been for compromising with the Tories, but in a session with his caucus, he was talked into sticking with the NDP (Ibbitson 1997, pp.266-7)'. Both opposition parties employed every conceivable line of argument against the legislation, but neither pledged to undo it if elected at a future election. Such a possible course of action was not raised by anybody. Why not?

The first reason is that, during the 1960s and 1970s Ontario experienced dozens of forced municipal mergers, usually within the context of the creation of two-tier systems of regional government. Despite the considerable unpopularity of such mergers, no demergers had ever been seriously advocated by any political party in Ontario, let alone implemented. The second reason is that all participants implicitly accepted the omelet argument: eggs, once broken, mixed with each other and cooked, cannot be separated from each other and reconstituted as self-contained eggs. Given that none of the Ontario mergers provided for any decentralized decision-making institutions within the new municipalities, such an understanding is not surprising.

The *Fewer Municipal Politicians Act* was introduced and approved after the provincial election of 1999, notwithstanding the fact that more municipal mergers were not part of the Progressive Conservative (PC) platform in that election. In York region, north of Toronto, the minister of transport promised his constituents during the campaign that there would be no forced mergers in the suburban area around Toronto. More significantly, a PC MPP seeking re-election in a suburban Hamilton constituency promised that, as long as he was their MPP, a conservative government would not force their municipalities to merge with the City of Hamilton. After he and the government were re-elected, the government, through the *Fewer Municipal Politicians Act*, proceeded to do precisely that and the MPP resigned (Sancton, 2000, p.141). In fact, opposition to this legislation was more notable among suburban MPPs

within the government caucus than from within the opposition parties.

Both the Liberals and the NDP caucuses contained members who supported the substance of the legislation, if not the manner in which the government was imposing it. McGuinty himself represents an electoral district (Ottawa South) that was within the old central City of Ottawa and had been reported as favouring amalgamation in Ottawa. During the legislative debate on the *Fewer Municipal Politicians Act*, the Liberal MPP for Hamilton East stated:

I rise tonight with mixed emotions on a very difficult decision that we're faced with. As someone who for the past 12 years has fought in favour of one-tier government for Hamilton-Wentworth, I face the task tonight of having to vote against this piece of legislation by virtue of what this government has done with this bill and how they have distorted and taken away the democratic rights of Ontarians to deal with municipal restructuring.

It's the same difficult decision that I know my colleague from Hamilton Mountain faces and that my colleague from Hamilton West faces. All of us who have stood together and fought for what was in the best interests of Hamilton-Wentworth feel tonight that this government has betrayed the trust of the people of Hamilton-Wentworth and the other regions involved by this piece of legislation (Ontario, Legislative Assembly, *Hansard*, 20 December 1999).

There were two more developments in Ontario in 2000 before the PLG Congress of October 2000. The first came in April when Ontario's last major municipal merger was announced. Acting as a commissioner with the authority to make a final and binding decision, Professor Harry Kitchen of Trent University ordered that all the municipalities in Victoria county (including the Town of Lindsay) be merged to form the City of Kawartha Lakes (Ontario 2000). Local opposition was intense both to the merger itself and to the name. It was this opposition that, in retrospect at least, can be seen as the starting point for the Ontario demerger movement. The other event was the suburban Hamilton by-election in September to replace the conservative MPP who had resigned because of the merger, which by this time had been legislated but not implemented. The Liberal candidate, Ted McMeekin, was the former mayor of Flamborough, one of the municipalities subsumed in the new City of Hamilton. During the campaign, Liberal leader Dalton McGuinty stated in an open letter to voters in the riding that if I were Premier today, I would not proceed with this forced amalgamation proposal. He went on: My party proposed amendments to the municipal referendum legislation allowing for binding referenda on municipal amalgamation issues. We would implement this policy in government. Our bill would place the power where it belongs, with local residents (McGuinty 2000). McMeekin won easily. The Liberals had won a seat in an area that, apart from the merger, was prime PC territory. A few months later, in February of 2001, the PC government let it be known that there would be no more forced municipal mergers in Ontario (Rusk 2001b).

The Charest commitment

When the Quebec government released its White Paper on municipal restructuring in April 2000 (Quebec 2000a), it was clear that amalgamations in one form or another in Quebec's major cities were going to happen. By June, the National Assembly had approved Bill 124, a law granting the minister of municipal affairs the authority to merge municipalities not contained

within the census metropolitan areas of Montreal, Quebec, and the Outaouais. A month earlier, the government had appointed chairs of advisory committees for municipal structures within these census metropolitan areas. For Montreal, the chair was Louis Bernard. His report was made public only a few days before the 28th Congress of the PLQ in mid-October, the first one since Jean Charest had become party leader in 1997. Bernard recommended the amalgamation of all the municipalities of the Montreal Urban Community into a new city of Montreal, but he also called for 27 remarkably autonomous boroughs, each of which would have its own taxation powers for local services and the authority to enter into collective agreements with its own workers (Quebec 2000b).

At the PLQ Congress a resolution providing for demergers was moved by Roch Cholette, the party's municipal affairs critic in the National Assembly, and supported by at least two other MNAs. The resolution stated that:

dans l'éventualité où le gouvernement s'entê[rait] à fusionner des municipalités du Québec, un gouvernement libéral s'engage à adopter une loi qui assurera le respect des citoyens en permettant la tenue des référendums postant sur l'annulation desdites fusions et s'engage à respecter les résultats ainsi obtenus (Salvet and Corbeil 2000).

It appears that the suburban mayors B many of whom supported the Liberals B were not involved in the process of preparing the resolution. Mayor Peter Trent of Westmount stated that, AJ=avoue que je ne vois pas comment ça pourra être concrètement mis en pratique. Francine Gadbois, the mayor of Boucherville, had this to say about the resolution: AÇa me semble complètement illusoire. For Andrée Boucher, the mayor of Sainte-Foy, the plan seemed. At très aléatoire (quoted in Desrosiers 2000). Charest himself was quoted as saying that, A La résolution prévoit un cadre législatif. Les Québécois auront ainsi un vrai choix qui sera défini plutôt que de se faire imposer [les volontés] du gouvernement (quoted in Cardinal 2000), although he was silent concerning the details of how his party's plan would be implemented. Party congresses are often chaotic events. Resolutions are not always well thought out. In this case the party was responding to a government report that had been released only a few days previously. Was the resolution the result of a careful, deliberative process aimed at preparing the PLQ for the next election? Or was it more like a political accident? At this point we simply do not know.

What we do know is that the Liberal resolution received relatively little attention in the aftermath of the party congress B although it received considerably more than McGuinty's commitment during the suburban Hamilton by-election. Media coverage in Quebec quickly moved on to the conflicts between local mayors and provincial politicians about exactly what was to be done. In the face of strong opposition from unions to the notion that boroughs could manage collective agreements in Montreal and from many suburban mayors to any form of merger, the government opted for the unions over the mayors and on 15 November introduced Bill 170 to merge municipalities in Montreal, Quebec, and Gatineau and to provide in Montreal for boroughs that would have no control over collective agreements and no powers of taxation. Meanwhile public opposition to the mergers grew. Unlike Ontario, all the mergers were effectively being done at once, although the statutory authority for them derived from two distinct laws.

At a huge public rally in Pointe Claire, in the West Island of Montreal on 20 November, Charest was wildly cheered when he stated, "The Liberal Party [has promised] once it forms a government [it will] allow the citizens who have been victims of these forced mergers to speak and undo what the Parti québécois (PQ) has done (quoted in Beaudin and Gyulai 2000)." This public statement on television in front of thousands of people was much more politically important than the relatively obscure resolution passed at a party conference. Significantly, perhaps, Charest spoke of the commitment as being that of the PLQ, rather than his personally. Furthermore, when Charest spoke in the legislature on 15 December during the debate on Bill 170, he made no reference to his party's pledge about undoing the forced mergers.

Kawartha Lakes

The City of Kawartha Lakes is the result of Commissioner Harry Kitchen's deliberations about the municipal structures of Victoria county and came into existence on 1 January 2001 with a population of about 69,000. Unlike the situation in other Ontario mergers, the main citizens' group opposing the merger, Voices of Central Ontario (VOCO), became even more active after the merger. VOCO gathered petitions with 11,000 signatures asking that the merger be undone and it conducted its own referendum in which 96.5 percent of 6209 voters expressed a preference to undo the amalgamation by returning to the previous system of municipal government (VOCO 2005).

During a visit to Kawartha Lakes in October 2001, opposition leader McGuinty, stated that Ontario Liberals believed that past amalgamations could be reversed by a local referendum if there were a substantial demonstration of public support for the holding of such a referendum. He stated that the petition campaign in Victoria county has clearly met that threshold (McGuinty 2002). McGuinty knew what Charest had said and so did the citizen activists within VOCO. In February 2002, McGuinty repeated his promise in an e-mail to one of VOCO's most prominent leaders (McGuinty 2002).

On 15 April 2002, Ernie Eves succeeded Mike Harris as the PC premier of Ontario. On that day Premier Eves appointed Chris Hodgson, the MPP for Victoria-Haliburton-Brock, as his new minister of municipal affairs. We do not know whether or not Eves took into account the fact that Hodgson for two years had been under intense pressure from his constituents to do something about Harry Kitchen's decision to create the City of Kawartha Lakes. In any event, as minister of municipal affairs, Hodgson was in a position to act. With little or no publicity outside his own constituency, Hodgson agreed in November 2002 to put a minister's question about demerger on the ballot in Kawartha Lakes at the time of the municipal elections in November 2003 (Barber 2002). He stated that the threshold for success would be the same as in any democratic election: 50 percent plus one of the ballots cast. After a brief local debate about the wording of the question, Hodgson decided that it would be: "Are you in favour of a return to the previous municipal model of government with an upper-tier municipality and 16 lower-tier municipalities?" (VOCO 2005). A few weeks later -- long before the date of the referendum -- Chris Hodgson retired from politics. By the time the referendum actually took place, Dalton McGuinty was premier.

Charest commits again and wins the election

From December 2000 until March 2003, demergers were not on the agenda of Quebec politics. At one point, the same Liberal critic for municipal affairs who moved the demerger resolution at the PLQ Congress was quoted as saying that his party would not be unhappy if the issue went away. Unnamed aides to the mayor of Montreal, Gerald Tremblay, stated that senior Liberals have told them privately any provincial demerger framework law would either exclude Montreal or fix the details so as to make demergers highly unlikely (*The Gazette* 2003). There was no mention of demergers in the official Liberal platform released in September, 2002 (PLQ 2002)

Focus instead was on the myriad complications of amalgamating multiple bureaucracies. In many ways the Montreal merger was far more complicated than Toronto's. In Montreal more than four times as many municipalities were involved. More important still was the fact that, within the borders of the old City of Montreal, the merger involved decentralization to boroughs that had never existed before (Collin and Robertson 2005), a factor that was totally absent from the Toronto restructuring. Most former suburban politicians had either withdrawn from local politics or completely or had become part of the power structure of the amalgamated municipality.

The main exception was Peter Trent, the former mayor of Westmount. Because demerger was the only mechanism for restoring Westmount's corporate existence, he had become a fervent advocate. In mid-January, 2003, he took the initiative, on behalf of various anti-merger citizens' groups across the province, to hire a retired judge, Lawrence Poitras, to write a report about the feasibility of demergers.³ The report was released on 17 March 2003 five days after the beginning of the provincial election campaign that brought Jean Charest to power. On the first day of the campaign Premier Bernard Landry had attacked the Liberal position by stating that, 'Just having such an idea disqualifies them from having the ambition to govern Quebec (quoted in Aubin 2003).' The combination of the unprovoked attack by the PQ on the idea of municipal demergers and the release of the Poitras report insured that demergers would be an important issue during the campaign.

The Poitras report said little that was new. It did point out that, unlike Ontario, Quebec had actually experienced a few cases of demerger, notably affecting Buckingham in 1974, Gatineau in 1988, Côte-Nord-du-Golfe du Saint-Laurent in 1989 and Bonne-Espérance in 1993 (Poitras 2003, p.35). It claimed that intermunicipal services for demerged municipalities could be provided by a combination of special-purpose agencies and intermunicipal agreements

³ I was in communication with Mr. Trent about this project but did not make any contribution to the final version of the report.

(Poitras, 2003 p.72). The combination of Landry=s initial attacks and the release of the Poitras forced Charest to take a position. The same day that the Poitras report was made public Charest stated that he was still committed, during the first year of his mandate as premier, to providing a mechanism for citizens to decide on demergers, even though he personally would not campaign for or against any particular demerger.

Charest=s restatement of his position provoked furious attacks from the government and from mayors of the amalgamated municipalities. Professor Guy Lachapelle of Concordia University was quoted as saying that:

The issue is a loser for him [Charest]. I don=t understand why he would want to talk about it at all...francophones don=t want to hear about old squabbles....

This opens up a debate that caters to fringe groups and risks increasing social tensions (quoted in Gordon 2003).

The issue remained a prominent one throughout the campaign. In the end, the Liberals won 76 seats, and the PQ 45. Notably, the Liberals won a few seats in PQ strongholds such as the south shore of Montreal (including the seat held by cabinet minister Louise Beaudoin), suburban Quebec City, and even in the Saguenay-area seat of Jonquière B all parts of the province in which forced mergers were a major issue. In retrospect, Charest did not need the handful of extra seats that his demerger stance gained for his party, but he obviously had no way of knowing the election result before he recommitted himself to a demerger process.

The day after the election, Jean-Paul L=Allier, the mayor of Quebec City, urged Charest to follow the example of Daniel Johnson, Sr., who had promised during the 1966 election campaign to demerge the new city of Laval AHe never had time for that legislation,@ L=Allier stated (quoted in Carroll 2003). Such pleas had no effect on Charest. On the same day he again promised that a demerger process would be implemented.

McGuinty and demergers

After the Quebec election but prior to the Ontario election campaign in the autumn of 2003, Dalton McGuinty once again committed himself to a process for municipal demergers. His e-mail to the leader of the demerger activists in Flamborough (near Hamilton) dated 26 June 2003 deserves quoting at some length:

Thank you for your e-mail regarding the issue of the future structure of Flamborough. I appreciate the deep feelings you have for your community. I believe in local democracy. Local residents should have the right to decide on the future of their municipality. Unlike Mike Harris and Ernie Eves - I will not sit in my Queen=s Park office and dictate the future of our communities. As to whether we would reverse past amalgamations, the Ontario Liberal position is to allow a binding referendum when there is a substantial degree of public support. As to how we would determine if there was substantial support for a referendum for the de-amalgamation of a municipality, we will take into account all signals of a community=s wishes - petitions, letters, and municipal council resolutions. We do not have a cast-in-stone, one-size-fits-all number or percentage or cut-off for holding a referendum. Similarly, we will not dictate a province-wide formula that insists that this minimum cut-off for a referendum applies to only one former community in an amalgamated municipality, a certain percentage of former

communities, or every community in that amalgamated city.

Lastly, I do not believe in unilateral separation - all residents of an amalgamated municipality will have a say in what happens to their city. But that does not mean that the residents of one former community in an amalgamated city have a veto over the democratic desires of another former community.

It was the Harris-Eves government's dictatorial style that resulted in these sometimes unwanted amalgamations - we will not change these amalgamations with a similar Amade-in-Queen=s-Park@ forced resolution. Unlike Ernie Eves, we realize that each community in Ontario is unique. A set of referendum rules that may work for the community of Kawartha Lakes, Meaford or North Grenville may not work for Flamborough or Chatham-Kent. My plan for resolving the future shape of our municipalities recognizes that each community is different and requires a unique system of democratically determining the future.

In my team, I want MPP=s who care passionately about democracy as well as the health and well-being of their communities. Ontario needs more MPP=s who are not afraid to speak up when doing so in the best interest of their community. In this regard, the residents of your community are fortunate to have Ted McMeekin, MPP, Ancaster-Dundas-Flamborough-Aldershot as your representative at Queen=s Park. Ted has been a constant advocate for the issues and concerns of his constituents and the communities he represents. Knowing him well, I can assure you that he will be tenacious in this regard (McGuinty 2003).

McGuinty won the election on 2 October 2003. Demergers were only an issue in a very few parts of the province. McMeekin was re-elected in the Flamborough constituency. In Victoria-Haliburton-Brock, which mostly comprised the City of Kawartha Lakes, the PC candidate held the seat previously held for the party by Chris Hodgson. Given that Hodgson had set up the referendum on amalgamation that was to be held a month later and that PCs generally did well in 2003 in traditional rural areas such as this one, the outcome was not surprising. But had the Liberal been elected instead, the fate of the City of Kawartha Lakes might well have been different than it was.

The first and only government-sponsored demerger referendum in Ontario was held in November 2003, long before any such referenda took place in Quebec. The campaign in Kawartha Lakes was hard fought. Opponents of demerger warned of new costs from a possible demerger and despaired at wiping out all the work that had been done in creating the new municipality. They especially highlighted fears that some of the smallest urban settlements could not afford by themselves to provide water to their residents because of the tightened post-Walkerton requirements for public water-supply systems. With a turnout of 48 percent of eligible voters, 16802 voted 'AYes@ and 15918 'ANo (VOCO 2005).@ According to the rules of the game, the electors had approved the dismantling of the City of Kawartha Lakes. But nothing would happen unless the McGuinty government took action.

Clear victories for the 'AYes@ side were apparent in southern townships closer to Peterborough and Toronto and in the town of Bobcageon. 'AYes@ supporters more narrowly carried Fenelon Falls and Fenelon township. Votes on each side were roughly equal in the other, more isolated northern townships. Not surprisingly, the 'ANo@ side won by approximately three thousand to one thousand votes within the old county seat of Lindsay, the largest urban

community in the municipality. Outside Lindsay, the decision to dismantle Kawartha Lakes was clear. The count was close only because voters in Lindsay supported the merger, just as their council had supported the original plan to bring in a commissioner in the first place.

At the same time as the referendum, voters in Kawartha Lakes elected a mayor who supported demerger and a council that was also narrowly in favour. After their election they attempted to convince the McGuinty government to implement demerger on the most favourable terms possible. The process was ended by a letter from the minister of municipal affairs dated 18 February 2004. Like McGuinty's e-mail, the letter deserves quotation at some length:

As I have stated previously, there is no provincial funding available for municipal de-amalgamation. This is a direct result of the deficit left by the previous government. While your current single-tier configuration may not necessarily be the most appropriate municipal structure for your area, I remind you that it was not put in place by this government.

As the Minister of Municipal affairs, my first responsibility is to help ensure that the people of Ontario are privileged to enjoy the security and benefits that come from living in financially viable and sustainable municipalities that deliver services we now expect from local governments. I would be betraying the trust placed in me if I were to establish a new municipal structure that resulted in municipalities financially unable to provide ongoing delivery of those services. I have reason to believe that a number of the previous 16 lower-tier municipalities that would result from de-amalgamation would experience significant financial challenges, given their present-day roles and responsibilities. The government will therefore not be implementing the de-amalgamation of the City of Kawartha Lakes at this time (Gerretson 2004).

The minister went on to explain that in 2001 the City of Kawartha Lakes dispersed \$7 million from the reserve funds of the former municipalities in the form of a one-time tax break for ratepayers. This meant that any reconstituted municipalities would have no reserves and could become more financially dependent on the provincial government. In particular, the minister suggested that some of these municipalities would not be able afford their shares of the capital expenditures required to bring their water systems up to post-Walkerton standards: Ultimately, it is...the taxpayer who would bear the consequences of a decision to de-amalgamate through higher taxes, reduced municipal services, higher fees, or a combination of all three (Gerretson 2004). The minister closed by stating that he would be open to considering other proposals for municipal restructuring. Despite its referendum, Kawartha Lakes was now in the same situation as every other merged municipality in the province: demerger was theoretically possible, but no one had any idea how it could or should be carried out.

The minister's letter is one of the most remarkable documents in the complicated history of Ontario municipal mergers. The minister makes no claim that the merger itself saved money or that, apart from transition costs, demerger would cost money. The only claim is that, without any reserves, in a de-amalgamation scenario, the small populations and consequent small tax bases of many of the former municipalities would cause them significant financial challenges (Gerretson 2004). The real message is that the merged municipality involves various communities cross-subsidizing each other. For some services, this might be desirable, although

no one (including Harry Kitchen) has ever made such a case in Victoria county/Kawartha Lakes. But why is it desirable for water? Surely for water everyone should be paying a user charge that is as close as possible to the full cost of the water they actually consume.

While demerger activists in Kawartha Lakes were preparing for their referendum, activists in Flamborough were collecting 11,129 signatures on a petition. It was presented to the legislature on 3 December 2003 by their MPP, Ted McMeekin, who noted that over fifty percent of eligible voters in Flamborough had signed. In his formal reply to the petition, the minister of municipal affairs stated that he was turning the matter over to the mayor of Hamilton. The mayor's response was: "My mandate is to make the amalgamated city work (quoted in Urquhart 2004)." When asked by a reporter if he had been passing the buck, the minister's response was, "I suppose whenever you don't make any decisions on something, somebody can say you are passing the buck (quoted in Urquhart 2004)."

The decisions (or non-decisions) of the McGuinty government on Kawartha Lakes and Hamilton did not make the various demerger groups go away. But it did make them increasingly bitter and more likely to ally themselves with other groups (for example, the Canadian Taxpayers Federation and the Lanark Landowners Association) that sometimes demonstrated outright alienation from government in general. However, as some groups showed signs of exhaustion or of having their original objectives broadened beyond recognition, other demerger groups popped up in other parts of the province.

The McGuinty government has had to deal with one other issue related to demergers: the campaign launched in 2002 by Mayor Hazel McCallion to have Mississauga recreated as a single-tier municipality independent of the Regional Municipality of Peel, of which it has been a constituent part since its creation in 1974 (Urbaniak 2005 pp.238-49). The McGuinty government rejected McCallion's "separation" plan at about the same time it was rejecting the demerger in Kawartha Lakes. In April 2005, the government introduced legislation to change, in Mississauga's favour, the balance of representation on the Peel regional council such that it came closer to reflecting the principle of representation by population. In his speech opening the debate on second reading, the minister of municipal affairs was careful to point out that,

as far as this government is concerned, we are not restructuring the region of Peel. We are merely adjusting the regional council representation so that it more fairly reflects the population distribution of Peel and balances the interests of the lower-tier municipalities. (Ontario, Legislative Assembly, *Hansard*, 25 April 2005)

If there is one thing the McGuinty government has been consistent about it is that it does not want to get involved in municipal restructuring.

Charest implements a demerger mechanism

While the McGuinty government was repeatedly rejecting various forms of municipal restructuring in 2003, the Charest government became immersed in the subject. Once Mayor Tremblay of Montreal became convinced that the Charest government was going to provide for demerger referendums, he decided he had to be able to present a viable alternative to demerger, so he requested that the National Assembly approve legislation (Bill 33) to allocate still more authority to the boroughs and to have their mayors directly elected. Defenders of the original merger, such as the former mayor of Montreal, Pierre Bourque, objected on the grounds that borough decentralization had gone so far that the original purposes of the merger were being

undermined. The Charest government effectively gave Tremblay what he asked for.

Formulating its own legislation for the demerger process proved much more difficult. The decisions that had to be made were numerous. What would trigger a demerger referendum? How much support for demerger at the referendum would be necessary in order for it to be implemented? How would it be implemented? Who would pay for what? The government's objective seemed to be to act simply as a broker between the leaders of the amalgamated municipalities who wanted to make demerger undesirable as an objective and almost impossible to attain in practice and the demerger activists who wanted it to be attractive as an objective and easy to attain. In balancing the interests of the two sides, the government was relatively successful.

The most important and difficult set of questions involved the nature of the subsequent relationship between any demerged municipality and the municipality from which it separated. The government decided that many common services, including fire suppression, would be under the jurisdiction of an Urban agglomeration council that would bring together representatives of both the central municipality and the demerged ones. Exactly how such a council would work was not determined until long after the demerger referendums took place.

The confusion about the agglomeration councils, though perhaps inevitable, was unfortunate, because the whole point of the demerger referendums was to give voters one clear chance to make a decision. If the alternatives were not defined, such a decision was difficult, if not impossible. Demerger advocates took the position that it was best to vote for demerger whatever the current rules might be, because they could always be changed later to the benefit of the demerged municipalities. Central-city mayors had to argue that the current offer was the best that the advocates of demerger would ever get, so they constantly pressured the government to commit itself to not changing the rules in the foreseeable future. In the case of the agglomeration councils, the rules were simply not known.

Demerger referendums were held in 87 former municipalities on 20 June within parts of 29 amalgamated municipalities (Quebec 2004). For a demerger to be approved, 50 percent of the votes cast representing 35 percent of the total eligible voters had to be affirmative. This threshold was met in 31 former municipalities that were part of twelve different amalgamated municipalities. Fifteen of the affirmative decisions for demerger were within the amalgamated city of Montreal. Consequently, difficulties with implementing the agglomeration council there were much more intense than anywhere else in Quebec. Understanding how the municipal system is supposed to work in Montreal in the post-demerger period is a prerequisite for assessing the effectiveness of Charest's demerger policy.

The territory of the former Montreal Urban Community (all municipalities on the Island of Montreal and Île-Bizard and Île-Dorval) now consists of the City of Montreal and 15 demerged municipalities. The fifteen demerged municipalities are corporate entities having roughly the same functions and structures as they did prior the merger in 2002, with the important exception that they are no longer responsible for fire suppression. The City of Montreal, however, is now quite radically different than it was prior to 2002. The most important difference is that it now comprises 19 boroughs. These boroughs are *not* distinct corporate entities; they remain part of the municipal corporation of the City of Montreal. The territory of each borough comprises one or more electoral districts of the City of Montreal, each of which has a directly-elected mayor who also sits on city council. All but one (Outremont) of

the boroughs has at least one other city councillor on its borough council and some have four. Because each borough council must have a minimum of five members, there are also forty borough councillors elected to serve at that level only. In total there are 64 members of the Montreal city council, including the mayor of Montreal and the 19 borough mayors (Montreal, 2005). The borough councils have the same functional responsibilities as the demerged municipalities, but they cannot levy their own taxes without the permission of the city council. In actual practice, boroughs rely on city council for an annual grant of funds. Boroughs can hire personnel, but such personnel are employees of the city and are subject to the city=s collective agreements.

Municipal functions within the City of Montreal that are not the responsibility of the boroughs are the corporate responsibility of the City of Montreal and are administered by its employees, but decision-making with respect to these functions is the responsibility not of the Montreal city council but of the agglomeration council. The only remaining functions of the Montreal city council are to allocate funds to the boroughs and to make decisions about the position that the city will take with respect to issues that are coming before the agglomeration council.

The extent to which the city=s decisions are implemented by the agglomeration council depends, of course, on its make-up and rules of decision-making, precisely the issues that proved most difficult to resolve. The law sponsored by the Charest government that allowed for the demergers (Bill 9) stated that agglomeration councils would be made up of representatives of the central and Arelated@ (i.e. demerged) municipalities. Voting is weighted roughly in accordance with population (in Montreal=s case, the central city makes up 87 percent of the population) and larger municipalities are entitled to more than one member. According to another law (Bill 75) approved in December, 2004, the details of how each agglomeration council was to be set up were left in the hands of the Quebec government, which would be advised on these matters, in Montreal, Quebec, and Longueuil, by a transition committee. The same law specifies that, if a particular municipal council takes a position on a matter coming before the agglomeration council, then all representatives of the municipal council on the agglomeration council must Avote in conformity with@ the position taken by their respective municipal council.

For Montreal, the transition committee recommended that all Montreal city councillors be on the agglomeration council and that its services be controlled politically by functional committees comprising representatives from both the central city and the demerged municipalities (Quebec 2005a). Mayor Tremblay objected strenuously to the notion that all city councillors (including opposition members) would be on the council. His objection was based on the possibility that, if the mayor=s local political party did not comprise a majority on the Montreal city council, the mayor=s position would be even weaker within the agglomeration council because of the likelihood that demerged mayors would align themselves with the opposition and, on some issues at least, seize control. After intense lobbying from Mayor Tremblay, Charest=s minister of municipal affairs accepted the city=s position on the make-up of the agglomeration council and agreed that the mayor would appoint 15 Montreal city councillors (presumably from his own party) to join him on the agglomeration council (Quebec, 2005b). As events transpired, Tremblay=s party won a sweeping victory in the municipal elections on 6 November 2005, so he would have controlled the agglomeration council whatever the minister had ruled.

We now know that demerged municipalities will have virtually no power with respect to functions under the control of the agglomeration council. They will simply have to pay their share of the costs based on their relative share of property assessment within the agglomeration. But what about boroughs within the City of Montreal whose electors did not for Tremblay or his party? A notable example is Anjou, a francophone former east-end suburban municipality that did not demerge because, although a majority of voters supported this option in the 2004 referendum, they only comprised 26 percent of eligible voters (Quebec 2004). In Anjou, all of the people elected to municipal office ran as members of the Anjou party (Montreal 2005). Mayor Tremblay is therefore unlikely to appoint Anjou's mayor or city councillor to the agglomeration council. The demerged City of Westmount will have a right to a seat at the agglomeration council, but Anjou, with about twice the population, will not. The only right that Anjou's two representatives on Montreal city council have with respect to agglomeration affairs is to participate in decisions of the Montreal city council concerning the city's position with respect to matters that must officially be decided by the agglomeration council. In practice Anjou's representatives might well have more potential influence on agglomeration affairs than the mayor of Westmount. But, at this stage, we simply do not know.

Municipalities comprising Montreal's agglomeration council are also members of the Montreal Metropolitan Community (MMC), a metropolitan institution resulting from legislation sponsored by the PQ government in 2001. Its boundaries go far beyond the Island of Montreal; it is primarily concerned with strategic regional planning for waste management and infrastructure. The chair of its council is the mayor of the City of Montreal. Perhaps because of all the attention paid to demergers, the Montreal Metropolitan Community has so far not had much impact.

When the Charest government took office, the MMC was in place, anchored at the centre by the City of Montreal, which included all of the island of Montreal, comprising 27 boroughs having significant local authority. The MMC is still there, but 15 municipalities have demerged from the City of Montreal, and the political authority of the Montreal city council has been fragmented, both by the establishment of the agglomeration council and by the strengthening of the remaining 19 boroughs. How are we to assess these changes?

The easiest response is to conclude that what has happened is a complete disaster. Demerger has meant nothing in practice; amalgamated municipalities have been needlessly dismembered; and the resulting system of intermunicipal relationships is both incomprehensible and hopelessly undemocratic. But there are other possible interpretations.

First, it is no small accomplishment that the Charest government followed through on its promise to create a mechanism for demerger. The process was accepted as legitimate by the demerger activists, who worked hard to collect signatures to trigger referendums and then, in some cases at least, to win them.

Second, the government did absolutely nothing to harm the post-merger fiscal position of the central cities, including the City of Montreal. Demerged municipalities escaped neither old nor new fiscal burdens. What they regained was the undisputed authority to tax their property-owners to pay for local services at whatever rate they desired. It is possible that they have escaped potential *future* fiscal burdens: perhaps a future Montreal city council would have deliberately cut funding for local services in wealthy boroughs and increased such funding in poorer boroughs. For services like libraries and recreation facilities, wealthy boroughs could

have compensated by raising user fees, but it is quite possible that borough-equalization policies could have led over time to a decline in the level of local public goods such as street maintenance. Observers will probably be able to determine over the next few years the extent to which relatively wealthy demerged municipalities have protected themselves by comparing the fate of their streets and services to those of such Montreal boroughs as Outremont and Anjou.

With respect to arrangements for the agglomeration council and the strengthened role for the boroughs, we can at least conclude that the Charest government has been innovative. Who would have thought two years ago that a single Canadian municipal corporation could have three distinct levels of political decision-making authority, including twenty directly-elected mayors? No one yet knows how this system will work in practice. What we do know is that Montreal city council has had a party system for a long time and that local parties in Montreal have frequently won sweeping victories, meaning that the mayor, as leader of the party, like a prime minister or premier leading a majority government, has a great deal of power. Nothing the Charest government has done B including the mechanism for choosing the members of the agglomeration council B has further strengthened the practical power and influence of a politically strong mayor of Montreal. In fact, the strengthening of the role of the boroughs has reduced such authority, as Pierre Bourque has frequently reminded us.

Conclusion

The Bellamy report on the computer financing scandal in the City of Toronto recently concluded that Toronto needed strong, accountable political leadership that could focus on the major strategic issues facing the city (Toronto 2005). The combination of a strong majority party, a powerful executive committee, a relatively small agglomeration council focussed on major urban services, and demerged municipalities and boroughs that relieve central decision-making authorities of responsibility for local services is not far off what Bellamy recommended for Toronto, although no one could possibly have designed the Montreal system starting from abstract principles. In any event, a local party system for Toronto or anywhere else, cannot be imposed as part of a program of institutional reorganization.

Many Torontonians, including former mayor, John Sewell, would favour the local decision-making features of Montreal=s system but recoil at prescriptions for local parties and/or powerful mayors and executive committees. Whatever we might conclude about the operation of the Montreal city council and the likely operation of the agglomeration council, it is unlikely that we would conclude that they are paragons of open, participatory, democratic decision-making. But the root cause of such deficiencies relates more to the dominance of one local political party than it does to questions of institutional design, although the causal relationships between the two factors are admittedly complex. In any event, the government of Jean Charest is not the cause of one party dominance within the City of Montreal, even if it did bow to Mayor Tremblay=s pressure to perpetuate it in relation to the composition of the agglomeration council.

Whatever the Charest government has done, it has not fundamentally changed the nature of Montreal city government. The greatest changes were brought about by the PQ when it sponsored the original mergers and created the borough system. What the Charest government did was to keep its promise to allow voters in recently merged municipalities to decide whether they wanted to maintain the merger or not. Why did Charest keep his promise while McGuinty did not?

The PQ=s merger initiatives were more comprehensive and concentrated within a short period of time, thereby mobilizing more opposition throughout the entire province on this issue than the Harris government in Ontario ever had to face. Unlike the provincial Liberals in Ontario, the PLQ party formally committed itself in late 2000 to take action on demergers, in large measure because the timing of the PQ initiative happened to coincide with the timing of a PLQ Congress. Charest presumably could have prevented such a commitment, but only by alienating a significant number of party members and by giving up the opportunity to make electoral gains in francophone areas of the province where the Liberals had a chance to win seats as a result of intense opposition to the forced mergers. Given the strength of the opposition to mergers, once the Liberals decided on a demerger commitment, their position became well publicized in the Quebec media. This was never the case for McGuinty, whose demerger pledges were made in local press conferences and in e-mails to activists rather than at a party congress or at huge rallies covered by the Toronto media. In this context it is important to remember that, in late 1996 and 1997, when the Toronto media were focussing on the merger issue in Toronto, not even the most fervent opponents of the megacity raised the possibility of a subsequent demerger. Why did it become so important for the Quebec Liberals? The answer to this remains unknown. All we know is that Quebec already had a limited history of legislated demergers and Ontario did not.

In the Ontario election of 2003, demergers were an issue only in a very few parts of the province, notably Hamilton and Kawartha Lakes. No one was seriously suggesting that there be demergers in Toronto, even though Mayor Lastman had famously declared in 2001 that amalgamation was a disaster (quoted in Rusk 2001a).⁶ In Ontario, there were no demerger activists such as Peter Trent in Quebec, who knew how to find significant amounts of money, who had a keen sense of political strategy, and who were well connected with both the media and the provincial Liberals. Furthermore, the PCs could not attack McGuinty for suggesting that demergers might be possible because their own minister of municipal affairs, Chris Hodgson, had arranged for a demerger referendum in Kawartha Lakes. Once McGuinty was elected, the facts that the PCs had sponsored the referendum and that voters in Kawartha Lakes (consequently?) elected a PC member, made it politically easier for McGuinty eventually to repudiate the results.

Charest=s last chance to abandon demergers was immediately after the 2003 election. Instead of doing so, at his first press conference as premier-designate, he committed himself to taking action on demergers during his first year in office. He really had no alternative. Demergers were a highly salient issue throughout the campaign and across the entire province. The positions of the two major parties were quite distinct from each other. Unlike election promises to spend money or cut taxes, the demerger promise could not have been jettisoned on the grounds that the financial situation was worse than what the previous government had claimed. Charest had declared with great fanfare that giving voters a chance to demerge was a matter of principle. To have declared otherwise at the beginning of his mandate would have damaged his government beyond repair.

The obvious counter-argument is that all the difficulties caused by the demerger issue were equally damaging. This remains to be seen. The argument advanced here is that the end result has not been bad and that the Charest government=s actions with respect to demergers will not likely be a negative factor for the Liberals at the time of the next Quebec election. Ironically,

events in Quebec have probably strengthened the view within the McGuinty government that it is best to stay clear of demergers, in large measure because of the complex intermunicipal arrangements that are required in their wake. Such a result, if true, is unfortunate. Within the context of Quebec municipal politics, the Charest government has worked out innovative solutions to apparently intractable problems. The McGuinty government has been content simply to ignore its promises on the grounds that implementing them might be difficult.

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