ORGANIZING CANADIAN LOCAL GOVERNMENT

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EXECUTIVE SUMMARY

There is no one-size-fits-all approach to organizing local governments in Alberta. Ultimately, communities will decide on the governance model that best suits their needs. A number of factors must be considered when determining which municipal governance arrangement works best for a given community. It’s not a straight-forward decision where one model stands out over another. This paper examines the three main models, using examples from across Canada, to look at their pros and cons. Those in decision-making roles about municipal governance in Alberta should consider the comparative perspective presented in this paper if they’re concerned with reforming their own models.

The broad municipal governance models examined are single-tier, two-tier and self-organizing. However, they are not mutually exclusive. Self-organizing mechanisms are widely used throughout Canada in both single-tier and two-tier governments.

Single-tier models have a single local government that is responsible for providing all municipal services within a geographic boundary. While this provides for equity in servicing and set lines of authority and accountability, it is rarely the case that a single-tier government encompasses its entire metropolitan region. This results in fragmented systems that require co-ordination and co-operation to control externalities. Toronto does not even cover all of its metropolitan or economic region.

Two-tier models have an upper tier government that shares responsibility with lower tier governments. This allows the different governments to provide services for which they are best suited. However, multiple levels of government can result in inefficiencies and confusion when it comes to electing officials. Both Ontario and B.C. offer good examples of two-tier governance.

Self-organizing models involve interlocal co-operation and co-ordination, allowing municipalities to partner for servicing or to work together on projects that benefit all participants. While research has shown that this works well for larger municipalities, more research is needed, particularly in Alberta, on the effectiveness in smaller communities outside of the major metropolitan areas.

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This comparative analysis provides examples from Canada that work well for those particular communities and examines the advantages and disadvantages of each model based on a set of standard political and economic factors to ensure the comparisons are equitable. Policy-makers must take into consideration each community’s unique features to determine which governance model would be best suited for the municipality in question.

INTRODUCTION

Finding the right organizational structure to govern local communities is a long-standing concern among public policy-makers. In Canada, territorial communities vary in composition. Travelling across the country, one would notice large cities, small towns or villages, rural areas with small urban settlements, or large and sprawling metropolitan areas. Because Canada’s communities do not come in one size or shape, different local governance arrangements have emerged throughout our history to organize the delivery of vital services and provide community representation, such as single-tier, two-tier models and service co-operation models. These types of arrangements have implications for how a municipality is governed and financed. Underlying these concerns are factors such as local identity, culture and values.

The goal of this brief report is to provide Alberta decision-makers with a comparative perspective on municipal governance arrangements from across Canada. Three main governance arrangements will be examined:

• Single-tier government
• Two-tier government
• Inter-local co-operation and co-ordination or self-organizing models

Different process models to achieve consolidation, such as amalgamation and annexation, will also be examined.

This paper includes examples from across Canada. Each model will be evaluated using a standard set of economic and political criteria. The paper begins with a brief background on the underlying logic of the various institutional models and governance arrangements, prior to examining the history with each in the section that follows. The final section provides an evaluation of various models presented throughout the paper.
THEORY AND PRACTICE IN MUNICIPAL ORGANIZATION

Before discussing municipal models used across Canada, it is worthwhile to explore the type of thinking that underlies each of these models. Each comes with a particular view of how communities are best governed. Generally, three leading perspectives have emerged over the years: consolidation and reform, public choice theory and new regionalism (Slack and Chattopadhyay 2013; Slack and Côté 2014).

Consolidationists see a strong role for institutions in linking communities together as they grow. They view the growth that naturally occurs in certain regions as having the potential to create governance and servicing problems, largely through the increased competition that occurs between municipal units in the same geographic space. This fragmentation is also seen as inhibiting policies that address several scalar issues in regions, such as economic inequality, traffic congestion, inner-city decline and pollution (Rusk 2003). In such an environment, policy coordination and continuity can be challenging.

To this group, the outward expansion of major metropolitan and other high-growth areas in Alberta would be seen as being quite inefficient and problematic. Consolidationists favour policy tools such as annexation and amalgamation to extend the boundaries of central municipalities to take in more urbanizing territory in the surrounding area, believing that the institutional fragmentation that exists within metropolitan areas is inherently harmful (Studenski 1930; Jones 1942; Gulick 1962).

Public choice scholars take an opposing view, believing that the institutional fragmentation within metropolitan areas is functional (Ostrom, Tiebout and Warren 1961; Bish 1971; Bish and Ostrom 1974). They advocate for little, if any, institutional change in metropolitan regions. Under this model of thinking, the outward growth in many Alberta metropolitan regions would require little institutional response. Any competition between municipalities in these regions, they believe, would ultimately benefit residents.

While these two paradigms consumed the debate around municipal organization for decades, a new perspective emerged in the 1990s: new regionalism. Proponents of new regionalism emphasize the use of governance — which they describe as the creation of flexible networks that address regional problems principally through voluntary means — as opposed to government, which new regionalists see as the traditional, hierarchical structure of formal institutions. New regionalists advocate for voluntary linkages among jurisdictions as well as the inclusion of non-governmental actors in regional governance, creating complex networks of linked functions. These linkages, they believe, can suitably overcome any challenges experienced with fragmented metropolitan growth. Effective governance, new regionalists tell us, can be achieved through co-operative arrangements between governing units (Salet, Thornley and Kruegels 2003; Savitch and Vogel 1996; Vogel

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1 In this paper, “metropolitan” is used in reference to a region in which the built-up urban area expands beyond the local boundaries of a municipal government.
MODELS OF MUNICIPAL ORGANIZATION

There is an array of models available to organize communities. These can be categorized as more informal and ad hoc, like service sharing or joint power agreements, or more formal models, such as the creation of special districts and higher order institutions, such as single- or two-tier models, where governing and service responsibilities are shared between two local governments covering some overlapping geography. While a variety of models exist, they can be easily grouped into three main categories for the sake of simplicity: single-tier models, two-tier models and self-organizing models. Each is explored in detail below, along with methods of achieving consolidation, namely amalgamation and annexation. How these models come to be often determines their success, which is why significant attention is paid to amalgamation and annexation.

SINGLE-TIER GOVERNMENT

With a single-tier model, a single local government has sole responsibility for providing complete municipal services within a set geographic boundary. This is by far the most common model across Canada (including Alberta) used to organize both large cities and small rural villages. To encompass a growing community, single-tier governments have generally grown by expanding their boundaries outward via annexation or amalgamation (discussed below). Through this expansion, these types of governments may encompass the complete built-up region. When they do not, the type of fragmentation that consumes the thinking of consolidationists, public choice proponents and new regionalists can occur.

If a single-tier government can comfortably fit the entirety of the built-up area within its boundaries, these types of governance models have several benefits, including being able to take advantage of economies of scale in service provision and internalizing externalities. Given these types of governments typically cover a large geographic base, they have a sizable taxable capacity. With a wider tax base comes the ability to enhance servicing equity, including the ability to redistribute tax dollars from one section of the municipality to another.

One challenge is that large municipalities with single-tier governments rarely encompass their entire metropolitan region. Even after Toronto’s large 1998 amalgamation, the city still does not contain even a quarter of the metropolitan or economic region, demonstrating that while a single-tier government may contain much of its economic and metropolitan region within its borders, that is not a scenario that can be guaranteed for a long period of time. Many other single-tier municipalities, both urban and rural, experience or may experience these challenges over time.
REGIONAL/TWO-TIER GOVERNMENT

In a two-tier government model, an upper tier government body (usually referred to as a regional, district or county government in most of Canada) shares authority with a series of lower tier governments (usually referred to as a municipality, town, city or village). Together, the two tiers of local government deliver a full suite of services that one would expect from their local government, with the upper tier providing region-wide services and the lower tiers providing services that are local in nature.

Two-tier government provides a unique opportunity for local governments to capture economies of scale by aligning service delivery with a particular level of government. For instance, the upper tier government is well placed in theory to address region-wide issues, such as arterial roads, health services, policing, public transit, water or waste disposal. These sorts of policy and program areas generally span local boundaries and require a government with a regional purview to be properly addressed.

In providing this servicing flexibility, two-tier governments can identify the tier of government best positioned to deliver the service while also providing flexibility in servicing options. Lower tier governments, for instance, could take over a service from a regional government if the need arose, and vice versa. Services can be routinely evaluated and, if necessary, placed at a different tier — at least in theory. Both tiers may also jointly deliver services, if the need arises. Under a two-tier model, tension can be resolved between local and regional interests, economies of scale can be achieved and externalities can be internalized, all while ensuring local responsiveness and citizen access and accountability.

The potential downside of two-tier government is that it appears disorderly and inefficient at times. Concerns are often raised about confusion around electing individuals at two tiers of government. Multiple levels of politicians and services often create accusations of duplication and inefficiency. The system, therefore, can seem confusing to residents, when compared to single-tier models.

Canada offers some excellent examples of workable two-tier systems. A good example of divergent approaches on this front would be British Columbia (B.C.) and Ontario. The government of Ontario has a long history of using a two-tier county system throughout much of the province’s history. Regional governments were later created alongside existing counties to provide a model that created more continuity in service delivery between rural and urban areas in rapidly growing counties (Spicer 2016). In contrast, B.C. has created a series of regional districts that are vehicles for delivering services to the region. The regional district board determines which services to deliver to which geographic area. The key in this model is that participation in most regional functions is voluntary (Cashabank 2001). British Columbia and Ontario, then, provide an interesting contrast in models of two-tier government: one more rigid with set services at each level (Ontario) and one more
flexible, leaving municipalities with the ability to opt in or out of some servicing. Both, however, do achieve some similar ends, namely capturing economies of scale in service delivery.

ACHIEVING CONSOLIDATION: ANNEXATION AND AMALGAMATION

New single-tier municipal governments are generally formed through amalgamation — the merger of two or more governments within a region — or annexation, which is the appropriation of a portion of a municipality by an adjacent local government. Annexations can be contentious but are sometimes negotiated by two (or more) municipalities and can result for a variety of reasons, such as aligning zoning or bringing certain local assets under the control of one government. Annexations can be as small as a few hectares or involve several dozens or even hundreds of square kilometres. Annexations can occur based upon voluntary agreement between two (or more) municipalities or take place because of provincial edict. Several large cities have grown substantially through rounds of successive annexations. For instance, Edmonton has completed six annexations, more than quadrupling its territory, while Calgary has undergone 44 boundary extensions since incorporation (Spicer 2015).

While some amalgamations have been voluntary and approved by voters in a referendum, such as the 1995 amalgamation of Abbotsford and Matsqui in British Columbia, or agreed to by local leaders and approved by provincial authorities, such as the 1995 creation of the Regional Municipality of Wood Buffalo from the City of Fort McMurray and Improvement District No. 143, the trend in Canada has been involuntary, or provincially imposed, amalgamation (Sancton 2011). The first case of a municipality amalgamated against the expressed will of voters and council occurred in the Windsor area in 1935 (Kusilek and Price 1988). In that case, the more affluent community of Walkerville was forcibly consolidated by the province with the other three surrounding municipalities to create the new City of Windsor to stave off insolvency (Kusilek and Price 1988).

Several provincial governments have amalgamated their municipalities by force since then. Special attention has always been placed on larger cities, such as Winnipeg in Manitoba, Toronto and several other large cities in Ontario, Montreal and Quebec City in Quebec and the Atlantic cities of Charlottetown and Summerside in Prince Edward Island, Miramichi in New Brunswick and Cape Breton and Halifax in Nova Scotia (Sancton 2011). Rural communities have also experienced a range of amalgamations, with Ontario’s large-scale restructuring program seeing over 400 municipalities amalgamated in the early 2000s providing a prime example (Siegel 2005).
There is some debate about the fiscal advantages of consolidation. Some have identified service harmonization and a lifting of service levels in underserviced areas as a potential benefit (See Slack and Bird 2013), while others also point to having fewer politicians, and thereby rationalizing the decision-making process in government, as another potential benefit (See Kushner and Siegel 2003). Bahl and Linn (1992) have argued that consolidated, single-tier municipalities offer greater fiscal capacity, more ability to borrow and larger taxation capacity, but most academic research has found that consolidation produces new fiscal challenges. For the most part, local consolidation has produced few economies of scale (Byrnes and Dollery 2002; Bird and Slack 1993). Costs generally increase after amalgamation, largely due to a harmonization of service costs and wages (Blom-Hansen 2010; Dahlberg 2010; Bird 1995). The transitional costs after amalgamation are often quite high and, in some cases, can reduce or even eliminate any immediate cost savings realized from consolidation (Flyvbjerg 2008; Vojnovic 1998). Research has also found that amalgamation has not led to more efficient service production or delivery (Kushner and Siegel 2005; Found 2012; Moisio, Loikkanen and Oulasvirta 2010). Additionally, municipal mergers reduce competition between municipalities, which weakens incentives for efficiency and responsiveness to local needs, while also reducing the choice for residents to find an ideal tax/services ratio (Charlot, Paty and Piguet 2012; Bish 2001). Since municipal mergers rarely result in boundaries that encompass entire metropolitan regions, externalities may still exist in transportation and land use planning (Bahl 2010; Slack and Chattopadhyay 2009).

Within the Canadian context, the promised cost savings that have always accompanied large-scale amalgamation have not materialized (Sancton 1996; Slack 2005; Sancton 2000). For example, Kushner and Siegel (2005) found few cost savings in their examination of three mid-sized amalgamated Ontario cities (Central Elgin, Chatham and Kingston). While finding lower expenditures after amalgamation in Central Elgin, they were not able to find any in the larger municipalities of Kingston or Chatham (Kushner and Siegel 2005).

Toronto is perhaps the best-known example of consolidation in Canada. As a result, it has attracted much of our scholarly attention on amalgamation. Slack and Bird (2013) examined expenditures in some core areas of service delivery — fire, garbage, libraries and parks and recreation — between 1997 and 2009 and found very few cost savings after Toronto’s amalgamation. Expenditures for fire, garbage collection and parks and recreation increased after amalgamation (Slack and Bird 2013). Only expenditures for library services decreased, although the authors argue that this is likely the result of the changing nature of library service from handing out books to providing electronic and internet resources (Slack and Bird 2013). Slack and Bird (2013) also find that residential and business property taxes decreased after amalgamation. Much of this, however, can be attributed to political decisions aimed at countering the widespread notion that amalgamation would lead to higher taxes (Slack and Bird 2013).
A significant amount of the anticipated cost savings from the Toronto amalgamation were lost in the transition period. Schwartz (2003) found that the transition from Metropolitan Toronto to the new consolidated city cost $275 million. The harmonization of service levels across the city was the major cause of these transition costs, but the harmonization of wages and salaries was also a significant expense. Research has also found that while some positions were eliminated in the wake of amalgamation, many more were added over time. Schwartz (2004) found that between 1998 and 2002, about 2,700 positions were eliminated because of amalgamation, but, over the same time period, 3,600 positions were added. Downloading from the province also complicated the city’s post-amalgamation financial picture. The provincially mandated Local Service Realignment process drove up costs in key Toronto service areas, particularly social services (Schwartz 2001; Slack and Bird 2013).

Aside from the fiscal impact of municipal restructuring, amalgamation has also caused strain in city governance. In the wake of Toronto’s amalgamation, for instance, there were grave concerns that residents’ access to local decision-makers would be diminished. To ensure there was adequate access for those communities amalgamated into the new city, a network of community councils was established. However, past research has found that these councils have largely lost relevance as community-focused deliberative bodies, in addition to being reduced in number (Golden and Slack 2006; Côté 2009). A similar situation occurred after the creation of the Winnipeg “megacity”: embedded resident advisory groups were eliminated and community committees were reduced after they received mixed reviews from residents and policy-makers (McAllister 2004; Kiernan and Walker 1983; Axworthy, Grant, Cassidy and Siamandas 1973).

**SELF-ORGANIZING MECHANISMS**

Beyond a series of institutional models to alter/rationalize the governance of municipalities, there are also co-operative, independent actions that municipalities can undertake to improve service efficiency and continuity. These are referred to as “self-organizing” models of governance and generally come in the form of inter-local co-operation and co-ordination mechanisms. In such a model, municipalities could either partner and deliver a service jointly or jointly contribute to a capital project for the benefit of the residents of both municipalities. One municipality may also contract with another to deliver a service on their behalf. In such cases, municipalities could overcome some of the challenges inherent in their governance models and provide for service and policy continuity throughout their region.

Most municipalities engage in some form of inter-municipal co-operation, ranging in complexity from simple information sharing to inter-municipal collaboration frameworks to joint service delivery. Whether this co-operation is on a small or
large scale, the point remains that this is not a foreign practice to municipalities. In general, there are several reasons why municipalities might consider or conduct inter-municipal service co-operation nonetheless:

**Fiscal Benefits** — Co-operation can yield financial benefits, typically in the form of cost efficiencies derived from scale economies or purchasing power, lowering per capita servicing costs (Dollery, Grant and Kortt 2012; Found 2012). Scale economies, however, tend to be service-specific (Byrnes and Dollery 2002; Fox and Gurley 2006; Dollery, Grant and Kortt 2012).

**Service Gaps** — Some municipalities are unable to adequately deliver every service they wish (Spicer 2015). For example, a municipality with inadequate access to water sources may look to neighbouring municipalities to extend water service so that it may grow. If a municipality is unable to provide a service entirely independently, chances are it will pursue a co-operative relationship, especially if it overcomes geographic or environmental isolation (Warner 2015).

**Service Capacity and Quality Enhancement** — Through co-operation, municipalities might increase the quality of the services they provide (Warner 2015; Post 2004). This can be accomplished by tapping into the policy expertise of partner municipalities or simply by strengthening capacity and resources.

**Mandated Integration** — Some co-operative behaviour is involuntary. In some instances, provincial governments force local governments to work together to achieve some policy end. This is saliently evidenced by Ontario’s Consolidated Municipal Service Manager system (Spicer 2016), which requires municipalities in certain areas of the province to share the cost and administration of providing certain social services, such as public housing and homes for the aged. Another example would be Alberta’s mandatory inter-municipal collaboration frameworks that include inter-municipal development plans for all municipalities that are not members of regional growth management boards, such as the Edmonton Metropolitan Region Board.

**Externalities and Regionalism** — Municipal service spillovers (e.g., transit interconnectedness, economic development, fire service coverage etc.) are common within metropolitan areas. Co-operation can, for instance, help municipalities better manage externalities and plan for growth and transportation continuity on a regional scale. Co-operative relationships also allow municipalities to manage shared resources, such as waterways and boundary roads (Post 2004). Inter-municipal service co-operation has demonstrated its ability to enhance regional inter-connectedness and provide for policy co-ordination and service continuity without institutional consolidation (Feiock 2013). It is also a flexible alternative to formal institutional reform, as it allows municipalities to select the regional issues to be elevated to collective action (Nelles 2009, 22).
While research has shown clear benefits of inter-municipal co-operation, the studies focused on larger metropolitan areas show the practice is not widely used in Canadian municipalities when compared to other countries, especially the United States, where certain metropolitan regions have formed hundreds, if not thousands, of inter-local agreements. Spicer (2015) identified only 354 inter-municipal agreements signed by the 117 municipalities in six large census metropolitan areas in Canada (Toronto, Winnipeg, Saskatoon, Regina, Edmonton and Calgary) between 1995 and 2013. During this period, 153 agreements were struck among municipalities in the Edmonton Census Metropolitan Area, while 30 were struck in the Calgary Census Metropolitan Area. Of this total, most were for emergency services. The reason for the relatively low level of inter-municipal co-operation in larger metropolitan areas in Canada as compared to other countries, like the U.S., is that the most common response to service and policy gaps in major Canadian metropolitan areas has been institutional; namely, using tools like annexation and amalgamation to overcome fragmentation. Further study of intermunicipal co-operation among smaller communities outside of metropolitan areas across Canada, particularly Alberta, is required.

**COMPARISON AND ANALYSIS**

Existing literature (see Slack 2007; Bahl 2010) has identified a common set of political and economic criteria with which to evaluate municipal governance models: efficiency, economies of scale, externalities, equity and access and accountability. These criteria are addressed below and then applied to the governance models identified above. This is not an exhaustive list and one factor cannot be seen as more important than another. In fact, certain aspects of one may conflict with another. Other considerations, such as local identity or institutional formation, need to be considered as well. These other criteria are discussed later. Additionally, the application of these principles to each model cannot be seen as universal; certain factors, such as geography, institutional changes over time or local contextual factors like economic activity and culture, would affect how well a particular government rates on each factor.

**Efficiency** — Public finance literature suggests that the efficient provision of services requires a tailoring of local tastes and costs to the population receiving or making use of the service (Slack and Cote 2014). In this case, decision-making should often be carried out by the level of government closest to individual citizens to best understand those tastes and preferences so that resources are allocated with the greatest efficiency. In practice, this would likely be best achieved through a fragmented, decentralized, institutional arrangement that would be best placed to respond to local appetites.
**Economies of Scale** — Economies of scale occur where the per-unit cost of producing a particular service falls as the quantity of the services increases (Slack and Cote 2014). Larger governments are generally thought to be best placed to achieve such economies of scale, pushing production costs for services lower through a large delivery scope.

**Externalities** — The provision of some services results in externalities — or spillovers — where the benefits (or costs) of a specific service in one local government jurisdiction spill over to residents of another jurisdiction. These spillovers may have either positive or negative impacts on residents from other communities. Governments can generally control externalities by applying taxes to goods and services that generate spillover costs. Positive externalities may be encouraged through subsidization of goods and services.

**Equity** — The concept of equity involves a local government’s ability to share the costs and benefits of services fairly across its jurisdiction, in effect smoothing out inequities in the jurisdiction, avoiding deep concentration of wealth or poverty and maintaining a relatively consistent provision of goods and services.

**Access and Accountability** — Access reflects the extent to which citizens can communicate with their local government through public meetings, hearings, elections and direct contacts with officials. Accountability refers to how responsive and accountable decision makers are to citizens. The size and scope of the local jurisdiction may affect the public’s ability to reasonably access representatives and hold them to account for their decisions.

**Table 1: Evaluation of Governance Models**

<table>
<thead>
<tr>
<th></th>
<th>Efficiency</th>
<th>Economies of Scale</th>
<th>Externalities</th>
<th>Equity</th>
<th>Access and Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Tier</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Two-Tier</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Inter-Local Co-operation</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

Using the criteria above, each model generally performs quite well. Each model does an adequate job of controlling externalities whereby the benefits (or costs) of a service in one jurisdiction spill over to residents of another jurisdiction. The result is an undersupply of a service that generates an external benefit. Much of this, however, is context specific. For instance, a broad single-tier government in a rural area experiencing slow to modest growth may control externalities well, as would a two-tier community in the same circumstances.\(^2\) Urban growth pressure may affect

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\(^2\) One of the classic examples for an externality in this situation would be roads. As Slack and Cote (2014) note, a road in one municipality can provide benefits to residents of a neighbouring jurisdiction by driving on it. The municipality in which the road is located has no incentive to provide services for those living and paying taxes outside of their jurisdiction and is therefore unlikely to account for these external benefits. The result, as the authors conclude, is an under-supply of the service that generates external benefits.
the success either model finds in this regard, however. Because large, urban single-tier models are often part of a fragmented system and often cannot control the built-up environment of their metropolitan areas, externalities generally occur. Two-tier systems tend to do better in this regard, but as discussed earlier, some large two-tier systems do not control the built-up environment that has extended beyond their borders. Self-governing models, like inter-municipal co-operation, are put in place to specifically provide for service continuity but are not uniformly applied in environments where externalities occur.

Single-tier models are particularly good at sharing costs and benefits of services across their jurisdiction (equity). This would generally be amplified in the wake of a larger annexation or amalgamation where different communities would be brought under the same government. Because of the presence of a single local government, resident access is often quite high in single-tier systems. Given the size of the local council and their clearly defined roles, the public would have a good opportunity to evaluate their performance and hold them to account.

Two-tier models tend to perform quite well in all categories. The only soft points come in the equity and accessibility and access categories. Working in a two-tier system provides a restricted reach for the upper tier government, which limits the ability to share costs and benefits of a full array of services throughout the region. Two-tier models may also not perform as well on access and accountability. These models generally tend to have politicians serving at both tiers. It was noted above that this may make the model appear chaotic or even rife with duplication, but it does provide more access points for the public. The public may also not be able to readily understand who, or which tier, has authority over a particular service, product or policy, which limits their ability to hold decision-makers to account. Decision-making power is spread thinly in this model, so it may limit the influence the public can have over one decision-maker. The multiple tiers, however, do contribute to a dampening of accountability in some instances, where both tiers may share responsibility for a certain policy area or where responsibility may initially be unclear.

As demonstrated above, self-organizing models do perform quite well in several categories, but garner much lower scores in equity and access and accountability. Because these types of relationships are self-directed, they tend to be service specific, which may have only limited benefits or reach in some municipalities. The narrow focus of many agreements tends to allow governments to better capture economies of scale. The agreements’ flexibility permits a greater degree of tailoring to the specific service needs or preferences of one or more communities. As Spicer (2017) has detailed, inter-local agreements tend to have very few traditional accountability mechanisms embedded, meaning that public knowledge of the agreement or ability to independently assess the performance of the agreement is low. Accountability is, therefore, dampened under this model. Interlocal agreements also tend to be ad hoc in nature, limiting their ability to link a region together,
control externalities or provide for broad-based equity, unless they are used to provide a service in a traditionally underserviced area.

**OTHER CONSIDERATIONS**

While the section above presents the major political and economic evaluative criteria for municipal governance models, other factors should be considered when evaluating the assorted benefits and challenges of each model and the possible transition from one model to another. These considerations are presented below, in Table 2.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Key Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>• What sources of revenue (either local or provincial) are used to pay for services? How are these sources connected to the service being delivered?</td>
</tr>
</tbody>
</table>
| Governance        | • Who makes decisions around service delivery (i.e., which tier, or both)?  
                      • How constrained are local leaders/institutions? How much autonomy do local actors have to act?  
                      • Are there mechanisms for local input? How (if at all) can citizens become involved in decision-making?  
                      • What role do elected and appointed officials play in local decision-making?  
                      • What (if any) accountability mechanisms are in place for the public? |
| Service Delivery  | • Which services are delivered?  
                      • How are services delivered (e.g., local department, special agency or contract out to the private sector)?  
                      • What is the provincial role in service delivery and financing?  
                      • What is the legal and regulatory context in which municipalities act?  
                      • How often is service delivery reviewed? |
| Administration    | • What access do local citizens have to decision-makers?  
                      • Who, ultimately, has the authority to make decisions?  
                      • How often is the structure of the local administration reviewed? |
| Local Identity    | • What importance is placed upon ensuring local identity during institutional changes or servicing advancements?  
                      • How much control do citizens have over local issues?  
                      • What are the dynamics between urban and rural portions of the community? |
| Formation         | • What transaction costs are involved in institutional formation?  
                      • What role does the province play in changing institutional forms and scope locally?  
                      • How are political and administrative roles transitioned through an institutional change?  
                      • How quickly can transition take place after the decisions to engage in institutional change?  
                      • What major challenges need to be addressed? |
| External Impacts  | • What is the role of the province?  
                      • How are externalities managed?  
                      • Is there a need for regional co-ordination of service delivery? |

The questions above are mainly intended to help decision-makers to explore the advantages and disadvantages of different models and to understand the transition processes needed to bring about change. It is not as easy to categorize each model along these themes. In fact, they highlight that each model can be designed to meet community preference. For instance, when thinking about access to decision-makers (administration theme) a single-tier model would likely better provide direct access to decision-makers with authority (if that is the desired outcome), but accountability measures can be put into place in a two-tier model to similarly enhance access. Other local mechanisms, such as the shape and number
of ward boundaries, could be adjusted to provide access to decision-makers in the community. As another example, the province’s role is addressed in the formation category. What role should the province play? Substantial changes to the municipal system in any province generally require provincial intervention. If the province is not willing to intervene or entertain voluntary annexation or amalgamation requests, self-organizing models are the main solution available.

The questions above can also help guide process. For instance, local identity is included in the list. If there is a strong, historical affinity towards the identity of a community or municipality, the amalgamation process will be much more difficult, as will the ongoing transition to consolidate municipal operations after consolidation. Consideration of how to preserve the identity of consolidated communities would aid in this process. Similarly, strong and entrenched local identities may also prompt decision-makers to pursue self-organizing models instead.

CONCLUSION

The goal of this brief report is to provide Alberta decision-makers with a comparative perspective on municipal governance arrangements from across Canada. An array of governance models is used across the country and these models can be broadly grouped into three main categories: single-tier, two-tier and self-organizing models. Each comes with benefits and challenges. Single-tier models excel at providing equity in servicing across a jurisdiction and provide clear lines of authority and accountability. They also often fail to contain their entire metropolitan area, leading to spillover effects and the need for other co-ordination mechanisms to control externalities. Two-tier models provide a balance, allowing regional servicing needs to be addressed by an upper tier government, while lower tier governments provide local services, all while effectively capturing economies of scale. However, this system can often appear chaotic, with multitudes of decision-makers at both tiers and an occasionally confused accountability structure. Self-organizing models allow some flexibility for municipalities. They also keep municipal autonomy in place and allow for the provision of service and policy continuity without the need for provincial intervention.

Determining the best model to use depends on a variety of factors, including geography, available sources of finance and local preference. Each also has a range of benefits and challenges that need to be considered alongside these factors. Self-organizing models can also be used in both single-tier and two-tier systems, along with fragmented metropolitan systems to provide for service and policy continuity. Ultimately, communities need to decide on the governance model that best suits their needs. There is no one-size-fits-all approach.
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