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# Governing Metropolitan Areas: An International Perspective on Single-Tier Cities

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# Introduction

- Rapid growth in urban population has created challenges for large metropolitan cities:
  - ❑ air and water pollution
  - ❑ transportation gridlock
  - ❑ deteriorating infrastructure
  - ❑ violence and crime
  - ❑ income polarization

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# Introduction

- Service delivery challenges are particularly severe in large metropolitan areas:
  - Size of population
  - Concentration of population
  - Heterogeneous population

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# Introduction

- Why governance matters:
  - ❑ affects the quantity and quality of services
  - ❑ affects the efficiency with which services are delivered
  - ❑ determines whether costs are shared throughout the metropolitan area as a whole in a fair and efficient way
  - ❑ affects citizen access to government and government accountability to citizens

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# Introduction

- Presentation focuses on *one-tier cities in metropolitan areas*
- Based on a paper I wrote for the World Bank in 2007 entitled “Managing the Coordination of Service Delivery in Metropolitan Cities: The Role of Metropolitan Governance”

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# Outline of Presentation

- Criteria for evaluating models of governance
- Advantages and disadvantages of a one-tier model
- Case study of Toronto (one-tier to two-tier to one-tier)
- Observations from metropolitan governance experiences (one tier)

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# Criteria to Evaluate Governance Models

- **Efficiency**
    - Ability to achieve economies of scale
    - Ability to reduce negative spillovers (externalities) across local boundaries
  
  - **Equity: ability to share costs and benefits of services fairly across the metropolitan area**
  
  - **Accessibility and accountability for decision-making**
  
  - **Local responsiveness/competition**
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## Potential Problems with Criteria

- Impact of a weak infrastructure may negate the benefits of economies of scale (e.g. one large school may be difficult to get to because of inadequate transportation)
- Difficult to get to administrative centres; may need administrative decentralization
- Spatial mobility may be low for some residents



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## Potential Problems with Criteria (continued)

- Some criteria suggest that a fragmented system of small government units may be appropriate
  - Other criteria suggest that large, consolidated government units would work best
  - No “one size fits all”
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# Models of Metropolitan Governance

- A wide variety of metropolitan governance institutions exist around the world:
    - One-tier government model (fragmented local governments) – e.g. Houston, Mumbai
    - One-tier government model (consolidated local governments) – e.g. Toronto, Ottawa, Louisville, Shanghai, Cape Town
    - Two-tier government model – e.g. London, Madrid, Stuttgart
    - Voluntary cooperation (incl. special purpose districts) – e.g. São Paulo ABC Region, Vancouver, Bologna, Manila
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# Advantages of Consolidated One-tier Model

- Economies of scale in service delivery
- Redistribution between rich and poor areas
- Coordination of service delivery
- More local influence with national policy makers
- More unified actions for urban problems that do not respect political boundaries e.g. floods, epidemics, crime, and environmental pollution

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# Disadvantages of Consolidated One-Tier Model

- Threat to local autonomy, responsiveness, and citizen engagement
- City-region may be too big to be acceptable political/administrative unit

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# Toronto -- One-Tier to Two-Tier to One-Tier

## ■ Context:

- ❑ Canada is a federation with 3 levels of government
  - ❑ Constitutionally, municipalities are creatures of the province
  - ❑ Province can create or destroy municipalities
  - ❑ Province determines municipal expenditure responsibilities and sources of revenue
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## Toronto – One-Tier to Two-Tier to One-Tier

- Metropolitan Toronto was created by provincial legislation on January 1, 1954
  - Two-tier government structure: metropolitan tier plus 13 lower-tier municipalities
  - 1967: number of municipalities in Metropolitan Toronto was reduced from 13 to 6 through amalgamations
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# Toronto – One-Tier to Two-Tier to One-Tier

- Creation of Two-Tier Government designed to:
    - Redistribute wealth of central city to suburbs to provide infrastructure
    - Coordinate land use planning and transportation across the region
    - Allow lower tiers to be responsive to local needs
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# Toronto – One-Tier to Two-Tier to One-Tier

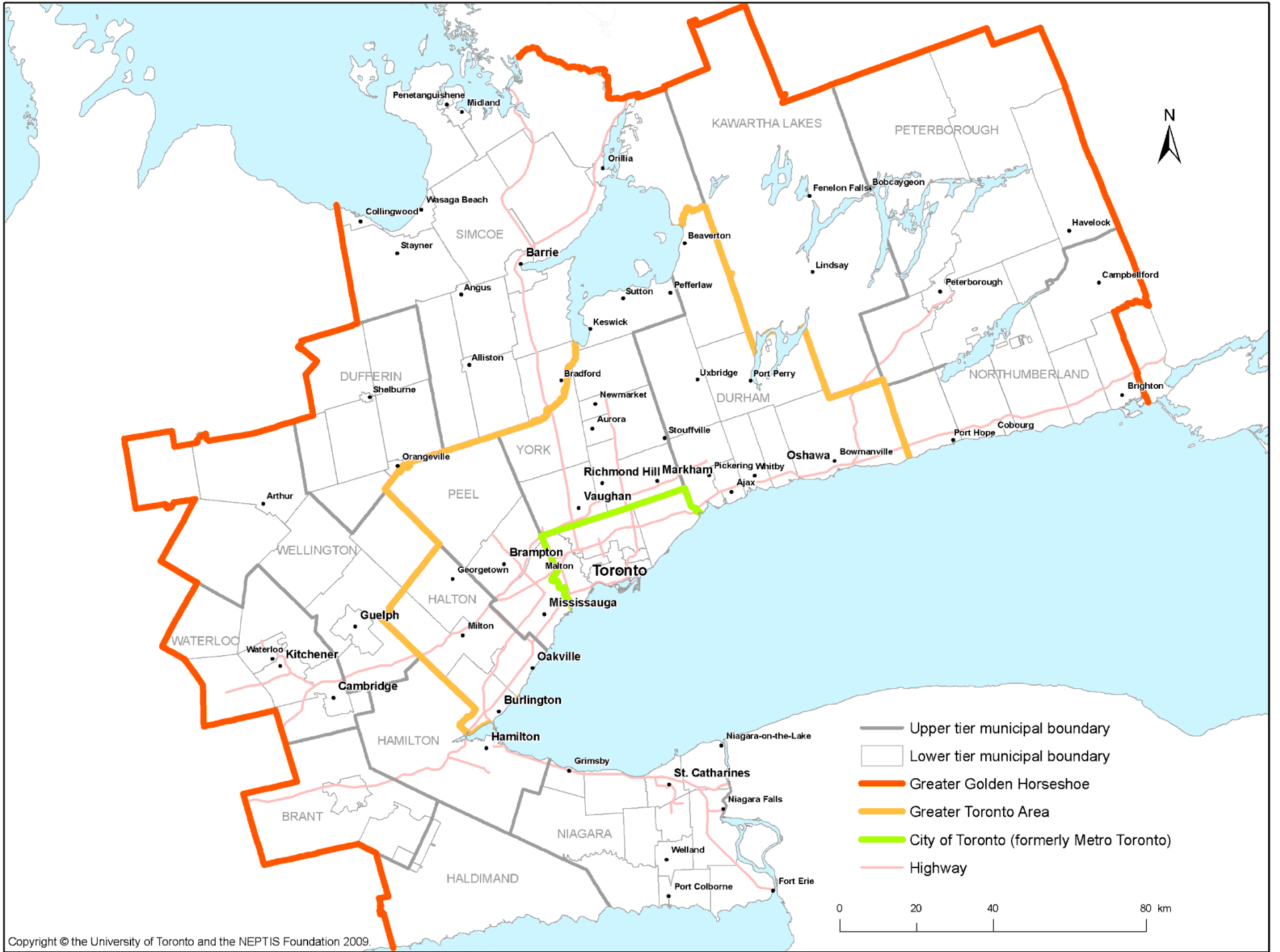
- Metropolitan level: borrowing, transit, police services, social assistance, traffic control and operations, licensing, conservation, waste disposal, and ambulance services
  - Lower-tier governments: fire protection, garbage collection, licensing and inspection, local distribution of hydro-electric power, public health, recreation and community services, and tax collection.
  - Both tiers: parks, planning, roads and traffic control, sewage disposal, and water supply.
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# Toronto – One-Tier to Two-Tier to One-Tier

- Early reviews applauded success of two-tier structure
  - Concerns were expressed in the 1990s about the ability of the Metro government to address issues arising from growth in suburban municipalities outside its borders
  - Concerns were also expressed about overlapping responsibilities, confusion, and uncertain accountability in a two-tier structure.
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## Toronto – One-Tier to Two-Tier to One-Tier

- January 1, 1998: the new City of Toronto replaced the former metropolitan level of government and lower-tier municipalities with a single-tier city
  - Stated rationale was cost savings
  - Restructuring imposed by provincial government
  - Opposition: loss of local identity and reduced access to local government.
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# Toronto – One-Tier to Two-Tier to One-Tier

- 1999: Province established the Greater Toronto Services Board (GTSB):
    - comprised of elected officials from each of the municipalities in the GTA
    - no legislative authority except to oversee regional transit; not designed to be a level of government; no taxing authority
    - subsequently disbanded
  - 2006: Greater Toronto Transportation Authority created (now Metrolinx)
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# Toronto – One-Tier to Two-Tier to One-Tier

- City of Toronto Act , 2006:
  - City granted broader permissive powers
  - Some additional revenue tools (not income, sales, fuel or hotel taxes)
  
- Governance reforms:
  - Stronger role for the mayor

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## Observations on One-Tier Cities

1. Many attempts at consolidation have failed.
2. Consolidated cities do not necessarily cover the entire metropolitan region.
3. Consolidation does not necessarily reduce costs.
4. Consolidation may result in unintended consequences.
5. Citizen access needs to be built into one-tier model.

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# #1: Many attempts at consolidation have failed

- Opposition from local municipalities, political parties, pressure groups
- Amalgamation referenda failed in cities such as Amsterdam, Rotterdam, Berlin
- Where amalgamation succeeded, it was imposed by national or provincial/state government
- Threats or fiscal incentives can encourage cooperation

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## #2: Consolidated cities do not necessarily cover the entire metropolitan region

- Amalgamated City of Toronto is too small and too big: too small to cover the economic region or address region-wide spillovers (in transportation and planning); too big to be locally responsive and accessible
- Need provincial initiatives or inter-municipal cooperation for regional issues



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## #3: Consolidation does not necessarily reduce costs

- Cost savings are often the objective of consolidation
- Tendency to equalize wages and service levels to that of highest expenditure municipality
- Cost savings were not achieved in Toronto

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## #4: Consolidation may result in unintended consequences

- Toronto amalgamation was undertaken to achieve cost savings
- Amalgamation resulted in a city with greater powers, responsibilities, and revenues

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## #5: Citizen access needs to be built into one-tier model

- Larger city reduces opportunities for citizen involvement
- Need to build citizen access and participation into one-tier city model (community councils?)

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# Concluding Comments

- Neither theory nor practice tells us clearly which model of governance is best for large metropolitan areas
- Different models have worked in different places at different times
- Criteria can be applied to determine the appropriate structure in different national and local contexts

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# Concluding Comments

- Need an effective system of governance for the entire metropolitan region to ensure efficient service delivery and fair sharing of costs
- At the same time, need to find ways to engage citizens at the local level