

HRM – The Urban-Rural Question

“We believe the governance and accountability of the municipality can be largely improved by having two municipal units, one for urban residents and one for rural residents.” ...from the website of Citizens for Halifax, a local organization to identify, encourage, and support candidates for municipal office. (Website www.citizensforhalifax.ca)

Much has been said recently about the Halifax Regional Municipality’s problems – a supposedly ‘do-nothing’ Council (described as such not only in the press, but also by some Councillors), reports of huge amounts of time wasted at Council meetings discussing cats, cows, chickens and other non-issues, reports in rural areas about heavy tax increases along with a decrease in services, and complaints by urban dwellers that they are subsidizing rural services. Who is right? Has HRM Council accomplished *anything* of value in the last three years? Have taxes in rural areas really increased substantially? And have services there decreased? Why do urban residents feel they are subsidizing rural development? Is HRM an expensive, non-democratic failure?

Background – The cities of Halifax and Dartmouth, the Town of Bedford, and the County of Halifax were amalgamated in 1996 to form HRM. Each of the municipalities objected strongly, but the Nova Scotia government forced the amalgamation, even rejecting an alternative proposal to amalgamate Halifax, Dartmouth, and Bedford only. The result of the forced amalgamation was one single municipality roughly 150 km. by 50 km. in size – at about 7,500 square kilometres, easily the largest municipality by area in the country.

Some observers contended that the compulsory amalgamation was a smoke-screen to divert attention from a large and increasing provincial budget debt. Expected new oil revenues from the off-shore were slow in coming, and action on the municipal amalgamation front might help to distract adverse comment. Others pointed to a very weak policy formulation process in the Provincial government of the day, where senior politicians didn’t always ask for opinions from their bureaucrats. In an address in 2001¹, Brian Lee Crowley, President of the Atlantic Institute for Market Studies, said “If an idea sounds good to the right people, things happen – heavy water plants, steel mills, and municipal amalgamation being only a few examples”. Crowley refers to the phenomenon as ‘executive personalism’, where “fashionable ideas that get into the heads of premiers and powerful cabinet ministers are not subjected to searching analysis”.

Some felt the forced amalgamation was also a Provincial response to the lack of development controls in Halifax County at the time, where reports of inappropriate, expensive, residential ribbon development were manifold. This kind of development, of course, is exceedingly expensive to service. The Province was providing substantial subsidies for the new roads, sewers, and other structures. Reports at the time put the annual Provincial contributions in the \$20 million range – contributions that would cease upon amalgamation, and become the responsibility of the new, amalgamated municipality.

Other interests referred to the startlingly different fiscal situations of the two largest partners of the forced amalgamation – the cities of Halifax and Dartmouth. Halifax ran a very responsible operation, with neither annual deficits nor accumulated debt. Dartmouth, on the other hand, was in poor financial shape – so poor that it reportedly couldn’t finance required upgrades to its water system (residents frequently were on boil water alerts), and there was some question as to whether it could realistically participate in the much-needed Harbour

¹ A Talk to the Annual Meeting of the BC Municipal Finance Authority – *Municipal amalgamations in Atlantic Canada and beyond: Why amalgamate?* – 29 March, 2001

cleanup. The fact that the then-Premier, John Savage, was the ex-Mayor of Dartmouth may also have been a factor.

More charitable observers, however, pointed to the Provincial government's apparent belief that significant cost savings for service delivery would accrue from the amalgamation.

Well, in my opinion, they got it wrong – big time. The implementation study carried out in 1993 estimated the cost of amalgamation at \$9.8 million. By 1997 the cost estimate had ballooned to \$26 million, and when new financial management systems and labour agreements are accounted for, it will likely be more than \$40 million – *a four-fold increase over the original estimate.*²

And the cost savings which were to accrue? There have apparently been none to date, and none are expected. In fact, according to a study³ by the Dalhousie School of Public Administration on the costs and savings of the amalgamation, during the first four years (1996 to 2000) user charges *increased* significantly. Property taxes in urban areas rose by roughly 10 percent, and by roughly 30 percent in suburban and rural areas. It seems those complaining about rural property tax increases were right, after all. HRM has three basic tax rates (urban, suburban, and rural), and more than 60 pre-amalgamation special taxing areas (primarily in the former county). Debt has also increased, since, despite the tax increases, most of the implementation costs were financed through borrowing. Servicing costs and property taxes have continued to rise since the end point of the study period in 2000.

But what about community spirit? Surely creation of a 'super-municipality' would lead to feelings of participation in something significant, to being part of a leading-edge approach for the new millennium. Well – no. Surveys reveal that HRM residents do not regard the region as a single community with much in common. Nor are they satisfied with the level of services provided since amalgamation (except in the case of solid waste management, where improvements were underway before the amalgamation).

The Reasons – To try and list all the reasons behind the HRM disappointment would distract from the attempt to find a solution. References to “flawed nineteenth-century thinking”, to “a bureaucratic urge for centralized control” or to “an apparently unshakable faith in monolithic organizations” don't really help. But there are three realities that bear consideration.

First, experience doesn't support the idea that bigger is better. – Robert Bish, Professor Emeritus with the University of Victoria School of Public Administration, says “Aside from the intellectual dubiousness of amalgamation projects, an extensive review of scholarly research since the 1960s demonstrates that the background assumption that smaller and more numerous jurisdictions provide services at high cost is typically wrong.”⁴ Brian Lee Crowley pointed out in his 2001 address that if the Nova Scotia government had consulted the literature on local government and amalgamation, “they would have discovered that the evidence is quite strong that creating single-tier local government monopolies doesn't reduce costs – it increases them. It levels costs up to the highest common denominator in the pre-existing units, and seems to result in higher trends of cost growth over time. This is especially true where amalgamation has eliminated competition between pre-existing municipalities both in terms of attracting residents and industry and in terms of tax and service levels.”

² C.D. Howe Institute Commentary – March 20, 2001 www.cdhowe.org

³ Dann and Poel 2000

⁴ Ibid C.D. Howe Institute Commentary

Second, large councils can make bad decisions, and large staffs can be too bureaucratic. –

Governance and accountability can become diffused and ‘fuzzy’ when a large number of councillors are at work. Crowley refers to the benefits of decentralisation of authority and decision-making within several municipalities “where residents cannot vote themselves benefits at the expense of other taxpayers in other parts of the city. This ensures that people only demand services that they’re prepared to pay for, and municipalities have powerful incentives to keep costs low and satisfaction high, or risk the erosion of their tax base as people and businesses vote with their feet.” And Bish refers to the need for HRM to ensure that “communities within the HRM pay for the services they want and do not attempt to get additional services just because they are paid for by the entire area...”

As well, large bureaucracies become, by their nature, more bureaucratic and distant from both their clients and their employees. Tending to the requirements of 373,000 residents, overseeing an annual budget of roughly \$300 million, and managing a staff complement in the range of 3,000 to 4,000 direct and indirect employees are very large tasks, indeed. Organizations this size frequently experience more than one re-organization every few years, are sometimes slow to respond to opportunities or threats, and can suffer from low staff morale. It has been suggested that the ideal size for a municipality is from 100,000 to 150,000 residents. At a population of 100,000, a municipality can ‘afford’ a staff of sufficient size and skills to properly service the city. At significantly less than 100,000 residents, municipalities are frequently not large enough to benefit from economies of scale. At much more than 150,000, municipalities frequently ‘need’ significantly larger staffs, leading to charges of staff being too bureaucratic.

Third, local government is about more than supplying services. – A key function of a municipal council is to find out what services their residents want, and how much they are prepared to pay for them. Crowley points out that “The smaller the government unit, the better they are at discovering this, because the empirical evidence is very strong that local government is closest to the people. Amalgamation tends to undermine this relationship and therefore can only really be justified if there are pretty remarkable efficiencies to compensate for dilution of responsiveness and democratic accountability.” Large councils of amalgamated municipalities are sometimes distant from the people they serve; they have less information on which to base decisions than do smaller councils of smaller municipalities. Bish says the key is local flexibility. “Metropolitan areas with numerous local governments and a variety of production arrangements can respond to local needs at less cost than monolithic amalgamations.” Decentralization among local governments is no hindrance to economic growth, says Bish: “Some of the fastest-growing metropolitan areas are also among the most governmentally fragmented. Amalgamation, on the other hand, tends to eliminate the very characteristics of local government that are critical to successful low cost operations.”

Where do we go from here? – Is the solution a total split between HRM’s urban and rural portions? Is it perhaps a two-council approach overseeing separate portions of HRM under one regional government? Is it a three-city-plus-a-county approach, similar to the pre-amalgamation structures? Maybe it’s retention of the existing system with some sort of strong community council system.

Perhaps the first step in reaching a solution is to examine the urban-rural nature of the municipality. HRM has a population of about 373,000, and is governed by a regional council consisting of 23 councillors and a mayor. On average, each councillor represents about 16,000 residents. In terms of voting strength, incidentally, each councillor represents roughly 12,600 eligible voters. Given that perhaps half of voters actually vote, and given that each councillor

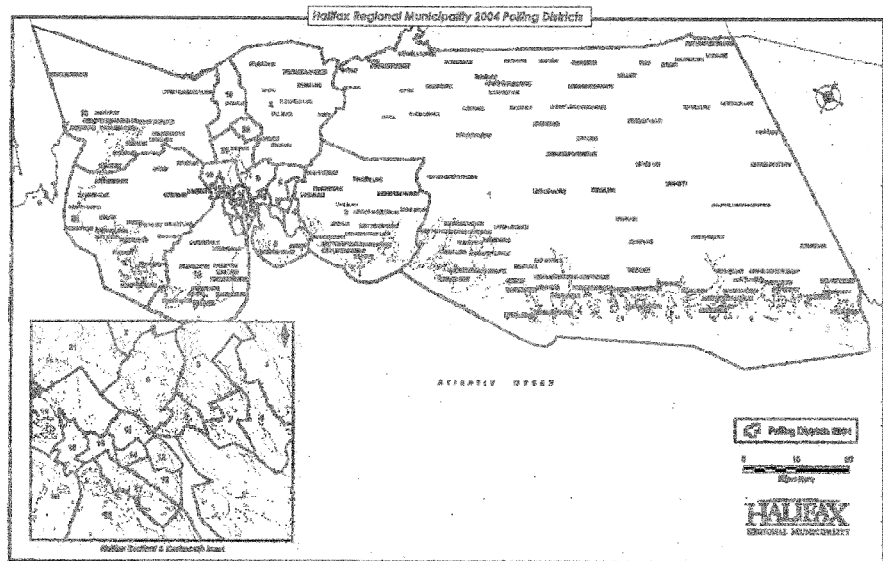
must attract, at most, half of the voters, each councillor in HRM must win only 3,150 votes on average – quite a small number.

By national standards, HRM’s structure, where each councillor represents approximately 16,000 residents, is quite low. An analysis of 32 cities across Canada shows that, on average, each councillor represents 28,600 residents. Excluding cities larger than 500,000 from the sample to eliminate possible errors of scale, and then analyzing the number of residents represented by each councillor, the appropriate number of councillors for a ‘city’ the size of HRM would appear to be from 12 to 14. If there were 14 councillors for HRM’s population of 373,000, for example, then each would represent roughly 26,600 residents, reasonably consistent with the national trend.

District	Name	Pop'n	Type of District
1	Eastern Shore - Musquodoboit Valley	13,655	Rural
2	Waverley - Fall River - Beaver Bank	18,547	Suburban
3	Preston - Lawrencetown - Chezzetcook	19,657	Suburban
4	Cole Harbour	19,096	Urban
5	Dartmouth Centre	14,764	Urban
6	East Dartmouth - The Lakes	16,642	Urban
7	Portland - East Woodlawn	17,448	Urban
8	Woodside - Eastern Passage	17,523	Suburban
9	Albro Lake - Harbourview	15,829	Urban
10	Clayton Park West	14,829	Urban
11	Halifax North End	14,893	Urban
12	Halifax Downtown	14,420	Urban
13	Northwest Arm - South End	14,867	Urban
14	Connaught - Quinpool	13,845	Urban
15	Fairview - Clayton Park	13,382	Urban
16	Rockingham - Wentworth	14,202	Urban
17	Purcell's Cove - Armdale	14,527	Urban
18	Spryfield - Herring Cove	15,165	Suburban
19	Middle & Upper Sackville - Lucasville	17,657	Suburban
20	Lower Sackville	16,126	Suburban
21	Bedford	16,780	Urban
22	Timberlea - Prospect	19,377	Suburban
23	Hammonds Plains - St. Margarets	19,627	Suburban
		372,858	
Average		16,211	

Re-formulating HRM’s 23 districts. – Using a district population of roughly 26,600 residents as

a target, how should the districts be re-formulated? A useful first step might be to look at the way the existing 23 districts relate to one another, and how they break down into urban, suburban, and rural districts. The map to the right shows that many of the 23 districts are some considerable distance from the urban core areas. The most easterly settlements of District 1 (Pace Settlement and Necumteuch) are over 140



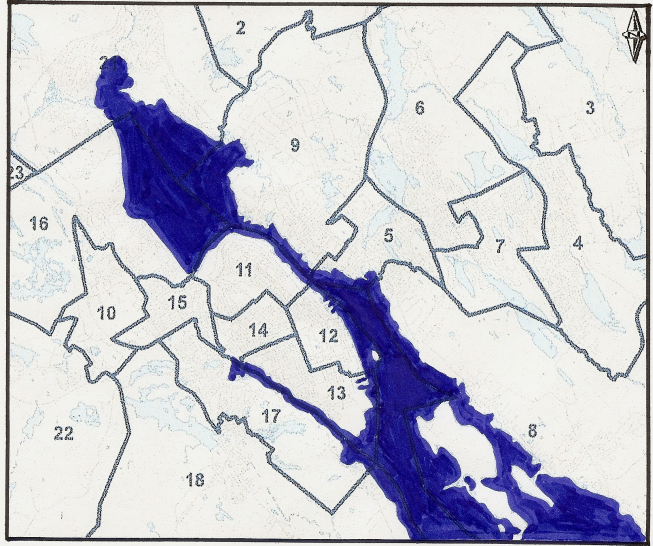
km. from the MacDonald Bridge over Halifax Harbour. The most northerly settlement (East Loon Lake Village) is 120 km. away. The mind boggles at why Provincial planners ever included this rural district within HRM. However, remembering that the forced amalgamation would mean elimination of the annual Provincial subsidies of \$20 million or more (see Page 1) might explain why Provincial politicians were so keen on the idea.

Six other districts approach a similar level of disconnect between rural and urban interests in HRM, at least near their edges closest to the more urban areas – Districts 2, 3, 18, 19, 22, and 23. These six districts, along with District 1, have a population of roughly 124,000. And another two districts, District 8 and 20, totalling roughly 34,000 residents, are possibly more rural than urban in nature as well.

The table to the right indicates the three natural geographic groups of urban residents in HRM – the ‘old’ Halifax peninsula, the ‘old’ mainland south area (including Bedford), and the ‘old’ Dartmouth, totalling about 215,000 residents. This urban area contains 14 of HRM’s 23 districts. The nine remaining districts are rural in nature, and contain roughly 157,000 residents.

It could be argued, of course, that the ‘real’ population of the urban areas shown in the table is much greater, as many residents of the rural areas commute to Halifax and Dartmouth on a regular basis – for employment, shopping, medical, business or other appointments, entertainment, or other reasons. Taking this thought to its natural extension, however, would see all districts except District 1 (Eastern Shore – Musquodoboit Valley) included as part of the urban areas. This view might be appealing to planners who see most residents of the current HRM as ‘users’, and hence as those who must be accommodated and planned for in the urban districts (in areas such as parking, transportation, recreation, and other pursuits). But it doesn’t reflect the need to address the lack of effective governance in HRM caused by the diversity of interests and service requirements, and the ability or willingness to pay for them throughout the ill-defined municipality.

The key to re-formulating the districts to better reflect rural and urban



HRM Population by Polling District Urban - Rural Distribution

Urban Areas		
District	Peninsula	Population
11	Halifax North End	14,893
12	Halifax Downtown	14,420
13	Northwest Arm - South End	14,867
14	Connaught - Quinpool	13,845
		58,025
Mainland South and Bedford		
10	Clayton Park West	14,829
15	Fairview - Clayton Park	13,382
16	Rockingham - Wentworth	14,202
17	Purcell's Cove - Armdale	14,527
21	Bedford	16,780
		73,720
Dartmouth		
4	Cole Harbour	19,096
5	Dartmouth Centre	14,764
6	East Dartmouth - The Lakes	16,642
7	Portland - East Woodlawn	17,448
9	Albro Lake - Harbourview	15,829
		83,779
Total Urban Area Population		<u>215,524</u>
Rural Areas		
District		Population
1	Eastern Shore - Musquodoboit Valley	13,655
2	Waverley - Fall River - Beaver Bank	18,547
3	Preston - Lawrencetown - Chezzetcook	19,657
8	Woodside - Eastern Passage	17,523
18	Spryfield - Herring Cove	15,165
19	Middle & Upper Sackville - Lucasville	17,657
20	Lower Sackville	16,126
22	Timberlea - Prospect	19,377
23	Hammonds Plains - St. Margarets	19,627
Total Rural Area Population		<u>157,334</u>

interests may lie in reducing the overall number of districts – by making them large enough to include 25,000 to 30,000 residents each. While this kind of procedure requires a review of detailed population distributions within each district, some broad assumptions can be made to illustrate what might be possible.

There are many different ways to reconfigure HRM. One would be to combine the more urban pre-amalgamation municipalities (Halifax, Dartmouth, Bedford, and Sackville) into one large urban municipality, with the remainder forming a separate rural municipality.

Another would be to revisit the historical formation of the region, and to create three ‘new’ cities – Halifax, Dartmouth, and Bedford (somewhat enlarged), with the remainder forming what would essentially be Halifax County. These two options are explored below, recognizing, of course, that the assumptions are crude and that any reader could find fault with some element of the analysis.

Option 1 – An urban municipality with 11 districts, and a rural municipality with 10. – The population of the Halifax peninsula is roughly 58,000, but the census was taken when 15,000 to 25,000 university and community college students normally resident during the academic year

were absent. Most of these students reside on the Halifax Peninsula. Adding 20,000 would bring the figure to roughly 78,000 residents, which would suggest three districts (assuming 25,000 to 30,000 residents per district) as shown in the table to the right. This does not account for anticipated increases in peninsular population as foreseen in the HRMbyDesign plan, but if significant peninsular growth does occur, the number of districts could easily be redefined and the number of councillors increased accordingly.

The population of Mainland South and Bedford is roughly 74,000, but the area is growing rapidly (6.9% over the 2001-2006 period), so roughly 5,000 might be added to account for future growth. Also, portions of some outlying ‘old’ HRM districts might be more properly considered part of Mainland South and Bedford. Assumptions about the extent of these ‘redistributions’ are shown in the table, resulting in a population of about 103,000, which would suggest four districts.

Similar assumptions for Dartmouth lead to a population of roughly 98,000, suggesting four districts as well. The total urban municipality would then have a population of roughly 280,000,

Possible Revision of 'Old' HRM Districts To Two Municipalities		
Urban Municipality		
	Pop'n	Districts
Peninsula		
'Old' Districts 11, 12, 13, and 14	58,025	
Allowance for students	<u>20,000</u>	
	78,025	3
Mainland South and Bedford		
'Old' Districts 10, 15, 16, 17, and 21	73,720	
Allowance for five-year growth (7%)	5,160	
40% of 'old' District 18	6,066	
20% of 'old' District 19	3,531	
40% of 'old' District 20	6,450	
20% of 'old' District 22	3,875	
20% of 'old' District 23	<u>3,925</u>	
	102,729	4
Dartmouth		
'Old' Districts 4, 5, 6, 7, and 9	83,779	
20% of 'old' District 2	3,709	
20% of 'old' District 3	3,931	
40% of 'old' District 8	<u>7,009</u>	
	98,429	4
Total Urban Municipality	<u>279,183</u>	<u>11</u>
Rural Municipality		
	Pop'n	
Eastern Shore - Musquodoboit Valley	13,655	
Waverley - Fall River - Beaver Bank	14,838	
Preston - Lawrencetown - Chezzetcook	15,726	
Woodside - Eastern Passage	10,514	
Spryfield - Herring Cove	9,099	
Middle & Upper Sackville - Lucasville	14,126	
Lower Sackville	9,676	
Timberlea - Prospect	15,502	
Hammonds Plains - St. Margarets	<u>15,702</u>	
Total Rural Municipality	<u>118,835</u>	<u>10</u>

and be represented by a council of 11 councillors. No attempt is made to distribute these 11 districts within the newly-defined urban municipality.

The remaining districts relate quite closely to the 'old' Halifax County. The new populations for each of the 'old' HRM rural districts are shown in the table, allowing for redistributing some of the population to the urban municipality. The table shows a rural municipality with a population of roughly 119,000, which would suggest about ten districts in total (consistent with the analysis referred to on Page 3 which indicates that for cities of less than 500,000 in population, cities of up to about 300,000 residents are generally represented by about ten councillors).

Option 2 – Three cities totalling 30 districts, and a rural municipality with 10. – Another way to reconfigure HRM is to create three 'new' cities to which the various urban areas would belong, with the remainder becoming a rural municipality. In such a case, the three cities would almost certainly be Halifax, Dartmouth, and Bedford.

The table to the right shows how the existing HRM districts might be apportioned under a Three-City arrangement. In this version, Halifax would 'keep' the 'old' Fairview-Clayton Park and the Purcell's Cove-Armdale districts (districts 10, 15, and 17). Allowing for the missing student population as before, and allowing for a portion of the growth in the 'old' districts 10, 15, and 17, the population would become roughly 124,000, suggesting a need for five districts. The analysis referred to on Page 3, however, suggests that a city of this size 'should' have about ten districts.

Dartmouth would be configured exactly as in Option 1, with roughly 98,000 residents. Because it would be its 'own' city under this scenario, however, it would have ten districts under this option rather than the four districts under Option 1, where it was part of a larger urban municipality.

Bedford's configuration would be similar to Option 1 as well, allowing for the 'loss' of the three districts (10, 15, and 17) allocated to Halifax. The result is a population of 57,000 residents represented by ten councillors.

Results for the 'old' Halifax County are similar to Option 1, with roughly 119,000 residents with ten districts.

Possible Revision of 'Old' HRM Districts To Three Cities plus County			
Halifax	Pop'n	Districts	
Peninsula - 'Old' Dist. 11, 12, 13, and 14	58,025		
Fairview - Clayton Park - 'Old' Dist. 15	13,382		
Clayton Park West - 'Old' Dist. 10	14,829		
Purcell's Cove - Armdale - 'Old' Dist. 17	14,527		
Allowance for students	20,000		
Allowance for growth	2,992		
	123,755	10	
Dartmouth	Pop'n	Districts	
Dartmouth - 'Old' Dist. 4, 5, 6, 7, and 9	83,779		
20% of 'old' District 2	3,709		
20% of 'old' District 3	3,931		
40% of 'old' District 8	7,009		
	98,429	10	
Bedford	Pop'n	Districts	
Bedford - 'Old' Dist. 21 and 16	30,982		
40% of 'old' District 18	6,066		
20% of 'old' District 19	3,531		
40% of 'old' District 20	6,450		
20% of 'old' District 22	3,875		
20% of 'old' District 23	3,925		
Allowance for growth (6.9% per annum)	2,169		
	56,999	10	
Total Three City	279,183	30	
County	Pop'n	Districts	
Eastern Shore - Musquodoboit Valley	13,655		
Waverley - Fall River - Beaver Bank	14,838		
Preston - Lawrencetown - Chezzetcook	15,726		
Woodside - Eastern Passage	10,514		
Spryfield - Herring Cove	9,099		
Middle & Upper Sackville - Lucasville	14,126		
Lower Sackville	9,676		
Timberlea - Prospect	15,502		
Hammonds Plains - St. Margarets	15,702		
Total Rural Municipality	118,835	10	

Under both options, of course, the 'problem' of a no-longer-subsidized rural area with possibly weak development controls remains to be addressed. If, after the considerable disruption and cost of a serious municipal restructuring effort, we ended up 'back where we started', would it be worth it? If it was found that the rural municipality, like the old Halifax County, could not support sufficiently high residential tax rates without increasing its tax base by allowing inappropriate ribbon development, who would win?

At the very least, the Province could consider improving its planning standards to disallow these approaches. It could insist that all municipal plans and construction approvals be based on sound planning practices and guidelines, and be approved by a Provincial planning board, with appeals against local decisions heard by the board. This would presumably be more palatable to the Provincial government than resumption of its previous annual subsidies of \$20 million or more to the Halifax-Dartmouth rural region. And lest some consider this solution too much 'against free enterprise', note that the provinces of Alberta and Ontario employ exactly this approach.

In any event, the final disposition of district boundaries and populations when HRM's urban-rural dichotomy is properly addressed will almost certainly be different from the figures above. They are presented only as a thought experiment to point the way - not as a final solution. If this calculation, however, leads to an improvement in HRM's governance and accountability, the effort in its calculation will have been worthwhile.