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Municipal amalgamations often cost: expert

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Sandeep Agrawal, head of the University of Alberta planning department said that municipal amalgamation often ends up raising costs.

EDMONTON - While Canadian municipalities that join together usually expect to save money, the move often ends up raising costs instead, the director of the University of Alberta's planning department says.

In January, Edmonton Chamber of Commerce president James Cumming recommended the province complete a report by next year on the costs and implications of amalgamation in the Edmonton region.

He argued rising taxes and public-service costs pose a threat to regional competitiveness, and the patchwork way things are done in the area doesn't make economic sense.

However, amalgamation doesn't always turn out as intended, Sandeep Agrawal said in a speech Tuesday to the Economics Society of Northern Alberta.

"Savings never materialize. In fact, it costs more when you do amalgamate," he said.

"It's a political move not always based on a good model of governance ... It could work in some situations, but a one-size-fits-all approach is not the best."

He based his opinion on experiences in Halifax, Winnipeg and Toronto, where small local governments were formed into regions or large cities.

While there have been benefits, such as improved services, economic development and better planning for regional growth, civic staff and spending grew, he said.

"Amalgamation is not a bad word, but it's good to have a debate before we get on that path. I think we need to do good research," he said.

"Whether it works well in the Edmonton situation, I don't know."

Agrawal declined to discuss Edmonton's proposal to annex 154 square kilometres of Leduc County to provide land for 50 years of growth.

He suggested Alberta bring back the commissions dismantled during 1990s budget cuts to provide regional planning and services such as transit.

Edmonton and Calgary are seeking special provincial big-city charters, which some people have suggested might include additional taxation authority.

But centres can't always impose those extra fees, Agrawal said.

Toronto Mayor Rob Ford eliminated a tariff on driver's licences, leaving a land transfer tax as the only new levy since that city received greater powers eight years ago.

"One has to be careful what you ask for. You may not end up using it because it's just not good politics."