

Subject: Municipal Amalgamation in Saskatchewan

Submitted By: Investment and Growth Committee

BACKGROUND

After contentious provincial debate in the earlier 2000s and mixed results in other parts of Canada, there has been little political appetite for forced municipal amalgamations in Saskatchewan.

Currently, in Saskatchewan there are several forms through which voluntary municipal restructuring can occur. The types of municipal restructuring are:

- Incorporation: the creation of new municipalities.
- Annexation: the addition of territory from one municipality to another.
- Merger: the merging of multiple municipalities, or portions of municipalities, into one municipality.
- Inclusion: the dissolution of one municipality in another municipality.

There have been voluntary amalgamations in Saskatchewan over the past decade but these have primarily been triggered by local crises including financial pressures, a shrinking property assessment base, a declining population or the loss of key administrative staff. These amalgamations have typically been characterized by improved services, public acceptance and effective and efficient administration.

While municipal amalgamations can lead to stronger and more accountable municipal government, greater efficiency in the delivery of services, and more fairness in allocating costs to residents. They also have draw backs including the “leveling up” of wages to the highest levels in the area being amalgamated, the transition from volunteer labour to paid labour and transition costs.

ISSUE

Saskatchewan’s municipal governance system is highly fragmented consisting of 15 cities, more than 150 towns, 280 villages and hamlets and almost 300 rural municipalities. Within these municipalities there are varying degrees of service and efficiency. Furthermore, the infrastructure costs for all these communities including highways, water, sewer, and general repairs are continuing to increase putting more pressure on the tax base and local administrators. These pressures and inefficiencies reduce the attractiveness of municipalities compounding the problems and eventually leading to crisis amalgamation.

There is an opportunity in Saskatchewan to achieve improved economies of scale among municipalities that would help strengthen communities, developing regional priorities, and allow united local governments to undertake significant infrastructure projects.

It is important to realize that forced municipal amalgamation has not always been successful (in terms of improved efficiency or cost-savings) in Canada. However, research indicates that the relative size of the municipalities in an amalgamation could have an impact on the efficiencies generated. As such there is an opportunity to bring significant benefit to some of Saskatchewan's smaller municipalities.

Amalgamation costs can be distinguished between one-time transition costs and annual costs, while savings are made up of savings from consolidation and efficiency gains. Prior to undertaking municipal amalgamations in the province it is vital that an understanding of these costs and benefits be established to determine the appropriateness of the amalgamation and the likelihood of success.

Currently in Saskatchewan, the Saskatchewan Association of Rural Municipalities (SARM) offers some limited funding to help RMs cover costs related to voluntary municipal restructuring, while the Ministry of Municipal Affairs, through the Strategy and Stakeholder Relations Branch, only offers staff support and guidance.

RECOMMENDED

- 1) That the Government of Saskatchewan move us to a municipal system with the fiscal, planning, and corporate capacity to manage our infrastructure needs into the future.
- 2) That the Government of Saskatchewan, if it is content with the current municipal structure, move to develop regional bodies, similar to British Columbia, to provide the professional services to our municipalities.