EMPOWERED CITIES
A New Path to Collaborative Federalism
ACKNOWLEDGEMENTS

We offer our sincere thanks to Action Canada and the many people who came together over the course of the 2014–2015 year to provide us with the opportunities of this fellowship. None of this would be possible without the support of David Aisenstat, the Belzberg family, and Heritage Canada.

We wish to extend special thanks for the unwavering guidance from our patient and knowledgeable advisor, André Juneau. For us, this paper and research process has acted as a bridge, linking each of us to the spirit of the nation through the evolution of its urban policy.

A significant step in our journey was the opportunity to engage with community members, public servants, academics, and decision-makers all around the country, whose diverse opinions illuminated this complex and sensitive topic. We took all of these into consideration in the writing of this report. We believe this to be an important topic for Canada’s present and future and thank everyone who made it possible.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>2</td>
</tr>
<tr>
<td>Why Big Cities Matter to Canada</td>
<td>4</td>
</tr>
<tr>
<td>Connection, Commitment, and Communication</td>
<td>6</td>
</tr>
<tr>
<td>Culture Change in Governance: Collaborative Federalism</td>
<td>8</td>
</tr>
<tr>
<td>Short-Term Goal:</td>
<td></td>
</tr>
<tr>
<td>Canada’s Big Cities Speaking With One Voice</td>
<td>9</td>
</tr>
<tr>
<td>Medium-term goal:</td>
<td></td>
</tr>
<tr>
<td>Setting a New Table</td>
<td>10</td>
</tr>
<tr>
<td>Long-term goal:</td>
<td></td>
</tr>
<tr>
<td>Big Cities as True Players</td>
<td>11</td>
</tr>
<tr>
<td>Conclusion</td>
<td>11</td>
</tr>
<tr>
<td>Bibliography</td>
<td>12</td>
</tr>
<tr>
<td>About the authors</td>
<td>13</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

Municipal governments are creatures of the provinces with no constitutional autonomy nor right to be consulted on provincial or federal government decisions that directly impact them. Yet Canada’s biggest cities face increasing urbanization and a rising number of challenges such as aging infrastructure, the integration of new Canadians, housing, emergency preparedness, and climate change readiness. These challenges fall within and outside of their institutional jurisdiction, and to address them, Canadian mayors are demanding more collaboration, more powers, and more money.

Although the approach and details vary, all demands are based on the need for recognition of the key role Canada’s big cities play in the country. This recognition would transform the power dynamics and the consultation practices between the three orders of government.

To achieve this, Canada needs a sweeping culture change in municipal governance and intergovernmental relations and a more collaborative federalism. Despite the legal framework in which they are defined, municipal governments can be taken more seriously by other orders of government if they self-organize and help show the provinces/territories and the federal government the way forward.

Three recommendations are proposed to strengthen the leadership of Canada’s big cities within the federation and to render collaboration between the three orders of government more effective and satisfying for all parties and for all Canadians:

1. Canada’s biggest cities should speak with a unified voice and make their priorities heard through a “Big Cities Collective.”

2. This collective should create a new forum to tackle the major issues cities are facing across the country and invite the other orders of government to contribute to it.

3. Municipal governments must be recognized as true players in the socio-economic and political sphere by the federal and provincial/territorial governments.
WHY BIG CITIES MATTER TO CANADA

The world is urbanizing. According to the United Nations, more than 54 per cent of the world’s population now lives in urban centres and this is projected to grow to 67 per cent by 2050. The McKinsey Global Institute estimates that currently the top 100 cities in the world are responsible for 38 per cent of total global GDP and that the top 600, where a fifth of the world’s population resides, generate 60 per cent of global GDP. Politically, the McKinsey Global Institute argues that “the 21st century will not be dominated by America or China, Brazil or India, but by The City. In a world that increasingly appears ungovernable, cities—not states—are the islands of governance on which the future world order will be built.”

In a world that increasingly appears ungovernable, cities—not states—are the islands of governance on which the future world order will be built.

—— McKinsey Global Institute

In Canada, the six largest metropolitan areas (Toronto, Vancouver, Montréal, Calgary, Edmonton, and Ottawa) are home to nearly 50 per cent of the country’s population and generate close to half of Canada’s GDP. Toronto, Vancouver, Montréal, and Calgary are also increasingly attractive to foreign investors, with fDi Magazine listing these four cities in its top 10 Overall North American Cities of the Future ranking in 2013. As Anne Golden, former chief executive officer of the Conference Board of Canada, argues, “cities punch above their weight when it comes to creating the country’s GDP. The future success of our cities is pivotal to Canada’s ability to compete in the global economy.” But as these cities grow, more and more issues, such as public health, immigration, infrastructure, and housing are seeping into the municipal sphere, and mayors are asking for more decision-making powers and long-term, predictable funding to deal with these challenges.

At its origins in 1867, the nation was predominantly rural. Canadian municipalities were defined under the 1867 Constitution (art. 92, par. 92.2 and 92.8) as administrative creatures of the provinces. In other words, a Canadian municipality can only manage powers and revenue sources its province has granted it. In theory, the cities’ subordination to provincial governments is absolute. Almost 150 years later, cities are still mostly reliant on property taxes and funding from other orders of government for their projects. Over the years, cities have sought alternative strategies to have their political and economic importance acknowledged, to participate in policy-making that affects their populations, and to increase their capacity to collect revenue. However, most of these efforts have fallen short.

Some suggest a return to the origins to seek a constitutional recognition of cities, but constitutional amendments have become a political non-starter. The federal government did introduce a Ministry of State for Urban Affairs in the early 1970s but it folded within the decade. In 2001, Winnipeg, Calgary, Vancouver, Montréal and Toronto came together to form the C5, a grouping of cities to discuss their issues and bring forth solutions to them. They met three times, but with changing mayors, changing priorities and the advent of the New Deal for Cities and Communities, the C5 faded.

The New Deal introduced in 2004 gave municipalities new hope: it sought to redefine relationships between the three orders of government, ensure long-term funding for communities, provide more effective program support for infrastructure and social priorities, and give communities a stronger voice. The Ministry of Infrastructure was assigned the implementation of the New Deal. During this time, a percentage of the federal gas tax was redirected so that cities could secure long-term funds. The New Deal was eventually dissolved by an incoming government. The Ministry of Infrastructure remains, although it no longer has a cities branch.
The federal Ministry of State for Urban Affairs (MSUA) and Infrastructure Canada.

The federal Ministry of State for Urban Affairs was created in 1971 and disbanded in 1979. Infrastructure Canada was created in 2002 and still exists. MSUA’s mandate was to develop policies on urbanization within federal jurisdiction, and to coordinate the relevant work of federal departments. It was also given the responsibility to administer a few small programs. But the ministry was not provided with enough clout to influence decision-making in Ottawa. This probably contributed more powerfully to its demise than provincial/territorial suspicions.

Infrastructure Canada manages the allocation of very large amounts of money, often in areas of great interest to other federal ministers and their departments. It developed extensive relationships with officials in provinces, territories, and many municipalities, well before it was assigned the implementation of the New Deal for Cities and Communities. Its cities branch has been disbanded, however. The current federal government has intervened on a number of occasions in urban areas, not as part of an urban strategy but rather based on the responsibilities of sectoral departments.

Some provinces have given their biggest city more jurisdiction and a distinct status through charters such as the Vancouver Charter in 1953, the City of Toronto Act in 2006, and the Entente pour la reconnaissance du statut particulier de Montréal in 2008. Calgary and Edmonton are currently negotiating the terms of a charter with the Government of Alberta.

Yet some big-city mayors, academics, and political commentators still argue that these don’t go far enough and that cities need more authority and revenue in order to thrive.12

Some groups and governments have recognized that big cities should be playing a larger role in the national and international political sphere. For example, the United Kingdom is discussing ways to devolve more power to cities after the release of a report that claimed that doing so would boost the country’s GDP by five per cent.15 Closer to home, UN Secretary-General Ban Ki-moon recently congratulated Montréal mayor Denis Coderre for his push for a pan-American network of metropolitan regions, highlighting the role cities should play in promoting sustainable development.14

Both in Canada and internationally, big cities are facing challenges in areas such as immigration, emergency preparedness, infrastructure, transportation, housing, climate change readiness, and poverty that their administrations were not designed to resolve. Their growing concerns and importance present additional difficulties in Canada because of the role provinces play as stewards of municipalities.15

The question that now arises is, how can municipal leadership and intergovernmental relations be enhanced to improve Canadian federalism and give Canada’s big cities the political weight they need to address the challenges of the 21st century? To think through this challenge, the ways in which all three orders of government approach urban affairs must be reformed, and this must be understood by all orders of government. Stronger cities mean a stronger Canada.

Percentage of the global GDP generated by the Top 100 Cities

Percentage of the global GDP generated by the Top 600 Cities

Citizens hear about jurisdictional conflicts more often than successful cooperation between the three orders of government.16 Yet, our research and consultations with stakeholders from across the country provide a less cynical point of view. Some projects do move forward, and patterns emerge as to why. Our research has underlined three factors that will help achieve stronger roles for municipal leadership and improve intergovernmental relations.

A. Connection: moving away from collaboration of ‘crisis and ceremony’

Many examples of successful intergovernmental co-operation are triggered by being in the international spotlight or by a crisis. The pressure of urgency or attention understandably encourages public administrators and public officials to put partisan or short-sighted interests aside, work consensually, and move projects forward.

For example, one of the largest investments in municipal infrastructure in Canadian history, part of the federal government’s $33-billion Building Canada plan,17 followed the severe economic recession of 2008, where municipalities across the country presented shovel-ready infrastructure projects in which the federal government could invest to boost the economy.

The 2010 Vancouver Olympics brought all orders of government and the private sector together to make sure the $2.1-billion rapid-transit Canada Line was completed on time.18 On a smaller scale, the ongoing development of the Spirit Trail in North Vancouver as a legacy project from the Olympics involved negotiations between the federal, provincial, and municipal governments and the Squamish Nation, making this a good example of quadrilateral cooperation with First Nation government.

Successful intergovernmental collaboration is often sparked by the extremes of events or crises. What is lacking is a more stable path of collaboration. Therefore, a critical success factor to strengthen municipal leadership and intergovernmental relations is the regular connection of stakeholders beyond a collaboration of ‘crisis and ceremony.’

B. Commitment: ensuring long-term stability

Stability was brought up several times by experts and elected city officials: working successfully across orders of government demands both relational and financial stability. Yet this stability is often very difficult to achieve. The Constitution Act does not require municipalities to be consulted in federal or provincial/territorial government decisions about them, and projects that take years to move forward can be cancelled in a day if the political will is no longer there. Progress can be volatile as different mayors, premiers, and prime ministers have differing leadership styles, conceptions of federalism, and political priorities.

Infrastructure is one of the critical issues facing cities and it requires predictable, long-term funding. As urbanization intensifies, so too does the need for maintenance and expansion of social and physical infrastructure. To plan for these costly projects, cities need reliable funding: for example, the proposed SmartTrack transit plan by Toronto’s new mayor John Tory has an $8-billion proposed price tag.

Therefore, a critical success factor to strengthen municipal leadership and intergovernmental relations is a standing commitment to stabilize planning of major projects beyond election cycles and personal leadership styles.
The Federal Gas Tax Transfer to Canadian Municipalities

In the summer of 2004, the new Minister of Infrastructure and Communities was given a mandate to implement the New Deal for Cities and Communities by the Prime Minister. The first step required agreements with provinces and territories for the transfer of an equivalent of about one cent out of the federal gas tax. The next step would have been the creation of three-level consultation “tables.”

The federal minister committed to provinces and territories that the agreements would be signed with them, and that the funds would flow through them, using their accountability mechanisms. At the request of two provinces, the agreement was signed with their municipal association. Funds were to be allocated on an equal per capita basis, but the formula was modified when provinces wished to do so. Provinces and municipalities agreed not to reduce their own transfers to municipalities.

Agreements were signed with all jurisdictions (including the Department of Indian and Northern Affairs in respect of reserves) by the end of 2005.

C. Communication: clear messaging

A critical success factor to strengthen municipal leadership and intergovernmental relations is clear communication to provincial and federal governments. Several stakeholders voiced concerns over what big-city mayors actually want, as some argue it has not been articulated clearly.\(^{19}\) What do mayors mean when they ask for “more powers”? Is it a question of raising their own taxes? Constitutional authority? One can easily imagine the problems this causes in intergovernmental communication and for the general public’s understanding.

Projects need clearly articulated demands and plans to move forward. For example, in March 2014, Montreal and Quebec City aligned themselves to publish the *Nouveau pacte pour les grandes villes du Québec*. This agreement currently serves as the basis for negotiations with the province for a new status for both cities. The projects put forward by the municipalities for federal funding during the economic downturn of 2008 are another example where clarity of demands help ensure success.
CULTURE CHANGE IN GOVERNANCE: COLLABORATIVE FEDERALISM

Recommendations should address the concerns and challenges facing big cities; however, they must also be flexible to meet different and sometimes divergent needs. Moreover, it must be recognized that realistic solutions are quite limited given the restrictions of the constitutional and financial framework within which cities have to work.

We are not recommending reopening the Constitution nor changing the actual legal standing of cities, what we recommend is a more collaborative federalism. A more collaborative federalism is one where the different orders of government work together as equals in a partnership to find solutions to the country’s challenges, which increasingly manifest themselves in Canada’s biggest cities. Beyond the written definitions and constraints, the customary practices of federalism have been able to evolve, adapt, and follow the development of Canada. At this point in time, an evolution is required to modernize how Canada’s cities relate with the federal and provincial/territorial governments.

Changing governance culture for a more collaborative federalism can overcome challenging jurisdictional limitations that often stymie success in intergovernmental relationships. It can enhance municipal leadership and intergovernmental relations, improve Canadian federalism, and give Canada’s big cities the political weight they need to address the challenges of the 21st century.

RECOMMENDATIONS

The Road Map

The proposed culture change will take time. Thus, the three recommendations must be acted upon in succession. They are:

I. ONE VOICE:
Connecting the big cities through their elected officials, public service, and business communities.

II. A NEW TABLE:
Inviting stakeholders to a new table set by Canada’s big cities.

III. CITIES AS TRUE PLAYERS:
Developing new relationships and institutions that will enable cities to be national players.
**SHORT-TERM GOAL: CANADA’S BIG CITIES SPEAKING WITH ONE VOICE**

Important networks have been built to advance the agenda of Canadian cities; however, none specifically addresses the challenges of Canada’s largest cities. The Federation of Canadian Municipalities (FCM) has a membership of close to 2,000 municipalities, and its membership structure requires the interests of all municipalities to be included.

The FCM does convene a Big City Mayors’ Caucus (BCMC), but it represents the interests of 22 Canadian cities, ranging from Windsor (population 216,000) to Toronto (population 2.5 million). As a result, the interests of the members of the BCMC — like those of the FCM more broadly — can vary greatly.

Vancouver, Calgary, Toronto, and Montréal anchor the urban landscape in Canada. These four urban centres united have more than enough weight to form the core of a powerful lobby and to push their policy priorities into the key debates of the country. Also, while the larger metropolitan areas of these centres are important at all institutional levels, the mayors of these four cities act as de facto spokespersons for their metropolitan regions to the rest of Canada. Adding other big cities — for example Edmonton, Ottawa, and Québec City — to such a lobby could strengthen its voice without jeopardizing its characterization as a “big cities” group. This form of expansion — although not vital to the idea of a lobby — could be beneficial.

Big cities must agree on common priorities and voice them clearly. While not an easy task, it is not an impossible one.

To become a sustainable advocate for an urban agenda, a collective of Canada’s biggest cities should be connected more deeply than the political strata. Building communication channels and collaborative spaces in the long term requires the participation of mayors and other elected officials, but also of the key municipal public servants from each participating city.

To reinforce the connections across cities, the business community should also play a role. Engaging the chambers of commerce or boards of trade, for example, would help augment any new coalition of ideas or purposes. With the tri-level approach to collaboration and integration — politics, public service, and business — intermunicipal initiatives can be sustained in spite of electoral change.

**RECOMMENDATION 1:**

The mayors of Vancouver, Calgary, Toronto, and Montréal should coordinate the creation of a “Big Cities Collective.”

The collective should:

1.1. Seek consensus and identify the major challenges facing Canada’s big cities, create mutual understanding on issues, and develop common public policy objectives to meet those challenges.

1.2. Communicate clearly why the challenges of Canada’s big cities are challenges for all Canadians, and why the status quo is not a sustainable option.

1.3. Include elected officials and public administration.

1.4. Collaborate with interest groups from the private sector (e.g. chambers of commerce) and with local civil society organizations to:

1.4.1. Foster spaces for citizen participation, innovation, and crowd-sourcing citizen solutions to urban challenges (e.g. I See MTL).

1.4.2. Publish research and recommendations on key issues.

1.4.3. Articulate, support, and advocate for collaborative projects that deserve the attention of the federal and provincial governments.
MEDIUM-TERM GOAL: SETTING A NEW TABLE

As the voice of Canada’s Big Cities Collective becomes clearer and begins to resonate across the country, there is little doubt about the influence it will have. A collective will help Canada’s big cities coalesce around and align to central tenets and an agenda to move forward.

It will be no small feat for cities to achieve this coalescence. It could take years; however, once the collective forms, the political weight of its unified voice will grow.

The paradigm of governance today should shift. Today, cities are last on the list of consultations (if they’re consulted at all), or they have to go time and time again to the provincial and federal governments to provide input or submit funding requests. Cities are often asking to be invited to the table, but the Big Cities Collective should set a new table, one that has not yet been properly been convened. A similar concept already exists with the Council of the Federation, a regrouping of all provincial and territorial premiers. They meet to discuss common goals and present these to the federal government when required. In 2004, the premiers met with the Prime Minister at the time to secure healthcare funding and were successful in securing more than $41-billion in funding over 10 years. Cities should create a table along similar lines to move ideas forward and strengthen their connections to one another and give their voice more weight.

In setting a new table where decisions are sought and made, cities will be better able to control the agenda. The message to other orders of government will be to get engaged for fear of missing out. It will be up to the Big Cities Collective to host them and, in the long run, invite and work with them for sustainable solutions.

RECOMMENDATION 2:
The Big Cities Collective should create Working Tables that:

2.1. Build strong urban partnerships in collaboration with other big cities, the private sector, and citizens through bilateral, trilateral and multilateral agreements and initiatives.

2.2. Address national issues that affect municipalities at a local level, such as immigration, infrastructure, and emergency preparedness, in order to find solutions and funding.

2.3. Invite the other orders of government to the table to be a part of the solution.

2.4. Share best practices.

2.5. Liaise with international counterparts.
LONG-TERM GOAL:
BIG CITIES AS TRUE PLAYERS

The long-term goal of this document has been stated as culture change toward a more collaborative federalism. A detailed description of that endpoint is difficult to provide at this stage. Recommendations are aimed at strengthening the voice and weight of cities in intergovernmental relations and the federal and provincial/territorial governments have an interest in seeing Canadian cities thrive. Long-term change will require the voice of the Big Cities Collective, the will of the provinces, and the interest of the federal government.

To that end, the provinces/territories and the federal government should respond to the concerns and proposals of the Big Cities Collective and also take steps of their own to ensure Canada and its cities can thrive in the 21st century.

RECOMMENDATION 3:

3.1. The Government of Canada should consider reimplementing a department dedicated to acting as a hub for Canadian urban issues.

3.2. The provinces should:

3.2.1. Ensure that Canada’s largest cities in each province have charters that differentiate them from other municipalities and consult them on the charter development process.

3.2.2. Consider having a ministry of urban affairs, or a member of the executive designated to their largest city.

3.3. The Council of the Federation should invite municipal officials to meetings when relevant.

CONCLUSION

At the time of publication, the research team sees an opportunity for a culture change in intergovernmental relations and a more collaborative federalism. The goal is for Canada’s big cities to emerge as true players on the national stage.

There is a danger that the costs of any change may be a barrier to execution. As discussed throughout this report, Canada’s future is inextricably linked to the continued growth of major urban centres. The country cannot afford not to care about our cities.

With the approach of the 2015 federal election, big cities should seize the occasion, set a new agenda, and be heard by all orders of government.


7 Kahane, Adam. Anne Golden on healthy cities: ‘We will fail if we don’t invest in the changes that are needed’ The Globe and Mail. 2014. http://www.theglobeandmail.com/globe-debate/anne-golden-on-healthy-cities-we-will-fail-if-we-dont-invest-in-the-changes-that-are-needed/article21151884/

8 Un nouveau pacte pour les grandes villes du Québec. 2014.


11 Dewing, Young, Tolley. 2006.


19 Hume, 2011; Dewing, Young, Tolley, 2006.


22 Prime Minister’s Caucus Task Force on Urban Issues, Canada’s Urban Strategy: A Blueprint for Action, November 2002, p. 29
ABOUT THE AUTHORS

Emilie Nicolas is a Vanier Scholar and PhD candidate in linguistic anthropology at the University of Toronto. She is a founding board member of Quebec Inclusif, a movement that promotes respect for religious diversity and intercultural understanding in Quebec society.

Jesse Kancir is a resident physician and a 2014/2015 Chevening Scholar at the University of Cambridge where he is an MPhil candidate in Public Policy. He has served as the 2013-2014 President of the Canadian Federation of Medical Students (CFMS) and as Director on the Boards of the Canadian Medical Association (CMA) and the Association of Faculties of Medicine of Canada (AFMC).

Véronique Herré-Saint-Onge is a public affairs consultant in Toronto. Originally from the Yukon, she holds a bachelor of arts in political science from the University of Victoria and a master of journalism from Ryerson University. In 2013, she was selected as a Leader of Tomorrow at the St. Gallen Symposium in Switzerland.

Morvan Le Borgne is a corporate & public relations strategist. He helps organisations to be well positioned in public space and to manage sustainable relations with stakeholders. He holds a master’s degree in public communication from l’Université Laval.

James Stuewe has a background in management consulting and currently works with the Privy Council Office in Ottawa, on secondment from RBC. He has a Master of Public Administration from Dalhousie University, where he is a board member of the Alumni Association.

André Juneau is a former federal deputy minister and is the 2014–2015 president of the Institute of Public Administration of Canada.

Emilie Nicolas

Jesse Kancir

Véronique Herré-Saint-Onge

Morvan Le Borgne

James Stuewe

André Juneau

13
THEME OF THE YEAR
In 1867, Canada was largely rural. As we look to the nation’s 150th anniversary, we see a shift to major cities leading the economy and gaining in importance. What is the impact of this in relation to economic growth and competitiveness, revenue sources, infrastructure, social inclusion, and governance models? Drawing on our history, what works, what doesn’t, and what can Canada do to aim higher?

ABOUT THE PROJECT
This project has been undertaken pursuant to an Action Canada fellowship. Action Canada Foundation (ActionCanada.ca), doing business as Action Canada, is a registered charity funded in part by the Government of Canada with a mandate to build leadership for Canada’s future. The views, opinions, positions and/or strategies expressed herein are those of the author alone, and do not necessarily reflect the views, opinions, positions or strategies of Action Canada, Action Canada Foundation, or the Government of Canada. Action Canada, Action Canada Foundation, and the Government of Canada make no representations as to the accuracy, completeness, reliability, non infringement or currency of any information in this paper, and will not be liable for any errors or omissions in this information, or any losses, costs, injuries or damages arising from its display, use or publication.

ABOUT ACTION CANADA
Action Canada is Canada’s premier leadership development program. A non-partisan multi-sector fellowship, Action Canada is building a valuable network of leaders across the country. Centered on regional conferences and teamwork, Fellows hone leadership skills, examine historical and current Canadian issues, and present and publish a public policy report. After completing the fellowship year, they join a network of more than 150 outstanding leaders dedicated to the future of Canada.