



# COMMUNITIES IN AN URBAN CENTURY

## Symposium Report

*January 2002*

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### Mission Statement

*The Federation of Canadian Municipalities (FCM) has been the national voice of municipal governments since 1901. FCM is dedicated to improving the quality of life in all communities by promoting strong, effective and accountable municipal government.*

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Keynote Address, “A New Era  
for Cities,” by Anne Golden,  
President and CEO, Conference  
Board of Canada

*“We have entered a new era, one in which cities have a much more important role to play—but which requires both a new mandate (powers and resources) and enlightened leadership to fulfill the mandate.”*  
– Anne Golden

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### Introduction

Canada needs strong cities. This is not only because eight out of ten Canadians live in cities, but also because strong cities are central to our national goals of protecting human and environmental health, economic competitiveness and social equity.

*"Whenever and wherever societies have flourished and prospered, rather than stagnated and decayed, creative and workable cities have been at the core of the phenomenon."*

*– Jane Jacobs*

However, municipal governments in Canada have far fewer legislative and financial options than their European and U.S. counterparts, and are falling behind.

Canada's municipal governments are at a crossroads. How can Canada maintain its quality of life? Our cities require a new mandate, both in terms of power and resources, and in terms of enlightened leadership.

FCM's national symposium on communities in an urban century attracted nearly 200 people from across Canada, the United States, and the U.K. On

October 19<sup>th</sup> and 20<sup>th</sup>, academics, politicians, and government officials came together to discuss the critical issues facing Canada's urban regions: global competitiveness, effective governance, and fiscal resources. Experts shared their thoughts on a range of related issues and energized the assembly with insightful, sometimes provocative suggestions for strengthening municipal government and enhancing Canada's cities.

Two days of plenaries, workshops, and panel discussions were punctuated by informal networking and lively conversations on the present and future of cities in Canada. Municipal politicians had many opportunities to exchange information about their community's priorities. With a resounding collective voice, they spoke about the need for access to more revenue sources and more authority to make decisions.

### About this report

In this report we have endeavoured to synthesize the main ideas that were raised by speakers and participants at the symposium. We have organized it by topic rather than by session in order to better identify the themes that emerged. There are many interesting facts and observations not detailed here that can be found in the full text of presentations. Consult the symposium program in Annex 1 for a description of the sessions, and the presentations available on our Web site ([www.fcm.ca](http://www.fcm.ca)).

### Thank you

Thank you to Shannon Thompson for assisting in the preparation of this report.

Thanks are also due to our sponsors: CH2MHILL, Government of Canada, Ford, and ENRG.

Thanks to all the presenters and participants for a stimulating two days.

## Featured Speakers

*Anne Golden,  
President and CEO,  
Conference Board of Canada*

*Jack Layton, FCM President*

*Joe Berridge,  
Urban Strategies*

*George Puil, Chair, Greater  
Vancouver Regional District*

*Premier Gordon Campbell,  
British Columbia*

*Bob Rae, Chair, Forum of  
Federations*

*Guy Boutilier, Minister of  
Municipal Affairs, Alberta*

*George Anderson, Deputy  
Minister, Intergovernmental  
Affairs*

*Christine May, Council of  
Scottish Local Authorities*

## Positioning the Issues

### *The problem*

Anne Golden, President and CEO of the Conference Board of Canada, spoke for everyone when she described this as a new era for cities,

*“... one in which cities have a much more important role to play—but which requires both a new mandate (in terms of both power and resources) and enlightened leadership to fulfil the mandate.”<sup>1</sup>*

St. John’s Mayor Andy Wells summarized in his no-nonsense style: “We all have the same complaint in this room. We’ve got the responsibility, but we don’t have the legislative authority and the fiscal tools.”

### *How did we get here?*

Donald Lidstone, municipal lawyer with the Vancouver firm of Lidstone Young Anderson, described how municipal authority has not kept up with the urban trends in Canada. “The powers and resources of municipalities derive from the 1849 *Baldwin Act* of Canada and the distribution of powers under the *Constitution Act, 1867*. Municipal functions, responsibilities and duties have changed dramatically since 1849 and 1867. A number of trends are giving rise to the need for more municipal autonomy, powers, and resources. These trends include federal and provincial disengagement from services (described as decentralization, offloading, and abdication of responsibility); provincial grant reductions; rapid growth rates in some urban centres; the need for infrastructure upgrades; and demands and needs for new services that were not contemplated in the mid-1800s,” he said.

### *The situation is urgent*

Councillor George Puil, Chair of the Greater Vancouver Regional District, started his remarks with the following diagnosis: “The last ten years have not been good ones for the cause of strong Canadian cities. Although no one could question the need for the federal and provincial governments to eliminate their deficits, the resulting downsizing and downloading of government services had a severe impact on the quality of life in our cities. We had a decade of decaying infrastructure, growing homelessness and stagnant economic growth in most parts of the country.”

Although the symposium did not focus in depth on all of the challenges cities are facing, speakers and participants emphasized the following trends as signs that Canada’s cities are in urgent need.

- **Increasing poverty.** Jim Dunn from the University of Calgary cited research that poverty is growing the most rapidly and the wealth/poverty disparity is greatest inside our cities. “We distribute money from region to region across the country, when in fact the real pattern of poverty is the

differentiation within our cities. At last, it’s understood that you cannot have prosperous suburbs surrounding a declining city, and vice versa,” he said.

- **Poor competitive position.** Canada is the only G7 country without an “Alpha World City,” said Joe Berridge of Urban Strategies Canada. Alpha cities are cities like New York, Paris, Frankfurt, Tokyo, in other words, the dominant players in the urban economic global picture. The danger of not having one in Canada is that “...if you don’t have one of those ‘urban megaphones’ you won’t be heard, and there’s a terrible possibility that we as a country will cease to be heard. You have to have a big city to have a national economy,” he said. Karen Campbell, President and CEO of the Greater Toronto Marketing Alliance, added that one barrier to success in marketing Toronto is that we are not on the “radar screen” of foreign investors.
- **Housing and homelessness crises.** Municipal leaders pointed to a desperate need for affordable housing that is well documented by FCM. Former Ontario Premier Bob Rae, current Chair of the Forum of Federations, concurred: “I can’t explain why there is such a dearth of real debate on this question nationally. We have less of a program today than we had in the 1930s. It’s just unbelievable.”
- **Inadequate transportation infrastructure.** Urban transit was consistently mentioned as one of the top priorities requiring federal infrastructure investment.
- **Health risks are increasing** from worsening air quality, questionable water supply, and other degradations.
- **Fiscal unsustainability.** Winnipeg Mayor Glen Murray gave the following assessment of the poor range of fiscal options we have to address the needs of municipalities: “The problem is that American cities outspend us 2 to 1, and the United States government spends between 5 to 10 dollars in American cities for every dollar the Canadian government spends. If you live in a city in Canada you are over governed and under represented, and you have two great levers as a mayor: you can raise property taxes or cut services, and the threshold for doing those is exhausted.”
- **Water quality.** The importance of safe drinking water to public health and economic welfare is undisputed. However, as we enter the 21<sup>st</sup> century, confidence in our water systems is waning, and required repairs and system upgrades are underfunded.
- **Deteriorating quality of life.** Evidence of decline includes facts about personal safety, access to housing, quality of schools, variety of cultural activities, and commuting time.
- **Absence of the federal government.** George Puil was only one of many speakers to emphasize the growing need for a federal involvement in urban affairs. “Canada is the only G8 country in which the national government has no role in urban transportation or in housing,” he said.

<sup>1</sup> The full text of Anne Golden’s speech is included in Annex 2.

George Anderson, Deputy Minister, Intergovernmental Affairs, PCO, confirmed that urban issues have been rising on the federal agenda because:

- Canada is very urban, with over 60 per cent of us living in 25 census metropolitan districts.
- Cities have been feeling a big fiscal squeeze, although it varies tremendously across the country.
- Our cities have become preoccupied with their competitiveness in a North American context.
- Cities have become better at playing federal politics.
- There is a growing recognition of the importance of the “urban dimension” to a whole range of federal policy concerns—from economic innovation and competitiveness, to poverty and social cohesion, to the quality of our environment.

### Can Canadian Cities Compete?

Bob Rae began with a hearty affirmative answer to the question posed by the session title: “Can Canadian Cities Compete?” Brad Westpfahl, Director of Government Industry Programs for IBM, was equally positive. Barriers exist, yet urban regions, through their municipal governments, can break through and seize opportunities to manage quality of life issues—so vital to the competitiveness of cities.

However, there are a number of things cities need to understand and do if they are to compete. Here are the highlights:

- **Cities are important to the economy.** Anne Golden told us that the Conference Board of Canada’s Metropolitan Outlook (autumn 2000) details how urban regions are increasingly contributing wealth to provincial and national economies. Toronto’s GDP accounted for 44 per cent of the provincial GDP; Vancouver—53 per cent; Montreal—about 50 per cent; Winnipeg—67 per cent; Calgary and Edmonton together—64 per cent. Joe Berridge reinforced the critical competitive role of cities in his presentation. “All the economic heavy lifting for Canada is really being done by the big cities, and that’s why it is so important for all levels of government to really understand the big city role in making the economy work,” he said.
- **A truly viable, diverse city requires housing at its core.** Mark Guslits, Special Housing Advisor at the City of Toronto, observed that “it must be residential development that caters to the needs of all the people that make up the rich, creative place we call a city. That means for the rich, the poor, and those in between...for singles, couples and families...for the young and old.”
- **The competition is getting stiffer.** Francis Fox, Chair of Montreal International, told us that competition to attract investment is not as much between countries now, but takes place between cities. This competition grows in intensity with increasing globalization.

- **New approaches are necessary.** Joe Berridge encouraged municipalities to see themselves differently. “If you think of municipalities not as service deliverers but as businesses, you are sitting with a huge hydro business, a huge water and waste water business, an enormous garbage business, a very substantial holding of land, and all kinds of tollable things around, like highways. That’s actually not a bad business base. And the challenge is to think of it that way,” he said.
- **Know what competition you’re in.** What gives any city a competitive advantage? Joe Berridge recommended we replace the old saying “location, location, location” with education, communications, and imagination. “Those are the three pillars of the new economy and those things take place in cities,” he said. Mr. Berridge compared what used to give a city an advantage with what does today:

Competitive Advantage – Then	Competitive Advantage – Now
Competition for companies	Competition for people
Natural resources	Quality of place
Transportation systems	Natural amenities
Labour costs	Education
	Communications
	Diversity

Jim Edwards, the President and CEO of Economic Development Edmonton, agreed that the things companies are looking for in deciding where to locate have changed. In the session “Canadian Cities in the Marketplace,” he listed the top three site locator criteria as:

- ❖ Quality of life
- ❖ Labour force—Are they trained? Reliable? Ethical?
- ❖ Financial incentives
- **Financial incentives.** Karen Campbell said Toronto has limited financial incentives to attract major projects and “lacks an integrated investment attraction strategy.” However, Francis Fox told us Montreal does have a few financial incentives in place to attract companies. “Overall, Montreal and Quebec have the lowest startup or initial investment costs of anywhere in the G7, and significantly lower than the rest of Canada. Also, corporate taxes in Montreal are the lowest of any North American city,” he said.



- **Continue to enhance the product.** Karen Campbell said cities need to behave like any business and continue to enhance the “product.” The message to Canadian governments was that we are falling behind in fashioning strategies and creating tools to enhance our cities. Joe Berridge compared the “Urban Regeneration Programs” currently being deployed in three countries (see below). A careful analysis of the chart shows that Canadian cities are critically behind in spending and incentives to keep our quality of life high.

- **Invest in education.** Education was mentioned as one of the key competitive advantages a city should have and several speakers emphasized its importance. Bob Rae singled out education as the number one competitive priority. “When you look at the elements of what makes a civilized community, from the point of view of the competitiveness of the community, the key thing is education,” he said. Joe Berridge expressed his concern that one of the biggest gaps between Canada and the United States is the superior quality of American educational facilities. Francis Fox pointed out that Montreal has developed its educational sector as part of its economic development plan:

*“We like to call our city Canada’s higher learning capital. And with reason: with four world-class universities, over 30 specialized post-secondary institutions and more than 400 public and private research centres, Montreal is well-equipped to train a top-notch workforce. One in every four workers has a university diploma, while two-thirds of our 1.8 million workers have a post-secondary education. And our schools have gained such international renown that students from all over the world converge on our city each year. We have welcomed 12,000 foreign students from 140 different countries for the current school year. And did you know that Montreal has more university students per capita than any other city in North America?”*

- **Strategize for economic development.**

All three organizations represented in the “Canadian Cities in the Marketplace” session agreed that first you need a good product to market. Montreal International’s mandates are to promote Montreal’s assets at the international level, to attract foreign investment, and to attract international organizations to the region as a way of increasing the city’s profile and notoriety. But Francis Fox pointed out that “this can only occur when those involved share a common vision, when they act in a coherent manner and agree on a plan of action.” So Montreal chose a few sectors on which to concentrate. “The premise was that, by creating a critical mass of companies in a given industry, it is much easier to attract other companies in the same sector, because

the necessary infrastructure has been developed, along with training programs that match industry requirements. It is also easier to convince students to specialize in these dynamic sectors, given the availability of jobs. In turn, more companies are attracted by the abundance of qualified workers,” Fox said. The strategy of developing powerful sectors has been very successful. Montreal now has at least half of all Canadian activity in both aerospace and life sciences.

### Urban Regeneration Programs\*

	U.S. City	U.K. City	GTA
Property tax abatements	●	○	
Property tax increment financing	○	○	
Enterprise zones	●	●	
Sales tax credits/rebates	○		
Corporate income tax credits/rebates	○	○	
Employee income tax credits/rebates	○		
Brownfield tax credits/grants	●	●	
Historic preservation tax credits/grants	●		
Community regeneration grants	●	●	
Tax-exempt municipal bonds	●		
Agency borrowing capacity	●	●	○
Private finance initiatives	●		
Social housing grants	●	●	
Social housing loan guarantees	●		
Renewal of public housing	●	●	
Urban transportation grants	●	●	
Millennium funding		●	

● Major program    ○ Minor program

\* Please see Appendix C for program descriptions

- **Market your product.** Jim Edwards and Karen Campbell agreed that 80 per cent of economic growth comes from nurturing and growing existing enterprises that are already within one's community, and only 20 per cent is the incoming stuff. "But it's a very crucial 20 per cent. You have to portray your city as a NAFTA portal," Mr. Edwards said.
- **Nurture the arts.** Colin Jackson, President and CEO of the Calgary Performing Arts Centre, emphasized the importance of arts and culture to supporting a high quality of urban life and fostering a civic culture of innovation. "To be globally competitive, Canadian businesses, governments and citizens should think strategically about investments in arts and culture...Many cities, such as Birmingham, Philadelphia, and Pittsburgh have been successful in using arts and culture as a 'branding' tool, increasing the profile of the city as a whole."
- **Involve all sectors.** The economic development agencies emphasized the need to engage all levels of government and the private sector. Katherine Graham, Associate Dean of Research and Development in Carleton University's Faculty of Public Affairs and Management, also suggested the federal government find ways of working with "civic leadership" in the broad sense.
- **Continue research on cities and competitiveness.** Anne Golden called for more study of the international competitiveness of Canadian cities. What indicators do we use to measure, benchmark, and monitor municipal competitiveness? What are the factors that determine competitiveness and what is their contribution?

## Governance

"The lesson we've had to learn is that governance matters. Not just government, but governance, and that there are a lot of things we expect governments to do well," said Bob Rae. But there was widespread agreement that our governments are not doing well and that the poor environment for cities is systemically embedded in the country's political and financial arrangements. The specific solutions and recommendations to each level of government are found in the "Shaping a New Future for Canada's Cities: the Opportunities and Solutions" section of this report. However, the key points raised about governance are:

### Reform is needed

The antiquated constitutional arrangement whereby cities are permitted by the provinces to levy only property taxes has already been mentioned. Other observations on the need for reform included:

1. Christine May, European Affairs spokesperson for the Council of Scottish Local Authorities: "National governments around the world have been forced to face up to the old adage that they are too big to solve the small problems facing citizens and too small to solve the big ones alone."
2. Bob Rae: "Because of the nature of the knowledge economy and of how it works, it is inevitable that decision-

making will become more decentralized. But the one thing that I think we must conclude from the experiences that we are having is that resources must follow the decision to decentralize. The governments at the provincial and federal level have to be challenged: if you're not prepared to transfer the resources yourselves, then at least give us the financial room to make those decisions and let the local governments really decide. Governments are much better at downloading than at transferring resources. The only way the senior levels of government have been able to balance their books is by sabotaging other levels of government. What do you do about the services that have been underfunded and starved? If you really want to discipline all levels of government, you have to make sure that the level of government that is actually delivering the service has the taxing authority and capacity to deliver that service."

## Advice from the Business World *Brad Westpfahl*

*Director, Government Industry Programs, IBM*

1. *Brad on the prospects for Canadian cities*  
Can Canadian cities compete? Of course Canadian cities can compete. You have a great deal of strength and assets. The fact that you are taking the time to ask this question says that you are already halfway there, because it acknowledges the fact that there is a competition, and historically government has not viewed itself as an institution that is involved in a competition.
2. *Where to start?*  
"Know what you are and be that." In order to attract business, grow your economy and service citizens. Knowing what you are and making the most of that, is probably the most important starting point for competitiveness.
3. *Brad's key questions*  
What competition are you in? Who are your competitors? How will you know if you are winning the competition? What is your measure of success?
4. *Relationships are the key*  
You have four important relationships:
  - ❖ The people who you serve (including non-residents, if tourism is your focus)
  - ❖ The businesses you serve
  - ❖ Your employees (government is no less dependent on excellent employees than business)
  - ❖ Other governments
5. *Responsiveness*  
Watch the speed with which you evolve government responses. If government works at government speed and if business works at business speed, you will fall behind. You have to be responsive because in today's world, both individuals and business have the opportunity to choose their government.

## Reforms from around the world are boosting municipal authorities

1. The principle of subsidiarity, or “proximity”—that is the idea that decisions should only be taken at a higher level of government when there are manifest reasons to do so—has been recognized in the European Union’s Treaty of Maastricht. Recently, the Canadian courts have acknowledged that principle. In this regard, the Supreme Court of Canada has said that:

*“... lawmaking and implementation are often best achieved at a level of government that is not only effective, but also closest to the citizens affected and thus most responsive to their needs, to local distinctiveness, and to population diversity.” [L’Heureux-Dubé J., in 114957 Canada Ltée (Spraytech, Société d’Arrosage) v. Hudson (Town), 2001 SCC 40].*

2. Christine May described the debates about emerging new forms of European governance. Scottish local and regional governments have emphasized four points in particular which they feel are important to bear in mind in this debate, namely that:
  - A changing society requires new models of decision-making, which involve civil society and groups outside traditional governmental decision-making structures.
  - Complex policy issues cut across traditional governmental boundaries.
  - There is a need to better integrate policy implementation between the different spheres of government.
  - The best approach is flexible partnerships based on the principle of “negotiated governance” and not a rigid set of rules.
3. Donald Lidstone told us about “home rule” in the United States. “Most of the state legislatures in the United States have established legislation enumerating specific powers, privileges and protections for local governments which empower local governments, subject to the assent of the electors, to establish home rule authority. Home rule is a deliberate and limited grant of authority by the state to municipalities and an acknowledgement that there are certain areas of purely local concern within which municipalities may operate free from state interference.

## Changes to legislation in some provinces show promising opportunities for cities

Several provinces have recently enacted new Municipal Acts. Leadership is shown by provincial ministers, such as Guy Boutilier, in Alberta, who spoke about the need for strong communities: “What makes a strong country is strong communities. In the 21<sup>st</sup> century, we need to leave our egos at the door, and build on common themes, realizing that there is only one taxpayer wearing one pair of shoes.”

Alberta paved the way in 1994 with an Act which gives municipalities “natural persons” powers and broadly enables municipalities to exercise, in their discretion, a wide range of permissive powers (as opposed to a limited number of express powers, as found in the legislation of some other provinces). “The courts have held that natural person powers include the powers to purchase, own and use property, sue and be sued, enter into contracts, and enter into contracts of indemnity. Business corporations have natural person powers. Benefits include entering into public-private partnerships, providing incentives to businesses, incorporating subsidiaries and enhancing existing powers,” writes Donald Lidstone. Nonetheless, the legislation does not expressly give municipalities any greater financial resources. Other provinces have enacted variations on that model. Manitoba’s *Municipal Government Act*, for example, does not give “natural person” powers and the permissive powers are narrower in scope. While these adjustments to existing provincial legislation are improvements, they often fail to address the basic problem that municipalities cannot rely only on the property tax and user fees to finance their growing number of responsibilities.

Donald Lidstone was optimistic about British Columbia’s forthcoming Community Charter. According to Mr. Lidstone, the Charter will recognize municipalities in law as an order of government, and will give municipalities adequate powers and financial tools to take action and make decisions without first seeking provincial approval or new legislation.

Fast

## Facts

*The Alberta government granted Calgary and Edmonton special revenue-generating capacity. They receive 4.2 cents/litre on every single litre of gas sold in those cities. Last year, it generated over \$200 million for those cities.*



## *Premier Gordon Campbell and the Community Charter in B.C.*

The provincial government in British Columbia is developing a Community Charter that will strike an unprecedented partnership between municipalities and the Province. Although all the details will not be known until legislation is introduced in January or February 2002, the following excerpts from B.C. Premier Gordon Campbell's remarks are very promising:

"When our country was formed in 1867, about 3 per cent of the people lived in cities, and municipalities were not too important. What we ended up with was an inverted pyramid, with municipal services at the bottom. And part of what we're all going through, is we are taking that pyramid and setting it upside down, and we make the decisions where they are most sensibly made, which is called the principle of subsidiarity.

Municipal or local government is triple A government—it's the most accessible government, the most accountable government and it's the most affordable government. When you have a tool like that, why don't we take advantage of that and start moving things forward so that we start delivering services for the 21<sup>st</sup> century?

I notice something when I watch provincial governments. You don't get any smarter when you are elected to the provincial level of government. I don't know everything, so we're going to have to work together to deliver a community charter that works:

- to liberate communities to make their own decisions;
- to liberate communities so that they have the resources they need to meet the needs of the people who live in those communities;
- to liberate communities so that they can have a diverse response to a broad range of problems and challenges that they have, without trying to impose a central solution from the provincial level of government

There are things I think the provincial government should do; there is a provincial framework that I want established. Having done that though, I want to allow our municipalities to come up with solutions and move forward on their own.

Once we have legislation, our municipalities will have to tell us what's working and what doesn't work, and what needs to change to properly apply the principle of subsidiarity.

This is a huge institutional change that will restructure how government works in our province, and I sincerely hope it's a huge success and that you all will be able to pick up on the lessons we learn in the province of British Columbia."

## **Key questions remain**

1. Several speakers made the point that increased powers and autonomy for municipal governments must be balanced with increased public participation and expanded accessibility, accountability, transparency, and democracy. Christine May shared one of the dilemmas that Scotland has encountered on this journey: "Probably one of the hardest issues to resolve in this debate has been the role of civil society. In Scotland the introduction of community planning has presented some notable dilemmas. We want to open up decision making in our local councils but how far can this go? Is there a conflict between participative democracy and representative democracy? That is to say if we allow communities and their spokespersons full discretion in making decisions for their areas what is the role of the elected representative?"
2. Anne Golden warned against assuming that increased city autonomy will result in better decisions, and cited several historical examples from Ontario, where provincial intervention had produced a better result. Donald Lidstone, referring to B.C.'s Community Charter, put it this way: "It is also necessary to balance the public interest of the Province with the jurisdictional ambitions of the municipalities. It is clear that British Columbians do not want to have 160 sovereign city states with 160 building codes. Provincial standards are valuable tools to protect the natural environment, provide certainty to businesses wishing to relocate or expand in British Columbia, and to protect the interests of citizens of British Columbia as a whole as compared with the parochial interest of a number of individuals in one region," he said.

## **Fast Facts**

*Municipalities spend 4.5 per cent of Canadian tax dollars, while federal and provincial governments spend 95.5 per cent.*

*MP Judy Sgro:  
The View from the Chair of the  
Prime Minister's Caucus Task Force  
on Urban Issues*

**Key messages**

1. The Challenge for cities: "When I decided to run federally it was much out of frustration of feeling like I was the kid on the bottom who always had to implement what everyone else wanted, with no resources. We are certainly asking our cities to do more with less, and we know you can't just keep raising taxes because a lot of people are on limited incomes."
2. The Role of the federal government: "Is the federal government's role just writing a cheque? I don't think so. I think it is one of showing leadership and working together with all the other elected leaders to meet certain needs of our citizens. At the federal level there needs to be an attitudinal change and we need to be focusing on frontline services where people live. And the farther away you get from the delivery of services, the more distant you are to understanding the full reality of delivering those services. There's a lot of work being done, not just by our task force, but by all the ministries of the federal government, on just what is the role internally. The federal government is very serious about this. So I think one of the things we need is changing the attitude in Ottawa that we are all there to serve the taxpayer. I see us as three equal partners elected by the people of this country, to perform a function which is to serve them."
3. What the Task Force has heard so far: "Some of the things we've been hearing are that short-term infrastructure programs are great, but there needs to be long-term sustainable funding to stay competitive. Transit and housing seem to be the key issues we're hearing so far; they are the most urgent. We need to look at doing things together and it needs to be more than just words, it needs to be concrete agreements that commit us to working together. We've also heard the need for more coordination and flexibility within the federal government. I think our municipalities should be sitting at the table along with the other partners who are elected to represent the people of this country when we're talking about policies that affect the competitiveness and success of our large urban regions."
4. September 11<sup>th</sup>: "We don't have all the answers, what we're looking for is some innovative ideas and some good solutions. September 11<sup>th</sup> has changed all the priorities personally and as a government, of course we all know that. But that doesn't mean that our cities have to take the back seat either."

## Shaping a New Future for Canada's Cities: the Opportunities and Solutions

A variety of solutions surfaced at the Symposium. Speaker after speaker engaged participants in ways to make the best out of the existing municipal tool kit while moving forward strategically for change. What follows are the major themes that emerged.

### Just Do It – What Municipalities Can Do Right Now

- **Command the respect you want.** As Bob Rae said, "If what you're saying is we want to be taken seriously, we want to be players, and we want to be seen as a critically important permanent level of government, then do it, be it. You don't need anyone's approval to do it; you are what you are. And cities are absolutely essential to the future of the country, and I think it will be seen as politically more and more important to court the cities, to recognize the importance of cities."
- **Continue to innovate.** Several participants pointed out that cities have a long history of starting programs that were adopted by other orders of government once they were proven successful. "Most successful initiatives start locally. Health care was local; income tax was a city initiative. We can deliver innovative solutions if we're given the tools," said Ottawa City Councillor Alex Cullen.
- **Take a partnership and problem-solving approach.** Several speakers emphasized that new programs and funds have resulted from focusing on how federal objectives can be met in partnership with municipal governments. FCM President Jack Layton gave climate change and affordable housing as recent examples, concluding "...it's a problem-solving approach, where we bring forward the partnership opportunity based on a particular common problem and just get going, just do it."
- **Take advantage of recent court rulings.** To quote lawyer Donald Lidstone: "The Canadian courts and the federal government have recently changed the way they look at municipal autonomy. The courts have during the past decade declared that the law must respect the responsibility of elected municipal bodies to serve the people who elected them and exercise caution to avoid substituting their views of what is best for the citizens for those of municipal councils. In the *Spraytech* case... the Supreme Court of Canada referred to its previous decision in *Rascal Trucking v. Nanaimo (City)*: "unless a municipal decision is clearly beyond its powers, the courts will uphold the decision. Further, the courts are willing to imply jurisdiction where powers are not expressly conferred." Mr. Lidstone encouraged municipal governments to use this significant elbow-room to maximum advantage.
- **Make the case with other orders of government.** For the federal or provincial governments to want to change, we need to clearly document and articulate the consequences of continuing as we are and the benefits of doing things differ-

ently. Jack Layton summarized by saying, "...up until fairly recently, I think it's fair to say, that the problems emerging in our cities were not really being identified and recognized very broadly. And we weren't speaking up very forcefully or very clearly or in a way that allowed people to say that maybe we had a reasonable point and we weren't just whining about needing more dollars. I think that's in the process of changing now, but we're not anywhere near all the way on that point."

- **Put urban issues on the public agenda.** Engaging the public was seen as a critical gap in efforts to date. Several speakers mentioned the importance of using elections at all levels of government. "It is important to use elections to present the urban agenda. What is the urban agenda? How is that related to the public? How does that connect to what other governments are doing? And nobody else is going to do it for you. You have to do it for yourself and just make it happen," said Bob Rae. Anne Golden emphasized the need to engage important business leaders and decision-makers. One way to generate awareness would be to have a Home Rule plebiscite.

#### Work with us: what can the federal government do?

##### *Dialogue and Involvement*

- **Provide a seat at the table.** Participants called for a direct dialogue with municipal governments. Deputy Minister for Intergovernmental Affairs George Anderson commented: "The federal government does need to engage in a regular dialogue about urban issues and should try to bring an 'urban lens' to reviewing its actions on a regular basis." Participants, like City of Toronto delegate Philip Abrahams, went a step further. "We need a seat at the table and an acknowledgement that it is legitimate to speak to municipal governments. We have the urban lens, so in order for the federal government to use an urban lens, we need a seat at the table," he said. Drawing on European practice, Christine May suggested what we need "...is 'parity of esteem,' which is a recognition that there is a role for all levels of government in any decision that affects citizens. That doesn't require constitutional change," she said. One potential benefit of including municipal governments in negotiations is the possibility that another participant may break some federal-provincial deadlocks. "We see these logjams on so many issues, and the way to get out is bring the municipalities to the table, and triangulate this discussion," said Jack Layton.
- **Consult on federal policies that affect municipal governments.** An obvious place to start a dialogue with municipal governments is around federal endeavours, such as trade agreements or the fisheries act, that have an impact on urban areas. Christine May called this "pre-legislative scrutiny," and said the European Union has set up a European Committee of the Regions in order to provide for consultation with sub-national governments on EU proposals that fall into their remit.

#### *New approaches: putting cities on the federal agenda*

- **National Urban Strategy.** "We need a national urban strategy to understand how cities can contribute to national goals such as economic growth and poverty reduction. We need a national focus on policies that protect our water quality, preserve the health of water catchment areas," said Anne Golden. George Anderson agreed that cities are needed to meet federal objectives: "There is a growing recognition of the importance of the 'urban dimension' to a whole range of federal policy concerns—from economic innovation and competitiveness, to poverty and social cohesion, to the quality of our environment." However, Mr. Anderson warned that it is "probably better not to try and manage it too explicitly as an urban agenda." There was consensus that a Ministry of Urban Affairs was not the right approach, however there is a need for a strategy.
- **Cabinet Committee on Cities.** A Cabinet Committee on Cities was suggested as an option that would create a place in the federal government to which municipalities could relate and start to create relationships.
- **Clarification of roles and responsibilities.** Donald Lidstone called for an investigation of who should do what. "What is needed at this time in history is reasonable consultation on the questions as to which order of government should provide which public services, and what powers and resources local governments ought to have to act autonomously to meet local needs," he said.
- **Reliable long-term funding.** Mississauga Mayor Hazel McCallion spoke for everyone when she said: "We need a consistent source of revenue. Municipalities cannot continue on the property tax and experience the downloading we've experienced." Judy Sgro confirmed the Task Force has heard this message at all of its consultations. London Councillor Joe Swann reminded us that sometimes everybody agrees on what needs to be done, but the resources simply are not there to implement the policy. Referring to housing, he said, "...so when we talk about a national strategy, I think we're looking for less policy and more money." "I think you're right. It is fundamentally a question of money," agreed Bob Rae.
- **Flexible approach.** Katherine Graham suggested that any federal strategy must be based on the recognition that "...Canadian cities are not all alike and don't have identical needs." Christine May added that Canadian cities need "...a flexible approach that recognizes that the solutions are not going to be the same

*"We need healthy new relationships. I don't like the handout mentality where the cities beat up on the province and each level of government is beating up on somebody else. It's much healthier to say: that's your responsibility, you do that. Do it well and you'll be judged on it. And you raise the money to do it, and we'll make sure you have the revenue stream that will allow you to do it."*

*— Bob Rae*

in each city, because the problems are different.” George Anderson pointed out that already there “...have been a number of initiatives specific to individual cities.”

- **Federal standards and conditions.** Several speakers suggested that in some cases it would be helpful if the federal government were more prescriptive. In the session “Funding Sustainable Infrastructure,” Richard Gilbert suggested that federal involvement in urban transit should be strongly conditional on evidence of strategies to help ensure a return to full cost recovery. These strategies should include commitments to dramatically increase residential densities near stations and strategies to restrain automobile ownership. Gilbert concluded that the federal government’s goal in providing support for urban transit could be the removal of the need for transit subsidies.
- **Tripartite agreements.** Judy Rogers reported on the Vancouver Agreement, a five-year tripartite commitment to the social problems of Vancouver’s Downtown Eastside. We heard that the agreement has promoted new relationships, the strategic use of funds, and an understanding of the need for coordinated effort, but also pointed out the need for dedicated funding. There was some concern expressed about substituting trilateralism for sorting out roles. “I don’t think trilateralism is the way to go in the long run. I think it’s good for sorting out the roles of government and for making joint commitments. But I think the way to go, which is what Europe and the U.S. are doing, is to use city governments to be the delivery mechanism for things like housing,” said Glen Murray.
- **Constitutional change.** Many speakers and participants argued that pursuing constitutional change was not an effective strategy. Some pointed out that even in the event of another constitutional round, municipal issues would not likely rank among the most important. Most speakers and participants instead asked what could be done within the existing constitutional framework. Donald Lidstone suggested that we have more latitude than we realize within our existing constitution.

#### *Working with the provinces*

- Over the past decade the municipal acts of various provinces and territories have been amended. Generally they have established “spheres of jurisdiction,” that empower municipal governments to make laws for municipal purposes in relation to delineated spheres of jurisdiction carved out of the provincial powers, combined with a general power to “regulate or prohibit.” The provincial government then claws back power in specific areas by way of several mechanisms. Although these newer acts offer significant improvements over previous versions, there is more room for increased access to financial tools and municipal autonomy (see Donald Lidstone’s paper for a full discussion).

## Conclusion

“At some point the federal government has to realize that the cities have grown up, and we have to let go and give you the tools and respect you need. And we also have to get that message out to our provincial counterparts,” concluded MP Judy Sgro, Chair of the Prime Minister’s Caucus Task Force on Urban Issues.

But what is the incentive for the senior orders of government to change? “Politicians are not going to give up any power unless there is something in it for them or unless they fear the consequences of not doing it. Do not rely on goodwill,” said Mayor Andy Wells.

Symposium attendees thought the answer was clear. What is in it for the federal government is a mature and innovative partner in meeting national objectives. As George Puil put it:

“Municipalities are now in the position to be true partners in identifying problems and solutions together with the federal government. We are a big asset in achieving the nation’s objectives through our urban regions.”

The consequences of inaction are equally compelling—declining and dangerous cities and a failing economy. Christine May, European spokesperson for the Convention of Scottish Local Authorities, had this observation and warning for Canadians based on her experience with cities in Europe: “What will be the result if these trends are allowed to continue? What you will get are dangerous no-go central cities, more homeless, and civil unrest. And it has happened everywhere. And that is what you get when you have government disengagement. I just see Canada deteriorating, with the suburbs sucking people out of Toronto for the better life, and I’m scared. The trouble is that until it happens, people don’t believe you. But many of us have been through this.”

The range of positive and possible opportunities identified at the symposium indicates that we know what needs to be done. While there is still resistance based on ingrained habits of accepting municipal dependence, we are learning how to communicate the message in a more compelling way and we are developing the kind of municipal political leadership necessary to initiate reform. The symposium was a critical step in moving the urban agenda forward.

## Fast Facts

*55 per cent of municipal revenue in Canada comes from property taxes, while the equivalent figure in the U.S. is 25 per cent and falling.*



# COMMUNITIES IN AN URBAN CENTURY

## Annex 1

### Symposium Program

*Copies of a number of presentations  
at the symposium are available  
on our website. Look for names  
highlighted in red in the Program.*





FEDERATION OF CANADIAN MUNICIPALITIES (FCM)

FINAL PROGRAM

NATIONAL SYMPOSIUM:  
**COMMUNITIES**  
IN AN  
**URBAN CENTURY**

CROWNE PLAZA HOTEL  
TORONTO, ONTARIO  
OCTOBER 19-20, 2001

*How all orders of  
government and the private sector  
can help Canadian communities  
become more competitive in  
the global economy.*

### *Help Shape a New Future for Canada's Cities*

Municipal governments in Canada have far fewer legislative and financial options than their European and U.S. counterparts. This inadequacy must be addressed. In response to the Prime Minister's Caucus Task Force on Urban Issues, FCM has organized this national symposium to rethink municipal powers and to develop a new fiscal tool kit to ensure the competitiveness of Canadian communities.

You will hear from international and Canadian experts in municipal finance, governance, urban planning, sustainability and economic development.

### *The 21<sup>st</sup> Century is the Urban Century*

Around the world, urban regions generate as much as 90 per cent of GDP. Montreal accounts for nearly 50 per cent of the total GDP of the Province of Quebec. The corresponding figure for Toronto, Ontario, is 44 per cent, while Winnipeg accounts for fully 67 per cent of Manitoba's GDP. This wealth creation, however, is not benefiting municipal governments. In 2000, municipal governments in Canada recorded deficits for the first time in many years. On the other hand, federal and provincial governments enjoyed record surpluses.

Facing complex and growing responsibilities with limited financial options, Canada's municipal governments are at a crossroads. How can Canada maintain its high standard of living and quality of life under the current circumstances?

### *Symposium Focus*

The focus of this symposium is on enhancing the capacity of municipal authorities to deliver services by:

- ♦ drawing attention to the breadth and depth of issues facing municipal governments
- ♦ expanding the fiscal tools available to municipal governments
- ♦ identifying opportunities for change in the relationship among all orders of government within Canada's constitutional framework

### *Themes*

Workshops are organized under the following themes:

- ♦ competitiveness in a global society
- ♦ investing in cities means investing in the country
- ♦ matching resources with responsibilities
- ♦ sustainable communities as a safeguard for our future
- ♦ finding solutions through partnerships

## POSITIONING THE ISSUES

7:30 a.m. – 9:30 a.m. ♦ Symposium  
Registration ♦ Niagara Room

8:45 a.m. – 9:00 a.m.  
Welcoming Remarks from the City  
of Toronto and FCM President  
Jack Layton ♦ Ballroom B

9:00 a.m. – 10:00 a.m.  
A New Era for Cities ♦ Ballroom B

**Anne Golden**, President and CEO of the Conference Board of Canada, will reflect on her experiences with complex urban issues to explore a new era for cities and urban regions. It is time to look beyond the difficulties to seize the opportunities such challenges present.

10:00 a.m. – 10:30 a.m. ♦ Break

10:30 a.m. – 12:00 p.m.  
Matching Resources with  
Responsibilities ♦ Ballroom B

*Moderator: Mayor Ann Mulvale,  
Oakville, Ontario*

One of Canada's leading urban planners, **Joe Berridge**, of Urban Strategies Canada, will compare the fiscal tool kits available to municipal governments in Canada, in the U.K. and in the U.S. **Councillor George Puil**, Chair of the Greater Vancouver Regional District, will speak about opportunities for the federal government to advance its objectives in urban regions.

12:00 p.m. – 1:30 p.m.  
Lunch sponsored by CH2M-Hill ♦  
Ballroom A and Ontario Room

1:30 p.m. – 3:00 p.m. ♦ Canadian  
Cities in the Marketplace ♦ Ballroom B

*Moderator: Elyse Allan, President and  
CEO, Toronto Board of Trade*

What does it take to attract new business and new talent to urban regions? What are the barriers? Three of Canada's most enthusiastic urban "ambassadors" will share their experiences in marketing Canadian cities around the world: **Jim Edwards**, President and CEO, Economic Development Edmonton, **Karen Campbell**, President and CEO, Greater Toronto Marketing Alliance, and **Francis Fox**, Chair of Montréal International.

3:00 p.m. – 3:30 p.m. ♦ Break

3:30 p.m. – 4:15 p.m. ♦ Get In on the  
Act: The Legal Framework of Canadian  
Municipal Government ♦ Ballroom B

*Moderator: FCM Past President,*

*Councillor Joanne Monaghan,  
Kitimat, British Columbia*

Drawing on recent experience with community charters in British Columbia, **Premier Gordon Campbell** will share the perspective of a provincial government committed to enhancing municipal autonomy. Come and learn why Premier Campbell and his recently elected government in British Columbia pioneered new legislation for municipal government while eliminating the provincial Ministry of Municipal Affairs.

4:30 p.m. – 5:30 p.m.

Panel Discussion ♦ Ballroom B

A panel of mayors, including Winnipeg **Mayor Glen Murray** and Mississauga **Mayor Hazel McCallion**, will face *Globe and Mail* columnist **John Barber** to respond to issues raised during the day.

5:30 p.m. – 7:00 p.m.  
Reception at Metro Hall hosted  
by the City of Toronto

## FOCUS ON SOLUTIONS

How can governments and the private sector work together in creating urban regions with the “right stuff” to compete? What do municipal governments in Canada need to ensure a high quality of life for their citizens? How can we adapt U.S. and European models to a Canadian context?

**9:00 a.m. – 10:15 a.m.**  
**Can Canadian Cities Compete? ♦**  
**Ballroom B**

*Moderator: **Councillor David Miller**,  
 City of Toronto*

Former Premier of Ontario **Bob Rae**, Chair of the Forum of Federations, will describe the linkages between cities, governance, and Canada’s competitiveness. Failure to solve current problems will curb the potential of Canadian cities to compete successfully with their U.S. and European counterparts.

**Brad Westpfahl**, Director, Government Industry Programs, IBM, is invited to share his perspective on the importance of strong cities in competing for world-wide business.

**10:15 a.m. – 10:30 a.m. ♦ Break**

### WORKSHOPS

Two sessions of two concurrent workshops (1.5 hours each) will elaborate on some of the innovative solutions introduced on Day One. Innovation and partnerships will be stressed. Case studies and best practices will be used to illustrate how new fiscal tools can generate solutions.

**10:30 a.m. – 12:00 p.m.**  
**Concurrent Workshops**

♦ **Workshop 1A: Options for Funding Sustainable Infrastructure ♦**  
**Ontario Room**

*Moderator: **Michael Roschlau**,  
 President and CEO, Canadian Urban Transit Association*

Successful cities are those where people and goods are readily transported and clean water is always available. In other words—infrastructure is provided where and when needed.

**Richard Gilbert**, independent consultant specializing in transportation and urban governance, will focus on solutions for funding roads and transit, citing examples from around the world. **John Beck**, Chairman and CEO, Aecon Enterprises Inc., will draw from his experiences, including his involvement as Director of the Canadian Council for Public-Private Partnerships, to elaborate on ways in which government and business can work together to finance much-needed infrastructure. **Elisa Speranza**, Global Market Segment Director for Drinking Water, CH2M-Hill Boston, will address the challenges posed by aging water infrastructure systems in the U.S., and offer policy directions and funding solutions.

♦ **Workshop 1B: Working For One Taxpayer: Options for Better Governance ♦**  
**Ballroom A**

*Moderator: **Glenn Miller**,  
 Director of Applied Research,  
 Canadian Urban Institute*

What can the federal government do within the existing constitutional framework? What is it doing? Recent examples



of trilateral and bilateral agreements demonstrate that successful co-operation among all orders of government is possible. Panellists **Katherine Graham**, Associate Dean of Research and Development, Faculty of Public Affairs and Management, Carleton University, **George Anderson**, Deputy Minister, Intergovernmental Affairs, and **Judy Rogers**, CAO, City of Vancouver, will look at these issues.

**12:00 p.m. – 1:30 p.m.**  
**Lunch on your own**

**1:30 p.m. – 3:00 p.m.**  
**Concurrent Workshops**

- ♦ **Workshop 2A: Investing in People: Options for Funding Social and Cultural Infrastructure ♦ Ontario Room**

*Moderator: **Councillor Elisabeth Arnold**,  
Ottawa, Ontario*

Innovative cities nurture creativity, and enable citizens of all ages and incomes to enjoy community activities. **Colin Jackson**, President and CEO of the Calgary Performing Arts Centre, will illustrate how U.S. cities have stimulated a cultural renaissance through new music and arts centres, multiplex cultural and recreational facilities, and general support for the arts.

- ♦ **Workshop 2B: Municipal Government Comes of Age—New Protocols ♦ Ballroom A**

*Moderator: **Mayor Anne Marie DeCicco**,  
London, Ontario*

The **Honourable Guy Boutilier**, Minister of Municipal Affairs, Province of Alberta, will address the future of municipal government in Canada. **Donald Lidstone**, municipal lawyer with the Vancouver firm of Lidstone Young Anderson, will discuss ways to enhance municipal autonomy in Canada, including a look at charter cities, and U.S. home rule cities. He will elaborate on the progressive steps underway in B.C. **Christine May**, European Affairs spokesperson for the Convention of Scottish Local Authorities will discuss how the emergence of city-states in Europe is giving rise to new models of governance.

**Mark Guslits**, City of Toronto speaking on creative approaches to affordable housing

**3:00 p.m. – 3:15 p.m. ♦ Break**

**3:15 p.m. – 4:30 p.m.**  
**Concluding Plenary ♦ Ballroom B**

**Judy Sgro**, MP, Chair of the Prime Minister's Caucus Task Force on Urban Issues and **FCM President Jack Layton** will summarize their observations of the symposium and offer ideas on what should happen next.



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# COMMUNITIES IN AN URBAN CENTURY

## Annex 2

Keynote Address,  
“A New Era for Cities,”  
by Anne Golden,  
President and CEO, Conference  
Board of Canada

## **New Era for Cities**

Keynote Address, FCM Conference  
“Communities in an Urban Century”  
Friday, October 19, 2001, 8:45 a.m.  
Crowne Plaza Hotel, Toronto

### **Introduction**

- We have entered a new era, one in which cities have a much more important role to play – but which requires both a new mandate (powers and resources) and enlightened leadership to fulfill the mandate.
- Cities have been prominent before in history– cities came into their own during the Renaissance period, both as the new source of political power (as the era of direct feudal supervision came to an end) and because of the emergence of a new merchant class. Renaissance cities were also centres of art and culture (e.g. Florence and Siena).
- By the end of the 19<sup>th</sup> century, however, in both the new and the old world, the opinion against cities was overwhelming. Industrial cities were viewed as places of crime, crowding, pollution, poor sanitation, and even sin. Cities were bad because they compromised good family life and the move to the suburbs began.
- Cities came back into vogue in the 1960s- 70s. Jane Jacobs: “Whenever and wherever societies have flourished and prospered, rather than stagnated and decayed, creative and workable cities have been at the core of the phenomenon.”

### **Why is this a new era for cities/city-regions?**

#### **1. Globalization**

- Advent of the information-based global economy has made cities and city-regions rising powers on the world stage. Alvin Toffler predicted in 1993 that “the real decision-making powers of the future will be trans-national companies in

alliance with city-regional governments.” The Conference Board’s Metropolitan Outlook (Autumn 2000) details how urban regions are increasingly contributing wealth to provincial and national economies. Toronto’s GDP accounted for 44% of the provincial GDP; Vancouver – 53%; Montreal – about 50%; Winnipeg – 67%; Calgary and Edmonton together – 64%. Our major cities are crucial to wealth generation.

- Jane Jacobs explained how city wealth is key to the nation’s competitiveness. Robert Reich argued that a nation’s competitive advantage is directly related to “the creative benefits of proximity” offered in zones that are always located in cities.<sup>1</sup> The current interest in “cluster analysis” reflects this insight. If we care about our competitiveness as a nation, we must care about the viability of our cities.

## 2. Increased Responsibilities for Cities

- Cities are on the front line when it comes to dealing with the results of senior level government policy decisions. The changing role of government and the downloading of responsibilities to cities have increased their role.
- Re-definition of the social contract – both the withdrawal of governments from services and downloading have devolved more responsibilities to cities (e.g. housing/homelessness); EI; and welfare programs).
- Immigration – fallout of increased immigration and refugees is felt mostly in three cities – Vancouver, Montreal, and disproportionately in Toronto; similarly, Aboriginal policy affects certain urban centres.

For these reasons, scholars like Tom Courchene, who have not previously involved themselves in urban issues, are now saying that:

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<sup>1</sup> See GTA report, page 39, for sources.

The reality of the new global order is that cities, especially those that fall into the category of global city-regions, have become international players on the economic front. It is only natural that with this enhanced economic status, these city-regions will begin to strive toward some comparable recognition on the political front.<sup>2</sup>

Courchene also argues that:

... the issue is not so much *whether* they will be able to extricate themselves from their current “constitutionless” status as wards of their respective provinces, but rather *how* they will increase their autonomy and forge more formal linkages with both levels of government.<sup>3</sup>

### **Challenges and Opportunities**

1. Sustainability of Cities: Sustainable development was defined by the Bruntland Commission in 1987 as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” The term originally referred to developments that are sustainable from an environmental perspective – it has since been applied more broadly to include economic and social systems as well as environmental. And, of course, it now includes fiscal sustainability – our capacity to be sustainable in all of these areas. The challenge is to provide the services that people want at reasonable tax rates and, at the same time, not allow revenue needs to increase pressure to develop open space, farmland, and natural resources.
2. Competitiveness and Quality of Life: Global competition means that city-regions are competing to attract businesses and quality of life is a significant factor in business location decisions. There is a fair bit of research on this (GTA Task Force, Toronto Board of

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<sup>2</sup> Courchene, Thomas, J. *A State of Minds*. Montreal: Institute for Research on Public Policy, 2001, p. 282.

<sup>3</sup> *Ibid*, p. 277.

Trade, Richard Florida), but more needs to be done to document the links between quality of life and competitiveness.

The challenge is to make our cities attractive. Investment in physical and human infrastructure is essential to attracting business. Investment is needed to build, maintain, and upgrade airports, transit facilities, roads, and telecommunications networks as well as schools and hospitals.

The City of Toronto's economic development strategy ("Toronto Competes") which looked at the competitiveness of major industry clusters that drive prosperity in the Toronto region emphasized the need for "soft" infrastructure as well -- worker skills, risk financing, management training, R&D, and technology transfer. These factors make the difference to competitiveness. We also need strategies to promote entrepreneurship and innovation.

3. Managing Urban Growth: Rapid growth of cities has led to increased urban sprawl. Compact and efficient urban growth, however, is a big competitive advantage in a globally connected world. Issues of urban form – that is, how we accommodate the anticipated growth, how we pay for it, the implications for city/suburban relationships, and the impact on natural resources (air, water, land)—have become urgent.

The challenge is to make the link between population growth, land use, and transportation. For example, Toronto faces a projected increase in population of 2 million people over the next 20 years. Yet, roads are already near capacity, transit (which is clearly more efficient) is cash starved.

We continue to provide financial incentives for sprawl because we invest more in roads than in transit and because of the way in which we fund municipalities. Take development charges as an example. Development charges are levied by local governments in many Canadian provinces to cover the growth-related capital costs associated with new development (or, in some cases, redevelopment). In most Ontario municipalities, the development charge is levied on a uniform basis across developments in the municipality. This means that developments that impose higher



costs on the municipality because, for example, they are located further away from existing services, pay the same charge as developments that incur lower costs. This financing policy encourages sprawl.

4. Addressing Poverty at a Time of Prosperity: Despite prosperity, poverty is growing and disproportionately in our cities (FCM has documented the fact that the wealth/poverty gap is larger in Canada's urban centres)– this is both a social justice and a competitiveness issue (quality of life/social cohesion are linked to competitiveness). If we are facing an economic downturn (as the Conference Board forecasts), this problem will worsen in terms of unemployment and rising welfare burdens. This will particularly impact Ontario cities because they share welfare costs with the Province.

The city-region level is the place where all of these problems must be addressed in an integrated, coordinated way, and this will require federal and provincial involvement/investment.

### **The Situation is Urgent**

(If my examples are mostly from Toronto, it's because I've only lived in Ottawa for a few days)

- Our quality of life is deteriorating: Quality of life includes elements such as the quality of schools, community centres, parks, and cultural activities; the quality of the natural environment (e.g. quality of air and water); commuting time; personal safety; access to housing. Quality of life not only affects our standard of living today but it also affects our ability to attract businesses and people that can maintain or improve our standard of living in the future. Our ability to compete internationally is being compromised by a deteriorating quality of life.
- We are facing traffic gridlock: Our transportation infrastructure is falling apart; traffic congestion is bordering on gridlock; car congestion increases commuting times and contributes to air pollution.

- Air quality is worsening: this past summer, there were 14 official smog alerts in Toronto by July 25<sup>th</sup> -- the worst record in history. There has been a smog alert somewhere in Ontario one day in every three since May.
- Water quality is being questioned: The ability of municipalities to maintain adequate standards for water quality is being questioned in light of recent deaths from e-coli in Walkerton and findings of tainted in water in North Battleford, Saskatchewan and Balmoral, New Brunswick.
- The number of people at risk of homelessness is increasing: the percentage of tenant households paying more than 30% of their income in rent (the yardstick we generally use for affordable housing) increased from 33% in 1991 to almost 45% in 1996.
- At the same time, we see cities in the U.S. making significant improvements to their quality of life by pouring funds into infrastructure and urban revitalization. As noted in FCM's recent report "Early Warning: Will Canadian Cities Compete?" the European Union is also investing heavily in infrastructure in their cities.
- We need to acknowledge that post-September 11<sup>th</sup>, Canada's cities face increased costs to address security and emergency response needs.

## **Prospects**

- Some good things have happened. For example, Premier Harris' announcement that the Province of Ontario is putting \$3 billion into rapid transit over the next 10 years is good news for transit. At the same time however, the Province abolished the Greater Toronto Services Board (the GTSB). This is not good news for our ability to integrate land use planning and transportation at a regional level.
- The growing awareness of the crucial role played by cities has led to the "city power" movement (Charter movement in Toronto, C-5 meeting, new publications, research and advocacy of FCM).

- We must avoid simplistic solutions e.g. that increased city autonomy will result in better decisions. The history of municipal decision-making, at least in my province (Ontario), does not automatically lead to that conclusion.
- We have to be careful that we are not diverted by terms such as “smart growth” from finding viable, long-term solutions to urban sprawl. “Smart growth” is an American concept that contemplates curbing sprawl by building better kinds of new communities, by fixing up and filling in the old ones, by getting people out of their cars. The term is linked in the U.S. with “new urbanist” communities characterized by sidewalks, front porches, and minor increases in density of single-family homes. But these communities are not sufficient to curb urban sprawl. We need criteria that call for densities that will sustain public transit.
- Since September 11<sup>th</sup>, the federal government has, quite naturally, been riveted on issues of security, immigration and refugee policy, and sharing intelligence. This focus provides a rationale for taking other expenditure priorities off the table “because of the crisis” and constrains whatever options there were for federal involvement in cities. If cities were barely on the federal radar screen before September 11<sup>th</sup>, they are likely to be less so now.

September 11<sup>th</sup> raises a more fundamental question about Canadian autonomy vis-à-vis the U.S. We have been talking about the autonomy of Canadian cities but, if Canada’s autonomy is in question as a nation, what does that mean for cities. I think Canada matters, and therefore Canadian cities have to matter.

- I believe that a focus on cities, using an urban lens to define the problems will yield better insights into social and economic issues
- Challenges for each level of government:
  - Federal government – put cities/city-regions on the federal agenda. To quote Jeffrey Simpson in the Globe and Mail a few

months ago: we do not need the federal bureaucracy meddling in our cities but “Ottawa could help if it thought about Canada correctly – as a country of cities strung together by countryside – and shaped tax policy and its own management of federal lands with that in mind.”

We need a national urban strategy to understand how cities can contribute to national goals such as economic growth and poverty reduction. We need a national focus on policies that protect our water quality, preserve the health of water catchment areas.

We need the federal government to invest in infrastructure on an ongoing basis. Tom Axworthy has recommended that the federal government dedicate the proceeds from the gas tax for infrastructure. The federal advisory panel on Canada’s Transportation Act also recommended that the gasoline tax be earmarked for roads and mass transit. Federal excise taxes on road fuels are currently about \$4 billion per year; federal government spends only between \$200 to \$300 million per year on roads.

Whatever the mechanism chosen for federal involvement, money is a big part of the solution.

- Provincial governments – invest in cities; invest in infrastructure; give cities the legislative and fiscal tools and resources that they need to be competitive (get examples from all provinces)
- Cities – be creative; seize the initiative e.g. GVRD has come up with a clean air policy; Toronto under Crombie developed CityHome and took urban planning seriously; Toronto under Barbara Hall re-zoned industrial properties to residential in the downtown; we need to find ways to develop brownfields; Mel Lastman has an opportunity if he shows leadership on the waterfront vision.

## **We know what needs to be done**

We know what to do but we are not doing it:

- We know that transportation and land use planning need to be coordinated but they are still separate. The result is gridlock – and it's expected to get much worse.
- We know that social services and social housing are not appropriately financed by property taxes. In an economic downturn, cities in Ontario will not be able to cope -- they will either have to increase property taxes (not a popular move) or drastically reduce services.
- We know that the current fiscal situation is not sustainable – too many services are being financed on the property tax base; provincial grants have been reduced; there are few federal grants to municipalities. However, we do not “upload” any services to the provincial government and we do not give cities any additional revenue sources.
- We know that affordable housing is needed to solve the homelessness problem but we continue to build shelters.
- We know that infrastructure and planning need to be done on a region-wide basis but we have not designed appropriate governing structures to do it.

## **Conclusion**

- We know what needs to be done but we are not doing it – this is true in more areas than just cities and it raises the broader question of how public policy gets made. Do we need better, more specific research? Do we need to be more compelling in how we communicate the message? Do we need stronger political leadership?
- The role of forums, like this one today, is not only to explore issues around cities but also to begin to discuss the roles of each of the key players.



- The role of the Conference Board is to generate insights to help leaders make the right decisions; to tell policy-makers what the impact of their policies would be. For example, we need to understand if Canadian cities are competitive and what indicators we use to measure competitiveness so we can monitor how well our cities are doing.
- The role of FCM and its members is to take this knowledge further to the policy-making level.
- I hope that this Conference moves the urban agenda forward.