



Maytree Policy in Focus

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Cities need more power to meet the needs of Canada's urban population

- The majority of the Canadian population lives in cities. About 35% of the population lives in the census metropolitan areas of Toronto, Vancouver and Montreal.
- Cities are the engine of Canada's economic growth and will become more important as globalization intensifies.
- Cities have complex economies, diverse populations and environmental needs that require strong city governments.
- City governments could be strengthened by enhancing mayoral power, adding loose political parties, and having a mix of ward and city-wide councillors.
- Cities are handcuffed in the current constitutional structure which does not give them the political power to make decisions in their interest.
- The revenue from property taxes and grants from other levels of governments is insufficient. Cities need more taxation powers and more autonomy from the provinces. Unless Canada's large cities have more control of their destinies, they will continue to compete against other great cities with one hand tied behind their back.

Featured Research

SUMMARY

**Urban
Nation:
Why we
need to
give power
back to
the cities
to make
Canada
strong.**

*By Alan
Broadbent*

This book proposes creating provinces from the city-regions of Toronto, Montreal and Vancouver. Broadbent suggests that these cities need greater autonomy to meet the needs of their population. To better balance the country's regions and ensure representation by population, Broadbent suggests merging the Prairie and Maritime provinces.

In addition to this long-term vision, he makes a number of recommendations to the federal government. These include supports in the area of housing, transportation and immigration.

Strong cities are essential to Canada's prosperity

Canada often evokes serene pictures of nature, untouched landscape and pristine lakes and rivers. But the reality is that most Canadians don't experience this image of the country. More than 80% of Canada's population lives in an urban area. Between 1971 and 2001 Canada's urban population grew by more than 45%.¹

Despite their growth, the powers of cities to deal with complex issues - from housing to the environment - has gone unchanged since Confederation in 1867.

Why are cities important?

Between 1995 and 2005, 65% of new jobs were created in Canada's largest cities, and by 2005 these cities accounted for 51% of the GDP and 51% of employment.²

According to a report by The Conference Board of Canada,³ there are four reasons that cities are important in today's economy. First, cities have an impact and reach beyond their borders because they are platforms for the export of goods and services, and compete with other cities internationally. Second, cities are places for innovation because of the importance of face-to-face interaction in knowledge creation. Third, cities are places where environmental policies and practices are most important, as cities learn to manage with growth. Finally, cities are sites of social change, where extreme wealth and poverty coincide, and where diversity policies are tested.

What political power do cities have?

Canada's founders did not anticipate the importance that cities would eventually play in the prosperity of the country. The British North America Act gave provincial governments jurisdictional power for "Municipal Institutions," as almost an after-thought between "Hospitals, Asylums, Charities and Eleemosynary Institutions" and "Shop, Saloon, Tavern and Auctioneer" licenses.⁴

1. Éric Caron Malenfant, Anne Milan, Mathieu Charron and Alain Bélanger, *Demographic Changes in Canada from 1971 to 2001 Across an Urban-to-Rural Gradient* (Ottawa: Statistics Canada Catalogue no. 91F0015MIE - No. 008, 2007), 7.

2. Brender, Natalie, Marni Cappe, and Anne Golden. *Mission Possible: Successful Canadian Cities* (Ottawa: The Conference Board of Canada, 2007), 5.

3. The Conference Board of Canada, *Mission Possible*, 1.

4. Alan Broadbent, *Urban Nation: Why we need to give power back to the cities to make Canada strong* (Toronto: HarperCollins Publishers Ltd, 2008), 67.

Today, powers are granted to, or taken from, cities by the province - often undermining the city's ability to plan for its future. The 1986 bid for the Vancouver Expo is a prime example. City council preferred a site close to the harbour in order to revitalize the area. Other lobby efforts wanted an area a little further from the center, in False Creek. Amongst the tussle, the province suddenly cancelled the bid. While fear of international embarrassment eventually led to the bid going forward, the story is indicative of the lack of power of the city.

In 2006, The City of Toronto Act was passed, representing the first time in Canada that limits to provincial powers in municipal issues are legislated. Thanks to the new Act, the Ontario government must demonstrate a clear provincial interest before intervening in Toronto affairs.

What revenue tools do cities have?

Less than 8% of total government revenues end up in the hands of municipalities.

Cities in Canada cannot collect income tax, consumption tax, sales tax, hotel tax, liquor tax, and gasoline tax like their counterparts in the U.S. and Europe. As a result, Canadian cities rely on property tax for half their revenue.

Property tax does not fluctuate with a growing economy. This means that unlike governments which will see their revenues increase during periods of growth, the city cannot take advantage of good economic times to rebuild their infrastructure, pay down debt or make new investments.

About 30% of city funds in Canada are collected by other levels of government. There are several notable examples of when the reliance on other levels of government for funds has stalled or thwarted city-led efforts. (The long-awaited, but much debated link to Pearson International Airport from downtown Toronto is just one example.) In addition, Canada lags in the provision of low income and supportive housing, and of transit systems, needs felt acutely by municipal government but easily ignored by provincial and federal governments.

URBAN NATION: WHY WE NEED TO GIVE POWER BACK TO THE CITIES TO MAKE CANADA STRONG

BY ALAN BROADBENT

Available at www.amazon.ca.

This book proposes ways to strengthen the place of cities in the federation, calling for radical change to the structure of Canada's federation.

Broadbent suggests that the regions of Vancouver, Toronto and Montreal should become provinces.

He chooses these city-regions because they:

- have large populations;
- have complex economies (and are not heavily dependent on one sector or industry, as Calgary is on oil and Ottawa is on government services);
- are an agglomeration of towns and cities that, although amalgamated, still have local identities that might benefit from a new structure which recognizes these identities; and
- are immigrant destinations, and as such need capacity to respond to their unique challenges.

Broadbent argues that these cities require power over areas of jurisdiction that are currently provincial such as health, education, public safety and environment because big cities, for example:

- have different health care needs due to large immigrant populations that may arrive from countries where different illnesses are prevalent or where different protocols of care prevail;
- need education services that address the needs of immigrant children (such as English as a second-language instruction) and anti-racism curriculum;
- manage density – environmental policy is essential to transit, land-use plans and other strategies to make the city liveable;
- have different kinds of criminal activity, including gang activity which require strategies such as gun control which are generally not favoured in rural areas.

In order to balance the federation's population, Broadbent also proposes merging the Maritime and Prairie provinces. Within each new province, cities with a population greater than 500,000 would have significant autonomy.

Broadbent acknowledges that change this revolutionary is not likely to occur within a single generation – if at all. He therefore makes a number of recommendations to the federal government which, while not jurisdictionally responsible for cities, can support them by funding individuals directly, or by providing supports through intermediaries. These recommendations include:

- fund transit capital projects;
- rebate GST on projects for low-income neighbourhoods;
- create a refundable tax credit for rental or mortgage payments aimed at low-income individuals;
- create scholarships for international students from developing countries wishing to study in Canada;
- create a tax credit for property developers who incorporate cultural space into new developments;
- earmark taxes on things like airplane tickets to support local cultural or recreation facilities;
- provide immigrants with a refundable tax credit which they can use for services from qualified suppliers; and
- engage big cities in the design of immigration programs and policies.

“The greatest assets we have to compete in the world, our great city regions, are being constrained by history, politics, and regulation. In order to keep our place in the world, let alone advance, we need to liberate them. We can choose to do things slowly...or find the new Architects of Confederation to make a new Canada for the twenty-first century and beyond.”

Alan Broadbent, *Urban Nation*, p. 229.

Reforms needed to strengthen local governance

Urban Nation explores three ways to restructure the city's government to strengthen its ability to make decisions effectively in the interests of the community it serves.

Political Parties - Most cities in Canada do not have a party system. Adding a party system could help local officials articulate policy, and make the system more comprehensible to the electorate. It could also make consensus easier to obtain because of party discipline – but this is a double-edged sword. If party discipline is too strict, it could prevent a diversity of opinions from reaching council, or limit the influence of local councillors.

City-Wide Councillors – In Vancouver, councillors are elected city-wide, and the electorate votes for their top 10 candidates. In most other cities candidates are elected by a ward and only mayors are voted city-wide. There are pros and cons to both approaches. A mix, where some councillors are elected to represent local issues, and others are elected with the views of the entire city in mind, would likely result in a stronger city government.

The cities of Toronto, Vancouver and Montreal have populations greater than the province of Prince Edward Island. So does the Toronto Community Housing - a social housing provider with 164,000 low- and moderate-income tenants.

Stronger Mayor – Canadian cities are governed by a “weak mayor” system. In most cities, the mayor is the only member of council elected by the entire city. Once elected, they have to negotiate with the councillors of each district or ward. While this arguably provides more opportunity for individuals to have their views expressed through their councillors, it also make it difficult to pass city-wide initiatives.

In cities like New York, London or Chicago, the mayor has substantially more powers than the councillor, and the office has a budget for staff that mirrors that of provincial and federal ministers. They can make appointments to key council committees and senior positions in the public service. They can also prepare annual plans and budgets, subject to approval of council.

The benefits of a strong mayor system are evident when a good mayor is elected. But when a poor mayor is elected there are few checks and balances to his or her power. The ideal, suggests Broadbent, lies between a strong and weak mayor system.

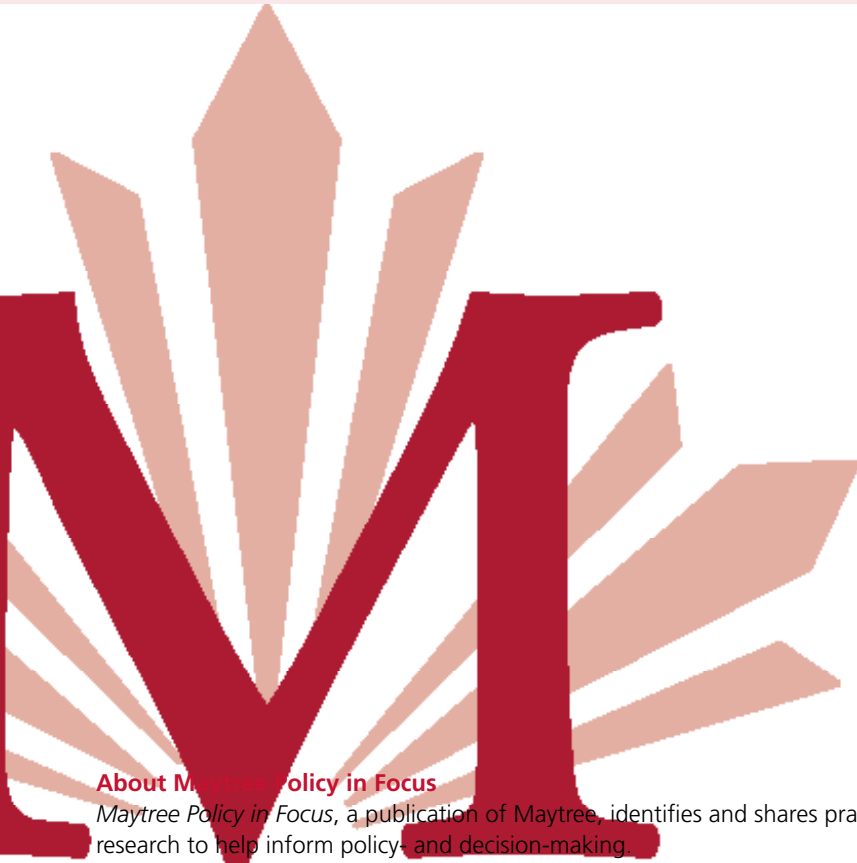
Selected Annotated Bibliography

Brender, Natalie, Marni Cappe, and Anne Golden. *Mission Possible: Successful Canadian Cities*. Ottawa: The Conference Board of Canada, 2007.

This is the third and final report of the *Mission Possible: Sustainable Prosperity for Canada* series. It explores the role and importance of cities in Canada's economy and provides recommendations to governments. The report argues that prosperous cities will result from adequate financial resources and strong municipal leadership that supports: a strong knowledge economy; good physical infrastructure; ecologically sustainable industrial systems; and socially cohesive communities.

Brender, Natalie and Mario Lefebvre. *Canada's Hub Cities: A Driving Force of the National Economy*. Ottawa: The Conference Board of Canada, 2006.

This report finds that economic growth in Canada's large cities spurs growth in nearby smaller communities. It recommends strategic investments in these cities to promote Canada's prosperity.



About Maytree Policy in Focus

Maytree Policy in Focus, a publication of Maytree, identifies and shares practical research to help inform policy- and decision-making.

For more information, visit www.maytree.com/policyinfocus.

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