

Federal-Municipal Relations in the Canadian Prairies

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Federal-Municipal Relations Panel

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Introduction

Despite decades of urbanization, academic researchers, policy analysts and practitioners, and the federal government have largely ignored Canada’s cities and their municipal governments. Debates about the division of political powers have been discussions of federal-provincial centralization or decentralization, and discussions about fiscal capacity have focused on vertical fiscal imbalance between federal and provincial governments, ignoring the municipalities. While the vast majority of Canadians lived in urban centres – and a solid majority in large urban centres – policy discussions and debates proceeded as if Canada by and large had only two forms of government: federal and provincial. This was true even in the face of major provincial legislative changes.

This practice of ignoring urban issues changed sharply in the late 1990s and in early years of the new century. A number of factors converged to raise urban issues as a key national policy debate. To provide but a few examples, public backlash to forced amalgamations in Toronto and Montreal raised awareness of the limited powers of cities. The Big City Mayors’ Caucus of the Federation of Canadian Municipalities (FCM) began exerting public pressure for greater attention to the needs of Canada’s large cities. Independent public policy research institutes, including the Canada West Foundation and the C.D. Howe Institute, published reports on urban issues in large cities. And finally, the research branch of a large private sector organization, the TD Bank, argued that Canada’s large cities are under stress, raising the profile of urban issues to the business sector.

One dominant theme in much of the rising urban debate was an argument that the federal government should play a role in urban policy. The result of this growing pressure was a sharp increase in federal interest in urban affairs. In May 2001, Prime Minister Chrétien appointed the Prime Minister's Caucus Task Force on Urban Issues (hereafter referred to as "Caucus Task Force") to consult with Canadians and key urban stakeholders about a potential federal urban agenda. The September 2002 Speech from the Throne argued that, "Competitive cities and healthy communities are vital to our individual and national well-being, and to Canada's ability to attract and retain talent and investment. ... They require new partnerships, a new urban strategy, a new approach to healthy communities for the 21st century."¹ Among the federal initiatives promised were a tripartite "ten-year program for infrastructure to accommodate long-term strategic initiatives essential to competitiveness and sustainable growth," "investments in affordable housing for those whose needs are greatest, particularly in those Canadian cities where the problem is most acute," and programs for homelessness, urban Aboriginal peoples, and immigrant settlement.

This recent flurry of federal interest in urban issues is a significant step. At the same time, it is difficult to say if it will be sustainable, or if urban issues are a "flavour of the week" policy field soon to fall away without meaningful long-term change. Certainly the 2003 federal budget failed to signal any sense of urgency in advancing an urban agenda; new urban funding was tokenistic at best.

But the very fact of federal interest in urban issues raises at least three questions. Why would (or should) there be a federal-municipal relationship? What is the current nature of that relationship? And finally, does the federal-municipal relationship need to be altered, and if so, how?

¹ Government of Canada. The Canada We Want: Speech from the Throne to Open the Second Session of the Thirty-Seventh Parliament of Canada. <<http://www.sft-ddt.gc.ca>>
Date consulted: October 8, 2002.

This paper will explore these questions in stages. First, a theoretical argument for why there should be a federal-municipal relationship will be made. Second, the current nature of the federal-provincial relationship will be explored through a brief discussion of the cases of five prairies cities: Calgary, Edmonton, Winnipeg, Saskatoon, and Regina. Third, potential institutional structures, and the advantages and disadvantages of those structures, to accommodate a more directed federal urban strategy are explored. And finally, barriers to expanding the federal-municipal relationship are identified. The research base for this analysis is the Canada West Foundation's Western Cities Project, and thus thanks are extended to the hundreds of researchers and practitioners who have participated in the project in various ways over its course.

Why a federal-municipal relationship?

In January 2000, the Canada West Foundation launched the Western Cities Project, a multi-year research initiative to explore the policy challenges faced by western Canada's large cities. What became very clear in the project is that it is impossible to look at urban issues without considering the role of the federal government. Across the considerable range of topics we explored – including urban Aboriginal people, urban finance, affordable housing, intergovernmental relations, arts and culture – more often than not there was a federal dimension to the policy issue. This finding was striking because, in a strict constitutional sense, municipal governments are a provincial responsibility. If one assumes strict adherence to jurisdictional boundaries, there should be little need for a federal role in cities.

However, it is important to recognize the difference between “urban” and “municipal.” Municipal *institutions* are indeed solely within provincial jurisdiction, but urban issues simply refer to policy issues of importance in urban areas. As Vander Ploeg points out, “[w]hile many concerns can be tagged as ‘urban issues’ it does not logically follow that local governments are responsible for them...”² The federal government is prohibited

² Casey Vander Ploeg. Framing a Fiscal Fix-Up: Options for Strengthening the Finances of Western Canada's Big Cities. (Calgary: Canada West Foundation, 2002) 3.

from interfering with the structure and operation of municipal institutions, but it faces no such constitutional constraint when it comes to urban issues such as housing, public transportation, infrastructure or the arts. Furthermore, policy in exclusive or concurrent federal spheres such as immigration, the environment, employment and training, trade, and fiscal policy can and do have a great impact on cities. Thus, it must be recognized that, where the vast majority of Canadians live, federal actions and inactions have a major impact. Federal engagement in urban affairs is unavoidable, a fact of political life.

The federal government is involved in a number of urban issues simply through its own programs, such as immigration, support for cultural institutions, and research funding. This point was acknowledged by the Prime Minister's Caucus Task Force on Urban Issues, which writes, "The Government of Canada has always shown an interest and played a key role in urban life. ... [It] is a significant investor in urban areas, both in terms of its physical presence and the services it delivers. ... Many federal departments have a stake in urban issues through national objectives and international obligations."³

The federal government impacts urban areas not only through its actions, but also through its inactions. Federal government retreat from policy areas, as were witnessed in the 1990s, can create challenges for municipal governments in that they often face significant public pressure to assume these responsibilities. The Federation of Canadian Municipalities writes, "It has become common for the federal government to place increased financial pressure on municipal governments. Examples include the offloading of federally-owned and -subsidized airports, marine ports and fishing harbours onto communities, the elimination of funding for new social housing, and increased costs to municipal governments and provinces for RCMP services."⁴ And it is often because of federal retreat that we see municipal governments becoming highly involved in dealing with issues of homelessness and other social services, and working to promote economic

³ Prime Minister's Caucus Task Force on Urban Issues. Canada's Urban Strategy: A Vision for the 21st Century. Interim Report. (Ottawa: Government of Canada, 2002) 8.

⁴ Federation of Canadian Municipalities. 1998 Policy Statement on Municipal Finance. (Ottawa: Federation of Canadian Municipalities, 1998).

growth and development. As one might expect, these “residual responsibilities” are not accompanied by increased funding. One senior municipal official stated, “In the last couple years, the City has begun to fund emergency shelter and transitional housing projects such as the Salvation Army and the Drop-In Centre. Prior to senior government cutbacks, capital dollars would have been provided by the federal and provincial governments for such projects. The City is now expending significant dollars in an area that was historically a senior government responsibility.”

Despite the highly urban nature of many of its programs, the federal government does not have a coordinated urban strategy or any institutional structures to engage with municipal governments. At present, there is no federal department, minister or standing committee responsible for urban issues, no mechanism for providing sustainable federal funding to cities, and no formal mechanism for consulting cities on urban issues or on the many federal policies that impact urban areas. There is no federal body to coordinate policies horizontally across federal departments, or to provide a point of contact with municipalities. Communications with municipal governments tend to be ad hoc, and this ad hocery limits the ability of Canadian governments to work together to address urban issues.

One often-cited reason for the lack of a coherent federal urban strategy is the federal government’s three-decade old failed experiment with an urban strategy: the Ministry of State for Urban Affairs (MSUA), which operated from 1971-1979. MUSA was set up to coordinate federal urban activities, establish agreements among the three levels of government, and conduct research. The Ministry failed to meet its goals, in part because “the federal policy irritated the provinces, and they became increasingly vocal in their opposition.”⁵ The legacy of MUSA’s demise is that federal governments “continue to have federal policies enacted without regard to their urban impact.”⁶ To this day MUSA

⁵ Caroline Andrew. “Federal Urban Activity. Intergovernmental Relations in an Age of Restraint.” The Changing Canadian Metropolis: A Public Policy Perspective, Volume 2. Ed. Frances Frisken (Berkeley, CA: Institute of Governmental Studies Press, University of California, Berkeley, and the Canadian Urban Institute, 1994) 431.

⁶ C. Richard Tindal and Susan Nobes Tindal. Local Government in Canada. 5th

is often raised as an excuse for inaction, rather than as a motivation to find a better model for managing the urban relationship.

Recently, however, tentative steps have been taken to reopen the door shut by MUSA's demise. In May 2001, the Prime Minister's Caucus Task Force on Urban Issues was established to conduct public consultations to find ways in which "the Government of Canada can work more collaboratively, within our federal jurisdiction, to strengthen the quality of life in our large urban centres."⁷ The Caucus Task Force released its interim report in April 2002 and its final report in November 2002. In addition to acknowledging the federal role in urban areas, the Caucus Task Force identified a need for "all orders of government to coordinate resources, and consult and collaborate on a new approach to the challenges in Canada's urban regions."⁸ Although the Caucus Task Force did not go so far as to suggest institutional structures (such as a ministry or formal consultation model) to manage federal urban issues and to allow for tripartite dialogue, the final report did call for increased federal urban presence in three areas: affordable housing, transportation/transit, and sustainable infrastructure. These recommendations suggest the potential for important expansion of the federal urban policy role, but not necessarily expansion of the federal-municipal relationship.

Another potentially important – albeit somewhat subterranean – development at the federal level has been the establishment of the Task Force of Canada's Urban Communities within the Privy Council Office. Deputy Minister Claire Morris publicly acknowledged this Task Force in a September 2002 presentation.⁹ The Final Report of the Caucus Task Force also points to the PCO Task Force: "Within the Privy Council Office, an internal Task Force on Urban Communities was established to develop a

ed. (Scarborough: Nelson Thompson, 2000) 231.

⁷ Prime Minister's Caucus Task Force on Urban Issues. Canada's Urban Strategy: A Blueprint for Action. Final Report. (Ottawa, ON: Government of Canada, 2002), iv.

⁸ Prime Minister's Caucus Task Force on Urban Issues Interim Report vi.

⁹ Institute on Governance. "CityScapes: Federal Perspectives on Urban Communities." Notes on a seminar presentation by Claire Morris, Deputy Minister, Intergovernmental Affairs, Privy Council Office, September 18, 2002. (Ottawa, ON: Institute on Governance, 2002).

profile of the federal presence in urban centres, research into best practices and to explore ways of integrating federal programs.”¹⁰ According to the biography of the Task Force’s Director General, Adam Ostry, the Task Force’s mandate is “to develop a vision of the Government of Canada’s role with respect to Canada’s urban centres as well as a coordinated strategy and action plan on urban issues.”¹¹ (It is interesting that this description goes beyond urban *issues* to also consider urban *centres*.) While it is difficult to identify further information on the Task Force – the Privy Council Office website does not have any information, and requests for a public mandate or description were turned down – it is reported that this Task Force will focus on horizontal integration of federal urban interests by bringing relevant departments to the same table. This horizontal coordination could be very important to the federal government’s urban strategy in the years ahead, although it is interesting to note that at this time there is no evidence of plans to consult municipal or provincial governments during or after this process.

One final point of interest before concluding this discussion: federal dialogue on urban issues quite deliberately refers to “urban communities” and “urban issues,” rather than to “municipalities,” “cities” or “city-regions.” There are both advantages and disadvantages to this approach. The advantages are that it allows the federal government to look at urban communities in a broad sense (in effect, adopting a city-region model), and perhaps more importantly allows the federal government to sidestep the constitutional arguments that inevitably arise; it is one thing for the federal government to deal with (provincially-controlled) municipal governments and quite another for the federal government to examine urban areas. The disadvantages are that “urban communities” can be an overly broad definition, encompassing small towns of a few thousand to large city-regions of many millions, and an “urban communities” emphasis risks ignoring the relevance of municipal governments, and indeed of provincial governments. And, of course, a second disadvantage to this “urban issues” approach is that at some point it will become

¹⁰ Prime Minister’s Caucus Task Force on Urban Issues Final Report iv.

¹¹ Couching Summer Conference 2002 Speaker Biographies. See www.couch.ca/history/2002/bios.html Consulted April 3, 2003.

fundamentally impossible for the federal government to effectively address urban issues without also coming to grips with urban governments.

The current federal-municipal relationship in Prairie cities

Given that municipalities are a provincial responsibility, one might expect little formal federal engagement with municipal governments. To a large degree, this expectation has been met. While the federal government has been involved in urban issues, this involvement has rarely been within an explicit urban policy framework that includes a relationship with municipal governments. Nonetheless, an informal or ad hoc federal-municipal relationship has evolved around four points of contact: grants-in-lieu of property tax; bureaucratic interaction; political interaction; and joint and tripartite agreements.

Grants-in-lieu of property tax is the most basic relationship between the federal and municipal governments. Property owned by the federal government (including crown corporations) is exempt from municipal property taxes. To compensate for this revenue loss, the federal government provide grants-in-lieu of property taxes. This basic interaction would appear so innocuous as to be not worth mentioning, were it not for the imbalanced power relationship within the arrangement. In 1992, in the attempt to reduce its deficit, the federal government froze federal payments of grants-in-lieu of property tax, representing an annual loss of appropriately \$600 million for Canadian municipalities.¹² This arbitrary grant freeze has since ended, but demonstrates the inequality inherent in the federal-municipal relationship.

There is a modest degree of political interaction between municipal and federal governments. In addition to the consultations associated with the Caucus Task Force, municipal officials report that there is occasional dialogue between mayors and federal ministers – both “ministers responsible” for a given program area and “regional ministers.” As one municipal official described it, “The mayors are very prudent in

¹² Federation of Canadian Municipalities 1998.

dealing with ministers. They don't want to waste the time of the minister. A mayor meeting with a minister is the first step in signaling the importance of an issue to the federal government." The importance of regional ministers was raised by a number of individuals. Stated one, "the presence of the Honourable Ralph Goodale as our Member of Parliament and senior Minister has been an immense help – we meet with him regularly." At the same time, one complication that was raised is that there is the potential for pressure for mayors to meet with both the minister responsible and the regional minister – a requirement that could slow the process considerably. (Given that only prairie municipalities were consulted for this paper, it is not clear if this is an issue outside western Canada.) It is noted that city councilors, by and large, do not have relationships with the federal government, unless the city councilor is a member of the Federation of Canadian Municipalities.

The political interaction resulting from the Federation of Canadian Municipalities, and more specifically the Big City Mayors' Caucus, is of particular note. The Big City Mayors' Caucus has become an important lobbying group, and much of their lobbying efforts are directed at the federal government. This is significant, as strong lobbying by mayors is in part responsible for the greater American federal urban engagement.

Another point of federal-municipal interaction is seen at the bureaucratic level. Many municipal officials spoke of the importance of Western Diversification as an important interface and as the first point of contact for general matters. It was also acknowledged that there are occasional (and often informal) contacts between municipal governments and specific departments, such as Transport Canada, Human Resources and Development Canada, Canadian Housing and Mortgage Association, and Indian and Northern Affairs. Contact is often initiated due to joint programs, to be discussed later in this section, or due to significant federal structural changes impacting municipal governments, such as the establishment of airport authorities, and the establishment of urban reserves in Saskatchewan.

It is important to note that bureaucratic level federal-municipal interaction appears to be growing, and often in the absence of the provincial governments. In the last few months, there have been at least three interactions of note:

- In December 2002, the Saskatchewan Council of Senior Federal Officials held a meeting on “Saskatchewan Cities.” Invited speakers included the City Managers of Regina and Saskatoon (Bob Linner and Phil Richards, respectively), the Vice President of the Saskatchewan Urban Municipalities Association (Don Schlosser), and the President and CEO of the Canada West Foundation (Roger Gibbins).
- In February 2003, the Alberta Council of Senior Federal Officials dedicated its monthly meeting to “the cities agenda.” Invited speakers included senior officials with the Cities of Edmonton and Calgary (Bruce Duncan and Brenda King, respectively) and the President and CEO of the Canada West Foundation (Roger Gibbins). The agenda included discussion of both homelessness and urban Aboriginal issues.
- In March 2003, the Institute for Public Administration Canada held an intergovernmental dialogue in Vancouver entitled, “Competitive Cities, Healthy Cities: Charting Collaboration.” This two-day event brought federal officials together with provincial and municipal officials and local community leaders. According to one participant, much of the discussion focused on “how the federal government can become involved and make a difference.” (The IPAC report on this dialogue is not anticipated to be available until June 2003).

It is notable that two of the three interactions involve the Regional Councils of Senior Federal Officials. To provide some background, the Regional Councils were established in 1982, with one in each province and territory. Council membership typically includes regional directors general and assistant deputy ministers.¹³ Regional Councils have been

¹³ Treasury Board Secretariat. Regional Councils of Senior Federal Officials: History. <http://www.tbs-sct.gc.ca> Accessed April 9, 2003.

becoming much more engaged across a variety of policy issues in recent years, taking on important horizontal integration and regional/local coordination roles. Julliet writes, "... more people are turning to federal councils for assistance in dealing with the formulation and implementation of horizontal policies. Recently, the federal councils have been asked to play important roles in the management of the government's national homelessness and urban aboriginal policies."¹⁴ Given that homelessness and urban Aboriginal policies are clearly urban issues, Federal Councils may play a growing federal role in the years ahead.

Clearly, these recent bureaucratic interactions are all "below the radar" activity. What they do suggest is that federal officials may be beginning to position the federal government for a new Prime Minister who may wish to expand the federal government's urban role.

The last area of federal-municipal relationship is joint programs and agreements. Tripartite agreements and joint programs are the most formal aspect of the federal-municipal relationship. When the federal government does become formally involved with municipal governments, it is typically through its spending power and often in the form of tripartite agreements. In the prairie context, there are a few noteworthy recent examples of joint and tripartite programs:

- **Residential Rehabilitation Assistance Program.** (Joint program). Through the Canada Mortgage and Housing Corporation (CMHC), the federal government provides funding support for renovations to homes for low income, disabled and Aboriginal Canadians. The federal government provides funds to the municipal governments, and the municipal governments are responsible to administer the program. (For example, city inspectors conduct the home inspections.) Funding is

¹⁴ Luc Julliet. The Federal Regional Councils and Horizontal Governance. Prepared for the Regional Federal Councils and The Treasury Board Secretariat, September 2002. <http://www.governance.uottawa.ca> Accessed April 9, 2003.

provided 100% by the federal government, and the municipal role is strictly administrative. The provincial government has no role in the program.

- **Urban Development Agreements.** (Tripartite agreement). Two prairie cities – Winnipeg and Edmonton – have experience with tripartite urban development agreements. The Winnipeg Development Agreement began in March 1995, and between 1995 and 2001, a total of \$75 million (equally cost-shared among the three governments) was spent on 70 projects. In January 2003 a Memorandum of Understanding was signed by all three parties to negotiate a new agreement. The second prairie tripartite urban development agreement was the unfunded Edmonton Economic Development Initiative, which began in 1995 but has since been terminated. (It is interesting to note that in January 2003, Western Diversification announced \$1.5 million in funding over three years for the Greater Edmonton Competitiveness Strategy.) Saskatchewan cities did not enter into an urban development agreement, reportedly due to problems regarding the engagement of First Nations communities, but there is still interest in developing an agreement. Overall, the success of these agreements is unclear. As Gibbins writes, “It is difficult to determine whether the urban development agreements in western Canada provide a suitable model for a more comprehensive strategy of federal engagement with urban affairs. ... the agreements demonstrate a limited willingness and capacity of the federal, provincial and municipal governments to work together. The underlying principles and operating procedures seem to provide a sound tripartite model. However, WD’s considerable creativity with respect to urban development agreements was not matched with sufficient resources.”¹⁵
- **Infrastructure Agreements.** (Tripartite agreement). The Infrastructure Canada initiative, announced in the 1999 Speech from the Throne and in the February 2000 federal budget, is an example of federal involvement in municipal affairs through a

¹⁵ Roger Gibbins. Engaging Urban Canada: Policy Options for the Government of Canada. Paper presented to the State of the Federation 2001-2002 Conference, Kingston, Ontario, 2001.

tri-lateral agreement among the three levels of government. There are numerous examples of programs under the Infrastructure Canada-Alberta Program (ICAP), including city storm sewer improvements in Calgary and a new waste management plant in Edmonton. The Canada-Manitoba Infrastructure Program (CMIP) has projects underway to build four ethno-cultural centres, as well as a downtown waterfront renewal project. The Canada Saskatchewan Infrastructure Program (CSIP) has approved projects in both Saskatoon and Regina; however, as one official argued, the tripartite nature of these programs is suspect: “there is a federal-provincial agreement that allocates the federal funds by province and the terms under which they will be distributed. There is no direct municipal involvement in Saskatchewan, at least in those negotiations.”

To date, tripartite agreements have had a number of shortcomings: they often have a limited shelf life and a narrow focus, are sporadic and episodic in nature, and fail to incorporate a principled strategy for engaging municipal governments.¹⁶ Moreover, they impose inconsistent financial demands on municipalities, and deliver inconsistent financial resources. Frequently, municipal governments are equal funding partners, responsible for providing one third of the funding, with the federal and provincial governments each also providing one third. In other agreements, however, municipal governments have been allowed to participate at lower funding levels. In some agreements, municipal governments are given equal voting rights, while in others municipal governments have limited decision-making authority.

The funding structure of tripartite agreements can present a problem in that municipal governments, with significantly fewer fiscal resources than federal or provincial governments, experience considerable financial strain if required to provide a full third of the project’s funds. This strain can distort local funding priorities, negatively affect long-term municipal fiscal capacity, and even limit local ability to participate in joint projects. As Wong writes, “... although tripartite agreements such as the [Infrastructure Canada

¹⁶ Denis Wong. Cities at the Crossroads: Addressing Intergovernmental Structures for Western Canada’s Cities. (Calgary: Canada West Foundation, 2002) 13.

Program] are beneficial to cities, equal cost sharing among the federal, provincial and municipal governments [strains] the limited city finances. Some [municipal officials] doubt that cities could handle two IPC-like agreements at any one time.”¹⁷ Municipal governments also express strong concerns (and rightly so) that they are not allowed to fully participate at the decision-making table. This lack of authority undermines the municipality’s ability to represent the interests of its citizens and reduces local control over projects. Furthermore, it creates significant differences in municipal voice across the country, as some provinces allow their municipal governments to sit at the table while others do not.

Clearly, the current federal-municipal relationship is limited in scope and weak in respect to institutionalization. There are some direct federal-municipal relations through tripartite agreements, but the federal government lacks a comprehensive urban strategy, formal mechanisms to receive municipal government feedback on federal actions or inactions, and mechanisms to provide sustainable funding to municipal governments. The municipal representatives Canada West consulted indicated that the status quo poses a number of problems for cities. Important urban perspectives are not always brought to bear on policies that impact cities. Issues of urban finance are ignored at the federal level. And, municipal governments are faced with extensive de facto residual responsibilities: if federal and provincial governments fail to adequately address policy issues in their own domains, municipal governments are left to address the policy gap, despite their lack of resources to do so. For these reasons, it is not surprising that Canada’s big city mayors are increasingly vocal in demanding federal attention to cities and urban issues. Of course, attention and action are two very different things. One municipal official used the expression, “After all is said and done, more is said than done” to describe the federal-municipal relationship. Due to the barriers impeding a stronger federal-municipal relationship, this may be an apt assessment.

¹⁷ Wong 13.

Improving the Federal-Municipal Relationship

A common complaint from municipal governments is that federal (and for that matter, provincial) governments do not adequately consider the impact of their policies on urban areas, despite the fact that many federal policies have significant urban dimensions and ramifications. The question, then, is how can the federal government ensure that its own policy actions – be they explicitly urban policies or not – work for the betterment of Canada’s cities?

A key problem with the current federal-provincial-municipal intergovernmental structure is that there are no formal mechanisms for regular consultation among all parties. Communications tend to be ad hoc, and this ad hocery limits the ability of Canadian governments to work together to address urban issues. One solution to this would be the establishment of a federal Standing Committee on Urban Affairs, with the committee responsible to conduct regular consultations with municipal governments and, ideally, provincial municipal affairs officials. The Standing Committee could be required to examine issues across a variety of policy fields, including (but not limited to) finance, infrastructure, and the environment. The committee could consult with provincial and municipal representatives on a regularly scheduled basis, allowing for a consistent urban perspective in national policymaking. The purpose of the consultations would not be to give provincial and municipal governments a role in federal decision-making, but rather to ensure that the perspectives of big cities are taken into account in federal decision-making. The regular consultations would also create stronger tripartite relationships, and would address the Caucus Task Force’s desire for “all orders of government to coordinate resources, and consult and collaborate on a new approach to the challenges in Canada’s urban regions.”¹⁸ One challenge, however, is that while it is (relatively) easy to figure out who participates on the federal and provincial sides, determining municipal participation is not as easy. Assuming a federal “big cities” strategy, with a focus on a small number of Canada’s largest cities, municipal participation could be limited to those cities. This would help the federal government avoid the pressures to include all

¹⁸ Prime Minister’s Caucus Task Force on Urban Issues Interim Report vi.

Canadian cities, which would result in an unworkable committee structure and a “watering down” of large urban concerns.

While tripartite consultation would improve vertical policy integration, there is still a need to coordinate policies horizontally – that is to say, there needs to be coordination among federal departments, as well as between federal, provincial and municipal governments. Without a single ministry being responsible to coordinate the various federal urban policies, department-specific urban initiatives “might lead to overlapping programs and conflicting criteria for eligibility.”¹⁹ A single ministry responsible for urban affairs (be it a newly created ministry or the assignment of urban affairs to an existing ministry) would increase the national profile of urban issues and encourage a holistic federal approach to cities. To be fully effective, this ministerial approach should be combined with formal, regular consultations with municipal and provincial governments (perhaps conducted by the Standing Committee); on its own, a ministerial approach does not allow for municipal and provincial identification of local priorities or perspectives. It must be noted that a minister responsible for “urban Canada” would have a huge mandate, and care would need to be taken in defining the terms and representative scope of the ministry.

Another option for increasing federal awareness of urban issues is the adoption of an “urban lens” to evaluate existing and future federal policy. The Caucus Task Force asserts, “We need to apply an urban ‘lens’ to all policies and programs, both national and international that are directed at urban regions. An urban perspective will guide future legislation and policies so that programs designed for urban centres can be assessed for both negative and positive consequences.”²⁰ Presumably, an urban lens would operate similarly to the existing federal rural lens, which requires federal policymakers to answer a number of questions prior to implementing a new policy. Examples of these questions include: “ How is this initiative relevant to rural and remote Canada? Have the most likely positive and negative effects on rural Canadians been identified and, where

¹⁹ Wong 10.

²⁰ Prime Minister’s Caucus Task Force on Urban Issues Interim Report 3.

relevant, addressed? Have rural Canadians been consulted during the development or modification of the initiative?”²¹ Addressing similar questions for urban policy would be beneficial; ideally, municipal and provincial governments would be consulted in answering these questions.

There are a number of advantages to institutionalizing urban affairs at the federal level: greater federal awareness of urban issues, improved coordination of federal urban programs, possibly more funding for urban projects, and the greater potential for increased federal consultation with municipal and provincial governments on urban issues. The disadvantages are primarily the political barriers that would inevitably surface: could the federal government create institutional structures without upsetting the provinces? Could the federal government resist pressures to include all “urban areas,” regardless of size, thus weakening the impact of a federal urban strategy? Would federal ministers regard an “urban affairs” institutional structure as a rival to the mandate and scope of other ministries? Would there be strong federal government reluctance to increase its financial commitment to urban issues? (One can imagine a considerable price tag attached to federal urban engagement!) The significant political barriers to an expanded federal-municipal relationship are discussed below.

Barriers to an expanded Federal-Municipal Relationship

There are a number of reasons why the federal-municipal relationship is so limited in Canada: perceptions of constitutional restrictions; federal-provincial tensions; the failed experiment with a federal urban department in the 1970s (noted earlier); and the under-representation of urban areas in the House of Commons.

Perceptions of constitutional restrictions on the federal-municipal relationship are the most important barrier. In Canada, municipalities are neither constitutionally recognized

²¹ Rural Secretariat. (2002). *Canadian Rural Partnership: Checklist of Rural Lens Considerations*. Text available at <http://www.rural.gc.ca> Date consulted: October 7, 2002.

nor given any specific powers or responsibilities. Instead, “Municipal Institutions in the Province” are assigned as one of a number of provincial responsibilities in section 92 (8) of the *Constitution Act, 1867*. As noted earlier, however, the constitution does not restrict a federal role in urban affairs, just as the constitutional assignment of hospitals to provincial jurisdiction has not precluded very active federal engagement in health policy. Nor does the constitution preclude a federal relationship with municipal governments, a conclusion supported by the experiences of two similar federal countries: Australia and the United States.²² The point in raising these comparative examples is not to argue for either model, but rather to suggest that Canada’s existing federal arrangements should not be seen as a constitutional straightjacket. As the Australian and American experiences demonstrate, there is ample room within the existing constitutional framework for new innovative relationships among the federal, provincial and municipal governments. The real constraints, to the extent that they exist, are financial and political; they reflect more a lack of imagination or political will than black letter constitutional law.

A second barrier to expanding the federal-municipal relationship is the federal-provincial relationship. While the constitution itself may be flexible enough to allow an expanded relationship, the political reality is that the federal government must be aware of provincial sensitivities. Provincial governments rarely see a role for the federal government in urban affairs, and often guard this policy field carefully.

Evidence of this jurisdictional jealousy is seen in the press releases arising from the annual meetings of Provincial and Territorial Ministers responsible for Local Government. (These meetings are held to allow ministers to discuss key issues facing municipal affairs ministries.) For example, the 2000 meeting discussed negotiations with the federal government regarding water and wastewater projects. “However, concern was expressed over federal involvement in local government issues which could override

²² Loleen Berdahl and Sophie Sapergia. Urban Nation, Federal State: Rethinking Relationships. (Calgary: Canada West Foundation, 2001.)

provincial/territorial priorities.”²³ The 2001 meeting had an expanded discussion of the federal role, including discussion of drinking water safety (“the Ministers feel the federal government must be part of the solution by supporting a separate and incremental approach to meeting drinking water safety needs which builds on work already being undertaken by provinces and territories”) and the Caucus Task Force (“While there was recognition among provinces and territories that increased federal involvement was critical to meet the challenges faced by many urban centres, the involvement of the federal government must be based on an approach that recognizes and integrates provincial interests, priorities and jurisdictions.”)²⁴ The 2002 meeting had a similarly cautious approach to the federal government: “Acknowledging the federal government’s growing interest in financial support for municipalities, the ministers reinforced the importance of respecting the exclusive constitutional responsibility of the provinces and territories for municipal affairs.” Instead of calling for funding for municipalities directly, the ministers called for a remedy to “the fiscal imbalance between the provincial and federal governments.”²⁵ These positions were restated in the fall 2002 meeting, where the ministers called for the federal government to increase its health care funding as a means to reduce the fiscal imbalance.

It is important to note, however, that the provinces are not equal in their opposition to federal engagement. George Anderson, former Deputy Minister of Intergovernmental Affairs, Privy Council Office, wrote prior to the 2003 Quebec election:

In this debate on a possible federal urban agenda, it is important to bear in mind that provincial governments have explicit constitutional jurisdiction

²³ Canadian Intergovernmental Conference Secretariat. News Release: 2000 Conference of Provincial-Territorial Ministers responsible for Local Government. Fredericton, New Brunswick – July 31 – August 1, 2000. <http://www.scics.gc.ca> Accessed April 9, 2003.

²⁴ Canadian Intergovernmental Conference Secretariat. News Release: Provincial-Territorial Meeting of Ministers responsible for Local Government. London, Ontario – August 13-14, 2001. <http://www.scics.gc.ca> Accessed April 9, 2003.

²⁵ Canadian Intergovernmental Conference Secretariat. News Release: Provincial-Territorial Meeting of Ministers responsible for Local Government. Victoria, British Columbia – August 12-13, 2002. <http://www.scics.gc.ca> Accessed April 9, 2003

for municipalities, though provinces approach this differently. The Quebec government will not permit any municipality to enter into a direct agreement with the federal government without authority from the province. In contrast, the new government in British Columbia proposes to give municipalities greater autonomy and has promised new legislation in this regard.²⁶

Overall, provincial cautiousness is understandable, and is a major barrier to increasing the federal-municipal relationship. However, should the political will exist, there are options for federal engagement that include, rather than circumvent, the provincial governments; indeed, a federal urban strategy must engage the provincial governments if it is to be effective in Canada.²⁷ The real challenge is not so much figuring out how such a model might be constructed, but rather balancing urban issues among the many other areas of federal-provincial strain and conflict. As the provincial and federal governments continue to battle it out over health care, there is limited good will left to develop a cooperative urban strategy.

A final barrier of note to an expanded federal-municipal relationship is the under-representation of urban areas and the over-representation of rural areas in the House of Commons, thereby muting the urban voice at the national level. It is often argued that the federal government should adopt an “urban lens,” yet the very need for an urban lens raises an intriguing question. Why is it, in a country where six in ten live in large urban areas, the federal government must be reminded to think about urban issues? Why is it that the federal government had a “rural lens” and rural secretariat long before entertaining questions about urban Canada? (Ironically, the Caucus Task Force notes that the federal government’s successful approach to rural Canada should serve as its model for focusing on urban issues.) The answer is likely found in the over-representation of rural areas and the under-representation of urban areas in the House of Commons.

²⁶ George Anderson. “Cities and the Federal Agenda.” Horizons. Volume 5, Number 1. (Ottawa, ON: Government of Canada, 2002).

²⁷ For an explanation of this position, see Loleen Berdahl. Structuring Federal Urban Engagement. (Calgary: Canada West Foundation, 2002).

Canada's rural areas are continually given greater political weight than their populations would warrant. This results in myriad political incentives for governments to focus on rural concerns, and to be myopic on urban issues. (It should be noted that urban under-representation may be even more acute in provincial legislatures, thereby reducing provincial incentives to consider (or even tolerate) an expanded federal-municipal relationship.)

While there are constitutional limits to how strictly the federal government can pursue "representation by population," steps could be taken to make political representation more equitable. For example, seat reallocations could occur quickly after a Census, the number of House seats could be expanded, or the electoral system itself could be changed to incorporate proportional representation principles. A variety of legislative tools could be employed to address the issue. The real obstacles in this regard are, again, political rather than constitutional, as Canada's rural interests would chafe against the loss of House seats.

To summarize, there are numerous political barriers to building the federal-municipal relationship. Getting around these barriers requires, more than anything, political will. There is no doubt that the big city mayors are demonstrating this will, and it is possible, particularly given leadership frontrunner Paul Martin's past comments on urban issues, that the current Liberal leadership race will provide some of this political will at the federal level. And it should be noted that the current leader of the New Democratic Party, Jack Layton, is a strong proponent of a federal urban agenda and will likely provide significant pressure. However, it is unclear when or if the provincial governments will ever develop the political will to pursue a tripartite relationship on urban issues, or to allow or facilitate an expanded bilateral federal-municipal relationship. Indeed, provincial resistance may prove to be the most critical – and perhaps insurmountable – barrier to an expanded federal-municipal relationship.

Conclusion

There is considerable political momentum building behind a federal urban agenda. Urban issues are clearly on the federal political agenda, and are beginning to attract the attention of Canada's corporate sector. It is this position on the political agenda that simultaneously represents the greatest opportunity and the greatest threat for Canada's large cities. The opportunity lies in the federal political will and interest to address not only immediate policy concerns but also structural issues such as the vertical fiscal imbalance and the need for greater federal awareness of urban issues. The challenge is to take advantage of this window of opportunity but to do so in a way that fosters long-term and sustainable benefits, and that includes rather than aggravates the provincial governments. The risk is that due to impatience, short-term thinking, or a lack of creativity, the federal government will cobble together ad hoc relationships that will fail to address structural issues, or worse, that will create new urban problems.

At the same time, it is imperative that the federal government take steps to ensure the long-term benefit of Canada's large cities. As Paul Reed, author of a recent statistical study entitled *Metropolises and Peripheries: The Evolution of City-Regions in Contemporary Canada*, states, "Federalism will come to be seen either as irrelevant, or in some radically modified form, as indispensable."²⁸ This is one of the greatest challenges before the federal government as it moves forward.

²⁸ As cited in Roy MacGregor, "Rise of the metropolis suggests two new solitudes: Cities – and everywhere else." Globe and Mail, February 19, 2003.