



II

Background

The Federal Urban Role and Federal-Municipal Relations

Loleen Berdahl

Ce chapitre permet d'explorer la situation de la politique urbaine fédérale et les interactions entre les gouvernements municipaux et le fédéral au terme de l'ère Jean Chrétien en 2003. À cette époque, les questions urbaines constituaient une préoccupation de plus en plus importante en matière de politique, et un des thèmes dominant l'ensemble du débat urbain était que le gouvernement fédéral devrait jouer un rôle explicite en politique urbaine. C'est sous cet effet de pression grandissante que le gouvernement fédéral a renforcé son intérêt dans les affaires urbaines. Ce chapitre soulève trois questions. En premier lieu, quel est le rôle du gouvernement fédéral dans les questions urbaines et est-ce que ce rôle implique des interactions fédérales-municipales? En deuxième lieu, quel était l'état des interactions fédérales-municipales en 2003? Et en dernier lieu, quelle conduite le gouvernement fédéral devrait-il suivre pour améliorer sa capacité d'agir efficacement dans les questions urbaines? On explorera la nature des interactions fédérales-municipales en exposant le cas de cinq villes des Prairies : Calgary, Edmonton, Winnipeg, Saskatoon et Regina. Un addenda conclura ce chapitre en soulignant les modifications apportées aux politiques urbaines fédérales entre le printemps 2003 (gouvernement majoritaire de Jean Chrétien) et l'été 2005 (gouvernement minoritaire de Paul Martin). Les assises de ce chapitre sont fondées sur une étude de recherche pluriannuelle continue, le Western Cities Project de la Canada West Foundation, qui explore une grande variété de sujets traitant des considérations urbaines, fiscales, sociales, environnementales et gouvernementales.

INTRODUCTION

Despite decades of urbanization, Canada's cities, urban policy challenges, and municipal governments have received relatively little national policy attention from academic researchers, policy analysts, and practitioners, and municipal relations with the federal government have largely been ignored.

This was particularly true in the 1980s and 1990s. Debates about the division of political powers were discussions of federal-provincial centralization or decentralization, and discussions about fiscal capacity 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, and two sites for policy and programs, Canada as a whole and individual provinces.

Urban issues began to occupy a more prominent position in national affairs in the late 1990s and the early years of the new century. A number of factors converged to raise urban issues (and, to a lesser degree, the role of municipal governments) 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 the research branch of a large private-sector organization, the TD Bank, argued that Canada's large cities were 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 an explicit 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 the 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: "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" (Canada 2002). 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 flurry of federal interest in urban issues was a significant step. At the same time, given the current dynamic federal political environment, 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. If

the various forces raising the profile of urban issues – particularly the FCM, researchers, and business groups – reduce their focus on federal urban engagement, federal interest may wane as quickly as it has emerged.

But the very fact of growing federal interest in urban issues raises at least three questions: What is the federal urban role, and does it imply a federal-municipal relationship? What is the current federal-municipal relationship? And what steps could the federal government take to improve its ability to act effectively on urban issues? This paper will explore these questions in stages, with the current nature of the federal-provincial relationship explored through a brief discussion of the cases of five prairie cities: Calgary, Edmonton, Winnipeg, Saskatoon, and Regina. 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 participated in the project in various ways over its course.

THE FEDERAL URBAN ROLE

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 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, one might assume 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 (2002, 3) points out, “[w]hile many concerns can be tagged as ‘urban issues’ it does not logically follow that local governments are responsible for them.” The federal government is prohibited 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 inaction 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, housing, support for cultural institutions, and research funding. This point was acknowledged by the Caucus Task Force, which wrote, "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" (Liberal Party 2002a, 8). Urban areas have always been affected by federal policy, even if federal policy takes little or no consideration of its urban consequences.

The federal government has an impact on urban areas not only through its actions but also through its lack of action. Its retreat from policy areas, as was witnessed in the 1990s, can result in urban decline and public pressure for municipal governments to assume these responsibilities. The Federation of Canadian Municipalities (1998) wrote, "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." 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 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."

The point to stress is that the federal government does have, and indeed has always had, an urban role. While this role is not always explicitly recognized, it does exist. In addition to affecting the urban areas generally, the federal government's urban actions or inaction can have a significant direct or indirect impact on municipal governments. Calls from researchers, community leaders, and municipal officials for an "expanded federal urban agenda" do not necessarily imply a demand for the federal government to become involved in areas of municipal responsibility or provincial jurisdiction. An expanded federal urban agenda could consist of increased federal action in its existing spheres of exclusive or concurrent jurisdiction. An expanded federal urban agenda could be as simple as having the federal government do a better job at its current urban activities.

Despite the highly urban nature of many of its programs, the federal government has not had a coordinated urban strategy. 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 to 1979. MSUA 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 partly because “the federal policy irritated the provinces, and they became increasingly vocal in their opposition” (Andrew 1994, 431). The legacy of MSUA's demise is that federal governments “continue to have federal policies enacted without regard to their urban impact” (Tindal and Tindal 2000, 231). To this day, MSUA is often given as an excuse for inaction rather than as a motivation to find a better model for managing the federal government's urban role.

However, tentative steps were taken to reopen the door shut by MSUA's demise when in May 2001 Prime Minister Chrétien established the Caucus Task Force 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” (Liberal Party 2002b, iv). The Caucus Task Force released its interim report in April 2002 and its final report in November 2002. The reports acknowledged the federal role in urban areas, and the final report called for an increased federal urban presence in three areas: affordable housing, transportation/transit, and sustainable infrastructure. These recommendations suggested the potential for important expansion of the federal urban policy role, but they did not necessarily point to a more coordinated urban policy framework.

Another potentially important – albeit somewhat subterranean – development at the federal level was the establishment of the Task Force on Canada's Urban Communities within the Privy Council Office (Institute on Governance 2002). As the final report of the Caucus Task Force describes, “Within the Privy Council Office, an internal Task Force on Urban Communities was established to develop a profile of the federal presence in urban centres, research into best practices and to explore ways of integrating federal programs” (Liberal Party 2002b, iv). According to a biography of the PCO task force's director general, Adam Ostry, the task force's mandate was “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” (Couchiching 2002). (It is interesting that this description goes beyond urban *issues* to consider urban *centres* as well.) The PCO task force's mandate was to 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.

Does the federal urban role imply a federal-municipal relationship? As will be discussed in the next section, to date the federal-municipal relationship has been informal and limited in scope. The federal government does not have any institutional structures to engage with municipal governments. At present,

there is no mechanism for providing sustainable federal funding to municipalities and no formal mechanism for consulting municipal governments on urban issues or on the many federal policies that affect urban areas. There is no federal body 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.

As part of its consultations, the Caucus Task Force met with municipal government officials, and in its reports it 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” (Liberal Party 2002a, iv). However, the Caucus Task Force did not go so far as to recommend institutional structures (such as a ministry or formal consultation model) to manage federal urban issues and to allow for tripartite dialogue. Thus, while the Caucus Task Force recommended an expanded federal urban policy role, it did not recommend expansion of the federal-municipal relationship.

It is interesting to note that federal dialogue on urban issues 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 it to examine urban areas. The disadvantages are that “urban communities” can be an overly broad definition, encompassing small towns of a few thousand and large city-regions of many millions; also, the emphasis on “urban communities” risks ignoring the relevance of municipal governments – and, indeed, of provincial governments. Another disadvantage, of course, to this “urban issues” approach is that at some point it will become fundamentally impossible for the federal government to effectively address urban issues without also coming to grips with municipal governments, because municipal governments are, by definition, engaged with a multitude of urban issues on a daily basis.

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. Although 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 govern-

ments. (In many cases, the involvement does not even include explicit recognition that the policy field is primarily urban in nature.) Nonetheless, an informal or ad hoc federal-municipal relationship has evolved around three primary points of contact: political interaction, bureaucratic interaction, and joint and tripartite agreements.

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 dealing with ministers. They don’t want to waste the time of the minister. A mayor meeting with a minister is the first stop 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 councillors, by and large, do not have relationships with the federal government, unless the city councillor 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 its lobbying is directed at the federal government. This is significant, because 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 is occasional (and often informal) contact between municipal governments and specific departments, such as Transport Canada, Infrastructure Canada, Human Resources and Development Canada, Canada Mortgage and Housing Association, and Indian and Northern Affairs. Contact is often initiated because of joint programs (to be discussed later in this section) and because of significant federal structural changes that affect municipal governments, for instance, such as the establishment of airport authorities and the establishment of urban reserves in Saskatchewan.

Both federal and municipal officials are quick to point out the cooperative tone of federal-municipal bureaucratic interactions and the fact that useful

work can be accomplished, though municipal officials are more likely to point to the ad hoc nature of these interactions. In addition, both federal and municipal officials raise the issue of differing federal and municipal “organizational cultures.” In general, municipal officials see federal action as being extremely slow, while federal officials see municipalities as being extremely impatient for action.

Federal-municipal interaction at the bureaucratic level appears to be growing, often in the absence of the provincial governments. In the recent past, 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 inter-governmental 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.”

It is notable that two of the three interactions involved a regional Council of Senior Federal Officials. 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 (Canada, Treasury Board Secretariat 2003). In recent years, Regional Councils have been becoming much more engaged across a variety of policy issues, taking on important horizontal integration and regional/local coordination roles. As Juillet notes, “[M]ore 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” (2002). Given that homelessness and urban Aboriginal policies are clearly urban issues, federal councils may play a growing federal role in the years ahead.

The third 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 these funds to the municipal governments, and the municipal governments are responsible for administering the program. (For example, city inspectors conduct the home inspections.) Funding is provided 100 percent 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 seventy 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. (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 urban development agreements, reportedly because of problems regarding the engagement of First Nations communities, but there is still interest in developing agreements. Overall, the success of urban development agreements is unclear. As Gibbins (2004) 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 ... [T]he 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.”
- *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 trilateral agreement among the three levels of government.

There are numerous examples of programs under the Infrastructure Canada-Alberta Program (ICAP), including city storm sewer improvement in Calgary and a new waste management plant in Edmonton. In Winnipeg, the Canada-Manitoba Infrastructure Program (CMIP) has projects underway to build four ethnocultural 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: “[T]here 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 (Wong 2002, 13). 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 they 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 (2002, 13) writes, “[A]lthough tripartite agreements such as the [Infrastructure Canada 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.” Municipal governments also express great concern (and rightly so) that they are not allowed to participate fully 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, since 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. Although some tripartite agreements do involve direct federal-municipal relations, the federal government lacks

formal mechanisms to receive municipal government feedback on federal action or inaction, and it lacks mechanisms to provide sustainable funding to municipal governments. The municipal representatives whom Canada West consulted indicated that the status quo poses a number of problems for cities. Important urban perspectives, they asserted, are not always brought to bear on federal policies that affect cities; issues of urban finance are ignored at the federal level; and municipal governments are faced with extensive de facto residual responsibilities, because 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. Referring to the federal-municipal relationship, one municipal official commented, "After all is said and done, more is said than done." Considering the barriers impeding a stronger federal-municipal relationship, this may be an apt assessment.

IMPROVING THE FEDERAL URBAN ROLE

What steps could the federal government take to improve its ability to act effectively on urban issues? 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? There are at least three options that should be considered:

First, the federal government needs greater coherence and coordination of its own urban policies and programs. Specifically, there is an ongoing need to coordinate horizontally. This may require a single ministry being made permanently responsible to ensure horizontal federal urban policies. 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" (Wong 2002, 10). A single ministry responsible for urban affairs would encourage a holistic federal approach to cities. It must be stressed that the ministry responsible could be an existing ministry, such as the Privy Council Office, and that the scope of the responsibility would need to be carefully defined. A minister responsible broadly for "urban Canada" would have an impossible mandate; indeed, one could argue that this mandate would encompass most of the federal government's activities. The purpose is not to create an urban affairs ministry that would rival the mandate and scope of other ministries but simply to make one ministry responsible to ensure that all federal departments work together to coordinate their urban efforts.

Second, the federal government needs tools with which to evaluate the impact of federal action on urban areas and on municipal governments. One idea that is often raised 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” (Liberal Party 2002a, 3). Presumably, an urban lens would operate similarly to the existing federal rural lens, which requires federal policymakers to answer a number of questions before 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 relevant, addressed? Have rural Canadians been consulted during the development or modification of the initiative? (Rural Secretariat 2002). Addressing similar questions for urban policy would be beneficial; ideally, municipal and provincial governments would be consulted in answering these questions.

It should be noted that the very need for an urban lens raises an intriguing question: Why is it, in a country where six out of ten people live in large urban areas, that 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 to be found in the overrepresentation of rural areas and the underrepresentation of urban areas in the House of Commons. Canada’s rural areas are continually given greater political weight than their populations 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 underrepresentation may be even more acute in provincial legislatures, thereby reducing the provincial incentive to consider, or even tolerate, an expanded federal urban role.) 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 seats in the House of Commons 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 political, for Canada’s rural interests would chafe against the loss of Commons seats.

Third, the federal government needs formal mechanisms to consult municipal and provincial governments on federal urban policies and programs. 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. Because the lack of formal consultation mechanisms, communications tend to be ad hoc, and this limits the ability of Canadian governments to work together to address urban issues.

Some form of federal consultation mechanism – such as the establishment of a federal standing committee on urban affairs – would institutionalize federal consultation with provincial and municipal governments. The mechanism would ensure that the federal government consults 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; rather, it would be 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, increase the opportunity for vertical policy integration, and 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” (Liberal Party 2002a, vi).

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 the 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 pressure to include all Canadian cities, which would result in an unworkable consultation process and a “watering down” of large urban concerns.

Overall, each of these options – greater coherence and coordination on federal urban policies and programs; tools to evaluate the impact of federal actions on urban areas and on municipal governments; and formal mechanisms for the federal government to consult municipal and provincial governments on federal urban policies and programs – would institutionalize the federal urban role. Such steps would likely improve the federal government’s ability to act effectively on urban issues and would not necessitate an expansion of federal urban activity.

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, and the greater potential for increased federal consultation with municipal and provincial governments on urban issues. Of course, a number of political barriers would surface with any effort to institutionalize urban affairs at the federal level. For instance, could the federal government resist pressures to include all “urban areas,” regardless of size, thus weakening the impact of a federal urban strategy? Would a ministry responsible for urban affairs be able to coordinate federal policies effectively? Would institutionalizing the federal urban role create greater pressure for an

expansion of the federal urban role, both within and outside federal jurisdiction? If so, would the federal government be extremely reluctant to increase its financial commitment to urban issues? (One can imagine a considerable price tag attached to expanded federal urban engagement!) And, perhaps most importantly, could the federal government create institutional structures without upsetting the provinces?

The provincial side of the federal urban role and the federal-municipal relationship needs to be considered closely, for it is the critical political barrier facing the federal government. In Canada, municipalities are neither constitutionally recognized 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, the constitution does not restrict a federal role in urban affairs, just as the constitutional assignment of hospitals to provincial jurisdiction has not prevented 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 (Berdahl and Sapergia 2001). But while the Australian and American experiences demonstrate ample room within existing constitutional frameworks for new innovative relationships among the federal, provincial, and municipal governments, Canadian provincial and federal governments have tended instead to see Canada's existing federal arrangements as a constitutional straitjacket.

However, 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. While the constitution itself may be flexible enough to allow an expanded relationship, the political reality is that the federal government has to be aware of provincial sensitivities. Provincial governments rarely see a role for the federal government in urban affairs, and they 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. At this meeting, "concern was expressed over federal involvement in local government issues which could override provincial/territorial priorities" (Canadian Intergovernmental Conference Secretariat 2000). The 2001 meeting had an expanded discussion of the federal role, including discussion of drinking-water safety: "[T]he 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"; similarly, the Caucus

Task Force came under discussion: "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" (Canadian Intergovernmental Conference Secretariat 2001). 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 or urban issues directly, the ministers called for a remedy to "the fiscal imbalance between the provincial and federal governments" (Canadian Intergovernmental Conference Secretariat 2002). These positions were restated in the fall 2002 meeting, at which the ministers called for the federal government to increase its health-care funding as a means of reducing the fiscal imbalance.

It is important to note, however, that the provinces are not equal in their opposition to federal engagement. George Anderson, at the time deputy minister of intergovernmental affairs, Privy Council Office, wrote before 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 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" (Anderson 2002).

Overall, provincial cautiousness is understandable, but it is a major barrier to institutionalizing the federal urban role. However, should the political will exist, it must be stressed that 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 (Berdahl 2002). The real challenge is not so much figuring out how such a model might be constructed, but 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 goodwill left to develop a cooperative urban strategy.

To summarize, there are numerous political barriers to institutionalizing the federal urban role. Getting around these barriers requires, more than anything, political will. This seems to exist among the majors of big cities and the leaders of the federal Liberal and New Democratic parties. 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 an insurmountable – barrier to institutionalizing the federal urban role and ultimately achieving an effective urban strategy. Since the federal government needs to maintain positive intergovernmental relations with the provincial governments, it is unlikely to risk damaging federal-provincial relations over urban issues. Thus, while the constitution does not restrict a federal role in urban affairs, political realities require the federal government to tread lightly.

CONCLUSION

There is considerable political momentum building behind a federal urban agenda. Urban issues are beginning to attract the attention of Canada's corporate sector and are clearly on the federal political agenda. It is this situation 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 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 through impatience, short-term thinking, or lack of creativity, the federal government will cobble together ad hoc relationships that will fail to address structural issues or, worse, 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" (MacGregor 2003). This is one of the greatest challenges before the federal government as it moves forward.

ADDENDUM

This paper was written in the spring of 2003, when Jean Chrétien's majority government was "testing the waters" of federal urban engagement. A tremendous amount of change has occurred between the writing and presentation of this paper and its publication. As was expected, the new Liberal government of Paul Martin began with a strong focus on urban issues. First, Prime Minister Martin created the Cities Secretariat within Privy Council Office in December 2003. Also in December 2003, he created the External Advisory

Committee on Cities and Communities, chaired by former B.C. premier Mike Harcourt (Canada, Office of the Prime Minister 2004). This committee's mandate is to provide advice on federal policies related to cities and communities as they are being developed, to advise the federal government on how to engage provincial, territorial, and Aboriginal governments, and to develop a long-term vision on the role of cities in Canadian quality of life.

In July 2004, Martin moved the Cities Secretariat from the PCO, merging it with Infrastructure Canada (Infrastructure Canada 2005). The former parliamentary secretary for cities, John Godfrey, was made the Minister of State for Infrastructure and Communities. The Cities Secretariat's "New Deal for Cities and Communities" seeks to move forward on three fronts: relationships, funding, and looking at federal policies through a "cities and communities lens."

The Martin government also made a number of high-profile funding commitments to municipal governments. The 2004 federal budget gave a 100 percent GST rebate to municipalities. In February 2005 the federal government committed to providing gas tax revenues to municipalities, to be distributed through bilateral agreements with the provincial and territorial governments. (As of June 2005, agreements have been signed with Alberta, British Columbia, Ontario, and the Yukon, and an agreement-in-principle is in place with Quebec.) The federal government reports that the GST rebates and the gas tax revenue sharing will provide municipalities with \$7 billion over ten years.

Certainly, the creation of the Cities Secretariat and the establishment of a minister of state responsible for cities and communities will result in significant changes in the federal-municipal relationship. There is now a federal ministry responsible to examine the urban impact of federal policies, and there is a greater federal emphasis on consulting with provincial, territorial, and municipal governments on urban issues. Time will tell if this new ministry will be successful in creating a coordinated federal urban strategy and the extent to which it will tangibly benefit urban areas and urban residents. Its short-term success will rest not only with the electoral fortunes of the minority Martin government but also with its ability to engage the provincial and territorial governments positively.

REFERENCES

- Anderson, George. 2002. "Cities and the Federal Agenda." *Horizons* 5 (1)
- Andrew, Caroline. 1994. "Federal Urban Activity: Intergovernmental Relations in an Age of Restraint." In *The Changing Canadian Metropolis: A Public Policy Perspective*, vol. 2, ed. Frances Frisken. Berkeley: Institute of Governmental Studies Press, University of California; Berkeley, and the Canadian Urban Institute
- Berdahl, Loleen. 2002. *Structuring Federal Urban Engagement*. Calgary: Canada West Foundation

- Berdahl, Loleen, and Sophie Sapergia. 2001. *Urban Nation, Federal State: Rethinking Relationships*. Calgary: Canada West Foundation
- Canada. 2002. *The Canada We Want. Speech from the Throne to Open the Second Session of the Thirty-Seventh Parliament of Canada*. www.sft-ddt.gc.ca (accessed 8 October 2002)
- Office of the Prime Minister. 2004. *Prime Minister Names Members of External Advisory Committee on Cities and Communities*. News release, 15 February www.pm.gc.ca/eng/news.asp?id=79 (accessed 28 June 2005)
 - Treasury Board Secretariat. 2003. *Regional Councils of Senior Federal Officials: History*. www.tbs-sct.gc.ca (accessed 9 April 2003)
- Canadian Intergovernmental Conference Secretariat. 2000. News release: 2000 *Conference of Provincial-Territorial Ministers responsible for Local Government*. Fredericton, N.B., 31 July – 1 August. www.scics.gc.ca (accessed 9 April 2003)
- 2001. News release. *Conference of Provincial-Territorial Ministers Responsible for Local Government*. London, Ont., 13–14 August. www.scics.gc.ca (accessed 9 April 2003)
 - 2002. News release. *Conference of Provincial-Territorial Ministers Responsible for Local Government*. Victoria, B.C., 12–13 August. www.scics.gc.ca (accessed 9 April 2003)
- Couchiching Summer Conference. 2002. *2002 Speaker Biographies*. www.couch.ca/history/2002/bios.html (accessed 3 April 2003)
- Federation of Canadian Municipalities. 1998. *1998 Policy Statement on Municipal Finance*. Ottawa: Federation of Canadian Municipalities
- Gibbins, Roger. 2004. “The Missing Link: Policy Options for Engaging Ottawa in Canada’s Urban Centres.” In *Canada: The State of the Federation 2002. Reconsidering the Institutions of Canadian Federalism*, ed. J. Peter Meekison, Hamish Telford, and Harvey Lazar, 411–22. Kingston: Institute of Intergovernmental Relations, Queen’s University; Montreal: McGill-Queen’s University Press
- Infrastructure Canada. *New Deal for Cities and Communities*. www.infrastructure.gc.ca/ndcc/index_e.shtml (accessed 28 June 2005)
- Institute on Governance. 2002. “CityScapes: Federal Perspectives on Urban Communities.” Notes on a seminar presentation by Claire Morris, Deputy Minister, Intergovernmental Affairs, Privy Council Office, 18 September. Ottawa: Institute on Governance
- Juillet, Luc. 2002. *The Federal Regional Councils and Horizontal Governance*. Prepared for the Regional Federal Councils and the Treasury Board Secretariat, September (accessed 9 April 2003)
- Liberal Party of Canada. Prime Minister’s Caucus Task Force on Urban Issues. 2002a. *Canada’s Urban Strategy: A Vision for the Twenty-First Century*. Chair, Judy Sgro. Interim Report. [Ottawa: The Task Force]
- 2002b *Canada’s Urban Strategy: A Blueprint for Action*. Chair, Judy Sgro. Final Report. [Ottawa: The Task Force]

- MacGregor, Roy. 2003. "Rise of the Metropolis Suggests Two New Solitudes: Cities – and Everywhere Else." *Globe and Mail*, 19 February
- Rural Secretariat. 2002. *Canadian Rural Partnership: Checklist of Rural Lens Considerations*. www.rural.gc.ca (accessed 7 October 2002)
- Tindal, C. Richard, and Susan Nobes Tindal. 2000. *Local Government in Canada*. 5th edn. Scarborough: Nelson Thompson
- Vander Ploeg, Casey. 2002. *Framing a Fiscal Fix-Up: Options for Strengthening the Finances of Western Canada's Big Cities*. Calgary: Canada West Foundation
- Wong, Denis. 2002. *Cities at the Crossroads: Addressing Intergovernmental Structures for Western Canada's Cities*. Calgary: Canada West Foundation

