

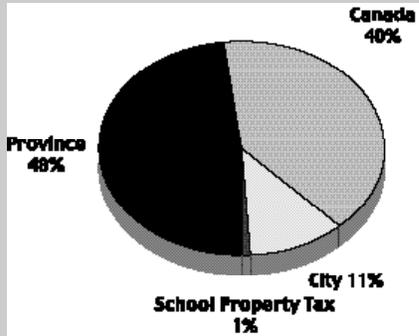
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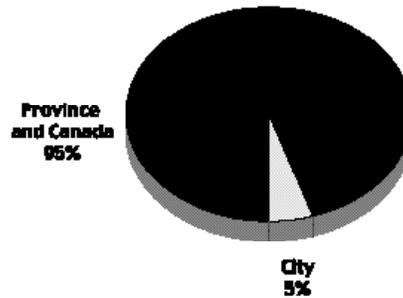
Montreal's Taxation Pie - 1996

% collected by various governments in the City of Montreal



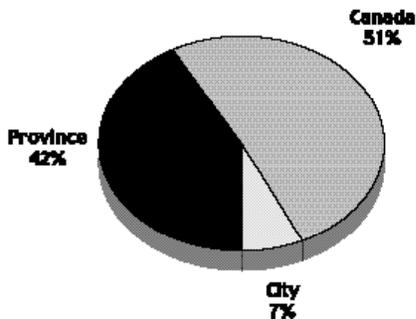
Toronto's Taxation Pie - 2000

% collected by various governments in the City of Toronto



Winnipeg's Taxation Pie - 1999

% collected by various governments in the City of Winnipeg



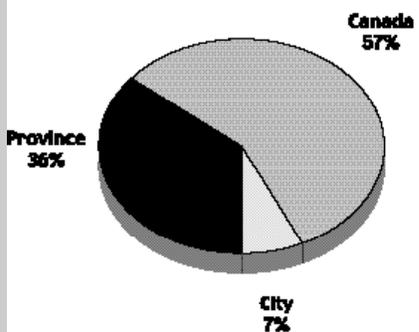
WHAT'S WRONG WITH THESE PICTURES?

IN THIS ISSUE:

- Report of the C5: Historic Meeting of Mayors of Canada's Hub Cities with Jane Jacobs
- Defining the Challenge of Urban Canada
- New Responsibilities and Fiscal Reform

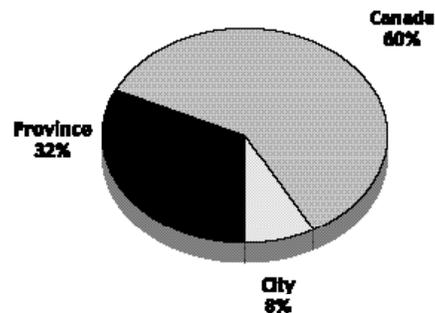
Vancouver's Taxation Pie - 1999

% collected by various governments in the City of Vancouver



Calgary's Taxation Pie - 1996

% collected by various governments in the City of Calgary



A quarterly to stimulate public discourse

ideas THAT MATTER™ Editor's Notes

Over two days in May of this year, Jane Jacobs met with the mayors of five of Canada's largest and most economically significant cities to discuss issues of mutual concern and importance. This historic meeting, known as the C5, was an outgrowth of a series of discussions, convened by urban advocate, businessman and ITM Executive Publisher Alan Broadbent over a twenty month period, in which Jacobs had participated.

The C5 meeting was initiated by Jacobs as a means of bringing together the leadership from five Canadian cities whose economies she considers to be most at risk because of their outdated, paternal relationships with 'senior' levels of government.

In a September 2000 presentation to a meeting of senior bureaucrats convened by the Office of the Privy Council, Jacobs had lamented that Canada was "a poor habitat" for fostering what she defined as creative cities: ones with vibrant, diverse economies that re-create themselves and generate wealth for redistribution, integrate large numbers of newcomers and act as gateways, or hubs, for interconnected regional economies. Jacobs stated that Canada had created too few of these kinds of urban economies to meet the needs of a country of this size. More concerned with economic diversity than geo-

graphy, Jacobs identified five of Canada's cities that come closest to this definition and invited the mayors of Vancouver, Calgary, Toronto and Montreal to meet with her and her co-host Glen Murray, the Mayor of Winnipeg, to initiate discussions she thinks are of critical importance to Canada's future.

Each mayor was encouraged to bring a delegation of up to five members from their community to add breadth to the discussion of their city's challenges. Over the two days, the group met as a whole several times and the mayors met in camera from time to time. At the conclusion of the session on Friday afternoon, the mayors and Jacobs discussed the tremendous challenges current fiscal and governance relationships pose for their cities. They publicly stated their commitment to work collaboratively, with other Canadian mayors, and with the two other levels of government, for a new deal that empowers cities to manage themselves more effectively. The C5 will continue its discussion in Vancouver in January, 2002. The following is excerpted from the C5 meeting held at the historic Fort Garry Hotel in downtown Winnipeg, Manitoba.

Mary W. Rowe
 editor@ideasthatmatter.com
 September 2001

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 editor@ideasthatmatter.com

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C5: Historic First Meeting of Canadian Mayors with Jane Jacobs

MAYOR GLEN MURRAY:

Alan Broadbent founded the Maytree Foundation and was on the founding board of the Canadian Urban Institute. He has been a financier of Jane's work and a builder of our friendships. He has been a clear and resonant voice in the debate about urban life in this country since long before it was trendy. Had he not started bringing together much smaller groups of people with great imaginations and high hopes, we would not be here today. Alan Broadbent is one of the unsung heroes in this country.

ALAN BROADBENT:

The C5 concept grew out of discussions we had in the Toronto region about what must be done to empower Canadian cities. Two years ago, I convened a meeting of experts to explore these issues. At the end of those two days, about twenty-five people continued to meet over the next year, looking for the best way to express concern about the lack of power of our cities. We settled on stating the basic ideas in a Charter for the Toronto Region. It was during those discussions that the idea of a meeting of mayors first came up; it came up again at a meeting Jane attended in Ottawa with staff from the Privy Council Office. We decided to run with the

idea and it has taken since last September to bring us all together. My role here is as an interested citizen who has put some resources behind the C5 effort, in consort with Jane Jacobs.

This meeting is a wonderful sign of a new era in Canada, when the mayors of our major cities begin to take control of the destiny of urban Canada. Traditionally, mayors have often been supplicants before senior governments; their focus was local and the politics in which they engaged was parochial. The mayors delicately managed relationships with Ottawa or their provincial capital in order to gain favour on behalf of their city's needs, seldom their desires.

But something is happening in Canada's cities. Part of it is related

to become a highly urbanized country in which most citizens live in urban regions. Another part of the change is the emergence in our cities of political leaders with larger visions: politicians with deep experience and broad sophistication. These mayors have potent political power. The recently amalgamated City of Toronto has elected its mayor in two elections now with more votes than any politician has ever received in a Canadian election. The about-to-be elected mayor of amalgamated Montreal will have the same experience. And the situation is the same in our other large cities.

Our mayors have the ability to mobilize political power in ways that are yet untried for the most part; they can significantly improve the way most Canadians are governed.

As a citizen interested in these issues, I see this as the time when the forces are beginning to come together to align our governmental arrangements in Canada with the way the world actually works. Increasingly, powers are moving up to national governments and down to local governments, particularly on a regional basis. And, also increasingly, economic competition is between city regions.

We need greater control over many of the factors

that create successful citizens and societies. Some of us would go so far as to include education, health care,



Alan Broadbent, Chairman, Avana Capital Corporation.

to what Jane has described. We are no longer an agrarian collection of provincial governments. We have

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and immigration settlement, in addition to the usual infrastructure elements of cities.

When you parse through all the arguments about greater control of destiny for our large metropolitan regions, you will eventually arrive at the need for more secure sources of revenue. In Canada, on average, cities rely on the property tax for 45 percent of operating revenues, with the rest coming from fees and senior government grants. In the U.S., cities receive 15 percent from property tax, and in Europe it is well under 10 percent. The rest comes from senior government grants and a whole range of revenue tools: shares of income tax, consumption taxes such as gas or hotel taxes, bond issuance, and local sales tax. These are not in addition to state and federal taxes, but are actual shares of existing tax bases made possible because cities relieve senior governments from having to do things, thereby reducing their costs.

The five mayors at this C5 meeting know better than any of us the terrible conundrum they face: they are accountable to large numbers of citizens to deliver government and services, but they control few of the levers that deliver the goods. It is an unenviable position, having to articulate a vision of the future, as good leaders must, but lacking the control to bring that future about with any certainty.

It is time in Canada to begin to change. We need to recognize that the urban regions are the principal economic, social and cultural engines of our country. We need to enable city governments to manage

the full range of powers they need to thrive and be competitive on both sides of the ledger: revenues and expenditures. As advocates for the cities and as mayors, we need to abandon our former posture as supplicants merely looking for more money and better treatment. We need to speak as leaders empowered by large constituencies. We must recognize that our cities are different one from the other, and that one solution will not fit them all.

Our desired outcomes must include new arrangements which may lead to more money and more control, but our first concern is that



C5 Mayors Bourque, Murray, Duerr, Lastman and Owen with Jane Jacobs.

the mayors have a seat at the table when government arrangements are being discussed in Canada and when policies and programs which affect cities are designed and implemented. It is no longer good enough to exclude our mayors when the provinces and federal government meet. The cities are too central to our well-being as Canadians. It is time to stand up and be heard, and to be at the table.

MAYOR GLEN MURRAY:

Jane Jacobs is not only a great thinker she is also a great facilitator. Many of you know her by her work

and her many ground-breaking books including *The Death and Life of Great American Cities*. I've often thought if all of us in city politics had her inspiration and insight, what great cities we would truly have. I couldn't think of a more inspiring person to bring us all together. Jane is someone to whom we owe so much for our understanding of cities.

JANE JACOBS:

Glen had a lot more to do with getting this affair going and organized than he indicates. It's been wonderful working with him. I'm really thrilled about this meeting. I can't tell you how much I admire the mayors of our complicated big cities. I think they're the most important elected officials we have. They certainly have the most intricate jobs and are closest to the people. I feel honoured to have a chance to speak with these five leaders at once. Dreams come true sometimes.

One reason you are the important elected officials of the country, in my view, is because cities – the large cities – are Canada's major economic assets. Without Vancouver, Calgary, Toronto, Montreal, and Winnipeg – without these cities, Canada would be so poor it would qualify as a third world country. The federal and provincial income and consumption taxes that businesses and residents in these five cities pay are what make federal and provincial programs and activities financially possible. Immigrants and their children rely overwhelmingly on these cities for income, work, educational and other opportunities. So do domestic migrants from rural Canada.

Many little cities and company

towns throughout the country that think they have nothing much directly to do with big cities actually rely on transplanted industries or offices that were generated in the large cities. Many of them also rely heavily or even entirely on sales to businesses and consumers in these major cities and their regions. Cities are the primary economic generators of Canada and are becoming more so as time goes on.

Our host, Mayor Glen Murray, calls these hub cities. It's a good descriptive term, more succinct than saying economically creative, or economically diverse, or economically synergistic. The term describes the remarkable economic and social powers of these cities. Hub cities are not just big conglomerations of people, they are very complex organisms. They are the primary engines of our economy.

In spite of the fact that these five cities exist, a lot of other facts tell us that Canada really isn't a very good environment for hub cities. For one thing, there are large areas of the country that don't have a hub city to help pull them out of poverty and reduce their dependence on government subsidies. For instance, the Atlantic provinces don't have a single hub city. Saskatchewan doesn't have one. There are large areas of Quebec, Ontario, Manitoba, Alberta and British Columbia that don't have hub cities. It's not that they don't have cities per se; some of these areas do have promising cities with interesting and admirable attributes, but somehow they remain arrested in a kind of economic adolescence. With luck in the next half century maybe one will grow up and take off the way Calgary has done. That's too slow and it isn't enough. For a country the size of Canada, with the very capable and striving population that Canada has, five hub cities is very few. It's distressing because there's a need for more, and

even the current five can't be taken for granted.

For instance, suppose that Winnipeg were to stagnate and dry up, then the huge geographical gap between Calgary and Toronto would become a huge economic gap. You know this isn't so hypothetical – Winnipeg has come perilously close to stagnating. The well-being of the

with Boston and Montreal and Chicago were enough. Their foresight, whatever the reasons for it by hindsight, was brilliant: there absolutely should be linkage across the whole country. In recent times, these links have not been strengthening the way they should. That's one reason I'm so glad the mayors have decided to come together like

The other adaptation has been using inefficient and circuitous permissions and grants from provincial governments, and sporadic acts of largess from the federal government, to get necessary money to the cities. This is very crippling.

Jane Jacobs

other four large cities can't be taken for granted either. I suspect that all you mayors have wish lists of services and infrastructure that your cities need, in some cases very urgently. Some of you, maybe all of you, have ideas about how these could be delivered in new and better ways. Because you lack the resources, possibilities have to be postponed or even abandoned. Canada is falling behind, especially in fields like waste recycling, energy conservation, public transit, assisted housing, and methods and equipment for preventing toxic pollution. It's a historic mission of cities to solve such problems. If they don't, nobody does.

We often talk about cities only in terms of economic competition with each other. Cities are also very cooperative. They have to be or they don't sustain themselves or each other. For example, no hub city in history, and certainly none today, exists in isolation from other hub cities. They need each other.

It's lucky that the founders of our country insisted on the transcontinental railroad instead of thinking that links with European cities and

this. One city's ascendancy is not another city's decline at all. In every case, when these cities are better off, it's better for everybody. This is not a Darwinian world of killing each other to prosper, quite the contrary. Cooperation is even more important than competition.

The weakening of links among these cities is troubling. If it continues we can expect that Canada will become a country in name only. The everyday working relationships among the cities are so important they couldn't prosper without the links. Canada is not only a poor environment for the emergence of hub cities but it is also an inadequate environment for the maintenance of those we do have. The symptoms show up locally and in different ways but they extend countrywide. There's no favoured part of the country that is exempt from this. Changes of government and government policy don't correct these things. There is a systemic flaw, embedded in the financial and political arrangements, which clearly affects the entire country. It's such a silly flaw, which dates back to the time when most Canadians lived in

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little market towns, narrowly based company towns and villages based on agricultural, logging and fishing. I'm talking about 150 years ago, when it was quite logical for municipalities to be the responsibilities of provinces, bracketed between taverns and asylums.

As wards of the province, cities were allowed only to levy property taxes. This was not a bad idea when their capabilities in most cases were limited to maintaining roads, fighting fires, providing water and sewers, keeping drunks in hand and, in general, directly servicing properties. Times have changed beyond recognition. Canadian municipalities are no longer country bumpkin villages – they have wide ranges of abilities and human capital. Yet the old arrangements have remained. Basically all that's been done is to make some adaptations that were absolutely necessary, such as loading onto the property taxes all kinds of municipal costs that have nothing to do with servicing property. This not only bloats property taxes, it skews them with destructive unintended consequences. They become regressive and then inequitable.

The other adaptation has been using inefficient and circuitous permissions and grants from provincial governments and sporadic acts of largess from the federal government to get necessary money to the cities. This is very crippling. It demeans city governments, putting them in the demoralizing position of being considered incompetent to manage their own internal affairs. It makes beggars out of them as they have to plead and wheedle to get some of the money back that their own taxpayers have paid to the federal and provincial governments.

The grants, permissions, and largess can't help but reflect the priorities of those other levels of government. They absolutely don't reflect what different cities have or

their differing needs and opportunities at any given time. In reality, municipalities do not march in step with each other. In Canada, they are forced to act like groups of puppets that are fastened to the same sets of controlling strings.

This said, what can be done about it? That's the reason for this meeting. Historically, when cities have needed reforms, they have had to take the initiative. If the C5 doesn't take the initiative in this, I don't know who will or who can. You cities are in a good position to take the lead. For one thing, you can make a case that the federal government will have to heed very seriously: it is really very dependent on revenues from the cities. If the federal government can

be made to understand how the present situation is killing the geese that lay these golden eggs, they will listen. You have allies in your own region, in the city regions that you've generated, and in other mayors and councils who realize they share your same frustrations and difficulties. You have potential allies in funded cities that must rely on you to break a trail that will benefit them as well. You have a lot going for you.

Probably the hardest thing in seeking reform will be for you and your governments to overcome the old ingrained habits of municipal dependence and the practice of opportunistic beggaring. However, I think you can do it. You have an opportunity here to think out of the box. It's an

C5 Participants

His Worship Pierre Bourque
Mayor, The City of Montreal
His Worship Al Duerr
Mayor, The City of Calgary
His Worship Mel Lastman
Mayor, The City of Toronto
His Worship Glen Murray
Mayor, The City of Winnipeg
His Worship Philip Owen
Mayor, The City of Vancouver
Jane Jacobs

Delegates:

Calgary

Judy Bader
Executive Director, Healthy Communities,
Calgary Regional Health Authority
Patricia Trotter
Co-Chair, Promoting Calgary, Inc.
Dr. Roger Gibbins
President & CEO, Canada West
Foundation
Dale Stanway
CEO, The City of Calgary

Montreal

Ms. Michèle Thibodeau-DeGuire
President & CEO Centraide Montreal
Mr. Fabien Cournoyer
Director, Economic & Urban Department,
City of Montreal

Toronto

Dr. Anne Golden
President, United Way of Greater Toronto
Elyse Allan
President & CEO, Toronto Board of Trade

Vancouver

Councillor Gordon Price
The City of Vancouver
Ivan Head, O.C., Q.C.

Winnipeg

Leonard Asper
President & CEO, Canwest Global
Communications Inc.
Annitta Stenning
President & CEO, CentreVenture
Development Corporation
Nicholas Hirst
Editor, Winnipeg Free Press
Paul Moist
President, CUPE Local 500

Additional participants:

Alan Broadbent, C.M.
Chairman, Avana Capital Corporation
Judy Rogers, Chief Administrative Officer
The City of Vancouver
Gail Stephens, Chief Administrative Officer
The City of Winnipeg

C5 Support:

David Walker, Independent Consultant
Don Stevenson, Independent Consultant
Ratna Omidvar, The Maytree Foundation
Evelyne Guindon
Communications Coordinator
Danielle Keebler, Media Savvy Consulting Inc.
Caroline Neufeld, C5 Coordinator, Executive
Policy Secretariat, The City of Winnipeg
Mary W. Rowe, Facilitator

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unprecedented and historic occasion for the mayors of the five hub cities of Canada to meet together. You can discuss not how it has been, but how it could be.

For instance, why shouldn't the federal government shift its allocations of income tax points and consumption tax yields so that the resources the cities really need could go to them directly instead of circuitously with strings attached? This is not charity, this is what the cities pay and even then they wouldn't be getting back all of what they have paid. It's earned, it's deserved and it's needed. I'm sure the mayors will be ingenious in thinking of other possibilities. This is an opportunity for the mayors to organize themselves with the object of actually getting reform not just talking about it.

There are cities that feel a little browned off by having been left out of this meeting. I got one letter this morning from the mayor of such a city who complained about that, and told how his city deserved to be in on this meeting too. You have allies: the C5 can become the C7, the C10, who knows? If you can do this kind of self-organizing, and I see no reason why you can't, you could very well achieve something that is as significant and important for our country today as the Fathers of Confederation achieved in their day for Canada.



THE CITY OF CALGARY

MAYOR AL DUERR: CALGARY

Calgary is a city that was born of agriculture and grew with oil. We were primarily a one-industry town until 1982 when the bottom fell out of our economy. In some respects, this was one of the most difficult periods of our existence as a city but in many ways it provided the opportunity for the rebirth of Calgary. What

occurred during the 1980s and the 1990s was an absolute transformation through diversification of our economy. We're still the petroleum centre of Canada; the oil and gas industry

other cities look at us and say, gee, this must be wonderful for Calgary. We have great immigration; we're one of Canada's fastest growing cities. But that growth and prosperity have

Even with incredible prosperity, we are experiencing the exact same challenges that all of the other major cities are facing across this country.

Mayor Al Duerr

remains a big generator of wealth in our province. But the growth and new employment in Calgary has been in the diversified sectors where we are getting our strength and sustainability. Being forced to come to grips with the loss of our one industry allowed us to become the masters of our destiny.

I think, in many respects, that the economic challenge we faced gave us time to reflect on many other changes as well. Our entire downtown was going to become an office complex. I was a Calgary city planner at the time and City Council was so proud because they had approved the highest density on any property in the world – in Calgary. That was quite an achievement at that time; an upstart young city feeling its oats. As planners we weren't very proud at all; we abhorred what was going on.

The downturn caused us to not only diversify our economy but also to rethink what it took to make a sustainable city. What you see in Calgary right now is a product of that rethink. We have a much stronger downtown, with more residential units. We have placed a much greater focus on what the essence of a city is all about; we are discovering all of those dimensions that make a community. We have a long way to go.

Right now we're a city in a province that is enjoying prosperity that is quite unbelievable in the national context. We're looking at surpluses of \$8 to \$10 billion a year in provincial revenues from petroleum;

given us an imbalance: who benefits from the growth and prosperity and who pays the price? I should be standing here and telling you that we have the world by the tail, but we don't.

The bottom line is, Calgary is struggling. Four years ago we didn't have a significant homeless problem. This fall, we're opening two brand new purpose-built homeless shelters that are going to house over 700 people. We have a huge affordable housing problem. We have transportation problems. We also have Calgarians enjoying incredible economic prosperity who are beginning to wonder what that prosperity is all about.

You're going to hear a lot over the course of this discussion about where taxes go. Calgary collects about 8 percent of the taxes that are paid in Calgary even though the city pays for virtually all of the essential elements that contribute to the quality of life in the city other than health care and education. Those numbers will vary a little bit as you go from city to city but the essential issue is the same. Even with incredible prosperity, we are experiencing the exact same challenges that all of the other major cities are facing across this country. So prosperity – more money and stronger economies – is not the solution. You can all try and get more business – attract more activity to your city – but that will not address the fundamental imbalance that is very much a reality in Calgary and other urban centres across this country.

How do we address that? I very

much agree with Jane's comment that we should stop looking at an environment where we're forced to be beggars. We have a right to adequate revenues to deal with the responsibilities that are being foisted on us. I don't disagree with municipalities having increased responsibilities. Municipalities should probably be dealing with their own urban housing and major social issues because each of our cities across this country has different issues and responsibilities. The only way we will be able to release our creative potential in response to these issues is by being given the necessary resources and then being challenged with all those responsibilities. I believe all the cities represented here have a collective potential to do some wonderful things and to challenge all of the traditional structures and the institutions that have been put in place.

It is important that we take this dialogue beyond this table into our



MAYOR PHILIP OWEN: VANCOUVER

For the City of Vancouver, the whole issue of refugee policy is of greatest concern. In April of 2001, a report called "Response to Bill C11 – The Immigration and Refugee Act" identified a couple of things we want the federal government to discuss with municipal governments, including the City of Vancouver. We suggested they add clauses to the bill recognizing the key role that the City of Vancouver and other municipal governments have to play in the area of

the country. By the year 2030, the entire sewer and water system under the City of Vancouver will be totally replaced from the combined pipe to a sewer and storm water pipe. The federal government told the Port that they're responsible for outflows that go into any waterways in the City of Vancouver. The Port has said that the city is liable; they are going to hold us responsible for it. This is just one of the billion dollar bites that gets laid onto the cities. It's major offloading, big time.

In the last eight years we have had transfer payments from our provincial government reduced by \$75 million a year. Our annual budget is \$550 million, so you figure it out. We balance our budget and still have a triple A credit rating. We are very fiscally responsible and we like to be that way. We also feel that we have to be socially responsible. We're putting more and more municipal money into health care and social services. Where do we get our money? From the property tax. If the provincial and federal governments want us to pick up more services, fine, but they must give us access to the revenue streams to pay for them.

One of our big concerns is crime and safety. We've been working on this for a couple of years, and have produced a document called "The Framework for Action." We went out to the community and spoke with some three thousand different citizens at thirty-five meetings over six months. We had a huge response and got tremendous media coverage. Although alcohol was identified as the biggest problem, heroin and cocaine are getting into our schools. This is the same all across the country – it's all around the world – but we decided we could no longer ignore it.

It became clear to us that you couldn't liberalize or incarcerate your way out of the chemical dependency of drugs but you have to do something. It's a matter of public health and public order. You have to sepa-

The other cities are going to be with us as we go forward on this journey of changing the paradigm and thinking differently about how we all – this country, these provinces and the cities that we represent – work.

Mayor Philip Owen

communities. It is important that we as mayors accept the mantle of leadership that is required not just to discuss these issues as politicians talking to other politicians or orders of government. We must also create a dialogue in our communities so our citizenry understands the complexity of the issue.

If we've got one problem, it is that, in spite of increased responsibilities and diminishing resources, municipal politicians across this country have continued to deliver good local government. We still have great cities. We will not have great cities on an international scale if we don't come to grips with some of these issues. That's the challenge.

settlement, and that the federal government should reimburse municipal governments for services rendered to immigrants and refugees.

Another issue for Vancouver is public transit. Washington D.C. last year dispensed \$390 billion to U.S. cities for roads and transit improvement. We don't get anything like that out of Ottawa.

We have a plan, started forty years ago, to replace the entire sewer system one percent a year. At present, 98 percent of the sewage in the City of Vancouver goes through primary and secondary treatment. The region spent \$640 million in the mid-1990s to upgrade a secondary sewage plant, one of the biggest capital projects in

THE URBAN CHALLENGE

rate the dealer (or pusher) from the user. If you start thinking of the drug user as sick and the drug pusher as evil, then you can start dealing with them. The City of Vancouver has developed a four pillar approach to provide a comprehensive, complete continuum of care and the federal government has been very supportive. They are listening to us. They are paying attention.

Our British Columbia government is early in its mandate so now is a good time to get to them. The federal government is also in the beginning of its mandate, so it's a good time to get to them too. I think we have to move forward in a spirit of collaboration, cooperation, and dialogue with our senior levels of government. We don't want to bring out the heavy lumber and start swinging it quite yet because I think they are paying attention. The prime minister has just created an urban task force. I think they want to work with us. We have got to take them a blueprint which will get us out of this trend towards increasing responsibility and continued offloading to city governments with limited access to funds. I think we're going to turn the corner during this conference. And we're not dealing out the other cities. We're going to plant some seeds and the other cities are going to be with us as we go forward on this journey of changing the paradigm and thinking differently about how we all – this country, these provinces and the cities that we represent – work in this great country.



Ville de Montréal

MAYOR PIERRE BOURQUE: MONTREAL
We recently celebrated Montreal's 359th anniversary. The city has seen some difficult times, and times of great power as a city. For a long time,

Montreal was the heart of Canada, the heart of the province of Quebec. Montreal has also had periods of economic decline, of social decline and of cultural decline. And I think that it's important to you that I talk about the new Montreal, about the rebirth

tional organizations set up here. We are one hour away from New York. French is spoken here, English is spoken here. 80 percent of Montrealers speak French; 60 percent speak both French and English; 30 percent speak a third language and 10 percent speak

Running a city doesn't only involve providing local services; it means looking after people. The first place where people feel a sense of belonging is the city.

Mayor Pierre Bourque

of Montreal, with the merger that is about to take place.

On January 1, 2002, Montreal will be a city with a population of 1.8 million. Another interesting fact is that Montreal is still the second largest French-speaking city in the world. Greater Montreal has 3.4 million people.

I became mayor in 1994 when Montreal was going through difficult times. People everywhere were talking about how Montreal needed an overhaul.

Today, we are beginning to see the results of the investments we made, of the work done with business, with the community, with changes to the economy. And now Montreal is closely following what is called a sustainable development policy. We saw periods of rapid development during the 1960s, and now we are investing a lot in sustainable development. We are placing a major emphasis on culture, the environment, social harmony, the cultural communities. We are relying on the international character of Montreal.

We were talking earlier about hubs. Montreal is a link between Europe and North America. We are close to New York, close to Europe, close to London, close to Paris. Montreal is an international city. It is the third largest international convention city, after New York and Washington. There are 75 interna-

four languages. Montreal's strength is also its universities: 180,000 university students.

The challenges Montreal is facing are the challenges all big cities have to face, and what we're really doing together, we five big-city mayors, is positioning ourselves. Cities are the heart of nations and what we're really doing is trying to find solutions to problems, consolidating the roles of cities, of the big metropolises of the world, since that is where you find a good part of the talent, the immigrants, the social problems, as well as the culture, the effervescence, the diversity. For the past seven years, I've been trying to get money from governments, from the federal government, from the provincial government.

Montreal is still fragile. We face human challenges. First, ensuring social harmony. 42 percent of Montrealers are of neither French nor British origin, 30 percent are recent immigrants. We have to pay attention to the poverty issue, to the problems of aging and fragile neighbourhoods, which means ensuring that everyone enjoys the same quality of life as to housing and urban environment. Montreal is working hard to make certain those services are provided.

Then there's the complexity of running cities since we have to deal with everything. We have to deal

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with crime and drugs; international development; housing and health; economic development.

We also need public transit since what is killing us is all the air pollution, the cars. Montreal is an island, and there is some talk right now about building two new bridges. We are against that. We want to keep the people on the island, to bring the people back to the city. We have already lost 500,000 people to the suburbs off the island. The challenge we now face is to heighten the quality of life in the city, to fix our infrastructures, be it parks, green spaces, bicycle paths, access to the river, access to water, in short to maintain conditions that are favourable to investment, right now, and especially on the island, the core.

No city can flourish without a strong central core. In the end, it's the core that activates the rest. As you know, we still have a lot to do environmentally. All the soil in Montreal is contaminated. So, people want to go elsewhere to invest. We need to have policies to invest in soil decontamination. We also need to improve our environmental policies.

Today, Montreal is a clean, healthy, beautiful city, but it takes a lot of constant work. Our citizens, who come from all over the world, need to adapt to this new reality. So this also means giving them access to water, to quality of life, and creating in each of the neighbourhoods a feeling of belonging, through environmental projects to create a sense of community.

To make sure we were looking after our young people, one thing we did was to set up committees for young people to deal with social problems. We targeted a few Montreal neighbourhoods that were having the most problems, and very interesting interventions were carried out.

There is also a need for social housing. Right now, the economy in Montreal is doing well, so there is really very little affordable housing

available. And that is why we need resources. We've had the same budget for seven years. From 1994 to 2001, we haven't increased taxes, because, the more we increased taxes, the more people left. Now we have the opportunity to better distribute the wealth, to stop losing our citizens, because the exodus from the core to the suburbs is dramatic. I'm not speaking only for Montreal, but for many cities in the United States, in Canada. This equation has to be changed.

Running a city doesn't only involve providing local services; it also means looking after people, looking after integration. In our case, this means helping immigrants learn French, helping them adapt, and dealing with social problems. It takes a great deal of effort because the first place where people feel a sense of

life and an international character to this city, without adequate resources.



MAYOR MEL LASTMAN: TORONTO

Toronto is the most culturally diverse city in the world. We are a city of people who come from 170 different countries and speak over 100 languages. And Toronto receives only 4.8 percent of the total taxes collected from within the city. The rest goes to the province and the federal government.

We can't even charge for services we perform like restaurant health checks. *The Toronto Star* identified we had a problem in some food establishments and we did. We got it all

The provincial and the federal governments keep taking our money, then they say, in a quote from one of today's papers, "we have to start living within our means." What "means"?

Mayor Mel Lastman

belonging is the city, the neighbourhood. So, that's why we need to look for other sources of income.

We have to find money to renovate our structures, our aging infrastructures, and especially public transit. Our national infrastructure program is very weak: \$1.5 billion for all of Canada. Montreal gets about \$60 million but in fact we'd need ten times that amount. We are creating 500 housing units per year. We should be creating 1,000 to 1,500 per year, to meet the current needs.

It is time the Canadian government invested in our infrastructures. We can't do it all at once. We can't keep taxes at the same level, while bringing people back to Montreal, making the downtown area more densely populated, giving a cultural

cleaned up. We must constantly keep checking those restaurants, but we can't even charge them for the service. We can't make a move without the provincial government saying, yes, it's okay.

Toronto is probably the homeless capital of Canada. More than 30,000 people are in our shelters each year including 6,000 children. One-third of these are children under four years old. Toronto receives one-third of Canada's immigrants who add so much to our city. They're great. But when they come into Canada why doesn't the federal government pay for it? Over a year ago, I sat down with the prime minister and he admitted it was his responsibility. I mentioned it to him again a week ago and he says he will look into it. Well,

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they're still looking and it costs us \$30 million a year to look after these newcomers. We put them up in motels from Oshawa all the way out to Niagara Falls – over 100 miles away. This should not be happening. It is a federal responsibility but they won't accept it.

Like Montreal, we are wrestling with the tremendous costs of aging infrastructure. Like Winnipeg, we are grappling with the homeless crisis. Like Vancouver, we are struggling with the burden of provincial downloading. But Vancouver, Winnipeg and Montreal have an advantage over Toronto. Each one of these cities already receives a share of provincial revenues. Manitoba allocates revenues from personal income tax to municipalities on a per capita basis. British Columbia shares its retail sales tax with municipalities. In Ontario we get nothing. Not one penny.

This year alone the cost of provincial downloading to Toronto's taxpayers has reached \$276 million. It's cost us almost a billion dollars since they created the megacity almost four years ago. The chartered accountant firm of Ernst and Young predicts that figure of \$276 million will rise to an average of \$376 million a year; it will peak at \$472 million a year by the year 2009. Between now and 2010 they say provincial downloading will set Toronto taxpayers back \$3.7 billion and that doesn't include the cost of federal downloading to our city. Our taxpayers are spending as I said, \$30 million a year on food, shelters, and health care for refugee claimants that the federal government has admitted into this country. We're spending another \$232 million a year on social housing that has been downloaded onto the taxpayers by the federal and provincial governments. What's wrong with them? These guys are swimming in money while we're drowning in debt because of downloading.

They say money is the root of all

evil. Well let me tell you in Toronto our lack of money is the root of our problems. We need to pump billions of dollars into our transit system over the next decade if we're going to keep the stock rolling and keep our subway trains, buses, and streetcars safe. We need hundreds of millions of dollars more to build affordable housing. It's been promised. The provincial and the federal governments keep taking our money, then they say, in a quote

For example, \$4 billion in motor fuel taxes is going out of cities across Canada to the federal government, and less than 3.5 percent of that money is reinvested back in the cities that generated it in the first place.

Mayor Glen Murray

from one of today's papers, "we have to start living within our means." What 'means'?

We're spending so much money looking after federal and provincial responsibilities, we can't afford to pay for our own responsibilities. We've had to give up programs because the legislation said we must look after things like over 95,000 subsidized houses. We are the largest landlord in Canada of subsidized housing.

American cities went into a download spiral when the U.S. government made the same mistakes twenty years ago. These cities were pushed to the brink of bankruptcy before the state and federal governments realized their mistakes and took steps to correct them. Now a lot of American cities are starting to boom because the federal government put money into them.

As Canada's leading city, we play a vital role in the economic well-being of our entire country. Canada relies on Vancouver for lumber and Winnipeg for grain. It relies on Calgary for oil and Montreal for shipping, and it relies on Toronto for money. Toronto's GDP is greater than eight of the ten provinces.

If one of our cities starts to struggle, the entire country feels it.

And yet, we don't get any part of any tax except the property tax. I found out we pay \$70 million a year in provincial sales tax alone and \$43 million in GST. When times are good, it doesn't help Toronto. When times are bad, it hurts Toronto. And times are great in Toronto. Businesses are thriving, but not the city because we don't get any part of anything.

We C5 cities all have very similar problems. We've got to work together, we've got to do it now. There's no shortage of money in Ottawa.



MAYOR GLEN MURRAY: WINNIPEG
We share a number of challenges with these other hub cities. We have an over reliance on property taxes. When I became mayor, 63 percent of our revenue came from property taxes. We were tied with Vancouver at that time as the most property tax dependent city in North America. We had about the highest per capita debt of any city in the country and some of the most unfixed streets.

We have to operate under very prescriptive legislation. If we want to change the way we fog for mosquitoes, if we want to move money from water and sewer renewals to residential renewals, if we want to change the size of council, we have to ask permission.

Our transit costs used to be shared

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equally by the province and the city; it was \$15 million each. We now put \$30 million in and the province still puts \$15 million in. But we still need the service – more services in fact.

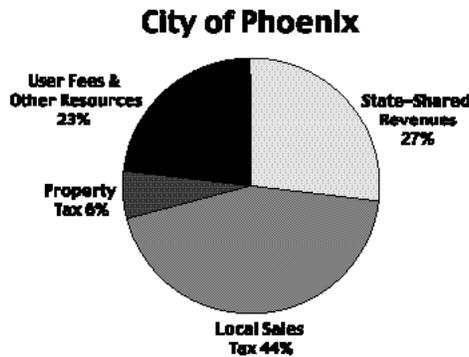
If there's a lack of sympathy for mayors across the country about the financial woes of the federal and provincial governments, this might explain it: in this city alone in the next six years, \$1 billion worth of infrastructure repair work is needed, for which we have no money. The urban economy is generating more taxes but no one is reinvesting that money back into the cities.

What keeps cities alive is their parks, their culture, their green-spaces. If you've been through downtown Winnipeg, you know we're desperately crying out for a new urban park. We have older neighbourhoods, 80 block areas, with not a single tree beyond those planted in the boulevards. We're spending \$1 million – 10 percent of what's needed – to enhance the livability of the city. Now this isn't putting new parks in or adding new play equipment. This is just replacing what's currently in place. We have to compete with Minneapolis and Phoenix which are not only maintaining, they're massively reinvesting and adding to their inventory of streets, cultural assets and parks.

For example, \$4 billion in motor fuel taxes is going out of cities across Canada to the federal government, and less than 3.5 percent of that money is reinvested back in the cities that generated it in the first place.

Can I raise property taxes? Not if I want to be re-elected. Can I afford not to put more money into streets? No, because I won't be back after the next civic election if I don't. What do I do? I've got the tax-cut lever, the tax-increase lever and that's it.

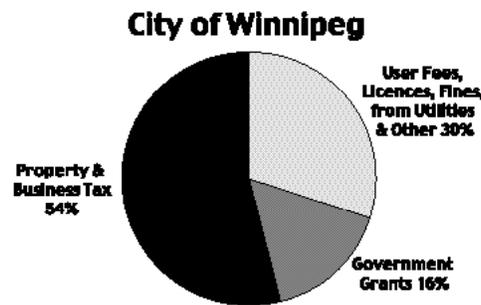
Look at what I'm competing with. Our hockey team went to Phoenix. Right now we're intending to build a measly \$125 million entertainment complex which we're very excited



Source: City of Phoenix
2000-2001 General Purpose Funds: \$1.07 Billion. Similar set of services but also includes municipal costs (5%)

about. Phoenix and Scottsdale are fighting over who's going to build a \$1.5 billion (U.S.) megamall entertainment sports complex for which the city is putting in \$750 million. How can they do that? Because 44 percent of Phoenix's revenue comes from local sales tax. Even though they're going to spend \$750 billion, which is more than my total annual budget as a city, they're going to get it back in spades. Every year they're going to be generating hundreds of millions of dollars in revenue.

If Phoenix held the Pan Am Games it would be a financial windfall for them. They would be rewarded. For us, as it stands now, regardless



Source: City of Winnipeg
Estimated 2001 Budget: \$0.75 Billion. Includes transit, solid waste disposal and provincial capital grants.

of whether this hotel is empty or full it's only paying property taxes, so we have no financial incentives to fill the rooms. Cities have to be rewarded by the tax system for their successes. If not, we're just not going to compete. We have nowhere near the kind of revenue splitting or sharing

we need to survive.

This year the federal government announced a \$15 billion surplus and had money to pay down its debt. The total budgets of the cities represented in this room amount to just under two-thirds of that surplus. Now, let's imagine if the federal government, in the last five years, had had a 13.5 percent decrease in revenues – as we have had: would they be reporting a surplus? What would our health care system look like? Would they not say there was a financial crisis? Right now Canadian cities have to compete head to head. We need to cooperate and see each other as partners. If we can come out of this meeting united, with a vision to position Canadian cities as the healthiest, the best, the most competitive, and the strongest on the continent, then we do every Canadian a great service whether they live in a city or not. We have to support each other.

Defining the Problem

Taxation and access to revenue sources

ROGER GIBBINS:

Taking control of our urban destiny requires leadership and vision. I think the leadership is there but the vision is a problem. A connection has to be made for the broader public between the cities and the national ambitions and aspirations of Canada: if the cities fail, the country fails.

I am distressed by the damage the U.N. has done to Canada by that one report that said Canada is the best place in the world in which to live. It feeds into our sense of complacency which is clearly apparent when we look at how Canadians view their cities. We have a view of American cities that tends to be lodged in the 1960s. We're not aware of the rapid change that has taken place there during the past several decades.

There is a need for a more confrontational stance. We need to create a vision, one that resembles a

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manifesto, however out-of-date that format is in this new ideological environment.

The case has to be pitched at a broader level than the property tax and similar nuts and bolts arguments for urban reform that are being made within the room. The health of our cities is absolutely imperative to Canada's ability to compete in an increasingly competitive world and if we can't get that across, we're never going to find an audience for the kind of taxation issues that are so central to cities.

COUNCILLOR GORDON PRICE:

Here is the conundrum: every senior government – at least every successful political party that forms a government – now runs on the basis that they will reduce taxes.

From the federal government's point of view, it makes sense that they would simply say, we're reducing taxes. If the cities need more, they can put their hand back in the taxpayer's pocket and take the money directly. From the point of view of the taxpayer it would be equal. The feds reduce, the cities increase. The feds get the credit and the cities have to be politically courageous to demonstrate to their electorate that they can handle that money to justify the tax increase. The federal government is taking so much money out of the economic engine of the cities that they're killing that very goose.

The climate is absolutely clear. Business has done a great job, and the media echo this every single day. Cutting taxes is the norm; it is a political reality that has been proven in numerous elections. It's a set up: the feds cut taxes so the cities have to raise them.

JANE JACOBS:

Whenever I've talked to people about the C5, the first thing they ask is, what new taxes should cities have the power to enact? They don't seem to recognize that if cities take respon-

sibility for things that provincial or federal governments are now doing, then those resources are shifted. It's not a matter of new taxes. You don't need to give the tax money to people who aren't doing the job. It's not a money-grab; it's a matter of shifting things to meet responsibilities and to

national standard – guidelines like the Canada Health Act – with local implementation. The applications and funding priorities that you would apply would vary across the country based on the demographics. The priorities would change from city to city. If you started asking who should

I'm a fiscal conservative and I believe in lower taxes absolutely, but we've created this mantra of tax cutting, and fostered a naive understanding of the complexity and the problem.

Mayor Al Duerr

put them where the opportunities for doing it well and efficiently are the greatest, closest to the people they're serving.

Money is only a means to an end. The important ends are opportunities to do things better and more closely with the citizens who are affected. Money makes general improvements in the cities possible.

MAYOR AL DUERR:

I'm a fiscal conservative and I believe in lower taxes absolutely, but we've created this mantra of tax cutting, and fostered a naive understanding of the complexity and the problem.

If we could get all the federal, provincial, and local governments at the same table with the business community, we could ask who should be doing what? Is there a role for government in subsidized housing? Well, if the private sector isn't doing it, then somebody has to. Is there a place for some form of community subsidy? Well, we don't have the philanthropy there is in other countries, and we're not going to build that institution overnight so there's probably a role for government to play. Who's going to fix the roads? It's probably going to be government. Sewage treatment? One way or another you're going to have government involved. You can have a

address those issues, you would probably find the vast majority of the people around that table would recognize that local government is probably best equipped to deal with most of those things that have an impact on their quality of life.

In the case of Alberta, I think we need access to a much greater and more progressive form of revenue generation than we now have. If you look at American cities, a very very small portion of their taxation is generated through property tax.

MAYOR PIERRE BOURQUE:

We cannot increase taxes; that's just not possible. The higher the taxes are, the more people leave, the more people head for the suburbs, because the suburbs attract people, just like they do everywhere in North America, in Canada.

JANE JACOBS:

The education – or miseducation, whichever you want to call it – of the electorate is that taxes should be lowered. But the electorate have received other messages that are very constructive. One of them is that dependency is not to be cultivated; it is debilitating, demoralizing, wasteful, and not a good condition in general, whether it applies to people or to institutions.

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If dependency is bad for everything else, why the notion that it's good for cities? It isn't. It absolutely isn't. You can see how it infantilizes cities, making them childish in many ways, to the disgust of their own citizens.

Another message that has come through to the general population is

cial governments. I think there's support for bringing tax expenditures and tax responsibility back closer to the local community.

There is an assumption that municipal tax rates are a critical factor in the kinds of locational decisions that firms and individuals

economies and have come back because, for instance, in Mexico once that particular labour supply is gone, they cannot find the talent.

The point made on the cost of sprawl is extremely important but I think it cuts two ways. On the one hand, the costs of sprawl are absolutely huge. We estimated that in the Greater Toronto Area, the waste of money due to provincial policies is costing a billion dollars a year for the next twenty-five years. If spent on health and education, that money would literally solve the funding crisis in both of those areas.

We know that if we develop intelligent policies around smart growth, the dollars are there. That's the positive side. The negative side, though, is how we're doing our planning. It's difficult to empower politicians at the local level because we are so dependent on policies put in place by senior levels of government. I think what we have in cities is the convergence of policies, creating problems for us over which we seem to have little control. For example, in the City of Toronto, you have the cumulative impact of the federally funded social housing ending in 1993, provincial funding ending in 1995, as well as the removal of all planning controls beginning in 1995, and the removal of rent review without compensating mechanisms. It's chaos. We cannot solve that problem without the cooperation and support of all three levels of government.

The sprawl issue demonstrates both our dependence on provincial policies and the fact that the money is there. As Mayor Lastman said to me, we simply have to take three or four of those income tax points.

We need a way to link demand with funding. For example, in Toronto we made the case to the federal government that the funding not simply be per capita, but that it be linked to acknowledged need factors. The formula is easy to develop. You choose five indicators such as num-

Government taxes are 12.5 percent of the operating costs of the average business in the City of Winnipeg, of which the city gets .5 percent. In the downtown environment, property taxes are such an immediate and visible cost that they have become a huge disincentive.

Glen Murray

that spending tax money inefficiently is a waste. I think everybody understands this now. These antique, roundabout ways of getting public money to the cities are very inefficient and wasteful, just the way the dependency is wasteful.

For example, consider the attempts at equalization and economic development that have come from above. Think of the billions and billions of dollars that have been spent on the Atlantic provinces alone. One failure after another. The need to subsidize goes on and on. It would be much better to see what could come out of those stunted cities themselves.

ROGER GIBBINS:

We have to counteract a general anti-taxation mood within the country and make the argument that governments do differ in terms of how they've profited from or how they've addressed taxation issues.

I agree with Jane Jacobs' point that there is political support for redistribution of the tax load and tax revenue sources. In western Canadian cities, it would not be a tough sell to argue that greater tax responsibility should rest more with the local government than with the federal or even provin-

make. I'm not convinced that it is as decisive a factor as the urban environment in which firms locate. If the *Winnipeg Free Press* carried a full page photograph showing members of the local business community wearing their backpacks at the Winnipeg Airport saying, "I've fallen into my last pothole, I'm out of here," maybe that kind of argument would counteract the assumption that that same individual would leave if the tax rate was modified in a very modest way.

ANNE GOLDEN:

On the specific issue of the role of taxes and economic competitiveness, within regions tax differentials matter. According to research based on interviews with eighty-five chief executive officers who had made moves to the Toronto area, the decision of a business to locate in an outlying area relative to the downtown core did involve property taxes.

However, among cities with whom we're competing in North America, what matters more is everything related to quality of life and specifically the quality of the labour pool. Many examples exist of companies that started in a global economy to do work outside in lower wage

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bers of people living below the low income cut-off, numbers of seniors and poverty numbers of single parent families. To me, the most significant fact about Toronto right now is that there are 44 neighbourhoods in the Greater Toronto Area where over 40 percent of the households are living in poverty; 43 of the 44 are located in the City of Toronto.

MAYOR GLEN MURRAY:

Government taxes are 12.5 percent of the operating costs of the average business in the City of Winnipeg, of which the city gets .5 percent. In the downtown environment, property taxes are such an immediate and visible cost that they have become a huge disincentive. The only thing we got through was the Heritage Tax Credit where you could write off 50 percent of your investment in a heritage building. This building – the Fort Garry Hotel – has had \$2 million in grants and tax write-offs for about \$10 million private sector investment which this made the difference between the building being redeveloped and being demolished.

Property tax instruments can be effective incentives to help cash flow and reduce actual reconstruction costs, but more is needed. We formed a development corporation, Centre-Venture, which loans money at the front end, so owners have cash in their pockets. Rather than paying taxes, the owners are paying back loans against the redevelopment of their buildings to the development corporation.

We have a situation where a large outfitting store from Calgary is locating a large store downtown, and the city is the actual developer. We build

the building and lease it back to them essentially. This is a very interesting model because we couldn't get private sector developers to take risks in the downtown environment.

For the last ten years, we have had a provincial government that has massively subsidized sprawl. It was giving rural municipalities on the periphery of Winnipeg all kinds of advantages and paying for all kinds of infrastructure with provincial tax dollars against our objections.

As mayors of large cities we must be the driving forces for sustainability and renewal of the centre and the urban fabric of our cities. What's the framework? What are we trying to do? I think we have an overwhelming



Mayor Glen Murray and Winnipeg delegate Leonard Asper.

understanding of the problem and I think we all, if given the authority, would be able to fix our cities quite easily without any major tax increase. But it goes back to one problem: citizen engagement. Even within our own city councils, how little time we actually invest in our colleagues, angry suburban councillors who think their communities are getting a raw deal and their major job in civic politics is to get that big underpass built so people can get to the mall faster. We have a huge amount of work to do in engaging our own governments and our own political machinery to get them on the side of

the mayors. We need to educate our chambers of commerce, many of whom think that the most important thing is to eliminate the business tax.

Responsibilities

MAYOR PHILIP OWEN:

In British Columbia, cities provide fire service, police service, garbage pickup, street sweeping and grass cutting, help with education, and deliver the social services of the senior governments. If we're going to be responsible, we've got to get into the revenue streams. I think we've got a lot of fog here on who's responsible for what. We have increased responsibility, and we're forced to balance our budgets as the transfer payments continue to be cut. We've got to rethink and redefine our roles. If you want us to be responsible then create a shared revenue process. For the good of this country and the health of the cities, which are our economic generators, we have to start clearly defining our roles. That's it.

MAYOR AL DUERR:

Do we want these responsibilities? Well, we live in these communities. When government steps out of an issue such as housing, we experience the consequences directly: more people die on our streets or are left homeless or whatever. We then have to assume responsibilities and become victims for doing that. In my last municipal election, I was attacked for the lack of affordable housing in Calgary. Yet the provincial government sailed into power with its highest majority ever, with a \$10 billion surplus, having done nothing for public housing in Calgary. No one asked them about affordable housing. No one bothered to look up Section 92 in the Constitution Act and see who has the responsibility for it because it's

now a given that affordable housing is the responsibility of the city.

There is an opportunity here to get a consensus on how we should fund certain categories of responsibility.

Something that worries me is that not enough new, vigorous cities are emerging. Too many Canadian cities remain forever in adolescence. It's not good and it's going to make terrible trouble if these things aren't corrected. You can't say it's anybody's fault exactly, it's history's fault. If there's any fault among us contemporaries, it's not looking history and change in the face, and thinking what must be done now.

Jane Jacobs

How should transportation be funded? I can tell you right now there's a compelling case to use provincial, federal, and municipal fuel taxes – direct user pay – to fund transportation. The same case could be made for public housing and welfare related issues; you would have to match a revenue source to a responsibility with a tacit acknowledgement that if that responsibility is downloaded or transferred or accepted, the funding will go with it. I think that's a real idea we could sell across the country.

COUNCILLOR GORDON PRICE:

Municipal government has been so good at delivering high quality infrastructure that it has financed an extraordinarily high quality of life. We don't get enough credit for this. In the post war period we have been providing low cost water. It's so cheap in Vancouver, we don't even metre it. We have built an infrastructure dependent upon low cost energy; we may not take credit for that but we certainly have built our lifestyle around it. We have delivered low cost land. The sense of entitlement that people have now for this good life is absolutely extraordinary. The standards are so high and we have been so good at doing it for so long that we

have created an environment that I don't think we can afford. We have financed sprawl on a spectacular scale which has led to this high energy, high consumption lifestyle that I

think is one of the reasons why it is so politically popular to cut taxes. We've come up against the limits of that and therefore something's had to give.

Two things have happened simultaneously: the decay of infrastructure in the inner city and the rolling in of the social problems. Hello, Toronto. We're now seeing a little bit of this in Vancouver but not as much as elsewhere. There's a danger in trying to get access to taxes to finance this waste and I think this high consumption, high energy lifestyle dependent upon sprawl is staggeringly wasteful.

I think each of the cities has different priorities and needs. We don't want to get caught into a one-size-fits-all scenario. I certainly don't want to be put in a position where my obligation is to continue to finance what I think is an unrealistic way of life; I want to try and do things so that we continue to have economic prosperity that's sustainable.

Dealing with other levels of government

MAYOR PHILIP OWEN:

We have to recognize that we're not trying to get rid the federal and provincial governments. They're there, we're here, they've got their job and we've got our job, but there's

a disconnect. We've got to let the federal government know that we can offer them a presence locally. We can deliver the services with sensitivity and cost effectiveness and do it much better than they can but we need their help and co-operation. We're in this together for the good of the country.

MAYOR AL DUERR:

We have to find a way to allow our provincial and federal government caucuses to create a permissive environment rather than the kind of paternalistic environment that has traditionally dominated federal, provincial, and municipal relationships. I have a premier who is a former mayor of Calgary. If you think that has meant anything whatsoever for Calgary, I can tell you it has been quite the opposite. Former city councillors who are now members of the provincial legislature live in fear because every time they have a caucus meeting, they can't mention Calgary: there is this incredible distrust from the rural-dominated caucus.

MAYOR GLEN MURRAY:

There's a sense of sophistication and diversity in cities that is not shared by provincial governments. Our provincial governments tend to be less cosmopolitan, more rural, and more parochial. For many parts of the country which are dominated by rural politics, it's very hard for us to have a constructive relationship.

MAYOR AL DUERR:

It took us a good year to negotiate that fuel tax revenue for Calgary and Edmonton. In a meeting with smaller communities in southern Alberta I was challenged by the mayor of Crowsnest, a community of 2,000, who said, "you sure can tell where the premier comes from because Calgary and Edmonton got this fuel tax revenue. Why don't we get five cents a litre?" I had to point out to him that

he wouldn't want it because, bottom line, he gets a lot more than five cents a litre.

We've had some discussions recently in the Calgary region. Our provincial government in their wisdom decided to abolish regional planning. Now we are working on an entirely voluntary cooperative basis with a number of regional models. There are little communities around Calgary where they're facing 8 to 10 percent growth rates and they're wondering why Calgary gets so much. I've had to ask, in a very nice way, why are they experiencing 8 to 10 percent growth rates and other communities 200 miles away from Calgary are losing population? Do they understand that a successful Calgary means they're successful? And if Calgary is not successful, they're not?

In Alberta, we were able to make a real breakthrough by getting the province to agree to a different funding model for Calgary and Edmonton for transportation. We need to create that kind of environment which allows us to consider new options with our federal and provincial governments. They need to have the permission to be treated a little different.

We need autonomy that speaks to allowing Glen to have access to certain revenue sources and Pierre to have access to certain revenue sources, according to decisions made in their respective communities. This would allow each community to create opportunities that are unique to it, and reflect and respond to its business climate, the social cultural climate and whatever other needs it has.

We don't need another one-size-fits-all national housing program giving every community exactly the same access to the resources whether they need them or not. We've become so preoccupied with treating everyone the same, that we've forgot-

ten how to accommodate different needs, and foster innovation and excellence.

The need for a strategy

MAYOR PIERRE BOURQUE:

Montreal was once unbelievably prosperous in Canada, in North America, and then went through a tremendous decline, that was caught up in the province of Quebec's internal problems, which are not the same as elsewhere. Montreal went through a time of very strained relations with the provincial government.

ates 10,000 jobs. And now, we are setting up a centre for the electronics industry and, along with the federal government, we fostered biotech industries and the aerospace industry.

We encouraged people to come back to the city with construction, housing. We targeted the most needy neighbourhoods, neighbourhoods with problems of poverty, integration, and immigration.

So, while the action we have taken is still precarious, the City of Montreal of today is not the same as it was five years ago and what was

*We're not here to talk about constitutions.
We're here to talk about the future of our cities,
the future of Canada's cities, the future of Montreal.*

Mayor Pierre Bourque

The government of Quebec became somewhat like a corporation that wanted to take all of Montreal's powers and transfer them to the province. The emergence of Quebec French-Canadian nationalism gave rise to a very strong central power in Quebec City. Out of a \$50 billion budget, Montreal had a budget of only \$2 billion.

And so Montreal slid into decline, 300,000 or 400,000 of our more well-off citizens left for Toronto, and for other Canadian cities too.

But we hung in there. We got the economy back on track; we focused a lot on the downtown area. We finally allied ourselves with the province, because there is no future without the provincial government. We also tried to create ties with the Quebec government that had never existed before.

We created ties with other cities in the province – Quebec City, the City of Sherbrooke – that make up the heart of urban life in the province. We tried making economic agreements. We revitalized Old Montreal, the downtown area; we created the multimedia centre that now gener-

once called "The Decline of Montreal" is over.

Now we have to catch our breath. It takes time to keep on strengthening the new economy, the openness, the social harmony, public transit, the infrastructures.

Now, the balance between the province and Montreal is coming back. And there's a balance between Montreal and the federal government, because we also have interesting ties to Ottawa. We have to be careful not to create any antagonisms between the two.

So today, the city is doing much better, especially now that we are going through the greatest municipal reforms in the entire history of Quebec. And not only will Montreal get stronger, there'll be a better distribution of wealth among us, because before, Montreal was competing with Saint-Laurent, with the western part of Montreal Island. Now, we will try to unite the island.

And now, we have enough of a balance to represent the whole of Quebec within Canada, and that, too, is a challenge. And that is why the five of us here need to work

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together, get to know each other. We're not here to talk about constitutions. We're here to talk about the future of our cities, the future of Canada's cities, the future of Montreal.

ANNE GOLDEN:

There's so much evidence, why isn't it resonating with the public? The consequences of fiscal instability, that cities at present are not sustainable, that's the kind of scenario that we're looking at where hundreds of millions of dollars of debt growing to billions of dollars of debt over a decade, clearly is not sustainable. The need for more secure sources of funding relative to responsibilities is crystal clear to us, but why not to others?

To me there are three reasons why it's not resonating: The first has to do with the complexity of the issue for the average person. It's a constitutional issue and for the average person it's just too much. The second thing I think, is that the debate is not only about money, it's also about power. In the private discussions I had at all levels of government when I was looking at homelessness, I found the problem was not about money as much as it was about power. Thirdly, I think it's about values; it is complicated because the consequences of underfunding have to do with social justice. We're into an era when compassion is out. The paradigm has changed. This has to do with our capacity as cities to fulfill our destiny and to meet the needs of those who reasonably expect us to do so.

Objective fact-based research is critical, in conjunction with a broader strategy. To me the fundamental question is, can we create a strategy to address what I hear as a kind of violent consensus about what the real issues for cities are? We have a job to do: cities are the future; we're in a new era for cities and we need sustainable and reliable source of revenue to fulfill that.

MAYOR GLEN MURRAY:

There is an incredible complacency even though in the last ten years at the Organization for Economic Cooperation and Development, we've slipped from fifth to fifteenth most productive nation in the world. That's due to a decline in the skill level of our workforce and the rapid deterioration of the conditions in infrastructure within and between cities.

At the same time there is a new type of neo-conservatism that comes with anti-urbanism. You beat up on the cities, because that's where the big spending is. What do we do? We cannot talk about solutions until we can clearly make our case that there's a problem.

NICHOLAS HIRST:

Can we create a strategy? Can the mayors create a framework? What

would it look like? It seems to me it would have three parts: first, it would have an educational input; you'd have to sell it to the people. Second, it would have a lobbying input; you would have to sell it to senior governments. Third, it would have a cooperative input; people around this table and others would have to get together and agree on a strategy for change.

ELYSE ALLAN:

The business community understands the need to ensure that we're investing in our cities; cities and city regions have become the economic drivers of nations. They are the major generators of national wealth.

This is not just a Canada story – it's around the world. In fact, it's much further ahead in other places than it is perhaps here.

Our Board of Trade developed five

URBAN COMPETITIVENESS Statement of Principles Prepared by The Toronto Board of Trade

The Toronto Board of Trade believes an agenda on urban competitiveness must be founded on five basic principles:

1. Canada's major urban regions must be competitive on a global stage. It is no longer appropriate to simply concentrate on the competitiveness of cities within Canada or even just North America. Our cities compete with more than 300 city regions world-wide – their challenges must be addressed in this context.
2. All levels of government in Canada bear responsibility for ensuring our cities are livable, functional, enlightened and commercially viable. Investments must be targeted at urban priorities and must be coordinated and integrated across government jurisdictions.
3. Cities must be given the ability to take greater control of their destinies. Regulatory impediments, jurisdictional disputes and financial limitations place a significant strain on local abilities to deal with local challenges. Cities in Canada must be given the tools to "grow up" in order to compete with other mature cities on the global scene.
4. Attitudes, policies, governance structures and priorities must change to reflect the reality that Canada is no longer a rural economy – it is an urban economy. Eighty percent of the population now lives in an urban area. Our GDP is driven by urban economies.
5. Maintaining a high quality of life in our cities is critical to the continued economic growth and social survivability of Canada. Offering citizens a safe, attractive, diverse and affordable urban environment is paramount to competitiveness. More than ever before, quality of life drives the success of a region – it can either attract or dissuade people, businesses and investment to our cities.

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basic principles with which I expect you too can all agree. [See box on page 18.]

DALE STANWAY:

This is not only a challenge for government workers and political leaders; the business community also needs to come to terms with these things to ensure their environment remains competitive.

ELYSE ALLAN:

I don't think business would ever say it shouldn't be taxed. I think the problem we had as

a nation over the past five years is that when you looked at us on a global basis, we weren't in the game. Nobody is saying we have to be the lowest tax environment. I think we have to be in the running in terms of taxation levels, at least be in the ballpark. Nobody is saying make us number one in terms of taxes, because if you do that and you screw up everything else, we're still not going to win. I think there is a very clear recognition that there is a cost to doing business anywhere. But let's make sure that there's a return from what we are paying, and that return is being focussed and understood.

The other comment that I would make is that when you look at all the wants that all the cities have, there is no way any of our governments can afford to provide them. Cities need to take advantage of the capital market. Here we are in the richest economy that we've ever had and there's a tremendous amount of capital in the private sector. We need to challenge our governments to engage the private sector far more aggressively in bringing their capital to the table to

finance some of the needs that cities have. That can be done in ways other



Mayor Philip Owen and Vancouver delegate Ivan Head.

than taxation with much more openness to public and private sector partnering. We're far behind as a nation in terms of public/private sector partnerships. American cities have great government support, but they also have a number of vehicles for very strong private sector participation. We can't assume government can afford to do everything cities need done.

PAUL MOIST:

I think we need to focus. We could easily come up with 300 Canadians who have a connection to but don't work in municipal government right now. Our senior levels of government are full of former municipal politicians who have moved onto other things and who need to be re-engaged. I think we need to spread the lobby out. CUPE should be part of this lobby. By my calculation, there are 53,000 CUPE members within these five cities with a combined payroll of about \$2 billion.

While we have common interests, there are different solutions for the roads and streets and infrastructure.

Four provinces have provincial public insurance systems. The solution for funding infrastructure is not the same in Toronto and Winnipeg. The needs are the same. There's not going to be one solution to cracking open a share of the wealth. I think constitutional recognition of cities is desirable, but I also think it's a non-starter. If that became the single pursuit of this group, I think we'd spend

a lot of time and effort and we'd be back here a decade from now without progress.

I think the C5 needs to be maintained, not instead of the Federation of Canadian Municipalities (FCM), but simply to focus. The FCM membership is 5,000 governments, ranging from those serving populations of 2,000 people to those serving a city the size of Toronto. It's exactly the same as CUPE gathering together 900 municipal locals: the Town of Killarney has two members and Toronto has 35,000 members and two locals. We can't sit in the same room and have the same discussion. I don't think it's either/or but I think the focus that the C5 can bring to these discussions needs to be maintained.

MAYOR GLEN MURRAY:

Winnipeg has survived because it has the most diversified economy in Canada and it most mirrors the Canadian economy. But we should be a city of two million people. The great failure of the Canadian confederation is the fact that there's no major city in the middle half of this

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country. We are an undersized city for the value of resources, agriculture, mining, electricity. Despite our economic potential, we are still too totally dependent on primary industries. What we could find ourselves with is a disintegration of this entire country and the aspirations of

did, if Mayor Lastman had all of those things, Toronto would be rolling in dough. If you had a cut of the gasoline tax, and you had the income tax and you had Mayor Bourque's registration fee, you wouldn't have a financial problem right now.

family with an unreasonable father and children trying to think how to maintain good relationships with him and never thinking how the father could maintain good relationships with them, which is the real root of the trouble.

All I'm saying is, please have self-esteem. Please always remember how important your cities are. How the senior governments are directly dependent on the cities. You must somehow gather the self-esteem not to be apologetic about yourselves. Certainly the country needs to be educated about how important the cities are. But if the cities themselves don't believe it or are apologetic about it, or are afraid to bring it up, even aggressively, the education of the country and the understanding of what really is necessary and what ails us, is never going to come about. It begins with you people.

I think you have an ingrained mindset of dependency and that this is going to be the hardest thing for you to overcome. . . . You must somehow gather the self-esteem not to be apologetic about yourselves.

Jane Jacobs

Quebec in a very real way along with that because we've become dependent on American hubs.

There's a sense that Winnipeg has capacity, that we're more competitive because we are one of the few cities that can operate call centres and access centres in both languages. We have enough critical mass of francophones that we do that.

We need a critical mass. The stature and the prestige of the mayors of the two largest cities of the country, and Montreal as the largest Francophone city outside of France, is extremely important. We've had a failure as mayors to work together as a team.

The blueprint idea that Mayor Duerr has talked about I think is very important. What if we sort of assembled this idea of revenues and responsibilities and said, well you know, cities cannot realistically pay for these. Look at the balance of accounts. We can't fix streets, we don't have the money. So someone has to do it. Where is the money coming from? We all have the solution. Montreal has a registration fee for vehicles that generates \$30-40 million for that city. Calgary gets \$90 million in gasoline tax. We get an income tax and corporate tax points. If every city had what the other cities

We know these things can be done, there's precedence for them. Maybe the recipe is already there. Maybe each of us has a piece of the solution and what we need to do is support each other to get all of the ingredients. I think maybe if we could do that, there would be a net benefit for all of the other mayors in the country. I think we have the political critical mass to get change and we're small enough as a group to actually be able to come to a consensus that the FCM is too large and too diverse a group to do.

JANE JACOBS:

I've been interested in hearing as you talk how often the relationship between cities and the senior governments is referred to. Every single time I've heard this relationship mentioned it has been in these terms: The cities must maintain good relations with federal government. Or the cities must maintain good relations with their provinces. It never is that the provinces must maintain good relations with cities. Nobody says that. I think you have an ingrained mindset of dependency and that this is going to be the hardest thing for you to overcome. I see so many subliminal signs of that today. If this were a novel, it would be like a

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Support for strengthening hub cities

MAYOR GLEN MURRAY:

We mayors have this great advantage of being elected directly by many millions of people across this country. How can we use our offices more persuasively? We must create a common understanding among us and then lobby to get that message out there. I think we are our own worst marketers. We have become very astute at being apologists.

DALE STANWAY:

I am hearing a lot of talk about diplomacy on the one hand and a revolution on the other. During the civil rights movement, many people said, "I'll continue to ride at the back of the bus." It wasn't until somebody stepped out of that comfort zone and said, "it's not okay," that something was done.

What if we took our struggle onto the international stage? Wouldn't it be wonderful if our next meeting was

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in London, England, because it has a city charter? Imagine the international press! We couldn't get the attention of our provinces, we couldn't get the attention of our Canadian government, so we've come to London, England to discuss and find out how your city charter works.

Housing? It would be a high stakes game, but what if tomorrow morning we said the heck with it. We're getting out of housing. It would be a front page story: we tried our best, it's inadequate, it belongs with the feds and the provinces – let them fix it.

What about doing what the American cities were forced to do: take ourselves into bankruptcy? Mayor Lastman, in your city you worked very hard to cover a gap of \$380 million. Imagine if you hadn't. What if Toronto did go bankrupt and laid that problem at the foot of the province?

MAYOR MEL LASTMAN:

Both those thoughts crossed my mind: not closing the gap, and either going under or coming up with a 32 percent tax increase. But who would suffer? It would be the people on fixed incomes, the senior citizens and so on.

DALE STANWAY:

What about engaging business? I'm not comfortable when I see the competitiveness of my American and European colleagues. When I look at what Dallas has done. I see it was business people who rolled up their sleeves and said, "Dallas isn't doing very well; let's do something about it." If it worked there, why not here?

MAYOR AL DUERR:

We're talking about issues of competitiveness and sustainability, which the Toronto Board of Trade understands. Where are our national business organizations on these issues? We hear them say "Reduce taxes" but we haven't yet heard an articulate discussion from them about what it

takes to compete in the long term. We should engage those groups on this issue.

ELYSE ALLAN:

I think you'll find that business is very much on side. The issue of the competitiveness of our urban centres

ence, my suggestion would be to direct senior civic administrators from the five cities and the appropriate stakeholders to become the infrastructure that keeps the C5 viable.

One partnering opportunity we have is with the pools of capital that we collectively create with each

I think that we're very much dependent upon each other and to have a "have" city and a "have-not" city is not good. If Calgary is booming and Winnipeg isn't, it's bad for all of us. Urban centres must all be healthy, and we all have our own particular needs.

Mayor Philip Owen

is very high on the agenda of our business people. We at the Toronto Board of Trade took the opportunity to go with Vancouver and Montreal to Ottawa on a combined mission. It was incredibly powerful when the three cities brought business leaders. We had two solid days of meetings. Everyone was really listening. The Minister has come back to us five times since then for private meetings with our CEO groups and the Board. We focussed on the whole issue of what they could do federally in the area of urban competitiveness. We talked about creative financing solutions.

I think certainly from the Board of Trade's perspective we'd be more than pleased to try and continue that course of action. We'd be pleased to try and take the lead across the Chamber and Board of Trade communities.

ANNE GOLDEN:

The notion of perhaps working together among the major United Ways is an interesting one as well. I would undertake to see whether or not there's something we could do.

PAUL MOIST:

If the C5 is a go beyond this confer-

other: our pension pools of capital. By the end of 2003 the pension pools of North America will be larger than the assets of all the chartered banks.

If there were a working group assigned by the mayors to articulate what to do, it should include examining what these five cities have in terms of pension capital. For instance, the Winnipeg plan is fully funded; it's got almost a billion dollars in assets right now, and we're moving to joint trusteeship. That means something for us as employees but it also means something for the city as an employer. What does it mean for the C5 community? I think it means a lot if we're prepared to work with each other.

We have a huge opportunity with the amount we have invested in ourselves for the lifelong wages of our employees that could help the local community. People listen when you're a player in the economy and our pension pools are going to make us significant economic players.

ELYSE ALLAN:

We need the proper vehicles to facilitate the investment of other revenue sources. Take infrastructure financing. Pension funds around the world are becoming very involved in

financing infrastructure projects. The challenge in Toronto is that we have neither the structures, nor the authority to create the structures, that allow for these public/private sector partnerships. There are other sources of capital than government money. I think we need to encourage a creative approach to funding what needs to be done.

the federal government about the marijuana issue asking, “What is the government doing and why are we so addicted to cocaine and heroin in our cities and our country?” The minister got up and referred to the “Framework for Action” produced by the City of Vancouver, which the federal government thinks is a blueprint for a national drug strategy and

been in relative decline, what you find is the absence of the idea that you can create wealth there. People move to a place if they think they’ll have an opportunity there. That opportunity existed in Winnipeg, for example, in 1910 and it didn’t matter two hoots that it was cold and there were mosquitoes in the summer: people still came because there was this massive opportunity to create wealth.

How do you give the message that wealth creation is possible here? We’re arguing that that is controlled, in part, by the kind of powers that cities have. What is also clear is that a city needs to have things (and they can be very different) that are special to that city itself. There are things that cities can do, that they can take control of, that aren’t necessarily put on them by the province. This may mean competitive ways of raising revenue.

My advice is to think out of the box, not in old ingrained ways of accepting the existing foolish antique dependency that was built in the days when most Canadians lived in hamlets and villages. Everything has changed. Those basic arrangements assumed that municipalities were country bumpkin villages and needed to be under the constant guidance, supervision and management by the provinces. There’s wonderful human capital in our cities.

Jane Jacobs

JUDY BADER:

The other side of the coin is to talk about community development and the really critical role that municipal governments can play. I don’t think any other authority or level of government has the capacity to take the bits and pieces of an issue, put them together and then bring the issue forward for public consideration and consultation. It’s a really important role, one of advocacy. Part of this is about forming partnerships with other local authorities; for example, city governments have many issues in common with health authorities, education authorities and child welfare authorities, all of whom have elected as well as appointed members and could be the partners of whatever strategy you undertake.

MAYOR PHILIP OWEN:

That’s what I think we’ve done in Vancouver. Two days ago in the House of Commons a member of the Alliance got up and was going after

policy. In my view, that’s an example of a really good success. I think we need to have more coordination, cooperation, dialogue and partnerships with the two levels of government.

NICK HIRST:

Let’s talk about the message to the public. I don’t think cities are all the same. They are going to and should be encouraged to compete against each other. The more that Winnipeg looks at Calgary, Calgary looks at Winnipeg and Calgary looks at Vancouver and we all look at Toronto, the better. It’s a good thing to compete for immigrants, to compete for the kind of people who we want to move to our city, to compete for the kind of quality of life one needs to attract and retain people. These things don’t need to be the same.

It seems to me that what makes a city competitive is the idea that you can create wealth there. If you look at a city like Winnipeg, which has

Taking Responsibility

JANE JACOBS:

I would like to dispute one widely held belief: that assisted housing is not a municipal responsibility. Well, Toronto itself refutes that. Assisted housing always used to be done by the federal government under the regulations of the Central Mortgage and Housing Corporation. They were called “projects,” and they’re still giving us trouble. These projects were bad in every way; they had a social curse on them and became a sort of warehousing for people of different incomes.

In 1972, Mayor Crombie got the responsibility for assisted housing and whisked it from the province. He had a wonderful red tape genius – his housing commissioner – and the two of them managed to completely reform assisted housing. It’s invisible in the city now. The social curse was removed. People wanted to stay in assisted housing, even though, as their incomes rose, they could be charged up to market rates. Assisted housing became a sustainable self-

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financing arrangement.

I used to have people coming from Europe and the U.S. to see our model of assisted housing. They thought it was wonderful and learned from it. I'm distressed at the notion that assisted housing should not be an urban responsibility. It's exactly where the responsibility belongs and it's exactly the point that when cities have these responsibilities and the resources to meet them, they can do things in new and better ways. This not only applies to assisted housing, it applies to all kinds of things.

I remember very well when some of this new assisted housing was going in down at the end of my street and people around the area objected, saying, not in my backyard. They kept trying to get me to enter the fight to oppose this housing. I kept trying to tell them look, this is different, this is knitting up a hole. The only one who seemed to understand was a little boy. When a fuss was made over a miserable little green-space that was going to be lost, I asked James, who lived a couple of houses from it, are you going to miss it, if this park is gone? He looked at me and said, "You mean dog doo park?" That's about what that green-space amounted to.

The day the excavation was to begin, the mayor came down to that dog doo park where an angry crowd was threatening to halt the construction. He gave a talk to them about how badly many people needed housing, how every neighbourhood needed to get some of it in their small empty spaces and that this would help the neighbourhood. He believed it himself. He was very eloquent

about it, and he persuaded people. Nobody laid down in front of the bulldozers. By the time the housing started, there were no more protests



Press conference concluding the meeting of the C5, broadcast live on CBC Newsworld.

or objections. It fit into the neighbourhood. It even varied on the different blocks depending on what the local architecture was like. You would never have achieved this under either a provincial or a federal program. It's an example of how this is not just a question of money, it's a question of opportunity and of improving things, and making some progress in life.

MAYOR AL DUERR:

The concept of embracing a responsibility that others are ducking has to be fundamental. There is tremendous possibility in our communities. There's a tremendous reservoir of creativity. Jane spoke to the work that was done in Toronto on social housing. I remember reading the reports – it was leading edge work in the world. It was being done in Toronto because that city was faced with a challenge and it just let the creative juices flow. It was an enabling environment – the funding was there. It was a question of saying, how can we do this more effectively?

The rules have changed and the funding has largely evaporated but the creative potential is still there.

That doesn't necessarily imply confrontation. I think it requires a change in attitude so we stop being apologists, we accept those responsibilities and we

say, all we need is to release the creative potential that's available within our cities by giving us autonomous sources of revenue, access to ways of funding and yes, let us compete. Let us create models. Let us creatively steal from one another. When Toronto has a

good idea, let's take it and try to make it a little bit better. Maybe there's another mayor with another premier who is going to find a better way of doing something. That's good, that's very positive.

I am absolutely tired of the classic let's get together and then at the end of the day stand up and bash the federal government. We have to find new ways of enabling. How do we help our provincial representatives deal with this?

It's a delicate balance between asserting the role that we should be playing as cities and creating a model of possibility, one that helps others work through their problems. We have largely rural-dominated caucuses – both provincially and federally. We need to communicate what we've been talking about here today, that it's not a zero sum game, that gains for one city are not at the expense of another city. We have to make that same argument with the rest of the country.

MAYOR GLEN MURRAY:

It's strange that it has taken over a century after confederation for the mayors of the large hub cities to get

together and engage each other in achieving a common understanding and to start to build a partnership. If Canada supports its cities by reinvesting in them and allowing them to keep a reasonable share of the wealth they generate, it has the potential to be one of the leading trading transportation and cultural centres in the world. But that cannot be accomplished without a new partnership between cities, provinces and the federal government. We as mayors have agreed to pool the resources of our five cities to develop and build a strategy together in partnership with community leaders, business leaders, labour leaders and others.

MAYOR PHILIP OWEN:

As cities we feel disconnected from the senior levels of government, and yet we're very dependent upon them. If we're going to take on more and more responsibility, we have to be able to manage our own affairs.

We acknowledge and recognize the work of the Big City Mayors of the Federation of Canadian Municipalities in this area. But we have specific issues, and as we come up with solutions it will be good for all the cities of Canada.

We need a reassignment and redeployment of the revenue that's now coming out of the Canadian citizens. I don't look upon it as a whole bunch of new money. I think we can do things smarter. We can do things differently and we can reassign our priorities. These problems are going to continue to get worse unless we think differently, think outside the box and have a new approach of collaboration, dialogue, and cooperation.

MAYOR AL DUERR:

I have been both heartened and moved by the possibility and the

potential that has emerged from these discussions. Now we must focus on what the solutions are and how we unleash the potential of cities to create and sustain the competitive advantage of this country. I think this has probably been one of the most valuable intergovernmental exercises I have participated in during my twelve years as mayor and eighteen years as a member of council.



Mayor Glen Murray.

MAYOR PIERRE BOURQUE:

Montreal is a very old city, 359 years old. We have experienced a lot of different important moments in our era. Many researchers are looking now for the power of the city. The city is the future of the nation and I'm proud as the mayor of Montreal to be here to experience this. We have a vision in Montreal but we need to share the vision. We all have problems facing us like public transport, old infrastructure, immigration, social problems, and other social issues, and we need to share our solutions together.

We need a kind of new deal, a new covenant with governments, provincial and federal, for better infrastructures in our cities, to revitalize our downtown areas. This truly is a new contract, a new partnership, between equals.

Seeking a New Deal

MAYOR GLEN MURRAY:

As much as the agricultural communities and small towns are an important part of our country, the engines of renewal and hope are our urban economies. Our ability to maintain our national health care system, for instance, is based on the health of those urban economies. This is the very beginning of what will be a long process. Hopefully cities will now become real partners with the provincial governments and the federal government in a national dialogue about where this country goes and how we grow it to protect and enhance the quality of life for all Canadians.

Each of us has had huge successes in partnerships with our provincial and national governments and our communities. We need to learn from those. We're going to compile those best practices and compose a well researched paper on this and develop a series of proposals. When we meet in Vancouver in January, we'll be taking this to the next step.

MAYOR PIERRE BOURQUE:

So, to maintain development in Montreal, we need to have good relations with both governments. We've got no choice. Thus far, it has been working. We lobbied, we provided information, we worked very hard. It's starting to pay off.

MAYOR AL DUERR:

Responsibilities have historically been allocated in this country in a very paternalistic way with a very centralized form of control. What we're seeing now is an appropriate evolution of responsibilities devolving more to the local level. What we have not seen is that same kind of evolution of autonomy in funding. That's what we need to work on. We

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don't have a collective agreement across this country as to how we should best generate revenues and then how we should allocate those revenue-generating measures to responsibility. For example, deciding to allocate a user fee, such as a gasoline tax, to fund transportation. Further, how should we fund public housing? Social services? Many people would argue those are probably more appropriately funded through some form of income redistribution like an income tax, rather than a property tax. Across the country we don't have a consistent application of any set of principles to guide us on how to meet urban needs.

MAYOR MEL LASTMAN:

Our cities are the significant economic generators in this country. If we can't function, the entire country loses. If we function efficiently and we are competitive, then the entire country benefits. We need to make that case more coherently. We need to appear not just to be asking for more, but to be putting forward a business case that is built on helping our provincial and federal counterparts understand and appreciate the possibilities there are in exploring some of these new funding arrangements.

MAYOR GLEN MURRAY:

I cannot think of a country in the industrial or civilized world in which the national government isn't proactively meeting with mayors and trying to develop a national urban strategy. The Americans, the Europeans, the Japanese have understood this very, very well. They have found out that local government often makes the best decisions. We're the closest level of government. We're the one that people have a most immediate connection with and the greatest expectations from.

MAYOR PIERRE BOURQUE:

Canada is a country of immigrants.

We need a larger, more qualified work force. That's where the cultural life is, centres of culture, the knowledge, the new economy. That's where most of the wealth is generated, and so, of course, where a number of things will be shared. Increasingly, cities will have to meet the needs of the population. We need more immigration. Ninety percent of the province's immigrants come to Montreal, but we need more. I asked that it be increased to 50,000 per

lems. All of us are overly dependent on property taxes. All of us have to compete in a more globalized economy. All the things the Board of Trade outlines I think are true for every single city in this room. They may manifest themselves in different ways, but the fundamental underpinnings of the challenges are very, very similar.

I want to go back to what Mayor Lastman was saying. If we can't win, if even Toronto can't win, maybe it's time that we take a look at why. We

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Mayor Mel Lastman

year. Right now, we're getting 30,000, but we can take in more. We have to promote our universities, foster research.

MAYOR PHILIP OWEN:

It's pretty obvious that we're all very frustrated, but we all have different problems. The problems in Winnipeg are different from those in Vancouver and different from those in Toronto. I think what we can do together is talk about the federal government's presence in our cities. The delivery of services is best at the local level, and we've got to convince the federal government that we need the resources to do that. We have all got to be partners with the provincial and federal governments, and get into the revenue streams. We're not asking them for a bunch more money, we're asking for a reallocation of funds. We've got to sort out a new paradigm and rethink our approach.

MAYOR GLEN MURRAY:

We do have differences, but all of us are facing huge transportation prob-

invest virtually no time in supporting each other. We spend almost 100 percent of our intergovernmental affairs strategy working with our province and secondarily the federal government, and it hasn't worked. It hasn't worked for ten years. How many more years do we have to go through this? I spend most of my time just struggling to keep the revenues I have.

Maybe we need to start investing in our relationships. Maybe we should start meeting with newspaper editors and opinion leaders because we have a number of them in the room. We were smart enough not to do what premiers did, we're not just having the mayors here but having other people here who are opinion leaders who could be potential partners. How can we support Mayor Bourque's efforts to rebuild his city, one that is of such importance to the French language and culture? The survival of Montreal is not just the survival of the city, it's the survival of the cultural and linguistic underpinning of North America. It has to

C5 AT A GLANCE

"In 1871, just after confederation, 1 in 5 Canadians lived in an incorporated urban centre. In 1996, 4 out of 5 Canadians (78%) live in cities. Urbanization is fueling new demands on local governments, and new opportunities."

(Canada West Foundation, 1999)

have certain strengths and a certain role in this country that maybe the rest of us don't. If four English-speaking mayors said that we support Pierre Bourque's mission to ensure for Montreal a special and unique role, we can help to see the cultural capacity of Montreal strengthened, help it play a role that Winnipeg can't. Montreal could be stronger than Paris. I would like people to say Montreal is a more beautiful French speaking city than Paris. Wouldn't that be wonderful? Wouldn't we be proud? Wouldn't it be great if Calgary was better than Dallas and Denver and Phoenix?

I can sit here and cry poor and grovel and beg with my provincial premier and I'll get nowhere. But what if I stand with the support of Mel Lastman and Pierre Bourque and Al Duerr and Phil Owen and tell my province that if we don't start growing this city – the central link in this country that connects east and west – it is going to fail and then all of us are going to fail?

Maybe it's the simple things, not great constitutional deals; maybe we should just support each other and become each other's powerful allies. Let's just try it for a year. If it doesn't work we'll get together twelve months from now somewhere in the country and we'll say it didn't work, we'll try something else. It's a pretty inexpensive way to invest our time more valuably. Our best intergovernmental strategy may be mounting a common front and supporting each other and advocating for each other.

MAYOR PIERRE BOURQUE:

There's still a lot of work to be done and the challenge of the future is the challenge of cities. If we don't succeed, I think the whole of Canada will suffer. And I think the Canadian government is beginning to understand that. But, I believe the five of us have to stay united, and that's how we're going to thrive. 

Canadian cities are in danger of losing their competitive edge. Today's economy is global, and our cities need new tools to compete effectively.

At Confederation, the provinces were given exclusive authority to determine the structure and powers of civic governments. Now, at the beginning of the 21st century, cities are playing a vital role in the economic, political and social lives of Canadians and yet, cities lack a voice on many fundamental issues. And further, many of the laws within which cities must operate are out of date and are restricting the potential of all urban centres. Consider, for example, the impact of:

- An over-reliance on property tax. Cities are burdened with an over-reliance on property taxes. At the same time, they lack the legislative authority to introduce more progressive, sustainable revenue sources.

- Prescriptive legislation. Generally, provincial legislation governing cities is very detailed and requires lengthy amend-

ment procedures. Even the simplest service-related changes often involve a prolonged legislative process. This compromises service delivery and economic competitiveness.

- Downloading. Over many years, both federal and provincial governments have transferred responsibilities to municipal governments. Unfortunately, municipalities have not always received the resources and authorities needed to assume these new tasks.

To maintain and build Canada's economic strength, cities must be equipped for the future. Municipal governments and their associations are exploring opportunities for new working relationships with their provincial and federal counterparts. Further, municipal governments are looking for new authorities, including new mechanisms for revenue generation – mechanisms that do not add to the basic tax base, but rather, reform the current distribution of that base.

MONTREAL

The City of Montreal has a population of 1,775,846 (1996 data).

- Lower than Vancouver's (4,545 persons/km²), Montreal's population density (3,598 persons/km²) is comparable to that of Toronto (3,786 persons/km²).

- The growth in population between the last two censuses (1991 and 1996) has been very low (.001 percent).

- The City of Montreal accounts for 53 percent of the population of the census metropolitan area of Montreal.

- Francophones make up the majority of the population (53.9 percent), with anglophones accounting for 18.5 percent of that population.

- 73.7 percent of the anglophones in the census metropolitan area of Montreal live on City of Montreal territory.

- In Montreal immigrants make up 26.5 percent of the population, lower than Toronto

(47.6 percent) or Vancouver (44.9 percent).

- Among the five cities, Montreal has the highest rate of university graduates (26.8 percent) among those 15 years and over.

- Montreal has the lowest rate of property owners, with 34.3 percent.

- 20.4 percent of families in Montreal are single-parent families.

- According to the Conference Board of Canada, the GDP of Metropolitan Montreal should increase by 3.3 percent per annum, on average, over the next five years.

- 77 percent of the jobs in the Montreal area are in the service sector, 22 percent in manufacturing, construction and public utilities.

- Pay rates in Montreal are comparable to the average rates of other cities – lower than in Vancouver or Toronto, but higher than in Calgary or Winnipeg.

(*) The demographic profile is reflective of the new City of Montreal.

TORONTO

Toronto has an estimated population of 2,594,000 in 2001.

- makes up approximately half of the population of the Greater Toronto Area (GTA). experienced population growth of 5.3 percent since the 1996 census (compared with 16 percent population growth in the regions surrounding Toronto and 10.5 percent population growth in the entire GTA).
- has forecasted population growth of 12.4 percent over the next 20 years (compared with 50.9 percent growth in the surrounding regions and 32 percent in the GTA).
- had 51.5 percent of the GTA population in 1996.
- has a greying population: 13.4 percent aged 65 years and above in 1996 and 62.8 percent of all seniors in the GTA.
- is experiencing a noticeable polarization of income both within the City and between the City and the rest of the GTA.
- was home to 70 percent of GTA families who fell below Statistics Canada's "Low Income Cut-Off" at the 1996 census.
- continues to derive strength from its diversity: 52 percent of those who choose to call Toronto home were born in other countries.
- had 1/12th of Canada's population in 1996, but 1/4th of Canada's immigrants and 1/3rd of Canada's recent immigrants.

Toronto is the financial centre of Canada, home to 90 percent of Canada's foreign banks and top accounting and mutual fund companies, and 80 percent of Canada's largest R&D, law, advertising & high-tech firms.

- has 85,000 businesses, which employ more than 1.2 million people.
- has the 4th highest concentration of commercial software companies in the world, and is one of North America's hottest animation centres.
- has one of the best telecommunications networks in the world, with one of the highest percentage of fibre optic cable installed, and more wireless phones per capita, than anywhere in North America.
- is the 3rd largest English-language theatre centre in the world behind London and New York.
- is Canada's #1 tourist destination with 23 million visitors in 2000.
- had an unemployment rate of 6.3 percent in February 2001.
- Municipal property taxes comprise only 4.8 percent of the total taxes paid to all levels of government by an average family in Toronto. Source: Fraser Institute June, 2000
- Toronto taxpayers contribute about \$4 billion a year more in taxes to the provincial and federal governments than is spent by those governments in the city.

CALGARY

- Present population (2000): 860,749
- Had high population growth over the last decade (2.2% per year from 1991 to 2000).
- Lower forecasted population growth (1.5 percent per year) over the next 20 years.
- Makes up 91 percent of CMA population, 87 percent of the Calgary region (which includes the MD of Foothills, the area that is directly south of the City but is not part of the CMA).
- Middle-aged (25-54) people make up half (50.3 percent) of the population.
- Low proportion of seniors (8.9 percent).
- Lower proportion of aboriginals (3.1 percent).
- Higher proportion of visible minorities and immigrants than Canada, but lower than Toronto and Vancouver.
- Adults 25 and over have higher level of educational attainment than Canada and similar or higher level than the other cities.
- Higher percentage of people in families (81 percent).
- Higher level of home ownership (68 percent).
- Forecasted average annual real GDP growth of 3.2 percent over the next five years.

WINNIPEG

Winnipeg's current population is 629,800 (year 2000).

- Experienced low growth (0.1 percent per year between last two censuses, 1991-1996) but population growth is forecasted to be 0.5-0.7 percent per year over the next 20 years.
 - Winnipeg makes up 93 percent of the population of the CMA – equivalent to a regional government.
- Compared with the other C5 cities, Winnipeg has:
- A lower portion of middle aged (25-54) people (44.6 percent)
 - A higher portion of seniors (13.7 percent), a significantly higher portion of aboriginals (7 percent)
 - similar portion of visible minorities and immigrants as Canada as a whole but significantly lower than Vancouver and Toronto;
 - a higher level of home ownership at 62 percent
 - Adults, 25 and over, have a similar educational level of attainment as Canada, but lower than the other C-5 cities.
- Winnipeg has more people in families (81 percent) than Vancouver and Montreal. Winnipeg's forecasted real GDP growth rate of 3 percent (average) over the next 5 years – a healthy growth rate, but lower than the C5 cities.

- Winnipeg's economy is made up of 76 percent from the service sector and 23 percent manufacturing, construction and utilities.
- Employment is made up of 79 percent from the service sector and 20 percent from manufacturing, construction and utilities.
- Winnipeg has a lower wage level than the other cities.

VANCOUVER

- Current population is 560,000 (year 2000).
- During the last census period (1991-1996), Vancouver's population grew by 8.9 percent and the Vancouver Metropolitan Area population grew by 14.3 percent, the largest increase among metropolitan areas in Canada and twice the national average.
- In the past ten years, growth has primarily occurred as a result of immigration from international and inter-provincial sources, but in the past three years, there has been a trend of inter-provincial out-migration.
- Compared with the region and the province as a whole, Vancouver has a higher population of seniors, with in excess of 60,000 citizens over the age of 65 residing in the communities.
- Recently, Vancouver has seen a considerable growth in its ethnic population, particularly from Southeast Asia.
- Since its inception, Vancouver has attracted and welcomed migration of cultures from around the globe, thus making Vancouver one of the most diverse multicultural cities in North America. Cultural festivals, restaurants and traditions are cherished mainstays of Vancouver's landscape.
- In recent years, personal income per capita in B.C. has been higher than the national average.
- After-tax income for both individuals and families in B.C. has been consistently higher than the Canadian average for the past decade.
- The Vancouver economy has traditionally been resource based but has been undergoing fundamental change with industries such as tourism, hi-tech, film, transportation, biotechnology and financial services showing large growth over the last decade.
- The service sector comprises 83 percent of the workforce, the remaining 17 percent coming from the goods producing sector.
- The Port of Vancouver is the largest port in Canada (tonnage shipped = 76.6 million in 2000) and the Vancouver International Airport is Canada's second busiest, transporting 16 million passengers in 2000.



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