

## **Renewing Canada's Infrastructure: Can the Gas Tax Agreement Reconcile National Priorities with Local Autonomy?**

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## **INTRODUCTION**

As Canada attempts to renew its rapidly ageing infrastructure, the federal government has recently created a new funding mechanism whereby a portion of its revenues from the excise tax on gasoline, up to \$11.4 billion, will be transferred to municipalities across Canada by 2013. Without constitutional responsibility for municipalities, this more direct federal-local 'Gas Tax Fund' (GTF) marks a significant departure from traditional revenue transfer arrangements.

The GTF also raises a number of governance concerns related to the administration of the funding; in particular, the tension created between infrastructure priorities identified by the federal government (and the need to account for increased federal spending on those priorities) and the provincial and municipal demands for increased autonomy over infrastructure spending at the local level.

Attempts to manage this central tension between federal control and local autonomy has produced policies intended to reconcile the competing demands on the governance and spending of the gas tax revenues. Firstly, negotiations about how the gas tax money is to be redistributed, and the kinds of infrastructure projects to be funded, has resulted in individual agreements between the federal government and the provinces, or in some cases NGO's, in order to better facilitate regional and local priorities. In addition, through 'Infrastructure Canada' (the department responsible for the GTF), the federal government is funding research into innovative models of place-based planning that are grounded in local participation and capable of engaging communities in local decisions about their neighbourhoods and infrastructure renewal.

These steps can be seen as part of the federal government's broader strategy to deliver funding for infrastructure while limiting criticism from the provinces and municipalities that local and regional infrastructure priorities are being determined in Ottawa. In addition to the constitutional limits on federal powers, several years of minority governments in Ottawa has weakened their position relative to the provinces and there is

also mounting pressure for municipalities to be given greater powers and revenue sources to tackle the so-called ‘infrastructure gap’ (i.e. the difference between the money required to maintain Canada’s infrastructure and the money available.) However, while devolvement of administrative and decision-making powers to accompany the gas tax funding makes good political sense, complex intergovernmental transfers such as this raise important questions about governance and legitimacy, revenue sharing and accountability and the evaluation and effectiveness of the programs administering the transfers.

The challenge of renewing urban infrastructure in Canada’s federal system has created pressures to develop a new form of *trilateralism*: the central problem is how to connect the federal government, which has resources but lacks constitutional authority for urban affairs, with municipal governments *and* ultimately with local communities. The emerging trilateral framework embodies two important challenges for governance and policy which will be the central focus of this paper. The first challenge can be seen as the *macro* governance and policy issues generated by the new and massive programme of federal spending on infrastructure that requires the transfer of funds to municipalities via their provincial masters or through other agencies. The second challenge concerns *micro* governance issues and, in particular, the problem of establishing and enforcing municipal infrastructure criteria that are consistent with federal objectives yet capable of responding to local priorities through enhanced community engagement.

In order to address these issues, the paper draws on two current and related research projects, both funded by the federal government (Infrastructure Canada) and both dealing with governance, democratic participation and legitimacy in the context of infrastructure investment and renewal. More specifically we examine the federal government’s linking of gas tax funding for infrastructure with the requirement for municipalities to develop Integrated Community Sustainability Plans (ICSPs) and the Neighbourhood Planning Initiative (NPI ), currently being piloted by the city of Ottawa, which aims to engage communities and internal departments through a process of place based planning.

Both initiatives, at least in terms of their stated aims, share much in common by advocating participation, local capacity building and collaboration in the pursuit of sustainable development and infrastructure renewal. Consequently our research focuses on their ability to deliver a more transparent and engaging process as well as their potential for producing accountable and effective outcomes. By looking at both research projects together, our aim is to illustrate the pressures and rationales driving each policy initiative, the tensions and constraints common to both - for example between local autonomy and centralised control – and their increasing convergence with respect to current policy concerns for increasing public participation in decisions about local infrastructure projects and priorities.

Finally, by analysing investment in public infrastructure projects through both a macro and micro lens, the paper seeks to provide a more comprehensive overview of the policy challenges posed by Canada's ageing infrastructure as well as the mechanisms and initiatives being introduced to address them by different levels of government. In addition to mapping Canada's complex system of infrastructure funding and identifying key challenges and concerns, our longer-term intention is to provide the federal government and municipalities with independent evaluation and feedback on the gas tax program and its impact on Canada's daunting infrastructure needs.

The paper begins with a brief analysis of the factors driving increased federal investment in municipal infrastructure before providing some more detailed information about the gas tax program within the broader context of federal – municipal funding and other federal and provincial infrastructure programmes. This is followed by consideration of the policy and research issues raised by the gas tax funding and a final section that outlines the federal government's requirement for the development of ICSPs by municipalities and the NPI, currently being piloted by the city of Ottawa, in the broader context of local autonomy, legitimacy and community participation.

## **CONTEXT: PRESSURES FOR URBAN RENEWAL**

As globalization, immigration and urbanization continue to place inexorable pressure on Canada's cities, a sense of pending crisis has catapulted urban affairs to the top of the political agenda. Crumbling infrastructure, under-investment, declining competitiveness, urban sprawl, immigration and downloaded responsibility for public services have produced widespread concern about the health and sustainability of Canadian cities. There is a new acceptance at all levels of government that something needs to be done to address the enormous economic, social and demographic challenges facing municipalities.

This broad agenda for reform has in turn been given coherence and expression by the Federation of Canadian Municipalities (FCM) which has articulated the municipal cause in a number of studies and reports. The FCM is clear about the current extent of the fiscal crisis facing local government and is critical of the roles played by both upper level governments in bringing this about. In 2007, they estimated the fiscal infrastructure deficit to be \$123 billion and to be growing by over \$2 billion annually<sup>1</sup>. The root cause of this deficit lays in the 'outdated institutional arrangements and fiscal resources that are inadequate to meet expanding municipal responsibilities'<sup>2</sup>.

Canada's current tri-level arrangements for managing the cities are increasingly seen as anachronistic and dysfunctional, a product of 'hourglass federalism':

The federal government is the top half of the glass with resources, the provinces are the choke point in the middle, because their resources have all been sucked into providing medicare. The cities are in the bottom with many problems but few resources<sup>3</sup>

The FCM suggest that these fiscal arrangements have produced an intractable squeeze on municipal funding, and limited the local share of tax revenues. For example, out of

every tax dollar collected, provincial governments receive 42 cents; the government of Canada receives 50 cents; and municipal governments receive 8 cents.<sup>4</sup>

As revenues have continued to decline relative to their growing responsibilities, municipalities have had little choice under their existing powers, but to raise funds through property taxes. An unpopular, blunt and limited fiscal tool that does not reflect accurately GDP growth, the OECD reported that the high reliance on property tax lies at the root of the growing fiscal difficulties of Canadian municipalities. Among OECD federations they found that Canadian municipal governments are the second most dependent on property taxes, after Australia<sup>5</sup>. To be more specific, about 50% of municipal finances are raised by local property taxes, 20% from transfers from other levels of government and about the same percentage from user fees with returns on investment and other taxes making up the remainder.

As a result of these fiscal constraints, municipal governments have been forced to seek additional revenues through ad hoc arrangements with federal, provincial and territorial governments. According to the FCM, these temporary funding arrangements with municipalities undermine their ability to ‘plan with confidence and develop long-term plans for sustainable development.’<sup>6</sup> It is also a sizeable impediment to the development of strategic planning which is central to infrastructure development and repair. Nevertheless successive governments since 1993 were convinced of the need to transfer billions of dollars of federal revenues in support of municipal capital projects.

In spite of the federal government’s lack of constitutional powers to intervene in municipal affairs, the growing sense of crisis within Canadian cities led Prime Minister Paul Martins’ Liberal government to announce in July 2004 its intent to make the urban agenda a priority by creating the position of Minister of State for Infrastructure and Communities. In addition, his government promised a ‘New Deal for Communities’ that would establish as its cornerstone, a transfer of a share of gas tax revenues to the municipalities of up to \$2 billion per year by 2006. Subsequently increased to \$11.4

billion and extended to 2013, the Gas Tax Fund (GTF) has recently been confirmed as a permanent source of revenue for municipal infrastructure.<sup>7</sup>

Provincial governments, the constitutional masters of municipalities, have also acknowledged the problems of municipal governments and of infrastructure in particular. In Ontario, for example, Premier McGuinty also promised a ‘New Deal’ for the cities<sup>8</sup> and this too involves diverting a share of the provincial gas tax revenues into municipal infrastructure. In addition both the federal and provincial governments have many other sources of funding directed towards municipal infrastructure and related projects and we discuss these later in the paper.

Welcome though these increased revenues have been for municipalities, they have also brought into sharp focus the complex tri-level frameworks that now administer infrastructure funding across Canada. Under the current system, responsibility for infrastructure is increasingly blurred and there is always a danger that shared responsibility and funding will further obfuscate accountability, with each tier of government ready to blame the others in the face of a widening infrastructure gap.

## **GAS TAX FUND**

### *Aims, distribution and characteristics*

Paul Martin had critically rejected the proposals that called for a share of the gasoline tax revenues in 2001, because he believed that dedicated tax schemes lead to distortions of taxation and spending.<sup>9</sup> However, by 2004, the idea had evolved into a call to arms for urban Liberal voters and, as such, became increasingly appealing in political terms. As Prime Minister, Martin quickly appointed John Godfrey to the newly created position of Minister of State for Infrastructure and Communities and, for the next six months, he travelled the country to consult with mayors and councillors, as well as relevant provincial ministers, on the parameters of a new deal for municipalities. Details and the

guiding principles of the Gas Tax transfer were outlined in a speech by Minister Godfrey in July 2004. In particular, he stated that:<sup>10</sup>

- it had to be sufficiently simple to ensure that municipalities could understand the rules;
- provinces could not claw back their current level of support;
- the money went to the municipalities and that was spent in some measurable incremental fashion on sustainable infrastructure (i.e. that was economically, socially, environmentally, and culturally sustainable); and
- it met the needs of the smaller communities, as well as the largest cities, in ways which were relevant to them.

After further consultations with key players, the government finalized the details of the *New Deal*. These details were made official in the 2005 Budget.<sup>11</sup>

- Starting in 2005, the federal government would share with municipalities 1.5 cents per litre, or \$600 million in revenues. By 2009-2010, this amount would increase to 5 cents per litre, or \$2 billion annually. (See Table 1)
- The federal government wanted all projects to help fund local environmentally sustainable infrastructure that contributed to cleaner air, cleaner water and reduced GHG emissions.
- The share of gas-tax revenues would be given to a province or territory, which in turn will hand the funding over to municipalities, according to arrangements negotiated in each jurisdiction.
- The federal government would allocate the funding on a per capita basis to provinces, territories and First Nations.



One of the characteristic features of this program is that it is back-end loaded, which was one of the requirements from Finance. They wanted to build the program into the fiscal framework, and to create an incentive for the municipalities to plan carefully and avoid rushing into projects.

In 2007, the Harper Conservatives, re-branded the GTF under the *Building Canada* initiative and extended the funding from 2010 to 2014 at \$2 billion per year. As a result, over the next seven years, municipalities will receive \$11.8 billion (Government of Canada, 2008).

		Fiscal Year					Total (millions)	% Of \$5 Billion
		05-06	06-07	07-08	08-09	09-10		
Provinces and Territories	<b>Alberta</b>	\$57.2	\$57.2	\$76.3	\$95.4	\$190.8	<b>\$476.9</b>	9.54
	<b>British Columbia</b>	\$76.3	\$76.3	\$101.7	\$127.1	\$254.2	<b>\$635.6</b>	12.71
	<b>Manitoba</b>	\$20.1	\$20.1	\$26.8	\$33.5	\$66.9	<b>\$167.3</b>	3.35
	<b>New Brunswick</b>	\$13.9	\$13.9	\$18.6	\$23.2	\$46.4	<b>\$116.1</b>	2.32
	<b>Newfoundland and Labrador</b>	\$0.0	\$19.7	\$13.2	\$16.5	\$32.9	<b>\$82.3</b>	1.65
	<b>Northwest Territories</b>	\$4.5	\$4.5	\$6.0	\$7.5	\$15.0	<b>\$37.5</b>	0.75
	<b>Nova Scotia</b>	\$17.4	\$17.4	\$23.2	\$29.0	\$58.1	<b>\$145.2</b>	2.90
	<b>Nunavut</b>	\$4.5	\$4.5	\$6.0	\$7.5	\$15.0	<b>\$37.5</b>	0.75
	<b>Ontario</b>	\$223.9	\$223.9	\$298.5	\$373.1	\$746.2	<b>\$1,865.6</b>	37.31
	<b>Prince Edward Island</b>	\$4.5	\$4.5	\$6.0	\$7.5	\$15.0	<b>\$37.5</b>	0.75
	<b>Quebec (not incl. Bill C-66)</b>	\$138.1	\$138.1	\$184.2	\$230.2	\$460.4	<b>\$1,151.0</b>	23.02
	<b>Saskatchewan</b>	\$17.7	\$17.7	\$23.6	\$29.5	\$59.1	<b>\$147.7</b>	2.95
	<b>First Nations</b>	\$7.5	\$7.5	\$10.0	\$12.0	\$25.0	<b>\$62.6</b>	1
	<b>Yukon</b>	\$4.5	\$4.5	\$6.0	\$7.5	\$15.0	<b>\$37.5</b>	0.75
	<b>Reported Total</b>	<b>\$600.0</b>	<b>\$600.0</b>	<b>\$800.0</b>	<b>\$1,000.0</b>	<b>\$2,000.0</b>	<b>\$5,000.0</b>	<b>100.00%</b>

**Table 1: Allocation to the Provinces, Territories and First Nations of the Gas Tax Funds (millions of \$) for each fiscal year.<sup>12</sup>**

The GTF is just one of many transfer payments made by the federal government each year. For example, in 2006-2007 the transfers amounted to approximately \$127 billion

dollars.<sup>13</sup> Of this, approximately \$1.8 billion went to Infrastructure Canada, including \$590 million for the GTF. The program is considered innovative because it is a hybrid between a grant and a contribution. According to the government's *Policy on Transfer Payments* the difference between the two is as follows:<sup>14</sup>

- contributions are conditional transfer payments “for a specified purpose pursuant to a contribution agreement that is subject to being accounted for and audited;”
- grants are unconditional transfer payments which “are not subject to being accounted for or audited but for which eligibility and entitlement may be verified or for which the recipient may need to meet pre-conditions;”

The GTF has some characteristics of a contribution agreement because it contains a complex accountability framework that includes an annual expenditure report, an outcomes report, and an audit report. At the same time, it has characteristics associated with grants because the funding is given up-front, and, while the agreements specify eligible categories (including public transit, water and wastewater infrastructure, community energy systems, the management of solid waste, and local roads and bridges), the federal government is not involved in the selection of specific projects. Unlike grants the GTF was based on a formula that required annual parliamentary appropriations, initially over a five year period.

Based on these characteristics the Treasury Board characterized the GTF as an “other transfer payment,” which are defined as transfer payments “based on legislation or an arrangement which normally includes a formula or schedule as one element used to determine the expenditure amount; however, once payments are made, the recipient may redistribute the funds among the several approved categories of expenditure in the arrangement.”<sup>15</sup>

## **PRELIMINARY RESEARCH, CHALLENGES AND DIRECTION**

As is required for any federal transfer payment program, the terms and conditions of the GTF were subject to the approval of the Cabinet committee of the Treasury Board. The Treasury Board also approved the accountability framework for the Fund, which was intended to provide “a concise statement or road map to plan, monitor, evaluate and report on the results throughout the lifecycle of (the) program ...”<sup>16</sup> More specifically, the framework is required to define the policy rationale justifying that “there is a legitimate and necessary role” for the federal government and it must outline key governance issues that include:

- Providing a clear and logical design for the program that links resources and activities to expected results;
- Clearly describing the roles and responsibilities for the main partners involved in delivering the program;
- Describing the accountability for the program’s administration and results in providing benefits to Canadians; and,
- Explaining how reliable and timely information would be available to facilitate monitoring and evaluating the program.<sup>17</sup>

While our research on the Gas Tax Fund is still in the early stages, we are able to make some preliminary observations based upon the preceding criteria.

### *The policy need*

According to the policy objective for the Gas Tax Fund, the program is intended to “enable municipalities to make the long-term financial commitments needed to address local needs such as containing urban sprawl and to invest in environmentally sustainable infrastructure that will contribute to the shared national outcomes of cleaner air, cleaner water and reduced greenhouse gas emissions.”<sup>18</sup> While an inference is made in this objective that municipal governments lack both the funds and the means to invest in

environmentally sustainable infrastructure, there are no measures of the extent of the “need” and the degree to which the program would address the “gap.”<sup>19</sup> In the absence of quantifiable and credible data, calls to the federal government for more funds appear to have been driven, not by sound policy analysis, but by political interest. As is the case with many public policy issues in Canada, the act of “spending” is often equated with “taking action” before the appropriateness of the policy instruments is assessed and the ability to measure results is verified.

The policy’s reference to the need to contain urban sprawl and to reduce greenhouse gas emissions is a clue to origins of the need to transfer federal funds. During the Liberal government of Jean Chretien (Martin’s predecessor), the Prime Minister’s Caucus Task Force on Urban Issues issued a report in 2002 entitled “Canada’s Urban Strategy.” The Sgro report called for the creation of government policy that would “ensure Canada’s urban regions have a sound foundation for future growth and prosperity.”<sup>20</sup> The report focused on three priority programs as pillars of Canada’s Urban Strategy: a National Affordable Housing Program; a National Sustainable Infrastructure Program; and a National Transit/Transportation Program. While the needs expressed in this report focused on the problems of ‘urban regions’ rather than municipalities in general, the ultimate design of the Gas Tax Fund was much broader. Rather than an “urban strategy,” however, the GTF appears to have been designed as a means of transferring federal cash on a per capita basis into as many communities as possible.

### *Program design*

The focus of our current research pertains to the logic and design of the program and the extent to which the administrators of the program are able to link resources and activities to expected results. In considering the design characteristics of the program we first examined its goals as well as the allocation formula used in transferring funds to municipalities.

Infrastructure Canada, the federal department responsible for designing and administering the GTF, has defined three goals for the program: “contribute to cleaner air, cleaner water and lower green house gas (GHG) emissions through capital funding for environmentally sustainable municipal infrastructure, including transit, water/wastewater, solid waste, roads and bridges, community energy systems; promote integrated community sustainability planning (capacity building) and; build transformative partnerships between the three orders of government through a collaborative approach to program management.”<sup>21</sup>

The first goal provides some clarification as to what is meant by the reference in the policy statement to funding ‘environmentally sustainable infrastructure.’ While the goal of the program is defined according to the type of assets – transit, water/wastewater, solid waste, roads and bridges, community energy systems – the infrastructure involved is not necessarily *sustainable* from an environmental perspective if their construction creates a net increase in GHG emissions.<sup>22</sup> This aspect is of considerable interest to us as part of our research.

The goal of promoting “integrated community sustainability planning” is a key outcome and requirement of the GTF in providing fund in support of “capacity building.” A number of other transfer payment programs administered or funded by the federal government have included these as expenditures that are eligible for reimbursement.<sup>23</sup> Accordingly, we are interested in our research in exploring what is intended by the GTF in providing funding for projects that involve the development of integrated community sustainability plans as well as initiatives more broadly categorized as “capacity building.” This is discussed more fully in the next section of the paper.

The third goal of the GTF involves the use of the administration of the program – referred to as a “collaborative approach to program management” – as an instrument of change in building “transformative partnerships between the three orders of government.” We are very interested in exploring what outcomes with respect to “transformative partnerships” are expected by those involved in administering the program. The goal is somewhat

curious since the governments of two provinces are not involved directly in the administration of the Fund. In BC and Ontario, rather than provincial governments, municipal associations (the Union of BC Municipalities and the Association of Municipalities of Ontario) are responsible for administering the GTF.<sup>24</sup> In the province of Quebec, the funds for the Gas Tax transfer as well as other infrastructure programs are administered through an arms-length agency, Société de financement des infrastructures locales du Québec (SOFIL). The *Société* operates as a financing institution for municipal infrastructure, providing grant subsidies as well as other financial assistance. We are interested in our research to see how this approach compares to practices in other provinces.

We are also interested in studying the program's goal of developing a 'collaborative approach to program management' from the perspective of cost effectiveness, particularly the transaction costs that are involved when multiple layers of government (and more specifically bureaucracy) each create administrations to transfer funds for capital assets that are owned and operated by local governments. When combined with the administrative requirements demanded by other transfers programs – federal and provincial – the overhead required by local governments must be examined from the broader perspective of the total cost to the taxpayer.

#### *Linking resources to activities and expected results*

Despite the stated goals for the GTF, the manner in which funds are allocated suggests an alternative rationale for the program. Despite the Sgro report's recommendation that the federal government focus on the needs of cities and city-regions, Paul Martin's Liberal government decided to introduce 'equity' into the policy rationale for the Gas Tax Fund.

It appeared that a new era in federal relations with the cities and their policy challenges had arrived with Paul Martin's "New Deal". But even before his short lived tenure had ended, the federal initiatives lost their focus in an egalitarian shift to "cities and communities."<sup>25</sup>

Despite the billions of dollars of funding available under the GTF, the allocation of federal dollars was based solely on ‘equity’ rather than need or the potential impact of an infrastructure investment on the nation.

While the policy objective of the GTF is intended – ostensibly – to address “urban” problems by containing urban sprawl and reducing greenhouse gas emissions, critics argue the formula for allocating the funding to all communities was driven by distributive politics. As Tom Courchene observes,

...putting the transfer on an equal-per-capita basis, by province, effectively converts it into a program of equalization from (global city regions) to smaller cities, since gas taxes are disproportionately collected from GRCs.<sup>26</sup>

The effort made to ensure ‘equity’ in distributing funding is evident in the size of the transfers paid out to the smallest of ‘municipalities.’ In one province, for example, communities with populations of eleven (11) are identified as eligible recipients that will obtain \$1,134 from the federal government annually for the next five years.<sup>27</sup> Such a level of funding provided to communities can obviously be expected to do very little to contribute to the policy goal of “invest(ing) in environmentally sustainable infrastructure that will contribute to the shared national outcomes of cleaner air, cleaner water and reduced greenhouse gas emissions.”

It is not surprising, therefore, that the mayors of the large cities were somewhat aghast to see the shift in the federal government’s decision to share gas tax revenues as part of its “communities” agenda rather than an “urban” agenda. Toronto Mayor, David Miller, for example, expressed his fears that ‘Toronto’s needs will be “swamped” by those of one horse towns across the province’<sup>28</sup>. The perceived injustice amongst Canada’s larger cities was deepened by the fact that the GTF relies on sharing revenues from the sale of gasoline that are derived in large measure from urban regions. As Courchene argues, what is needed “are tax transfers on a derivation basis, i.e., on the basis of what was actually collected from (GRCs) in the first place.”<sup>29</sup>

As we explore how the GTF rolls out the question of equitable versus strategic redistribution will continue to be a key research question and will be compared to alternatives, including other federal infrastructure programs.

*The infrastructure funding maze: roles, responsibilities and oversight*

The GTF is just one of many policy tools used by the federal government to support infrastructure projects. While the GTF represents the largest monetary contribution and provides the municipalities with the most flexibility under the *Building Canada* plan, the government's \$33 billion infrastructure plan, there are several targeted and based-funding programs that share the same objectives and could potentially cover the same kinds of projects.<sup>30</sup> For example the two other base funding programs are the Goods and Sales Tax (GST) Rebate and the Provincial-Territorial Funding. All three programs are geared towards the funding of new infrastructure assets and the operation of existing infrastructure facilities. The same issue arises with the sunseting programs still managed by Infrastructure Canada, like the Public Transit Fund, the Canada Strategic Fund, and the Municipal Rural Infrastructure Fund.

While some of the eligible projects might be different under each program, we are interested in exploring how the municipalities manage these multiple sources of funding, how projects are selected under each program, and the overhead costs involved. Moreover, considering the complex reporting requirements, it would be interesting to explore the implications of attempting to consolidate the reporting mechanism to make the process more efficient and less onerous, especially for the smaller municipalities. We are also interested in examining the complexity added by the provincial funding earmarked for infrastructure, including the sharing of the provincial revenues from gas tax, and its impact on municipal decision making, management, and the planning process.

In our research into the governance of the GTF, we will also be exploring the approach taken by the federal government in providing oversight of the agreements signed between



the federal government and those administering the funds.<sup>31</sup> We are particularly interested in seeing the relationship between the GTF and the decision making processes used by other federal infrastructure programs to allocate funds for projects. Other federal infrastructure programs are “project driven,” requiring local governments to submit an application for federal and provincial/territorial funding in support of a specific project. For each jurisdiction, a Management Committee composed of federal and provincial/territorial officials screen applications against program criteria and priorities, recommending to their respective ministers final approval of the funding provided for specific projects.<sup>32</sup> While there were instances of political interests trumping the public interest, most projects appeared to be selected according to the benefits they would produce. The GTF, on the other hand, is designed to transfer funds “upfront” to municipal governments, allowing them to apply the funding to any number of projects which meet the basic criteria of the program.

By providing local governments with considerable latitude in deciding how to spend their allocation of program funding, the program design for GTF dilutes federal control over outcomes and complicates the measurement of results and program evaluation. Our research will explore this funding approach from the broader perspective of good governance and, in particular, the need to clearly define *who* is accountable. As we have seen in the administration of other programs that transfer federal funds, efforts to diffuse accountability can be counterintuitive to the principle of holding to account those who are responsible for the expenditure of public funds.

### *Reporting the results*

In terms of results and reporting on the benefits provided to Canadians, the expected results of the GTF and the indicators used to assess them are left to the discretion of ‘partnership committees’ responsible for administering the agreement in each jurisdiction. Given the claim that the GTF will involve investments in “environmentally sustainable municipal infrastructure” the lack of a standard framework of program measures presents a challenge to our research and, we suspect, to the ability to report the

results to Parliament. As well, given the variety of avenues for municipal governments to draw on federal funding for infrastructure projects, we will endeavour in our research to examine the means that are employed to attribute results to the GTF.

As a principal tool in ensuring accountability and reporting on benefits to Canadians, the ability to provide reliable and timely information is a fundamental obligation in program management. Similar to the governance approach being adopted, the administration of the information related to the GTF varies according to each jurisdiction. Unlike other federal infrastructure programs that involve shared information management<sup>33</sup> there is no such tool for the GTF. We will be exploring the impact of the approach taken to manage information related to GTF and its impact on the ability of federal administrators to monitor and evaluate the program.

## **LOCAL AUTONOMY AND COMMUNITY PARTICIPATION**

Two fundamental questions raised by the GTF's transfer based framework concern the degree of local autonomy that it extends to municipalities and the opportunities that it provides for participation. Seen as a key part of the process for administering the GTF, both aspects will have a direct bearing on the perceived legitimacy of the program and will be part of the criteria by which it is ultimately judged. The reasons for this can be traced back to the stated objectives of the GTF and, more broadly, the important role local governments traditionally play in western democratic systems.

When Prime Minister Martin announced the New Deal and the GTF he also acknowledged that cities need control over their sources of revenue and suggested that this is in part an issue of self determination: 'it isn't just a question of funding...it's that municipalities need to plan their own futures'.<sup>34</sup> Though public scrutiny tends to focus on the dollar amounts of transfers, the former Prime Minister's comments underline the fact that the source, structure, conditionality and predictability of the funding are the

really crucial factors because ultimately they establish the balance between centralised control and local autonomy.

For example, a lack of consistent, predictable funding is particularly significant in respect of the large investments required to tackle urban pressures such as unsustainable growth, crumbling and outdated infrastructure, strained public transit systems and environmental degradation. Policy making in these areas is central, both in symbolic and strategic terms, to any meaningful notion of local autonomy. As the president of the Federation of Canadian Municipalities (FCM) states, a lack of predictable funding ‘...robs councils of their ability to budget and plan, and leaves them dependent on funding that varies with the political winds in Ottawa and provincial capitals.’<sup>35</sup>

While making the GTF permanent will help to address some of these concerns, critics argue that the use of transfers to hand out money from federal and provincial governments to municipalities will always be inconsistent with good governance. Kitchen (2004), for example, drawing on international comparisons of local government, maintains that a direct relationship between revenue and expenditure is highly desirable:

Cities that raise the money they spend are more responsible, accountable, transparent and efficient in their spending decisions than cities that spend money handed to them by federal or provincial government.<sup>36</sup>

In advocating an expanded range of local taxes, he argues this would give cities more flexibility and autonomy, and leave them with greater potential to achieve important social and economic objectives. For Kitchen, the primary benefits of providing cities with greater autonomy to raise and spend are largely economic, but such a change is also consistent with calls for political reforms that would transfer powers as well as dollars in keeping with the principle of subsidiarity.

This is significant because in addition to administering local services, municipal government is also recognised as having an important role to play in democratic systems by providing an accessible and responsive tier of state power. In addition to its important role in enhancing the legitimacy of the state through local democracy and participation, it is also seen as an important counterweight to centralised state powers in our political system of checks and balances. However in Canada, municipal government is still seen as a ‘creature of the province’ and politically a very weak tier of government compared to both federal and provincial levels of the state.

The historical development of federalism in Canada means that its cities were marginalized in the drive towards nation building and municipalities were effectively ignored in policy-making circles as Canadian federalism institutionalized a two-level mode of inter-governmental relations.<sup>37</sup> The recent amalgamation of many Canadian municipalities has renewed fears about the lack of local autonomy and democratic representation. According to Milroy (2002), for example,

The case of Toronto’s amalgamation starkly shows the effects of a constitutional and legal regime in which cities are tools of more senior governments to be used in their service delivery, fiscal, and economic interests without an equally strong counterweight in local citizenship rights. Balance is missing.<sup>38</sup>

Milroy is also concerned that the power of Toronto’s citizens to shape their city is ‘highly circumscribed’ and, in Canada, citizen rights and responsibilities do not reside at the city-level, but only from residence in the country or province<sup>39</sup>. Isin (1992) believes this has created, ironically, ‘cities without citizens’; an image that reflects the highly centralised nature of political power in Canada<sup>40</sup>.

This picture looks even more anachronistic as Canada becomes increasingly urbanised and its cities become larger and ever more dominant economically. Consequently, Andrew *et al* (2002) suggest that municipal government’s relatively limited role and powers may no longer be sufficient in the modern context:

...municipalities are increasingly understood to be not just service providers but democratic governments. Thus reconceptualization highlights the imperative of operating in a democratic, accountable and transparent manner and brings with it expectations that governments engage citizens and communities in meaningful ways in the policy process...<sup>41</sup>

Such a shift would also be in keeping with broader international trends of local government reform. As Magnusson observes ‘Governments and civil society are rethinking their conventional development approaches in favour of models that support local decision-making and that affirm local identity.’<sup>42</sup> Hamel (2002) echoes this point, adding that as local citizens and social movements become increasingly resistant to managerialism and authoritarian conceptions of democracy, more open and inclusive institutional mechanisms are required in order to legitimise urban management.<sup>43</sup>

It is in this broader context, that we analyse the federal government’s attempts to maintain accountability and oversight over GTF expenditure, while at the same time trying to balance these needs with the demands of municipalities and communities for more autonomy to decide how the money is spent. Faced with these opposing pressures, it is clear why Infrastructure Canada have made Integrated Community Sustainability Plans (ICSPs) a requirement for municipalities seeking gas tax funding and also helps to explain their interest in models of community engagement, such as the NPI.

#### *Legitimising the process: ICSPs and neighbourhood planning*

Here we draw on two initiatives, one federally driven and one municipal, to illustrate some of the steps being undertaken to promote sustainability, capacity building and public participation through community engagement. The first example examines the rationale and processes involved in the development of ICSPs and the second focuses on the City of Ottawa’s efforts to foster community engagement through the Neighbourhood Planning Initiative. Our intention is to illustrate the significance of the initiatives in the context of the GTF, and highlight the common themes and connections that can be made between them.

## **Integrated Community Sustainability Plans (ICSPs)**

The 'New Deal for Cities and Communities' was announced in the federal budget 2005 as a program to help achieve real, measurable progress towards sustainability with transfers from the gas tax being used to fund community sustainability and infrastructure projects. In order to continue to access the funds, the Gas Tax Agreement requires municipalities to have an Integrated Community Sustainability Plan (ICSP) in place by 2010 and can therefore be seen as an attempt to establish a degree of conditionality by the federal government.

As further encouragement, and to assist with the not insignificant costs involved, up to 5% of the funding can be used by municipalities to develop an ICSP. They can also apply for funding to the Federation of Canadian Municipalities - who received \$550m from the federal government to establish the Green Municipal Fund (GMF), part of which is available to municipalities to assist with ICSP development.

Although municipalities are encouraged to draw on their existing plans, the ICSP is expected to represent a significant step forward in terms of long term planning for sustainable communities. Under the new framework for Green Municipal Funding (GMF) launched on January 2, 2008, municipal governments that receive GMF grants for sustainable community plans must meet a series of milestones throughout the planning process. These milestones include 'establishing a sustainability vision, analyzing the current situation, developing sustainability goals and targets, developing an implementation plan, reporting on the initiative, consulting with the public and stakeholders throughout the process, and obtaining municipal council approval for the plan'.<sup>44</sup>

In preparing their ICSPs municipalities are encouraged to consult a number of models for sustainable and community development including the Natural Step's 'systems' approach. According to this approach ICSPs are intended to:

‘engage community members in a dialogue on the sustainable future of their city or community where sustainability is achieved not through a variety of discrete actions in diverse sectors, but rather by finding integrated approaches that produce multiple impacts and benefits’.<sup>45</sup>

In our research, we will be exploring the logic of the program’s design as it pertains to this issue and whether a “systems approach” is used. As Gwendolyn Hallsmith observes, community capacity is “one of the most important elements of sustainable development because a community’s capacity to satisfy its needs is critical for current and future development.”<sup>46</sup> In building a “systems thinking for communities, integration is key:

It is important to take all of the different sectors of the community into consideration when strategies are proposed for changes or improvements, so that action in one area won’t inadvertently lead to deterioration in another. Creating a sustainable community means working towards wholeness, where all of the members’ different needs are met.<sup>47</sup>

Significantly, the involvement of the community is seen as a fundamental part of the planning process and this is reflected in the agreement which defines an ICSP as

“A long-term plan, developed in consultation with community members that provides direction for the community to realize sustainability objectives it has for the environmental, cultural, social and economic dimensions of its identity.”

According to Canada’s Research Chair in Sustainable Communities, Ann Dale, and her colleagues, Ling and Hanna, the emphasis on community engagement is what differentiates ICSPs from traditional infrastructure planning:

By definition an integrated sustainable community plan is different from conventional planning by being collaboratively developed in the community through participatory techniques that allow for the full life of the community, and the natural systems upon which the community depends.<sup>48</sup>

Within the context of our research on the GTF, we are interested in seeing how multiple efforts by the federal government to provide funding for community capacity building through various programs are able to coalesce in support of community ‘wholeness’ and citizen engagement.

Measuring the impact of ICSPs presents enormous challenges and there is always a danger that by linking them to the GTF funding, municipalities will regard ICSPs as simply another bureaucratic hurdle to jump through and approach the exercise in a perfunctory manner. If this is the case it will be interesting to see if GTF is withheld.

However, in spite of the challenges ahead, our preliminary research with the city of Ottawa suggests that by linking ICSPs to funding and establishing a clear deadline, the GTF has the potential to galvanise municipal resources and thinking towards a more sustainable, integrated, participative and strategic approach to community planning and infrastructure needs. In the City of Ottawa’s case they are beginning to develop an ambitious 100 year plan, following the city of Vancouver’s lead, which has been on the city’s agenda for several years but has never materialised due to competing demands, a lack resources and, in the absence of a clear deadline, insufficient political will to make it a priority.

Buoyed by funding from the Green Municipal Funds, the city now has a firm commitment to complete their ICSP by Spring 2010. In addition to extending the time horizons, the ICSP will integrate the many existing master and official plans from areas such as transport, emergency preparedness and the environment into one coherent plan. In addition, community engagement is seen as a key component in the process of developing the municipality’s ICSP and this is something the city has been working towards through its Neighbourhood Planning Initiative.



## **Neighbourhood Planning Initiative (NPI)**

While the GTF requirement for ICSPs may provide further incentives and resources for municipalities to adopt a more sustainable and participative approach to long-term planning and infrastructure renewal, Canadian municipalities, often with federal support, have for many years experimented with community based planning models. In the 1980s, for example, the federal government worked with municipalities to formalise local participation through the Neighbourhood Improvement Programme (NIPs). In recent years, cities such as Saskatoon have continued to pioneer neighbourhood planning and community engagement.

In addition to the Gas Tax project, Infrastructure Canada is also funding our research examining the City of Ottawa's Neighbourhood Planning Initiative (NPI). The fact that Infrastructure Canada was interested in funding research into innovative models of place based planning by municipalities is itself significant and could well have been influenced by the knowledge that the Gas Tax would become a significant transfer of federal funding and that ICSPs could eventually be a key component. The research questions and funding criteria identified by INFC suggest these policy links were being made several years before the New Deal for Cities and Communities was announced, in particular:

What approaches can be used to enhance community participation and capacity for sustainability planning? What are their respective strengths and weaknesses?<sup>49</sup>

Introduced as a pilot project in 2006, the NPI is intended to improve the physical and social quality of life for the citizens of Ottawa by establishing a framework for a more inclusive and integrated approach to neighbourhood development. Based on the principles and initiatives of 'community-based planning' and 'collaborative community building' set out in the City of Ottawa's '20-20' growth plans, the NPI can be seen as an attempt to put these principles into practice and to develop best practices in neighbourhood planning and service delivery.

Marking a significant shift in the City's traditional approach to planning, the NPI is designed to build on local knowledge and better reflect the needs, priorities and concerns of local citizens. At the community level, local groups are being brought together in a systematic effort to enhance local input into neighbourhood development and improve the dialogue between citizens and city staff on a broad range of social, infrastructure and environmental issues. Currently being piloted in two wards, one urban (Hintonburg) and the other rural (Vars), it is intended that, if it proves effective, the NPI will be used city-wide to develop neighbourhoods, beginning with those seen to be in most 'distress' in terms of poverty, crime, infrastructure and so on.

In addition to engaging more closely with the community, City departments are to increase inter-departmental collaboration in an effort to develop a more coherent, place-sensitive approach towards neighbourhoods. To this end, multi-functional teams have been formed to integrate discrete jurisdictions such as land use planning, physical infrastructure planning and social service plans so that the planning process incorporates physical, social and economic considerations. For the first time in the City's history, departments such as Public Works and Services (PWS), Planning and Growth Management (PGM) and Community and Protective Services (CPS) have been brought together at the Deputy City Manager (DCM) level in a more cooperative process aimed at a more integrated approach.

By making significant changes to the City's traditional planning approach, proponents expect the NPI to improve both the decision making *process* and the *outcomes* in terms of the effectiveness and ownership of the policies and plans that affect their neighbourhood. Anticipated benefits include a more responsive local government that is better aligned with local needs, more efficient and effective usage of city resources, improved coordination of services and an enhanced role for local participation. Our research will evaluate the project against such criteria and we are also examining a number of governance issues raised by NPI which are germane to the development of ICSPs, in particular, the emphasis given to community engagement.

For example, how does community engagement coexist with traditional forms of elected representation? How much power is appropriate for communities involved in the NPI? Who appoints neighbourhood representatives, how representative are they and how are they held accountable? Can local priorities be reconciled with broader city-wide strategic objectives? Can participation and inclusion be sustained longer term?

We are also examining practical issues such as the extent to which urban planners feel helped or hindered by neighbourhood representation, the mechanisms being used to engage the communities involved and the methods used to build local capacity. We are also interested in the challenges City staff are facing as they try to balance the community's expectations of increased control over the process and outcomes of the NPI with the need to provide structure, direction and professional guidance. This is obviously crucial to the question of whether the NPI should be seen as an attempt at substantive engagement with the community or as a more limited exercise in communication and consultation.

In these ways our research addresses important debates concerning the (re)engagement of citizens in the democratic process through participation in community decision-making. Research and evaluation in these areas is crucial and timely. As hundreds of municipalities across Canada begin to develop ICSPs, they will once again be contributing significant time and resources to engaging communities in decisions about infrastructure and other priorities that affect their neighbourhoods.

## **CONCLUSION**

In this paper we outlined our preliminary observations derived from research related to two projects funded by the Government of Canada: one involving a study of the effects of a transfer of a portion of federal revenues derived from excise taxes on gasoline to municipalities for the purpose of funding public infrastructure; and the other involving a

study of a pilot project in Ottawa to engage communities and the City's staff in place-based planning. From two different and yet complementary perspectives, both of these research projects relate directly to the important themes of public participation and democratic legitimacy involved in public infrastructure projects.

The research on the Gas Tax Fund focuses on macro governance and policy issues generated by a new and massive national programme of federal spending on municipal infrastructure. The second study adopts a more micro perspective, examining a case study of neighbourhood planning and community engagement as a means of building capacity, participation and legitimacy around local decisions about infrastructure priorities and renewal. Despite the differences in the scale of these two projects, the preliminary research observations that we have made about them are remarkably intertwined with each one informing the other, particularly in respect of developing Integrated Community Sustainability Plans.

The transfer of funds derived from a federal gas tax to local governments raises important questions about governance and accountability, viz. how decisions are made as to what projects are needed, how these projects fit into the priorities of long term capital plans for the community, how they are funded – including life-cycle costs related to the maintenance and operation of assets – and the reporting of the results of the expenditure of public funds. While local governments are ultimately accountable to their citizens for the delivery of public services and the assessment and collection of revenues needed to provide these services – including the construction and management of required infrastructure – the fact that the GTF requires municipalities to spend money they did not raise through local taxation, and report on the expenditures of this money to a federal bureaucracy, appears antithetical to the principles of democratic accountability. Moreover, the tendency for some councillors and mayors to see federal transfers as “free money” is understandable and likely to distort local decision-making, as former Prime Minister Paul Martin feared. Add to this the many other sources of infrastructure funding available to municipalities, including provincial transfers, and it is clear that Canada's

complex, trilateral approach to infrastructure renewal faces fundamental challenges in respect of accountability, attribution, evaluation and oversight.

The place-based planning project in Ottawa, on the other hand, raises questions about governance and accountability from a different perspective: how to devolve responsibility for decisions about infrastructure priorities and renewal through the development of neighbourhood plans and community engagement. While the municipal government remains responsible for the delivery of local public services, the effort to engage citizens in planning their own community strikes a different chord than the traditional practice of ‘stakeholder consultation.’ Through an innovative model of place-based planning that is grounded in local participation and engagement, it is hoped that citizens will become the drivers of local decisions concerning their neighbourhoods and infrastructure renewal.

As we continue our research into both projects, our goal is to illustrate the pressures and rationales motivating each initiative as well as their respective tensions, challenges and constraints. Given the significant pressures in Canada to address the challenges of its public infrastructure – particularly that which is owned and operated by municipal governments – we are interested in how issues of accountability and evaluation will be addressed and how citizens can be better engaged in the decisions that will have a lasting impact on them as well as future generations.

## ENDNOTES

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<sup>1</sup> Measures to evaluate the extent and financial implications of the municipal infrastructure “gap” in Canada – often referred to as the “infrastructure deficit” – have relied to a large extent on anecdotal evidence. Recent attempts in Canada to estimate it have relied on opinion surveys rather than data derived from asset condition assessments and detailed financial analyses. A report commissioned by the Federation of Canadian Municipalities claims that the country has used up 79 per cent of the service life of its public infrastructure and set the price for eliminating the municipal infrastructure deficit at \$123 billion (see “Danger Ahead: The Coming Collapse of Canada’s Municipal Infrastructure,” available at <http://www.fcm.ca/english/advocacy/mdeficit.pdf>)

<sup>2</sup> Federation of Canadian Municipalities (FCM 2004c) ‘Backgrounder: Towards a New Deal’, ([www.fcm.ca](http://www.fcm.ca)).

<sup>3</sup> The Globe and Mail 03/05/2004

<sup>4</sup> Federation of Canadian Municipalities (FCM 2004c) ‘Backgrounder: Towards a New Deal’, ([www.fcm.ca](http://www.fcm.ca))

<sup>5</sup> Organization for Economic Cooperation and Development (OECD) (2002), *Territorial Review of Canada*, Paris.

<sup>6</sup> Federation of Canadian Municipalities (FCM 2004c) 'Backgrounder: Towards a New Deal', ([www.fcm.ca](http://www.fcm.ca))

<sup>7</sup> Federal budget speech 26/02/2008

<sup>8</sup> *Ottawa Citizen* 6/3/2004

<sup>9</sup> Mohammed, A. (2002, February 19). Martin says no to mayors on gas tax: Collette, finance minister disagree over plan. *The Ottawa Citizen*, p. A1.

<sup>10</sup> Godfrey, J. (2004, July 28). Keynote Address to the Canadian National Summit on Municipal Governance.

<sup>11</sup> Department of Finance Canada. (2005). *Budget 2005: Delivering on Commitments*.

<sup>12</sup> Budget 2007 commits to extending the federal Gas Tax Fund an additional four years until 2013-14, delivering \$8 billion in new predictable funding for sustainable infrastructure in our cities and communities. The allocation of funding after 2010 will be identified as agreements are reached for the transfer of new funding

<sup>13</sup> *The Public Accounts of Canada* for 2007

<sup>14</sup> Policy transfer payments

<sup>15</sup> Policy transfer payments

<sup>16</sup> Treasury Board Secretariat, "Preparing and Using Results-based Management Accountability Frameworks," <http://www.tbs-sct.gc.ca/eval/pubs/RMAF-CGRR/guide>

<sup>17</sup> *Ibid.*, para. 1.1

<sup>18</sup> Infrastructure Canada, "Report on Plans and Priorities 2006-2007, p. 28. <http://www.infrastructure.gc.ca>

<sup>19</sup> See footnote i

<sup>20</sup> From May 2001 to December 2002, Judy Sgro was Chair of the Prime Minister's Caucus Task Force on Urban Issues. <http://www.judysgro.com/bio.html>

<sup>21</sup> Infrastructure Canada, briefing document dated October 22, 2007.

<sup>22</sup> There is a significant environmental impact involved in the production of cement, which is the principal ingredient in concrete. Producing one tonne of cement results in the emission of approximately one tonne of CO<sub>2</sub>, created by fuel combustion and the calcination of raw materials. Cement manufacturing is a source of greenhouse gas emissions, accounting for approximately 7% to 8% of CO<sub>2</sub> globally, and approximately 1.8% of CO<sub>2</sub> emissions in Canada. Source: Ecosmart concrete, [http://www.ecosmartconcrete.com/enviro\\_cement.cfm](http://www.ecosmartconcrete.com/enviro_cement.cfm)

<sup>23</sup> For example, under the Municipal-Rural Infrastructure Fund which is administered by the federal government, costs in support of 'capacity building' are eligible for reimbursement. Under the Green Municipal Fund, a \$500 million endowment provided by the federal government to the Federation of Canadian Municipalities, 'capacity building' initiatives are also eligible for reimbursement.

<sup>24</sup> As well, the federal government signed an agreement directly with the City of Toronto, the only municipalities in the country that is allowed to do this.

<sup>25</sup> Tindal C and Tindal S.N. 2009, *Local Government in Canada* p. 385, 7<sup>th</sup> edition Nelson, Toronto

<sup>26</sup> Thomas J. Courchene, *Global Futures for Canada's Global Cities*, IRPP Policy Matters, Vol. 8. no.2, June 2007, <http://www.irpp.org/pm/archive/pmvol8no2.pdf>

<sup>27</sup> Canada-Alberta Agreement On The Transfer Of Federal Gas Tax Revenues Under The New Deal For Cities And Communities, signed May 14, 2005.

<sup>28</sup> *The Globe and Mail* 26/8/2004

<sup>29</sup> Thomas J. Courchene, *Global Futures for Canada's Global Cities*, IRPP Policy Matters, Vol. 8. no.2, June 2007, <http://www.irpp.org/pm/archive/pmvol8no2.pdf>

<sup>30</sup> *Building Canada*

<sup>31</sup> While most of the signatories to the agreements involve provincial and territorial governments, others include Municipal Associations (UBCM and AMO) and, in one case, a City (City of Toronto).

<sup>32</sup> The federal Cabinet could not accept the idea of having funding approved by bureaucrats, unlike several provincial governments that had authorized delegated project approvals and spending limits to their officials. The federal politicians wanted to keep close connections between those in Cabinet who could sign off on funding for a given project and MPs who lobbied for federal funding on behalf of their constituents.

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- <sup>33</sup> The Shared Information Management System for Infrastructure (SIMSI) is an award-winning web enabled project management tool used across the country by most provinces and territories.
- <sup>34</sup> The Globe and Mail 2/2/ 2004
- <sup>35</sup> The Globe and Mail 31/8/2004
- <sup>36</sup> (Quoted in the Globe and Mail 21/9/2004)
- <sup>37</sup> Bradford, N. (2004) 'Global Flows and Local Places: The Cities Agenda'. In *How Ottawa Spends (ed.) 2004-2005*. pp. 70-88, McGill-Queens University Press.
- <sup>38</sup> Milroy, B.M. (2002), p.176 'Toronto's Legal Challenge' in *Urban Affairs: Back on the Policy Agenda*, Andrew et al (Ed.), pp. 157-178, McGill-Queen's University Press, Montreal & Kingston.
- <sup>39</sup> Ibid, 157
- <sup>40</sup> Isin, E.F. (1992), *Cities Without Citizens: Modernity of the City as a Corporation*. Black Rose Books, Montreal.
- <sup>41</sup> Andrew, C., K. Graham and S. Phillips (2002), p. 12 'Introduction' in *Urban Affairs: Back on the Policy Agenda*, Andrew et al (Eds.), p.3-23, McGill-Queen's University Press, Montreal & Kingston.
- <sup>42</sup> Magnusson, W. (2002), p.343 'Hope of Democracy' in *Urban Affairs: Back on the Policy Agenda*, Andrew et al (Ed.), p.331-344. McGill-Queen's University Press, Montreal & Kingston.
- <sup>43</sup> Hamel, P. (2002), 'Urban Issues and New Public Policy Challenges: The Example of Public Consultation Policy in Montreal' in *Urban Affairs: Back on the Policy Agenda*, Andrew et al (Ed.), p.221-238. McGill-Queen's University Press, Montreal & Kingston
- <sup>44</sup> FCM website, February 20<sup>th</sup> 2008
- <sup>45</sup> The Natural Step website, 22<sup>nd</sup> February www.
- <sup>46</sup> Gwendolyn Hallsmith, *Key To Sustainable Cities: Meeting Human Needs, Transforming Community Systems* (Gabriola Island, BC: New Society Publishers) 2003, 48.
- <sup>47</sup> Ibid, p. 64
- <sup>48</sup> Ling, C. Dale A and K. Hanna, 2007, p.1, Integrated Community Sustainability Planning Tool, available from the Infrastructure Canada website, research gateway, [www.infrastructurecanada.ca](http://www.infrastructurecanada.ca)
- <sup>49</sup> INFC website 2004, research gateway, PRRS funding proposal guidelines, [www.infrastructurecanada.ca](http://www.infrastructurecanada.ca).