Canada’s City-Regions: Time to Rethink Local Governance?

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Working Paper: Please do not cite from this draft
INTRODUCTION

Accelerating urbanization and the need for sustainable urban growth have focused political attention on cities and local government reforms around the globe. The burgeoning international literature examining multi-level governance, place based decision-making, new localism and new regionalism reflects a renewed concern with these reforms and, in particular, the scale and role of municipal government. These perspectives and the debates they facilitate are timely and reflect the importance of metropolitan restructuring in the face of globalization and the continued pressures to provide strategic and efficient governance for the city-region.

In democratic systems, the restructuring of local government is complicated by the contradictory demands for capital accumulation and legitimation and the subsequent tensions this produces for local government between, for example, spending and not spending, administrative efficiency and political representation, consolidation and fragmentation, promoting growth and establishing limits to growth. It is the interplay of these demands that drives ongoing reforms and at the same time constrains those reforms through a dialectical process in which conflicting values have to be negotiated and traded off through the political system (Stoney 2006, O'Connor 1973).

While trying to manage these contradictory demands represents a significant challenge, restructuring local government in response to urban growth opens up possibilities for municipalities to play a more strategic role in the development of cities and city-regions. As Hearfield and Dollary observe, with ever expanding strategic responsibilities in areas of economic, social and environmental planning, ‘the significance of local councils in shaping the future wellbeing of their respective communities has been dramatically heightened’ (2009, p. 71).

The aim of this paper is to examine how municipal governments in some of Canada’s largest cities are attempting, and in some cases failing, to build strategic regional planning capacity in the face of the many constitutional, fiscal and political constraints that hinder their ability to achieve this. Like many other countries, Canada’s response to rapid urbanization has been to amalgamate municipalities into two tier, and most recently unitary, larger metropolitan areas in an attempt to achieve efficiencies and create a more appropriate and effective scale for local governance. However, almost a decade after the last major wave of amalgamations there is considerable disquiet with the mega-city approach. In addition to concerns about a continuing lack of regional coordination and strategic direction, there is also unease that political representation is being eroded in the pursuit of more efficient municipal structures.

For example, following their recent examination of eight of Canada’s largest cities (Vancouver, Calgary, Edmonton, Toronto, Winnipeg, Ottawa, Halifax and Montreal) Stewart and Smith (2007

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1 For governance we borrow a definition from Graham, Philips and Maslove (1998) who describe urban governance as a focus on “the collective capacity to set and achieve public policy goals—rather than simply on the institutions of urban government” (p. 35).

2 City-region is used as a synonym for a Census Metropolitan Area (CMA). In Canada, this refers to an urban core plus trading hinterland of 100,000 or more people. Although one city is usually the focus, the region may contain other municipal governments containing the larger part of the population (Lightbody 2006, p. 546).
p. p. 265-287) found that the capacity of local decision-makers is limited and ‘civil servants drive and dominate the policy analysis process’. Traditionally, the balance between political representation and efficient decision-making structures is seen as a dichotomy whereby one is achieved at the expense of the other. What is interesting about Stewart and Smith’s findings, and our own research supports this, is that restructuring in many Canadian cities appears to have produced a worst case scenario in which a lack of strategic capacity is combined with ineffective political representation. In our view the traditional dichotomy is overly simplistic and in order for metropolitan governments to provide effective representation, they first require the capacity to express and translate local preferences and regional priorities into strategic plans in crucial areas such as transportation, infrastructure and finance.

The urgent need for integrated mass transit projects and infrastructure renewal has reinforced the need for strategic capacity at the municipal level and exposed decades of underinvestment in public infrastructure in Canadian cities. Because of the severe constraints on municipal financing this has produced a new wave of federal and provincial funding for investment in “green” infrastructure, notably mass transit and water and waste water treatment. Along with an increased emphasis on urban issues and place-based policy-making, the new programs, packaged as a ‘New Deal for Cities and Communities’ by the former Liberal government and ‘Building Canada’ by the current Conservative government, have made significant funds available for municipal projects.

Of these programs, the federal government’s Gas Tax Fund (GTF) is the most significant and innovative. Scheduled to transfer over $14 billion to municipalities by 2014, the GTF now carries a federal government commitment to provide a permanent source of funding, in exchange for municipal commitments to invest in ‘sustainable’ projects and increase community engagement with citizens. In addition to the GTF the Building Canada Fund and a myriad of other federal and provincial transfers that are being used to fund municipal projects, Canada’s cities are raising funds through special ‘levies’ aimed specifically at paying for water and sewer infrastructure and transit projects.

Although additional funding for transit and sustainable infrastructure projects is widely thought of as a positive step that is long overdue in light of Canada’s growing infrastructure gap, it has put municipal governance structures under the microscope. The commitment of more public funds raises important questions about the effectiveness of proposed spending given the sums of money involved and the scale and complexity of the challenges faced. The recent municipal amalgamations have increased doubts about the appropriateness of the traditional model of municipal government and, in particular, its ability to enable the leadership and strategic direction needed to plan and coordinate major projects that impact across cities and city-regions.

The continued dominance of ward centric decision-making, a weak mayoral system, the absence of policy platforms and party political cohesion, dependence on developer funding, poorly

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3 In Ottawa and Halifax, for example, surcharges are placed on water bills to supplement revenues; in the lower mainland of British Columbia, the regional district – Metro Vancouver – collects a revenue from a special sales tax levied on gasoline that supports investments in transit.

4 Estimated to be somewhere between $60 billion and $120 billion, the infrastructure gap is the difference between the amount believed to be required to renew Canada’s ageing infrastructure and the funds available to do this.

5 In Ontario municipal governance was set out primarily by legislation dating back a century or more, with minor tweaks, that envisioned little of the complexity or size required today (City of Ottawa 2008, p.7).
contested elections, severe restrictions on debt financing, weak autonomy and a growing dependence on the still largely incidental funding from higher level governments are some of the key factors often credited with undermining effective municipal governance of Canada’s cities.

Using the City of Ottawa (Canada’s national capital) as our primary case study, we examine the municipal processes that appear to have undermined attempts the recently amalgamated City Council to pursue a number of strategic goals in areas such as long-term planning, smart growth and light rail transportation. As a consequence, the new Mayor – now in his third year of office – has been thwarted in delivering on his key election promise to not raise taxes (“zero means zero”) by applying tighter budgetary control, shrinking the bureaucracy and contracting out the delivery of municipal services.

We chose to focus primarily on Ottawa because of the City’s ongoing struggle to establish a strategic direction and implement long-term plans, particularly with respect to the ‘smart growth’ vision set out in the “Ottawa 20-20” vision document and the controversial decision to scrap a project to implement LRT. While its traditional governance structure is typical of many mid-large size cities in Canada, Ottawa also faces a number of specific challenges in respect of regional governance. The National Capital Region\(^6\) encompasses an area that includes two provinces (Ontario and Quebec) and two cities (Ottawa and Gatineau). The federal government has some role in planning and infrastructure investments, adding further to the jurisdictional fragmentation of the metro-region. In addition, the amalgamated City of Ottawa is spread out over a very large area composed of urban, suburban and rural wards that are separated by a greenbelt established to curb urban growth in the 1950s. Despite the intention of this land use policy, growth was subsequently allowed to develop beyond the greenbelt thereby increasing the costs to provide services and related infrastructure and exacerbating divisions between the suburbs and the downtown core.\(^7\)

The complexity and breadth of contemporary urban issues has led many to propose regional models of governance—from those deemed institutionally heavy (e.g., function models in the metropolitan reform tradition) to those deemed institutionally light (e.g. informal coordination).\(^8\) Ottawa’s difficulties in the areas of comprehensive long-term and strategic-planning have led to growing calls for deamalgamation and/or some type of coordination across a functional area of a metro-region—at minimum, in certain policy spheres (e.g. transportation and transit planning). To this end, several studies have been commissioned to analyse the city’s governance structure and decision-making processes with the options for reform to be discussed at a special summit later this year.

It is in this context, that we believe it would be useful to contrast Ottawa’s governance structure with those in Vancouver and Toronto, which have been implemented in part to address some of the irritants that impede effective decision making. We offer a preliminary assessment of the relative merits of these contrasting models in terms of their potential ability to develop cities and city-regions in a more strategic and coordinated manner.

\(^6\) The federal government administers federally owned lands in the National Capital Region (Gatineau Park and roads such as the Ottawa Parkway) through the National Capital Commission, which is a Crown Corporation.

\(^7\) Councilors in downtown wards have complained that the cost of providing these services has been subsidized by those living in the urban core.

\(^8\) See Appendix A.3 Models of Metro Governance.
The paper is organized into three sections. First, we examine the external environment within which Canadian municipalities operate, focusing more specifically on the recent local government reforms in the province of Ontario, in which Ottawa is located. Next, we present the city of Ottawa as a case study, focusing on its governance structures and experiences in the areas of: i) long-term planning; ii) smart growth; and iii) light rail transportation. Finally, regional governance structures in the city regions of Vancouver and Toronto are briefly described and assessed as potential alternatives.

CANADIAN LOCAL GOVERNMENT REFORM—FOCUS ON ONTARIO

An assessment of Ottawa’s municipal processes must first be situated in the broader context of municipal government in Canada and specifically, the role of the provinces and territories in municipal affairs. Canada’s municipal system is grounded in British law and tradition, with some American influences. Under section 92 (8) of The Constitution Act (1867) municipal institutions are included as one of the “Classes of Subjects” for which each province “may exclusively make Laws.” Despite drastically different circumstances than those that existed at the time of Confederation (e.g., while originally most of Canada’s population was rural, currently over eighty per cent live in urban centres), municipalities across Canada remain ‘creatures’ of the provinces. This ‘subservient’ status is something many Canadian urban commentators decry as being out-of-touch with the contemporary realities of large cities, and is driving calls for greater autonomy and empowerment of Canada’s urban centers.

The financial constraints placed upon cities are a further area of concern, as Canadian municipalities disproportionately rely on property taxes in contrast to the revenue sources available to municipalities in the United States and many parts of Europe (Tindal & Tindal, 2004, p. 222). Not only does this place a constraint on local government functions, but it also creates perverse development incentives geared towards the outward growth of a city through property development. The higher long-term costs of providing services and related infrastructure in low density and sprawling areas require additional funding, and so the cycle of sprawl continues as immediate financial needs overturn long-term planning priorities. This is but one of numerous examples of the structure of incentives and disincentives that inform municipal decisions and are ultimately reflected by our rapidly expanding urban landscapes.

In all but a few exceptions, larger cities in Canada have had governance structures and functions imposed upon them—the mega-city amalgamations of the 1990s and early 2000s being the most recent examples. Within the consolidationalist versus fragmentationalist debate, Canadian provinces in boundary changes have largely favored the former; outside of university economics departments, very little attention has been paid to the fragmentationalist/public choice perspective in Canada (Sancton, 1994, p. 45). Despite having similar aims to that of their

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9 Source: UN Common Database (UN Population Division estimates), Canada, 2005, Urban population (as per cent of total).
10 Sometimes referred to as “dollar planning”.
11 In the case of Ottawa’s amalgamation, this was due in part to the failure of a citizen/community-controlled process to devise a new governance model for the area (Andrew in Razin and Smith, 2006, p. 77).
12 This approach (stemming from public choice theory) purports that it is government structures that best approximate markets and promote competition that will maximize citizen choice and lead to allocative efficiency and in doing so advocates an institutionally fragmented approach (as opposed to amalgamation). Tiebout (1956) was an early proponent
Canadian counterparts, politicians in the United Kingdom and United States have proposed institutional solutions that are opposite to that of the Canadian preoccupation with municipal consolidations.  

The experiences of municipalities in the Province of Ontario in the past two decades have been examples of the consolidationist approach. These reforms essentially abolished the metropolitan system (two-tier local government) and led to single-tiered local government in much of Ontario. McAllister (2005) characterized this period as an unprecedented departure from the more conciliatory and collaborative local government reforms of the past in Ontario where affected communities would typically be consulted (p. 99). The Conservative Provincial Government of Mike Harris either called on municipalities to either implement their own restructuring plans or undergo provincially imposed amalgamations through a restructuring commission. During this period, almost half of Ontario’s municipalities ceased to exist through amalgamation and the number of regional governments was also reduced (ibid., p. 99). In addition, through the Fewer Municipal Politicians Act (1999) the number of municipal elected representatives was significantly reduced in a number of jurisdictions.

In their comprehensive text on local government in Canada, Tindal and Tindal comment that the philosophies underlying the various models for local government in Canada have tended to reflect “…a concern for efficiency and coordination in the delivery of services to the relative neglect of the representative and political aspects that are (or should be) equally a concern of municipal government” (Tindal & Tindal, 2004, p. 297). This is significant because, in our opinion, the rationale underpinning the amalgamations and the manner in which they were imposed by the Province are at the root of the governance problems being experienced by the City of Ottawa almost a decade on. In particular, our case study illustrates the entrenched divisions that have helped to undermine efforts to establish strategic priorities for the city-region and resulted in dysfunctional and inefficient decision-making which could be seen as ‘dis-economies of scale’.

CASE STUDY: THE CITY OF OTTAWA

Context
Despite being Canada’s national capital and its fourth largest city, there is relatively little written about Ottawa in academic literature on local government/governance. While, in many ways, the experiences of the City of Ottawa are similar to those of other amalgamated cities in Canada, there are, as we noted in the introduction, some marked differences. While the federal
government has been more involved in Ottawa’s development than in any other city, it has no constitutional responsibilities in this regard (Knight, 1991; Graham, 1992; Graham, Philips & Maslove, 2001). Furthermore, the urban area straddles the Ontario-Quebec provincial border and as such, governance of the area is split between the City of Ottawa on the Ontario side and the amalgamated City of Gatineau on the Quebec side. While the National Capital Region (NCR) is an official federal designation for the cities of Ottawa, Gatineau and surrounding area, it is not a separate political jurisdiction. The cities of Ottawa and Gatineau have differing responsibilities as mandated to them by their respective provincial governments. ‘Governance’ in the National Capital Region is therefore complicated by a confluence of actors and diversity of interests. Ottawa’s current governance issues are partially a feature of the recurrent divisive interests that the area has grappled with over the past several decades. An exploration of current issues requires some explanation of previous local government structures and their perceived failures.

The City of Ottawa has undergone two radically different local government reforms in the past thirty years, first as a two-tier regional government and most recently as an amalgamated city created in 2001. Ottawa was the second urban area in Ontario to have a regional government: the Regional Municipality of Ottawa-Carleton (RMOC). Over time, the responsibilities mandated to the new regional body increased. Graham, Philips and Maslove (2001) write, “when the Regional Municipality of Ottawa-Carleton was created in 1969, regional expenditures were less than 20% of total upper-and lower-tier expenditures, but by the end of the regional system in 2000, they were over 70%” (p. 253). The authors find that the adoption of regional responsibilities—“...was interpreted by many local observers as a shifting of the costs of suburban expansion onto core city taxpayers” (ibid, p. 253). Furthermore, there was “...ongoing dissatisfaction in the Ottawa area about duplication, lack of planning and lack of consultation” (Andrew, 2006, p. 77).

In August 1997, a citizen’s panel was created with a mandate to recommend a new structure for local government in the Ottawa-Carleton region. This citizen-driven process was ultimately unsuccessful and disbanded in March 1998, stating “the opportunity for an objective and open-minded process has been lost due to the promotion by others of entrenched positions and particular governance models” (Gervais, 2002, p. 5, quoted in Andrew, 2006, p. 77). The mandate for local government reform then fell to a provincially driven process, with the transition period led by the Ottawa Transition Board (appointed January 2000). The transition board came under some criticism for being politically partisan (linked to the Ontario Conservative Party) and “aligned ideologically to a right-wing privatization agenda” (Andrew, 2006, p. 77).

One of the stated aims of the transition board was to “…maximize the efficiency and cost savings of [the] new municipal structure” (Gervais, 2001, p. 10, quoted in Andrew 2006, p. 81). Considerable scholarship on local government in Canada has been dedicated to an evaluation of the purported ‘cost effectiveness and efficiency’ rationale of recent amalgamations across Canada.
It has generally found that after some initial savings, amalgamations do not lead to cost savings in the longer term, but rather to an increase in costs due to such factors as enhanced services for the encompassing area and a rationalization of wages for city workers. However, as Kushner and Seigal (2005) comment, “…all amalgamations are not the same; different amalgamations are likely to produce different results” (p. 266). In the case of Ottawa, in spite of local media claims that the city saved about $80m through amalgamation – eliminating duplicated bureaucracies and selling excess properties (Ottawa Citizen February 15th 2009) – an early assessment of amalgamation by Andrew Sancton (2000) found little evidence of cost savings. One indication of spending that appears to lend support Sancton’s position is that, between the years of 2001-2006, the population of Ottawa increased by 8.97 per cent while the percentage change in total municipal expenditures for the City over the same time period increased by 52.84 per cent. While the City has increased responsibilities in a number of areas and has been improving and expanding services (notably in the area of public transit, see Appendix A.2), the overall assertion that amalgamation would lead to sustained cost savings was overly optimistic.

All amalgamations are indeed unique and reconfigure territory in different ways. The broad swath of territory that the City of Ottawa has come to encompass can, in part, explain many of its current governance issues. It is estimated that Ottawa occupies four times the physical space of Toronto, despite having less than a third of Toronto’s population (Reevely, 2008). Furthermore, approximately four-fifths of the City of Ottawa’s total land area is rural (City of Ottawa, 2009). These rural areas adjacent to the city core are becoming rapidly urbanized; the rural population in the City of Ottawa is growing at a faster rate than that of the overall average (City of Ottawa, 2009). Ottawa’s sprawling, low-density morphology puts pressure on infrastructure and makes a viable transit system difficult to establish and maintain. The vastly different interests of urban, suburban and rural citizens under one local government further complicate matters, with parochial ward-centric interests tending to dominate. This is compounded by a weak mayor system that is limited in terms of mounting and implementing citywide agendas. Several city councilors have described the decision making processes at Council meetings as ‘‘foolish,’ ‘dysfunctional,’ ‘messed up,’ ‘circus’-like and ‘nonsensical’’ (Rupert, 2009).

Given such descriptions of the decision-making process it is hardly surprising that the City’s record in key strategic areas is less than stellar. While there are many examples to choose from, the City’s difficulties in addressing strategic issues in long-term planning, smart growth and light rail transportation provide a useful insight into the dysfunctionality of the current governance model.

**Smart growth and LRT**

‘Smart growth’ principles were embedded in both the provincial “vision” for how cities in Ontario should develop (Ontario Smart Growth 2001) and the City of Ottawa’s own strategic vision (Ottawa 20/20, 2003) which established principles for a distinct rural countryside, a green

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21 Between the years of 2001-2005 the rural population grew at a rate of 8.5% while the average population growth for the city as a whole was 6.5% over the same time period (City of Ottawa, 2009).
22 In a direct ranking of city council size (including all municipalities with populations over 100,000 in Canada) Ottawa comes in third. In a proportional ranking of number of city councilors taking into account municipal population, Ottawa comes 17th out of larger Canadian cities (those with populations over 100,000) with Gatineau as the leader in that regard.
municipality and liveable communities served by transit and emphasized the need to reduce the City’s growing reliance on roads:

In support of the community’s growth management goals, this Master Plan strives to minimize the future need for new and widened roads while avoiding levels of congestion that would have unacceptable implications for Ottawa’s quality of life in terms of delay to persons and goods, air pollution and road safety (City of Ottawa 2003).

The City of Ottawa’s proposed Light Rail Transit (LRT) system was intended to be the lynchpin of smart growth development and for many represented the dream of clean, sustainable growth. The LRT project would be the City’s largest ever project and was designed to showcase the benefits of tri-level intergovernmental funding agreements and demonstrate the virtues and efficiency of public-private partnership. However, when deeply divided city councillors voted to kill the project in December 2006, over six years of planning and 55 votes of council were overturned. The City’s transit plans were left in disarray and taxpayers have been left with sunk costs of over $50m and rising legal bills as the City prepares to fight the first of what could be several lawsuits, beginning with Sieman’s claim for $275m.

In addition to the financial costs, the city council and the wider public appear increasingly divided and disillusioned by the failure of LRT and the City’s inability to adhere to its smart-growth plans. In spite of ongoing research into the feasibility of alternative LRT plans, a comprehensive system could now be decades away. Moreover, there is increasing concern that the new mayor and the council are abandoning Ottawa 20/20, and the smart growth principles upon which it is based, in favour of traditional growth based on automobile usage and an expanded road building programme that will inevitably result in increased urban sprawl and higher levels of traffic congestion and pollution.

Recent analysis of Ottawa’s current and projected road building by the office of City councillor Clive Doucet underline these concerns. The City is building roads faster than its population is growing: Ottawa has built 75 per cent more roads to serve a 40 per cent growth in population during the last 30 years and currently spends 19 per cent more per household on roads than the Ontario seven-city average and 43 per cent more than Toronto. Moreover, while Toronto and Montreal have both curtailed their road expansion in favour of rail and rapid transit, Ottawa is expected to set a new record in 2007 by building 200 kilometres of new roads compared to an average of about 100 kilometres in previous years (Johnson, P. 2007). According to Ottawa Councillor, Clive Doucet, “[W]e are already building roads faster than we can repair them. Only 40 per cent of the roads that need renewal will get fixed this year. This is our lowest rate of renewal ever”(2007).

Given all the planning, the strategic visioning and public commitments, the votes on Council and the pressing need for an environmentally clean and efficient public transport system in the nation’s capital, how did this project become so badly derailed and what does it reveal about the City’s capacity for strategic planning on a city-region scale?

23 For a detailed analysis of the City’s failed LRT project and the impact on ‘smart growth,’ see Hilton and Stoney, “Dreams, Deception and Delusion: The Derailing of Ottawa’s Light Rail Transit Plans” and “Why Smart Growth Isn’t Working: An examination of Ottawa’s Failure to Deliver Sustainable Urban Transit.”
Ironically, the provincial government’s decision in 2001 to amalgamate 12 area governments into one city had, according to Gray, created momentum and an unusual sense of optimism and confidence at the new Ottawa City Hall, particularly within the planning department:

No longer did the community have 12 different visions of the future. Instead, in 2001 planners and some politicians believed the municipality could build a model city that would be a fine place to live and a capital that would serve as a model to others (Gray, 2007).

The new City’s confidence was reflected in the award winning Ottawa 20/20 document which defined accountability in terms of a “demonstration of leadership.” The City’s success in this regard would be measured by the degree to which it “followed through” and delivered on its decisions. With respect to the LRT project, however, the actions of the City demonstrated weak and confusing leadership. Towards the end of the project the Council changed its decisions on critical issues with astonishing alacrity. For example, within one week of scrapping the project, Council conducted another vote on LRT: they now supported a new proposal that removed key parts of the LRT surface line into the downtown core. Instead, they committed the City to consider instead a tunnel – something that appeared out of the blue and was never part of the original plan.

Following Mayor O’Brien’s decision to proceed with the creation of an “external advisory task force” to examine transportation options, confusion and inconsistent decision-making still appeared to dominate Council’s longer-term commitments to LRT. As Randall Denley observed:

Rather than wait a few months for O’Brien’s task force to report on the big picture, councillors decided (on January 24) to spend $145 million as soon as possible on buses and transitway improvements. Aren’t these the same people who have spent the last few years telling us rail is our choice for the future? (Denley 2007a),

In spite of improved efficiencies being a cornerstone of the amalgamation rationale, the Ottawa Citizen editorial board painted a more realistic picture of the implications: “by flip-flopping on rail, our city councillors are hurting taxpayers badly.” Given the sunk costs, the hours and resources wasted in planning, the pending lawsuit and zero returns, this is a massive understatement and hardly a shining example of “fiscal responsibility”. Also, in spite of the optimism that the new amalgamated governance structure would facilitate strategic decision-making and strengthen leadership, Denley, reviewing the negative results from a public opinion survey released by the Council at the time, exclaimed “the public is certainly not being fooled by the pretence of leadership councillors have been offering.” (Denley 2007b).

In our examination of the Ottawa LRT case study, we found that in order to adequately address complex issues associated with transportation and urban growth, process is crucial if acceptable and sustainable outcomes are to emerge. However, given the ward-centric, parochial nature of municipal politics in Ottawa, we question whether the Council is sufficiently coordinated or committed to pursue its strategic aims of implementing the principles of Smart Growth and the
transportation solutions needed to deal with growth in the Ottawa region over the long term. Even if they are, having experienced the costly debacle of the failed LRT project, City of Ottawa taxpayers may provide intractable opposition to progressive urban transport solutions, especially as, through amalgamation and growth, many more of them now reside and work outside of the downtown core.

At its core, Smart Growth (Ministry of Municipal Affairs 2003) is about building consensus and creating partnerships. That’s because growth issues cross municipal boundaries and government jurisdictions; they encompass such areas as transportation, infrastructure and land use; and they affect stakeholders differently. To get everyone working toward the same goals requires building consensus among key stakeholders, integrating decision-making within and among governments and gaining broad public support (Ministry of Municipal Affairs 2003).

While the Ontario government has taken a regional perspective of transportation priorities for the Greater Golden Horseshoe – establishing the Greater Toronto Transportation Authority and linking major investments within the region – a similar approach is noticeably absent for the eastern Ontario region. In the next section we consider the options for reform by assessing the merits of the Toronto and Vancouver approaches to city-region governance and reviewing the findings of the recently released report from the Mayor’s Taskforce on Governance (City of Ottawa, 2008).

OPTIONS FOR REFORM

Mayor’s Taskforce on Governance

While the demise of the LRT project and the undermining of smart growth planning principles are symbolic of the governance problems at Ottawa City Hall, they are by no means unique examples and concern has continued to grow about the lack of leadership and strategic direction. In a recent article for the Ottawa Citizen, Councillor Doucet argues that ‘amalgamation has created an ungovernable political structure’ and, in calling for deamalgamation, he is highly critical of the process in which ‘three out of four local politicians got their walking papers’ (Doucet 2009).

The current Mayor, a private sector entrepreneur, was elected in 2006 on with a mandate of zero per cent tax increases and a neo-corporate agenda to ‘run council more like a business’ (Rupert, 2007b). With only one vote out of 24 on Council and faced with an experienced and sometimes hostile group of councilors, the Mayor’s mandate on taxes has been so effectively undermined that he has had to oversee some of the largest tax hikes in the City’s history. Likewise, his corporate cost saving agenda has run into political and bureaucratic resistance with very few of the promised savings found. In the last budget round, the Mayor’s power was eroded further when Council moved to accept the budget in full against the expressed wishes of the Mayor who had wanted to go through the items line by line.

Faced with a lack of power and a clear leadership vacuum at the City, the Mayor recently launched a number of initiatives aimed at strengthening governance. The most high profile being the Mayor’s Taskforce on Governance Report, ‘Governing Ottawa: Strategic Thinking for a
winning City’ (2008). Chaired by David Zussman, the taskforce invited ten experts to look at ways the Council could work more effectively to define options, reach decisions and get results (Mayor’s Taskforce 2008, p 1).

The report, released in March 2009, pulled few punches in its criticism of the Council’s record and identified governance and, a lack of strategic leadership in particular, as the main cause:

The Mayor’s Taskforce on Governance found that City Council does not operate effectively and cannot provide the strategic leadership the City of Ottawa needs because of systemic problems with governance. Without addressing governance shortcomings, Council will remain ineffective no matter how hard Councillors, the Mayor and staff work. (Mayor’s Taskforce 2008, p.3)

The Taskforce identified three major governance problems:

a) Strategic thinking is missing,
b) Councillors are not contributing effectively to City-wide government
c) Citizens are disengaged

The report was also clear about the repercussions if these issues are not addressed:

Without an effective Council, guided by good governance, Ottawa risks becoming a dysfunctional city plagued by poor long-term planning and rising costs. Over time, ineffectiveness will create a downward spiral, which will leave citizens living in a city where the services and infrastructure they rely on do not work (Mayor’s Taskforce 2008, p.3)

The Taskforce identifies a number of other factors which have contributed to the City’s governance problems: acrimonious, parochial disputes between Councilors; the lack of a finance committee and budget process to support strategic plans; the absence of a proper separation between legislative, executive and administrative functions – the City Council performs all these roles – and poor relations between councilors and city staff. The Taskforce also attributes the lack of strategic capacity to the weak role afforded to the Mayor and believes his inability to implement the ‘mayoral mandate’ creates a disillusioned electorate:

The Mayor, the only official elected on a city-wide mandate is merely one vote on Council. This limits the Mayor’s ability to lead and manage a strategic agenda. Because there are no political parties in municipal government government boils down to what 13 out of 24 Councillors vote for on any given day. This makes it difficult to lead and follow a consistent and coherent vision and plan. (Mayor’s Taskforce 2008, p.7)

To address the lack of strategic leadership and planning the Taskforce calls on the City to act in the interests of the City as a whole rather than viewing problems through a ward level lens. To

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24 Zussman is Jarislowsky Chair in Public Management at the University of Ottawa.
this end the Taskforce recommends the creation of an Executive Committee (Committee chairs\textsuperscript{25} plus the Mayor) to help Councilors look beyond ward-specific issues in favour of the City’s wider strategic interests. Other recommendations include the appointment of a Presiding Officer to allow the Mayor to ‘play the role of a strategic leader’ and strengthening the City’s long range strategic planning and financial management capabilities (2008, p.15) To further encourage a City-wide view they recommend measures to strengthen the role of committees and committee chairs and the creation of a Finance and Audit committee (p. 23).

It is worth noting here that in addition to another report currently being prepared by staff into questions of governance at City Hall, Ottawa MPP (Member of Provincial Parliament) Norm Sterling has recently used Private Member’s time to call for a review of municipal elections and governance in Ontario’s largest cities (over 500, 000). Citing examples from the City of Ottawa, he is concerned about the level of dysfunction and accountability at the municipal level. Sterling would like to see an all party legislative committee consider the low rate of voter turnout in municipal elections, funding issues relating to the very high rate of incumbents re-elected, the inability of the Mayor to achieve consensus, the difficulty for the electorate in identifying coherent platforms and the possibility of term limits for elected officials and political parties. These are broad areas of reform and he also proposes that any review should look at the even bigger question of municipal financing in Canada (Sterling 2009).

The committee’s terms of reference would also require them to consider models from other jurisdictions outside of Ontario. This makes good sense and in the section that follows we briefly outline the approaches to city-region governance adopted in Toronto and Vancouver.

\textit{Regional governance innovations: Toronto and Vancouver}

Both in Canada and abroad, regional governance structures are increasingly lauded as the solution to fragmented planning and service delivery in large urban areas.\textsuperscript{26} Commenting on this, Stephens and Wikstrom (2000) write that “…virtually all scholars of urban affairs, including those of the public-choice school, agree with reform advocates that some services—such as mass transportation…. due to their basic operating character and the benefits derived from economies of scale—should be delivered on a regional basis” (p. 490). The creation of special purpose regional entities is viewed as a solution to the fractious interests and shortsighted planning of ward-centric and fragmented systems. This section briefly describes several of Canada’s regional governance structures.

British Columbia’s regional district system has evolved over time – it grew cooperatively with the regional body slowly taking selective responsibility for certain services and functions. The province’s primer on regional districts (2006) describes their functions as threefold: i) to provide regional political representation and services, ii) to provide a political and administrative framework for inter-municipal or sub-regional service partnerships and iii) to provide land use and planning regulation in rural areas (Local Government Department, p. 5-6). Each district is

\footnote{\textsuperscript{25}The committees include corporate services and economic development; transportation; community and protective services; planning and environment.}

\footnote{\textsuperscript{26}Literature advocating regional structures (Miller in Atkins & Hamilton eds., 2008; Boddy & Parkinson, 2004; Kemp ed., 2003; Lorinc, 2006).}
governed by a board of directors with appointed councilors from incorporated municipalities and directly elected representatives from unincorporated areas. The Greater Vancouver Regional District (GVRD), renamed Metro Vancouver in 2007, was formed in 1996. Prior to this time, two regional bodies were already in existence in this area, the Greater Vancouver Water District (incorporated 1926 but existing since 1889) and the Greater Vancouver Sewerage and Drainage District (incorporated 1956 but existing since 1914). These two legal entities as well as the Metro Vancouver Housing Corporation (MVHC) still co-exist alongside Metro Vancouver. Metro Vancouver describes itself as a both a nonpartisan political body and corporate entity operating under provincial legislation as a ‘regional district’ and ‘greater boards’ on behalf of twenty-two member municipalities and one electoral area (Metro Vancouver, 2008). The district’s three main areas of planning and regulatory responsibility relate to: i) regional growth (land use through municipalities and transportation through Translink); ii) waste management (solid and liquid waste); and iii) air quality management (a delegated Provincial function) (Metro Vancouver, 2008). Both Translink and Metro Vancouver have been lauded as effective and innovative in meeting urban challenges. Translink has won a number of prestigious awards and such commentators as Andrew Sancton have praised Metro Vancouver, writing in 1994 “all Canadian city-regions require institutions similar to the GVRD” (quoted in Razin & Smith, 2006, p. 161). In particular, both institutions have been cited as encompassing a paradigm shift towards new regionalism, which among other things implies different decision-making and governance structures as well as a rejection of ‘rational’ and neo-liberal planning approaches.

Toronto’s experience with a regional governance model is much more recent. The Greater Toronto Transportation Authority (GTTA) was established by the Government of Ontario in 2006 (commonly referred to as ‘Metrolinx’) is an effort to synchronize the transportation and transit functions in the Greater Toronto and Hamilton Area (GTHA) under one comprehensive body able to make long-term planning decisions. Like Translink, Metrolinx is responsible for creating an integrated, multi-nodal transportation system, delivering transportation services (e.g., GoTransit and Presto card) and creating regional planning and infrastructure investment strategies (which must be prepared and approved under the Places to Grow Act, 2005). Nine transit systems will come under Metrolinx authority in the coming years (after revisions to the pertinent Acts are proclaimed in Force). Metrolinx is currently in the process of creating its Regional Transportation Plan, including a five-year rolling capital plan and investment strategy. Keil and Young (2008) comment that it is unclear “...whether or not the GTTA will be assigned real political power to enforce a plan it may come up with, or whether it will be provided with or given access to sufficient funds to implement such a plan” (p.748). They also point to an ‘internal contradiction’ within the dominant discourse of urban-policy and regional-policy formulation in Toronto “...between land use value and exchange value-- that is, between the quality of life of people as they travel in and through the region, and the efficient movement of commodities in and through the region” (ibid., p. 732). How the organization will reconcile these two needs remains to be seen.

A major difference between Translink and Metrolinx is that the latter is ultimately accountable to the Ontario Minister of Transportation who, among other things, may issue directives to the organization and gives the final approval for yearly business plans. This is a much more provincially controlled process than that of Translink in British Columbia’s lower mainland,

27 Entity created through the Greater Toronto Transportation Authority Act, 2006.
28 E.g., the Greater Toronto Transportation Act, 2006.
where accountability lay with the twenty-one mayors of the region (comprising the Mayor’s Council), who may ratify or reject transportation and related funding plans. While the experiences of municipalities and municipal reform in British Columbia may be considered a Canadian exception, the experiences in Ontario are closer to that of the rest of Canada. While Metro Vancouver can be considered an anomaly, its regional governance structures are often highlighted as a best practice model for the rest of Canada. Toronto’s more recent adoption of regional governance structures in the area of transportation and transit will provide some indication of the feasibility of these structures in an amalgamated megacity and across a region (Toronto-Hamilton). These developments come at a time when there is renewed federal interest in municipal infrastructure funding and development with programs such as the Gas Tax Fund and the Building Canada Fund. How the money is invested in transit, infrastructure and sustainable development compared to cities with more traditional governance models – Ottawa for example – may reveal much about the value of the regional oversight these bodies provide.

It is worth noting briefly that there are a number of other regional bodies in Canada, notably the Communauté métropolitaine de Québec (CMQ) and the Communauté métropolitaine de Montréal (CMM). The CMQ was (created January 1, 2002) includes 28 municipalities in the greater Quebec City region. The agency is mandated with planning, coordination and consultation to its member municipalities in the areas of spatial planning, economic development, waste management and urban planning. The CMQ also has optional powers in the areas of census collection, cultural development, tourism, infrastructure construction and metropolitan transit. The CMM (created January 1, 2001) is a planning, coordinating and funding body serving 82 municipalities in the greater Montreal area. The CMM has jurisdiction in the areas of: land planning, economic development, arts and culture promotion, social and affordable housing, facilities, infrastructure, services and activities of metropolitan importance, public transit and metropolitan arterial road network, waste management planning, air quality and wastewater. The metropolitan communities of Quebec and Montreal both act as coordinating, planning and financing bodies for their respective areas, and have been granted broad jurisdictional powers that may evolve into a stronger roles in their respective regions in the future—similar to experiences of British Columbia’s regional districts.

CONCLUSIONS

Without significant reforms to the traditional municipal governance in Canada, the much-needed increases in municipal funding and local autonomy will, in our view, fail to bring about the desired results with respect to planned and sustainable urban growth. The City of Ottawa provides a sobering reminder of what can happen when newly amalgamated cities are required to govern large metropolitan areas with inadequate decision-making powers and inappropriate structures. The Ottawa Citizen’s municipal correspondent, Randall Denley provides a stark summary of his city post amalgamation:

More than seven year’s into the life of the new City of Ottawa, it’s time to admit the obvious. This thing just isn’t working. Our new government was supposed to produce efficiency and a broad, unifying vision of what our city could be. Both are in desperately short supply.... Taxes are going up at triple the rate of inflation, sewer and water rates at quadruple inflation, city council is rudderless and people
seem unhappy with their local government, whether they live in the country, the core or the suburbs. (Denley, 2008)

Effective outcomes ultimately depend on having developed the right processes and to this end we argue that significant reforms are needed to align municipal government with the governance challenges and opportunities presented by continued urbanization, the growth of city-regions and the requirements for strategic and sustainable planning as required by the federal Gas Tax Fund.

This assessment echoes the views expressed by Caroline Andrew (2006) who argued that while the City of Ottawa’s amalgamation involved structural reforms “…the more important impact will stem from the political dynamic emerging from municipal amalgamations” (p. 92). She asks:

“Will the major political actors be interested in the potential for broader policies and for a coordinated vision of urban development? If so, the amalgamated structures may provide opportunities but, if not, the amalgamated structures can coexist with very conservative municipal politics.” (p. 92).

The evidence so far points more towards the latter scenario rather than the former. The Mayor’s Taskforce findings and the Province’s proposed review of the City’s governance structure have highlighted a number of areas for concern which may be contributing to narrow, ward centric decision-making and the lack of a coordinated and progressive regional vision. A stronger mayor supported by an executive board may help to centralize decision-making power, especially if these reforms are supported by the introduction of political parties which can help to provide discipline, transparent manifestoes, and a higher degree of political accountability. Political parties combined with term limits could also improve the quality of candidates, increase participation and reduce the ward-centric squabbling that continues to dominate Council decisions.

However, we feel that large amalgamated cities like Ottawa could also benefit from the city-regional governance models that have been adopted in Toronto and Vancouver. A regional model of governance for Ottawa in specific policy spheres—e.g. transportation and transit—could provide an effective mechanism for strategic planning, coordinated infrastructure investment, enhanced services and ‘smart’ urban development. Whether a regional model would include the entire functional area (requiring a joint collaboration with the City of Gatineau) would need to be negotiated as would the degree of amalgamation/deamalgamation. One element critical to the success of regional governance models is the authority that they have to effect change and address the concerns of citizens. For the former, there must be a commitment to a regional model of governance and strong support behind it in order to function well; for the latter, different mechanisms may be used to increase the transparency of the organization and its decisions to citizens, including separate direct elections for regional representatives on a city-wide basis.

Because of the contradictions at the heart of local government, each proposed ‘solution’ will bring with it new ‘problems’ if implemented. One of the problems with direct elections for a second tier of regional government is that it often leads to resentment between the two tiers of elected officials and can create a sense among ward councillors that their role has been devalued. To counter this, it is possible to appoint elected ward councillors to serve on a regional board.
Denley (2008), for example, favours a return to Ottawa’s pre-amalgamation two tier structure, but his preference would be to appoint ward councillors to the regional tier to reduce the chances of the new structure being ‘fouled up by two competing sets of local politicians’ …

Imagine this. Ten local municipalities could again determine what the service level and tax level would be for their citizens for services particular to their communities. Things likes parks, rinks and libraries, community services and snow plowing. The bigger issues with city-wide impact, things like supplying water, major sewers, transit, city-wide planning and social services could be left with a city services board that would be run by one politician from each of the smaller municipalities and three from the new, smaller Ottawa in recognition of its size. (Denley 2008)

Whatever combination of reforms is eventually introduced to the City of Ottawa, representation will need to be balanced with efficiency and effectiveness. The trade-off between representation and efficiency is for most of us an acceptable price of democracy, but representation that is inefficient and ineffective could be seen, with some justification, as an expensive exercise in futility. In this context, it appears that claims of improved efficiency through imposed amalgamation have, in Ottawa’s case, proved to be specious and will likely remain so until the appropriate governance reforms are implemented. In terms of power, this will require some degree of centralization, at least over issues such as transit which is clearly a strategic issue of city-wide importance. In less strategic policy areas, there may be flexibility to devolve the decision-making closer the ward/neighbourhood level through community engagement and participation and, in this context, the City’s experimentation with neighbourhood planning is encouraging.

This centralized-decentralized or ‘tight-loose’ approach to municipal governance is something that Chris Leo advocates:

While multi-level governance has usually been taken as synonymous with devolution of power to local government, it makes a lot more sense to me to think of it in terms of doing whatever it takes to ensure that different local communities are governed in a manner appropriate to their widely varying circumstances. From that point of view, genuine respect for community difference might lead to devolution in some cases, centralization in others, and more complex forms of intercooperation in still others. And, since a very substantial portion of my research career has been devoted to urban growth issues, I came to the conclusion some time ago that any effective approach to urban growth in Canada and the United States would have to involve a significant centralization of power. (Leo, 2008)

As we stated in the introduction, municipal governance is a complex and often contradictory process and while we do not claim to provide answers to the dilemmas raised the paper has attempted to set out some of the questions that ought to be debated with respect to future reforms. Given the challenges and opportunities facing Canada’s cities it is important that effective reforms can be undertaken in the near future. As our case study of Ottawa has shown, the pressure for change appears to be mounting in Ontario and Provincial Bill 13029 has created

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29 Bill 130 refers to the Municipal Statute Law Amendment Act, 2006 of the Province of Ontario that amends the Municipal Act, 2001 and increases some of the powers of municipalities—e.g., in the area of by-laws and local governance structure.
some scope for municipal reform. In this context it is both encouraging and timely that some of Canada’s largest city-regions are rethinking local governance. Watch this space!
Appendix

A.1 City of Ottawa, Actual Operating Budget, Budget Sources by Type, 2001-2007

As an overall analysis of trends, total actual operating fund revenues have increase by 23% over the 2001-2007 period. Broken down by operating budget source, fines and penalties have seen the greatest increase over this period (56.95% change over the 2001-2007 period) followed by the category of ‘other revenue’ (49.22% change over the 2001-2007 period). Fund contribution by property development charges has seen a steady decline; decreasing 80.93% over the 2001-2007 period.


Note: Funds not adjusted for the rate of inflation. Effective for 2006, garbage collection fees and fire supply charges previously included in net taxes for municipal purposes are presented as fees and user charges.
As an overall analysis of trends, public transit expenditures have come to surpass social service expenditures (in 2004) as the largest single operating expenditure by function. The expenditures by function that have seen the greatest percentage increases over the 2001-2006 period are wastewater treatment, followed by water supply and distribution, land ambulance and other protective services, roads traffic and parking and public transit. The only operating expenditure by function that has decreased over this time period is interest and financing (with a 2.03% decrease over the 2001-2006 period).

Note: Funds not adjusted for the rate of inflation. Total expenditures for 2007 not included because of difference in consolidated financial statements for this year (no addition of operating and capital expenditures).
### A.3 Models of Metro Governance

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