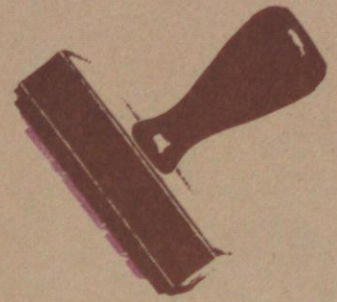




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COMMENT

#161 - October 1976

## THE FEDERATION OF CANADIAN MUNICIPALITIES: IN SEARCH OF CREDIBILITY

### INTRODUCTION

At the annual conference of the Federation of Canadian Municipalities (formerly CFMM) held in Vancouver this past June, two general themes dominated: first, that local government deserves to be recognized as a level of government in its own right; second, that Canada's municipalities must have a greater share of the nation's tax revenues and access to additional tax sources. The Federation presented itself as the vehicle through which the municipalities should work in order to win this status and increased local autonomy.

But as out-going FCM President Paul Godfrey acknowledged, the Federation "suffers from a credibility gap".<sup>1</sup>

Just how great a gap was dramatically illustrated two months after the Vancouver conference. On August 17th, at their interprovincial meeting in Kingston, Ontario, the Ministers of

1. President's Address to the 39th Annual Conference, Vancouver, June, 1976.



Municipal Affairs decided *not* to attend a national tri-level meeting which had been scheduled for October 21st at Montebello, Quebec.<sup>1</sup>

To appreciate why the fate of this planned national tri-level conference reflects upon the credibility of the FCM, one needs to recall the background of the meeting. The subject of the conference was to have been municipal financing. The last national tri-level conference, held in Edmonton in 1973, had established the National Task Force on Public Finance under the chairmanship of the late Dr. John Deutsch. After two and one-half years the Task Force completed its work and produced a huge 1,300 page document which is considered to contain the best set of inter-governmental financial data available in Canada today. At the Edmonton tri-level there was a clear understanding that a third tri-level conference would be convened to discuss the results of the Task Force report. Prior to the August meeting of provincial ministers, seven provinces had committed themselves to participating.<sup>2</sup>

To a large extent this planned tri-level consultation in October was a victory for the Federation. The CFMM had been working to institute a system of tri-level consultation and negotiation since 1970. The primary aim of the CFMM in seeking tri-level talks was to obtain a redistribution of tax resources among the three levels so that municipalities would receive a greater share of tax revenue.

At the first tri-level conference (Toronto, 1972) the CFMM agreed to an insignificant agenda in order to simply secure a place

1. We are not suggesting that this decision connotes simply lack of respect for the FCM. There were several factors contributing to the provinces' decision. The lack of progress in federal-provincial negotiations towards reform of the Fiscal Arrangements Act during the Summer led the provinces to conclude that a tri-level meeting in the Fall could not possibly benefit them. The municipalities, for their part however, wanted to make their points on revenue-sharing to the senior levels before the financial bargaining was completed. Moreover, the municipal ministers had also learned that the Federal Minister of Finance would not be present at the conference, and they doubted the value of a meeting on inter-governmental finance that did not involve him (and the provincial treasurers). Yet, if the FCM had real credibility as a local government lobby, the planned tri-level could not have been scuttled so abruptly, without prior discussions as to alternatives.
2. Quebec refused and Ontario and British Columbia had not yet decided.



at the conference table.<sup>1</sup> The following year in Edmonton, the agreement to set up the Task Force on Public Finance to develop a common data base was accepted as a modest "first step" towards the real goal of discussing revenue sharing. For the next two years, in spite of municipal efforts to arrange tri-level meetings, no conference was held on the pretext that the Task Force had not reported. Then in April, 1976, the Deutsch Report was released. The figures seemed to verify that local governments were indeed greatly under-financed as municipalities had claimed for years.<sup>2</sup>

The FCM responded to the Task Force Report in an interpretive document, entitled Puppets on a Shoestring. Puppets argued that the Task Force data proved that municipal government was in the midst of a crisis, a crisis which, if trends continued, could lead to "the decline and fall of municipal government as we know it in Canada within five years". Puppets stressed two essential points: first, that Canada's system of public finance does generate enough money to satisfy the needs of all three levels of government; second, that local government is the only level of government that (since 1950) has faced constant and increasing shortfalls of its revenues against its expenditures; in turn this has led to a "spiral of dependence" on senior level grants, which come with so many strings attached and represent such a large part of municipal budgets that municipalities are becoming "puppets in a show run mainly by provincial governments".

The Puppets document and the scheduled tri-level talks were focal points at the Vancouver convention. Armed with such supportive data, FCM leaders looked forward to the approaching third tri-level conference in the hope that finally they would witness productive discussion on the municipal financial plight.

Then in August came the provincial ministers' decision not to attend the national tri-level conference on the grounds that it would be more "productive" to discuss the Task Force Report in the "context of overall provincial-municipal relationships and priorities"; and further that the proposed conference was an "inappropriate forum" for discussion of the finance issue, since federal-provincial negotiations regarding tax-sharing were in progress.

1. For a useful paper on the background to the Tri-Level Task Force on Public Finance, see Allan O'Brien's "The Tri-Level Politics of Local Government Finance", paper for the 38th Annual Conference of the Association of Municipal Clerks and Treasurers of Ontario (Toronto: June 22, 1976).
2. The same trends had been revealed by the Federal-Provincial Tax Structure Committee in the 1960's.



It is not surprising that this move by the provincial ministers was viewed as sabotage of local government by the FCM. In a telegram to the Prime Minister and all Premiers, the FCM President stated:

"In our opinion, this broken covenant constitutes a betrayal of the municipal level of government which has striven for many years to establish and entrench the process of tri-level consultation..."<sup>1</sup>.

Beyond this sense of grievance, the incident points to some basic questions about the effectiveness of the FCM as the self-proclaimed voice for municipal Canada. Although there had been a consensus at the 1973 Tri-Level Conference that a future tri-level meeting to discuss the Task Force report would be held, the provinces avowed they did not feel bound to participate. Does the fact that the provinces acted with such apparent disregard for FCM efforts and expectations suggest that a national municipal federation is unavailing and irrelevant? Or, rather, does it confirm the need to strengthen the FCM as a municipal spokesman and lobby?

The purpose of this Comment is to assess the potential of the FCM as the national spokesman for Canadian local governments. Among the questions to be addressed are: what role is the FCM currently playing? what should its role be in the future? how can it improve its credibility and effectiveness?

#### History of the FCM

The Canadian Federation of Mayors and Municipalities (as the FCM was called before its name change was recommended at the annual conference in June) was created in 1937. At that time many Canadian municipalities wished to create a strong pressure group to influence the federal government on the matter of helping to finance unemployment relief. An earlier national association, dating from 1901 and known as the Union of Canadian Municipalities, had become ineffective. In 1935 a group of mayors headed by the mayor of Montreal organized the Dominion Conference of Mayors as a temporary measure; it led to the formation of the CFMM two years later to serve as a permanent "national voice" for Canada's municipalities.

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1. August 18, 1976.



The Federation has faced an uphill battle ever since its founding. There has been a steady drop in membership since the 1940's. Since the revenues for the operations of the Federation come entirely from membership dues, which are 3.5 cents per capita for full municipal members to a maximum of \$32,500 (and between \$100.00 and \$500.00 for affiliate members<sup>1.</sup>), the withdrawal of every individual member hurts. The loss of Montreal in 1961 was particularly hard-felt, both financially and because it undermined the image of the CFMM as a nation-wide organization. Other big cities, like Toronto, faced with escalating dues and the Federation's diminishing credibility, have repeatedly debated whether or not to drop out.

According to a 1972 study<sup>2.</sup> the CFMM had a total membership at that time of over 300, consisting of municipalities or associations of municipalities, each of which selected its own representatives to the organization. These 300 members were said to represent 80 percent of Canada's population.<sup>3.</sup> By 1974 the Federation's membership had declined to 258 members representing nearly 11 million people or roughly 50 percent of the Canadian population. Since 1974 FCM records indicate a loss of 52 member municipalities; three of these lost members, however, are located within regional municipalities which are members. It is no exaggeration to suggest that the FCM is now at a critical juncture in its history; further defections could cripple it.

Since 1937 the Federation has repeatedly called for increased municipal autonomy as essential to the health of a democratic government and for sufficient revenues to provide this autonomy. A review of newspaper reports of CFMM conferences for the past four decades shows that the quest for revenues has dominated the agenda year after year. Suggestions for solving the municipal revenue problem have

1. There are two types of membership: full and affiliate. Most municipal members belong as full members; regional municipalities may belong as full members, in which case they pay the per capita fee or as affiliates; any provincial association of municipalities is eligible for affiliate membership and 16 of the 20 associations in Canada do belong.
2. J. Meisel and V. Lemieux, eds., Ethnic Relations in Canadian Voluntary Associations, V13, B & B Study (1972), ch.10.
3. The 80 percent figure included those municipalities which did not belong to the CFMM directly but were connected to it indirectly by membership in a provincial association.



ranged from specific proposals for federal/provincial grants and assumption by senior governments of a greater share of costs (e.g. education and welfare costs) to broad proposals for redressing the fiscal (and political) imbalance within the system -- by reapportionment of the personal income and corporate income tax field on a tri-level basis.<sup>1</sup> At the same time, in order to achieve this stronger local fiscal capacity, the Federation has continually fought for representation at federal-provincial meetings. Since 1970 the emphasis has been on *full and equal partnership* in tri-level negotiations.

The CFMM's lack of success in the persistent quest for revenues and status has contributed to its image as a lame, ineffective organization. Coverage of the Federation's activities in the press has been decidedly negative over the years. So critical, that in 1972 the new President, Des Newman, Mayor of Whitby, was moved to ask the news media for better treatment:

"We at this conference represent 11 million Canadians. With the exception of the federal government we are the spokesmen for more Canadians than any government, any union, any pressure group in this country. In the past we have received as individual municipalities and as a federation -- scant and shallow coverage...

Gentlemen of the fourth estate, pay attention to us. Present us to our country as we are -- human beings with failings, but also as dedicated men and women who wish to serve their communities, and their country."<sup>2</sup>

In recent years, under the leadership of Des Newman, Bernie Wolfe and Paul Godfrey, the Federation has been aggressive and outspoken on the twin issues of local government fiscal resources and participation in a tri-level consultative process. Internally, it has attempted to invigorate itself; the restructuring of the CFMM in 1972 in order to permit strengthened representation from municipal members with populations in excess of 100,000 was considered a major achievement of that conference.

1. Several resolutions were passed over the years calling for the Federal government or for the provinces to relieve the municipalities of education costs. Unemployment and unemployment relief were major issues, particularly in the early years (1938-42) and surfaced again in 1970. Housing needs dominated several conferences as did the issue of tax exemptions on federal government properties.
2. Municipal World (July, 1972) p.178.



Yet, in spite of this internal reform and the Federation's aggressive posture in favour of municipal independence and more tax dollars, confidence in the CFMM has not grown. The 1973 annual conference in Charlottetown was a disaster, marked by confrontation and a mood of self-criticism. The CFMM was in financial trouble, its administration was openly attacked, and leading delegates publicly criticized the proceedings. Some big-city members talked of breaking away to form their own organization. Media coverage was most unfavourable.

After the 1973 conference, the CFMM reorganized further and established regional committees across Canada to monitor both federal and provincial activities as they affected the municipal sector. Internal staff problems, which included the resignation of two Executive Directors in three years, continued to plague the Federation. During the past year Metro Toronto made several staff members available to the Federation, and while this helped to keep the FCM from faltering, internal morale problems resulted (e.g. resentment of Metro's dominance).

The FCM hopes that the appointment of a new Executive Director (July, 1976) will inject a new sense of vigour and well-being into the organization.

#### Present Objectives and Functions

According to its official brochure, the FCM's prime purpose is:

"to serve as a national forum for the internal exchange of views among elected municipal officials and as a vehicle for the external political expression of the municipal viewpoint in Canada."

In working to achieve these objectives the Federation plays a number of roles, which include the following (not listed in order of importance):

- i) *social contact* - The main activity undertaken by the Federation in which all members are urged to participate is the annual conference. In addition to the essential business sessions, workshops, discussion and approval of policy recommendations by the voting delegates which occur at these national meetings, the conferences provide a valuable opportunity for the mayors and councillors from all parts of Canada to meet and exchange views freely with their counterparts.



## E R R A T U M

Page 8

ii) *information resource* - The L provide information upon request. In actual fact, the Federation has not been well used due to insufficient resources. In September, 1976, FCM was published in the Municipal Report, on a sub-committee report which consisted mainly of digests of information on developments of municipal interest. This was considered inadequate, the sub-committee was cancelled this year; the FCM will publish a monthly report with expanded information of the FCM as an information clearing house for the collection and dissemination of information services provided in the United States and Europe. FCM's efforts to date have been paltry.

Last sentence, first paragraph should read:

...This role of the FCM as an information resource capable of acting as a clearing house for the collection, exchange and dissemination of information has so far not fulfilled its potential. Compared to information services provided by similar municipal associations in the United States and Europe, FCM information-communications efforts to date have been paltry.

iii) *research* - One of the Federation's functions is to carry out, or sponsor, the urban research necessary for assisting in the betterment of urban areas. It currently sponsors research

through the Municipal Research Support Program, a program financed by an initial grant of \$250,000 from the Ministry of State for Urban Affairs. The program is intended to make financial aid available to municipalities for practical solution-oriented research projects. It is new this year and is just getting off the ground. To date only \$55,000 of the total grant has been allocated, although two more meetings (for December, 1976 and March, 1977) are scheduled to consider more applications. FCM also participates in the Municipal Management Development Program, sponsored jointly with the Canadian Association of Municipal Administrators and the Institute of Public Administration, but administered by the latter. This program provides information on a national basis to individuals and organizations concerned with training and development for municipal managers.

iv) *spokesman-lobby* - The FCM serves as the municipal spokesman in dealing with the Federal government. It functions as both a "spokesman" or "voice" for Canadian municipalities on matters within the Federal government's jurisdiction and as a "lobby" in trying to focus media attention on issues and in seeking to

1. According to a September 3rd memo, the FCM is undertaking a new two-part communications program. An in-house newsletter "FCM Forum" will begin monthly publications this November. The second phase of this program will be a weekly one-page information bulletin, entitled "FCM Communique".



- ii) *information resource* - The Library of the FCM is well equipped to provide information upon request to member municipalities. In actual fact, the Federation's information services have not been well used due to insufficient demand by members. Until September, 1976, FCM was publishing a monthly newsletter entitled, Municipal Report, on a sub-contracted basis; its content, however, consisted mainly of digests or reprints of newspaper articles on developments of municipal interest. As this format was considered inadequate, the sub-contracting arrangement has been cancelled this year; the FCM is planning to produce an in-house monthly report with expanded and improved content.<sup>1</sup>. This role of the FCM as an information resource capable of acting as a clearing house for the collection, exchange and dissemination of information services provided by similar municipal associations in the United States and Europe, FCM information-communications efforts to date have been paltry.
- iii) *research* - One of the Federation's stated objectives is "to carry out, or sponsor, the undertaking of research aimed at assisting in the betterment...of local government in Canada". It currently sponsors research on local government topics through the Municipal Research Support Program, a program financed by an initial grant of \$250,000 from the Ministry of State for Urban Affairs. The program is intended to make financial aid available to municipalities for practical solution-oriented research projects. It is new this year and is just getting off the ground. To date only \$55,000 of the total grant has been allocated, although two more meetings (for December, 1976 and March, 1977) are scheduled to consider more applications. FCM also participates in the Municipal Management Development Program, sponsored jointly with the Canadian Association of Municipal Administrators and the Institute of Public Administration, but administered by the latter. This program provides information on a national basis to individuals and organizations concerned with training and development for municipal managers.
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influence the mandarins in Ottawa. The main vehicle for policy presentation by the FCM to the Federal government is an annual brief to the Cabinet and meeting to discuss this submission. The FCM also makes presentations to federal-provincial conferences. Some changes which have been made in federal policy due, in part, to the Federation's urging are: the creation of the Municipal Development and Loan Fund of 1964-67; the Municipal Grants (in lieu of taxes) Act; improvements in the National Housing Act such as the establishment of municipally-controlled non-profit housing corporations and the establishment of the Neighbourhood Improvement Program; the creation of a ministry responsible for urban affairs (1971); and the enactment of the Railway Relocation Act (1974).

In its actions to achieve these and other changes, the Federation developed policy positions through its committee structure to reflect the views of the general membership. At its annual conferences, workshops are conducted and resolutions are presented and voted on. While the format has varied from year to year, the Federation has sought to create a municipal consensus on important issues affecting local governments, issues that deal with land and housing, finance, transportation, environmental protection and recreation, to name the most obvious areas.

- v) *tri-level* - The FCM participates in the evolving tri-level process. Since 1970, in the opinion of the Federation itself, this has become its most important role. By developing positions on local government issues through its regional committee structure and by focusing attention on them, the FCM believes that it makes both the Federal government and the provinces more sensitive to municipal problems. Above all, it represents Canadian municipalities in the struggle to obtain a reallocation of the country's fiscal resources; using the tri-level process, which it helped to instigate, it has worked persistently towards this goal: by representing municipalities on the National Task Force on Public Finance headed by the late Dr. Deutsch, then by responding to the Report in its *Puppets* document, and now by negotiating to convene a third Tri-Level Conference to discuss follow-up of the Task Force Report.

In evaluating the FCM we need to bear these five roles in mind. Any assessment of the organization's worth necessarily depends upon:

- the significance and relevance of what the Federation has accomplished in the past, and
- the potential benefits to be gained if the FCM were made more effective in any or all of its various roles.



Is There a Role for the FCM as the Spokesman  
for Municipal Government Across Canada?

Summary Chart of Arguments Against and For the FCM

AGAINST

1. The FCM is not appropriate within our federal constitutional framework. It is inappropriate and counter-productive. Municipalities should work through their provinces.
2. FCM ambitions for a local-federal partnership are unrealistic.
3. FCM is not the genuine national voice that it claims to be, due to the diversity of municipalities -- in their size, concerns and responsibilities.
4. As Canada's municipal national voice and lobby, the FCM has been feeble and ineffective to date; at the most it is only potentially valid in its social and information roles -- and these need to be improved to justify the Federation.

FOR

1. The Federal government is directly involved in the nation's municipalities -- in the development of general urban strategies and in specific activities related to housing, railway relocation, ports, etc.
2. The constitutional reality is an anachronism created in a pre-urban context.
3. A national spokesman and lobby can strengthen municipalities within the existing set-up by influencing the provinces, as well as Ottawa. It can help provincial associations, rather than undermine them.
4. The alternatives to a national federation would be less effective. Big city conferences or periodic single-issue conferences should be incorporated into the FCM structure.
5. While the Federation does not represent all municipalities, it can claim to speak for a significant proportion of them.
6. Despite the differences among municipalities, there are common concerns (e.g. with Ottawa), common functions, common responsibilities and common information needs shared by the municipalities which justify a federation.



### The Case Against

Those who dispute the need for and effectiveness of a national federation of municipalities offer the following arguments:

- 1) *The FCM is not appropriate within our federal constitutional framework.*

The chain of command within our federal system which puts municipalities clearly under the control of the provinces is proper. Municipalities, therefore, should work through or strengthen their municipal associations within their own provinces.<sup>1</sup>

Provincial governments are generally considered to be more responsive to local concerns than Ottawa. For municipalities to focus their energies on an attempt to create a political forum in which they can deal with the Federal government is not only unavailing, but potentially counter-productive. It is unavailing because the fledgling tri-level process itself does not appear to be capable of achieving the kind of three-way cooperative partnership envisaged by the FCM. Recent tri-level experiences suggest that tri-level meetings will not serve to rationalize roles and jurisdictions with regard to senior government level funding and delivery of programs. At the Ontario Tri-Level Conference in April, 1976, for example, City of Toronto Housing officials found that Ottawa was not interested in reconsidering its direct role in housing or sorting out the jurisdictional questions. The FCM approach, some suggest, is actually counter-productive and could set back the cause of intergovernmental cooperation.<sup>2</sup> Competition and rivalries between the two senior levels of government are not eliminated but exacerbated. From the municipal standpoint, it would be detrimental if FCM pressure were to encourage direct Federal involvement in urban program delivery at the expense of a healthy municipal-provincial relationship.

In brief, while the current structures are not perfect, municipalities have more to gain from supporting their provincial municipal associations (e.g. Ontario's Municipal Liaison Committee made up of three municipal associations) to solve their problems -- in housing, transportation, finance, culture and recreation, etc. -- than from a tri-level wild goose chase.

1. Two prominent municipal leaders who have suggested that this is the proper course are Mayor Art Phillips of Vancouver and Mayor David Crombie of Toronto.
2. e.g. Alden Baker, "Cities' Goal of Status a Threat to Provinces", Globe and Mail (June 19, 1976).



- 2) *FCM ambitions regarding the municipal relationship with Ottawa are entirely unrealistic.*

As explained above, FCM leaders have laid great stress on the role of the FCM as providing an effective liaison with Ottawa; the idea of a local-federal "partnership" has been dominant. Yet the critics point out that the authorities in Ottawa have little respect for or trust in municipal officials and they are not about to pass down enough revenue to provide for genuine local autonomy; it is not in Ottawa's interest to eliminate favour-granting. The notion that the FCM will be able to create a system whereby representatives of the Federal government will consult with municipal representatives as "equal partners" to consider general roles and responsibilities as well as the funding and design of specific urban programs is chimerical, in their opinion.

Moreover, the critics argue, there are realistic alternatives, which could be substituted for the FCM. One possible alternative is the "big city conference", such as the one hosted by Mayor David Crombie of Toronto in 1973. All the mayors of cities with populations in excess of 100,000 perhaps could meet on an annual or bi-annual basis to discuss common concerns and make their needs clear to Ottawa. Another variation that has been proposed is a national conference with reference to one substantive issue like housing or transportation; the mayors and senior officials (from the appropriate departments) of the major Canadian cities would meet in order to draw attention to their needs and to use their collective voice to influence federal priorities. This kind of approach, the critics suggest, would create a stronger municipal voice than that currently being sounded by the FCM.

Another alternative would be for the FCM to restructure itself as an organization composed solely of the provincial municipal associations. This would be more logical, suggest the proponents of this approach, given the fact that Canada is a federation with provincial governments having primacy in the municipal field. (This technique was used temporarily in the late 1960's when the Joint Municipal Committee on Intergovernmental Relations was formed under the auspices of the CFMM to pursue the goal of creating a tri-level forum. This Committee was made up of the presidents of all the provincial municipal associations in Canada.)



- 3) *The Federation of Canadian Municipalities is not the "national voice of Canada's municipalities" that it claims to be.*

It does not speak for the nation's 4,500 municipalities but, with a membership of under 250, is a collection of only some of them.

Indeed some argue that the diversity of Canada's municipalities precludes a genuine national federation. What is the demographic picture? According to the 1971 Census, about one-half of all of Canada's incorporated municipalities, including cities, towns and villages, have less than 1,000 population. At the other end of the scale, there are only three metropolitan centres with populations of over 1,000,000 (Montreal, Toronto and Vancouver), and a total of 22 metropolitan areas with populations of 100,000 or more; well over half of the country's inhabitants resides in the municipalities which make up these 22 metropolitan areas. Given this pattern of urban population distribution, a national union claiming to represent all municipalities -- urban and rural -- cannot be authentic, say the critics.

This diversity of municipal interests which comprise the federation was visible at the Vancouver conference in June. For instance, during the workshop on urban transportation, one of four workshops on which the sessions were based, a clear tension existed. Discussion on the transportation resolution pointed up the inherent difficulties in reconciling differing land use concepts and objectives of the various municipalities. Consensus was not even possible on whether mass transit should be the priority for research and capital expenditure aid from the federal government. Certain municipalities were more interested in roads or would not agree that the possible disadvantages of federal involvement were worth the benefit of the hand-out.

A second point in this argument is that the conditions under which municipal governments exist in each province or territory in Canada differ from one to the other. Thus the scope and responsibilities of local government are very different in Ontario, than in New Brunswick say, where the province plays a far more dominant, paternalistic role, or in British Columbia or Alberta where the provincial reins are looser. Consequently the potential for a consultative relationship between Ontario's municipalities and the senior levels, compared to their counterparts, is also very different. How relevant is the FCM in such a situation?



- 4) *As Canada's municipal "national voice", the FCM has been feeble and inarticulate.*

This argument does not challenge the objectives of the Federation, but rather, its effectiveness to date. Some critics have questioned the format of the annual conference, the primary event sponsored by the FCM which this year was designed to secure the passage of over eighty general resolutions dealing with four key urban issues (urban transportation, housing and land use, recreation and leisure, small and rural municipalities).

Others emphasize the inadequacy of the Federation's research -- quantitatively and qualitatively. Before 1976, the amount of in-house research generated by the CFMM was negligible. This year the FCM produced one major written document which argues the case for a better financial deal for municipalities. Judging from the federal and provincial responses to this document -- both official and unofficial -- the municipal campaign for a greater share of tax dollars, led by the FCM, needs buttressing.

*The FCM is only valid in its social and information resource roles.* Even if the FCM is not appropriate or effective as a political representative of municipalities in dealing with senior levels of government, it does, in the opinion of some critics, still have value within a limited context. By means of its conferences, its library resources and its information-pooling and exchange capability, the FCM facilitates significant communication between civic leaders across Canada. And it could do much more in this area. The FCM should settle for this social-information role and focus its energies on improving these functions.

#### The Case For

Those who support the FCM as having an essential role to play offer the following arguments:

1. One of the main points stressed by Puppets is that the Canadian public finance system *does* generate enough revenue to end the imbalance which leaves local governments seriously underfinanced. However, MSUA's initial posture (judging from unpublished staff reports and discussions with MSUA officials) is one of the scepticism as to the value of the data used; MSUA challenges the use of national income and expenditure accounts to determine Ottawa's surplus position in that it does not comprise Ottawa's total financial requirements. MSUA also denies that the property tax is as regressive or inadequate a tax base as Puppets claims.



- 1) *The Federal government is directly involved in the nation's municipalities.*

Notwithstanding the BNA Act, Ottawa makes decisions and initiates programs which directly affect local governments.

In recent years the Federal government has shown an increased interest in urban affairs. It is currently developing strategies and policies with respect to urban land use, growth control and immigration to name a few areas which obviously bear upon the municipal sector. We can expect this federal interest in urban affairs to continue to grow.

Specific federal activities, notably its housing and railway relocation legislation, demonstrate the direct role being played by Ottawa.<sup>1</sup> There are, as well, a host of shared-cost programs involving all three levels of government. Some like social assistance and welfare programs require municipalities to deliver the services. Others like certain housing programs (e.g. Rent Supplement) provide for optional municipal participation, at the municipality's initiative, though city councils can commit future councils to program delivery. Moreover, by virtue of the federal Crown properties, Ottawa's presence can have powerful influence on municipal land use planning. In Metro, two illustrations are the railway lands and the Downsview Airport site; how these lands are developed in the future obviously will affect the urban structure of the entire metropolitan area. While the sites differ depending upon the municipality, the overall issue of federal control over specific vital properties affects many municipalities across the nation.<sup>2</sup>

The fact that meaningful municipal-federal consultation does not now occur does not mean that municipalities should stop trying.

1. This legislation includes: amendments to the National Housing Act which have created such programs as Assisted Home Ownership Program, Land Assembly Assistance Program, Non-Profit Housing, Neighbourhood Improvement Program (NIP), Residential Rehabilitation Assistance Program; and the Railroad Relocation and Crossing Act which deals with the elimination of railway grade level crossings.
2. One might also point to areas of federal involvement arising out of the Federal government's powers, set out in the BNA Act, including control over ports and harbours.



- 2) *The constitutional reality is an anachronism created in a pre-urban context.*

Modern-day municipal governments require a new constitutional framework and financial basis. A strong Federation could help to bring about a redefinition of relationships and responsibilities as part of constitutional reform.

Only a few defenders of the FCM use this argument. Most of those who back the FCM accept our federal system and look to amendments to Municipal Acts, which establish the relationship of local governments to their provinces, for positive reform. In their view, it is the realities of funding patterns and policy-making, which do *not* follow the neat federal pattern prescribed by the constitution, that prove the need for the FCM.

- 3) *A national forum and voice for municipal leaders can strengthen the position of municipalities within the existing set-up both directly and indirectly.*

Acting as a lobby and speaking from a national base, the FCM can influence both Ottawa and the provinces to be more cooperative and sympathetic to municipal interests. For example, the federal government would be more likely to amend the National Housing Act in response to a national lobbyist than in response to municipalities speaking through one province. It can also help create a climate of opinion more aware of local government needs, which ultimately will make the provincial governments themselves more responsive.<sup>1</sup>

A national union need not undermine the provincial municipal associations. Municipalities can work on a number of "fronts" to achieve their goal of more money -- whether in terms of senior level participation in shared-cost schemes, unconditional block grants from the provinces or a percentage of the income and corporate taxes passed down through the provinces; and similarly, they can press for more control in specific areas like housing or human service delivery both by going to their own province and by obtaining federal support or acquiescence.

1. For instance, on the issue of intergovernmental finance, by continually demanding greater financial independence the FCM has kept the spotlight on the problem. FCM lobbying contributed to the development of a common database (i.e. the Deutsch Report) which was a prerequisite to any serious debate on the system of public finance (even though the study is now being challenged by Ottawa). The FCM analysis, Puppets on a Shoestring, may have impact on the provincial political scene: in Ontario, the NDP has already publicly opted for some form of revenue-sharing, but Puppets... may influence the Liberal party platform on the issue; and ultimately this could incline the Conservatives to be more generous in their grants, if not to consider a share of the income tax.



- 4) *The alternatives to a national federation would be less effective.*

The concepts of an annual big city conference or of periodic conferences directed towards one major issue are worth considering; but they can be incorporated into a national federation scheme. By themselves, without an ongoing structure, they would be very limited and certainly would not facilitate the information-research activities now carried on by the FCM. Indeed, the FCM should give thought to providing additional forums to that of their annual conference, forums which would focus media and public attention on specific urban issues or which would bring together civic leaders from comparable cities and with related concerns.

The other alternative mentioned above, that the FCM should re-establish itself as an organization composed of provincial associations, might seem to be more logical, but could be less successful. As a lobby, its strength would naturally depend on the strength of its constituent members. Thus, presumably, the cultural and regional tensions we now see nationally would be more evident. (Note that at present the FCM has a large number of members from Quebec, despite the absence of Montreal.)

A final alternative, to disband the FCM, and rely instead on the provinces to represent their own municipalities in bargaining with Ottawa, is unsatisfactory. It presumes that the provinces would be adequate spokesmen for their municipalities, which on occasion is simply *not the case*. There are situations in which the province will inevitably have a conflict of interest as when the change or program being sought by the municipalities would involve provincial dollars.<sup>1</sup> This is probably the most compelling argument in favour of a national lobby organization.

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1. The following illustration is complicated but typical. In 1974 the federal government passed the Railroad Relocation and Crossing Act. A regional tri-level conference in Ontario was held in Sudbury in the Fall to discuss cost-sharing arrangements. It was agreed that pilot studies would be funded on the basis of 50/37½/12½% formula for cost-sharing. The province of Ontario refused to commit itself to funding beyond the studies. The cost-sharing issue with respect to implementation has never been resolved. While five pilot areas have been selected for studies, Ottawa won't release money for studies (three study proposals have been submitted for acceptance and funding) until the province agrees to its share of the implementation cost for relocating the tracks when the time comes. The province won't agree; yet it is in the municipal interest to proceed with the studies.



- 5) *While the Federation does not represent all municipalities, it can claim to speak for a significant proportion of them.*

To be specific, it does include almost all of Canada's metropolitan areas with populations of 100,000 and more.<sup>1</sup> Fifty-five percent of the total population are currently metropolitan dwellers and most of the future population growth in Canada over the next forty years is expected to occur in these areas. Of the country's "second level" cities with populations between 400,000 and 1 million (namely, Calgary, Edmonton, Hamilton, Ottawa-Hull, Quebec and Winnipeg), all belong. Thus the Federation is far more "representative" than the relatively small number of members suggests.

- 6) *Despite the differences, there are common concerns, common functions and common responsibilities shared by the municipalities which justify a federation.*

To give one basic illustration, while differential growth rates mean that not all cities will be worried about limiting sprawl or increasing population densities, all municipalities share an interest in existing or future federal policies relating to housing, economic and employment strategies, the transportation system, immigration, income security, etc., all of which affect their own planning.

### Conclusion

*The Federation of Canadian Municipalities does have a valuable role to play as a national municipal spokesman. We did not reach this conclusion on the basis of past accomplishments, although, as noted above, federal legislation has been brought about over the years which has directly benefited municipalities. Nor did we think of the role of the annual conferences in encouraging the establishment of contacts among local government officials. The primary consideration, in our view, is that the alternatives to a national federation are not likely to be more effective.*

While Canada's constitutional framework logically suggests that municipalities should concentrate their efforts on provincial-municipal relationships, the evidence demonstrates that municipalities cannot always depend on the provinces to serve as their advocates in Ottawa.

1. Montreal is the major exception.



As to the advisability of seeking new mechanisms of inter-governmental relationships, we acknowledge that serious doubts exist about the national tri-level process. The suspicion that Ottawa is using the tri-level structure as a technique for consolidating an expanded federal role in local government affairs seems well-founded. The government of Ontario has suggested that regional tri-level conferences are the answer, and it has professed a regard for the development of effective tri-level machinery within the province as a priority. Time will tell whether or not this attitude is sincere. The Bureau's conclusion that the FCM can play a positive role is thus not based on confidence in a national tri-level consultative structure but on a reluctance to rely on provincial cooperation and initiative alone.

The establishment of a national tri-level forum does not preclude regional tri-level sessions. In fact, the FCM can help foster regional tri-level consultation, as it did this year by helping to prepare for the Atlantic Tri-Level Conference (April, 1976); an FCM staff person, working through the FCM Atlantic regional committee assisted the five provincial associations in that region in planning the meeting. The existence of a strong national FCM need not undermine or diminish the role which provincial municipal associations can play. Rather, it can encourage and work in concert with provincial organizations.

The benefits of the FCM can be obtained if it is strengthened and made more productive in the following ways:

- \* FCM must find a way to express the diversity within the organization. The two major categories of this diversity are those based on the size of municipalities and on their regional affinity. Possible changes include: running parallel programs at the annual conferences to reflect the municipal interests of big and small cities; better use of the standing regional committees,<sup>1</sup> and creating alternative forums such as regular big city conferences or ad hoc national meetings on single topics.<sup>2</sup>
1. If the national FCM office wanted to prepare a policy statement on any issue, it could ask each regional committee to consult with the relevant cities and towns within its jurisdiction and submit a regional position paper.
  2. One such conference on urban transportation was held by the CFMM in 1971, in Montebello.



- \* FCM could improve its information and intelligence services by closely monitoring federal legislation affecting municipalities and providing information to its members. It should aim at providing them with advance information on current and future grant programmes for example as well as information on what other cities are doing. This also calls for a revamped communications programme, which has, in fact, just been initiated by the new Executive Director (September, 1976).
  - \* FCM could consider making one aspect of its lobby role more effective by offering assistance to individual member municipalities to resolve specific problems with federal agencies. One model which may be partly relevant is the "Man in Washington Service", jointly operated in the United States by the National League of Cities and U. S. Conference of Mayors. A "Person in Ottawa" service could assist individual municipalities in liaising with federal officials, give advice on programmes, etc.
  - \* FCM could expand its study and research activities and develop a capability for policy analysis. The recent Puppets report is a beginning; but it should do more policy analysis and spell out both specific objectives and policy alternatives from the municipal viewpoint on certain subjects. Research might be divided into two categories: general urban issues such as immigration, land use and growth control and "big city issues" such as transportation and housing.
  - \* FCM must strengthen its staff and political leadership. In the end, the calibre of the political leaders who comprise the Board of Directors, its Executive Committee and the five Regional Committee Chairmen may hold the key to the political effectiveness of the organization.
  - \* FCM needs to augment its financial base. (FCM's projected annual budget for 1976-77 is \$390,000; the current staff complement is ten people.) While membership will grow as the FCM's credibility improves, a positive campaign for new members based on clear goals and objectives and oriented toward both national and regional concerns should help.<sup>1</sup>
1. At the outset, all members lost in recent years should be canvassed to learn why they withdrew and what it would take to regain them. Goals and services as permitted under the existing budget, along with future activities which a larger budget would allow, should be outlined for prospective members. Present members, not just the five Regional Chairmen or hired staff, should be involved in the membership drive. FCM might seek to involve non-member municipalities in their activities, as they form part of its constituency; this might lead to their joining. (FCM does currently liaise with non-member municipalities through national associations like the Canadian Council on Social Development.)



These suggestions are not radical and are applicable within the existing FCM structure. One might be tempted to suggest more far-reaching reforms, such as a revamping of the funding system for the Federation, or the adopting of new strategies in the political arena, in the hope of achieving dramatic positive results. A check-off dues system from the provincial level to the FCM might seem to hold the promise of a much more solid revenue base; yet this kind of suggestion would need to be explored very carefully considering the varying characteristics of provincial municipal associations across Canada. Similarly, politicization of the FCM (e.g. articulation of urban issues during federal elections) would give it a higher political profile, but could be risky given the tenuous nature of the Federation and the non-partisan basis of the organization.

In the final analysis the future of the FCM is problematic, clouded by two perplexing dilemmas.

First, the harder the FCM lobbies and the more successful it is in attracting federal government and public attention, the more it will elicit federal intervention into the municipal sector in the form of new federal programmes and dollars. While FCM's long-term goal is the opposite, that is a new tax-sharing system which would obviate this interference, the reality is that FCM lobbying runs the hazard of having Ottawa react with more band-aid solutions. Yet, in the end, these short-term gifts undermine local autonomy in that they perpetuate a "cap-in-hand" relationship and do nothing to broaden the municipal tax base. Further, this pattern of unilateral ad hoc intervention tends to distort local priority-setting. But is there a municipality that would forego short-term federal dollars for the sake of long-term reform of the public finance system?

Second, FCM's emphasis on "municipal autonomy" and the right of cities and towns to "control their own destinies" may be misplaced. As Canada becomes more and more urbanized to the point that by the year 2000, the country will be 90% urban, the importance of national and provincial policy planning increases. The move for "local autonomy" will not offer solutions to the long-range planning problems of population growth and distribution, the preservation of prime agricultural land, and the proper management of our environment and resources, for example. Municipalities themselves will have to look beyond their own local needs to face these broader planning and land use issues. Can the FCM, a loose coalition of



diverse municipal interests, achieve consensus on such broad policy issues? Further, as a national lobby organization, how should the FCM direct its efforts in helping to develop the regional and provincial policies which are prerequisites to a national urban policy? Without denying the validity of the goals of more autonomy and new revenue sources, the FCM faces the challenge of how to reconcile the thrust for local government autonomy with the larger concerns of urban development.

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October 1976