Re-Thinking Intergovernmental Relations in Canada? An Analysis of City-Provincial Relations in Winnipeg and Vancouver

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Introduction

In the preface to Volume 63 of the Royal Commission on the Economic Union and Development Prospects for Canada, Richard Simeon states: "One of the defining features of contemporary federalism is the interdependence among governments" (1985, xiii). In the same volume, Harry Kitchen and Melville McMillan argue that "Canadian local governments are widely regarded as minor players in the Canadian federal scene. The limelight of intergovernmental relations is taken by the federal and provincial governments, and local governments, if acknowledged, are well back in the shadows, forgotten in the excitement and turmoil of federal-provincial relations" (1985, 215). More recently, Andrew Sancton, in *Canadian Federalism: Performance, Effectiveness, and Legitimacy*, suggests that municipalities are not often thought of as being part of the Canadian federal system (2002, 261). Meanwhile, Katherine Graham, Susan Phillips, and Allan Maslove state: "If one were to think of governmental victims in our federal system, then urban governments might seem to fill the bill" (1998, 198). A cursory review of the literature indicates that Canadian municipalities are not generally seen as significant players in the intergovernmental arena of federal-provincial power politics.

In "The Shame of (Ignoring) the Cities," Caroline Andrew laments the "neglect" of cities in the study of Canadian politics and argues that cities need to be better recognized because they are the political arenas for some of the most important public policy issues in Canada (2001, 103). In a similar vein, Neil Bradford argues that cities are the site of significant economic, social and environmental challenges (2002, iv). Many of today's cities, however, find themselves without adequate financial resources and constrained by their subordinate status within the Canadian federal arrangement. As the demands and responsibilities faced by cities continue to grow, calls for greater political and fiscal autonomy have become more pronounced and organized in certain cities. In an attempt to respond to some of the challenges facing our cities, the federal and provincial levels of government have recently engaged in negotiations surrounding a "New Deal for Cities and Communities." Additionally, a number of provinces have introduced new or revised municipal acts, city charters, and city-specific legislation. Despite these initiatives, this paper argues that efforts aimed at empowering cities are unlikely to end calls for urban autonomy unless an attempt is also made to further re-examine and improve local-provincial relations. A more cooperative and collaborative relationship between a city and province generally leads to fewer calls for autonomy.

This paper begins by examining the nature of intergovernmental relations in Canada, with a focus on the local-provincial dimension. It, then, explores the local-provincial dynamic that has unfolded in two Canadian cities, Winnipeg and Vancouver. Finally, it will offer up some "lessons learned" by comparatively examining the two case studies. As this paper shows, the political, legal, and bureaucratic relationship between city and province is asymmetrical across the country – and this has important implications as to whether or not calls for greater urban autonomy materialize in one city or another. ¹

¹ This paper partially draws from research conducted for a larger research project, including over 100 interviews with key actors involved in the push for greater political and fiscal autonomy in Vancouver, Winnipeg, and Toronto.

The Intergovernmental Context: A (Brief) Historical Overview

The foundations of Canada's municipal system were laid over two hundred years ago. They were developed for a small and scattered population which consisted primarily of agricultural and rural societies. Looking back over the history of Canadian federalism, one finds that several municipalities had a much longer existence than the country of Canada itself. Montreal, for instance, was incorporated in 1604, Halifax in 1789, and Toronto in 1834. In their early years, municipalities often had considerable operating freedom (Crawford 1954, 32). Donald Lidstone (2004) argues that municipalities were initially viewed as governments even before the time of Confederation. It was this reality that led Lord Durham, in his 1839 Report, to recommend that municipal institutions be considered an order of government under a future Canadian Constitution. By the time of Confederation in 1867, however, "revivified anti-localism" prescribed that local government fall within the realm of the provinces (Garber and Imbroscio 1996, 603).

The *British North America Act* of 1867 and its successor, the *Constitution Act*, 1867, created federal and provincial governments, with the provinces assigned exclusive responsibility for "municipal institutions." The *Constitution Act*, 1867, made no specific reference to municipalities, except in subsection 92(8) where they are placed under provincial jurisdiction. As a result of this jurisdictional assignment of power, municipal governments in Canada only enjoy powers delegated to them by provincial governments. Any exercise of municipal authority must be founded on a power that has been expressly delegated in provincial legislation (Hoehn 1996, 1). In other words, if a municipality cannot find expressed legal authority for an action, then, legally, it cannot undertake it (Tindal and Tindal 2004, 195). According to Judith Garber and David Imbroscio, Canadian courts have generally followed this tradition of construing local powers quite narrowly. For the most part, municipalities must rely on "variable and unpredictable displays of provincial largesse for their ability to act" (Garber and Imbroscio 1996, 603).

The Evolution of Intergovernmental Relations – Making Room for the Municipal?

By the beginning of the twentieth century, the majority of provinces had in place, or were about to establish, a system of municipalities. These municipal systems were generally based on an expectation that municipalities would provide a limited range of services, primarily services related to property. This idea was based on the assumption that the property tax would be both appropriate and adequate to finance the cost of municipal services (Tindal and Tindal 2004). Thomas Plunkett argues that Canada's early municipal system placed little emphasis on matters of governance. Its major purpose was as a local corporation designed to provide for the delivery of a relatively narrow range of services (Plunkett 1974 in Nowlan 2000, 84). Facing the demands of the Great Depression and the postwar pressures of urbanization, this rather tidy division of responsibilities would soon undergo significant change.

As a result of the Depression of the 1930s, and the financial difficulties that ensued, several municipalities defaulted on their financial obligations. Many provincial governments

My larger research project asks: 1) what are the driving forces behind calls for greater political and fiscal autonomy in Canada, and 2) who are the key actors involved and why? This project has uncovered that the most important variable in explaining the presence or absence of a push toward greater autonomy in a city is the relationship between the province and the local government.

subsequently assumed responsibility for municipal finance. In a number of cases, municipal powers, such as public health, traffic, and zoning, were subject to review or control by provincial authority (Tindal and Tindal 2000, 210). Over the years, for example, many provincial governments expanded or took over important functions which were predominately local responsibilities.

The postwar period continued to bring with it a further increase in provincial-municipal involvement due to the growing number of service demands. Many of the traditional responsibilities of local government became much more significant and costly, including education, roads and welfare. As demands for local services and local public infrastructure grew, considerable pressure was placed on local finances. Revenue from the property tax became less and less adequate to finance growing expenditures. In an attempt to alleviate this problem, most provinces increased their financial assistance to municipalities. Senior governments intervened by assuming greater responsibilities, especially for social services, and by extending substantial financial assistance (Kitchen and McMillan 1985, 232). Although their actions were viewed rather suspiciously because of the conditions attached to government grants, Tindal and Tindal suggest that provinces were attempting to ensure that services were provided at a minimum standard – regardless of the varying financial capacities of individual municipalities. But, as municipalities participated in more of these shared cost programs, their local expenditures increasingly reflected provincial priorities (Tindal and Tindal 2004, 180).

Even though the federal government has no jurisdictional authority over municipal institutions, it, too, periodically used its spending power in policy areas related to municipal government. Significant federal involvement began during the Depression with the establishment of employment and other relief programs. In the postwar era, federal involvement continued in areas related to social welfare, infrastructure renewal, immigration, social housing, and transportation. However, as Sancton reminds us, there are no federal programs that help fund municipal operating expenditures in any systematic way (2002, 264). Ad hoc agreements for particular cities are certainly no substitute for significant flows of federal cash to help municipalities finance day-to-day municipal services like public transit, for instance (Sancton 2002, 264-5).

Given their limited political power and financial resources, local officials have long relied on senior governments in meeting their obligations. The support of upper level governments, however, is not always guaranteed. This situation creates difficulties for cities grappling with deteriorating infrastructure, affordable housing shortages and public transit challenges. Further compounding this scenario, reductions in transfers from the federal to the provincial levels of government during the 1980s and 1990s have been mirrored by shrinkage in transfers from the provincial governments to their municipalities (Andrew, Graham, and Phillips 2002, 10). The Canada Health and Social Transfer (CHST), for instance, significantly reduced the overall level of federal support for health care, post-secondary education, and welfare. The resulting financial pressure on provinces has contributed significantly to cuts in provincial-municipal transfers (Graham, Phillips and Maslove 1998, 174).

Based on the preceding analysis, it would appear that Canadian municipalities are quite constrained. The wave of downloading and municipal mergers in recent years would seem to suggest that local governments are subject to the whims of senior government. Although

² The upsurge in municipal responsibility and spending in the postwar years is illustrated by the fact that the total urban municipal expenditures increased by 131 per cent over the eight year period between 1945 to 1953 (Tindal and Tindal 2000, 78).

municipalities are legally (and, increasingly, financially) constrained, a strict constitutional focus tends to oversimplify the complex nature of contemporary intergovernmental relations, especially in cities like Winnipeg and Vancouver. Patrick Smith and Kennedy Stewart point to a "mushy middle" that characterizes municipalities. Rather than viewing local governments as merely "creatures of the province," they argue that local governments have the capacity to act "despite constitutional and statutory inferiority" (Smith and Stewart 2003, 217). In fact, municipal governments have taken initiative in pressing concerns upon senior levels of government. This can be seen more recently with the Vancouver Agreement – a new approach to drug treatment and harm reduction which largely focuses in the city's Downtown Eastside. Municipalities, therefore, can acquire a complexity that extends beyond the constitutional realm, if they so choose. Winnipeg and Vancouver are two examples of cities which have attempted to move beyond the confines of Section 92(8).

Case Studies: Winnipeg and Vancouver

In 1867, no one could have foreseen the extent of the transformation of Canadian cities the size, the economic roles, and the responsibilities that would come to major cities. Local governments today are grappling with fiscal, social, environmental and cultural challenges that fall well "outside the traditional municipal box" of property servicing (Bradford 2002, 29; Kent 2002, 6). The following section will examine how two Canadian cities, Winnipeg and Vancouver, have attempted to manoeuvre within this changing intergovernmental environment, with a focus on city-provincial relations and reform efforts aimed at securing greater political and fiscal autonomy.

Winnipeg

With a population of approximately 619 544, and as the largest urban centre in a province of only 1 119 583, Winnipeg represents over half of the provincial population and approximately 65 percent of the province's Gross Domestic Product (Gannon 2003, 4). Politically speaking, the city has had its own special city charter since 1972. It is also home to a majority of the province's electoral districts – thirty-one out of fifty-seven are situated in Winnipeg. In comparison to other major urban centres throughout the country, Winnipeg sits in a rather unique position within its province. Paul Thomas remarks, "No Premier can afford to ignore Winnipeg" (Thomas Interview, June 2004).

As the largest city in Manitoba, the economic health of Winnipeg has been of special importance to the province. Matthew Kiernan and David Walker argue that provincial governments must be "sensitive, both economically and politically, to any significant fluctuations in Winnipeg's economy" (1983, 225). Given this reality, the Manitoba government responded to the financial squeeze on its municipalities by assuming the total cost of old-age pensions in 1941, and by increasing education grants and wiping out municipal debts in 1947 (Brownstone and Plunkett 1983, 19). In addition, the province recently allocated revenues from

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³ For further information on the Vancouver Agreement, please see http://www.vancouveragreement.ca/TheAgreement.htm

⁴ See Statistics Canada, Winnipeg, Manitoba. 2001 Community Profiles.

⁵ The population of Brandon, the second largest city in Manitoba, presently rests at 41 037 (Statistics Canada, 2001 Community Profiles).

two percentage points of the personal income tax and one percent of the corporate income tax for distribution to municipalities in the form of a per capita grant (City of Toronto 2000). Despite its demographic, electoral, and economic strength within the province, the fact still remains that the city of Winnipeg is still constrained under the current federal framework.

The majority of interviewees in Winnipeg maintain that, over time, the relationship between the city and the province has not been ideal given the "constitutional position" (or lack thereof) of cities within the Canadian federal system. The hierarchical relationship between the two levels of government, as recognized in the Canadian Constitution, still looms in the background of many of the political arrangements negotiated between the province and the city. As many interviewees point out, Winnipeg is still widely regarded as "the creature of the province" by provincial authorities – despite improvements to the relationship in recent years. Many express concern that the provincial government can change, at will, the city's roles and responsibilities. An example of provincial intervention into Winnipeg's local affairs included changes to the city's political structure. For example, the number of community councils⁶ established under Unicity dropped from 12 to 5. Additionally, the number of city councillors went from 50 to 29, and then down to 15. The city's limited range of powers under the federal system, and the potential threat of provincial intervention into local affairs are seen as major political factors behind calls for greater political autonomy in Winnipeg.

Having worked extensively with the Province of Manitoba, Paul Thomas maintains that "there's a culture of supervision at the provincial level, and in the Department of Intergovernmental Affairs, in particular" (Thomas Interview, June 2004). He argues that a "transactional relationship" exists between the municipal and provincial levels of government. Thomas describes the relationship between the city and the provincial government as follows: "If you are going to do something, then tell us first. We'll give you permission most times, but just tell us because you are required to inform us" (Thomas Interview, June 2004). According to Thomas, under this relationship "you haven't really grown up. It's sort of like, 'I'm going out now, Mom.' You are semi-independent." In a similar vein, Michael Teillet, Director of Provincial Planning Services in the Manitoba Ministry of Intergovernmental Affairs, provides a telling example of the paternalism that sometimes underlies this relationship. He notes: "We used to require municipalities, when they would put a notice in the newspaper on re-zoning, to send us a certified notice, like an affidavit, saying that they had put this notice in the newspaper. We get about 200 zoning amendments a year. We, then, would receive all these affidavits saying, 'yes, the municipalities put the notice in the paper.' It was extra work on both parts, but, in a way, it was a trust issue where we didn't seem to trust them to do it properly" (Teillet Interview, June 2004).

Early Efforts at Reform: Metro and Unicity

A major attempt by the Manitoba government to address some of the economic and political challenges facing Winnipeg has been through local government restructuring and reform. By the late 1950s, municipal reform in the Winnipeg metropolitan area was proposed by the province because of the financial pressures facing the city and the inadequacy of single-purpose bodies for the metropolitan area (Brownstone and Plunkett 1983, 18). Bickering

⁶ Community councils are committees intended to maintain close communication between the city and its residents.

⁷ Paul Thomas is the Duff Roblin Professor of Government in the Department of Political Science at the University of Manitoba. He also chairs the provincially appointed Regional Planning Advisory Committee (RPAC).

between the area-wide municipalities also frustrated general planning, including the provision of regional infrastructure. Given this scenario, a two-tier system of metropolitan government was implemented by the province in 1960 (Kiernan and Walker 1983, 227). The "Metro model" was proposed as a reform measure that would help to alleviate some of Winnipeg's problems. This new structure, however, did not meet expectations, and was believed to have increased political fragmentation and conflict between the core and suburban areas within Greater Winnipeg (Brownstone and Plunkett 1983, 170).

In the early 1970s, the Manitoba government was once again ready to alter the structure of local government in Winnipeg. This time amalgamation was proposed as an alternative. On January 1, 1972, with the adoption of the *City of Winnipeg Act*, the new "City of Winnipeg" (or, 'Unicity,' as it commonly came to be known) was created. Covering the total area of the former metropolitan corporation, twelve lower-tier and one upper-tier local governments were replaced with a single area-wide council. Under the Unicity model, all local services were unified under a single municipal administration (Nader 1976, 293). Sancton argues that the Unicity experiment was about "increasing the capacity of municipal government to control and shape urban development and about promoting greater social and economic equality" (1998, 4). The principal vehicle to reduce these disparities was an equalization of municipal tax rates throughout the metropolitan region (Kiernan and Walker 1983, 240).

Unicity was a bold experiment in political and administrative reform. But, like the Metro model, it was not the mechanism to redistribute economic and political power that its founders had imagined (Thomas 1998, 47-48). Most commentators on Winnipeg politics seem to agree that the reform was only partially effective (Brownstone Interview, March 2005; Kiernan and Walker 1983; Brownstone and Plunkett 1983). Additionally, the changes that Unicity brought to urban life in Winnipeg were not as great as many expected (Sancton 1998, 5). According to Warren Magnusson, Winnipeg was now larger and the downtown less significant than it had been previously (1998, 83). Referring to Unicity, Earl A. Levin astutely remarked, "[i]t seems to me that without commensurate empowerment, the re-configuration of the municipal structure cannot adequately address the urban problems of our times" (1998, 45). Despite frequent revisions to the *City of Winnipeg Act* over time, there has been no far-reaching reform of Winnipeg's powers or a shift in municipal boundaries (Leo and Piel 2005, 118). The Unicity reform of 1972 would prove to be the province's last major attempt at local reform in Winnipeg until the new millennium.

"New Deal" Politics

As the fiscal and political challenges facing Winnipeg continued to escalate, including a massive infrastructure deficit and a property tax system that did not allow the city to maintain the cost of its operations and expenditures, a package of reforms known as the "New Deal for Winnipeg," was developed by the City of Winnipeg. Building on the momentum of the national campaign of a "New Deal for Cities," the campaign for a new urban agenda for Winnipeg was spearheaded by Winnipeg's mayor, Glen Murray, and was intended to be two-step process aimed at securing greater political and fiscal autonomy for the city.

In November 2001, the City of Winnipeg and the Province of Manitoba announced plans to renew the *City of Winnipeg Act* in two phases. The first phase focused on streamlining the

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⁸ The equalization of differing municipal tax rates was to be softened by generous transition payments from the provincial government (Selinger 1998, 88).

Act. ⁹ and concluded on January 1, 2003 with the creation of a new *City of Winnipeg Charter Act*. ¹⁰ The *City of Winnipeg Charter Act* was to replace the former *City of Winnipeg Act* of 1972. The new legislation was the first step in a process designed to provide the City with more autonomy and financial flexibility. According to the City of Winnipeg website: "This legislation inaugurates a new relationship between the City and the Province, recognizing the City as a responsible, accountable government, and providing civic government with new tools to do its job more effectively" (City of Winnipeg 2002). ¹¹ The Final Report of the provincial government's Regional Planning Advisory Committee stated that the new *City of Winnipeg Charter Act* moved in the direction of granting local government additional authority with less provincial supervision than it had before (Government of Manitoba 2003, 81). ¹²

While Winnipeg had its own charter since 1972, most interviewees agreed that the previous Act did not sufficiently empower the city. This latest reform effort by the provincial government sought to modernize many aspects of the old legislation. Gerry Couture, a Senior Consultant in the City of Winnipeg's CAO Secretariat, remarked: "The old *City of Winnipeg Act* was more of a 'thou shalt do this, this, and this' kind of legislation. The new act is a much more permissive [piece of] legislation – unless it says you can't do it, then you can do it – and that does give us a bit more flexibility" (Couture Interview, June 2004). In the new legislation, everyday actions, such as joining an organization of municipalities, passing regulations, requiring licenses, and taking enforcement action are permitted (Leo and Piel 2005, 120). Under the new legislation, the City of Winnipeg also gained clearer authority in the areas of economic development, downtown renewal, and neighbourhood revitalization (Government of Manitoba 2003, 81-2).

The second phase of Winnipeg's "New Deal" process was a continuation of the province's commitment to renew city-provincial relations. The City of Winnipeg mapped out a detailed package of reforms aimed at obtaining greater political and fiscal autonomy from the province. Essentially, the New Deal package consisted of two parts: a tax shift *combined* with an overall tax increase. At council meetings, Winnipeg City Council confirmed that its top priority was "to get the Provincial and Federal Governments to move toward an urban agenda." In a letter from Jean Friesen, the Minister of Intergovernmental Affairs, to Glen Murray, Mayor of Winnipeg, Friesen wrote:

⁹ The new legislation is more concise and easier to understand than the old *City of Winnipeg Act*. The new Act is much shorter (328 pages compared to 603 pages in the old Act; 12 parts compared to 21).

¹⁰ Winnipeg has its own municipal legislation, the *City of Winnipeg Charter Act*, while all other municipalities in Manitoba are governed by the *Municipal Act (1997)*. A version of the City of Winnipeg Charter Act can be found at http://web2.gov.mb.ca/laws/statutes/2002/c03902e.php

¹¹ Under the new Act, the City of Winnipeg's corporate powers to carry out its daily operations were granted in law by means of a 'natural person powers' clause. 'Natural person powers' are generally viewed as more enabling than corporate powers. Unlike corporate powers, natural person powers allow a city authority to perform any act within its jurisdiction unless it is specifically disallowed by legislation. A section entitled "Natural Persons Powers" is located at the beginning of the new *City of Winnipeg Charter Act* and states: 'The city has the capacity, rights, powers, and privileges of a natural person for the purpose of exercising its authority under this or any other Act' (Manitoba 2003, City of Winnipeg Charter Act, Bill 39). But, as Christopher Leo and Mark Piel point out, this is the only mention of 'natural person powers' in the entire document (2005, 110).

¹² One example of a change under the new legislation was that the city gained the power to determine how many members would be on city council. Previously, the province determined the actual number of councillors for the City of Winnipeg.

¹³ The tax shift was intended to transform the current municipal tax regime into one that moved away from property taxes to more user fees and consumption taxes. The New Deal also proposed the addition of a number of new taxes and fees (e.g. 1% sales tax to provide access to growth revenue, user fees for garbage collection, among others).

It is our intention to examine, in cooperation with the City, further steps that could be taken to provid[e] the City with more autonomy, broader powers and greater financial flexibility...Accordingly, this phase would involve, in part, a review of existing models elsewhere in North America that fit the needs of large cities now and into the future. It is expected that this phase of the renewal initiative can commence as soon as resources are available (City of Winnipeg 2003 Appendix).

Despite this positive step on the part of the Manitoba government, interviewees indicated that the provincial government remained relatively quiet during the second phase of New Deal process following provincial approval of the new City of Winnipeg Charter Act. The province was not prepared to come to the city's "rescue" when the New Deal for Winnipeg started to run into trouble in the fall of 2003. According to one senior provincial official, "[t]he province wanted to go very slow on this. We had said that this will be a step by step process. We had worked very closely with the city on its new charter act. Of course, the mayor said, 'that's fine, that's a good start, but we need this, this, and this'...He came under a lot of heat with the New Deal, and I think he wanted the province to help him out – to bail him out a bit on this. The province did not." In addition to the province's silence on the matter, there was also some concern as to whether the province would actually "deliver" on its promise to renew the cityprovincial relationship. Following the release of the New Deal package of reforms for provincial consideration in April 2004, Premier Doer was asked about the proposal's status. According to one interviewee, Doer replied that his government was not elected to raise taxes. Soon after, the province declared that it would only begin to look at the city's New Deal proposal after it had "dealt with the health care file" first. The underlying message to Winnipeg seemed clear – please don't bother us right now.

To date, there has been no significant movement on Winnipeg's New Deal package as discussed above. Overshadowed by the gas tax agreements negotiated and signed between 2005-2006 as part of the federal government's "New Deal for Cities and Communities," it is possible that the province of Manitoba, exhausted from its adventures in urban reform in Winnipeg, viewed the national New Deal gas tax arrangement as a way to, at least temporarily, appease the city on its reform initiative.

Assessing the City-Provincial Relationship

An ongoing debate in Winnipeg politics, even going back to its early amalgamation days in the 1970s, concerns the appropriate roles and responsibilities of the province's largest city. Throughout much of its history, a variety of formal and informal mechanisms have been used to address some of the challenges facing Winnipeg, especially the economic decline of the downtown city core. The creation of Metro and Unicity, for instance, attempted to tackle some of the city's problems, yet these reforms did not bring about the cohesive policy direction and economic stimulation that was anticipated.

The majority of interviewees argued that relations between the city and the province are actually better now than they have been in the past, even though the demands placed on Winnipeg are much greater today than they were when earlier pieces of legislation were drafted. Recent reforms, especially the new *City of Winnipeg Charter Act*, indicate that the province "thinks we've now reached a point in our evolution as mature organizations that we can be

trusted to run our own affairs" (Thomas Interview, June 2004). Gail Stephens, referring to her recent experience as CAO of the City of Winnipeg, argued "there were things that the province couldn't or wouldn't do, but, certainly, my experience was that the relationship was quite good. There were a number of things that the province did to help the City of Winnipeg. Part of the problem, at the provincial level, is that the resources aren't there to help Winnipeg to the degree that it actually needs help" (Stephens Interview, October 2004). Gerry Couture also agreed that it is a fairly respectful relationship. Like Stephens, he acknowledged that the provincial government has its own challenges. ¹⁴ "I think we agree on goals," Couture argued, "but we are going to have to figure out how we are going to get there" (Couture Interview, June 2004).

The most recent legislative reform updating the City of Winnipeg Charter Act is an important sign that the province may be prepared to view its largest city less as a "creature" and more as a "partner." Rather than condemning the role of the province in the New Deal discussions, Roger Gibbins, the President and CEO of the Canada West Foundation, suggests that the Manitoba government should be congratulated for not impeding the Winnipeg debate. Gibbins argues: "Any long-term solution to the fiscal capacity of urban centres will undoubtedly bring into play the financial relationship between cities and their provincial governments, and for this reason most provinces have been less than enthusiastic about encouraging a vigorous urban demand. To do so would be to paint a target on their own chests. Yet, despite this concern, the Manitoba government has not been an impediment" (Gibbins 2003). Although the second phase of the New Deal fell through, the significance of the provincial government's recent move must not be overlooked. In fact, when compared to other Canadian municipalities, including Toronto, we can easily see that the City of Winnipeg has been treated relatively well by the province – something that New Deal advocates in Winnipeg, including former Mayor, Glen Murray, were often reluctant to publicly admit during the New Deal discussions. As Paul Thomas reminds us, "what came out of the New Deal debates was a belated recognition that relative to other Canadian cities, Winnipeg had been treated with somewhat more respect as another level of government (Thomas Interview, June 2004)."

There is good reason to be optimistic about the recent revisions to the *City of Winnipeg Charter Act*. It appears that the reform effort was a genuine attempt on the part of the province to "empower" the city. Early indications suggest that the City of Winnipeg will now enjoy more authority than it had in the past. Consequently, city council may now be in a position to respond more meaningfully to the preferences of its constituents and to the needs of the city (Leo and Piel 2005, 123). Despite the relatively good relations that have built-up between the city and the province, it is important to keep in mind that the province still sits in a superior position in this intergovernmental relationship. Even with the recent changes, the provincial government continues to have final authority over its capital city. While Winnipeg has acquired new formal powers that may well add to its autonomy, only time will truly tell whether these powers become a political reality.

¹⁴ The provincial government has established a balanced budget law which requires that deficits be avoided. Additionally, an increase in corporate income tax or sales tax requires approval through a referendum (Government of Manitoba 2003, 80).

¹⁵ According to Leo and Piel (2005), the most significant features of the legislative change were the following: 1) an expansion of the city's powers to act independent of provincial control, 2) provisions to increase the city's ability to buy and sell goods and services in innovative ways, 3) authorization to undertake tax increment financing, and 4) measures billed as mandating an increase in the city government's accountability to the public (118).

Vancouver

With a population of approximately 545 671, Vancouver is the largest city in a province of 3 907 738. The city represents close to 14 percent of British Columbia's population, and contains ten of the seventy-nine provincial electoral districts. Like Winnipeg, Vancouver is governed by its own city charter. The City of Vancouver is also a prominent member of the Greater Vancouver Regional District – a collection of twenty-one municipalities and one electoral area.

Over the years, the city of Vancouver has been able to garner a degree of political autonomy from the province that most other Canadian cities have been unable to achieve. Why has this been the case? The majority of Vancouver interviewees claim that the absence of a more concentrated call for further urban autonomy for the city is largely due to the cooperative, albeit at times strained, relationship that has developed between Vancouver and the province. This section will briefly explore the nature of the relationship that has evolved between the city of Vancouver and the BC provincial government.

According to one provincial official, "[t]he province's approach to local government has very much been to empower" (MacFarlane Interview, October 2004). Entering Confederation in 1871, the province of BC quickly passed general legislation allowing local governments to undertake a range of activities. As was the case with provincial legislation affecting local governments elsewhere in Canada, it did not allow BC municipalities to incur debt (Bish 1987, 15; Smith and Stewart 2003, 11). Despite this limitation, Kenneth Crawford argues that the traditional policy of the BC provincial government concerning municipal legislation has generally been "to give as large as possible a measure of local and self-government autonomy to municipal corporations" (1954, 47-48).

The early history of local government in BC, Robert Bish claims, was based on an open-ended style of 'home-rule' (1987, 15). In fact, in 1919, the province briefly considered, and then rejected, the idea of conferring American-style "home rule" on its local governments (Swainson 1983, 246). Although local governments in BC did not formally possess 'home rule' per se, Patrick Smith and Kennedy Stewart argue that the home rule movement in the US did have an impact on local government thinking at the time (2003, 14). The BC *Municipal Act* (1936), for instance, contained "266 voluntary functions" for local governments and "few constraints [were] exercised if a municipality had a good reason for wishing to undertake some new function" (Bish 1987, 16; 18). According to Alan Osborne, an Executive-Director in the BC Ministry of Community Services, there are fewer checks and balances on local government in the West (Osborne Interview, October 2004). Despite the "home rule" flavour of local legislation, it is important to remember that BC municipalities have always been guided by provincially delegated powers.

While municipalities in BC are created and governed by province-wide legislation, an important exception to the rule is the City of Vancouver. On April 6, 1886, the BC provincial legislature passed the *Vancouver Incorporation Act* (revised and renamed the *Vancouver Charter*

¹⁶ See Statistics Canada, Vancouver, British Columbia. 2001 Community Profiles.

¹⁷ A generally cooperative relationship also exists within the GVRD between member municipalities. While I focus further on the significance of the GVRD in my larger research project, for the purposes of this next section, I will focus primarily on the city-provincial dynamic.

¹⁸ Bish argues that home rule permits local governments to do anything that is not prohibited by provincial legislation, rather than only what legislation specifically authorizes (1987, 16).

in 1953). The incorporation of Vancouver by a city charter came about because the Canadian Pacific Railway (CPR) decided to extend the new transcontinental railway to Vancouver (Smith and Stewart 2003, 13). Although the charter contains similar provisions to other pieces of municipal legislation in the province, such as the *Local Government Act* and the new *Community Charter*, the *Vancouver Charter* guarantees a separate legislative existence for the city. ¹⁹

The main impact of the *Vancouver Charter* was to partially shield the city from allencompassing municipal change initiated by the province. It was thought the provisions of the charter would allow somewhat more leeway for the city than other BC municipalities (Smith and Stewart 2003, 14). Discussing the significance of the charter, Mayor Larry Campbell stated: "I wouldn't dismiss the *Vancouver Charter*. It gives us more power. But, more importantly, it gives us a *sense* of power – which is just as important. It gives us a sense of independence" (Campbell Interview, September 2004). In a similar vein, Brian Walisser and Nicola Marotz, two provincial officials with the Minister of Community Services, argue that, symbolically, the charter is seen as important. Walisser continues: "Vancouver doesn't see its city-specific charter as being a barrier to what it wants to do. The city comes to the provincial government and asks for very targeted and very specific changes. The City of Vancouver has indicated absolutely no interest in changing this legislative approach" (Walisser and Marotz Interview, October 2004).

Even with its own distinctive legislation, the city has not been immune from the occasional provincial intervention. Legally, the province can intervene and amend the charter without Vancouver's approval. In 1904, for instance, the province transferred most of the powers of Vancouver's city police committee to a provincially appointed police commission (Gutstein 1983, 220). In a similar vein, in 1929, BC government required provincial approval when Vancouver sought to annex two adjacent districts and several neighbouring municipalities that fell under the *Municipal Act* (Roy 1980, 74). In short, any change to the city's charter has to be approved by the provincial legislature – a procedure that is not automatically guaranteed (Smith and Stewart 2003, 13).

The Road to Autonomy in Vancouver

Throughout its history, Vancouver's overriding problem, inadequate finances, was similar to that of other Canadian cities. As Vancouver's expenses steadily increased, the property tax continued to be a major source of local revenue. The Depression further diminished the city's finances by increasing relief costs to unprecedented levels and reducing tax revenues (Roy 1980, 112). Throughout the 1930s, Vancouver officials constantly complained of the enormous burden of relief costs. As municipal demands grew, and the limitations of their own revenue-raising capacity became apparent, the constant plea was for more financial assistance from the province. Neil Swainson argues that municipalities received provincial support, but it was never on a scale to match their aspirations (1983, 249-50). Although Vancouver officials

¹⁹ The *Vancouver Charter* is available at http://www.qp.gov.bc.ca/statreg/stat/V/vanch 00.htm.

²⁰ For a recent case involving the city charter, see *Canadian Pacific Railway Co. v. Vancouver (City)*. In this decision, the BC Court of Appeal held that a development bylaw that prevented the CPR from taking any steps to develop False Creek was within the authority granted to the city by the Vancouver Charter. For more information on this decision, please see http://www.guildyule.com/news/papers/Legal%20News%20Feb%2005.pdf and http://www.lexum.umontreal.ca/csc-scc/en/rec/html/2006scc005.wpd.html.

would rarely admit it, relative to other Canadian cities, Vancouver was actually in a good financial position (Roy 1980, 112).

A major reason why Vancouver was in relatively good financial shape when compared to other cities was twofold: first, the city sought help when it needed it and, second, the province attempted to assist municipalities when it could. The province employed three main means of extending financial assistance to municipalities: tax sharing, revenue sharing and expenditure sharing, and conditional grants. The province started down the road of tax-sharing shortly after World War I by distributing part of the proceeds from motor vehicle licenses and pari-mutuel betting taxes to municipalities. The province also shared some of its profits from the operation of the Liquor Control Board and helped with the local cost of public education. With the onset of the Depression, a major increase in the province's contribution to unemployment relief costs and to general welfare expenditures was necessary. Conditional grants from the province for social and child welfare, secondary highways, and public health expenditures were also expanded in the postwar era. By the late 1930s, the province was meeting as much as eighty per cent of municipal expenditures for public welfare (excluding administrative costs). The sharing of motor vehicle license revenue continued, and gasoline tax sharing was added (Swainson 1983, 258-259).

BC provincial governments have generally responded in considerable measure to the long-standing plea of municipalities for access to more resources, especially to revenues from taxes which they cannot levy directly. This continued into the postwar era. Under the Barrett administration (1972-1975), the province financially assisted local governments through unconditional per capita grants. In 1978, the Bennett government also brought in a formula combining tax and general revenue sharing. Under this new approach, the province would set aside six per cent of its renewable-resource, non-renewable resource and sales-tax revenue for municipalities, plus the return from one point of the corporate and personal income tax. The expanded revenue sharing, Swainson says, coincided with great prosperity in the resource industries which, subsequently, provided municipalities with significant increases in revenue (1983, 260-61).²¹

At the same time, during the 1960s and 1970s, a considerable amount of service delivery authority and initiative was transferred up to the province which, at first, met little resistance from the municipalities. By 1975, this arrangement became strained as municipalities continued to press for subsidy increases which the province now resisted (Swainson 1983, 252). Both Swainson and Roy claim that while their financial situation had been improving, most municipalities continued to plead fiscal difficulty – despite the fact that unlike Ontario, the BC provincial government now had primary responsibility for social assistance and most social services (Graham, Phillips, and Maslove 1998, 270).

As Vancouver moved into the 1980s and 1990s, federal and provincial government restraint and cutbacks became more common in an age of neo-liberal reforms. Reeling from a serious economic recession and a dramatic collapse of tax revenues, there was a great deal of skepticism as to whether the province would continue assisting its local governments. In 1982,

²¹ While these measures were welcomed, they also exposed municipalities to the swings of a resource-based economy which slowed down quite dramatically after 1980. In 1981, the province announced its intent to establish a stabilization fund to cushion the more extreme variations in its own revenues (Swainson 1982, 261).

²² In 1972, the provincial government decided to "provincialize" the welfare delivery system by taking over the remaining municipal welfare departments in the province. After 1976, basic responsibility for welfare services was entirely in the province's hands (Swainson 1983, 254).

the provincial government responded to the severe erosion of its own tax revenues by imposing an economic restraint program on all public bodies, including local governments (Swainson 1983, 268-9). In another cost-cutting measure, the provincial government, in 1996, reshuffled its municipal grants in order to save \$113 million to balance the provincial books. According to James Lightbody, the City of Vancouver lost the most in absolute terms – an amount that equaled 2.4 per cent of its total budget (2006, 358). Had the generally amicable relationship between the province and the city begun to sour?

Assessing the City-Provincial Relationship

Although strained political relations between the two levels of government emerged from time to time, particularly during times of fiscal restraint and cutback, the general consensus in Vancouver is that a good working relationship has developed between the city and the province. Vancouver's City Manger, Judy Rogers, remarks: "As a bureaucrat, I can say that we have a strong working relationship with the province. Through mechanisms of collaboration and cooperation, we are linked in on issues. These relationships [between the city and province] are key, and they aid Vancouver in both the short- and long-term. We have invested a lot of time and energy into these relationships, but they do pay off in a huge way (Rogers Interview, October 2004). Gary Paget, Executive-Director of the Governance and Structure Divisions in the Ministry of Community Services, agrees. He argues: "At the working level, there is a very deep collaborative relationship. I think we both have an understanding that the long-term relationship is very important" (Paget Interview, October 2004). The recently signed BC gas tax agreement, as part of the New Deal for Cities and Communities, ²³ and the Vancouver Agreement are two examples of the fruits of these long-term relationships.

Why has Vancouver been able to establish a good working relationship with its provincial government while relations in other cities have oftentimes been antagonistic? As previously noted, Vancouver has had a long history of local government empowerment dating back to its earliest days. Building on this past experience of empowerment, and largely unconstrained by the heavy hand of provincial supervision, Vancouver, over time, has been able to garner resources from the province that have helped to lessen calls for greater fiscal autonomy. Unlike many other Canadian cities, Vancouver's City Manager, Judy Rogers, argues that the city of Vancouver is not purely driven by desperation for money. In fact, Vancouver is "pretty solid for a city" (Rogers Interview, October 2004). Rogers notes that "[a]s City Manager, I never do zero percent tax increases like other cities. Every budget that I have brought forward has a three to four percent tax increase. Citizens seem to trust us in the city, and we have received very positive feedback on the services that we deliver. I think that our long term investment in infrastructure (and its replacement) has been very important for the city" (Rogers Interview, October 2004). The fact that Vancouver presently finds itself in a stable financial situation, largely due to initiatives taken well in its past, certainly sets it apart from most other Canadian cities.

Another reason why Vancouver has been able to establish a good working relationship with its province is partially due to the extraordinarily stable workforces of both the city and the province. Most interviewees in the city and provincial bureaucracies have indicated, "[w]hen people come here to work, they tend not to leave." Over the past thirty years, for instance, there have been only three City Managers for the City of Vancouver – Fritz Bowers (1977-1990), Ken

²³ For more information on this agreement, see http://www.infrastructure.gc.ca/ndcc/agreements/gt can bc e.shtml

Dobell (1990-1998), and Judy Rogers (1999-present). In addition, interviews with senior city and provincial officials reveal that many staff members have been part of the "local government scene" for in excess of twenty years. This sense of continuity within both bureaucracies helps to solidify established relationships even further over time.

Despite the constitutional limitations facing municipalities in the Canadian federal system, an empowered "we know what we're doing" kind of attitude seems to have emerged from the city of Vancouver. While the BC provincial government has displayed a strong interest in the development of the city of Vancouver, it has also taken more of a "hands-off" approach to the day to day operation of the city's affairs (Graham, Phillips, and Maslove 1998, 158). According to Sancton, British Columbia has long been known among the provinces as the one most likely to leave its municipalities alone to make local decisions as they saw fit (Sancton 2002, 272). This independence has allowed the city to come up with some innovative ways to approach its most pressing problems, including the city's "Four Pillars Drug Strategy" for dealing with Vancouver's drug problems. One interviewee declares: "It's easy to get in a rut and complain and do nothing. Vancouver, unlike a lot of other cities, actually has the courage to use the tools presented to it to move forward." As Tindal and Tindal suggest, "Vancouver seems to embrace the "just do it" motto" (2004, 217).

What Can We Learn from Winnipeg and Vancouver?

There are three main lessons to be learned from the two case studies discussed in this paper.

The first lesson is that a city charter will not "solve" the urban autonomy dilemma in Canada if it does not make an effort to address the fiscal difficulties facing many of our cities. While a charter is seen as a good first step on the road to empowering local government, it is not a panacea. As Graham, Phillips and Maslove argue, a city charter is often seen by municipalities as an "antidote to their intergovernmental predicament" (1998, 184). A city charter, however, will not be the municipal "cure-all" if it purely rests on legislative changes and ignores the fact that many cities now require greater access to fiscal tools in order to meet their basic responsibilities and service commitments.

It is important to also keep in mind that a charter is still held in high esteem by many actors involved in the broader push for a "new deal for cities" in Canada. While most interviewed in Winnipeg and Vancouver recognized that their own charter contained powers that were not all that different from broader municipal acts governing the entire province, this seemed to matter little. City charters are important in the Canadian context because they are perceived as legislative tools that are "symbolically" empowering. It is for this reason many municipalities still continue to pursue charter status. As one provincial official noted, "Vancouver *thinks* its charter is empowering. Legally, it isn't much different from our province-wide *Local Government Act*." The "idea" that a chartered city is more autonomous than an unchartered city is still pervasive.

Despite the symbolic importance of a charter, actors in both cities were still concerned that their charter was subject to the will of the province. While the threat of provincial interference was less of a concern in Vancouver, given the cooperative ties that presently run between the province and the city, this threat was still ever-present. In Vancouver, if the past is to serve as a guidepost for the future, then it is unlikely that the province will take drastic steps to

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²⁴ For further information, please see http://www.city.vancouver.bc.ca/fourpillars/

repeal or alter the *Vancouver Charter*. In Winnipeg, it is still too early to tell whether the charter changes of 2003 will significantly alter or improve the legal and fiscal status of the city.

The second lesson learned is that a history of strong local government is important to secure urban autonomy. Vancouver has had a strong history of local government – even flirting with the idea of 'home-rule' for a brief period of time in its early days. For the most part, Vancouver has steadily continued along a trajectory of empowerment for most of its 120 years. Winnipeg has also had a good working relationship with its provincial government, although the city faces many fiscal difficulties in meeting its local responsibilities. While the Manitoba government backed away from the city's most recent package of New Deal reforms, it is important to note that the province has come to the city's rescue at different points in its history, especially in the Depression and post-war era. For the most part, however, both provinces have treated their largest cities reasonably well over time. The majority of interviewees in Winnipeg and Vancouver do not believe that their provincial governments would take steps to claw back or repeal charter legislation given that Manitoba and BC have both made conscious efforts to empower their municipalities.

The third lesson learned is that cooperation is crucial in guaranteeing local autonomy. Neither the city nor the provincial level of government can afford to take on the urban agenda alone. In order for a city to achieve greater political and/or fiscal autonomy, cooperation between the city and province is an absolute must. In Winnipeg, for instance, the lack of collaboration between the city and the province on the second phase of the New Deal for Winnipeg reform package was a prime reason why it failed in the end. While it is important for a city to try to figure out its major challenges and how it intends to address them, as was the case with Winnipeg's package of reforms, it is foolhardy to think that a city can present a major package of reforms to its province for approval without some sort of discussion with the province over the specifics of these reforms. In Vancouver, meanwhile, cooperation between the city and provincial bureaucracies is commonplace. This cooperation has partially built up over time because of the stability of the workforce within the two bureaucracies. Open lines of communication and information sharing, when possible, are important in this intergovernmental relationship in order to avoid major difficulties down the road. As George Puil shares, "[f]rom first hand experience, I can tell you that when we had a sense that the province was getting ready to move on an issue, we were always given the opportunity to say, well, let's hold on and give it another look" (Puil Interview, October 2004). Vancouver's experience of cooperation with the province seems to defy the constitutional limits thesis.

Conclusion

Today many cities struggle to achieve greater political and fiscal autonomy within the Canadian intergovernmental context. In their edited collection, *Municipal Reforms in Canada: Reconfiguration, Re-Empowerment, and Rebalancing,* Joseph Garcea and Edward LeSage argue that the general response of provincial governments to calls for greater autonomy has been to expand legislative authority. But, this is not often viewed as "far enough" by affected local governments. Provinces are reluctant to go very far, Garcea and LeSage conclude, and their efforts usually fall somewhat short of what many local officials had hoped and demanded - often failing to provide municipalities with the sustainable powers and resources to meet existing or future responsibilities (Garcea and Lesage 2005, 291). According to Tindal and Tindal, "this

doesn't mean that an improved legislative framework is not worth pursuing, just that if achieved it will not alter the underlying imbalance in the distribution of power and authority" (2004, 204-5).

The basic assumption underlying this paper is that the local-provincial relationship matters in the intergovernmental context – and will continue to matter even more as calls for greater urban autonomy continue in the future. Despite the rather valiant efforts at urban reform in recent years, including the new *City of Winnipeg Charter Act*, the basic fact remains that cities in Canada are still subject to the will of their respective province. In other words, provinces continue to have final say in how much "autonomy" a city is likely to receive. As this paper has argued, all current and future attempts aimed at ending calls for further urban autonomy will fail unless (and until) an effort is made to improve local-provincial relations. As the Vancouver case illustrates, a more cooperative and collaborative relationship between the local and provincial levels of government is needed if we wish to finally address the root causes behind calls for urban autonomy in Canada.

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