

PROVINCIAL INVOLVEMENT IN MUNICIPAL-FEDERAL RELATIONS

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i. Introduction

Scholars interested in intergovernmental relations in Canada have tended to focus on interactions between provincial governments and the federal government on the one hand and between municipalities and the provincial governments on the other. There has been very little attention paid to the third intergovernmental relationship, that between municipal governments and the federal government. The last monograph on this topic was published in 1979, and the most recent survey is almost ten years old (Feldman and Graham, 1979; Andrew, 1994). In part this is because much of the federal government's activity in urban areas and other municipalities is directly delivered; that is, initiatives pass *through* local governments, often with little consultation, even though they may affect areas in which those governments are very interested. The neglect of federal-municipal linkages is also caused by the constitutional structure of Canada, for the division of jurisdictions leads analysts to focus on the other intergovernmental relationships.

This is changing. Municipal governments have become very demanding, as their resources are constrained and their responsibilities increased (in most provinces). Some - especially the big cities - have turned to Ottawa. Stung badly by the Harris government, Torontonians in particular have sought relief from the federal Liberals (City of Toronto, 2000). There have been few tangible results from

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these efforts, but academics and think tanks have responded with works about the importance of cities, their need for greater powers, and the imperative of strengthening their collaboration with both the provinces and Ottawa (Bradford, 2002; Courchene, 2001: 276-84; Jenson and Mahon, 2002). As one respondent interviewed in the course of this research strenuously put it, “we need a triangle, not straight lines - it’s a more stable structure!”

In this context, the purpose of this paper is to explore how provincial governments mediate the relationship between municipal governments and the federal government. This is largely uncharted territory, of course; in effect the current effort presupposes that the inventory of municipal-federal relations has been constructed when it certainly has not. So this work is very preliminary.

After a brief discussion of municipal-federal relations, the paper lays out a general model of the factors determining such relations and consequently the quality of public policy. Using the secondary literature and a limited amount of interview data, we then turn to the mediation of these relationships by provincial governments. One set of factors that explains the intensity of this involvement concerns the characteristics of the province, and several of these are explored. Another set concerns the nature of the policy field in question, and these are examined in part V. A brief conclusion ends the paper, and raises questions about the adequacy of the bargaining model that underpins the theory.

II. Municipal-Federal Relations

A basic assumption underlying this paper and the larger research enterprise of which it is a part is that relations between the federal government and municipal governments are widespread and important. This is disputable. It is worth reiterating, first, that federal initiatives within the boundaries of

local authorities may be subsequent to no intergovernmental contact whatsoever, nor need they generate discussion; indeed, it is obvious that almost all federal spending and regulatory activities actually take place within some municipality (and within some province or territory too). How many of these activities involve relations between federal officials and politicians and their municipal counterparts? We do not know. And there are conflicting views.

In the early 1970s, Harvey Lithwick bemoaned Ottawa's disinclination to accept its urban responsibilities: "the federal government," he wrote, "has used the constitution as an excuse to abstain from playing a responsible urban role, despite the overwhelming evidence that it is a principal actor in the urban political reality" (1972: 577).² Writing in the early 1980s, Andrew Sancton was impressed by the growth of the provincial state, the end of the Ministry of State for Urban Affairs, the curtailing of the power of the Canada Mortgage and Housing Corporation, and the waning of municipal functions and networks. He wrote that "there are no longer any major federal policies that bypass provincial politicians and bureaucrats and apply directly to the cities" (1983: 312). Similarly, a senior city official interviewed in April 2003 stated that "I spend about one per cent of my time thinking about Ottawa." But soon after Lithwick wrote Ottawa acknowledged its urban responsibilities, Sancton's statement still leaves lots of room for tripartite relations, and the official's "one per cent" time allocation to the federal government could involve quite important issues.

There is lots of evidence about the significance of municipal-federal relations. A 1989 survey of senior municipal administrators found that "the operations of local governments have become

² For a contemporary account of a similar reluctance currently, at least on some fronts, see Young (2002).

increasingly intertwined with other levels of government. This trend is likely to increase as municipalities assume a greater frontline role in social, housing, environmental and economic areas. Traditional roles will become fuzzier before they get clearer, demanding cooperation and perseverance from all involved” (Lowy and Taylor, 1990: 311). Interviewed in 2003, the CAO of a medium-sized municipality in British Columbia reported visiting both Victoria and Ottawa for a couple of days every two or three weeks. The latter visits were important: he claims to have received \$300million worth of federal land for an outlay of under \$20million. Similarly, at least one Ontario city has a liaison committee that brings together city politicians and senior officials with the area’s M.P.P.s and M.P.s. On a regular basis they can discuss the infrastructure programs, the effects of downloading and other issues, and they can coordinate the priorities to be stressed at all levels of government. At the official level are mechanisms like a local Children’s Services Funding Group. This unites municipal officials with the regional director of the provincial ministry of Family, Community and Children’s Services, the regional head of Human Resources Development Canada, the CEO of the United Way, and the district Medical Officer of Health.

There is no need to belabour the point. Municipal-federal relations are important, and provincial governments are generally involved in many of them to some degree.

III. A Simple Model

In the larger work of which this paper is a small part, we are interested in assessing and explaining the quality of policies delivered in Canada. A basic proposition is that quality will depend importantly on the nature of the relationship between the governments that formulate and deliver them.

To explain in turn the relationship between municipal governments and the federal government, we have recourse to several factors - the nature of the municipality, the nature of the policy field, and the position of the federal government (that is, the priority of the policy on Ottawa's agenda and its capacity to deliver it directly).

The fourth factor is how the relationship is mediated by the province, or, in other words, how intensely the provincial interjects itself into municipal-federal relations. Do provincial officials and politicians leave 'their' municipalities and Ottawa to work out mutually acceptable arrangements? Do they demand information? A seat at the table? A veto? We know very little in a systematic way about the intensity of provincial mediation.

There are some general views about provincial mediation, however. The traditional one is that provincial governments guard their jurisdiction. As Feldman and Milch put it, "Canada's provinces generally have opposed federal efforts to assume a larger and more direct role in the cities. Municipal institutions are constitutionally under provincial authority, and traditionally municipal activities also have been governed by the provinces" (1981: 249). Although Tindal and Tindal are quite prepared to acknowledge the impact of agencies like the CMHC and the Department of Transport, and to trace some elements of the federal-local relationship, they echo strict constructionists in stating that the relationship "is not even supposed to exist (at least in any formal sense) according to the constitution" (2000: 226). A moralistic tone can be sensed in some writing about this relationship, as when Berdahl argues for trilateralism, defending provincial rights to be involved in anything affecting municipalities: "any federal urban engagement model that proposes to deal bilaterally with municipal governments would only serve to exacerbate federal-provincial and provincial-municipal tensions, to the long-term

detriment of Canada's cities" (2002: 3-4).

More empirically, the same caution and respect for provincial authority can be observed among the intergovernmental actors. One of our respondents, for example, admitted that he would deal with HRDC without involving the provincial counterparts. But he would do this reluctantly because the money involved flows from the CHST, and as this is channelled through the provincial government then he was "technically" obliged to deal with the province's officials. Similarly, Wong describes among officials an "implicit need for provincial consent." Although the federal government "can *legally* spend its money in urban areas without the approval of the provincial government, *politically* it 'has to be mindful [in its dealings with city authorities] so as not to be seen as excessively interfering in provincial matters.'" As a consequence, explains one of his respondents, "whatever relationship the federal government can safely establish with city authorities is dependent on the provincial government's consent" (2002: 5). Now this last observation is certainly an overstatement. But it leads us to a basic proposition - there is variation in the extent to which provincial governments involve themselves in municipal-federal relationships. So what explains this variation?

While the contours of these relationships remain largely unknown, we can still hypothesize about the factors that are associated with more intense mediation of them by provincial governments.

We assume intensity varies with the nature of the province; that is,

1. the wealth and policy capacity of the province,
2. the political complexion of the provincial government, and its fit with Ottawa's,
3. the weight of the major city and the power of the provincial association of municipalities, and
4. the mode or locus of mediation (line department, Finance, and so on).

We also hypothesize that intensity of mediation varies with the nature of the policy. The relevant variables here include:

1. whether federal involvement necessarily entails provincial involvement,
2. the quantity of expenditure involved (or the strength of regulatory power),
3. the policy's visibility, and
4. whether the policy field is in federal or provincial jurisdiction.

Some of these expectations can be tested now, albeit in a limited and preliminary fashion.

IV. The Nature of the Province

We cannot yet tell what are the effects of relative wealth or poverty on the intensity with which provincial governments involve themselves in municipal-federal relations. It seems reasonable to assume that the governments of the 'have-not' provinces are likely to be more porous, because it is more difficult for them to refuse scarce resources and to deny benefits to needy municipalities, and they may be hesitant to alienate Ottawa by frustrating its intentions. On the other hand the very scarcity of resources may impel them into a process through which they can affect the distribution of benefits. As well, several of the smaller provinces, such as New Brunswick and Saskatchewan, have central agencies that are relatively more powerful than in other places, so they may be able to exert more control. The wealthier provinces have the power to refuse initiatives of the federal government. On the other hand, they also have to face relatively larger municipalities with administrations anxious sometimes to conclude beneficial agreements with Ottawa. What these speculations reveal is the need to study many cases, so that we can control for other causal factors. When this is done, *ceteris paribus*, we

expect the larger provincial administrations to be more intensely involved in municipal-federal relations because of the size of their public services and their superior policy capacity.

The political complexion of the provincial government and its fit with the ruling party in Ottawa certainly do affect the intensity of provincial mediation. Currently, for instance, relations between Queen's Park and Ottawa are generally frosty if not straightforwardly hostile. In many policy areas of interest to municipal governments, progress is stalled or very slow. Here too we observe how municipalities can be caught in federal-provincial crossfire. One respondent, a municipal official responsible for the Infrastructure program, reported that Ontario had over-funded the program and that provincial officials then wrote to the municipalities urging them to pressure federal M.P.s to increase Ottawa's allocations.

British Columbia's tough partisan politics furnish other examples. The Bennett Socred governments apparently showed little inclination to interfere with the CMHC's extensive operations in Vancouver. When the NDP government took power, it drastically increased provincial initiatives in the housing field, so relationships became more complex (Gutstein, 1975: 114-22). Similarly, the Barrett government promised municipalities a share in natural gas revenues, arousing considerable interest among the mayors, but the notion was rejected by John Turner and Donald Macdonald, the latter of whom supposedly berated Barrett and his colleagues "for being socialists" (Barrett and Miller, 1995: 82-3). Micro-political connections matter too, especially in securing the grants that litter the municipal-federal landscape. One respondent seeking a cultural grant had no Liberal M.P. available, and therefore worked through a Senator. In these efforts, the province was quite uninvolved. The NDP complexion of the government was "not an obstacle, but something that had to be manoeuvred around."

Quebec seems to stand *sui generis* in this domain. For years it carried in its statutes a prohibition against municipalities and several other forms of corporate body from entering into agreements with the Government of Canada or other provinces or countries without prior authorization (Quebec, 1977: ch. M-21, s.20). This was strengthened under the PQ government of Jacques Parizeau to apply to school boards, regional school boards, municipal corporations, urban or regional communities and “any agency to which it [the boards and so on] appoints a majority of the members or contributes over one half of the financing”; further, this prohibition could not be circumvented by making agreements through third persons.” On the other hand “prior authorization” was replaced by “extent to the extent expressly provided for by law” (Quebec, 1984: ch. 27). But the leash constraining municipalities is very short in the province. For instance, Quebec representatives attended only the first of the tri-level conferences in the 1970s (Higgins, 1977: 88). Nevertheless, there is variation in the province’s position, depending on the complexion of the government, as Sancton depicted in the case of Mirabel airport and other issues (1985: 130-31). And there is a lot of tripartite cooperation in the unique institution that is Montréal International, despite the friction between the Chrétien government and the PQ (Young, 2002: 14-15).

Provincial governments supervise municipal-federal relations through a variety of agencies. Some liaisons work through line departments. Others may be of interest to officials in departments of Municipal Affairs, Finance and Intergovernmental Affairs or in the Cabinet Office. There is also the Premier’s office. There are also specialized agencies, like Superbuild in Ontario. Of course, on large committees planning complex undertakings, many units may be represented. Across the country, there seems to be a lot of variation in the locus of provincial mediation. In Alberta, for example,

Intergovernmental Affairs plays a very limited role (unlike the Quebec case). Instead, the supervision of municipal-federal relations lies with Municipal Affairs and the various line departments; hence the infrastructure program falls to Infrastructure and Highways. In Ontario, it seems that functional responsibilities are primary. One municipal respondent indicated that routine matters, about housing for example, would be handled by provincial and local housing people. If a problem then arose, he - the superior - would step in and take it up with the Deputy Minister or ADM of Municipal Affairs. This seems similar to the Alberta case, but how widespread is the pattern we do not know. Nor is it clear how quickly problems move to central agencies or to the political level.

The weight of the municipality obviously matters. Quebec now has a Ministry of Municipal Affairs and the Métropole, with a junior minister responsible for the latter. Manitoba is a province dominated by a single municipality, and senior politicians in Winnipeg report that the provincial government generally is supportive of their initiatives vis-a-vis Ottawa. The creation of the megacity in Toronto will certainly present Queen's Park with a formidable rival. Indeed, all of the leading mayoral candidates favour a "new deal" between the city, the province, and Ottawa (Globe & Mail, 26.4.03: A7). But big-city power dates back a long way. When Frederick Gardiner was crusading for federal attention to municipalities and for support of the Toronto subway in particular, he was able to persuade Leslie Frost "not to object to any such transactions" (Colton, 1980: 134). Diefenbaker was not responsive, but Gardiner was powerful enough to push the province out of the picture. More generally, the weight of the provincial association of municipalities may determine the extent to which provincial governments must allow unfettered municipal-provincial relations. This area is unexplored, but clearly there is variation in the cohesion and resources of collective organizations, both across provinces and

over time. In Ontario, for example, the Association of Municipalities of Ontario has substantial resources, whereas in the past Ontario municipal organizations were weak and fragmented, especially in comparison to the provincial administration (O'Brien, 1985: 122-3). Here, though, more systematic research remains to be done.

V. The Nature of the Policy Field

Several characteristics of policy areas may help explain the intensity of provincial oversight of municipal-federal relations, though here the evidence is pretty fragmentary. First, the provincial authorities will be most interested when federal programs necessarily involve the provincial government. This can be indirect, as when immigration policy will entail provincial expenditures. The effect can also be direct, as in shared-cost programs. There are no federal initiatives that involve such micro-intervention as occurred through the Department of Regional Economic Expansion, and especially its General Development Agreements and sub-agreements.³ The comparable contemporary program is the Infrastructure program. Here, municipal officials and politicians must work hard to discern the priorities of both Ottawa and the provincial authorities. Our respondents chafe at their inferior status in this process, which is not a "true partnership" because the municipalities make proposals which the provincial and federal authorities then have to jointly approve (with much conflict when their priorities differ). Still, municipal officials maintain some initiative. One respondent complained about being

³ Ottawa helped build a great many municipal projects under these agreements. It contributed to the Market Square Development in Saint John, for example, and paid a majority of the costs of expanding housing in Amos to accommodate workers (Canada, DREE: 40-42).

caught between Ottawa's desire for green infrastructure and Queen's Park's goal of roads for economic development; still, he insisted, "we will provide the ribbon-cutting opportunity, but it must be palatable to us."

When there are large sums of money involved, provincial governments' attentiveness rises. Again, the current domain is the Infrastructure program. Cash-strapped provincial governments seek to divert funds towards their own priorities. In the British Columbia case, for example, one respondent complained bitterly about "interference by the province" which refused to agree to the established process in the second iteration of the program, and managed to divert the funds towards their priority - highways.

More generally, the visibility of policy will attract provincial oversight. Heritage matters tend to fall below the radar screen, for example. So one municipal official was quite free to deal with the federal counterparts, finding out the funding criteria and working to "backroom a plan" to apply successfully for grants. A federal official, however, while quite assertive about the capacity to build local networks and programs, was cautious about creating political difficulties. The program of artist-run centres had the potential to generate controversy as avant-garde shows confronted conservative communities, and so provincial officials were brought into planning from the outset.

A final factor is whether the federal-municipal activity falls within provincial or federal jurisdiction. Historically, provincial governments seem to have accepted the initiatives of the CMHC as legitimately federal. There were extensive contacts with municipalities when Ottawa exercised its authority over airports and railways (Milner, 1960: 61). The provincial governments seem to have been uninvolved when the old department of Transport acted (Feldman and Milch, 1981: 251). Federal

initiatives in vocational training, a longstanding field of activity, were accepted by provincial authorities, though the big expansion was in a period before the disadvantages of shared-cost programs were more fully apparent (O'Connell, 1963: 75-6). Aboriginal policy provides another example. Municipalities are very sensitive to federal initiatives in this field. One respondent reported a municipality reluctantly taking ownership of an airport, for instance, for fear that a local First Nation would otherwise do so. But in matters concerning urban Aboriginals, it appears that negotiations primarily concern municipalities and Ottawa: this was the case in negotiating the Muskeg Lake urban reserve in Saskatoon (Dust, 1997: 484, 488). On the other hand, when provincial control of Crown land is involved in big land claims negotiations, the municipalities are generally lumped together with all other 'third parties' and the provinces pretend to act on their behalf (Dust, 1997: 492-4).

VI. Conclusion

This paper is brief enough that it does not require the normal summary. I would simply state that the results are very preliminary, but that I hope the explanatory framework can generate some thought and discussion.

The results are preliminary because this paper is part of a much larger enterprise, a piece of collective research on municipal-federal-provincial relations that will proceed, we hope, over the next few years. That research promises to be comprehensive enough that propositions about intergovernmental relations can be tested in a rigorous and systematic fashion.

Finally, this work has led to some doubts about one aspect of the core model. We assume, basically, that municipalities and the federal government are engaged in an exchange relationship

characterized by bargaining. One important exchange is influence in policy formation and resources (from Ottawa) for information and help in implementation (from the municipalities). But this view may not be complex enough to capture the reality within which public servants, and perhaps politicians, operate. They do work in silos, with budgets and underlings. But even a limited amount of in-depth interviewing shows that they are part of broad horizontal networks. These are often rather informal and they are more amorphous than the 'policy community' as traditionally understood by political scientists. These networks have shifting players and they are rather fluid, altering in composition according to the issues involved. In short, there may be much more genuine cooperation at play than the bargaining model suggests, and both involvement and outcomes may be substantially affected by the shared priorities and values that participants bring to the table.

REFERENCES

To follow....