

***Municipal Governance in Canada – Can a New  
Face Bring Needed Change?***

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by  
Meghan Mahoney  
ID # 5363135***

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*Since it has taken more than five thousand years to arrive at even a partial understanding of the city's nature and drama, it may require an even longer period to exhaust the city's still unrealized potentialities.*  
*Lewis Mumford - The City in History(1961)*

During the recent recession, governments turned to cities and their surrounding regions to jump-start the economy. It was in cities that federal and provincial governments funded projects, and invested in people and places in order to turn the economy around. Most of the 7,500 stimulus projects funded by the federal government took place in or near Canadian cities (Government of Canada, 2012), underscoring the centrality of cities to the economy and their importance in meeting the needs of changing and growing populations in the country

The need to recognize the growing importance of cities and making change to accommodate that importance has a new advocate in the newly elected mayor of Calgary. Mayor Naheed Nenshi not only startled the Canadian population by getting himself elected as the first minority mayor of a large metropolitan city, his reform proposals for city governance are re-awakening the debate on long standing complaints about the power structure and funding of cities. How do municipalities deliver basic services while still balancing the books? Should the tax and grant structures be changed? How can constitutional powers come to the aid of cities? What is Mayor Nenshi's message? Is he a new visionary messiah for transformative change in city governance? Or are his proposals merely a re-working of the scholarly analysis and previous reform attempts that preceded him? In this paper I argue that Nenshi will be successful, not through dramatic change, but rather an incremental approach using new tools to engage the public and governments at the same time.

His unique skills as a communicator along with good timing as Calgary's role as an important city to Canada's economic well being will make him an agent of change in reforming municipal governance in Alberta and maybe Canada.

The first section of the paper will describe the state of Canada's cities and the challenges they are facing today. The critical issue of tax revenue sharing is discussed in detail, including the municipal reliance on property tax and the directive nature of provincial grant funding to cities. The overarching constitutional framework is also discussed, noting its implications to the municipal governance problems. The more effective use of provincial constitutional powers to potentially resolve some of the problems is an important aspect of the analysis that informs much of the scholarly commentary, including that of Mayor Nenshi.

The second section of the paper will be an analysis of the variety of scholarly views expressed about municipal reform. These include opinions and reports from individual scholars and the collective work of various think tanks.

The third section of the paper will illuminate and analyze the views of Mayor Nenshi. Not only is he the new mayor of one of the fastest growing cities and emerging powerful economic centers in North America, he comes to the job as a noted and outspoken academic and recognized expert on municipal governance. His well-informed views, interventions and reform agenda are analyzed thematically and compared and contrasted with those of leading academic writers and think tanks.

In the fourth and final section of the paper, some conclusions are drawn about where in the spectrum of opinions on municipal reform Mayor Nenshi's views

reside, whether he brings anything new to the table and what are the chances he may be able to implement some of the ideas in his reform mandate from the citizens of Calgary.

### **Part I – Introduction- The State of Canada’s Cities**

Many commentators accept, to varying degrees, the proposition that cities in Canada are in need of structural reform. These opinions range from recommending reforms within the existing framework of municipal governments (Sancton, 2011 & Mintz, December 5, 2011) to dramatic re-organizations of the roles and responsibilities of the municipality in Canadian hierarchy of government (Broadbent, 2008 & Meehan et. al., 2007). They all say the lack of clear policy strategies for Canadian cities is a serious problem for the future of the country. Unless changes are made at the broader policy level, existing city services and city-region infrastructure will be overwhelmed by growing populations and dwindling resources that are insufficient to serve even the current residents. The Federation of Canadian Municipalities (FCM) that analyzes issues from the perspective of municipal governments, and hosts the Big City Mayors’ Caucus, argues that cities are cash-strapped with limited ability to raise revenues (FCM, 2012). The FCM reported in 2007 that the Canadian municipal infrastructure deficit was at \$123 billion (Mirza, 2007, p.2).

The mayors also complain that their ability to make and implement the necessary change to deal with real and pressing community problems is hamstrung by a constitutionally entrenched, jurisdictional hierarchy. To fully understand the

complexities of cities and the needs they have, their demographics, growth dynamics and economic importance must be understood. What follows is a discussion of these elements.

### **(a) Demographics and Immigration**

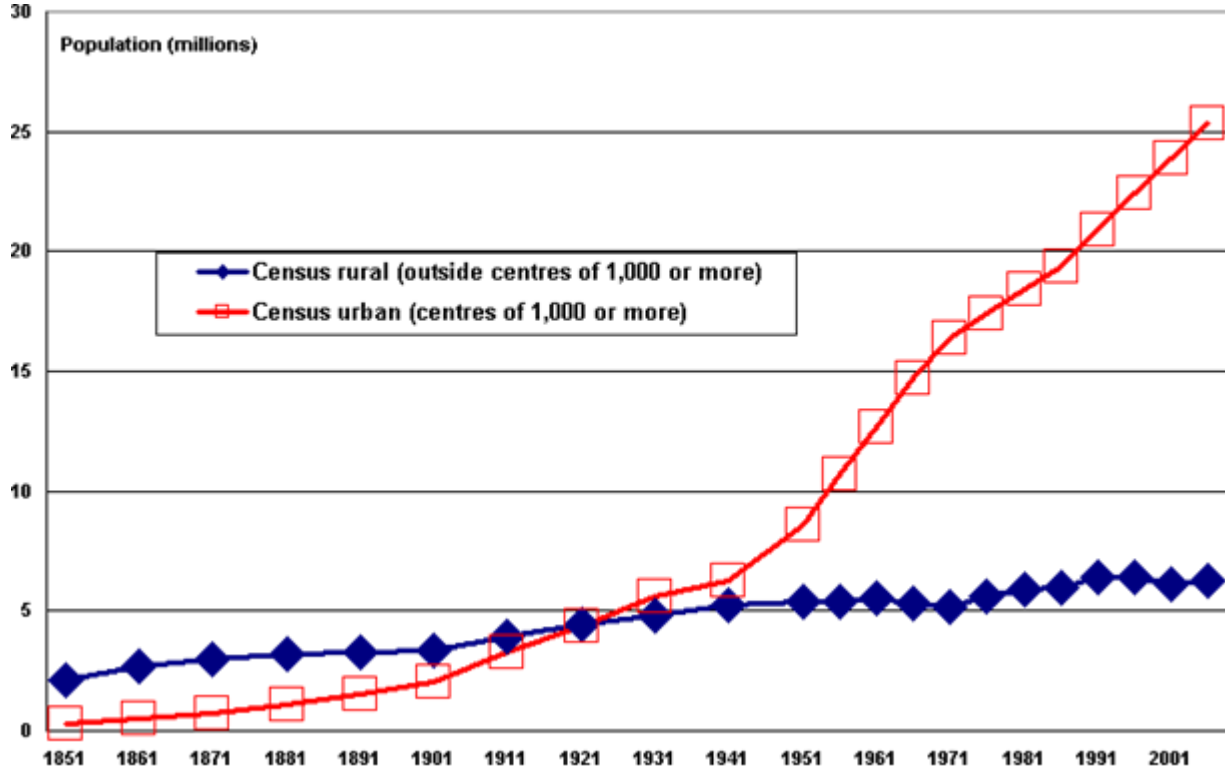
Canadian cities, compared to their European or Asian counterparts, have played a much more critical role in the country's development (Lightbody, 2006, Bourne & Levy, 1993). Due to the vast geographic size of Canada the cities and broader urban centers, developed out of necessity (Bourne & Levy, 1993). Spots of concentration were needed to link transportation systems across the country and develop hubs for the delivery of service and economic centres for rural residents (Lightbody, 2006). These spots of concentration grew into modern cities where today, the majority of Canadians live. Most newcomers continue to settle in the major cities and most skilled employment is created or sustained there.

In 2010, Statistics Canada reported that 69% of the Canadian population, or over 23.1 million people lived in Census Metropolitan Areas (CMA)(Statistics Canada, 2010)<sup>1</sup>. There are currently 33 CMAs in Canada (Statistics Canada, 2010). If communities of at least 1,000 people are included, then 80 per cent of Canadians live in urban areas (Statistics Canada, Year book 2007). The chart below graphically represents the dramatic migration of Canadians to urban areas in Canada since

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<sup>1</sup> According to Statistics Canada's glossary, CMA must have a population of at least 100,000 of which 50,000 or more must live in the urban core.

1851.

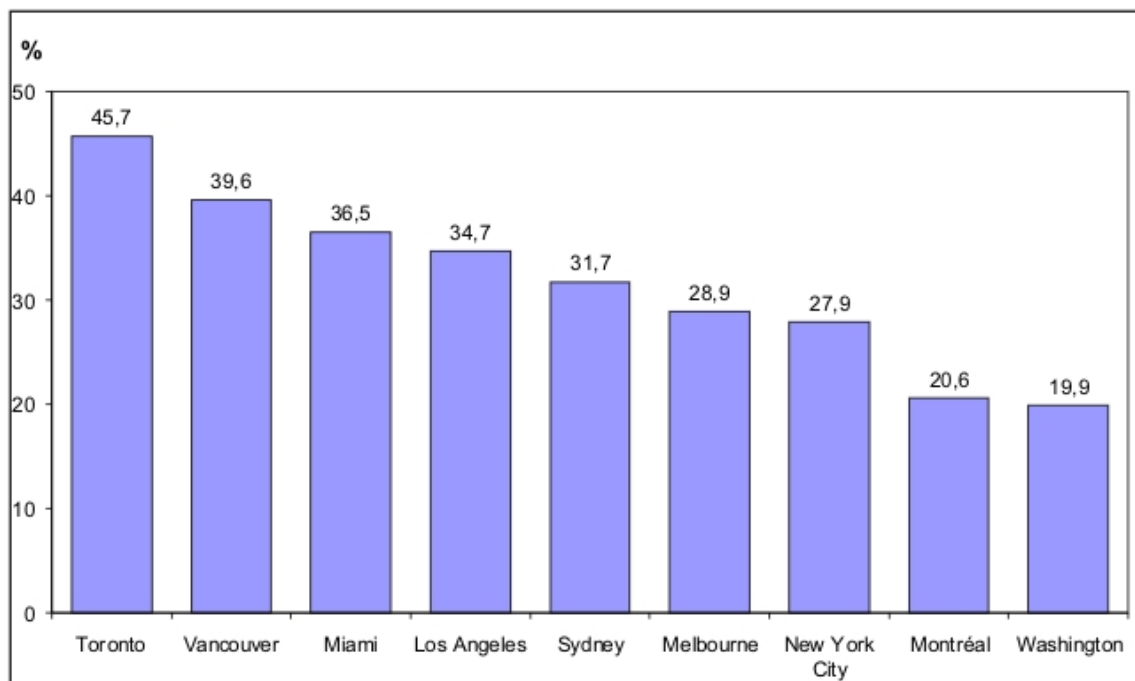


Source: Statistics Canada, 2008, "Structure and Change in Canada's Rural Demography: An Update to 2006", Rural and Small Town Canada Analysis Bulletin, Volume 7, number 7, catalogue number 21-006-X.<http://www.statcan.gc.ca/pub/21-006-x/2007007/6000461-eng.htm>

Canadian cities are also growing faster than the rest of Canada and have younger populations. In the year from July 1st 2009 to July 1st 2010, CMAs grew at a rate of 14.7 per thousand whereas non-CMAs only grew at a rate of 4.3 per thousand (Statistics Canada, 2011). From the 2011 census, Statistic Canada reported that CMAs grew faster than the national average at 7.4% versus 5.9%. The median age in 2010 in the CMA was 38.7 whereas in non-CMAs it was 39.7(Statistics Canada, 2011).

Three major cities make up a large portion of the urban population. Toronto, Montreal and Vancouver taken together, total 12 million or half of the population of all CMAs combined (Statistics Canada, 2011). Of the newcomers immigrating to Canada, 9 out of 10 settle in a CMA (Statistics Canada, 2010). As depicted in the chart below, Canada's three largest cities have some of the most diverse populations as compared with other major world cities (Statistics Canada, 2009). Toronto and Vancouver top out with 45.7% and 39.6% respectively of their populations being foreign born (Statistics Canada, 2009).

### Foreign Born as a percentage of Metropolitan Population - 2006



Source: Statistics Canada 2006 Census: Analysis Series Figure 4. retrieved from <http://www12.statcan.ca/census-recensement/2006/as-sa/97-557/figures/c4-eng.cfm>

By the year 2031, 55% of people living in a CMA will either be immigrants or first generation Canadian (Statistics Canada, 2010). The rapid growth of Canadian cities and their changing nature indicates an increasing diversity, sophistication and

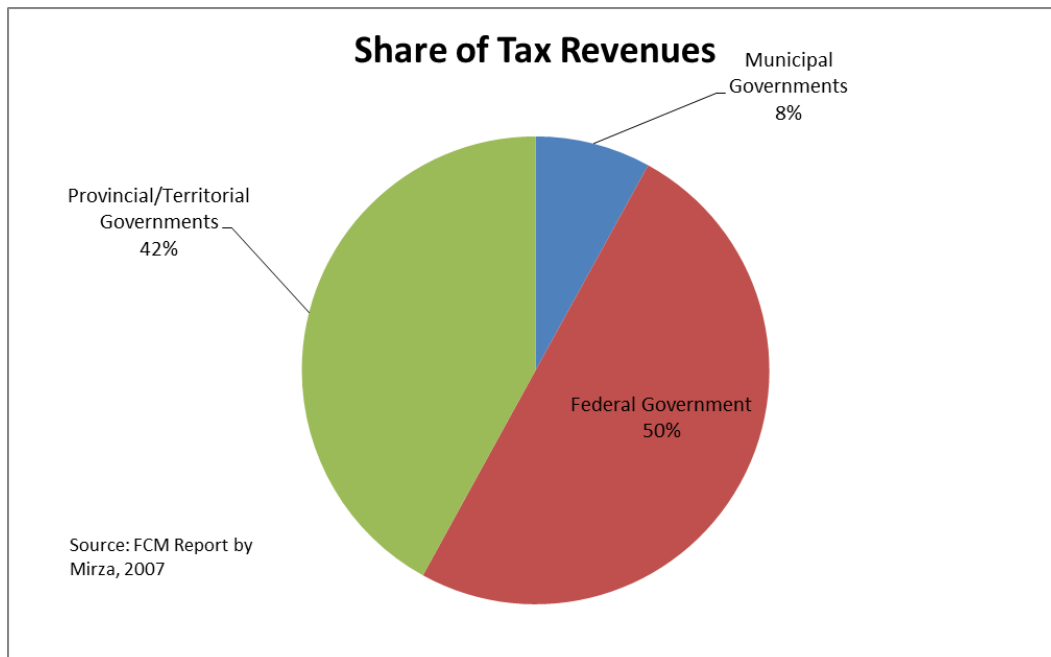
multiplicity of needs, which are factors to consider when considering changes to municipal governance. City governments being closest to the people understand what their problems and needs are. Because of their familiarity and proximity, they are usually able to deliver services more efficiently than higher levels of government.

### **(b) Revenues and Taxation**

Although much of Canada's Gross Domestic Product (GDP) is generated by the sale and processing of natural resources, the management and marketing of them is done through Canadian cities. The centrality of cities to international trade has increased because new technologies allow the management and cultivation, extraction and harvesting of these resources to be directed from urban centers, requiring fewer numbers of people to live in remote areas where the resources are located. This shift in the resource economy means that cities are now the economic engines of the world. Richard Florida in his international bestselling book *Who's Your City* (2009) supports this claim. Florida refers to this migration as the world becoming "spiky" which describes what it looks like when population size, economic activity, innovation (measured by patents granted) or science (location of the top 5,000 scientists) is superimposed on a map of the world and it shows the spikes around cities (Florida, 2009). Florida argues that even in the world of globalization and the endless capacity of the Internet and borderless communication, where you live is the most important decision you will make, more important than your career choice or your choice of mate, both are highly contingent on your location.

Some Canadian examples of the reliance on cities for economic activity are in the provinces of Ontario, British Columbia, Quebec and Manitoba where over half of their GDP is generated from one metropolitan area (OECD, 2002). This is backed up by Florida, who states that the clustering of people, productivity, creative skills and talent - power economic growth which is why cities “are the true economic units that drive the world forward” (Florida, 2009 p. 61).

Industries, by continuing to invest in cities, recognize how important they are for the support, development and attraction of businesses. But notwithstanding this strong support from the private sector, the share of taxes allocated to municipalities falls far short of the importance placed on them. The table below shows the percentage of taxes allocated to each level of government, including municipalities (Mirza, 2007).



As a result of this and other factors, cities in Canada do not have the independent financial capacity to make governing choices that meet the needs of their citizens and the demands of the local economy.

All Canadian municipalities have the capacity to levy taxes on property but this has proven to be an insufficient source of funding to meet their requirements. The average Canadian municipal government's operating budget is comprised of self-generated sources of funding making up 78% and funding from provincial and federal governments in the form of grants and transfer making up the remaining 22% (Sancton, 2011). The self-generated or "own sourced" funding is comprised of property taxes, service fees and the sale of goods and services (Sancton, 2011). The regressive nature of property taxes which make up 63% of the "own sourced funding" (Sancton, 2011) do not necessarily meet the financial needs of municipalities. Unlike income and sales based taxes, property taxes do not keep up with economic growth and inflation (Dewing, Young, & Tolley, 2006) and are limiting to a municipality. Property values do not necessarily rise during times of economic growth yet a municipality must provide services regardless of its ability to cover costs (Meehan et al, 2007, Dewing et al., 2006). The Canada West Foundation states that "real per capita growth in property tax revenue is well below growth in tax revenues seen federally and provincially, and property tax revenues relative to disposable personal incomes and GDP are at some of the lowest levels ever seen" (Vander Ploeg, 2011, p.11).

Within the overall budget of a municipality, the only discretionary funds are those generated from property taxes/user fees and some additional funding from

the provincial government. The remainder of the budget, derived solely from federal and provincial grants, has strings attached (Dewing et al., 2006). This funding is dispensed at the whim of higher levels of government and is reliant on their economic forecasts. If forecasts change for the worse or other priorities arise, municipalities can be left with funding gaps but still must provide necessary services (Dewing et al., 2006). The inflexibility and limitations on municipal governments are further highlighted by the fact that municipalities are unable to run deficits on their operating budgets. These constraints make it difficult for municipalities to address local concerns or priorities in a timely way.

Many of the funding and revenue sharing problems municipalities experience are exacerbated by constitutional constraints that are explained below and must be understood to grasp the full extent of the funding problems faced by municipal governments and their intractable nature.

### **(c) Constitutional Division of Powers**

The *Constitution Act, 1867* outlines the relationship between municipalities and the federal and provincial governments. Constitutionally, municipalities fall under the jurisdiction of the provincial/territorial governments. The important section of the *Constitution Act, 1867* applicable to municipalities are section 92, which sets out the exclusive powers of provincial legislatures, including section 92(8) which gives the legislature of each province exclusive responsibility for making laws relating to that province's municipal institutions. Section 92(2) grants the provinces the power to impose direct taxes to carry out provincial

responsibilities. Because local governments are legally subordinate to provincial governments, the only sources of authority and revenue available to municipalities are those that are specifically granted by provincial legislation (Dewing et al., 2006).

All provincial or territorial governments determine the roles and responsibilities of municipalities through municipal government legislation. The degree of provincial control or oversight regarding the business of local municipalities varies across the country (Sancton, 2009). In some provinces, like British Columbia, the provincial government does not usually interfere with the municipal governments. Yet in other provinces, such as Ontario, the provincial government exercises far more control, even having input into such things as routine zoning decisions (Sancton, 2009).

Due to their lack of legislative power and the constraints of provincial legislation, municipal governments are limited in their capacity to make large policy decisions especially when they involve the municipal budget (e.g., illegal to run deficits on operating budgets). At the same time, municipal governments, especially in large cities, are the governments that must respond to and affect people's day-to-day lives for things like transit, police services, road maintenance, drinking water and garbage collection to mention a few.

The regulations, services and facilities local governments provide are integral to employment, business, health, safety and education of a majority of Canadians. For example, appropriately designed and maintained roadway systems are essential for the conduct of business whether for the transport of goods or services or for shuttling the workforce to and from the workplace. On the matter of

health of the citizenry, one only has to point to the example of Walkerton, Ontario a city where seven people died and hundreds of people suffered from the effects of e-coli contamination of the drinking water, to realize the complete reliance on the municipality to ensure proper regulation and maintenance of this infrastructure (CBC News Online, 2004).

## **Part II – Arguments and Opinions**

The research in the area of municipal governance in Canada is extensive. In this section, a representative variety of opinions are discussed over the time period 1995 to the present. Highlighted are those that are interesting to aspects of Mayor Nenshi's time in office. The views discussed include those of noted scholars, Christopher Leo, Andrew Sancton, Jack Mintz, Alan Broadbent, and David Wolfe whose opinions fall within three general crosscutting themes on the subject matter of municipal government reform:

- 1) the inadequate ability to raise sufficient funds independently by the municipality;
- 2) the lack of autonomy from the provincial government; and
- 3) the weakness of municipal governments.

The views range from theoretical explanations for the problems cities face, to arguments for the status quo with minor adjustments, to tax reform, to the need for radical structural and political change.

Two prominent think tanks have also weighed into the debate about Canadian cities. I discuss Reports from the Canada West Foundation and the Conference Board of Canada (CBOC) that have examined municipal financing and the role it can play in the enhancement of the Canadian economy in general.

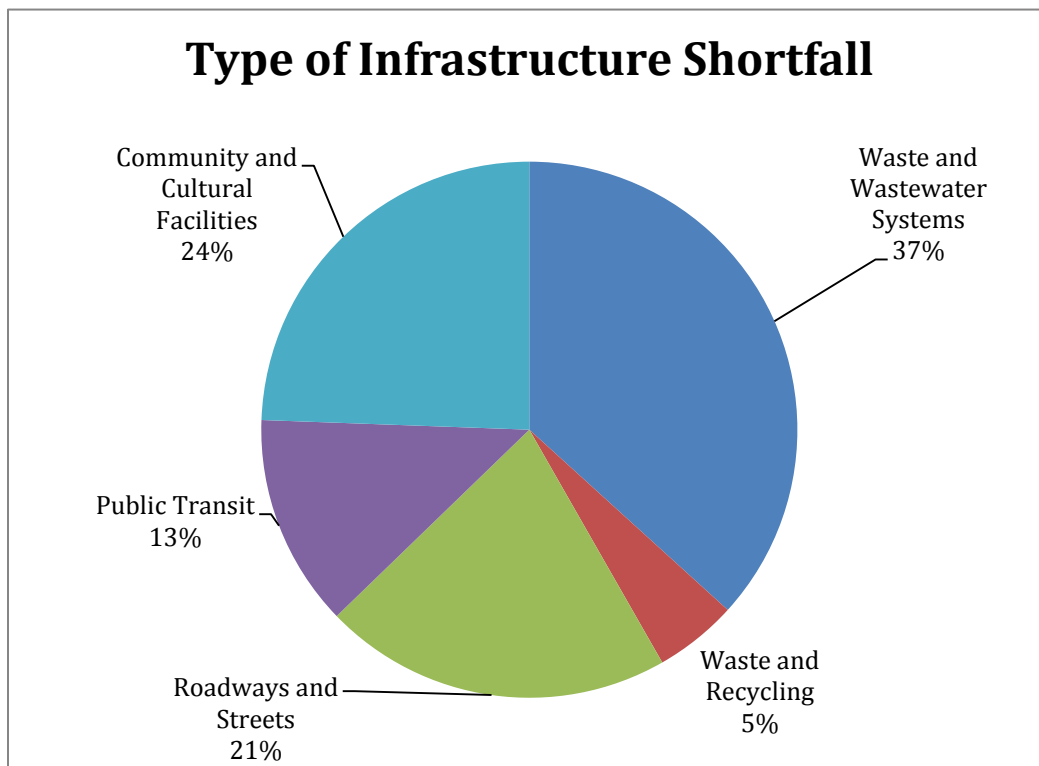
### **Theme 1: The Inadequate Ability to Raise Sufficient Funds Independently**

Funding is a major issue for city governments as it is for any government in almost any context. It is a theme that every authority I examined touches on, but two sources discussed below specifically see this issue as being central to the solution of the problem but fundamentally disagree on how it should be resolved.

On the one hand, the Canada West Foundation suggests that a penny sales tax could be implemented as one item in a new basket of financial tools that would enable cities to meet their infrastructure obligations. On the other hand, Jack Mintz argues that the definition of infrastructure is up for debate and could be narrowed with any shortfalls being resourced solely through user pay fees and taxes. He disagrees that cities should have any taxing powers that other governments currently have.

The Canada West Foundation's paper, *The Penny Tax: A Timely Tax Innovation to Boost our Civic Investment*, focuses on giving municipalities the opportunity to implement a local sales tax. The Foundation's modest approach says an additional 1% added to the goods and service tax (GST) would generate sufficient revenue from all those using city services, citizens or not (Vander Ploeg, 2011).

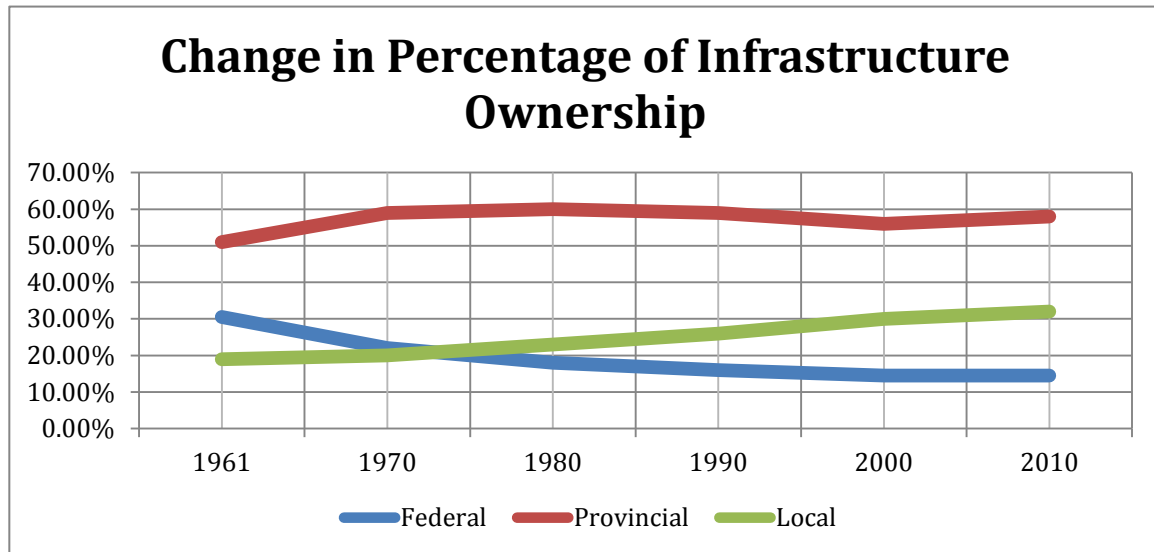
The Foundation also sees the penny tax as a way to close the gap in infrastructure debt for cities that has been growing since the mid to late 1980s. For example, in 1988 the infrastructure debt for cities in Canada was estimated at \$12 billion or 2.7% of GDP whereas the funding shortfall in 2007 was estimated at \$123 billion or 8% of GDP (Vander Ploeg, 2011). This 2007 shortfall is broken up by the type of infrastructure in the below graph (Vander Ploeg, 2011).



The graph shows the shortfall as of 2007, not including any new infrastructure needed to address population growth. This means that the current percentages and dollar amounts are significantly more than the shortfalls depicted graph noted above (Vander Ploeg, 2011). At the same time, the share of the public infrastructure owned by municipalities has also increased, so that municipalities are

now responsible for maintaining and growing more of the infrastructure in Canada (Vander Ploeg, 2011).

The graph below shows the change in ownership of infrastructure in Canada since 1961, demonstrating the extent to which municipalities have taken over ownership of local infrastructure from the federal government (Vander Ploeg, 2011). The federal government's share of owned infrastructure has dropped from over 30% to 12-13% and local governments have taken up much of this room, increasing their portion of owned infrastructure from about 18% to over 30%.



The Foundation points out that the infrastructure deficit is the result of a system plagued by many issues. The “penny tax” is recommended as only part of the fiscal reform needed, but the Foundation recognizes that the reliance on property tax by cities is not going to solve the issue nor allow cities to meet new future demands. In addition to the “penny tax,” the Foundation recommends the following reforms:

1. Limit services provided by cities to core services as outlined by their funding source,

2. Seek user pay systems on a cost recovery model wherever possible,
3. Use public/private partnerships where ever possible for services and infrastructure,
4. Seek out innovation in financing, funding and delivery of infrastructure, and
5. Secure new tax tools to relieve the reliance on property taxes (p.11).

Although these suggestions are comprehensive, they are criticized as being too modest and conservative by some, including Broadbent and others.

Jack Mintz, however, who is an internationally respected expert in fiscal and tax policy and former President of the C.D. Howe Institute in Toronto, now Head of the School of Public Policy at The University of Calgary, would not agree with the Foundation's suggested solutions. In his April 12th and December 5th (2011) articles in the Financial Post Mintz explains his views on municipal governments. In "Municipal Mythologies," he purports to "de-mythologize" the view that cities labor under an infrastructure deficit which cannot be adequately addressed by property taxes alone and that additional funding must come from federal and provincial governments if cities are to be competitive and vibrant urban centers.

Mintz's principal argument is that use of the word "deficit" is a misnomer as it is used in the city funding debates; that city "wish lists" do not and cannot be called "deficits" that can be made as big or as little as politicians seek; nor can cost-overruns because of poor planning or expensive rules (such as artwork on public buildings) be properly called a deficit. He says "necessary infrastructure" is a subjective concept. Where some may see an opera house or a sports stadium as necessary, others may not (Mintz, December 5, 2011).

Mintz also takes the position that when revenues for cities come from outside sources such as from the federal government's economic stimulus package, it reduces the real costs to the city by lowering the "tax price" which in turn leads to excessive spending demands by the city governments which themselves, have become bloated. He points to national account statistics showing that local government spending has increased by 55%, while property and indirect taxes have risen by 45% and transfers from other governments, by 70% (Mintz, April 12, 2011).

A second myth Mintz tries to explode is the notion that property taxes are an insufficient and imprecise tool with which to fund municipalities. He says property taxes are not as bad as its critics would have everyone believe. Although he admits there is some merit in the criticism they may be unfair to low-income residents, discriminate against rental housing and reduce the incentive for home improvements, he says they can still be progressive in that the taxes go up with the cost of housing and improvements which rich people tend to spend more than poor people. When municipal infrastructure spending improves sewers, bridges, transit, parks and roads, he says property taxes rightfully should go up and can be justified on a user pay rationale, even though it is rough justice for apartment dwellers who pay disproportionately more than people who live in single-occupied housing (Mintz, December 5, 2011).

The final "myth" that Mintz attacks is the view that federal and provincial governments should provide more infrastructure money to properly fund municipalities. He says that provinces should properly pay for inter-city linkages

and the federal government should properly fund airports, ports, and some highways and roads but municipalities should fund local infrastructure, including residential roads and bridges, local transit and cultural institutions. To do otherwise he says, is to interfere with political accountability. Upper level governments cannot be properly responsible for municipal decision-making because their voters cover a much larger area (Mintz, December 5, 2011). It is not tenable to have one city paying for another's local needs when citizens cannot vote for the local municipal politicians who control the spending (Mintz, December, 5 2011). He asks, "Why should residents in Halifax or Belleville pay for services in Toronto or Calgary?" (Mintz, April 12, 2011)

In Mintz's mind, the better approach is for cities to levy excise taxes in the form of tolls, levies on fuel, entertainment and hotels. He says this way, users pay, a fairer and more targeted approach to tax the benefits experienced at the ground level.

Mintz singles out Calgary and points to Calgary's Mayor Nenshi as exemplifying the problem. He says Calgary City Council raised property taxes faster than the population growth and prices warranted; that the City spends money extravagantly on projects like a \$25 million footbridge; that taxpayers living outside the city of Calgary are paying for Calgary's infrastructure – while at the same time, civic politicians blame the tax increases on insufficient tax sharing from the provincial and federal governments.

Mintz is not totally against expansion of revenue sources for cities. He would prefer that cities be given more room to raise revenues through additional taxing

powers such as land transfer taxes and car registration fees, rather than the penny tax, saying the politicians will then have to answer for their spending decisions to the local electorate.

## **Theme 2: Autonomy from Provincial Governments**

Like the funding issue, autonomy from higher levels of government is a re-occurring theme in Canadian governance discussions. There is a tension between municipal governments and the provincial governments. There is no consensus of the expert opinions on this theme as a solution to the problems municipalities face in trying to acquire the capacity to innovate for the future. From Mintz's narrow view of municipal jurisdiction to Andrew Sancton's views discussed below, there is a wide variation of opinion of the topic of municipal autonomy. Academics who feel municipal autonomy is not the way forward disagree with authors like Meehan, Chiarelli and Major who say municipalities should be "a full-fledged partner in a tri-level system of governance" (Meehan et.al., 2007 p. 58). The Conference Board of Canada (CBOC) advocates that cities be treated uniquely according to their characteristics so that they can customize their approach to governance to achieve the best outcomes as a local level. Alan Broadbent takes this idea further and recommends giving cities much more latitude than has ever been seen before (2008). He introduces a basket of ideas to enhance city governments and change the government system in Canada (Broadbent, 2008).

The CBOC weighs in on the municipal reform debate, emphasizing the role of cities in the broader, global environment. Two significant works it has published in

the last five years are the *Mission Possible* series of reports on cities which included *Mission Possible: Successful Canadian Cities* published in 2007 and in 2009, *21<sup>st</sup> Century Cities in Canada: The Geography of Innovation*, written by Dr. David Wolfe, a professor of Political Science at the University of Toronto and Co-Director of the Program on Globalization and Regional Innovation Systems (PROGRIS) at the Munk Centre for International Studies.

Wolfe argues that different types and sizes of cities innovate in different ways. He believes that there is a role for both greater diversity in certain cities and greater specialization in other kinds of cities. The critical factors are the economic makeup of a particular city and what it specializes in, and putting in place the appropriate policy supports for innovation that will complement its economic characteristics and that of the surrounding region. Wolfe agrees that given Canada's immense geographic and economic diversity, the most important lesson is that one size does not fit all. One policy designed at the centre is not always going to be the appropriate one for every region of the country and, particularly, for every city in the country.

The Canada West Foundation and The Conference Board of Canada both agree that policies must be implemented that will make cities magnets for talent, enabling them to compete with other cities on the world stage. Wolfe also agrees with this general approach, but speaks to creating such "magnets" through the policies that would recognize the role of "governance" versus "formal government." He maintains that the governance role recognizes a network of people and

institutions that are important players in policy setting and delivery that fall outside government. The role of government, he says, is to create policy that reflects this new reality of governance or “governing beyond government”. Wolfe says that innovation needs the support of a number of actors in order to grow and flourish. The implications for policy development and delivery are the inclusion of a network of proximate actors at all levels of government, the private sector, non-profits and civic associations. He says this approach will ensure that policy is appropriately tailored to meet local needs. An additional benefit derived from Wolfe’s approach of focusing policy formation on “what individual cities do best,” is that it creates a kind of piggy-back effect which lends itself to the formation of centres of excellence, bringing his views into alignment with the goals of the Canada West Foundation and the Conference Board of Canada .

The *Mission Possible* report, authored by Natalie Brender, Marni Cappe and Anne Golden, speaks to structural weakness of governance at the municipal level. They say the way municipalities are governed hinders proper strategic planning and coordination. The authors agree with Wolfe that local government is the best position to coordinate and leverage the network of actors needed in the “governing beyond government” (p. 67). However, they also recommend expansion of the jurisdiction of major cities to include participation by them in policy making by the federal and provincial governments; that they be permitted to work on governance solutions to city-regional issues, and that they pursue multi-sector partnerships to develop action plans specifically to enhance cities. Their other recommendations echo the Canada West Foundation’s expressed need for more tax instruments for

cities as well as a re-evaluation of internal matters such as the cost of municipal service delivery and more effective use of current financial tools cities have.

An expert in urban issues, a leader in Canadian politics and public discourse and author of *Urban Nation* (2008), Alan Broadbent offers a much more radical proposal for structural reform. First, he favors giving mayors more power. He says mayors should have more executive authority such as being able to appoint an executive committee, senior staff including the city manager, and deputy mayors. Broadbent's suggestions mirror the reforms the City of Toronto made in 2007 that included all of the above as well as giving the mayor the power to draft a budget to present to council instead of budget preparation being done by council as a whole.

Secondly, Broadbent supports a political party system at the municipal level to better organize local politics and bring order to the business of City Hall. He says that if a party system was adopted, greater access by the public to city councils would be much more likely and this would help to avoid backroom deals and opaque decision-making processes.

The third recommendation Broadbent makes is a restructuring of the way most Canadian cities elect councilors. Rather than election by wards, he prefers a mixed system where some of the elected councilors would represent the whole city while others would represent specific communities.

In *Urban Nation*, Broadbent also introduces the concept of "city-provinces." This idea mainly pertains to Canada's three largest cities of Toronto, Vancouver and Montreal. He would see these three city regions with the same powers and status of provinces. For smaller but still significant cities, Broadbent supports giving them

powers that would be just slightly less than the three big cities. In support of his ideas, Broadbent stresses the importance of population size. For example, the “golden horseshoe,” area around Toronto is made up of 8.5 million people, or 25% of Canada’s population. This is larger than the population of the Maritimes and the Prairie Provinces combined. In terms of smaller cities, Broadbent uses the example of Calgary and Edmonton where their numbers make up 2/3 of the total Alberta population but together have only half of the seats in the provincial legislature.

Broadbent says his reforms, if implemented, would allow city-provinces to better meet the needs of their constituents. Urban health care, education in cities, immigration, environmental policy and violence control, could arguably be more efficiently and effectively addressed by city-provinces than they presently are by the provincial governments (Broadbent, 2008). Different cities, each with their own unique characteristics, would be able to address their specific issues through adjusting budgets, priorities and resources as required (Broadbent, 2008).

Broadbent convincingly argues that the “one-size fits all” *status quo* of provincial and federal governance cannot meet the unique needs of an ever- diversifying country whose nature has changed so much that it is needed.

Broadbent’s reform ideas have some practical attraction from a constitutional perspective. He avoids going down the path of recommending formal constitutional amendments to the division of power arrangements. History has shown that constitutional change in Canada is next to impossible to achieve. Spectacular failures such as the Meech Lake Accord and the Charlottetown Accord have made it difficult to re-imagine Canada from a constitutional perspective,

regardless of need. , Broadbent instead proposes a radical, non-constitutional alternative capable of giving enhanced status to the major cities through provincial legislation,

Broadbent’s argument that radical change is needed is persuasive, considering that while provincial and federal governments have changed little over time in Canada, cities have changed tremendously but have remained a “virtually invisible political entity”.

Broadbent’s reconstruction plan is guided by four principals:

1. democracy requires citizens to have greater and easier access to their governments between elections;
2. governance models should reflect the type and size of community being represented;
3. responsibilities should be allocated to the level of government best suited to deliver the services; and
4. electoral representation in each riding should reflect equal distribution of the population (Broadbent, 2008).

Although his four principals are far-reaching and maybe unrealistic on a national scale, they are interesting to consider at a provincial level. If a provincial government was considering introducing new modern municipal government legislation it could incorporate these principals, outlining different roles and responsibilities for cities and giving them the financial tools they would need for their delivery. The legislative framework would need to devolve the necessary power to municipal governments to perform functions currently being provided by

the province, including some healthcare services, environmental policy development and standard-setting or provision of social welfare programs. As a consequence, cities would have a truly hands-on role, interfacing with their citizens in the provision of government functions. The pre-established relationship cities have with their citizens would be enhanced, allowing citizens greater access to government and a say in important services and their delivery. Ultimately, this configuration of power-sharing would ensure that policies and programs would be more specifically tailored to the actual needs of a community.

### **Theme 3: Weakness of City Governments**

Related to the first two themes presented above, namely lack of funding capacity and autonomy from provincial governments, is the issue of municipal governments' capacity to govern in the Canadian system of government. I discuss this theme to illustrate the misgivings some have on the question of whether or not municipalities, especially cities, if given more governmental authority than they currently have, could effectively make use of it. The views of Andrew Sancton and Chris Leo are discussed to provide both theoretical and empirical views on the wisdom of giving more power and authority to municipal governments.

Sancton argues that because city governments are inherently weak and maybe not as sophisticated as the higher levels of government, they should not be trusted with more powers or authority. He argues that the nature of municipal governments is such that they need the oversight of a provincial government.

Christopher Leo empirically demonstrates the weakness of a municipal government in the face of pressures of the outside world (economy, environment and other governments) and its inability to make decisions in the best interest of their citizenry. Leo's case study of municipal government in the city of Edmonton was a hands-on look at the city council's policy-making capability and the pressures they faced. His study provides a less abstract way of looking at this theme quite different than the other academic theories and opinions presented in this paper.

Andrew Sancton is a prolific Canadian writer on municipal governments and Professor at the University of Western Ontario. He argues against the reformists in his latest book, *Canadian Local Government: An Urban Perspective*. He takes the position that continuity with the status quo is the better principle to follow and that fundamental change is not required for municipal governments to operate more efficiently and effectively (p.306). Unlike the experts cited *infra*, he does not subscribe to the view that local governments have become more important over the course of time. He agrees that the character of cities has changed, but says the essential role of municipal government has not.

Sancton claims that neither globalization nor neo-liberalism has affected or changed cities in any significant, measurable way over the last two decades. He maintains that the federal government's policy in the 1990's and 2000's to give cities more revenues from the gas taxes and exemptions to the GST were merely consistent with Canadian tradition of making mere incremental change, and were not transformative in nature or intent (as others have argued), especially with respect to federal/municipal government relationships.

Sancton, not unlike Mintz, argues that cities, if they want to change, should look inward. He says if cities made better use of user fees and property taxes they could solve their financial issues.

In *Provincial and Local Public Administration* (2002) on the issue of whether municipal governments should have more power, he states:

“Rather than attempt to distinguish the inherently provincial services from those that are inherently local, we should instead accept that locally elected councils have great unfulfilled potential to act as the mechanism whereby a wide range of provincial policies and services are adjusted to fit the particular needs of various cities, towns, villages and townships.” (p. 250)

Sancton seems to think that this unfulfilled potential of municipalities can be cured by simply identifying and adjusting provincial policies. He does not believe in trying to “disentangle” the relationship by separating out some key provincial powers to give to cities. This seems to be an overly optimistic view, given the struggles that cities have in meeting and paying for their more obvious needs.

He suggests that municipalities could do a better job if they were in closer touch with the electorate. He suggests that if municipalities made use of new social media, they could more effectively engage the population and get their input to help solve complex problems (Sancton, 2011). At the same time, he quite cynically blames voters, saying they have very little understanding of the key issues and how the candidates relate to them. He says until the population elects better representatives these governments will be continually plagued with problems

created by bad decision-making by the civic politicians. He questions the credentials of some elected Mayors and Councilors, going so far as to say that they are too “ordinary,” and are incapable of dealing with the complex problems of cities. (Sancton, 2011).

In summary, Sancton believes that as flawed as the municipal government system is, it is operating as it should. Solving the problems of local government does not lie in changing the structure of the government to give more powers to municipalities or changing the boundaries of the cities. He maintains the solutions lie in listening to what citizens want and engaging them more effectively in the governance of their cities. (Sancton, 2011).

Christopher Leo, a Politics Professor at the University of Winnipeg comes to similar conclusions as Sancton does, but through a much different analysis. He posits that there are three different but overlapping theories of municipal governance, which explain the dynamics of municipal decision-making. They are:

- a) economic determination;
- b) national political entrepreneurs and growth coalitions; and,
- c) regime theory.

In his paper, *Global Change and Local Politics* Leo uses these three theories to analyze and explain the collapse of Edmonton’s Downtown Area Redevelopment Plan (DARP) in the mid-eighties and the choices made by Edmonton City Council when it came to making decisions about the development of the downtown area (Leo, 1995). From this study he draws some conclusions about the relative impact of

global and local forces on cities and how they impact on the autonomy and ability of municipal governments to make decisions in the best interests of the electorate.

Leo says that the theory of economic determination focuses on the idea that to maintain or enhance their wellbeing, cities must retain and attract tax paying businesses and residents. To do so, they must focus their expenditure priorities on development rather than on redistributive expenditures (Leo, 1995). The claim of the economic determination theory is that redistributive expenditures are not well received by the tax paying community because they do not enhance the city's economic position (Leo, 1995). If Leo is correct, redistribution as a primary policy choice for cities is a dead letter. In other words, his economic determination theory dictates that in order to ensure that cities remain competitive in the global community, politicians most likely have to primarily follow the path set by the developers and corporate elite (Leo, 1995). Other alternatives such as adopting models of decision making which focus on citizen participation and social justice are relative non-starters (Leo, 1995).

Leo's second theory, which emphasizes national political entrepreneurs and growth coalitions, is based on the economic determination theory but with the additional understanding that pro-growth coalitions are outcomes of political considerations. This theory recognizes the role of national politics in local affairs, positing that any decision taken by a local government is never based solely on the economic logic of retaining and attracting tax paying businesses and residents, but is also based on the intersection of national politics (writ large) with economic logic.

Leo's third theory of municipal governance, regime theory, incorporates the consideration of economics and national politics but adds that local politics too, must be considered to fully understand the impact of decisions made by a municipal government. This theory "allows us to unpack local politics" (p.280) by identifying three general types of local regimes that may exist (Leo, 1995). The corporate regime is one that promotes the interests of the development industry. The progressive regime represents progressive policies for expanding services and protecting diverse income levels. The last regime, the caretaker coalition, represents small businesses and homeowners that oppose the use of public authority by the private sector (Leo, 1995). This theory allowed Leo to examine the full range of political environments as well as the economic environments in his analysis of the Edmonton DARP case.

In the Edmonton case study, Leo discovered that the regimes outlined above are never exact but rather, they are guidelines. The result in Edmonton was a corporate regime with elements of progressive pressure. The progressive political forces were a local activist group with seats on city council who worked with city planners to introduce the DARP. The DARP was seen as a progressive, citizen-focused move by the city bureaucracy redevelop of the downtown in a more inclusive and citizen-centered way (Leo, 1995).

Applying his three theories to the DARP initiative, Leo concluded that the progressive political forces in Edmonton, that favored expenditures to enhance the relatively impoverished downtown core, were ultimately subordinated by developers who were able to use external economic factors to push their economic

development agenda (Leo, 1995). At the time, the economic factors weighing in were the recession of the early 1980s, a high Canadian dollar, low oil prices and the National Energy Program (Leo, 1995).

Over the course of a few years as corporate pressure gradually whittled away the support for progressive forces,, the DARP eventually collapsed and City Council, vulnerable to the economic forces at play, provided little resistance.

Leo concludes that the economic vulnerability of Edmonton and other cities makes them targets of large corporations. This weakness is exacerbated by globalization and the inability of municipal governments to shelter cities from global economic markets. If municipal governments were not so reliant on the funding decisions of other levels of government and had the ability to effectively tax their citizens, they would be better decision makers, able to make decisions from a place of stability and authority.

In summary, the one constant theme running through both expert commentaries, regardless of the different reasons for their conclusions, is the recognition for the need for improvement in municipal governance. The next section focuses on the views of Mayor Nenshi, which will be compared and contrasted with those already discussed.

### **Part III Nenshi, the New Calgary Reformist Mayor?**

Mayor Naheed Nenshi was sworn in as Calgary's 36th mayor on October 25, 2010. As such, he epitomizes the Canadian success story of a first generation

immigrant. His parents immigrated to Canada from Tanzania just before he was born, settling in Calgary where he grew up (Wingrove, 2010).

Mayor Nenshi attended the University of Calgary obtaining a Bachelor of Commerce Degree and then attended Harvard University where he graduated with a Masters degree in Public Policy from the John F. Kennedy School of Government.

After years of working as a management strategy consultant for multinational firms, in 2004 Nenshi became an Instructor then a Professor of Nonprofit Management at Calgary's Mount Royal University's Bissett School of Business (Naheed Nenshi's Biography, n.d.), and in 2010 he made his successful bid to become Calgary's 36<sup>TH</sup> Mayor, campaigning on a platform of municipal reform.

Mayor Nenshi's background, both in his career leading up to being elected mayor and his election platform, give some indication as to why he is emerging as credible new leader among Canadian mayors advocating for policy change in municipal governance.

Prior to the commencement of his political life, Nenshi was the principal author of the report *Building Up: Making Canada's Cities Magnets for Talent and Engines of Development* (2002). His stated intention in writing the Report was to contribute to the national debate on cities. He attempts to encourage dialogue by raising points for debate, articulating policy directions, and drawing implications for Canadian cities striving to become magnets for talent. He identifies specific initiatives that he would like to use to translate talk into action.

In *Building Up*, Nenshi says that there are three elements central to building great cities: density, diversity and discovery (Nenshi, 2002). He says a policy of

density rejects urban sprawl and encourages development that “builds up rather than out...to create safe, environmentally-friendly neighbourhoods” (p. 4). The policy of diversity, Nenshi says, means embracing both ethnically and economically diverse neighbourhoods as well as making a commitment to social inclusion and the alleviation of poverty so that all citizens are helped to become self-reliant and participate in community life. As for discovery as a policy, Nenshi says it encompasses both innovations in education and industry, which become fuel for economic development, as well as a more human element that is nurtured by arts, culture, public spaces and civic engagement.

### **Nenshi's Vision**

In his run for the position of Mayor of Calgary, Nenshi's campaign had three main themes: building better communities; keeping Calgary moving; and transforming government. He expanded the themes into a policy commitment he called, *12 Better Ideas (2011)*. The *12 Better Ideas* pamphlet dealt with things such as allowing more secondary suites in single-home neighborhoods, more transparency at City Hall, improvements to transportation and transit, and greater attention from city government to social issues.<sup>2</sup> Many of his proposals depended on changes in the governance structure of municipal governments, achieving more autonomy for municipal governments and acquiring additional funding from the provincial

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<sup>2</sup>([www.nenshi.ca/new/policy](http://www.nenshi.ca/new/policy), n.d.).

government and thus coincide with the thematic framework discussed above. His views are discussed thematically and in more detail in the sections below with reference to the similarities and differences between his views and those of the sampling of expert views discussed earlier.

### **a) Cities as Magnets for Talent**

A central part of Nenshi's vision is attracting and retaining talent so that the city can continue to be an engine of economic development. He says this can be done through cooperation and coordination of all the stakeholders (Nenshi, 2002). In this respect, Nenshi's views are similar to those of the Canada West Foundation and the Conference Board of Canada, who both say policies should focus on making cities magnets for talent that will enable them to compete with other cities on the world stage. Nenshi's *Building Up* identifies specific roles for multiple players including all three levels of government, business, universities, not-for-profits and citizens. This is similar in approach to the distinction Wolfe draws between "government and governance," where he says innovation needs the support of a number of actors in order to grow and flourish and any policy development must provide for the inclusion of a network of proximate actors at all levels of government, the private sector, non-profits and civic associations.

Where Nenshi's vision stands out from the expert views discussed above, is in his explicit reference to diversity, social inclusion and alleviation of poverty as one of the three elements integral to the creation of great cities and attracting talent (Nenshi, 2002). It is likely his views are informed to some extent by his own

experience as a member of an immigrant family and a member of a visible minority group. His emphasis on the importance of diversity, not apparent in the writings of the other scholars, makes Nenshi's policies and priorities somewhat unique (Nenshi, 2002).

## **b) Civic Engagement**

Nenshi's emphasis on civic engagement is another attribute, which in both form and substance, stands out amongst the experts.

In 2007, Mayor Nenshi contributed to a follow-up report to *Building Up* entitled, *Canadians & the Common Good: Building a Civic Nation through Civic Engagement* the lead author of which was Robin Rix. The follow up report's theme is summed up in the introduction as "Good things happen when people engage with others" (p.2). The report takes this simple message and applies it to the complex case study of Canadian civic life around five themes: an understanding of shared identity; accessible political involvement; helping non-profits; improving stewardship of common areas; and extending civic engagement beyond Canada's borders (Rix, 2007).

The report argues that the process of civic engagement – defined as "interacting more often and more meaningfully with others in respect of civic issues" (p.3) - will help to build a stronger and more unified civic nation. Nenshi's hope is that his brand of civic engagement, as reflected in Rix's report, can reverse trend of Canadian's detachment from their institutions, compatriots and country (Rix, 2007).

One aspect of achieving civic engagement, the report says, requires discovering common understandings of shared identity and finding where links exist. One result will be increased political involvement, higher voter turn out, revitalization of political parties, and more political activism (Rix, 2007).

Specific suggestions to identify shared identities and “ties that bind us,” are offered, including holding coming-of-age ceremonies for eighteen-year-olds, promoting inter- and intra-regional encounters, reassessing the intersection of religion and education, challenging the status quo on exclusion, and reaching out through families and peers (Rix 2007).

The civic engagement strategies promoted in Rix’s report recommend stimulating public interest in political decision- making processes, improving the way that political parties nominate election candidates, teaching the skills of dissent and activism, and increasing the use of online technology in the election process.

This report says civic engagement also means supporting non-profits in a formalized way, leveraging what these organizations are already doing to expand their reach. This includes having more favorable income tax treatment of charitable donations, stronger incentives for employers to contribute to communities, core funding for non-profits made more available, professionalized volunteer management practices, and increased teaching and research of non-profit entities (Rix, 2007).

As far as the stewardship of public spaces is concerned, Rix’s report advocates for the involvement of the public in the decision-making and turn civic facilities into true hubs for communities. The establishment of public space users’ committees on

a highly localized basis could achieve this idea (Rix, 2007).

Finally, civic engagement would also include extending it beyond Canada's borders to look to other countries for inspiration, and put Canada forward as an inspiration to other countries.

Nenshi's commitment to the civic engagement approach developed by Rix with his involvement, is already evident. His extensive use of social media, especially online use of Facebook and Twitter, as well as his ability to make effective use of more traditional methods, both during his campaign and after being elected mayor, are evidence he has a different approach to engagement. He has introduced a number of other civic engagement projects such as the "3 Things for Calgary" initiative which asks the public to think of three things they can do for Calgary, do those three things and encourage three people to do the same (Calgary Mayor website, 2011).

A more formidable civic engagement project was opening up the three-year budget setting process to the public so that they could give feedback on what is important to them (Calgary Mayor website, 2011). A Budget Tool Kit designed to assist people in understanding the budget setting process was produced and made available at the public library or online. Citizens were invited to provide their feedback through a variety of methods including through an online "app," an interactive website, a blog, public consultation opportunities and forums. Mayor Nenshi told Calgarians he wanted them to be "problem solvers" and engage with city council in what he called "full sentences" (Calgary Mayor website, 2011). This exercise of participatory budgeting, where community members get direct input

into the budget of a government, although not unique in North America, is a first for Calgary (Dyson, 2012). At the very least, these efforts to make their commitment to civic engagement take concrete form have made Mayor Nenshi and Calgary City Council appear to be a much more accessible to the public than their counterparts have been in the past in addition to regularly updating the public on city hall matters.

Mayor Nenshi's regular contributions to local and national media have provided explanations of his policies to the public in considerable depth as well as answering his critics. For example, his op-ed pieces in the Calgary Herald, the National Post, Financial Post and the Globe and Mail have argued for, and defended the controversial changes he would like to see in municipal governance.

Mayor Nenshi also maintains a website called "Cities Matter", which he had originally launched during the 2011 leadership race for the Alberta Progressive Conservatives to directly engage with the candidates on their views about "city" issues. The website asks politicians and citizens alike to weigh in to answer specific questions about cities, including questions about current legislation governing cities and funding alternatives. In an interview with Nenshi's policy analyst, Scott Deederly, he said the Mayor wanted to pose the question "How would you solve the problem?" to each political party and get them on record as to what their answers were (S. Deederly, personal communications, June 21, 2012).

Nenshi's outreach initiatives have proven to be popular although the level of citizen participation in the budget outreach was fairly modest, 23,000 or 2% of the population (Dyson, 2012). Whether or not the civic engagement efforts will be a

factor in achieving the change Nenshi seeks, is not yet apparent but his departure from past practice is certainly evidence of movement in that direction..

The value Mayor Nenshi places on civic engagement is similar to that of Sancton, as he too, suggests municipalities could make use of new social media to better engage the population and get their input to help solve complex problems (Sancton, 2011). Where Nenshi differs from Sancton is that he has much more confidence in the abilities of voters to understand key issues and how the candidates relate to them. Where Sancton blames voters for not understanding the issues and for electing poor and “too ordinary” representatives to municipal office who compound civic problems by bad decision-making, Nenshi wholeheartedly embraces them into the decision-making process far beyond their decision-making function at the polls.

He even says the engagement process should reach beyond the municipality itself to the national and even the international community. Sancton’s focus on civic engagement with municipalities as insular communities is a far more limited approach.

### **b) The City Jurisdiction**

Nenshi, like Wolfe, disagrees with both Sancton and Mintz when they insist that the delineations between the three levels of government should be clear and distinct and that none should meddle in each other’s affairs. Nenshi wants a “shift in resources, tools and authority - modern partnership with the provincial and federal government” (Nenshi & Robertson, February, 17, 2012). Nenshi goes so far as to say

that taxpayers in smaller cities and rural areas should fund infrastructure costs in larger cities (Nenshi, April 18, 2011). He justifies this by pointing to cities as the economic heart of the country where growth happens, benefitting the people who live in smaller centers. He says people in the smaller cities and towns make use of the services in the big cities far more than city dwellers use the services in rural areas, citing the services cities provide, including police, fire, clean water, roads, transit, recreation, parks – services Canadians use every hour of every day available to residents and non-residents alike, yet only the big cities pay for them (Nenshi, April 18, 2011).

Nenshi's views find support in the 2002 OECD review of the state of the Canadian economy, regional disparities and inter-governmental policy. One of the main conclusions of that review was that in Canada "there is a need for more vertical collaboration and federal/provincial/local partnerships, in particular to support the development of large cities that already account for a dominant share of regional GDP" (OECD, 2002, p.23).

Similar points have been made in the European Charter of Local Self-Government. The European Union recognizes local and regional governments and the importance of multilevel governance (Swedish Federation of County Councils, 2002). Three pertinent observations from this document that relate to many of the issues raise in this paper are:

- the right of citizens to participate in the management of public affairs is one of the democratic principles shared by all the Member States of the Council of Europe
- this right can be exercised most directly at the local and regional levels;

- local and regional authorities with real responsibility can deliver government that is effective as well as being close to the citizen (Swedish Federation of County Councils, 2002, p.1).

Nenshi's proposals to expand city jurisdictions are more modest than Broadbent's "city-provinces" but more far-reaching than the *status quo* favored by Sancton and Mintz. The European Union observations align with Nenshi's approach which would require a marriage between responsibility for service provision and the authority to pay for them (Nenshi, April 18, 2011).

### **c) Funding of Cities**

The issue of the proper funding of cities and their jurisdictional authority to deliver services and how to pay for them overlap. Recently, Mayor Nenshi illustrated his frustration with the limits of the current funding structure in an op-ed piece in the Calgary Herald (Nenshi, February, 15, 2012). He hypothesized a Stanley Cup playoff between the Calgary Flames and some other hockey team, saying, "visitors will pack our hotels, restaurants and bars will be full, and people will be buying hockey sweaters and souvenirs. However, the City of Calgary — the municipality — will not receive one penny from any of this activity while incurring significant cost" (Nenshi, February, 15 2012). He continued, "we have limited resources and decision-making power, our budgets are stretched to the limit (and we don't or can't run deficits), yet we are expected to provide the services that keep people alive, healthy, safe and happy every day" (Nenshi, February, 15 2012).

Nenshi's views on financial matters indicates an understanding similar to those experts who believe that cities are underfunded and that they need more

equitable access to federal and provincial tax dollars as well as more financial power than they presently have. Like other critics, he expresses the view that Canada's federal system leaves municipal governments with enormous responsibility for service delivery and limited means to fulfill it (Nenshi, 2002).

Mayor Nenshi, in a radio interview with Jim Brown (2012) with the CBC, articulated some of his critique of municipal funding practices. His concern was the lack of communication and collaboration with the provincial government on budget decisions. He cited the example of the Alberta provincial government's budget announcement which carried with it profound implications for Calgary, yet the Mayor and the city administration were left to listen to the budget details on the radio (Brown, 2012).

Mayor Nenshi explained that of the City of Calgary's operating budget of \$3 billion, only half is generated from property taxes. The rest comes from user fees and transfers from other levels of government (Brown, 2012). With this large degree of outside control, he stressed that communication and cooperation between the other levels of government is crucial. Unlike Mintz who thinks that the provinces should stay away from funding infrastructure for cities, Nenshi says any capital projects, such as a desired extension to the transit line, must have provincial support because the municipality is unable to secure the funds without it (Brown, 2012). When the City is left in the dark until budget day, Nenshi says this does not bode well for the City's role in meeting the needs of its citizens.

With respect to revenue generating options like those enjoyed by American cities such as excise taxes in the form of tolls, levies on fuel, entertainment and

hotels advocated by Mintz (April 11, 2011) and the Canada West Foundation (Vander Ploeg, 2011), Mayor Nenshi believes that raising additional taxes from the public is not the answer to solving the funding issues cities face. He sees the best solution lies in the redistribution or rebalancing of the taxes paid to the two higher levels of government from the taxpayers within the municipality (Nenshi, April 12, 2012).

Unlike Mintz, Sancton and the Canada West Foundation, Nenshi draws a clear distinction between spending on capital assets and operating expenses. He says cities should cover their own operating expenses, even if the property tax mechanism is less than perfect, but capital expenditures are a whole other matter (Nenshi, April 18, 2011). Nenshi believes higher levels of government should financially support capital expenditures because there just is not enough money from property taxes to meet the need (Nenshi, April 18, 2011). He explains that Calgary has infrastructure needs of between 6 and 10 billion dollars – from roof repairs to roads and LRT expansion, yet the operating budget for 2010 was only \$2.5 billion (Nenshi, April 18, 2011). Property taxes contributed \$1.2 billion to the total (Nenshi, April 18, 2011). When one LRT line costs between one and \$3 billion, it does not matter how “bloated” city governments may be, (although he does not admit that Calgary’s government is bloated) no amount of waste cutting will fund such capital expenditures on property taxes alone (Nenshi, April 18, 2011). When the amount in the budget from property taxes does not even meet half of the infrastructure needs, Mayor Nenshi says there must be another way (Nenshi, April 18, 2011).

Nenshi's goal is to develop a new way to calculate the amount tax dollars paid from city residents to the provincial and federal governments so that more money will stay in the communities where they were generated (Brown, 2012).

Nenshi points out that Calgary taxpayers send over \$10 billion a year more to the federal coffers than it gets back in federal services so when Mintz asks, "Why should residents in Halifax or Belleville pay for services in Toronto or Calgary?", (Mintz, April 12, 2011) Nenshi turns the question on its head and replies, "Why should the people of Calgary pay for services in Belleville or Halifax?" (Nenshi, April 18, 2011).

Besides restructuring or re-balancing the distribution of tax revenues, the other critical funding reform Nenshi proposes is giving cities the ability to independently decide how to spend the tax dollars generated within the community (Brown, 2012). The notion that municipalities, especially those with large populations, cannot be trusted and therefore need more checks and balances than the higher levels of government, is antiquated and unsupportable (Brown, 2012). Cities have become mature levels of government that have come of age (S. Deederly, personal communications, June 21, 2012). When setting their budgets, they have a much more open and transparent system as compared to the provincial or federal government. Municipalities set their budgets in public and make decisions in front of an audience versus a budget largely decided behind closed doors that is presented for the first time in a speech by the minister of finance and rarely sees any changes made there after (S. Deederly, personal communications, June 21, 2012).

#### **d) Restructuring the Mayor's office**

Mayor Nenshi does not advocate for a party system or a cabinet or executive style municipal government that Broadbent believes is necessary for the efficient and effective governance of cities (Brown, 2012). He acknowledges the difficulty that exists for mayors to gain majority support on issues when they only have one vote but he believes the more important issue of municipal/provincial relations is that of municipalities controlling their own destiny (Brown, 2012). He argues that mayors are elected under the same rules and by the same people that elect the other politicians to higher levels of government and that there should be the same level of respect for their decision-making functions at the city level as there is at higher levels of government (Brown, 2012). The degree of provincial supervision and control of essential financial resources through conditional grants and other mechanisms severely hampers cities in their policy-making responsibilities (Brown, 2012). He says a mayor is no less accountable to the people than any other politician (Brown, 2012).

#### **e) Constitutional Change**

Given his ideas for reform it is somewhat surprising that Mayor Nenshi would not be a proponent of constitutional change. He says that rather than cities having a constitutionally guaranteed power base independent for other governments, the better and no doubt more pragmatic solution lies with provincial governments voluntarily using their existing constitutional power to amend the municipal government legislation (Brown, 2012). He believes that if provincial

governments properly recognized the complex needs of cities, they would give them the legislative and spending power they need to manage their affairs in the best possible way (Brown, 2012).

In order to make this reform in the relationship happen in Alberta, Mayor Nenshi has been urging the provincial government to begin serious discussions about striking a new relationship between the provincial government and Alberta's two major cities (Brown, 2012). This approach is consistent with Broadbent's position of power sharing but not as radical as his suggestion of creating "city-provinces." Mayor Nenshi argues that Edmonton and Calgary are too important to Alberta to be treated the same as all other jurisdictions. He is quoted as saying there needs to be a new modern relationship with the province (Nenshi, April 12, 2012).

During the provincial election campaign in April 2012, Mayor Nenshi demonstrated his resolve by beginning a dialogue on his website on the topic "Cities Matter", which he had originally launched during the 2011 leadership race for the Alberta Progressive Conservatives. The website asked all provincial party leaders to answer specific questions about cities, including questions about the current legislation governing cities and funding alternatives. As a result, all of the political parties committed to exploring additional unique agreements with Calgary and Edmonton. Although it is not new for interest groups to try and gain traction on issues during an election nor is it new for a Mayor to request consideration from the provincial government, the combination of both, as what was seen by Nenshi in the most recent election is unique. Mayors have not typically been seen to be advocating so publically during elections of higher levels of government. As it is very early days

in the new provincial government's mandate, it remains to be seen whether Mayor Nenshi's lobbying efforts in this regard will bear any fruit.

In summary, Mayor Nenshi's position on the problems of the governance of large cities is that they are primarily structural ones. He says we "don't have the structures to make municipalities actually work properly" (Brown, 2012). If one accepts the proposition that "Canada's future depends on strong cities," as Mayor Nenshi does, he seems to think it will follow that the two higher levels of government will come to this realization and for the good of all Canadians, voluntarily relinquish some of their control over the vast majority of the tax dollars in Canada and give municipalities the powers they need to do their job. Although he is not in favor of radical legislative or constitutional reform, he seems to favor radical reform through the mechanism of obtaining the consent of the higher levels of government.

#### **Part IV - Conclusions**

The debate over how cities should operate and be governed is wide-ranging and polarizing. Whether the debate will ever be settled or how it should be settled are questions beyond the scope of this paper. What can be assessed is the approach of the new Mayor of Calgary to municipal reform. It is too early to know whether he will ultimately be successful in achieving his goals of civic reform, there is no doubt he has introduced some intriguing ideas and methods to do so. His take on civic engagement, communication, cooperation, inclusion and social justice seems to have

instilled a sense of engagement, participation and “coming of age” in the citizens of Calgary. Nenshi most definitely has displayed the courage and ambition to follow through on many of his own ideas as well as on the ideas of others. Of the range of views discussed in this paper, it is evident that as Mayor, he has adopted ideas from all of the different opinions expressed and rejected others.

That he is influenced by the theory of economic determination that cities must retain and attract tax paying businesses and residents, is exemplified by his emphasis on policies to attract the best talent to the city (Leo, 1995). Also, his emphasis on big expenditures to enhance development such as the \$294.8M airport tunnel is highly consistent with economic determination values (Calgary Mayor Website, June 30, 2011). But at the same time, he also demonstrates that he does not entirely agree with the predictions of economic determinism, that cities cannot remain competitive in the global community unless politicians follow the path of the developers and corporate elite (Leo, 1995). By adopting models of decision-making that focus on citizen participation and diversity, Nenshi has made choices and taken steps that challenge the underlying assumptions of economic determinists by listening to new voices at the table that may have different priorities

In spite of Nenshi’s insistence that cities first and foremost need more money to fulfill their responsibilities, it is clear that the shortage of money is not his sole concern. Without coherent, clear long-term policy strategies, he seems to realize that simply tossing money at big city problems, even for worthy causes, cannot be more than a stopgap measure with little sustainability (Nenshi, April 18, 2011). In this respect, Nenshi does not disagree that Mintz’s views about outside sources of

revenue reducing the “tax price” of city services have the effect of creating unaccountable spending (Mintz, April 11, 2011). Nenshi says as long as he can stop the never-ending game of “buck-passing” caused by the responsibility for services being divorced from the authority to pay for them, he will be happy (Nenshi, April 18, 2011). He says, “I’m asking that we fix the system so that I can take full credit, or blame, for providing the infrastructure and paying for it” (Nenshi, April 18, 2011).

Canada West Foundation’s suggestion of a 1% sales tax, added to the GST, has not been embraced by Nenshi but perhaps he should reconsider given his concern that many people from outside Calgary make use of its services but do not pay for them. Although he is not in favor of raising taxes or creating new taxes, the penny tax would generate sufficient revenue from all those using city services, citizens or not. The penny tax could also be a relatively painless way to fill the gap in the infrastructure debt that Nenshi complains is rapidly growing with no end in sight (Nenshi & Robertson, February 17, 2012).

Nenshi’s preference for funding reform, namely greater revenue sharing with the other levels of government, is along the lines of Broadbent’s approach. He has not indicated any express support for Broadbent’s “city-province” idea, although his emphasis on re-balancing and calculating a new cost-sharing formula with the provinces and the federal government comes close to an endorsement in its effects. In other words keeping more than the 8 cents of every tax dollar Calgary residents pay to the other levels of government would significantly increase the revenues available to do much more for the local population.

The legislative framework Nenshi says is needed to devolve the necessary power to municipal governments to perform functions currently being provided by the province, including some healthcare services, environmental policy development and standard-setting or provision of social welfare programs would *de facto* create a type of “city-province.” Cities such as those envisioned by Nenshi would have a truly hands-on role, interfacing with their citizens in the provision of services; this concept has caught on as the Premier of Alberta has recently committed to the idea of a Big City Charter (Zickefoose, June 18, 2012).

Nenshi’s view that change will only occur through the consent of higher levels of government indicates that his strategy for change is non-confrontational and will be achieved through persuasion and consensual legal or non-legal means. Judging by his strategic approach, he appears to be a blend of the two types of reformist mayors Sancton describes as “crusaders” and “brokers” (Sancton, 1994).

Nenshi meets Sancton’s definition of a “crusader” by his aggressive approach to identifying the needs of the city in other political contexts. In the last provincial election, he used his bully pulpit as mayor to urge voters to exercise their franchise according to city issues (Cities Matters Website, 2012). He evaluated the provincial government candidates on where they stood on municipal governance issues on his website, welcoming debate and commentary (Cities Matter Website, 2012). Nenshi’s well established credibility and expertise in municipal governance issues combined with his not inconsiderable communication skills, instills confidence in his ability to be a crusader playing a constructive role.

As a “broker,” defined by Sancton (1994) as the type of mayor who gets

things done by working behind the scenes to mobilize support for incremental change, Nenshi has also demonstrated considerable skill. On the airport tunnel issue, for example, Nenshi demonstrated that notwithstanding the limitations of his office he was able to use his position to bring parties together to come to a successful conclusion to precede with the project in spite of significant opposition (CBC News Website, June 17, 2011). His appeals for wide-ranging discussions with airport authorities, city councilors, administrators, interest group leaders and citizen activists as well as his skillful use of his moral authority as the only politician elected by all of the city electorate, he was able to bring the parties to an agreement that the tunnel should go ahead as an integral part of the multi-model transportation network in the northeast quadrant of the city (CBC News Website, June 17, 2011).

To be a true leader, however, Sancton posits that a mayor must possess real power. The power can emanate from a variety of sources, including the importance of the city the mayor represents, or from the mayor's influence on voters choices for the representatives in other political arenas (Sancton, 1994).

Mayor Nenshi certainly can claim the first criteria. Calgary is without a doubt a city of immense importance in Canada, especially with respect to the oil and gas industry and its importance to vibrancy and health of the national economy. It also is clearly a "specialized " city as discussed by Wolfe (2009) in his book, *21<sup>st</sup> Century Cities in Canada: The Geography of Innovation*, where he says the economic makeup of a particular city and what it specializes in are important considerations for innovative policies.

Sancton's second criteria for real power, the ability to exert influence on the electorate outside of city politics, is influenced by the first. Mayor Nenshi's position as the only elected politician municipally, provincially or federally by all of the electorate of this powerful city positions him very well to influence the broader population. His unique form of populism combined with his social status as a respected academic and his visible minority status seems to have caught the imagination of his constituents in Calgary as well as elsewhere. This is evidenced by his presence in the national and international media. Never has a Canadian Mayor been featured so prominently by international news outlets. In 2010 CNN named Nenshi one of the most interesting people; he has been interviewed or discussed by the New York Times (Freeland, March 31, 2011); Al Jazeera (Khan, November 19, 2010); BBC (Kay, May 14, 2012); and he was recently named by the Readers' Digest Canada (Di Cintio, May 2012) to be one of the most trusted people in Canada.

The audience this significant media platform provides gives him leverage to influence a population far greater than that of Calgary when he talks to government leaders in provincial and federal jurisdictions. This may be the way Nenshi will succeed as a reformer as he has evidently embraced the challenge when he says, "cities themselves must play a proactive role in initiating and shepherding these critical reforms" (Nenshi, 2002, p. 53). What those proactive roles look like, are beginning to emerge.

Although Nenshi's approach is an attractive one to his own constituents and one that has caught the attention of a very wide national and international audience, the economic forces at work in Canada today may slow him down or even stop him

in his tracks, at least until the economy improves. His desire to re-balance the share of the tax dollars taken out of the city may suffer the same fate as the doomed Edmonton DARP project Leo talks about in his paper discussed *infra*. The theory that national politics plays a significant role in local affairs, namely that any decision taken by a local government is never based solely on the economic logic of retaining and attracting tax paying businesses and residents, but is also based on the intersection of national politics, (Leo, 1995) will be a very significant factor that may prevent Nenshi from succeeding in changing the funding formula for Calgary. This is not to say many of his other reforms especially that of civic engagement may succeed in changing the face of municipal politics forever.

Municipal government reform is a relevant, even critical topic in current Canadian governance reform discussions. Re-thinking municipal governments may be the key, or at least one of the keys, to the resolution of many of the difficult policy challenges provincial and federal governments are facing today in every corner of the country. Environmental management; demands of an aging population; transportation infrastructure, exploitation of the talents of growing, diverse urban populations, including significant aboriginal populations - these as well as many other policy issues addressed through the lens of municipal governance would provide avenues for policy decisions yet to be tapped. Mayor Nenshi, the well-informed, intelligent, charismatic mayor of Calgary Alberta is pushing a municipal governance agenda of radical yet practical change for cities in this direction. More than any other municipal politician in Canada and probably North America, he has captured the imagination of decision makers, big business, the media and ordinary

citizens on the street as a visionary who is putting his ideas into practice. Whether he will break through the barriers that have existed for thousands of years to the great “untapped potential” Lewis Mumford exhorts, may be too optimistic to contemplate, yet his successes to date certainly demonstrate an approach that has the transformative potential such a goal would require.

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