

UCLG COUNTRY PROFILES

Canada

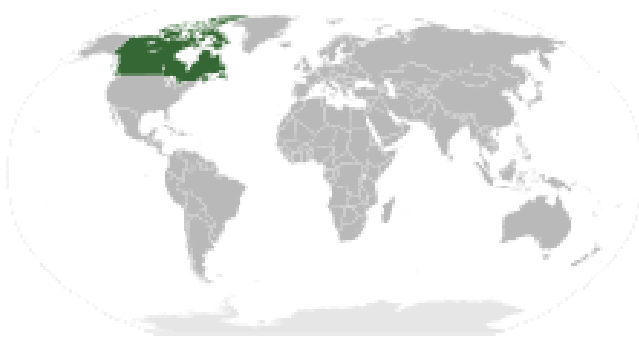


Capital: Ottawa

Inhabitants: 33.269.000 (2008)

Area: 9.984.670 km²

1. Introduction



The Canadian municipal system as it is today is the product of a long period of development dating back to the period prior to the creation of the Canadian Confederation. It has been adapted to accommodate the changes that have taken place in Canada, which has gone from being a rural country to a primarily urbanised one. As a result, the municipal system has been built up and remodelled and even reformed on a continual basis by provincial governments, who are granted exclusive power over municipal affairs by the Canadian Constitution. As a result, today there are ten provincial municipal systems and three territorial municipal systems.

Today Canada is a federation that covers an area of 10,000,000 km² over 10 provinces and three territories. The country's population was 32.5 million in 2006, and 80% of its inhabitants were

living in towns. At the time of the last census (2001), 67% of the population was living in one of the country's 27 metropolitan regions. However, a large proportion of the country does not fall under a municipal area.

Canada was founded by the promulgation of the British North America Act in 1867, but the municipal system was first implemented during the preceding decades – the 1840s and 1850s. Local municipalities are at the foundation of the municipal system and are the bodies referred to when talking about local authorities. The Municipal Corporations Act in 1849 for Upper Canada (now the Province of Ontario) and the *Loi des municipalités et des chemins* in 1855 for Lower Canada (Province of Quebec) are considered to be the foundations of the current municipal system (Collin and Léveillé, 2004, p. 4). The Canadian municipal system had its most significant period of growth between 1870 and 1950 during the colonisation of the west of the country and the fragmentation of existing municipalities in other provinces. Already from the 1950s onwards, while discussions were ongoing about the negative aspects of this fragmentation, we were also seeing a reduction in the number of local municipalities in Ontario, and later in Quebec.



As well as presenting information on specific issues at the provincial level, this document aims to give an insight into the main characteristics of territorial organisation in Canada.

2. Territorial structure

Local and regional municipalities in Canada are seen as provincial decentralised authorities. They do not have their own constitutional status. The 1867 Constitution grants provinces power over local issues. In this way, municipalities were created under provincial laws, which set out their responsibilities and powers and established their areas of activity. Provincial governments also have overall power to create and consolidate municipalities. In each province there are one or two important laws relating to municipal affairs (Loi sur les cités et villes and Code municipal in Quebec, Local Government Act in British Colombia, etc). These laws cover the majority of municipal activities. There are, however, more in-depth laws within the municipal legislative framework. For example, in Quebec, it is estimated that there are around 40 laws regarding municipal affairs and in Ontario there are around 150 different laws regulating local authority activities. Some large cities, such as Montreal, Quebec and Vancouver, also have their own charter.

Canadian municipalities are one of the local authorities with the most financial autonomy. In general, municipalities collect more than 82% of their revenue themselves and in Nova Scotia, more than 94% of local revenue comes from autonomous sources (Kitchen, 2002). However, financial autonomy for municipalities is put into perspective by the many control mechanisms available to provincial governments and carried out in particular by the provinces' Ministries of

Municipal Affairs, who act as trusteeship authorities for municipal and regional authorities. These control mechanisms apply to municipal loans as much as to schemes for development plans.

Local and regional authorities

On the one hand, the number of municipalities varies considerably from one province to the next. In 2003, the number of municipalities per 100,000 inhabitants was 3.9 in British Columbia, 92.6 for the Nunavut territory and 12.4 on average. There has been a marked reduction in this number as a result of a series of reforms undertaken during the 1990s – particularly in Quebec and Ontario – which aimed to reduce fragmentation at municipal level. On the other hand, the typology of local authorities varies greatly throughout Canada.

There are only three provinces with supralocal, regional and/or metropolitan institutions, and they are Quebec, Ontario and British Colombia. Quebec has 87 regional county municipalities (RCMs) covering all municipal land in the province. Only the large towns in each province are the exception to this rule as they have the same responsibilities and powers as RCMs. They are referred to, therefore, as "RCM cities". British Colombia alone established 27 Regional Districts during the 1960s, two of which approximately cover land across the province's metropolitan regions (Vancouver and Victoria). In Ontario, regional municipalities were created in the most urbanised areas of the province in 1968. In all instances, these structures replace local municipalities and are managed by councils formed of elected representatives from member municipalities. The difference between municipal and supramunicipal authorities relates to their function, rather than their responsibilities and powers. This means that the latter are involved in planning and



coordination services and, in some cases, financial services.

There are also two metropolitan communities with responsibility for planning and coordination in the agglomerations of Montreal and Quebec. They are managed by councils of elected local representatives and funded by contributions from municipalities and by transfers from the Quebec government. The latter approximately covers land within census metropolitan areas (CMA), which is the Canadian statistical definition used to define functional metropolitan areas in the country. The country's capital, Ottawa, does not have a specific structure. That said, the Parliament created the National Capital Commission to coordinate certain federal government programmes with a view to developing the Ottawa region.

Aside from creating the regional and metropolitan authorities mentioned above, Canadian provincial governments have taken various steps to implement the consolidation of municipalities over the last few years. Quebec did this with its large agglomerations around 2000. This episode

was followed by the deconsolidation of certain municipalities on the basis of a promise made by the subsequent government. Nova Scotia did the same in 1996 around its capital city, Halifax. As a result of this, the new Halifax Regional Municipality itself covers the census metropolitan area. The national capital, the city of Ottawa, which now has a large rural area as part of its territory, has also resulted from consolidations of local municipalities, which were carried out in 2000, at the same time as those in London, Sudbury, Toronto, Hamilton, and also Ontario.

Municipal expenditure

The average per capita municipal expenditure is \$1,492 for the whole of Canada. We must note, however, that there are considerable differences between the levels of expenditure from one Canadian province to the next. These differences can be explained particularly with regard to high public service charges in certain areas and differing levels of urban development, as well as important distinctions in terms of the responsibilities

Table 1: Population in 2001, number of local municipalities in March 2003 and number of local municipalities per 100,000 people

Province or territory	Number of municipalities / 100,000 people	Population	Number of municipalities
Alberta	11.8	2,974,807	352
British Columbia	3.9	3,907,738	154
Prince Edward Island	55.4	135,294	75
Manitoba	17.7	1,119,583	199
New Brunswick	17.8	729,498	103
Nova Scotia	8.4	908,007	77
Nunavut	92.6	26,745	25
Ontario	3.9	11,410,046	448
Quebec	15.8	7,237,479	1,147
Saskatchewan	84.6	978,933	829
Newfoundland and Labrador	55.7	512,930	286
Northwest Territory	43.2	37,360	16
Yukon	27.8	28,674	8
Canada	12.4	30,007,094	3,731

Source: Collin and Léveillé, 2004, p. 6.



and powers taken on by municipalities in certain provinces. We can also see that in Ontario, municipalities must take on certain responsibilities relating to education and social services, which elsewhere are taken on at provincial level (Kitchen, 2002, p. 157).

2. Local democracy

The local political system

The municipal structure is characterised by the "non-partisan" nature of its electoral system. In fact, the large national and provincial parties are absent from the local scene. There are, however, relatively established municipal political parties in the country's large towns, and also in some smaller municipalities. These parties do not have any direct links with the large national and provincial parties. However, it is often the case that political parties in large town are managed by former ministers or political leaders who are active on the provincial and federal scene. It is important to note that local political parties are particularly centred on the leader's candidacy and are organisations which rarely continue after the leader leaves political life.

Municipal elections are generally multi-party and take place on set dates. In certain provinces, such as Quebec, all municipalities have their election on the same day every four years. Elsewhere in Canada, the terms for elected representatives vary between three and five years depending on the province and the type of municipality. In most cases, the mayor is elected by universal suffrage across the area the town covers, while councillors are elected within their electoral districts. Municipal councils, which represent the municipality's legislative body, are relatively modest in size (between five and fifteen councillors and one mayor). The cities of Montreal and Quebec differ from this, however. In Montreal there are 104 municipal elected representatives (64 municipal councillors and the mayor, as well as 40 councillors who only have seats in urban subdivisions). In Quebec, 37 municipal councillors and a mayor form the municipal council. We must also note that there are executive committees in the large towns in Quebec, whose members are appointed by the mayor.

Table 1: Ratio of local public expenditure as a percentage of the GDP per province

Provinces	Municipal expenditure per capita (2000; in \$)	% of municipal expenditure compared to the province's GDP (2000)	% of local public expenditure out of the total public expenditure at the local and provincial levels (2000-2001)
Alberta	1,565	4	17.6
British Columbia	1,266	4.2	14.7
Prince Edward Island	364	1.7	4.5
Manitoba	1,130	4.2	12.7
New Brunswick	830	3.4	10.1
Nova Scotia	1,020	4.3	13.2
Ontario	1,912	5.6	22.9
Quebec	1,246	4.5	13.7
Saskatchewan	1,035	3.5	11.7
Newfoundland and Labrador	678	3	7.8
Canadian average	1,492	4.8	17.3

Source: Kitchen (2002), p. 158.



Citizens of Canadian municipalities are also invited to speak at referendums initiated by municipal administrative bodies. The use and practice of local referendums are very clearly marked out by the provincial governments. Issues that can be put to voters generally relate to loan regulations, as well as amendments to urban planning regulations. The turnout rate for municipal elections is generally fairly disappointing.

Certain areas have started to experiment with using a participatory budget mechanism, yet this is not yet a widespread practice. In addition, recorded cases of the use of participatory budgets are either at the level of urban subdivisions or only relate to one area of appropriation, or on the capital assets section only. We can also note that neighbourhood councils and other consultative bodies have been established within certain towns. This is particularly the case in Quebec, Halifax and Winnipeg. In each instance, these are initiatives implemented by municipal administrative bodies and are not legally required.

3. Relations between central and local authorities

In the first instance, it is important to make clear that in the Canadian context, intergovernmental relations undertaken by municipalities are mainly limited to the contact they have with provincial governments. Provincial governments have overall power over municipalities and, in particular, have the power to create new municipalities, and to disband and consolidate them.

The federal government's involvement in municipalities is more nuanced. There are, however, various types of partnerships between the federal government and one or more municipalities, which often involve participation from the provincial

government. Having said that, some provinces are more involved than others in closely following what is stated in the Constitution and refuse all federal government intervention in municipal affairs.

The main trusteeship institutions of municipalities are the provincial governments' Ministries of Municipal Affairs, which are responsible for applying provincial municipal laws. They also have various control mechanisms at their disposal, which can involve approving actions such as adopting budgets by disclaiming certain municipal regulations. Their highest control mechanism is undoubtedly the power to place a municipality under trusteeship, but this is a measure that is rarely taken. In instances where this does take place, either the ministry or a satellite institution, which exist in certain provinces (i.e. the Municipal Commission in Quebec) replaces the defaulting municipality (see Baccigalupo, 1990). Municipal budgets are probably the areas which come under the tightest scrutiny. Municipalities are not authorised to present operational budgets in deficit. They can incur loans relating to capital assets, but loan regulations can be put to referendum within the municipality and must also be approved by the provincial government. The Ministries of Municipal Affairs also closely supervise the local election process and salaries for locally elected representatives.

Municipal organisations

Each province has one or several municipal unions to represent municipalities before the provincial and central governments. These municipal unions are members of the Federation of Canadian Municipalities. Each municipality can join these organisations on a voluntary basis. The unions also provide certain services to local authorities. The Federation of Canadian



Municipalities itself has control of certain federal programmes. It manages the Green Municipal Fund, an important federal government initiative which aims to encourage the development of ecologically viable infrastructure in towns. The capacity of these organisations to influence the governments of their respective province is considerable, on the whole. In Quebec, for example, the government negotiated the Fiscal Pact regulation with two provincial municipal unions.

4. Responsibilities and powers

“Public protection (police, fire services and civil security), transport (road systems and public transport) and environmental hygiene (drinking water, sewers, waste) have always been central to municipal activity and have always represented the largest sections of the budget” (Collin and Léveillé, 2004, p. 10). The distribution of responsibilities and powers between the provinces and municipalities is, as a general rule, the same across Canada. The main exception can be seen in Ontario, where municipalities must dedicate a large portion of their budget to social services, a section of the budget which is less sizable elsewhere (see Kitchen, 2002).

Having said that, legislative frameworks set out at the provincial level to register municipal activity vary somewhat from one province to the next. In fact, over the last few years, provinces such as Alberta and British Colombia have proposed a new method of defining municipal responsibilities and powers. Rather than specifically identifying the activities they can undertake and the role of regulations, the new municipal laws rather identify the areas of internal activity within which municipalities can freely intervene. Municipalities are granted the powers of a legal personality (see Alberta, 1995,

Municipal Government Act and British Colombia, 2003, Community Charter).

Although on the whole the responsibilities and powers granted to municipalities, as mentioned in various laws, have theoretically rarely changed over a long period of time, municipalities, and above all large towns, claim that their role has widened over the last few years. They claim to be “the driving force of economic development” in the country and assert that higher governments underestimate their role. Provincial governments and the federal government in particular have recognised, in part, the claims of large towns by allocating new sources in income to them. The main new source for municipalities comes from a transfer of a proportion of revenue from federal excise duty to contribute to funding public transport and infrastructure.

The role of municipalities is particularly important in certain areas of power and responsibility. This is particularly the case in terms of territorial planning and local services, as well as public services linked to environmental issues (domestic waste, drains, drinking water, and to a lesser extent, air quality). These are not necessarily areas that use the largest portions of municipal authority budgets, but rather are areas of power and responsibility where the role of municipalities is particularly important compared to intervention from other levels of government. With regard to territorial planning, for example, regional or local municipalities are responsible for drawing up plans for a territorial planning scheme, an urban planning scheme and zoning regulations. In most cases, provinces are satisfied with large-scale plans regarding territorial planning, and approve regional territorial planning schemes and local urban planning schemes. In the most decentralised areas of power and responsibility, provincial governments do



retain responsibility for establishing large-scale plans (at a bare minimum).

Here is an example of how responsibilities are distributed at each level of government for various areas of power and responsibility.

Table 3: Distribution of power between levels of government in certain areas of strategic responsibilities and powers

Responsibility and powers	Local municipalities	Regional and supralocal authorities	Provincial government	Federal government
Planning	<i>Urban planning schemes, zoning regulations.</i>	<i>Territorial planning schemes.</i>	<i>Large-scale plans, approving local plans and regional schemes.</i>	
Education (primary and secondary)		<i>Manages and contributes to funding primary and secondary education.</i>	<i>Manages and implements funding policies (laws, pedagogical programmes, research programmes, evaluation, funding).</i>	<i>Contribution to funding.</i>
Social services	<i>Social housing. Municipalities in Ontario look after different social services. Elsewhere, some towns have agreements with provincial governments to provide certain services.</i>	<i>Funds social housing at the regional level, in the region of Montreal.</i>	<i>Responsible for most social services and their funding (employment assistance, youth centres, etc.).</i>	
Health services	<i>Municipalities in Ontario guarantee the provision of certain health services.</i>		<i>Healthcare.</i>	<i>Contribute to funding. Sets certain national standards.</i>
Water supply	<i>Falls under the responsibility of local municipalities everywhere, apart from certain areas of British Columbia.</i>	<i>The Greater Vancouver Regional District looks after water treatment and distribution in the region.</i>	<i>Laws and large-scale plans.</i>	
Energy distribution			<i>Regulating energy prices.</i>	
Public transport	<i>The road network and local public highways. Parking.</i>	<i>Regional road network.</i>	<i>Involved in financing public transport. Provincial road network. Traffic regulations.</i>	<i>Involved in financing public transport. Responsible for trans-Canadian highways.</i>
Local economic development	<i>Support to development bodies.</i>	<i>Support to development bodies.</i>		<i>Financing active groups in this domain.</i>



As we have seen above, Canadian municipalities are created at provincial level. In addition, if we look at the relations between central and local authorities by taking it as a given that the central authorities in the Canadian context correspond to provincial governments, we can see that this is a reasonably centralised structure. Having said that, all decisions affecting municipalities taken at the provincial level are not imposed by law or decree. There is room for negotiation. A number of agreements between provincial governments, some of which have even involved the federal government and municipalities, highlight the existence of negotiation mechanisms. Agreements between the federal government, the provinces and/or municipal organisations regarding the transfer of a portion of income from excise duty on petrol are one of the most recent examples of negotiated agreements.

5. Financing for local authorities

Local Canadian municipalities have fairly high levels of financial power. On average, municipalities take 77% of their revenue from autonomous sources. There are, however, significant differences between provinces. For example, in Newfoundland, the percentage of autonomous income is only 64.7%, while municipalities in Nova Scotia take around 94% of their income from autonomous sources. The vast majority of autonomous municipal income comes from land charges, particularly from value-related property tax (land and construction) at residential, commercial and industrial levels. The other large source of autonomous income comes from pricing, which makes up on average 21.3% of their total income. Again, the importance of this source of income varies between provinces, from 14.6% in Newfoundland to 28.9% in British Columbia (Kitchen, 2002, p. 179).

Finally, the proportion of transfer payments – from both the provincial and the federal government – is on average 17.9%. We must note, however, that Newfoundland and Ontario are considerably higher with more than 35% and 24% of their income coming from provincial government allocations respectively. In the case of Newfoundland, this can be explained by the fact that the government has invested heavily in infrastructure programmes, while in Ontario, the government compensates municipalities as they have to take on further responsibilities relating to healthcare, social services and education.

Personnel management

The administrative structure within municipalities is partly set out under municipal law. Municipalities have considerable room to manoeuvre, however, when it comes to establishing the size of their municipal administration and salaries for its civil servants. As a result, salaries for civil servants working for large towns are not dissimilar to those of their colleagues in provincial government. The size of municipal administrations usually varies according to the size of the town.

“On one side of the coin, there are small local municipalities in rural locations that have at the very most one full time employee, a veritable one man band who acts as secretariat, treasurer, grants construction permits, collects taxes, and applies municipal regulations, etc. On the other side, there are the highly professional and hierarchical civil services in large towns. And between the two there are an infinite number of other examples” (Collin and Léveillé, 2004, p. 34).



6. Conclusion

Over the last few years there have been many changes to Canadian municipalities. Most provincial governments have undertaken ambitious reforms and some have later decided to change things back. At the same time, some provincial governments have also taken the opportunity over the last few years to amend the legislative structure of municipalities to give them greater autonomy. Having said this, the population's growing rate of urban development and the emergence of towns as driving forces behind the country's economic development has brought about new demands which may lead to a complete review of the mandate and role of Canadian towns, as well as of their sources of funding.