

BUILDING A 21ST CENTURY CITY – Final Staff Report of the Joint Task Force to Review the City of Toronto Act - Comments on Implications for Toronto (Phillip Abrahams, Manager , Intergovernmental Relations, City of Toronto)

INTRODUCTION

I've been asked to reflect on what the proposals for the *City of Toronto Act* mean for Toronto. Some in this room may expect that I'll spend the next five or ten minutes reciting the sorts of things that have filled newspaper columns and editorials for the past few months. I'm sure you're familiar with the list – naming wards, setting bar hours, building speed bumps or humps, and so on. But I'm going to resist the temptation to lose all of us in the weeds of those details.

Rather, I think it's more useful to step back a couple of paces and attempt to appreciate the meaning and value of the policy directions that Dana has just described for us. These directions reflect the framework within which the legislative bill that will become the *City of Toronto Act* is being crafted. But it is more, so much more than that. It is a framework of thinking about the nature of city government and the relationships among democratic institutions in this country. It is a framework that represents a dramatic, refreshing and exciting 21st century departure from institutional arrangements based in 19th century Canada.

And I know that Dana agrees with me when I say, "it's about time!" It's about time because 21st century Toronto is not the same place as 19th century Toronto. It's about time because 21st century Ontario and Canada are not the same places as 19th century Ontario and Canada.

THE ACT IN THE CONTEXT OF THE NEW DEAL

So my first observation about the significance of the *City of Toronto Act* initiative is how important it is to the overall movement towards a New Deal for Toronto.

Did you know that the Toronto City government is responsible for a transit system whose daily ridership exceeds the population of any other Canadian city except Montreal? Did you know that the Toronto City government's community housing corporation is landlord to more people than the entire population of the province – the province – of Prince Edward Island? Did you know that the Toronto City government is responsible for running the second largest day care system in the country, after the Province of Quebec? Did you know that according to StatsCan data, Toronto is Canada's sixth largest government (whether measured by population or budget expenditures) – after the governments of Canada, Ontario, Quebec, BC and Alberta?

And, of course, you're all familiar with the facts and figures about Toronto's role and significance as a generator of economic activity and prosperity; as a place of settlement and opportunity for people from across the country and around the world; as a hub of culture and an incubator for innovation; and also as an urban jungle that can overwhelm, disadvantage, isolate and endanger its vulnerable inhabitants.

These realities are the backdrop to the pursuit of a new deal. The New Deal is about getting a better alignment of resources and responsibilities. In that way it's a new deal for Toronto. But

it's also a new deal for the Province and for Canada because it's about enabling the City government to work in effective, empowered partnership with the federal and provincial governments to better address the priorities of all Canadians.

From our perspective, the New Deal has three essential components:

Respect in the form of a seat at the table

Money in the shape of increased fiscal tools and resources

And power through greater legislative authority. This is where the *City of Toronto Act* fits in.

A modernized *City of Toronto Act*, based on the policy directions that Dana just outlined will directly address the *power* component and allow the City to make headway on the respect and money components.

The *City of Toronto Act* in itself is not the New Deal. Rather, it is a critical component and facilitator of the new deal. So it's an important foundation instrument.

THE ACT AS A MILESTONE

My second observation, related to the first, is that the *Toronto Act* initiative is a prominent milestone along the journey to the New Deal.

To appreciate this point, it's important to reflect on the chronological context – how did we get here?

In 2000, City Council adopted a resolution calling for a new relationship between the City and the provincial and federal governments. Council resolved that the new relationship had to include a new legislative framework for the City.

We spent the next few years working with other cities across the country to call attention to the need for change. Business, labour and community leaders and academics were instrumental in this effort.

In May 2003, Council adopted the key elements for an enabling legislative framework. We invited the province to work with the City in a joint task force to turn the *City of Toronto Act* into empowering legislation for Toronto based on the key elements in our report.

It took a change in government but, as Dana has described, on September 17th, 2004 the Premier announced that a modernized *City of Toronto Act* would be introduced by the end of 2005. The terms of reference for the joint review were in fact based on Council's 2003 report.

We now have the findings of the joint review and will soon have the legislation that is drawn from those findings. The point that I'm trying to make with this little recap of recent history is that we shouldn't think of the passage of the new Act as an isolated event. We shouldn't think of it as an end state either – or early use of expanded legislative authority by the City Government as the end of the story.

As a milestone, the Act is a marker of progress. As a foundation, it is the basis for continued progress. The rate and gradient of that progress will become more apparent in the coming years as the City government, the people they represent and serve and, in fact, the provincial and federal governments grow into the potential created by the Act and take advantage of its possibilities.

So what is it about the proposed directions for the new Act that, if enacted, will make it such an important foundation instrument? A few things stand out for me, particularly the approach to empowerment and intergovernmental relations.

BROAD PERMISSIVE POWERS

One of the Task Force's most significant recommendations is that a broad and permissive powers approach be used to empower Toronto. Instead of the City's authority being limited to 10 narrowly construed "spheres of jurisdiction", the Task Force recommends that Toronto be able to exercise governmental powers (i.e. license, regulate, prohibit, require, raise revenue, etc.) with respect to broadly defined municipal purposes, subject to certain restrictions informed by the provincial interest.

This approach represents an historic departure from the traditional way of assigning power to municipalities. As the Task Force report says, if adopted, this approach will provide Toronto with a level of autonomy rivaling – if not exceeding – that of any other city in Canada.

This approach calls for a whole new way of thinking at City Hall (and among those who engage with City Hall). Instead of putting so much analytical and intellectual energy into identifying limitations and explaining why we cannot do things, we have to liberate ourselves into thinking about how to do things. This transition from "why not" to "how to" is exciting (because of the creativity that can be unleashed); at the same time it is very challenging. It calls for an entirely new way of thinking in City government. It is difficult to embrace a new paradigm when your experience is constrained by the old one. The City must learn how to leverage opportunity and value from its empowerment.

The task force also recommends extending the broad empowerment approach to the City's taxing authority. While we expect there to be specified restrictions for the time being, Council will have broad, general authority to levy taxes (as opposed to a prescriptive list). This is a dramatic departure from the old ways. In addition existing restrictions on the City's ability to levy user fees and charges would be lifted.

Council will still have to decide how much money to raise and how to spend it, but what's important here is that, with these new revenue tools, Council will have more options to match a range of own source revenues to local priorities and policy objectives. The point is – more decision-making discretion, more choices.

So the approach to empowerment (gaining the powers of a government) is key to the foundational value of a new Act based on the task force recommendations.

INTERGOVERNMENTAL RELATIONS

Of equal significance, in my view, is what the task force has to say about intergovernmental relations.

The task force recommends that Toronto be recognized as a mature, responsible government. In particular it calls for Toronto to have clear authority to enter into agreements with other governments, including the government of Canada. What captures my attention here is the implicit message to the federal government – “as far as Ontario is concerned, you don’t have to hide behind that constitutional bush any more. You can come on out and deal directly with Toronto.”

The task force also recommends that the City and province work to develop agreements to complement the *City of Toronto Act*. Among other things such agreements might further specify consultation requirements and processes for Ontario and Toronto to use in order to better align our respective policies and programs. These recommendations are wholly consistent with our New Deal position that Toronto should have a seat at the table in policy, program and budget deliberations undertaken by federal and provincial governments.

And that’s why the intergovernmental provisions really matter. We will have built right into the legislation and consequent agreements and protocols the conditions to keep the dialogue between the City and the Province alive.

We are entering uncharted territory. But as Council uses its broad legislative authority we can expect situations to arise where the City and the province occupy the same policy space. How we deal with such cohabitation will be a critical test of our respective understanding and respect for Toronto’s role as a mature government. Ongoing dialogue and partnership in the course of reducing uncertainty and resolving potential conflict will be very important. The task force has recognized this.

Recognition of the importance of intergovernmental relations will also be instrumental in addressing the bigger picture structural issue of fiscal stability, revenue sharing, access to revenues that are linked to economic growth and so on.

By recognizing and establishing Toronto as an empowered mature, responsible government with the authority to enter into direct agreements with other governments, the task force’s intergovernmental relations recommendations set the stage for future discussions with Ontario and Canada on a plan to put Toronto on a sound financial footing. In this manner, the Act will be a key stepping stone on the path to fiscal sustainability.

CITY BUILDING

Many of the task force's recommendations will, if adopted, strengthen the City's ability to promote economic development. The recommendations related to bonusing and Tax Increment Financing merit special consideration.

Both of these proposals are consistent with the notion of an enabling legislative framework for Toronto. Council doesn't have to use these tools if it doesn't want to. But, if adopted, these recommendations mean that Council will have the option to use these important economic development tools in the future.

The task force recommends a number of measures to strengthen the city's planning powers.

Enhanced economic development and planning tools will strengthen our city-building capacity.

CONCLUSION

Finally, this joint task force has itself been something of a unique and groundbreaking process. Traditionally interaction between the City and the province on legislative change would have run something along these lines. Council would adopt a position. The City would present the position to the province in the form of a request, or demand, for some type of action or benefit. The province would take the request away into an impenetrable black hole (from our perspective), ponder it and come back with a response. There would be limited engagement or appreciation of the respective interests of the two parties.

This time there was a partnership. This has truly been a joint process. Through it, the City and the Province have learned a lot about each other, our common interests, and our mutual responsibilities to the public good. There has been a serious exchange of ideas. It's been a dynamic dialogue between equal partners in a team. It has been a great creative partnership.

It enabled us to arrive together at the joint conclusion:

That the current framework of rules and structures no longer works for Toronto.

That the people of Toronto and Ontario deserve better.

The partnership enabled us together to develop a set of joint recommendations for a legislative framework that supports our joint vision of:

- A Toronto that is economically prosperous

- A Toronto that both pays attention to and has the tools and resources to make the public domain more beautiful (through establishment of a design review panel, urban design and architectural standards, green roofs, additional protection for heritage properties, new financial tools that the City can use to invest in local priorities, etc.)

- A Toronto that is empowered to reach out and welcome the world (whether through new economic development tools to attract businesses, or the ability to work with the Federal and Provincial governments to improve integration and settlement services for newcomers)
- A Toronto that provides accountable, responsible government and reflects the best principles and aspirations of vibrant local democracy in an urban context (through the ability to delegate decisions, thereby allowing the City to appropriately organize and deal with both transactional and strategic, city-wide matters; and through more robust good government functions like the Auditor General, Integrity Commissioner, Ombudsman, and Lobbyist Registry.)
- A Toronto that is proud to be a great capital City of a strong and prosperous province.

Through this joint task force, I believe we caught a glimpse of what the New Deal future might hold for us. I quite liked what I saw.