

Opportunities for Improving Municipal Governance in Ontario

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**Discussion Paper
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Executive Summary

In its previous work, the Institute for Competitiveness and Prosperity has identified the importance of urbanization to productivity and prosperity. Several other individuals and groups have concluded that in order for Ontario's cities to become and remain internationally competitive their governments need more powers and access to a wider range of revenue sources. This paper examines the extent to which the current municipal governance processes and structures support accountability and effective decision-making necessary for greater fiscal responsibility.

The paper first sets out the key features of an effective governance system. It then traces through the evolution of municipal governance in Canada and the United States. We conclude that current structures of municipal governance in Ontario need to be strengthened if municipalities are to gain significant revenue and spending authority. The key opportunities for improvement are in the accountability system and the potential for effective corporate leadership:

- Current governance structures identify the Council as a whole as the executive and legislative arms of municipal government thereby making every councilor and nobody in particular accountable to voters for municipal decision making
- The ward-based electoral system coupled with the legislated weakness of the mayor contains no formal mechanisms to ensure a corporate perspective is taken in Council decisions. The institutionalized weakness of the only corporately elected official – the mayor – can result in a lack of leadership which may not effectively balance local ward-based and citywide perspectives.

We identify two alternative governance arrangements that address these two problems:

- The Strong Mayor solution entails the greater executive power in the mayor's office to ensure that citywide issues are addressed through formal mayoral leadership as well as a clarification of paths of accountability
- The Strong Executive Committee option involves the vesting of more responsibility and power with the executive committee of Council. It could potentially lead to the introduction of political parties and parliamentary

concepts of party teamwork and discipline. Political platforms may ensure a corporate focus, the majority party will provide leadership and an official opposition will scrutinize the actions of the majority and ensure accountability.

Introduction

One of the key findings from the Institute's research in 2002 is the importance of urbanization to prosperity. As stated in the Task Force's First Annual Report,

"We know that cities attract educated and skilled workers and that these individual are more productive in urban settings. ...Work done by...others points to inadequacies in city governance and fiscal structures. We think this is an important issue, as all Ontarians will benefit if we are able to ensure healthy and vibrant cities."¹

Many argue² that for cities to play a more appropriate role in Canada's and Ontario's competitiveness and prosperity, their governments need more powers and a greater access to revenue sources. If this is to be the case, we think it important to ensure our accountability structures and processes in our cities support effective and efficient decision making. The purpose of this paper is to identify opportunities for improvement in the governance of Ontario's municipalities, particularly its larger ones. The paper:

- Sets out criteria for good governance
- Reviews the current models for municipal governance in Canada and the United States
- Assesses current municipal governance against four criteria of accountability and good governance
- Identifies some options for improvement in Ontario

I. Features of a good governance system

For our purposes, we define governance as the process by which governments are elected, enact and implement legislation that reflects the voters' will, and are held to account by voters. A well functioning governance system is a necessary support for prosperity - it ensures the rule of law, establishes the appropriate

¹ Task Force on Competitiveness, Productivity and Economic Progress, *Closing the prosperity gap*, November 2002: 38.

² See FCM, "Early Warning: Will Canadian Cities Compete?" prepared for National Roundtable on the Environment and the Economy, May 2001 (updated Jan 2002):2; TD Economics, "A choice between investing in Canada's cities or disinvesting in Canada's Future" and "The GTA: Canada's primary economic locomotive in need of repairs" prepared for TD Forum on Canada's Standard of Living, November 2002 <http://www.td.com/economics/standard/standard.html> ; Joe Berridge, "Cities in the New Canada" Urban Strategies Inc. 2002; specifically with respect to Toronto see Toronto Board of Trade, "Strong City, Strong Nation: Securing Toronto's contribution to Canada" June 2002: 17-18 www.bot.com.

roles and responsibilities for government, and supports effective and efficient implementation of public projects that meet the needs of citizens.

Our review of literature among leading academicians in political science and management and public deliberations leads us to conclude that a good governance system has four features.

City voters must be able to choose both the people and policies that will govern their cities. At its most fundamental level, the system must allow for residents to make their collective will known in areas of:

- The general direction of key city policies that affect the future of the city
- Specific decisions that need to be made
- The individuals who will carry out these policies and decisions and whose judgment will be decisive in most of the day-to-day questions facing the city

The key feature here is that people choose both individuals *and* policies. Neither is paramount and depending on the time, place, candidates, and policy questions one may be more salient in voters' decisions. For example, if there is wide community acceptance on key policy directions of the city or if municipal decisions are restricted to service provision (snow removal, road building, etc.), voters may focus more on the individual most competent to implement these policies. On the other hand, if there is no solid consensus on future direction, voters may focus more on the candidate who has a similar policy viewpoint to theirs and worry less about the individual's strengths and weaknesses.

Opportunities to debate ideas and policies should be present at elections and between elections. Candidates need to present alternatives to voters. In many cases, candidates need to set out issues and ideas for the voters who may not be aware of the importance of a specific issue and need to be "educated" through the election process. Candidates are not simply the mouthpiece of the voters – in a healthy system they serve as activators of voter decision making. And while elections have some decisiveness and finality to them, elected officials are not given a blank cheque. There needs to be an ongoing requirement to present and defend policies for approval – with the possibility of voter involvement even if indirectly through elected officials.

Local and city-wide issues. In all but the very small organizations, there is an ongoing tension between micro- and macro-level perspectives. The governance system needs to recognize these two perspectives either through the provision of both local officeholders (ward councilors) and city-wide offices (mayor, boards of control, etc.) or a process which allows locally elected individuals to select the

city-wide leaders or administrators. Nearly all Ontario cities effect this combination with locally elected councilors and a city-wide elected mayor. (London is the only exception with a city-wide election of a Board of Control in addition to a council and mayor).

Clear delegation of powers and rendering of account in the governance process. Finally, a well functioning governance and accountability system must set out a process for implementing the will of the people as manifested by election results and for holding decision makers and implementers to account. The governance system has to achieve a clearly visible process whereby government follows whatever mandate can be discerned from the election process and policies, decisions, and results are debated and are visible. There needs to be clear leadership, identification of decision-makers, and implementers. Most of the day-to-day implementation of policy and many important decisions are carried out by unelected public servants who are not directly accountable to the voter. The governance system has to set out clear linkages and processes between elected officials and public servants.

In our view, the presences of the four features of good governance are necessary for good decision making in a democratic system. The following section outlines the evolution of municipal government in Canada and the United States to two types of government and highlights some of the features of municipal governance in Ontario. We then outline how the current system in Ontario measures up against these four features of good governance and suggest some options for improvement.

II. Evolution of municipal governance systems

In both the United States and Canada, a combination of political culture, informal adaptation and reform led to the emergence of two dominant structures of municipal government – the Mayor-Council and Council-Manager forms – each with its own set of strengths and weaknesses.

Evolution of the Mayor-Council system in the United States. The earliest traditions of direct democracy and closed corporations³ in city governments became impractical in the early 19th century. Through the 1800s⁴ the model that emerged most frequently was the Mayor-Council form modeled on the national system. It was characterized by a separation of powers in which the mayor

³ Where governors held long terms and chose their own successors.

⁴ Robert W Kweit and Mary Grisez Kweit, *People and Politics in Urban America* (2nd edition) New York: Garland, 1999):174.

served as chief executive while the council fulfilled the role of the legislative arm of government.

The legacy of British colonial rule had a significant effect on the early composition of the Mayor-Council system. Because of a general wariness of centralized power, the Mayor-Council form was initially hobbled by measures to spread influence amongst more individuals. This form was dubbed the Weak Mayor model. The most practical way to achieve a fragmentation of power within municipal government was to increase the number of elected executives and thus decrease the power of the so-called chief executive. With everyone from members of the library board to the chief of police elected by democratic vote and not specifically accountable to the mayor, his administrative control was severely limited. In this type of system the council – with the mayor as the presiding officer – played a significant role in legislative as well as administrative matters. The members of the council often sat on various boards and commissions, prepared the budget and had the power to appoint various administrators as necessity required. This is still the case in Mayor-Council systems today.

With no one effectively in charge, getting anything done in this system was extremely difficult and exacerbated by the demands of rapid population growth, eventually proved untenable. When the formal structure of government proved unable to cope with the municipal issues of the day, an informal structure known as the political machine formed to fill the leadership vacuum created by the Weak Mayor system. Political machines were characterized by a strict party hierarchy and typically headed by a “boss”. The boss of a machine almost never held office but rather controlled those in office by controlling nominations and traded highly sought-after city jobs (among other things) to maintain a broad base of support.⁵ While the machines were effective in creating effective governing coalitions, they were also characterized by widespread corruption and were by definition undemocratic.

The Strong-Mayor Council form emerged in an attempt to address some of these weaknesses in the Weak Mayor form. Institutionally, the Strong Mayor has the integrated administrative control that a weak mayor lacks. The mayor and a much smaller body of councilors are the only elected officials and the separation of executive and legislative is much more apparent than in the Weak Mayor variant. In its most general form, the Strong Mayor system usually assigns the

⁵ Fred I Greenstein, “The Changing Pattern of Urban Party Politics” *AAAPSS* (353) May 1964: 3.

mayor a combination of:

- control over the appointment and removal of principal administrators
- broad mayoral veto power and sometimes a line-item veto
- the preparation and execution of the budget.⁶

In addition to the general formal powers, the mayor also develops new policy initiatives, sets the political agenda, and in all other respects “drives” the city government. The council in this arrangement is rather weak. Its responsibilities include the approval of the budget, the passing of resolutions with legislation, auditing the performance of the mayor and bureaucratic structure, and the adoption of general policy positions⁷.

The Rise of the Council-Manager System. The Council-Manager system emerged as another response to the problems of the Weak Mayor form of government. It aimed at depoliticizing municipal politics and initiated a number of electoral and administrative improvements to weaken the hold of political party machines. The Council-Manager system of government was predicated on the complete separation of policy and administrative activities in the municipality. This form involves the appointment of a professional manager to whom the administration of municipal programs, the supervision and coordination of staff is delegated by the council

In this general form of organization, the mayor and the council fill the overtly political roles while the manager is chiefly in charge of administrative details. The council possesses all governmental authority, except those that it delegates to the manager. Although this format does not specifically require a mayor, one is usually elected to preside at council meetings, act as the ceremonial head of government and as a liaison to the other governments. The manager has almost exclusive authority in the areas of directing staff and operations, drafting the budget and coordinating departments. The manager serves, at all times, at the pleasure of the council and can be removed by a majority vote at any time. Typically the manager is the only employee appointed by the council and he, in turn, makes all other personnel decisions.

Today the majority of major American cities employ either a variant of the Strong Mayor-Council (hereafter simply Mayor-Council) or Council-Manager forms. According to 1997 data, 50% of cities over 2,500 inhabitants use the

⁶ Kweit and Kweit, 1999: 181.

⁷ ICMA, “Forms of local government” International City/County Management Association, 1999
<http://www2.icma.org/content/topic.asp?tpid=20>

Mayor-Council form while 41% employ a Council-Manager form.⁸ The remaining six percent of American cities use either a variation on the New England town meeting (a form of direct democracy) or the Commission⁹ form of government. An overwhelming majority of America’s largest cities use a Mayor-Council system of government. Exhibit 1 sets out the systems in place for the largest municipality in each of the 14 states that Institute has established as Ontario’s peer group.

Exhibit 1
Types of Government in the largest city of the 14 peer states

Mayor-Council	Council-Manager
Atlanta, GA	Charlotte, NC
Boston, MA	Virginia Beach, VA
Chicago, IL	
Columbus, OH	
Detroit, MI	
Houston, TX	
Indianapolis, IN	
Jacksonville, FL	
Los Angeles, CA	
Newark, NJ	
New York, NY	
Philadelphia, PA	

Strengths and Weaknesses of the two systems. The two dominant systems – Mayor-Council and Council-Manager – are each characterized by different strengths and weaknesses. The Mayor-Council form invests most or all executive powers discussed above in the mayor and thus provides for clear leadership in city government. Due to the formal powers built into the system, the mayor has the ability to set the agenda and deliver on it. This power means that voters who elect the mayor based on an enunciated platform can expect that promised projects will not get buried in the legislative process, especially when the mayor

⁸ Kweit and Kweit, 1999: 192.

⁹ A pure Commission form of government replaces councilors with elected commissioners. The commissioners make up the legislative body (the “council” or “commission”) of the government and also serve as the department heads in the executive branch. One of the commissioners is chosen by his peers to act as mayor. A common variation on this form elects councilors only leaving the appointment of commissioners (not popularly elected) to the newly formed council. The commission form of government is prone to some of the same weaknesses as the Weak Mayor-Council form including lack of leadership, coordination and professional management. This system is used most prominently in municipalities with populations under 25,000 where many of these issues are not as detrimental as they would be in larger settings (see Kweit and Kweit, 1999: 186)

controls the budget and has a veto. In other words, a strong mayor may lead to a better correlation between mayoral proposals and outcomes. Furthermore, since city departments are directly responsible to the mayor, coordination problems are generally reduced. In short, the major benefit of this system is that more things can be accomplished more quickly.

There are also some considerable drawbacks to the Mayor-Council form. The preponderance of power in the hands of the mayor has a tendency to make the council subordinate. That the mayor controls the flow of information is an important aspect of this type of system as it enables him to exclude council from management (administrative) decisions. The mayor also enjoys an advantage over the council in that he has staff support and greater public visibility, which often confines the council to a reactive position vis-à-vis the mayor's policy proposals. Thus the relationship between the mayor and the council does not always run smoothly.¹⁰ But the council is not entirely powerless. Since the council must approve decisions and can override the mayoral veto (typically with a two-thirds majority) the potential for legislative-executive deadlock is ever-present.¹¹ As such, the mayor must be able to make astute compromises so that his programs are approved by the council (in order for them to be implemented) and by the public (with view towards re-election).

Aside from the potential for conflict, the powers accorded to the mayor in a Mayor-Council system demand that he be a person of many talents. As the chief executive of the city, the mayor must also be a competent public manager¹². The success or failure of a government can rest on the strengths and weaknesses of one individual.

¹⁰ Especially if, as James Svava argues, the council and the mayor are constantly involved in a struggle to expand their respective spheres of influence. The council may demand that an administrative issue be approved in chambers while the mayor may try to bypass council on as many issues as possible. In such a case the mayor seeks greater responsibility at the expense of public and open deliberation in council while the council seeks an expansion in its sphere of influence at the expense of the mayoral independence that is the hallmark of the strong mayor form of organization.

¹¹ David R Morgan and Robert E England, *Managing Urban America* (5th edition) New York: Chatham House, 1999: 66.

¹² Kweit and Kweit: 181.

Exhibit 2
Strengths and Weaknesses of the
Mayor-Council and the Council-Manager Systems

Governance Structure	Strengths	Weaknesses
Mayor-Council	<ul style="list-style-type: none"> • Clear leadership • Mayor can accomplish his/her agenda by “driving” government • The structure accommodates corporate (Mayor) and local (Council) perspectives 	<ul style="list-style-type: none"> • Power struggles between Council and Mayor create potential for executive/legislative deadlock • Mayor may lack experience in public management • The Council can potentially be rendered weak due to mayoral control of information, agenda etc.
Council-Manager	<ul style="list-style-type: none"> • Allows council to concentrate on legislative issues without dealing with administrative • A professional in public management can lead to more fiscal responsibility and efficiency 	<ul style="list-style-type: none"> • Rests on the assumption of a clear separation between policy making and administration • Manager may have too much power • Lack of clear leadership • Difficult to effect corporate/local interaction

The Council-Manager system specifically aims at separating the administrative from the legislative so that council can concentrate on policy making. The appointment of a professional manager does just that in addition to ensuring that the city is run by a competent and experienced hand. Some proponents of this form claim that using a manager leads to more fiscal responsibility and cost cutting – one of the goals of this system is to manage a municipality more like a business.¹³

¹³ C Richard Tindal and Susan Nobes Tindal, *Local Government in Canada* (4th Edition). Toronto: McGraw-Hill-Ryerson, 1995: 171.

As noted by Harold Kaplan, among others, the adoption of the council-manager form rests on the erroneous assumption that administration and policy-making can be easily separated.¹⁴ In fact, a clear separation is difficult. It is often impossible to identify whether an issue is a simple administrative matter or has political implications. Another argument against this form of organization deals with the actual representativeness of the system. In some, but certainly not all cases, the city councilors are employed only part-time or are not highly attuned to the problems a city manager is dealing with. The manager often makes policy suggestions to the council which are more often than not accepted and implemented. That an appointed manager has such influence over certain areas of policy “is a far cry from the theory of democratic accountability as normally stated”.¹⁵ Finally, the main drawback of this system is, again, the lack of clear leadership. While the council holds most of the power, it is but a group of equals and the manager serves in an advisory role only (in theory) there is no clear head or leader with any clear authority. Sometimes the mayor or one of the council members emerges as a leader but if this does not materialize the council may rely excessively on the manager for leadership.¹⁶

The blurring of distinctions. A combination of historical legacy and institutional evolution have created the current landscape of municipal political structures dominated by the Mayor-Council and Council-Manager systems with all their attendant strengths and weaknesses. In general the Mayor-Council model creates a weak council while the Council-Manager format creates a weak mayor. However, in practice the division between Mayor-Council and Council-Manager systems is not so clear cut. In some instances, the powers and weaknesses of the strong mayor can be limited by the city charter or convention. For example, a strong mayor may choose to appoint an assistant or administrative officer who shares in decision making power. In other cases, the mayor must share the power of appointments with the council or must cede it to a board or committee. These modifications on the pure Mayor-Council form tend to mitigate either the strong mayor’s power or weaknesses or both. Similarly, mayors in the Council-Manager system may gain power through legislation or convention. Some cities that use the Council-Manager form require (or allow) the mayor to submit a legislative program. Weak Council-Manager mayors may also get “first review” power and can change the budget before it is submitted to council.¹⁷ Given the many potential modifications one can make to each form of organization, it is not surprising that there is considerable variation between extremes.

¹⁴ Harold Kaplan, *Reform, Planning and City Politics* Toronto: University of Toronto Press, 1982: 208.

¹⁵ Bryan D Jones, *Governing Urban America* Boston: Little Brown, 1983: 368.

¹⁶ Morgan and English, 1999: 69.

¹⁷ Craig M Wheeland, “An Institutional Perspective on Mayoral Leadership: Linking Leadership Style to Formal Structure” *National Civic Review* 91 (1) Spring 2002:28.

Evolution of Canada's municipal governance towards a Council-Manager system. The evolution of municipal government in Canada shares many similarities with that of the United States, but has yielded different outcomes. Early Canadian city governance was fairly similar to that of its southern neighbour which is hardly surprising given their common colonial past. Throughout the 19th century, Canadian cities typically used either a Weak Mayor-Council form or variations on the Commission form of government. The 19th century architects of the municipal form rejected the idea of a strong chief executive as a threat to democracy favoring instead the British tradition of strong and locally sovereign councils.¹⁸ As a result, the city council was granted most legislative and executive powers. This focus on the importance of councils continues today. However, early city charters created a mayor – initially as a check on free-spending councils – with ambiguous functions and powers. Throughout the 19th century reformers tinkered with the substance of the city charters and municipal acts. However, for all the experimentation the mayor never gained any appreciable power relative to council.

By the mid-1880's the inefficiencies of municipal government were clear as the practices of patronage and pork-barreling became more prevalent. Reformers were faced with a municipal system where the personal interests and ambitions of councilors¹⁹ had all but eradicated the possibility of effective corporate action. Lacking alternative solutions reformers of the day turned mainly to structural reform to tackle these problems. Boards of control, based on the same premise of legislative and administrative isolation as the Council-Manager system evolving in the United States, were a favorite solution. A board of control is an independent executive consisting of a small number of popularly elected controllers that played the role of administrative managers. Free from the interference or influence of council, the board could concentrate on running the city in a businesslike rather than political fashion. This system, far from being the panacea that reformers had hoped, brought with it a host of new problems including conflict between council and board, the inevitable politicization of the elected controllers, and unclear divisions of rule-making and policy-setting power.²⁰ Despite these problems, boards of control persisted for some time²¹ as a precursor to the adoption of executive committees, professional city managers or both.

The legacy of Canada's political culture and reform experiences has made its mark on our municipal political landscape. Most municipal governments today are based – with mild variation – on the Council-Manager form of organization.

¹⁸ Kaplan, 1982:73.

¹⁹ Or aldermen

²⁰ Kaplan, 1982: 195.

²¹ London, Ontario is one of the only municipalities in Canada that still has a board of control.

However, councils in Canada are limited in the extent to which they are able to delegate power to a city manager. Therefore, Canadian city managers tend to be weaker and council more powerful than in the American system.²²

Key features of Ontario municipal governance.

The literature on municipal politics in Canada and the legislation governing Ontario municipalities highlights the supremacy of councils in municipal governance.²³ Other features of Ontario municipal governance include the use of primarily ward-based elections for councilors and at large elections for mayor, the infrequent use of executive committees, and a tradition of standing committee-based policy making in larger cities. These features are discussed in more detail below.

- **Strong Councils:** The most distinctive feature of Ontario municipal councils is that they combine both executive and legislative responsibilities. As an executive body, it initiates proposals for municipal policy, makes important decisions regarding the appointment of senior administrators and supervises the administration of the municipality. The council also makes laws as part of its legislative role. As mentioned above, Canadian mayors tend to be weaker than their American counterparts. While some provinces give mayors some extra powers to mitigate their weakness with respect to councils, Ontario legislation contains no such provisions. Some of the drawbacks that stem from the strong council system that characterizes Ontario municipal governance are discussed in the following section. Other characteristics of municipal governance structures in Ontario are as follows.
- **Ward-based elections:** Most of the 10 largest cities reviewed elect councilors in a ward-based system while the mayor is elected at large. Thunder Bay is an exception which elects five out of twelve councilors at large. The remaining seven councilors are elected in wards. London is another exception. All of London's city councilors are elected in wards. However, in addition to a city council London has a board of control that consists of four controllers and the mayor, all elected at large.
- **Executive Committees and Boards of Control:** Sometimes a city will choose to create an executive committee ostensibly to remedy the lack of focused political leadership that characterizes a Strong Council system.

²² The Canadian variation on the Council-Manager system is often called a Chief Administrative Officer system. See C Richard Tindal and Susan Nobes Tindal, *Local Government in Canada* (5th Edition). Toronto: McGraw-Hill-Ryerson, 2000: 270-71 and Katharine A Graham, *Urban Governance in Canada: representation, resources and restructuring* Toronto: Harcourt Brace, 1998: 153-54.

²³ See Tindal and Tindal, 2000; Graham, 1998; Kaplan, 1982; *Ontario Municipal Act, 2001* (IV.224-225).

Very few cities in Ontario have exercised this option. Typically, an executive committee consists of a group of councilors that acts as a sort of cabinet led by the mayor that can take policy decisions that can only be overturned by a 2/3 majority of council. A board of control fulfills a similar role but is composed of controllers or commissioners that are generally elected at large and sit as members of council.

Given the supremacy of the council in the current Ontario system, it is not surprising that in the few cities that do have either an executive committee or board of control, these bodies are very weak. London's board of control, the only one in Ontario, (grandfathered in the Municipal Act, 2001 which otherwise eliminated them), consists of four controllers and is led by the mayor. St. Catharines has an executive committee which consists of four members elected by council and is also headed by the mayor. Neither body is capable of making policy decisions without the approval of council.²⁴

- **Standing Committees are an important source of policy deliberation:** The larger cities (Toronto, Ottawa and London)²⁵ in Ontario tend to use a brace of standing committees through which policy initiatives concerning specific issue areas – for example, community development, corporate services, finance and budget – flow to council. In larger cities each councilor is a member of at least one committee. This structure alleviates the workload that each councilor has to shoulder, as well as increasing the efficiency of council sessions by ensuring that the recommendations made are vetted by committee members. Committees play an important role in policy discussion and analysis, but they do not have final decision-making authority.

III. Why current approaches may not be adequate

Our review of municipal governance with respect to the four criteria of good governance set out above has not identified any glaring governance weaknesses

²⁴ It is worth noting that Toronto has an executive committee of sorts. The Policy and Finance committee can be classified as a "non-statutory" executive committee; it consists of one member (other than the chair) from each of the city's standing committees, the mayor, the deputy mayor, and four Council members who are not members of any other standing committee or of the Audit Committee. Although it was conceived to provide leadership to the council it lacks formal policymaking powers and the discipline of a team usually associated with executive committees found in other types of organizations.

²⁵ The city of Hamilton used to have a system of standing committees but did away with them in the process of a governance review after amalgamation in 2001. The city is currently in its first term under the new system and is considering reconvening some of the committees in order to streamline the policymaking process in the next term.

especially for cities with limited fiscal and policy powers. Our primary concern is the extent to which municipal governance structures are adequate for a significant extension of municipalities' role in Ontario's and Canada's fiscal and expenditure decision making. Our key question is whether or not the structures and processes are adequate to give assurance to voters and more senior levels of government that shifting responsibilities to municipal governments will result in decisions that are well debated and implemented effectively. Our review points to some potential weaknesses across the four criteria for accountability and governance.

- **Voters choose people, less able to affect policies**

The first principle of good governance states that people must be able to choose the people and policies that will govern their city. The municipal election process certainly allows for this type of choice. At the ballot box people choose someone to represent their local interests (their ward councilor) and one city-wide official – the mayor. However, both individuals have a limited ability to deliver on a platform within the municipal structure. From a purely structural point of view the best voters can hope for is that their councilor or the mayor can rally enough support within the council to deliver on campaign promises. The structural barriers to this type of coalition building are addressed below.

- **With locally elected councilors it is difficult for voters to engage in city-wide issues between elections**

Every three years Ontarians have the opportunity to debate policies and directions during municipal elections. But accessing and providing input into municipal policymaking between elections is much more difficult. Day-to-day governance is driven by changing coalitions around specific issues. In terms of access, concerned citizens can generally appeal to the appropriate standing committee or the council as a whole, depending on the size of the community, to air their grievances personally. Or a group of concerned citizens can approach their councilor to represent their interests on a specific matter. However, councilors can claim to have attempted to represent a citizen concern but were outvoted. According to Tindal and Tindal, "the possibilities for evading responsibility are all too evident".²⁶ Perhaps the most troubling aspect of municipal policy making with respect to this second principle of good governance is the opacity of the budget process in larger cities. The bottom-up, committee-driven approach makes public scrutiny and input extremely difficult and time-consuming. A budget process with debate around key principles and priorities would allow for greater discussion of macro issues would ease the development of budget details. Budget

²⁶ Tindal and Tindal, 2000:268.

preparation would be more open and meaningful if it allowed for public debate early in the process rather than later, especially since the budget sets out the future directions of city development and allocates funds according to this vision.

- **Limited formal mechanisms for corporate perspective**

Another feature of good municipal governance is a balance of corporate and local focus in policymaking. Our assessment is that the current systems of municipal governance contain no *formal mechanisms* to ensure that this balance is maintained. Councilors, primarily elected on local issues because of the ward-based electoral system, may not be as concerned with the corporate big picture as securing their local agendas. The mayor, lacking the formal power to direct council outcomes, must rely on personal persuasiveness to secure the necessary votes in support of or opposed to a corporate legislative agenda. While there are certainly informal mechanisms and certain locally elected councilors that bring corporate issues to the agenda, the council-focused approach in Ontario puts too much emphasis on local issues, especially at election time when only one person, the mayor has a city-wide focus and receives a city-wide mandate.

- **Everyone is responsible, so nobody is accountable**

Our final principle of good governance maintains that authority, responsibility, resources and rendering of account must follow a clearly understood accountability path through which expectations are set, authority and resources are delegated through elected officials who are in turn required to provide an accounting of results, and where rewards and sanctions follow. In the current Ontario context, responsibility for all municipal decisions rests with the council, either directly or indirectly through their hiring choices. Because such matters are the responsibility of *everyone* on council, and yet *nobody* in particular, it is next to impossible for citizens to determine where to direct praise or blame.²⁷

Although the above criticisms of local governance in Ontario do not constitute glaring contradictions to the principles of good governance that have served as our guide – given municipalities' constrained ambit of taxing and spending authority. However, they do raise some concerns about the adequacy of current structures to absorb additional discretionary authority and financial autonomy.

We conclude that if cities are to be given significantly greater spending powers through larger grants from the federal and provincial government or receiving greater taxing authority or both, the current municipal governance system runs

²⁷ Ibid:268.

two risks related to the potential weaknesses we identified. First, the blurred links between elected officials and public servants runs the risk that voters cannot hold to account their elected officials for decision-making and implementation. This is a potentially serious problem if municipalities are to be given much greater taxing and spending authority.

Second, the imbalance in favour of locally elected representatives without a strong corporate counterweight leads to a risk that decision making around city-wide issues – (e.g., levying new taxes or implementing mega projects) may not be adequately debated or truly reflective of city voters’ wills. The system lacks mechanisms in which voters participate in debates on city-wide issues and the assurance that elected officials can carry out a promised agenda. The only city-wide official, the mayor, lacks the authority to deliver on an agenda and locally elected councilors are accountable only to their ward’s electors.

IV Two Possible Solutions

As stated above, the current system of municipal governance in Ontario employs locally elected councilors thereby reducing corporate perspectives and blurring accountability. In this section we propose two options that address these concerns. The stronger mayor option puts more power in the hands of the mayor. The parliamentary option preserves the relative power of council while strengthening accountability and encouraging a corporate perspective.

- **The Stronger Mayor option**

One solution to problems of accountability and coordination is to strengthen the powers of the mayor via the adoption of a strong mayor system. The establishment of a strong mayor system would facilitate a corporate view of city affairs, potentially speed up the policymaking process and solve some issues surrounding accountability.

The adoption of a strong mayor system would enable the mayor to wield a veto over council decisions, have a pivotal role preparing the budget and enable him to appoint team players to key positions on standing committees and the administration. The combination of appointment and veto power ensures that a support structure is in place for the mayor to effectively pursue a corporate agenda. In such a system, the mayor is clearly accountable for every action and policy of his government and administration. In this system, the council can serve as a counterweight – or an official opposition.

The most common criticism of the strong mayor system is the concentration of power in one individual. The authority of the council and local interests may be undermined in the interest of a clearer structure of accountability and coordination. Council oversight of certain decisions may partly address this imbalance. Alternatively, the powers of the mayor could be limited in legislation by removing the power of veto.

- **The Stronger Executive Committee option**

The other option is to strengthen the powers of the executive committee of Council modeled after the Parliamentary-Cabinet system of government at the federal and provincial levels.

Currently, executive committees in place in Ontario have no extra executive powers. In this option, the executive committee would be elected by the whole council and operate very much like a cabinet in the traditional parliamentary system. The powers of the committee could include the authority to make policy decisions that could only be countermanded by a super-majority of council as well as the responsibility for appointing senior administrators. The committee might be composed of the mayor and the chairs of the major standing committees at minimum, but might also include other councilors. The committee would be accountable to council but the chairs would be individually accountable for the departments under their jurisdiction. This would address some issues of accountability, provide leadership, and bring an explicitly corporate dimension to municipal policymaking. One possible weakness of this alternative is that it creates two classes of councilors, but the executive committee will only be in place as long as it enjoys the confidence of the council.

In this option, the mayor could be simply the presider at council meetings and the ceremonial head of government – a combination of Speaker and Governor General. Alternatively, the mayor could be the head of the executive committee – similar to the Premier or Prime Minister.

An important implication of the stronger executive committee option is that it could lead to political parties at the municipal level. Our work has identified unease with political parties at the municipal level in Canada and the United States. Canadians have traditionally shied away from bringing the major provincial and federal parties into the local arena. Historically, when a branch of a major federal or provincial party became involved in local politics the differences in core issues at the two levels

caused internal divisions and threatened party unity. Furthermore, local politicians felt that non-partisanship allowed for greater freedom of action.²⁸ There has been continued resistance to *overt* political party organization at the local level. The particular party leanings of a given candidate for council or mayor is not usually a secret, nevertheless the major parties seldom get directly involved in such campaigns. The last time an established political party attempted to insinuate itself into Ontario municipal politics the slate of candidates it ran were punished at the ballot box.²⁹

This option has several benefits. The majority party would be able to create a strong executive – either in the form of a committee or cabinet. The existence of an official opposition may also improve the line of accountability between elected officials and the administration. At the ballot box, voters would be able to pick a candidate based on party affiliation and would have clearer expectations about what the policy results of that choice will be.

Despite the potential benefits of a parliamentary type system, the injection of political parties into local politics could have some detrimental effects. It may cause division and discourage inter-party coalition building. Furthermore, without a firm tradition of party politics in a city, the parties that do form at the local level may not be robust enough to build a persistent identity or following.

V. Conclusions

Our assessment of the current system of municipal governance in Ontario raises some concerns if cities are to receive additional financial and policy-making discretionary authority they have been demanding.

The current system of municipal governance in Ontario is probably adequate for smaller, less powerful municipal governments because it is responsive to local needs, accessible to voters and truly citizen run. However, as cities get bigger and take on more responsibilities, the current system may not be adequate. Voters are able to choose people to represent them, but are less able to choose policies given that the opportunity to debate issues between elections is infrequent if not non-existent. The primacy of council in policymaking and most

²⁸ Warren Magnusson, “Introduction: the development of Canadian urban government” in Magnusson ed. *City Politics in Canada* Toronto: UofT Press, 1983:14.

²⁹ See Tindal and Tindal, 1995: 267

administrative decisions distorts the ability of voters to determine accountability and, coupled with a ward-based form of representation, lacks formal structures to ensure consistent macro-level perspectives.

The real need is to strengthen the corporate perspective and strengthen the accountability linkages between public servants and elected officials. We have identified two options that address these concerns. The stronger mayor and stronger executive committee options are two alternatives to the current system worth considering to strengthen the principles of accountability and good governance, support effective and efficient municipal decision making to make Ontario municipal governments more suited to the increased financial and policy making authority they and their proponents desire.

Appendix 1

Constitutional standing of Canadian v. American municipalities

The main difference between the legal relationship of US and Canadian municipalities with the state/provincial government is that, on balance, US cities have much more discretionary authority than do their Canadian counterparts. The specific question to which this section only provides a background is whether the amount of discretionary authority a city has (to tax, set laws etc) has any significant bearing on the ability of the city government to maximize its contribution to wealth and prosperity creation. The dominant view on this issue is that the more leeway a municipality has the better it can perform.³⁰

Canadian and American cities are both the creatures of their respective provincial and state governments. In neither country are municipalities constitutionally recognized. Municipal governments are created by provincial or state statute and take responsibilities only for those powers the upper level of government wishes to grant (with a few exceptions in the American case).

Canada and its evolving Municipal Acts:

In Canada, s. 92(8) of the Constitution Act 1867 gives the provinces exclusive control over the municipal institutions in the Province.³¹ In most cases, the province sets out the powers of the municipalities in the province in a Municipal Act. Each province approaches its relationship to the cities in its jurisdiction in a slightly different manner and many have modified or rewritten their Municipal Acts within the last decade in response to the growing (awareness of the) importance of cities.

Alberta adopted the Municipal Government Act in 1995, which enables the municipal government to exercise “natural person powers” and a broad range of permissive powers. Natural person powers allows municipal governments the freedom to contract, the capacity to seek profit, the ability to give grants, and the ability to use taxation as an instrument of policy, among other things.³² In addition, the powers of local government are broadly defined rather than prescribed in great detail. In practice the combination of these two factors enables municipal governments to enter more easily into private-public partnerships and potentially increases the amount and types of tools that are available to achieve policy objectives.

³⁰ This is the view espoused by the Federation of Canadian Municipalities among other bodies that are considering this issue.

³¹ Donald Lindstone, “A Comparison of New and Proposed Municipal Acts of the Provinces”, prepared for the 2001 Annual Conference of the Federation of Canadian Municipalities. Banff. Alberta May 21, 2002..

³² The Federation of Canadian Municipalities, “Early Warning: Will Canadian Cities Compete?” prepared for the National Round Table on the Environment and the Economy. May 2001 (updated January 2002): 2

In British Columbia the Municipal Act was amended to include a “municipal bill of rights” and a recognition protocol. The Act was renamed the Local Government Act in June of 2000. The amendments that came into force between 1999 and 2000 expanded municipal powers and gave cities more flexibility in revenue-raising and in engaging in private-public partnerships. The forthcoming Community Charter for British Columbia summarizes all the principles and goals of municipal legislation up to 2001 and contains broad interpretation provisions that “are meant to signal readers, including the courts, that the Charter’s enabling provisions are to be interpreted in a broad manner rather than the narrow and confining manner that has traditionally prevailed”.³³ This new legislation is widely seen to be a boon for British Columbia municipalities despite concerns over the impact of increasing municipal autonomy and consequent issues of accountability.

In Ontario, a new Municipal Act took effect January 1st, 2003 to address some of the same issues as BC and Alberta. This new act represents the first comprehensive overhaul of municipal legislation in 150 years. The previous Municipal Act conferred specific authority for each power to be exercised by the municipality.

Among other things, the new Act provides broader areas of authority or “spheres of jurisdiction” that reflect current municipal activities but are expressed in a more general form so that councils have more flexibility to deal with local circumstances. The new legislation also grants a natural person power which, as in the case of Alberta, enables municipalities to conduct their day-to-day business without the need for specific legislative authority. Municipalities can enter into agreements, purchase land and equipment, hire employees, and delegate administrative responsibilities to committees, staff members or other bodies, such as boards of management.

³³ Ministry of Community, Aboriginal and Women’s services, “The Community Charter: A New Legislative Framework for Local Government”, May 2002.
http://www.mcaws.gov.bc.ca/charter/pdfs/ccpaper_final.pdf

The United States and Home Rule/Canada and Charter Cities:

Cities in the US are similarly governed by state legislation which is widely viewed as more permissive than in Canada. Many US municipalities are governed by charters a form of government called “home rule”.³⁴ Home rule is a legal right that grants discretionary authority to local governments that allows them to draft, adopt and amend Charters to govern their own affairs. Thus a home rule city can, through its Charter, establish the scope and manner of service delivery to its residents and is protected from interference from the state legislature as long as an action is not specifically prohibited by the state.³⁵ Although this provision is meant to increase municipal autonomy, it does not prevent the State from controlling or limiting certain aspects of their fiscal capacity.

Home rule status has been widely adopted by the more populous cities in the US but the provision does not usually specify any size requirements. Some states, such as Texas, have adopted a threshold after which municipal governments may be granted home rule status. The benefits of home rule status include: the freedom to engage in creative and innovative solutions to problems and adapt quickly to change without seeking state approval, some increased fiscal authority to determine revenue sources, set tax rates, borrow funds and other activities, and the flexibility to allow for local responses within a diverse society.

Canada also has a form of “home rule” although it is not nearly as widespread or quite as permissive as in the US. Vancouver, Winnipeg, Montreal and Saint John are all Charter cities. Like their US counterparts, rather than being subject to a municipal act of general application to other municipalities in the province, each of these cities is governed by its own Charter. The Charter codifies the laws that apply to that particular city and contains specific powers and responsibilities. A Charter recognizes the uniqueness of a city and customizes legislation to the city’s individual responsibilities and needs.

There is currently a serious movement in Toronto to establish a city Charter. The reasons for this are clear: Toronto is the largest city in Canada with many unique responsibilities, yet it is governed by almost exactly the same legislation as Collingwood or Thunder Bay.³⁶ Toronto must compete with cities around the

³⁴ Several US states give municipalities the option of adopting home rule or of remaining under general state law.

³⁵ “Comparison of powers and revenue sources of selected cities” Report prepared by the Chief Administrative Officer, City of Toronto, June 2000 (updated October 2001).
www.canadacities.ca/caoreport_062000.htm

³⁶ There is an immense body of special legislation given to Toronto over the years, in recognition of it being different from other municipalities, but the totality does not add up to more discretionary authority – just a different “laundry list”. A Charter would allow this to be consolidated, updated and reviewed for overlap.

world and has consistently had to do so with fewer tools and less political leeway than its peers. Since 2000, several groups have proposed draft Charters and recommendations for Toronto. The reports produced by the Chief Administrative Officer in June 2000 contain a wide array of recommendations. They include: access to a financial toolkit reflective of the city's responsibilities, the ability to attract and conduct business in more innovative ways, recognition that Toronto is an order of government that should be regularly consulted on provincial policy changes, and the establishment of a direct connection with the federal government.³⁷ To implement such recommendation will require that the mayor negotiate directly with the province and the federal government. To date, little progress beyond the initial recommendations has been made.

³⁷ Chief Administrator's Office, "Towards a New Relationship with Ontario and Canada" (Background reports) June 2000. <http://www.toronto.ca/ourcity/citycharterrepl.pdf>