



Chambre de commerce
du Montréal métropolitain

Board of Trade of Metropolitan Montreal

For genuine endorsement of the new cities

Memorandum of the Board of Trade of Metropolitan Montreal

on Bill 9, An Act respecting the consultation of citizens with respect to
the territorial reorganization of certain municipalities

“We hope the new cities will succeed, and we have obtained the mandate to promote this success by allowing democracy to express itself.”

Swearing-in Speech of Premier Jean Charest
Quebec City, April 29, 2003
[Translation]

Presentation of the Board of Trade of Metropolitan Montreal

The Board of Trade of Metropolitan Montreal has some 7,000 members. Its primary mission is to represent the interests of the business community of the Greater Montreal region and, as a contributing and responsible player, to promote the economic development of the urban area. Encompassing three specialized services (Info entrepreneurs, the Electronic Commerce Institute and World Trade Centre Montreal) that serve merchants and businesses of all sizes throughout Quebec, the Board of Trade is Quebec's leading private economic development organization.

Summary

This Memorandum, filed with the Commission sur l'aménagement du territoire, outlines the comments and recommendations of the Board of Trade of Metropolitan Montreal concerning Bill 9. In keeping with the tradition and history of the Board of Trade's positions over the past 40 years, this Memorandum approaches the analysis of Bill 9 from an economic development perspective with one fundamental question in mind: "What economic repercussions will this Bill have for the Greater Montreal area?"

In the first of the two parts of this Memorandum, the Board of Trade reviews the various factors (economic, contextual and historical) that it deems important to consider in evaluating Bill 9 and in formulating an informed opinion on the issues involved in the territorial organization of Quebec's main urban centres. The Board of Trade then presents what it considers to be the basic principles for the territorial organization of Metropolitan Montreal. The first part concludes with a review of the strengths and weaknesses of the municipal reorganization carried out in the metropolitan region between 2000 and 2002.

The second part of the Memorandum focuses more specifically on Bill 9. The Board of Trade starts by defining the objectives to which the Bill should provide a priority response. The Board of Trade's five specific recommendations then follow.

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Preamble

Fundamental Challenges for the Economic Vitality of Quebec and the Montreal Metropolitan Region

Allowing citizens to express their views on changes that affect their identity and their sense of membership in a community is undeniably one of the most fundamental duties of a democratic government. Thus, the Board of Trade of Metropolitan Montreal indisputably acknowledges the legitimacy of the exercise launched by the Minister of Municipal Affairs, Sports and Recreation with the tabling of Bill 9.

The legitimacy of such an exercise does not mitigate its complexity. In fact, the stakes involved in the municipal territorial organization are numerous and play out on several levels. The reason for this is simple: the municipal level of government is called upon—especially in the case of major urban areas like Montreal, Quebec City, Longueuil or Sherbrooke—to provide services that are sometimes strictly local, sometimes metropolitan, and increasingly international in scope. It is therefore not unusual, when certain decisions are made, for a municipal government to find it necessary to arbitrate between the special needs of a given sector and the collective needs of the urban area under its responsibility.

Decisions involving economic issues are generally part of this category. Thus, because the repercussions of an investment or the growth of a business are never confined to the boundaries of a sector or a municipality, the Board of Trade unequivocally believes that economic development should be considered as the “collective property” of an urban area. Consequently, it is appropriate that its population as a whole share the costs of supporting this development and the benefits it generates. In so doing, an urban area not only acts fairly, but also maximizes its growth potential to the benefit of all of its citizens.

In this context, the Board of Trade believes that the first challenge Bill 9 must meet is to ensure the maintenance of the fragile but necessary balance between the right of the sectors to—in the words of the Bill—express themselves on the political organization of their territory and their duty to participate in the decisions and responsibilities resulting from their belonging in their urban area’s economy.

In this regard, the Board of Trade is very pleased to note that Bill 9, as presented, does not allow a return to the *status quo ante* and the reconstitution of isolated municipalities that can escape their responsibilities as good “citizens” of the urban area.

Also, the Board of Trade remains faithful to the spirit of the Bill in presenting, within this Memorandum, five major proposals intended to perfect the maintenance of this balance between the rights of the sectors and their responsibilities to the urban area to which they belong. Primarily inspired by its observations of the Montreal metropolitan region—where its some 7,000 members are active—the Board of Trade has nonetheless sought to formulate recommendations that, like the Bill, can be applicable to all of the Quebec cities concerned.

For the Board of Trade, the issues at stake in Bill 9 go far beyond a mere administrative reorganization of the territory. On the contrary, these stakes are central to the tools that Montreal and its metropolitan region will have at their disposal, in the years ahead, to invigorate their economy and thereby pull the rest of Quebec along with them.

Summary of the Recommendations Made by the Board of Trade of Metropolitan Montreal Regarding Bill 9

1. Extend the scope and the dissemination of the impact studies
 - 1.1. Have the completion and public dissemination of the impact studies precede any formal public consultation.
 - 1.2. Ensure that the impact studies offer a complete picture of the issues involved in the question of municipal organization.
 - 1.3. Increase the time limit for preparation of the impact studies to 120 days.
2. Preserve the urban areas' coherence, cohesion and capacity for initiative in economic development matters.
 - 2.1. Include jurisdiction over economic development among the jurisdictions requiring a compulsory agreement between the city and the reconstituted municipality.
 - 2.2. Add major non-residential facilities to the list of equipment, infrastructures and activities that must be covered by an agreement between the centre city and the reconstituted municipality.
3. Include participation in the operation of a metropolitan community among the jurisdictions that must be covered by an agreement between the centre city and the reconstituted municipality.
4. Increase the value of the equalization amounts.
5. Give priority to the presentation of administrative reorganization proposals solicited by the Minister's declaration of June 20 and allow a consultation approach primarily focusing on endorsement of the new cities.

Introduction

Pragmatism and Economic Development: The Board of Trade of Metropolitan Montreal's Viewpoint Regarding Bill 9

The Board of Trade of Metropolitan Montreal has some 7,000 members. Its primary mission is to represent the interests of the business community of the Greater Montreal region and, as a contributing and responsible player, to promote the economic development of the urban area. Encompassing three specialized branches (*Info entrepreneurs*, the *Electronic Commerce Institute* and *World Trade Centre Montreal*) that serve merchants and businesses of all sizes throughout Quebec, the Board of Trade is Quebec's leading private economic development organization.

In view of its responsibilities to its members and its concerns about economic development, the Board of Trade's interest in the stakes involved in the territorial organization of Greater Montreal is nothing new: it is an integral part of its history. For example, in the 1960s, the Board of Trade favoured a reorganization model that involved the creation of a certain number of boroughs on the Island of Montreal. Since then, the Board of Trade has always played an active role in the discussions on the issue, whether in the public consultations preceding the production of the Picard, Pichette or Bédard Reports, or by organizing major events such as last year's Symposium: *Montreal 2017: a 375-Year-Old Cité of the World*.¹

With all this baggage, the Board of Trade approaches the analysis of Bill 9 with one fundamental question in mind: What will the economic repercussions of Bill 9 be for the Montreal metropolitan region?

This analytical standpoint, while naturally corresponding to the interests of the metropolitan region's merchants and businesses, should also address Quebec as a whole: Greater Montreal, with nearly 50% of Quebec's population, is responsible for over 50% of its gross domestic product and about 70% of its exports. Its chain reaction effect on the rest of Quebec is resounding and undeniable.

The current and potential repercussions of Bill 9 on the metropolitan economy give rise to two major issues, according to the Board of Trade: the capacity of the new merged cities of Montreal and

¹ Organized by the Board of Trade of Metropolitan Montreal on April 30 and May 1, 2002, the Symposium titled *Montreal 2017: a 375-Year-Old Cité of the World* brought together a series of thinkers and decision-makers from the Montreal region and from elsewhere in Canada, the United States and Europe, to discuss the challenges and solutions likely to mark the Montreal region's development over the next 15 years.

Longueuil to sustain the region's economic development and the Bill's inevitable effect of putting the deployment of economic development efforts on hold.

Cities capable of sustaining metropolitan economic development

In addition to being a major issue for citizens with respect to the nature of their relationship with their municipality and the management of the services they receive from it, the question of urban territorial organization represents a major challenge for merchants and businesses operating in these territories and for the workers they employ. Just consider the urban planning, zoning and regulatory responsibilities applicable to commercial activities, the public water, street repair or garbage collection services that businesses need, the public transportation service that enables employees to get to their place of work... There are numerous examples.

With the avowed objective of enabling citizens to "take a position on the future of their sector, once and for all,"² the tabling of Bill 9 represents an exceptional opportunity to bring to a lasting conclusion the discussion on the changes to be introduced to the territorial organization of Quebec urban areas—especially Montreal and Longueuil—so they are fully capable of playing their role as catalysts of economic, social and cultural development. In a period of increasingly vigorous competition between urban areas worldwide, the conclusion of this reflection—a prelude to decision-making and sustainable action—is an opportunity that Quebec cannot afford to miss.

Consequently, one of the Board of Trade's greatest motivations in producing this Memorandum is to ensure that the capacity of Quebec urban areas to invigorate the Quebec economy is at the centre of the debates and the choices that the public will make within the framework of the application of Bill 9.

A hiatus in the deployment of economic development efforts

The second aspect of this Bill that particularly concerns the Board of Trade and motivates some of its recommendations is the impact of this Bill on the deployment of economic development efforts, especially in the Montreal metropolitan region.

² Minister of Municipal Affairs, Sports and Recreation, *Explication du processus : Projet de loi concernant la consultation des citoyens sur la réorganisation territoriale de certaines municipalités*, p.2. (explaining the process: bill respecting public hearings on the territorial reorganization of certain municipalities)

While acknowledging the legitimacy of the process initiated by the tabling of the Bill, the Board of Trade also notes the very great efforts that the various parties involved have been devoting for the past several months to the preparation of their participation in this process. In addition, there is the major uncertainty created by the Bill regarding the form that the municipal territorial organization will take at the end of this process and the legislative and functional adjustments that will then be necessary—all this at the very time when citizens, merchants, businesses, investors, creative talent, suppliers, unions, municipal administrations and governments are finally starting to develop and consolidate the bases of their new *modus operandi*.

The immediate result of this reality is that, on the whole, the issue of economic development has unfortunately been relegated to second place in the concerns of elected representatives and many municipal public servants, both in the merged cities and the boroughs. Despite an admirable performance in the past few years, the economy of the Montreal metropolitan region still has a long way to go to catch up to its competitors on the North American continent and can scarcely allow any let-up in supporting its growth.³ If we add to these considerations all of the major urban challenges that Quebec's big cities must face, i.e. precarious finances, aging infrastructure requiring massive reinvestment and housing crises, to name only a few, the costs of any delay in concluding the issue of municipal reorganizations appear to be increasingly substantial.

Under these circumstances, the Board of Trade believes it is imperative that Bill 9, in its final form, allow the best possible reconciliation between the desire of the entire population to be consulted and the economic necessity to minimize uncertainty and favour the stability and continuity of the existing municipal structures. Of course, this objective requires the public's endorsement of the new cities and constitutes one of the goals of the recommendations formulated by the Board of Trade in this Memorandum.

Before giving a detailed presentation of all of the Board of Trade's recommendations regarding Bill 9, this Memorandum will profile the Montreal metropolitan region and the major elements relating to municipal organization and governance of economic development in its territory. It will highlight the main arguments—particularly economic and historical arguments—that have led the Board of Trade to favour a consolidation of municipalities on the Island of Montreal for over 40 years and that will lead it,

³ On this issue, the strategic vision entitled *Énoncé de vision – Document déclencheur*, published by the Montreal Metropolitan Community in October 2002, emphasized Montreal's poor performance in terms of the average wealth produced per inhabitant. Thus, the Montreal metropolitan region ranks 26th among the 26 biggest urban regions in North America in terms of GDP per capita. What is all the more striking is the magnitude of the gap between Montreal and other cities: from Montreal to Boston (which ranks in first place), GDP per capita jumps from US\$26,629 to US\$73,470, or nearly threefold! (p. 29)

once again, to call for the maintenance of the new cities created on the Island of Montreal and the South Shore.

1. The municipal territorial organization of Greater Montreal: Unified cities for a strong and functional metropolitan region

A. International trends and competition

The Montreal metropolitan region does not exist in a vacuum. On the contrary, like its North American competitors, it is subject to the major trends and influences that shape the organization, management and economic development of major urban regions around the world.

Since Montreal's founding, world and urban realities have had time to go through many profound changes. The changes we are experiencing today mean that urban agglomerations are occupying a preponderant and inevitable place in the global economic landscape. Urbanization, whether on a global, Canadian or Quebec scale, is reaching new peaks. More and more people are ending up in major urban centres. Nearly fifty percent of the Quebec population lives in the metropolitan region. The Montreal, Ottawa, Toronto, Calgary and Vancouver urban regions alone account for more than forty percent of Canada's population. Driven by the industrialization of the developing countries, within less than twenty years more than half of the world's population will reside in an urban environment.

This growing urbanization has nothing to do with renewed affection for city life. Instead, the concentration of economic activity is its origin and driving force. In this era of knowledge-based economy, human resources are more important than natural resources. Logically, companies are created or will set up operations where they can have access to the biggest pool of human capital available: urban centres.

Since the raw material of cities—individuals—is essentially the same, cities resemble one another much more than resource regions, for example. This similarity makes competition between urban areas all the more intense. Accordingly, while iron ore mining offers a clear and strictly limited choice of places to invest, the biopharmaceutical research field will be faced with an impressive number of potential locations, namely every city in the world that has a large enough pool of skilled workers and university institutions.

As the Montreal Metropolitan Community (MMC) observes: "On the one hand, we see the consolidation of major supranational economic blocs, and on the other hand, the 'metropolitanization' of the economy. The metropolitan regions, of course, are the spaces that physically embody the economic growth of nations. But they are also becoming the indispensable frameworks of this growth: the

convergence of the forces of knowledge and creativity, the proximity of the places where decisions are made and services are provided, access to global trade networks and the economic separation that allows great metropolises to offer the environment essential to innovation and competitiveness. Nations therefore need their metropolitan regions. They must contribute, through their policies and programs, to strengthening their assets and developing their advantages, while leaving them in control of their development."⁴

In this context of very stiff competition, cities must do more and, in the decades ahead, will have to assume more responsibilities. What will allow them to stand out is no longer limited to a single major comparative advantage, such as proximity of a large pool of consumers or having major universities. Henceforth, several advantages, i.e. "the whole package," make the difference and allow the winning cities to attract investments *and* skilled workers of the knowledge-economy.

During his visit to the *Montreal 2017* Symposium, Richard Florida, Carnegie Mellon University's Professor of Regional Economic Development, declared: "The members of the creative class have a wealth of choices and insist that a city offer them great diversity and high-calibre facilities. Their choice of a location is largely based on their lifestyle and centres of interest, which go far beyond the usual facilities that most specialists consider important to "quality of life." What they are seeking is "quality of place," which I define as a well-established, authentic environment, open to diversity and equipped with many natural amenities and a cultural scene brimming with vitality."⁵

Therefore, the era when a municipality's main role was to collect the garbage, organize recreation, maintain parks, and clear the snow off the streets is dead and gone. In addition to the traditional responsibilities of a city like Montreal, there is henceforth the role of catalyst of economic, social and cultural development.

This context obviously is not unique to Montreal. In this regard, it is interesting to observe that all over the world, the roles, responsibilities and means at the disposal of major urban areas have been the object of in-depth studies and restructuring. In this regard, the Board of Trade, in 1999, commissioned a study by INRS-Urbanisation on the institutional profiles of the metropolitan regions of North America comparable to Montreal. Produced under the direction of Mr. Jean-Pierre Collin, this study concluded

⁴ Montreal Metropolitan Community, *Vision stratégique – Document déclencheur*, October 2002, p. 17. [Translation]

⁵ Excerpt published in *La Presse* of April 30, 2002 from Richard Florida's address delivered at the *Montreal 2017* Symposium. [Translation]

that it was difficult to prove the link between the size of the centre city and economic vigour.⁶ Instead, the connection with the vigour of metropolitan regions seems to be most present in “urban territorial planning and management.” It is also at this level, the report observes, that there was the most experimentation and innovation in the 1990s. Accordingly, it is not so much the metropolitan organizational and planning model in itself that represents the recipe for success, but the fact that it is adapted to national and local realities and is able to function effectively.

In this perspective, it is expedient to refer to the main reports produced over the past few years on major Canadian cities and, more specifically, regarding Montreal and its region. These reports provide a clear understanding of the special conditions that the Montreal metropolitan context imposes on the reorganization of the municipal structures in its territory and that lead the Board of Trade to believe that the creation of unified cities on the Island of Montreal and the South Shore is still the solution best suited to Montreal and Quebec realities.

B. Findings, questions and proposals for the metropolitan region

Canadian perspectives

By proceeding with large-scale municipal mergers, Quebec and Ontario clearly dissociated themselves from the American trend of the 1990s to work from the existing municipal structures to institute regional joint-action and planning bodies. While a reminder of the specificities of the Canadian urban context alone cannot explain and justify the political decisions of the provincial governments of the time to go ahead with these mergers, it will nonetheless make it possible to pinpoint the motivations behind these important decisions.

One of the most influential reports on Canadian urban reality was produced in 2002 by TD Bank Financial Group.⁷ It discusses the very great importance of major cities for the Canadian economy and the precarious situation in which these same major cities find themselves, particularly with regard to their finances and infrastructure. The report comes to a conclusion that is not at all surprising: Canadians have a choice between “investing in Canada’s cities or disinvesting in Canada’s future.”

⁶ “In the entire sample analyzed, the size of the centre city varies greatly and is not synonymous with economic decline or prosperity: all cases are represented. For example, some dynamic regions (San Antonio, San José, Phoenix, Columbus) include a centre city that dominates its region demographically. But other success stories are the doing of metropolitan regions with a small centre city and a large measure of municipal fragmentation (Boston, Atlanta, Minneapolis and Portland).” - *Comparaison du profil institutionnel des régions métropolitaines comparables à Montréal au Canada et aux États-Unis*, under the direction of Jean-Pierre Collin, INRS-Urbanisation, February 2000, p. V. [Translation]

⁷ TD Bank Financial Group. 2002. *A Choice Between Investing in Canada’s Cities or Disinvesting in Canada’s Future*

This lack of investment in the big cities has also been the object of research by Joe Berridge, a partner in the Toronto firm Urban Strategies. In his address to the *Montreal 2017* Symposium organized by the Board of Trade, Mr. Berridge pointed out the very large gap between the size and scope of the urban programs funded by the Canadian federal government, compared with those of the U.S. government. To illustrate his remarks, he calculated that an American urban area of comparable size to Metropolitan Montreal receives CDN\$181 million in direct assistance annually through the United States government's various urban programs. Even though it is difficult to compare the amounts invested directly and indirectly by the Canadian and U.S. governments in major urban centres, Mr. Berridge nonetheless concluded: "The deplorable poverty of the major federal urban investment programs in Canada is obvious," [...] "But above all, what is almost criminal negligence is the total absence of major federal programs in housing and public transportation."⁸

While it is true that the constitutional division of responsibilities between the federal and provincial governments makes any direct intervention by Ottawa intended for the big cities a politically delicate matter, the lack of financial means at the disposal of these cities is no less real. This is also one of the conclusions reached by the Organization for Economic Cooperation and Development (OECD) in another study on Canadian cities: "In the last decade, the on-going process of decentralization, which is leading the federal government to download programmes and expenditures onto the provinces, has worsened the situation for the cities. The provinces, in turn, delegated responsibilities to the municipalities, which resulted in the assignment of unfunded mandates. Municipalities ended up having increased responsibilities without their resources being proportionally extended. The growing budget imbalance and the ever-increasing financial difficulties at the municipal level, particularly for the cities, partially explain the political will to merge the independent urban municipalities into major metropolises."⁹

Among the explanations put forward to explain this situation are the very foundations of the Canadian political system. The Canadian federal system, because of its form, gives rural regions a predominant voice. Provinces with small populations like Newfoundland or Saskatchewan have a privileged—and rightful—place at federal-provincial conferences, while the Toronto metropolitan region, which alone

⁸ Symposium Transcripts Symposium *Montreal 2017 – A 375-Year-Old City of the World*, April 30 and May 1, 2002, p. 87. [Translation]

⁹ OECD (2002), *OECD Territorial Review of Canada*. OECD Publications, Paris, p. 271. [First 3 sentences from OECD Web site. Last sentence translated from French]

has a greater population than eight of the ten provinces, and Montreal, which has more people than the four Atlantic provinces combined, are excluded.¹⁰

In Quebec, this reality also plays a very prominent role. The new provincial electoral map, which came into force for the last election, means that a vote from the Montreal metropolitan region has systematically less weight than a vote in the Gaspé Peninsula, the Abitibi region or the Mauricie. With a reduced number of ridings on the Island of Montreal (28 instead of 30 on the previous map), this new electoral map means that Montreal elected representatives, even though they represent 25.1% of Quebec's population, only account for 22.4% of the Members of the National Assembly. Consequently, considering that cities remain the handiwork of the provincial government, this "electoral imbalance" in favour of the regions contributes even further to marginalizing the voice of Quebec's economic engine.

Therefore, when compared with their counterparts in the United States, Canada's major urban areas seem to be doubly disadvantaged: both their political weight and the financial resources at their disposal are exceeded by their economic importance. Examined in light of these contextual aspects, the creation of megacities in Quebec and Ontario, while running contrary to the trends observed in the rest of North America, nonetheless is a response well rooted in Canadian realities.

The major reports: Picard, Pichette and Bédard

Like many of the world's metropolises, Montreal has been the object of in-depth government studies regarding the actions required to optimize its development. On the whole, regardless of whether they were commissioned by the Quebec or Canada governments or under different political parties in power, all reports, without exception, emphasized the need for the economic and structural reorganization of Greater Montreal.

Even though it did not specifically seek to propose changes to the governance structure of the metropolitan region, the report of the *Advisory Committee to the Ministerial Committee on the development of the Montreal Region*, set up in 1985 by the government of Canada and chaired by Mr. Laurent Picard, remains an important reference to understand the Montreal region's needs in terms of metropolitan governance. This is why, almost twenty years later, Mr. Picard's assessment of the application of his report's recommendations contains a number of interesting observations:

¹⁰ "Power to all the people," Andrew Parkin, Co-director, Centre for Research and Information on Canada. Published in *The Globe & Mail*, May 5, 2003, page A15.

"I would like to draw three lessons from the application of the Advisory Committee's report and from Montreal's past 15 years. First of all, leadership. This is what was lacking in Montreal. Montreal is asking for strong leadership and the cooperation of all stakeholders, e.g. the federal and provincial governments, business people and unions. As long as the leadership remains conflict-oriented, as we saw in the past 20 or 25 years, it is impossible to dream of a vigorous Montreal awakening. Secondly, the concentration of resources. There is often a political, almost inevitable temptation to sprinkle resources for results that have more to do with electoralism than with development strategy. It is crucial to concentrate resources to succeed in creating efficient development poles. Thirdly, the execution of a strategy at the city level takes a lot of time. Fifteen years have gone by since the report was written. A lot has been done, but what is most important, and what remains to be done, is the creation of a certain leadership based on strong coalitions. Now that we have one island, one city, it may be possible to develop this leadership more effectively and create arbitration that makes it possible to avoid constant conflict-oriented situations."¹¹

Published in 1993, the report of the *Task Force on Greater Montreal*, established by the government of Quebec and chaired by Mr. Claude Pichette, offered formal recommendations on how to give the "city-region" of Montreal structures likely to favour more concerted action at the metropolitan level. At the *Montreal 2017* Symposium, Mr. Pichette made the following comments: "[The Task Force] wanted to show that the municipal and metropolitan organization, such as it then existed, prevented this force of over three million inhabitants from achieving its full potential. It wanted to point out that centrifugal forces did not allow everyone to work in the same direction. As it has been repeated so often, this region encompassed more than 100 municipalities, five administrative regions, uncoordinated development plans, a large number of RCMs, and thus a perfect recipe for failure!"¹²

Based on these observations, two major recommendations emerged from the report. First was the suggestion of creating a regional entity, the *Montreal Metropolitan Region*. Directed by a Metropolitan Council composed of 21 elected municipal representatives—or one representative per 150,000 people—and headed by the Mayors of Montreal, Laval and Longueuil, the *Montreal Metropolitan Region* would have to plan, referee and coordinate functions for a series of "metropolitan jurisdictions," notably land use planning and development, economic development, transportation and the environment.

To complement this *Metropolitan Region* and allow it to function, the report proposed the creation of four *intermunicipal service agencies* (ISA), including one in Montreal to replace the then-existing Montreal Urban Community. Within two years, these agencies would be required to submit a proposal

¹¹ Symposium Transcripts *Montreal 2017 – A 375-Year-Old City of the World*, April 30 and May 1, 2002, p. 7. [Translation]

¹² *Ibid*, p. 14. [Translation]

to the government on the merger of the municipalities in their territory—an end that largely corresponds to the situation we know today.

With regard to financing, the Pichette Report also innovated by proposing a form of tax base sharing for the region's municipalities, as well as the creation of a regional economic development fund. Moreover, by suggesting the establishment of a new fiscal pact and the sharing of provincial sales tax proceeds with the central cities, the report emphasized the need to diversify municipal revenue sources.

On the whole, the Board of Trade received the Pichette Report very favourably, saluting the fact that, for the first time, the key role played by the City of Montreal as the region's centre city was recognized. In its press release of December 10, 1993, the Board of Trade also rejoiced at "the proposed merger of the five existing administrative regions within the territory of the Montreal region into a single region, which will make it possible to implement regional policies, particularly in such important sectors as workforce training, tourism and transportation." [Translation]

Made public in 1999, the report of the *Quebec Commission on Local Finances and Taxation* established by the government of Quebec and chaired by Mr. Denis Bédard, confirmed the metropolitan region's essential needs in terms of structure and governance, which were identified in the Pichette Report. Thus, after analyzing a series of possible scenarios, the Commission preferred "a major merger of local municipalities, with the assumption by a metropolitan body of certain responsibilities, essentially the strategic functions and metropolitan services."¹³ In addition to promoting the application of a form of tax base sharing, the Bédard Report also proposed that a percentage of the Quebec sales tax be obtained as a possible funding source for the metropolitan body.

On the whole, the Bédard Report was also received very favourably by the Board of Trade. While in agreement with the Commission's main recommendations, the Board of Trade nonetheless declared that "even though the mergers proposed by the Commission are logical and desirable, the Board of Trade believes that they should be implemented, for the time being, on a voluntary basis, by means of economic incentives. For the metropolitan region, the most urgent action is to establish an efficient, inexpensive and accountable metropolitan entity to manage the functions vital to the metropolitan economy."¹⁴

¹³ Report of the *Quebec Commission on Local Finances and Taxation*, 1999, abridged version, p. 101. [Translation]

¹⁴ Press release of the Board of Trade of Metropolitan Montreal issued on April 20, 1999. [Translation]

The example of Laval

An overview of the findings, questions and proposals regarding the territorial organization of the Montreal metropolitan region cannot be complete without an assessment of the most important case of territorial reorganization in the region, if not in Quebec, that of Laval.

The creation of Ville de Laval, as it is known today, dates back to 1965, when the government of Quebec adopted an Act merging the 14 municipalities of Île Jésus into a single entity. At the same time, the number of elected representatives on the Island was then reduced from 115 to 22.

Since then, the noteworthy and enviable growth of Île Jésus must be noted, particularly compared to other parts of the metropolitan region. In nearly 40 years, Laval's population has practically tripled, rising from 124,000 people in 1961 to over 350,000 people in 2003. Knowing how to concentrate its resources, Laval has since become a major centre of economic activity, constituting a strong commercial structure and a fairly diversified industrial structure. Laval's dazzling performance led Mr. Louis Bernard to observe that "it is the northern component of [the metropolitan region] which, over the past few years, has experienced the best pace of development. This component also benefits from the presence of a strong city, Ville de Laval [...]. The other two poles of Greater Montreal are not experiencing the same success. In fact, the Island of Montreal, on the whole, has been stagnating for twenty years, and the Southern suburbs, which went through rapid development in the 70s and 80s, are currently in a slow growth situation."¹⁵

It must thus be observed that, nearly forty years later, the case of Laval offers few arguments that would give reason to regret the 1965 merger. Laval is a dynamic, efficient city whose targeted economic growth has ultimately benefited all the residents of Île Jésus.

C. Creativity, cohesion, coherence and the basic principles for the territorial organization of the metropolitan region

Based on the two previous sections, it is now possible to pinpoint the major principles of territorial organization and governance of the metropolitan region to which the Board of Trade has continuously subscribed over the past 10 years and on the basis of which the Board of Trade is now analyzing the potential impacts of Bill 9.

¹⁵ Louis Bernard, *Regroupements municipaux dans la région métropolitaine de Montréal - Recommandations du mandataire*, October 2000, p. 4. [Translation]

As the *Montreal 2017* Symposium came to a close, Board of Trade President Benoit Labonté closed the two days of discussion on the City of Montreal's future by identifying "three elements that the Board of Trade considers fundamental if we want to optimize Montreal's quality of life, prosperity and competitiveness over the next 15 years. These three elements are creativity, cohesion and coherence."¹⁶ Thus, the Board of Trade considers that it is both logical and necessary that each of the following six basic principles of territorial organization contribute to the strengthening of one of these elements.

Creativity: Create and have the means to innovate

In many respects, the Montreal metropolitan region has no shortage of creativity or new ideas. The cultural industries and the diversity of its artistic events are one of its strengths, on the same basis as its numerous research centres, which make Montreal an exceptional place for innovation.

What is sometimes more difficult—especially as regards territorial organization and governance—is to have the means to act. This motivated the Board of Trade, in its Policy Statement, to emphasize the urgency for the major urban areas to "wield political, economic, and fiscal powers in line with their importance and increased economic responsibilities."¹⁷ The following two principles are a good reflection of this preoccupation:

1. *Provide the territory's main cities with the organizational and financial means to accelerate their development*

The role of economic, social and cultural development catalyst that major cities henceforth must play requires their increased involvement in actions to support or accelerate development on their urban area. These actions may take the form of direct services to merchants, businesses, creative talent, artists, community organizations, etc. They may also take the form of major initiatives—such as the Quartier international or Société du Havre—which, because of their scope, can generate major spinoffs. To accomplish such results, major cities need both organizational means and financial means.

On the organizational front, the Board of Trade believes the acquisition of such means requires consolidation of the forces of economic development at the urban territorial level. This consolidation, in

¹⁶ Symposium Transcripts *Montreal 2017 – A 375-Year-Old City of the World*, April 30 and May 1, 2002, p. 149-150. [Translation]

¹⁷ Board of Trade of Metropolitan Montreal, *Policy statement for the development of the City of Montreal*, March 2002.

addition to assuring the coherence of actions taken within the territory, is essential for the city to acquire a real capacity to initiate and carry out major catalytic projects.

Regarding financial means, the Pichette and Bédard Reports, as well as those of outside observers like the TD Bank Financial Group or the OECD, have focused on the need to increase the financial means available to the centre cities, proposing in particular that they have access to a portion of the QST collected in their territory. The Board of Trade endorses these observations and believes that a healthy municipal reorganization of the Montreal metropolitan region's territory should result in new, increased, diversified and predictable revenue sources for the major municipal administrations and, indirectly, the metropolitan body. However, for the Board of Trade, it is clear that reducing the cities' hyperdependence on property tax revenue should not lead to a heavier tax burden on citizens, merchants and businesses.

2. Give Montreal and Longueuil the political weight corresponding to their economic importance and the leadership they must assume

The observations of the OECD and Mr. Andrew Parkin have put the spotlight on the lack of political clout of Canada's major urban areas on the national scene. This weakness also exists on the provincial scene, where Montreal and its region are underrepresented in the National Assembly. The political weakness of a city like Montreal is not only felt with the higher levels of government. Before the municipal mergers materialized, the same principle applied on the regional scene where, traditionally, the cities of Montreal and Longueuil were often at a disadvantage in relation to neighbouring municipalities that possessed significantly greater property wealth or were growing rapidly. Thus, in the case of Montreal, even though the City was the heart of the urban area and had responsibility for most of the major metropolitan infrastructure and the territory's most acute social challenges, it persistently lacked the full means to deal with these responsibilities. In this context, the accelerated development of Laval and the consolidation of its main economic development tools—for example Laval Technopole—offer an inspiring example of the impact that the consolidation of political weight can have on a given territory.

The Board of Trade therefore believes that any metropolitan territorial reorganization should confer increased political weight on the representatives of the centre cities of Montreal and Longueuil, allowing them both to establish a better balance of power with the other levels of government and, along with Laval, to play their leadership roles more effectively in the metropolitan region's development, especially at the economic level.

Cohesion: Obtaining the means to work together

For too long, territorial divisions and a form of parochialism have seriously slowed Montreal's development. The metropolitan region's success primarily depends on the mobilization of all of its players to achieve common objectives. In this sense, it is essential to organize the metropolitan territory to support and maximize cohesion among all players in the region and allow the emergence of a community of vision and the expression of greater unity and solidarity between citizens and decision-makers. With this in mind, the Board of Trade considers that two principles are essential to the success of any municipal reorganization:

3. Reflect and benefit from the cohesion of Montreal's different communities

Anyone boasting of Montreal's advantages often cites the diversity of its population and the positive cohabitation of its two main cultures, i.e. Francophone and Anglophone. In many respects, this is true and experienced by an impressive number of Montrealers, whether in their work environment, when they shop at the Jean-talon Market or the Fairview Centre, when they stroll or bicycle along the Lachine Canal, on the Expo islands or at the Morgan Arboretum, when they attend a hockey game or lawn bowling match, or at an outdoor concert at the Jazz Festival or the Chamber Music Festival. The Board of Trade believes that it is time, once and for all, for the municipal political institutions to reflect this well-rooted reality as well. The territorial reorganization should result in a structure that enables all of the populations of the Island of Montreal and the South Shore to participate directly—and with a definite impact—in political life, just as they already participate in the social, community, cultural and economic life of the urban area. In the specific case of Montreal, the municipal organization should also reflect and nurture the very great maturity that now characterizes the relations among all of the Island's linguistic and cultural communities.

4. Equitably share the costs of equipment and activities serving the metropolitan region and give citizens access to comparable levels of public services

To stimulate cohesion among Greater Montreal's different players and their mobilization behind the common project for metropolitan success, it is essential that everyone be asked to contribute their fair share to financing equipment and activities that serve the metropolitan region. In return, they should have the feeling that they receive comparable levels of public services to those received by the urban area's other citizens. Sharing financial resources throughout the centre cities and the metropolitan region is unavoidable, as is the introduction of an equalization system that enhances the level of public proximity services in the region's least affluent sectors.

Coherence: Ensure constructive and complementary actions

Logically, the presence of greater cohesion among the metropolitan region's players should foster more coherence in the actions taken to contribute to its development. Nonetheless, to ensure that these actions do not contradict each other and that they are carried out by the players most likely to ensure their success, the Board of Trade considers that two principles of structural organization should be observed:

5. Effective metropolitan planning of economic development and land use

Effective metropolitan planning of the main economic development functions was clearly emphasized in the study conducted for the Board of Trade by INRS-Urbanisation as one of the most effective means to stimulate an urban area's economic vitality.¹⁸ When this study was conducted, Montreal still did not have a truly metropolitan structure, even though the Pichette and the Bédard Reports had previously identified a series of jurisdictions to be managed at the metropolitan level. In this regard, the Board of Trade essentially endorses the recommendations of the *Task Force on Greater Montreal*¹⁹ regarding the powers that should be administered by a regional body.

The other important aspect of this principle, which must not be neglected, is the notion of efficiency. On this point, it is appropriate to refer to the Board of Trade's comments in response to the Bédard Report: "For the metropolitan region, the most urgent action is to establish an efficient, inexpensive and accountable metropolitan entity to manage the functions vital to the metropolitan economy."²⁰ Accordingly, the Board of Trade believes that it is important to favour the creation of a streamlined metropolitan structure that is small enough to rapidly generate consensus. In this regard, the Board of Trade believes that the consolidation of the Island of Montreal and South Shore municipalities represents an important factor contributing to this efficiency, to the extent that it reduces the number of elected representatives called upon to intervene at the metropolitan level and thereby simplifies the structure of the metropolitan council. Also, it is clear to the Board of Trade that for any metropolitan body to be efficient, it must faithfully reflect the economic weight of each of its member municipalities.

¹⁸ INRS-Urbanisation, *Comparaison du profil institutionnel des régions métropolitaines comparables à Montréal au Canada et aux États-Unis*, under the direction of Jean-Pierre Collin, February 2000.

¹⁹ Task Force on Greater Montreal, chaired by Mr. Claude Pichette. *Montreal, a City-Region*, 1993.

²⁰ Board of Trade of Metropolitan Montreal, April 20, 1999, press release issued in response to the publication of the report of the Quebec Commission on Local Finances and Taxation. [Translation]

6. *Subsidiarity: Give preference to proximity in the delivery of services to citizens*

The principle of subsidiarity is complementary to the principle of metropolitan organization of the efficient planning and management of economic development. Indeed, to minimize the temptation for a metropolitan body to overcentralize responsibilities and considerably increase its operating burden, any territorial reorganization of the metropolitan region must give preference to the delivery of services to citizens by the body closest to them that is able to do so. While it is not required—nor desirable in the Board of Trade’s view—that this local level have the legal status of *municipality*, it is appropriate that it nonetheless have the degree of administrative autonomy allowing it to live up to the public’s expectations. In return, needless to say, local elected representatives must be fully accountable for their decisions to the voters who entrusted them with the management of their sector.

D. Metropolitan communities and merged cities: A major step in the right direction

In general, it is on the basis of these six principles that the Board of Trade evaluates the effects and merits of the municipal reorganization initiated by the previous Quebec government, by the adoption, among others, of Bill 134 (*Act respecting the Communauté métropolitaine de Montréal*, adopted on June 15, 2000), Bill 170 (*Act to reform the municipal territorial organization of the metropolitan regions of Montreal, Quebec and Outaouais*, adopted on December 20, 2000) and Bill 29 (*Act to amend various legislative provisions concerning municipal affairs*, adopted on June 21, 2001). One of the indisputable merits of this municipal reorganization, especially for the Montreal metropolitan region, is that concrete actions were finally taken.

After the Pichette and Bédard Reports, respectively commissioned by the Liberal and PQ governments, it might have been believed that some form of consensus existed in Quebec on the necessity of establishing a metropolitan body responsible for the main regional jurisdictions, the need to consolidate the municipal administrations present in the region and the intention to procure new revenue sources for these administrations. Yet despite this, it took a certain number of years before a government decided to act on the main recommendations of these reports, in a context of strong opposition.

A year and a half after the creation of the new cities and over two years after the MMC came into force, it is important to distinguish the positive elements of this reform from those that need improvement, so the consultation process initiated by Bill 9 enables the Montreal metropolitan region to continue its progress, especially in terms of economic development.

Main positive elements of the municipal reorganization

The Montreal Metropolitan Community (MMC)

In a context of lively debate around the municipal mergers on the Island of Montreal and the South Shore, the founding of the new Montreal Metropolitan Community went almost unnoticed. However, the MMC's creation is one of the indisputable benefits of the municipal reorganization, especially to the extent that this new metropolitan body had begun to fill the region's immense vacuum in terms of the regional planning and coordinating structure for development in general and economic development in particular. In this sense, the Board of Trade has always believed that the MMC represented an important strategic tool for the metropolitan region to ensure its economic dynamism and the economic competitiveness of its territory.

However, any body, no matter how relevant, can quickly lose its value and interest if it is incapable of operating efficiently. Accordingly, the final governance form given to the MMC by Bill 170—and made possible, as we will explain later, by the municipal mergers on the Island of Montreal and the South Shore—appear to the Board of Trade to be another successful element of the municipal reform.

One of the main challenges for a regional body like the MMC that includes a large number of stakeholders and communities is to allow leadership to be expressed and promote cohesion of the players and coherent actions. In the Board of Trade's opinion, the structure given to the MMC Council, which is a fairly faithful reflection of the economic forces present in the field, is a particularly promising response to this challenge.

Thus, the "core," where the region's economic activity is mainly concentrated and which occupies a large part of the Island of Montreal as well as part of the cities of Laval and Longueuil, generally corresponds to the proportions of the Council and Executive Committee of the MMC, in which Montreal, Laval and Longueuil play a preponderant role (see box). By holding the respective roles of Chairman and Vice-Chairmen *de facto*, the Mayors of Montreal, Laval and Longueuil are entrusted with the leading roles in the organization and are therefore obliged to work together to assume this leadership.

The Montreal Metropolitan Community

Composition

1. MMC Council
2. Executive Committee
3. Council Commissions

Main jurisdictions

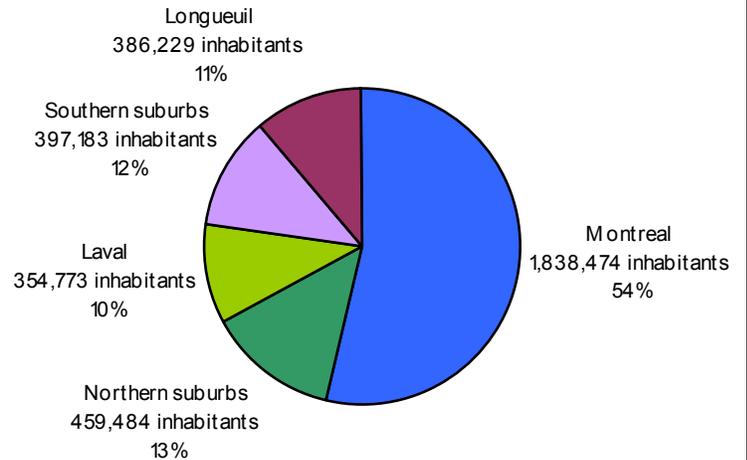
1. Land-use planning
2. Economic development
3. Social housing
4. Equipment, infrastructure, services and activities of a metropolitan nature
5. Public transportation
6. Metropolitan arterial system
7. Residual materials management
8. Air purification
9. Water purification

Annual budget (2003): \$70,821,500

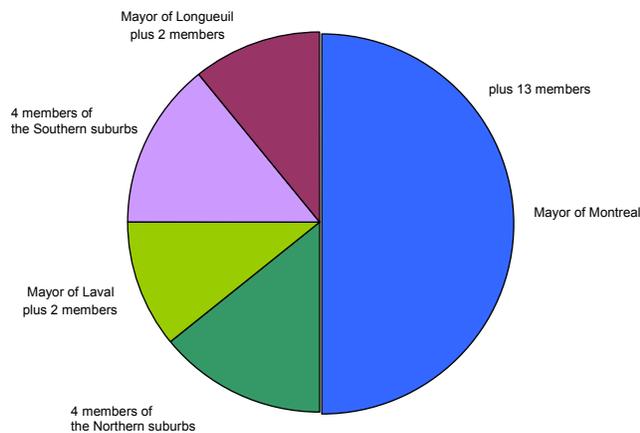
Projects in preparation

Strategic vision statement
Economic development plan
Development plan

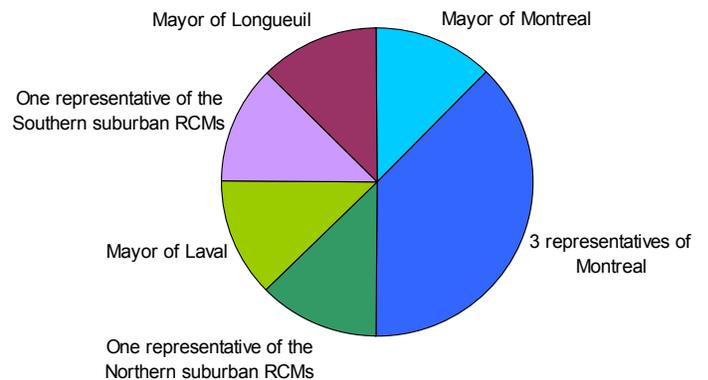
Population of the MMC



Composition of the MMC Council



Composition of the Executive Committee



In this context, there is every reason to believe that the coordinating and refereeing functions the MMC must exercise for the harmonious development of the metropolitan region are more likely to be accomplished successfully.²¹

Municipal mergers on the Island of Montreal and the South Shore

On the whole, the Board of Trade also positively welcomed the municipal mergers on the Island of Montreal and the South Shore, while being aware of the objections and upheavals that these major changes would inevitably entail. The following four points formed the core of its analysis:

1. Cities with the potential to increase their political weight and assume the leadership of regional development

As already explained, the Board of Trade shared the opinion of many that it was urgent and necessary to increase the political weight of the major municipal administrations of Montreal and Longueuil, so, along with Laval, they could jointly assume the leadership of the metropolitan region's development, particularly on the economic front.

Not insignificantly, the merger has increased the population represented by the Mayor of Montreal by over 75% (798,940 more people). When he speaks out on the provincial scene, he represents the direct votes of almost 25% of Quebec's population, compared to 14% before the merger. In a context where the Island of Montreal's representation in the National Assembly is proportionally less than the size of its population, the Board of Trade believes that the creation of a political voice that is proportional in magnitude is a major advantage for Montreal.

The municipal mergers entail major changes at the metropolitan level as well. Under the current system, the Chairman of the MMC (ex officio the Mayor of Montreal) is directly elected by a population pool corresponding to 53.5% of the metropolitan region, making him a leader and a representative who is both inevitable and legitimate. If Montreal returned to its pre-2001 borders, the Chairman of the MMC would then be elected by only 30% of the MMC's population. If this were to happen, the Board of

²¹ In this regard, the INRS-Urbanisation study on the *institutional profile of metropolitan regions comparable to Montreal* emphasized the role often played by the presence of a regional leader in invigorating a regional economy. While in many cases this leader is the centre city, it may also be the county or the State. This seems to be the case in the Boston Metropolitan Area, where the State of Massachusetts plays an especially important role. Jean-Pierre Collin, INRS-Urbanisation, op. cit, p. 123.

Trade fears that the MMC once again would be faced with what Laurent Picard deplored about Montreal in the 1980s: "conflict-oriented leadership."²²

Table 1				
Consequences of the mergers for the demographic weight of Montreal and Longueuil				
Source: MMC and ISQ				
	<i>Montreal</i>		<i>Longueuil</i>	
	<i>Before (2001)</i>	<i>After (2003)</i>	<i>Before (2001)</i>	<i>After (2003)</i>
Population	1,039,534	1,838,474	128,016	386,229
% of Quebec population	14%	24.6%	1.8%	5.2%
% of MMC population	30%	53.5%	3.7%	11.2%

The picture of the political weight within the MMC would not be complete without discussing Longueuil. Without the merger, it would have been necessary to note a clear imbalance between the representatives of the Northern and Southern suburbs on the MMC Council, with the Mayor of Laval representing 354,773 citizens and the Mayor of Longueuil representing less than half as many, or 128,016. By creating a city of 386,229 inhabitants on the South Shore, the recent municipal organization allowed the establishment of a particularly healthy balance of power within the MMC between Montreal’s Northern and Southern suburbs.

2. *Better concentration of resources, reduction of "sprinkling," and economies of scale*

Another positive element of the municipal mergers carried out in Montreal and Longueuil is that they allowed a better concentration of the resources available, a reduction of "sprinkling" of public investments, and the achievement of certain economies of scale. Having said this, it is important to specify that the Board of Trade considers these to be mainly medium- and long-term benefits rather than instantaneous. It would be particularly optimistic to expect that most of the benefits—administrative or other—of a municipal reorganization of this magnitude can be visible without there first being a normal breaking-in process of several years.

²² Symposium Transcripts *Montreal 2017 – A 375-Year-Old City of the World*, April 30 and May 1, 2002, p. 7 [Quotation translated]

It is from an economic development perspective that the Board of Trade believes the greatest concentration of resources should ultimately be the most profitable for Montreal, its citizens, its merchants and its business community. On the one hand, this concentration should favour the making of economic development decisions based on the best interests of all Montrealers rather than only of some of them. On the other hand, the consolidation of the City's means of intervention in economic development should allow it to play a greater role in the achievement of major projects that serve as catalysts, whether for target sectors or for the Montreal economy as a whole.

Some of these benefits are already apparent. The improved bond rating of the new City of Montreal is one example. The merger has enabled the City to expand its tax base significantly and thereby improve its financial capacity. This improvement of its financial position now allows the new City to offer increased potential on the financial markets. On February 3, 2003, this translated into an upgrading of Montreal's bond rating by Moody's Investors (from A2 to A2 positive). This improvement in Montreal's bond rating had very concrete repercussions for the City's finances. In particular, the City has been able to borrow \$500 million at a lower cost, allowing it to reduce the financial weight of its actuarial deficit, one more burden that its taxpayers will not longer have to bear.

3. Establishment of more equitable bases of financing and progression to comparable levels of public services

Another undeniably positive element, from the Board of Trade's point of view, resulting from the creation of the new cities of Montreal and Longueuil has been the introduction of the bases of a system that is gradually allowing more equitable cost sharing for functions and equipment used by all citizens of the Island of Montreal and the South Shore. In this regard, the mergers are the first concrete step towards the establishment of more equitable taxation between the citizens of the same urban area.

This search for equitable taxation and the progress towards a common target rate for payment of property taxes offers the benefit of eliminating intermunicipal competition in property taxation—a form of competition that, in addition to being unproductive from a regional perspective, is fundamentally biased because it cannot operate on a level playing field. In fact, the age of municipalities, the degree of obsolescence of their infrastructure, their level of development and land use, or simply the fact that

they traditionally welcome more affluent populations have a major local impact on the available property wealth and, by force of circumstances, on the property tax rates they can charge their taxpayers.

In a similar vein, the beginning of a certain balance, since the mergers, in the level of public services funded from local appropriation budgets represents another positive element. For a city like Montreal, which rightly treats quality of life as one of its main comparative advantages, the presence of sharp differences in the quantity and quality of public services delivered within its territory sends a discordant message: Montreal certainly has a quality of life, but it's not necessarily the same for everyone. Within a perspective of social cohesion, it is certainly not to our benefit to convey this type of message. We can also anticipate that access to better public services in the least affluent sectors will contribute not only to improving their quality of life but will add to their economic development potential.

4. Montreal: A new city reflecting the diversity of its population

As previously mentioned, the Board of Trade considered that Montreal's territorial political structures should reflect the diversity of its population. Until the merger on the Island of Montreal, there was something incongruous in that the cohabitation of two great linguistic communities, Francophone and Anglophone, and a multitude of other cultural communities was still missing from Montreal's municipal political life, even though this cohabitation existed almost everywhere else, be it at the economic, social, cultural or community level.

For the Board of Trade, the merger of municipalities with majority Anglophone and Francophone populations into a single city is much more than a symbol: it reflects how the two main communities share their daily lives, forming what would aptly be named a single Montreal community that, without a shadow of a doubt, is the key to Montreal's appeal and what particularly and advantageously distinguishes it.

In other words, the municipal reform allowed the political organization of the Island of Montreal to better reflect the composition and interactions of its population, on the same basis that the merger of the *Chambre de commerce du Montréal métropolitain* with the *Board of Trade of Montreal* in 1992 was meant to reflect the existence of a single great business community in the metropolitan region.

The missing elements

Imposition instead of persuasion: An obstacle to cohesion

Despite all these major aspects, the municipal reorganization carried out by the Quebec government between 2000 and 2002 was not without its faults. The first that comes to mind undeniably is the fact that the reform was implemented in a climate of imposition instead of persuasion.

The most visible effects of this imposition are the vigorous and sustainable opposition by some to the creation of the new cities and the grassroots and political movements constituted to return to the *status quo ante*, which show little interest in participating actively and resolutely in establishing the new cities.

Beyond this opposition, another, more subtle effect of this imposed reform is beginning to be felt: the very great lack of public awareness of the importance of the stakes and needs that justified such a reform. As a result, the debates around the creation of the new cities have too often stayed confined to exchanges between elected representatives and experts.

The result is that a risk now exists that the consultation initiated by Bill 9 mainly focuses on the changes and irritants as perceived and felt at the sector or borough level instead of leading to an informed discussion on the benefits of endorsement of the new cities and the justifications for their creation.

In the medium term, the Board of Trade also fears that poor choices in public administration are resulting from the lack of widespread discussion on the urban challenges that the metropolitan region must meet to maintain its competitiveness. For example, a survey conducted in seven major Canadian cities last year revealed that Montreal's population is among those *the least* concerned about the state of its urban infrastructure,²³ which is certainly not attributable to the fact that Montreal's infrastructure is in any better condition. It must therefore be concluded that despite a series of relevant measures, the previous government did not succeed in building the grassroots support that the municipal organization needs to last.

²³ Probe Research/Cameron Strategy Syndicated Study, *Urban Mood: Charting the New Role of Canadian Cities*, presentation at the Creative Cities Coalition event organized in Winnipeg, May 29, 2003.

New revenue sources: The best is yet to come

If money makes the world go round, one may be tempted to say that the MMC/merged cities structure established for the Montreal region is something like a backbone without a spinal cord. Access to new, increased, diversified and predictable revenue sources for both the cities *and* the metropolitan entity must be created, we should recall, in accordance with the recommendations of the two major reports of the 1990s, Pichette and Bédard. However, they are still being kept waiting, which results in two specific negative impacts:

- The first is that the new cities and the MMC find it difficult to do more than their predecessors. It is hard to prove that the new structure allows public investments to be made more intelligently if the new financial resources necessary for these investments are virtually nonexistent.
- The second is that, in this context, it becomes even more difficult to counter the perception in the richest former municipalities that they have everything to lose from being part of the merger, because they will essentially end up “financing” the centre city.

Subsidiarity and responsibility of local elected representatives: Necessary adjustments

Finally, the Board of Trade must emphasize the predictable need to make certain adjustments in the application of the principle of subsidiarity, both in the nature and number of services that should be administered locally, at the sector or borough level, and in the way the elected representatives at this level respond to and interact with the voters they represent. While the vitality of a community’s identity does not require that it be expressed through a public institution with the legal status of a municipality, it is nonetheless important for each community to have the feeling that its elected representatives not only devote their efforts to defending its interests, but also have the means to do so. In this regard, the Board of Trade considers that there are adjustments to be made regarding the distribution of powers and responsibilities between the city and the sectors or boroughs, and a greater familiarization of the public with how these new democratic structures work.

What doesn’t change: The duty of good management

Now that we have noted the strengths and weaknesses of the municipal reorganization, it is useful to recall one thing that remains unchanged: the duty of good management by elected representatives.

Despite the time and effort that may be devoted to questions of a structural nature, it is preferable not to sustain excessively high expectations regarding these structures. While these structures—provided they are designed to meet specific needs—can increase the chances of success, the challenge of performance and good management still remains. Before beginning public consultations on changes that are essentially structural, it would be wise to bear this point in mind.

2. Merging the public's will with economic imperatives: Board of Trade's recommendations on Bill 9

A. Summary of the objectives

Given the historical and, quite obviously, the economic and practical context presented in the first part of this Memorandum, the Board of Trade approaches its analysis of Bill 9 with seven objectives that the law, in its final form, should make it possible to achieve.

1. Favour and support the maintenance of the existing structures by first and foremost generating citizen support for the new cities

The Board of Trade's analysis of the municipal reorganization engendered by Bills 170 and 29 is unequivocal: the elements of this organization to be corrected do not concern the final form of the metropolitan and municipal structures it engendered, but rather the fact that, for the time being, these structures do not seem to garner significant, unqualified endorsement by their citizens and do not have all the financial resources required to assume their responsibilities. Thus, given all of the reasons identified by the Board of Trade that favour the maintenance of the merged cities—which consequently should be at the root of the Government's expressed wish to see these new cities succeed—we believe that Bill 9, in its final form, must give preference to maintaining the new cities and, for this reason, should first make it possible to poll citizens on their desire to be part of them.

2. Allow improvements in the delivery of proximity services to the public

This second objective is in fact the corollary of the first: obtaining endorsement of the new cities is rendered more difficult largely because of the adjustments to be made, in particular, the delivery of proximity services to the public. It is in response to this situation that the Minister of Municipal Affairs, Sports and Recreation, in his declaration on June 20, invited the elected representatives of the new cities to present proposals for administrative reorganization. Thus, inasmuch as there is some hope that public consultations resulting from Bill 9 also enable the expression of this support, it would be logical for the Bill to provide for the timeframes required for the Minister to become familiar with—and approve—the proposals for reorganization of the merged cities.

3. Preserve and strengthen the metropolitan functions of planning and coordination of economic development

For the Board of Trade, the creation of a MMC responsible for planning and coordinating the principal metropolitan functions—especially economic development—is one of the major breakthroughs of the municipal reorganization. It is therefore important that Bill 9 contribute much more clearly to preserving and strengthening these metropolitan functions, particularly by explicitly guaranteeing the presence within the MMC of the regional leaders embodied, in their current form, by the cities of Montreal, Longueuil and Laval, in addition to preserving the present balance of power among these three political leaders.

4. Ensure equitable sharing of equipment and activity costs throughout the urban area and continue progress to comparable service levels for individuals and businesses

Regardless of the public consultation results and the will the public will express at that time, Bill 9 should enable a form of equitable sharing of equipment and activity costs extending to the current territory of the new cities. Economic development must appear among these activities. Thus, the pursuit of more equitable taxation in the various sectors of the same urban area and the allocation of comparable levels of funding of services to individuals and businesses should remain organizational characteristics of Quebec's major urban areas.

5. Maintain the political weight of Montreal and Longueuil

Depending on the results of the consultations prescribed by Bill 9, a real danger exists that the political weight of the new cities of Montreal and Longueuil will be eroded. In addition to serving as an additional argument for organizing the process focusing on the endorsement of the new cities, the objective of maintaining the political weight of Montreal and Longueuil should translate into the inclusion of all the relevant powers on the list of "urban area powers" that the centre city must assume, as prescribed in the Bill.

6. Enable the public to make an informed decision

Before appealing to the public, it is the Government's duty to present it with the most exhaustive picture possible of the situation to enable each citizen to make an informed decision. In this regard, in addition to providing for the necessary time to inform the public about the reorganization proposals on

which the mayors of the merged cities are working, it is essential that the impact studies stipulated in the Bill present both sides of the coin instead of strictly measuring the costs of a demerger. Thus, it would be essential that arguments in favour of maintaining the new municipal structures also be presented and documented in the studies prescribed by the law. Finally, it is self-evident that citizens should be invited to take a position only once all of this information is available and accessible to the citizens involved.

7. Minimize uncertainty and accelerate the return to focusing on growth and efficiency

Despite the Government's will to consult the public on a major issue, it nonetheless remains that the tabling of Bill 9, by opening the door to major new upheavals of municipal organizations in less than three years, marks the opening of a period of true uncertainty. Thus, it is essential that Bill 9, in its final form, be conceived to minimize and control the uncertainty and instability that it inevitably engenders. For this purpose, exemplary clarity regarding the various options available to citizens is essential, so they can make informed and lasting decisions as quickly as possible. Moreover, because potential structural changes are likely to again require periods of major adjustment and transition on the part of citizens, merchants, municipal administrations, suppliers and unions, clearly it would be of interest for the Bill to prioritize soliciting public endorsement for maintaining the merged cities.

B. Presentation of recommendations

1. Extend the scope and dissemination of the impact studies

For the consultation initiated by Bill 9 to lead to the public's formulation of an opinion that is both informed and definitive, the Board of Trade recommends that the Government extend the scope and the dissemination of the impact studies stipulated and described in section 15 of Chapter II, Division III of the Bill.

This recommendation translates into a proposal for the following additions or amendments:

1.1. Have the completion and public dissemination of the impact studies precede any formal public consultation

According to section 13 of the Bill, an impact study must be produced by each city containing one or more sectors where a referendum poll on the reconstitution of a municipality will have been made

necessary by the signing of a register by 10% of the persons qualified to vote in that sector. In section 18, it is also specified that the Minister must make the contents of the study public "*not later than the thirteenth day before the date on which referendum poll is to be held.*"

In view of the importance of the issues related to the territorial reorganization of the municipalities affected by the consultation, the Board of Trade suggests

- that once the Act comes into force, an impact study be commissioned by the Minister for each of the cities concerned by the Bill, taking into account each of the city's sectors, as defined in section 5;
- that section 18 be amended so that the Minister is required to make the contents of the study accessible at least thirty (30) days before the holding of an initial public consultation, regardless of whether this consultation takes the form of a registration process or a referendum poll.

This Board of Trade's recommendation echoes the meeting held on June 26 between Quebec Premier, the Minister of Municipal Affairs, Sports and Recreation and the mayors of the main cities concerned by the Bill, where it was proposed to the Minister that the production and dissemination of the impact studies precede the opening of the registration process.

In the Board of Trade's view, the registration process has serious consequences because it may lead to the holding of a referendum poll on the reconstitution of a former municipality. Considering that the period between the signing of the register by over 10% of the eligible voters and the holding of the referendum poll will be characterized by profound uncertainty, the Board of Trade believes that this period should only be launched in full knowledge of the circumstances, namely after the public has been able to study the content of the impact studies.

1.2. Ensure that the impact studies offer a complete picture of the issues involved in the question of municipal organization

According to the formulation used in section 13, the studies that will be conducted at the Minister's request must pertain to "*the consequences and estimated costs of what forms the subject of the referendum.*" For the Board of Trade, the subject of the consultation is not strictly limited to the reconstitution of certain municipalities and the costs that such a choice would entail. As discussed in the first section of this Memorandum, the question of the territorial organization of an urban region

such as the metropolitan region is of crucial importance to this region's economic development. This is why, within the perspective of presenting the most exhaustive impact studies possible to the populations concerned, the Board of Trade recommends that the Minister of Municipal Affairs, Sports and Recreation ensure that the following aspects are covered by the studies:

- *The economic and organizational advantages and disadvantages of the municipal mergers covered by the consultations, in the short and long term. More specifically, the following factors should be documented:*
 - Estimate in the short, medium and long term of the impact of the merger of their territory's municipalities on the metropolitan regions involved and the creation of a metropolitan community;
 - Estimate of the competitive (particularly the economic and environmental) advantages related to metropolitan planning of economic development, better concentration of economic resources by the merged cities and elimination of fiscal competition between the municipalities of the same urban area;
 - Prospective evaluation of the benefits—particularly for internationally active Quebec companies—of the merged cities and the creation of the metropolitan communities in terms of international presence, both with regard to prospecting for investment and the international cooperation relations maintained with foreign cities.

- *The collective impact, for the city and the metropolitan region, of the reconstitution of certain municipalities, such as*
 - the financial impacts for the centre city (revenue, available capital, borrowing capacity, cost of borrowing, etc.) in the short and medium term;
 - the impacts on the ties maintained by the centre city with the higher levels of government and on its participation in a metropolitan community;
 - the impacts on the national and international competitiveness of the centre city and its businesses;
 - the costs and impacts related to the period of uncertainty associated with the holding of referenda in certain sectors;
 - the total costs of the taxes that the citizens of the reconstituted municipalities and of the centre city will have to assume in the event of demergers, and the impact this could have on the city's finances.

- *The specific impacts for the sectors opting to reconstitute their former municipality, particularly*
 - the costs relating to the demerger processes to be assumed by the citizens of the reconstituted municipalities;
 - a detailed description of the costs and mechanisms relating to municipal and metropolitan institutions for each reconstituted municipality;
 - the detailed calculation of the amounts to be transferred from the reconstituted municipality to the centre city under the application of urban area taxation;
 - the detailed calculation of the amounts to be transferred from the reconstituted municipality to the centre city under the application of the equalization mechanism.

As evidenced by all of the elements to be documented in the impact studies, the Board of Trade believes that the issues involved in eventually changing the municipal and regional structures currently in place affect specific sectors, as well as the entire community of the city and its region. The Board of Trade therefore considers it wise to recommend that the impact study pinpoint both the local and the regional impacts. Also, the Board of Trade believes that, out of a concern for rigour, the decision to reconstitute a former municipality should involve a critical evaluation of the thorough analyses of the Montreal metropolitan region's municipal structures conducted under the Liberal and PQ Governments in the 1990s, namely the Pichette and Bédard Reports.

1.3. Increase the time limit for preparation of the impact studies to 120 days

Given all of the aspects the Board of Trade is recommending for inclusion in the impact studies and the fact that the studies should automatically consider all the sectors constituting the cities covered by the consultations, the Board of Trade recommends that the time allotted in section 14 for production of the studies be increased from 60 to 120 days.

2. Preserve the urban area's coherence, cohesion and capacity for initiative in economic development matters

The municipal reorganization has finally ensured the cohesion and coherence of Montreal and Longueuil's economic development and, consequently, of the MMC's territory as a whole. Given this important gain, the Board of Trade is of the opinion that the current process, if it were to conclude with a certain number of demergers, must under no circumstances harm the maintenance of this coherence

and cohesion in the management of economic development, nor reduce the centre city's capacity for initiative in this field.

2.1. Include jurisdiction over economic development among the jurisdictions requiring an agreement between the centre city and the reconstituted municipality

The Board of Trade proposes that "economic development" be added to the list in section 48 which indicates the jurisdictions requiring a compulsory agreement between the reconstituted municipality and the centre city, so the centre city can assume responsibility for them.

In concrete terms, in the case of the City of Montreal, this would involve the maintenance of the current distribution of functions, effective for the entire Island of Montreal, where economic development is the responsibility of the centre city and local economic development is the responsibility of the boroughs. Among the specific mandates that should unequivocally remain under the centre city's jurisdiction are the following:

- Planning, coordination and support for delivery of municipal services to merchants and businesses;
- The development of strategic economic sectors, particularly through support for the development of industrial clusters and the implementation of major structuring economic development projects;
- Planning, development and promotion of industrial parks and other industrial spaces;
- Planning, development and outreach of downtown, the heart of the urban area;
- Implementation and application of the planning program.

Many arguments work in favour of the addition of economic development to the list of "urban area jurisdictions" appearing in section 48:

- In the first place, the Board of Trade believes that economic development must be considered "collective property," in the sense that the repercussions of an investment or the growth of a corporation are never confined to the boundaries of a sector, borough or a municipality; these repercussions are generally felt at the level of the urban area or the region. Thus, the decisions and support actions regarding economic development should not be made exclusively on the basis of the interests of a sector, a municipality or a

borough; on the contrary, these decisions and actions should result from consideration of the collective interests of the urban area and the region.

- In this perspective, one of the clear benefits of consolidating the management of economic development at the centre city level is the elimination of unproductive and very harmful internal competition among the former municipalities of the same urban area, thus allowing competition with other world metropolises to top the list of priorities.
- Furthermore, given that economic development planning is among the MMC's responsibilities, the Board of Trade believes it will be easier to ensure the efficiency of this planning if the number of players involved remains restricted to those who are currently involved. Also, the Board of Trade considers that the cities of Montreal and Longueuil will be in a better position to exercise effective leadership within the MMC if they themselves are strong economic development entities.
- Finally, given the current trends, in which relations, exchanges and economic competition around the world is increasingly played out at the level of urban areas and city-regions, the economic development mission entrusted to the cities is bound to acquire enormous importance for the competitiveness of these cities' businesses and of the cities themselves. In this context, the Board of Trade believes that preserving the consolidated potential of the economic development services of the merged cities of Montreal and Longueuil represents an undeniable advantage for the future of these cities for the entire Montreal metropolitan region and for Quebec as a whole. It is important that, even if some sectors decided to separate from their centre city, it remain in possession of the necessary capabilities and resources to take major strategic initiatives that can benefit the economy of any urban area.

2.2. Add major non-residential facilities to the list of equipment, infrastructures and activities that must be covered by an agreement between the centre city and the reconstituted municipality

While the coherence and cohesion of a city's economic development depend on planning and consolidated support, they also require equitable sharing of the spinoffs generated by this development. Under this equitable sharing, it will then be possible for the centre city to have the capacity for initiative corresponding to its responsibility as a catalyst of the urban area's development, and for the reconstituted municipality to have the necessary resources for delivery of public services to the non-residential taxpayers in its territory.

In this perspective, the Board of Trade believes that the cost and revenue sharing prescribed in section 54 of the Bill for equipment that is “widely used by citizens or ratepayers of the reconstituted municipality or the city, as the case may be, in whose territory the equipment is not situated”²⁴ should not be limited to the equipment owned by the city or the reconstituted municipality, but should also include the major non-residential facilities located in their territories.

By “major non-residential facilities,” the Board of Trade means properties with a commercial, industrial or service vocation of a scope that goes beyond the limits of the sector where these properties are located, such as shopping centres, industrial parks, airports and port facilities.

The primary benefit of such a measure is to allow the city’s different sectors to benefit more equitably from the substantial property tax income generated by these major non-residential facilities which, though installed within a specific sector, greatly benefit from the nearby presence of a larger population basin and from a major collection of urban infrastructures.

Furthermore, these agreements should serve as the basis of a mechanism whereby the urban area would ensure the maintenance of the level playing field necessary for healthy competition to attract major investments that allow the expansion of the non-residential tax base. For example, the Board of Trade would favour a property tax revenue sharing formula for major non-residential facilities whereby

- the reconstituted municipality in which the facility is located receives revenue corresponding to its general property tax rate, as applied to its residential properties, to enable it to finance the public services provided to this facility;
- the centre city receives all the additional revenue, corresponding to the equivalent of the tax on non-residential properties or business tax, both for the purposes of redistribution to the boroughs and to finance the economic development functions for which it is responsible for the urban area as a whole.

By such a formula, the Board of Trade believes that the benefits of economic growth could thus be shared by all the inhabitants of the urban area. This would make it possible to avoid situations whereby a sector with a greater property tax base would attract a greater share of new real estate investments by offering significantly lower tax rates than could be offered by the centre city.

²⁴ Excerpt from section 54 of Bill 9.

3. Include participation in the operation of a metropolitan community among the jurisdictions that must be covered by an agreement between the centre city and the reconstituted municipality

As presented in the section devoted to the positive elements of the municipal reorganization, the Board of Trade believes that the potential for the MMC's optimum operation is closely linked to the merger of the municipalities on the Island of Montreal and its South Shore, in the sense that these mergers made it possible to confirm three natural and legitimate political leaders (including Laval) to assume the leadership of this new metropolitan body. In this perspective, the Board of Trade believes it would be important to preserve this balance and further specify the conditions on which eventual reconstituted municipalities will participate in the MMC's functioning in Bill 9.

Thus, given the Board of Trade's preceding proposal and the need to preserve the balance of power present within the Council and the Executive Committee of the MMC, the Board of Trade suggests that "participation in a metropolitan community" be added to the jurisdictions requiring an agreement between the city and the reconstituted municipalities set forth in section 48 of the Bill.

In this perspective, the participation in the metropolitan community assumed by the centre city would remain the same: it would be responsible for representing the same territory once again, e.g. all the reconstituted municipalities of the Island of Montreal in the case of Montreal, regardless of the number of eventually reconstituted municipalities involved. It would thus be up to the centre city and the reconstituted municipalities to agree on the positions and the decisions to be defended by the centre city's representatives within the metropolitan community's decision-making bodies.

Such a measure would be all the more coherent given that several of the jurisdictions set out in section 48 of Bill 9 are already the object of metropolitan coordination by the MMC, as evidenced by the table 2.

Table 2	
Correspondence between certain fields of section 48 and certain coordination or planning jurisdictions of the Montreal Metropolitan Community	
<i>Fields of section 48 of Bill 9</i>	<i>Corresponding metropolitan coordination jurisdictions of the MMC</i>
· Management of municipal watercourses	· Water purification
· Passenger transportation	· Public transportation
· Disposal and recycling of residual materials	· Residual materials management
· The management of the streets and roads of the arterial system	· Metropolitan arterial system
· <i>Economic development</i> (as suggested by the Board of Trade)	· Economic development

4. Increase the value of equalization amounts

In general, economic relations within an urban area transcend the territorial limit of the municipalities or sectors that make up this urban area, so it is generally more appropriate to consider that all these citizens are participants in one and the same economy, that of their urban area. Based on this finding, it is especially difficult to justify that citizens and merchants of the various sectors cannot systematically receive public services of a comparable level.

Such reasoning, applied at the national scale, constitutes the foundation of the equalization system applied by the Government of Canada among Canadian provinces. Also, considering that the level of interactions between the citizens and merchants of the same urban area is even higher than the interactions between the provinces from coast to coast, the Board of Trade believes that the establishment of comparable service standards for citizens and merchants throughout the urban area is unavoidable.

In this context, the Board of Trade salutes the provision of Bill 9 establishing an equalization mechanism in which eventual reconstituted municipalities would have to participate. In fact, this mechanism responds to such a need that given the importance of the gaps between the property wealth of the different sectors of the new City of Montreal, the Board of Trade wishes to formulate the recommendation that the equalization amounts transferred from the reconstituted municipalities be augmented by increasing the 15% multiplier prescribed by the Bill.

Several arguments support such an increase, at least in the case of the Island of Montreal. The first is the relatively fortuitous aspect of the distribution of property wealth throughout the territories of the different sectors corresponding to the merged municipalities. Thus, for reasons as diverse as the age of a municipality, the age of its infrastructure, the degree of occupation of its territory or the traditional wealth of the populations concentrated there, the former municipalities of the same urban area may exhibit surprising gaps in potential property wealth.

In the case of Montreal, the data are striking.²⁵ Between the sector exhibiting the lowest standardized property value per capita (or *SPV per capita*, that is, the average property value per inhabitant, on the basis of which property taxes are calculated and collected) and the sector exhibiting the highest SPV, there is gap of \$146,524.31. In other words, with an *SPV per capita* of \$175,328.74, Senneville has a property tax revenue potential per inhabitant six times greater than Montréal-Nord, where the SPV is \$28,804.43.

Even though this is an extreme case, there is nonetheless a major imbalance on the Island of Montreal in terms of the *SPV per capita* of its different sectors. Thus, the *SPV per capita* of sectors corresponding to 82% of the population is below the Island-wide average of \$50,366.74. (The *SPV per capita* for each of the former municipalities on the Island of Montreal is presented in Graph 1 on page 52.)

Table 3			
Examples of the imbalance in the distribution of property wealth <i>per capita</i> on the Island of Montreal			
<i>SPV per capita</i>	Senneville (1st)	Montréal-Nord (27th)	Difference
	\$175,328.74	\$28,804.43	+\$146,524.31
	Montreal (former city – 19th)	Average, Island of Montreal	
	\$45,992.08	\$50,366.74	- \$4,374.66
Number of citizens in sectors where the <i>SPV per capita</i> is below average		Number of citizens of sectors where the <i>SPV per capita</i> is above average	
1,469,302 persons (82% of the Island’s total population)		326,541 persons (18% of the Island’s total population)	

²⁵ The calculations presented in this section were generated from data taken from the document *Prévisions budgétaires des organismes municipaux, Exercice financier 2001*, produced by the former Ministère des Affaires municipales et de la Métropole. It should be noted that to avoid distortions, the calculations presented in this section have been performed without including the borough of Dorval among the former municipalities of the Island of Montreal. The reason is that since the borough of Dorval technically only has a single ratepayer (for all of its residents), the calculation of the property wealth *per capita* then becomes meaningless.

In this context, it goes without saying that the pursuit of comparable service standards inevitably requires the application of a form of equalization. Yet calculated according to the parameters set out in sections 71 to 75 of the Bill, the impacts of this equalization remain marginal and need to be improved.

To give a better idea of the *per capita* budget that the property wealth of each sector could allow, we applied the “standardized aggregate taxation rate.”²⁶ This made it possible to obtain the potential real estate revenue *per capita* of each of these sectors. As shown by Graph 2 on page 53, the disparities are very great.

It is in relation to this “initial” status that we must evaluate the effects of an equalization calculated on the basis of a 15% multiplier, as specified in the Bill. The results are presented in Graph 3 on page 54. What is remarkable from the outset is that the variation in potential real estate revenue *per capita* produced by the equalization is very modest—an average of 3% after equalization.

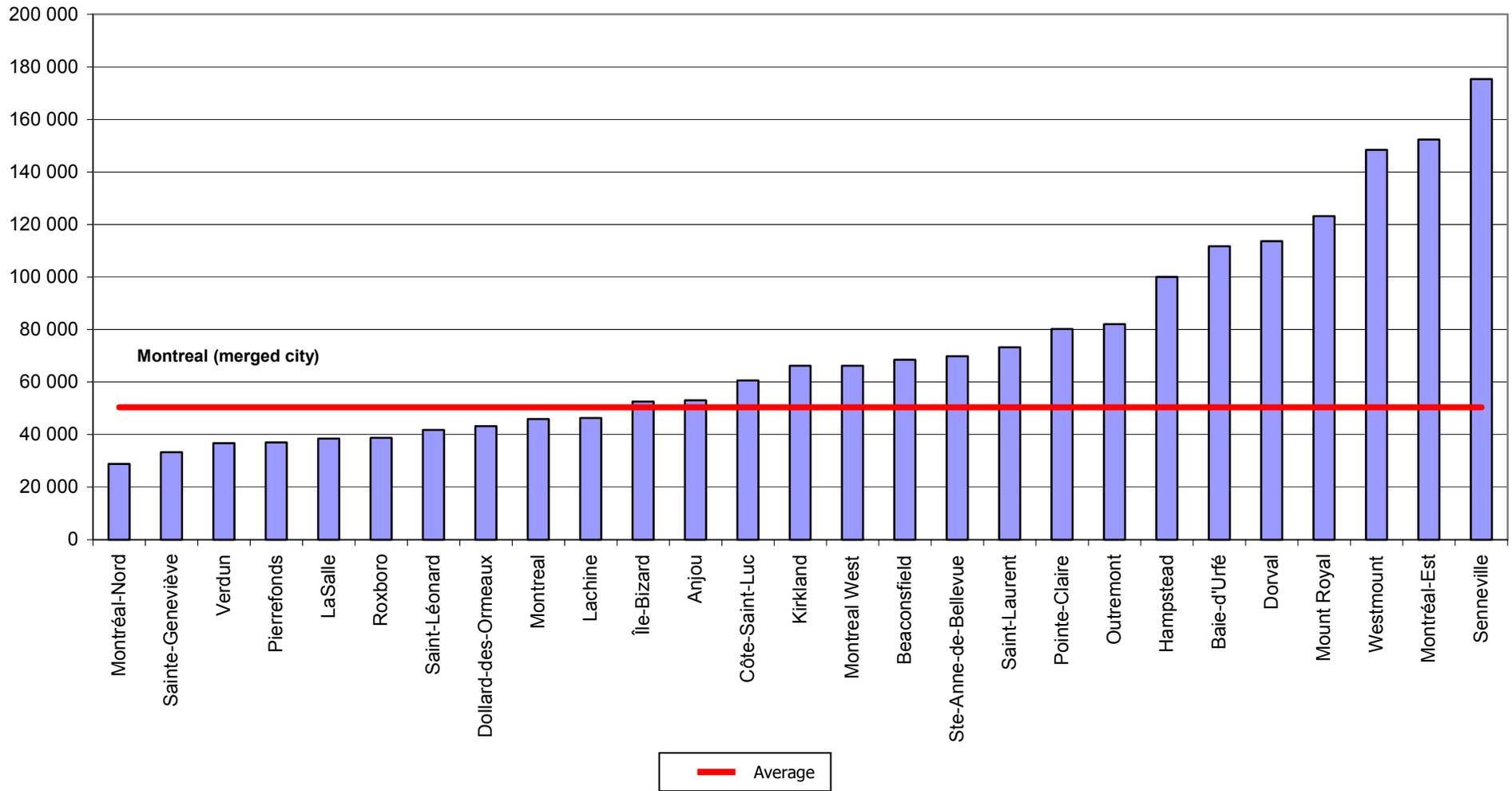
In other words, the application of an equalization calculated according to a 15% multiplier allows an average reduction of only \$29.89 in the gap between the *per capita* budgets of the different sectors. In the case of the former City of Montreal, an equalization involving all the former municipalities would allow it to increase its potential *per capita* budget by only \$12.57 (from \$880.56 to \$893.13). Calculated in this manner, the effect of the equalization formula on the gap between rich and poor also remains limited, if not marginal. This is why the Board of Trade recommends that the Government increase the value of the 15% multiplier to increase the equalization amounts.

The development of an equalization mechanism is an eminently complex exercise, which is why the Board of Trade does not consider it is in a position to take a stand on the optimum value of multiplier. Nonetheless, the Board of Trade hopes that different avenues will be explored to mitigate the inequality of property wealth between the sectors of the same urban area. In this regard, it could be useful to document further the amounts that must be transferred between the eventually reconstituted municipalities and the centre city under the agreements prescribed by the Bill in Chapter IV, notably by considering the Board of Trade’s Recommendation 2.2, as well as the impact of these amounts on the allocation, before and after equalization, to the boroughs of the centre city and the reconstituted municipalities.

²⁶ The value of the standardized aggregate taxation rate was established, in the City of Montreal’s 2003 budget estimates, at \$1.9146 per \$100 of assessment.

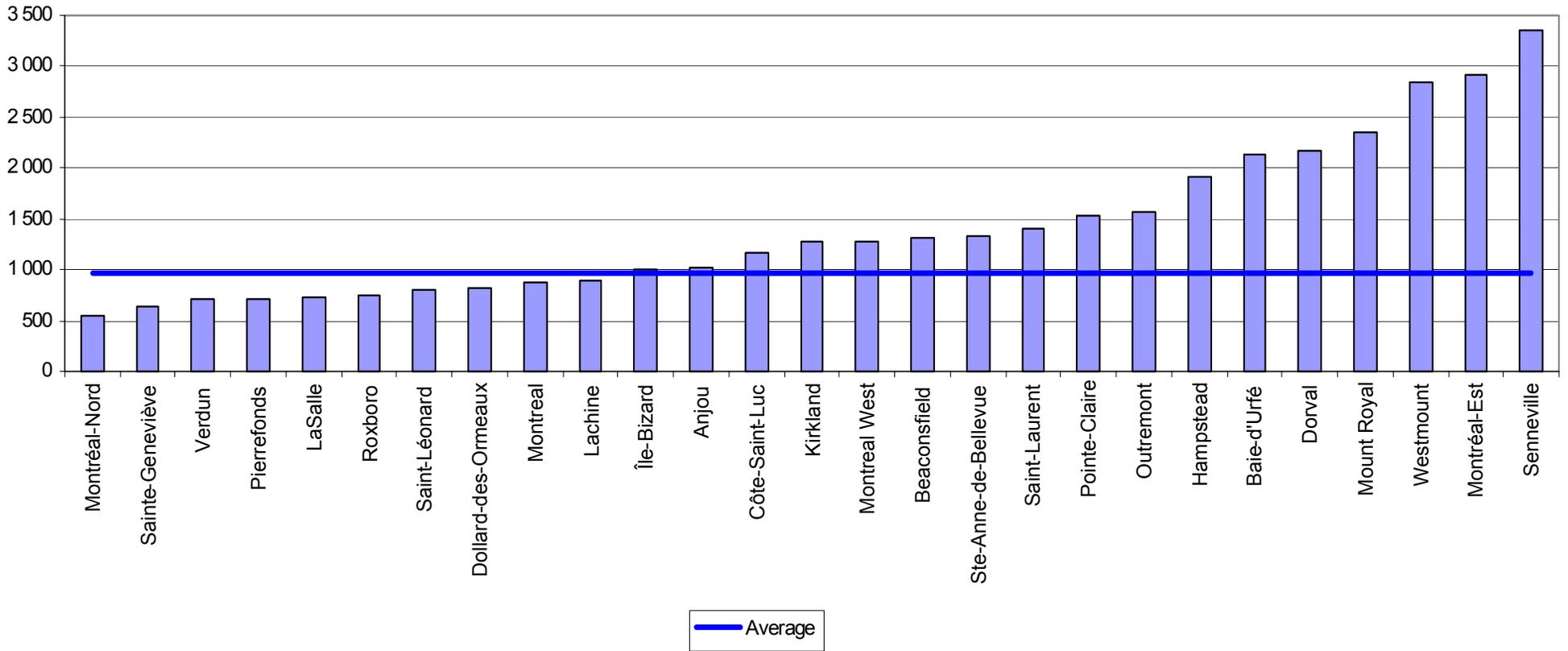
Graph 1

**Standardized property value per capita, in dollars,
for the 27 municipalities**



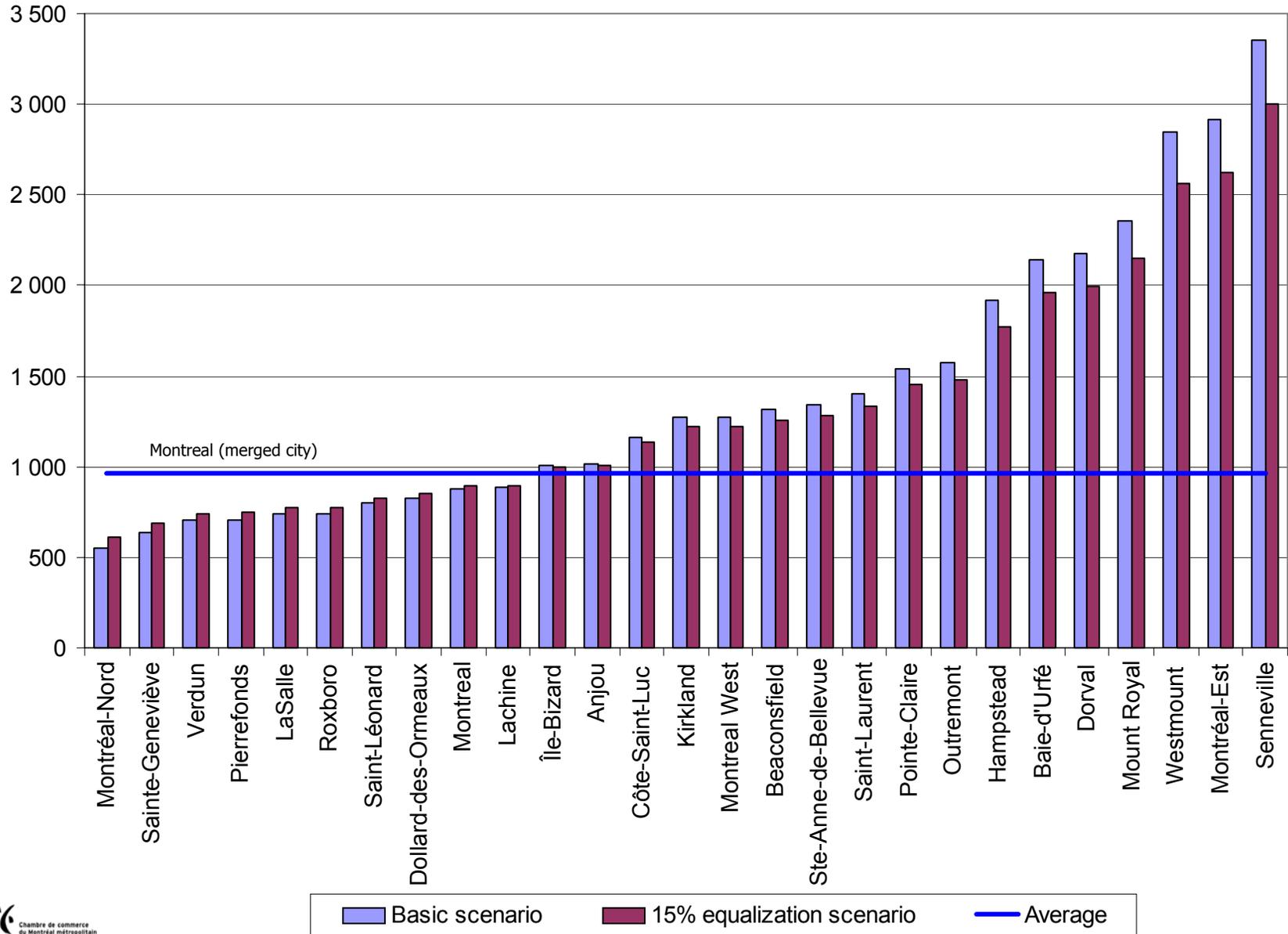
Graph 2

**Aggregate tax base *per capita*, in dollars, for 2001
Before equalization**



Graph 3

**Comparison of the aggregate tax base per capita, in dollars
Before and after 15% equalization**



5. Give priority to the presentation of administrative reorganization proposals solicited by the Minister's declaration of June 20 and allow a consultation approach primarily focusing on endorsement of the new cities

Completion of the process launched by the Minister's declaration of June 20, 2003

The Board of Trade's recommendation to give priority to the presentation of administrative reorganization proposals solicited by the Minister's declaration of June 20 and allow a consultation approach primarily focusing on endorsement of the new cities is a direct result of its concerns for the economic development of the metropolitan region, its approach oriented to pragmatism and efficiency and its desire to minimize the uncertainty surrounding the reconsideration of the existing municipal structures.

The merged cities *exist* as we go to press. They function, deliver services to the public, negotiate labour agreements—long-term in the case of Montreal—with union representatives and strengthen their organizational bases. In this context, when the approach that led to their creation is being reconsidered, it could be tempting to wipe the slate clean and start over from scratch. In the Board of Trade's opinion, this would be going too far.

The new cities exist and, due to this established fact, they should serve as the starting point for any process intended to improve the territorial organization of Quebec's principal urban areas in any way. In fact, given the funds and energy invested in carrying out the municipal reorganization, it would be precipitous to decide to introduce new major changes without first ensuring the appropriateness and necessity of these changes.

For the Board of Trade, a concern for saving resources and energy should therefore first induce us to examine collectively how the new cities can adjust to meet the public's needs. In fact, this is the aim of the invitation issued to the elected representatives of the new cities by the Minister of Municipal Affairs, Sports and Recreation to submit administrative reorganization proposals to him by October 1, 2003.

In this context, the Board of Trade has difficulty explaining why the consultation process that must be initiated under Bill 9 does not explicitly account for the approach launched by the Minister's declaration of June 20. Indeed, there is a serious danger of wasting time if, on the one hand, the elected representatives of the new cities endeavour to identify the means of improving the municipal structure

and governance while, on the other hand, before even knowing the scope of these improvements, citizens are asked for their opinion on whether or not they wish to remain within this structure.

Logic would therefore dictate that the Government allow matters to proceed in sequence rather than simultaneously. Based on this approach, the Board of Trade believes that priority should be given to the administration reorganization proposals that must be submitted to the Minister by October 1 for the following reasons:

- The new cities exist. At this stage of their establishment, it is certainly more economical to examine first how to improve them instead of opening the door immediately to their dismantling.
- The new cities are not the result of chance decisions and deserve a chance to prove themselves. Both the Canadian context and the major analyses produced in the 90s, at the request of governments from Quebec's two main political parties, provide important arguments supporting the idea of some kind of combination of municipalities in the Montreal metropolitan region.
- For citizens to be able to take an informed and definitive position, they should know all of the possible options and the various arguments for and against the municipal mergers. The improvements that the elected representatives of the new cities must propose are undeniably part of the information necessary for making an enlightened decision.

Make possible an approach focusing on endorsement of the new cities

The Government is presenting Bill 9 after having indicated its hope, particularly in the Premier's inaugural address, to see the new cities succeed and its intention to foster this success by allowing the democratic process to express itself. This is a hope that the Board of Trade unequivocally shares, and it is on the basis of this hope that it proposes that the Government make a comprehensive adjustment to Bill 9 to allow the application of the following consultation process, which is presented schematically on the page 58:

1. **Completion of the process launched by the Minister's declaration of June 20:**
Presentation of administrative reorganization proposals by the elected representatives of the merged cities, by October 1, 2003, and approval by the Minister.
2. **Disclosure of complete and detailed impact studies** for each sector of the cities subject to the Bill, in accordance with the Board of Trade's Recommendation 1.

3. **Allow the holding of a referendum poll on endorsement of the new cities**

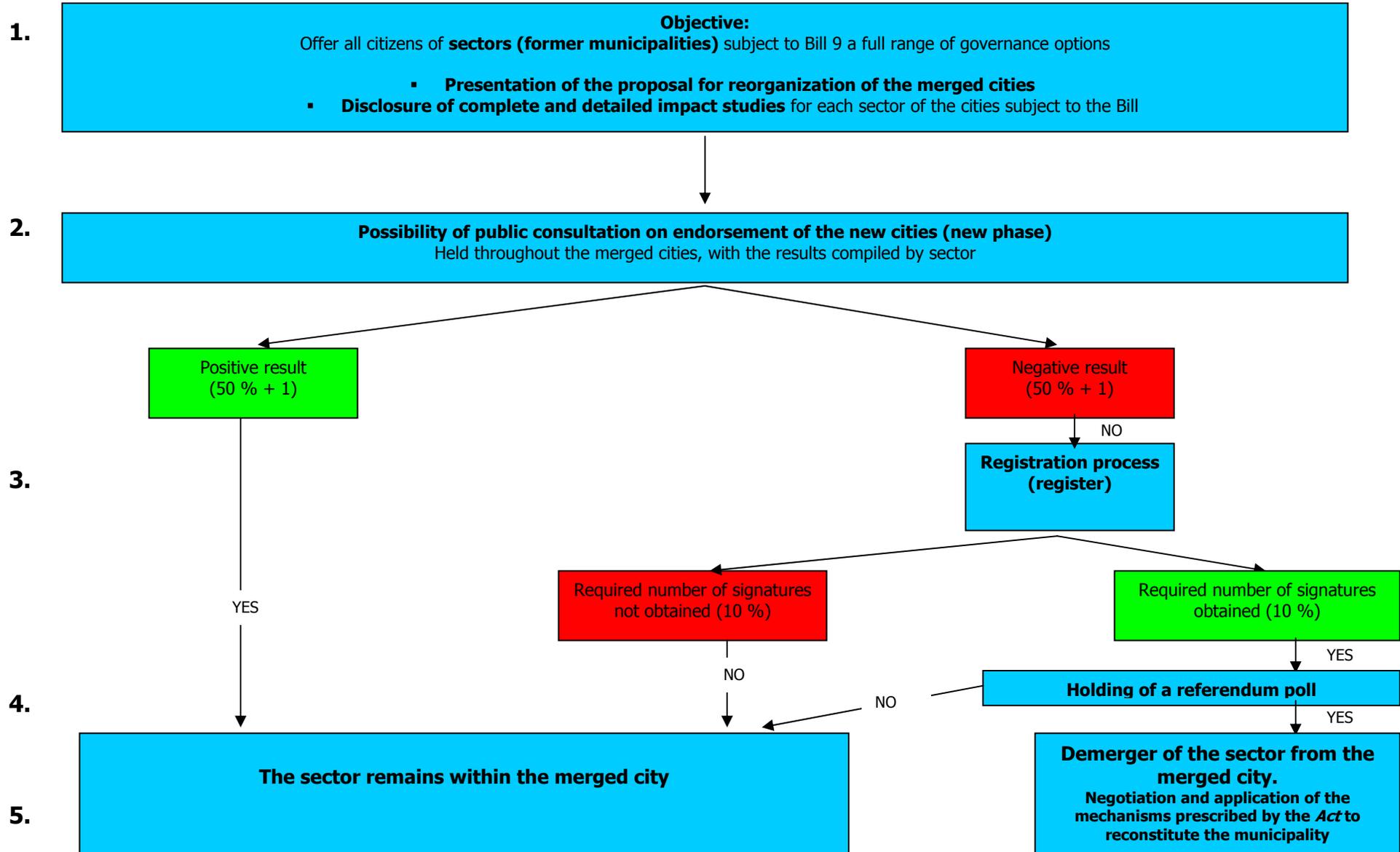
The elected representatives of the new cities, after presentation of their reorganization proposals, their approval by the Minister, and disclosure of the contents of the impact studies, would have the possibility of holding some form of public consultation before the registration process begins.

This consultation could take the form of a referendum poll in which the citizens of an urban area who are qualified to vote would be called upon to *endorse* their new city, after studying the administrative and governance reorganization proposed by their city's elected representatives. The purpose of the consultation would therefore be to enable all residents of the urban area to express their agreement with the existing structure and the improvements envisioned by their elected representatives (and approved in advance by the Minister)—somewhat as the citizens of the Drummondville region's municipalities are preparing to do, at the Government's request, to obtain their assent to the voluntary merger of their municipalities.

A simple majority, as defined in section 25 of the Bill, would apply. Thus, the sectors where the answer to the referendum question is affirmative will be considered to have endorsed the new city. Only for the sectors where the answer is negative, the following steps would apply:

4. **Registration process**, according to the procedure currently described in Chapter II, Division II of Bill 9, followed, if necessary, by the following:
5. **Referendum poll**, still according to the procedure and rules currently defined in Chapter II, Division IV of the Bill.

Bill 9 Consultation process favoured by the Board of Trade of Metropolitan Montreal



According to this process, endorsement of the new cities can be obtained in two ways:

- The first, and most direct, by a sector's affirmative response in a sector's first referendum at the time of the public consultation on the new city, which hearings would consider the reorganization proposal presented by its elected representative and accepted by the Minister in advance;
- The second, by obtaining less than 10% of the necessary signatures in the registration process or a negative response to the referendum on reconstitution of a municipality. In the latter case, if these results occur after a plebiscite on endorsement for which the result is negative, the endorsement of the new city by this sector's citizens will be interpreted as follows: The citizens endorse the new city in the sense that they do not want their sector to be detached from it.

In the Board of Trade's view, in addition to conforming much more faithfully to the Government's intention to obtain the endorsement of the new cities and thus foster their success, the application of this process involves the following benefits:

- Refocusing of the debate on the benefits of the new cities

Bill 9, in its current form, gives priority to a consultation by sector and focuses on the desire of the local population to *reconstitute* their municipality. This presents the risk of generating public debates confined to each sector which essentially will focus on the benefits and costs of a demerger. However, and this is a point on which the Board of Trade relentlessly insists, the economic stakes involved in municipal reorganization concern, first and foremost, the urban area as a whole. This is why the absence of urban-territory-wide debate leading to extensive dissemination of the arguments in favour of the current form of the new cities would, in the Board of Trade's view, represent a deplorable development in a consultation that is specifically intended to shed light on the issue.

The Board of Trade therefore believes that by giving top priority to consulting all of the city's citizens and by allowing this consultation, taking into account the proposal for administrative reorganization of this city, it will be possible to give priority to public discussions on the strengths and weaknesses of this new city. In so doing, the Board of Trade believes that endorsement of the new cities can only be favoured.

- Clarity of options and results

Enabling the mayors of the merged cities to present their reorganization proposals and the people responsible for the impact studies to complete them before calling upon the public assures optimum clarity for all citizens regarding the options available to them, particularly those concerning the advantages and disadvantages of the reorganizations, the new proposed mode of governance and organization of the merged cities, and an exhaustive estimate of the costs for the urban area, and for each sector, of the reconstitution of certain municipalities.

Clear options enable clear results and consequently, make for lasting decisions. In its present form, the Bill is somewhat ambiguous regarding the citizens' endorsement of their merged city. It can be expected that the electoral verdict of a sector opting to reconstitute itself as a municipality—assuming significant voter turnout—will be totally clear. However, the same cannot be said of endorsement of the new city, which would have to be deduced from a contrary result. Is this strong support for the reorganization proposed following the Minister's declaration of June 20, 2003? Or on the contrary, is it mitigated support, accompanied by a will to make further adjustments to the city's functioning? These are questions that Bill 9, in its present form, risks leaving unresolved.

- Reduction of uncertainty and instability

The possibility of a new wave of major changes in the municipal structures of several major urban areas in Quebec inevitably leads to a period of uncertainty and instability during which the issue of economic development—particularly that of Greater Montreal—vanishes from the list of regional priorities. In this context, the Board of Trade believes that it is wise to limit this uncertainty as much as possible, whether by reducing the number of sectors pursuing a demerger process or by clarifying the consequences of the decisions that will have to be made as much as possible.

A first referendum on endorsement would respond to this imperative. Given that only the sectors that have rejected the city's reorganization proposal could initiate the registration process necessary to hold a vote on demerger, a first referendum on endorsement would make it possible *de facto* to limit the uncertainty to these sectors.

At first glance, the consultation process proposed by the Board of Trade may to lengthen needlessly the time required to complete the consultation process desired by the Bill. The Board of Trade firmly believes that this is not the case. By favouring sustainable decisions, this approach ultimately should

save time and energy. By favouring adaptation and improvement, rather than rejection, of the municipal structures already in place, the Board of Trade believes that this approach also addresses this concern for economy. This approach is also intended to be consistent with the principal objective of promoting the success of the new cities by encouraging public endorsement of these major projects. Finally, this is an approach that makes it possible to determine the options available to the public completely and exhaustively. In this regard, the Board of Trade believes that clarity is one of the best antidotes to uncertainty, and certainly one of the best ingredients to ensure the lastingness of the decisions that must be made.

Conclusion

The consultation process that the enactment of Bill 9 will trigger is very important. It is important to the citizens who have entrusted the new Quebec government with this responsibility. It is also important for the Quebec economy, given that the end goal of the process is to determine the future structure of the province's main economic growth centres.

Throughout this memorandum, the Board of Trade of Metropolitan Montreal, on behalf of some 7,000 members, has unequivocally stated its preference for the preservation of the merged cities in the metropolitan region, i.e. Montreal and Longueuil. This Board of Trade preference reflects not only its previous positions regarding these questions, notably in the past 40 years, but also the result of a thorough analysis of the dynamics of urban centres worldwide, the needs of the Greater Montreal area's economy in this context, and the political realities facing the metropolitan region. Furthermore, this policy reflects the Board of Trade's ongoing endorsement of pragmatic decisions most likely to stimulate the creation of new wealth by the merchants, businesspeople and workers of Greater Montreal.

Having adopted the foregoing policy, the Board nevertheless acknowledges the legitimacy of this process initiated by the government to sound out the population on changes directly affecting people in terms of identity and their sense of belonging to a community. Moreover, it was in a spirit of cooperation and responsibility that the Board formulated the recommendations outlined in this memorandum.

To conclude this memorandum, the Board wishes once again to underscore its collaborative and pragmatic motives, and reiterate its resolve to cooperate with the Quebec government to strike a proper balance between the rights of local communities to express themselves regarding their local political structure, and their duty to take part in the decision-making process and to share the responsibilities entailed in belonging to their urban area's economy.



**Chambre de commerce
du Montréal métropolitain
Board of Trade of Metropolitan Montreal**