

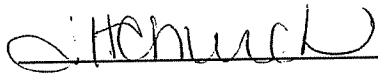
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Halifax Regional Council
February 13, 2007
February 27, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Jennifer Church, Advisor, Intergovernmental & Corporate Affairs

DATE: February 5, 2007

SUBJECT: Lobbyists' Position

INFORMATION REPORT

ORIGIN

Council request for information regarding the establishment of a lobbyist position within HRM.

BACKGROUND

The Province of Nova Scotia and the Government of Canada have legislation that defines a lobbyist and indicates when provincial and/or federal registration is required. The intent of both pieces of legislation is similar; to promote open, accountable and accessible government or to improve transparency in lobbying activities.

According to the Nova Scotia Government website, the Nova Scotia Lobbyists' Registration Act defines three categories of lobbyists:

- Consultant lobbyists: An individual paid to lobby on behalf of a client is considered to be a consultant lobbyist. Consultant lobbyists can include lawyers, accountants and other professionals.
- In-house lobbyists (Company): An employee of a person, partnership or company whose lobbying activity is a significant part of their duties or whose lobbying activity along with that of other employees' would amount to a significant part of one staff member's duties.
- In-house lobbyists (Organization): An employee of an organization such as a professional association, society or chamber of commerce whose lobbying activity is a significant part of their duties or whose lobbying activity along with that of other employees' would amount to a significant part of one staff member's duties.

Lobbying occurs when an individual is paid to communicate with a public-office holder in an attempt to influence:

- the development of a legislative proposal;
- the introduction, passage, defeat or amendment of a bill or resolution;
- the making or amendment of any regulation the development;
- amendment or termination of a policy or program;
- a decision about privatization or outsourcing the awarding of a grant, contribution or other financial benefit by or on behalf of the government;
- the awarding of a contract by or on behalf of the government (consultant lobbyists only)
- arranging a meeting between a public servant and any other person (consultant lobbyists only)

The Federal and Provincial Acts do not apply to members of a municipal council or village commission, their municipal staff, and officers or employees of a municipality.

For more information:

NS Lobbyists' Registration Act: <http://www.gov.ns.ca/snsmr/lobbyist/about.asp>

CAN Lobbyists Registration Act: <http://laws.justice.gc.ca/en/L-12.4/>

CAN Office of the Registrar of Lobbyists:

<http://strategis.ic.gc.ca/epic/internet/inlobbyist-lobbyiste.nsf/en/Home>

DISCUSSION

A recent local government publication suggests that some American municipalities are finding it makes economic sense to retain lobbyists to represent their interests at a monthly retainer cost of up to \$10,000. There is only one cited example of a Canadian municipality retaining the services of a lobbyist having spent \$229,000 over two years to represent the municipality on one project. The publication suggests that the utilization of lobbyists by municipal governments may become more common as more successes are realized. (See Local Government Bulletin No. 67 for more information.)

In HRM, under the leadership of the Chief Administrative Officer, considerable time and energy has been devoted towards fostering and building partnerships with provincial and federal government partners. The partnership development approach is believed to be an effective means to ensure HRM's priorities are known and understood. As these relationships begin to flourish, it is the expectation that many of the outcomes expected of a lobbyist position, would be achieved, in a more long-term sustainable fashion.

BUDGET IMPLICATIONS

None - information only.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

None.

ATTACHMENTS

Local government Bulletin No. 67, July 7 2006

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by : Jennifer Church/Advisor Intergovernmental & Corporate Affairs 490-3677

Attachment 1

Local Government Bulletin No. 67, July 2006

The purpose of this bulletin is to focus debate on the need to increase local self-government in Canada and to help local communities achieve more autonomy. The local self-government website is: <http://www.localgovernment.ca> .

In this issue:

1. New Municipal Legislation in Ontario
2. Lobbying for municipalities
3. Equalization payments - a local problem
4. Mayor of Hamilton Charged
5. Subscribe to the Bulletin

1. New Municipal Legislation in Ontario

The Ontario government introduced The Municipal Statute Law Amendment Act, Bill 130, on June 15. The purpose stated in the Bill is to "give municipalities most of the powers and duties that were given to Toronto" in the recently passed City of Toronto Act. The only significant difference between the two statutes is that this Bill includes provisions in respect to the two levels of government in many areas, upper and lower tiers, and assigns specific powers to each.

While Ontario municipalities get the same kind of broad powers given to Toronto, they are also hedged by the same kinds of provincial controls - see Bulletins No. 62 and 63.

As in the new Toronto legislation, most of the Bill is what might be called legislative minutiae. The Bill is almost 200 pages long; and pages 102 to 176 are a welter of tiny amendments, exhibiting plainly that the provincial government has no intention of loosening its apron strings. The Bill makes it clear that the powers given Toronto are unexceptional. Once the Bill has been passed the smallest municipality in Ontario will have virtually the same powers as Toronto, a city of almost 3 million people and an annual budget approaching \$8 billion. Something's not right here.

The bill may be found at

http://www.ontla.on.ca/documents/Bills/38_Parliament/session2/b130.pdf

2. Lobbying for municipalities

"Hiring lobbyists for federal aid, towns learn money talks." That was a headline in the New York Times, Sunday, July 2, 2006. The article recounts how American municipalities have found that it makes good economic sense to retain lobbyists to represent their interests in Washington. The article gives numerous examples of small municipalities paying a monthly retainer of say

\$10,000 to a lobbying firm, in return snagging federal support otherwise not available for new \$5 million bridges and other municipal infrastructure. Any reasonable person would conclude from the article that smart American municipalities will hire lobbyists since the return far outweighs the small cost of the lobbyist's retainer.

Here's another example of the benefit of hiring a lobbyist, albeit the scale is different: the City of London (UK) hired the giant lobbying firm Hill and Knowlton, which was instrumental in helping London win the bid for the 2012 Olympics.

This is a trend that has not yet fully taken hold in Canada. I'm aware of only one municipality which has retained a lobbyist to deal with another government. Hamilton's regional government was appalled that the federal government was not fully behind its attempts to build the Red Hill Expressway and in 1999 it retained StrategyCorp., a lobbying company founded by Leslie Noble, former aide to Premier Mike Harris, to get the feds, and its environmental process, off the municipality's back. Within two years Hamilton hired several other lobbyists, including Ernescliff Strategy Group, Associate House, and Environmental Economists International, spending a total in 1999 and 2000 of \$229,000 on lobbyists, almost half of it on StrategyCorp. It seems as though the strategy worked, since the expressway is now under construction - one of the last downtown expressways to be built in a Canadian city.

More information regarding this particular story can be found at <http://www.hamiltoncatch.org>.

Attempts to find other examples of municipalities using lobbyists in Canada have yet to prove successful. But you can be sure that once the American example becomes clear, Canadian municipalities will not be far behind. It will be the new way of catching the federal government's ear.

3. Equalization payments - a local problem

There's lots of talk by provincial government about fiscal imbalance and the need for more money from the federal government. It looks like just another squabble between those two levels of government.

But, says economist High Mackenzie, "If there is a true fiscal imbalance anywhere in Canada it is between local governments and the two 'senior' levels of government. The fiscal problems faced by local governments are acute and growing."

Mackenzie is the author of the recent report for the Canadian Centre for Policy Alternatives entitled "The Art of the Impossible: Fiscal Federalism and Fiscal Balance in Canada." His study looks at data from the early 1960s until last year and concludes that looking for solutions between just the provinces and the federal government isn't good enough.

He writes: "The cuts in federal government transfers to provincial governments in the 1990s were

matched almost exactly as a share of GDP by cuts in transfers from provincial governments to local governments. In other words at the same time as they were complaining bitterly about federal government transfer payment cuts in the second half of the 1990s, provincial governments were insulating themselves from those cuts by reducing their own transfers to local governments. And it is noteworthy that the recent increases in federal transfers to the provinces have not been matched by corresponding increases in provincial transfers to local governments."

He continues: "Local government finance must be part of the debate over sustaining sufficient fiscal capacity to meet our public policy needs.

"We need to ensure that local governments have the resources they need to fulfill their service delivery responsibilities. Although much of the discussion has focused on new revenue sources for local governments, simply ensuring that local governments have exclusive access to the property tax base and realigning funding to provide alternative revenue sources for services not properly funded from property taxes would make a substantial difference. A coherent and reliable national funding framework for public infrastructure would also serve to alleviate financial pressures on local governments."

Mackenzie also shows that provincial taxation revenue was, on average, 11.5 per cent or more of GDP from 1990 to 1999, but today it is just over 10 per cent. He thinks the provinces are in a race to the bottom in cutting taxes. Local governments could certainly use some of the tax room the provincial governments seem uninterested in.

A copy of the report can be downloaded from www.policyalternatives.ca

Perhaps some of the more imaginative mayors in Canada can ask to be part of the equalization talks. It's mostly a local issue.

4. Mayor of Hamilton charged

In June 2004 Joanna Chapman asked Hamilton City Council to enforce the provisions of the Municipal Elections Act against Mayor Larry Di Ianni. Chapman, a local citizen, had found numerous instances where the mayor and several other councillors and candidates in the 2003 municipal election had received contributions exceeding those permitted in the Act. (This matter has been reported in Bulletins 50, 52, 54 and 64.)

City Council showed no interest in her claims, and Chapman had to resort to the courts to obtain the appropriate audit. Chapman's allegations led to the mayor issuing more than 50 refund cheques to those whose contributions exceeded the limits, and the matter finally came back to City Council this March for review. After Chapman's stellar efforts, Council finally agreed to consider enforcing the law. Last week, a total of 41 charges under the Election Act were laid against Mayor Di Ianni, and he is to appear in Court on August 15. The next municipal election, in which the Mayor says he is running for re-election, is November 13.

5. Subscribe to the Bulletin

The Bulletin is sent monthly, at no cost, to about 1500 individuals involved directly or indirectly in local government in Canada. Those who receive this Bulletin directly (not forwarded by a third party) are already part of the subscription list. Others who wish to subscribe should go to <http://www.localgovernment.ca> and follow the instructions. To unsubscribe, please send a message to info@localgovernment.ca indicating your wish to unsubscribe.

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