

2006 Pre-Budget Submission  
"Canada's Place in a Competitive World"



## Local Action Toward Prosperity for All

*AMO Submission to  
the Standing Committee on  
Finance*

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**Association of  
Municipalities  
of Ontario**

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Good morning ladies and gentlemen, my name is Doug Reycraft. I am the Mayor of Municipality of Southwest Middlesex, Councillor with the County of Middlesex and the president of the Association of Municipalities of Ontario (AMO). I am pleased to be here today to participate in pre-budget consultations and share some of the priorities for municipal government in Ontario.

AMO has been representing the interests of Ontario's municipal governments for more than a century and continues to work diligently to ensure that the perspective and priorities at the local level be clearly understood. We believe that all three orders of government – Federal, Provincial and Municipal – must work together to ensure that we have effective governance and accountability structures in place, to collaborate on issues of shared interest, and to maximize the effectiveness of our mutual investments in human and physical capital.

Few would argue against progress toward making Canada's local communities the best places to live in the world, while ensuring that they contribute to our national prosperity. Yet, no one level of government can solve all the problems. Now is the time to act – and, it is essential that all governments be present and accounted for as we move ahead to address key issues that face our collective leadership today.

As the front-line providers of service, local municipalities are where many issues of national importance intersect – services such as public transit, immigration settlement, environmental protection, public health, affordable housing, income supports, child care, and public safety. In many cases, it is the municipal government that provides other orders of government with local service delivery capacity.

Municipalities recognize that tremendous progress that has been made on a number of fronts, including: 100% municipal rebate of GST; investments in affordable housing and in support of safer streets; investment in municipal public transit and other local infrastructure priorities (i.e., Federal gas tax transfer); investments in Brownfields redevelopment; and, other Federal funds to support smaller-scale municipal infrastructure.

We recognize that competing demands and limited fiscal resources are a reality for each order of government. While Ontario's municipal governments are proud of our contributions across Canada, we believe Ontario should be treated fairly by the Federal government. The Federal-Provincial fiscal imbalance in Ontario has a direct impact on municipal governments. Not only is the municipal property tax base an insufficient revenue-generating base to meet the increasing municipal expenditure needs for local programs and services, but Provincial services including social services, housing and health are funded by municipal property taxes to a much higher degree in Ontario – resulting in Ontario property taxpayers paying the highest municipal property taxes in the country.

Fixing the Federal-Provincial fiscal imbalance will allow the Ontario Provincial government to end its reliance on municipal property taxes to fund these provincial programs and services – a reliance that costs Ontario municipal property tax payers more than \$3-Billion a year.

Over the past few months, more that 100 municipal governments in Ontario have passed resolutions that this Committee should consider as part of its deliberations. Those resolutions support the Premier McGuinty's position on the Federal-Provincial fiscal imbalance, and his position that Federal funding programs should be allocated to provinces and territories on a *per capita* basis.

Municipal infrastructure is the foundation of our local, provincial and national economies. While municipal governments have worked at doing more with less, this has meant that municipalities have not been able to keep up with the capital infrastructure needs while trying to hold the line on property taxes. This has resulted in a massive and growing infrastructure deficit across local Ontario communities of about \$5-Billion a year - one that limits our ability to provide safe, clean water, protect the environment, and provide reliable transit and efficient transportation networks. While at the same time, individuals and families in Ontario's communities watch services decline.

Ontario wants a healthy environment and a secure energy source that is affordable for all members of society. The Canadian economy, to which Ontario is the lead contributor, is fully one-third less energy efficient than our U.S. counterparts. Poor air quality in our local communities is affecting the health of our citizens and the Federal government needs to address this by making every effort to address climate change and longer-term greenhouse gas reduction targets. Investing in energy efficiency not only helps curb the steadily increasing energy costs for local communities but has many indirect benefits by helping prevent global climate change, oil spills, air pollution, acid rain and scarred landscapes. Sustainable energy practices also directly generate new jobs and businesses at the local level given the demand for new products and services.

Municipalities are grappling with the need to replace aging transit infrastructure while expanding municipal systems and integrating municipal, commuter and intercity transit and high-speed rail systems. Investment in transit is one of the best strategies for limiting congestion and for keeping our economy strong. Furthermore, investing in transit is consistent with the Federal government's emerging environmental agenda to reduce emissions, curb smog and address climate change. Such investments can help reduce congestion and travel times, thereby contributing to quality of life of our local citizens.

The availability of affordable housing is critical to our country's economic competitiveness. High housing costs affect labour markets, labour mobility and the successful integration of new Canadians. Affordable housing not only is widely acknowledged to be a foundation of good health, education and other critical outcomes for a strong and competitive nation, but the construction of new affordable housing has significant economic benefits by way of new jobs and new revenue for all orders of government. Lack of affordable housing and increasing homelessness affects the competitiveness of local communities and compromises the quality of life for our citizens. A national and long-term strategy to provide affordable housing and sustained funding to support homeless initiatives, including programs such as the "Supporting Community Partnerships Initiative (SCPI)", makes good economic sense.

Immigration has significantly changed the face of our local communities across Canada and is an important factor of future population growth and ultimately economic growth for our nation. In recent years more and more municipalities have benefited from immigration, in support of community economic development. However, while municipal governments participate in all phases of settling and integrating new Canadians, these responsibilities have been increasingly beyond traditionally defined municipal roles and available fiscal resources. Responding to the increasing needs of our new citizens is a vital but unfunded mandate at the local level and requires a meaningful coordination of all three orders of government to support local economic development requirements.

A great deal more needs to be done if Ontario communities are to be livable, sustainable and competitive in the national and global marketplace. The Municipal sector must play a further part in determining infrastructure investment priorities, and see a demonstrable commitment for a national long-term sustainable funding approach that will help us plan and budget infrastructure capital and maintenance and eliminate the municipal infrastructure deficit over time.

In Ontario, municipal governments have gained an important role in guiding provincial and federal investment in local infrastructure through our MOU with the Province, and our role in helping to develop federal gas tax revenue sharing – an important new source of funding which must be made permanent.

The upcoming Budget is an opportunity to renew the Federal interest in the priorities of municipal government and address key issues to help build communities that are the envy of the world. Ontario's communities provide an important foundation for the national economy. Strengthening that foundation begins at the local level.