

What We Know So Far: A Municipal Guide to the New Ontario Government

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Municipal governments are on Ontario's frontlines. They fund and deliver many of the critical services Ontarians rely on every day. On behalf of our members, AMO is here to work with the new Ontario Progressive Conservative (PC) government to help our residents and the shared taxpayer.

This Guide describes what AMO knows about municipal election commitments made by the PC Party on the campaign trail and post-election. We encourage members to review the Guide as you prepare for the new provincial government.

Municipal governments are finding it increasingly difficult to meet the needs of Ontario's people using nine cents of every household tax dollar. Red tape, downloads, and unfunded mandates challenge the fiscal sustainability of local governments. AMO will bring these rural, northern, urban, and small town Ontario perspectives to the new PC government. Together, we can build a stronger, more prosperous province for Ontario's people.

AMO's Memorandum of Understanding (MOU) with the Ontario Government will be an important building block moving forward. Created by the PC government in 2001, the AMO-Ontario MOU serves as a valuable tool for the Province and municipal governments. As the order of government closest to the people, we understand the needs of our residents and local communities'. We are here to share these local perspectives with the new Ontario government at Queen's Park. ¹

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¹ Commitments from the PC Government described in this guide are paraphrased where possible from party materials or sourced from election media coverage.

A Local Say

- The PC government respects local autonomy in municipal decision-making.
- Premier Ford will reduce regulations and cut red tape to increase government efficiency.

Analysis:

People across Ontario turn to their local municipal councils first when seeking help. That is why we need a greater local say to make decisions that work for our people and our communities.

Ontario's municipalities welcome the PC government's respect for municipal autonomy. Measures to reduce barriers to efficient and effective municipal governance are also welcome. The Province mandates and regulates most municipal services. Often there is a one-size fits all approach. To better serve Ontario's people and lighten the burden faced by the taxpayer, provincial decisions must reflect the needs of local communities. Cutting red tape and excessive regulations that limit municipal flexibility is an important step. Reducing the reporting burden will also allow municipal services to focus on residents. Municipal government need a greater say in how locally delivered programs are developed. This will benefit Ontario's people.

The AMO-Ontario MOU Table connects the Province to rural, northern, urban, and small town Ontario. We look forward to enhancing this forum with the new PC government.

A Local Share

- The PC government will require municipalities to cut 'wasteful spending' before addressing local funding gaps.
- Royal Canadian Legion Halls will be exempt from paying municipal property taxes. It is unclear whether there will be compensation for this exemption.
- It is unclear whether the PC promise to reduce hydro rates by 12% will apply to municipal hydro payers. AMO is assessing how this commitment will affect local distribution companies.

Background:

When Ontarians think about the frontline, they are thinking about municipal services. Clean water, roads, fire, ambulances, policing, waste collection, public transit, social housing, parks — the list goes on. These services are at risk without a greater local share of tax dollars.

AMO calculates that municipal governments in Ontario collectively face a \$4.9 billion funding gap every year for the next decade. Relying on the property tax base to address the gap is not sustainable. It puts pressure on municipal governments to increase property taxes or reduce services. Municipal governments need a proactive solution for their residents. A 1% HST dedicated to municipal infrastructure is a bold proposal. It would provide a reliable stream of funding for municipal governments to serve the people of Ontario.

A key question for the incoming PC government: if not AMO's Local Share, then what? How will the incoming government address the municipal fiscal challenge ignored by past governments? Ontario's residents need an answer.

Analysis:

The municipal fiscal challenge is a pressing issue. We need bold provincial leadership to expand municipal revenue tools and a commitment against unfunded mandates. Unable to run operational deficits, municipal governments are the most fiscally responsible order of government in Canada. Nine cents of every household tax dollar is just not enough.

If the incoming PC government does not move forward with AMO's Local Share proposal, we will need to co-develop a viable alternative with the Province that works for Ontario's people. Any proposed solution must consider the needs of all of Ontario's communities. Given the size of the fiscal challenge, the municipal funding gap must be a provincial priority.

Property tax exemptions create a risky precedent for Ontario residents. Neighbouring property taxpayers are left picking up the tab whenever exemptions are granted.

Infrastructure

- The PC government will require municipalities to cut 'wasteful spending' before offering assistance for local funding gaps.
- The PCs will invest \$5 billion in public transit infrastructure across the GTHA.
- The PC promise to reduce gas prices by 10 cents a litre will not affect provincial gas tax funding to municipal governments for transit. The PCs will continue the planned increase to 4 cents in 2019.
- Premier Ford will redirect \$100 million towards cellular and broadband expansion using savings from private sector participation in natural gas projects.
- Premier Ford will cancel cap and trade. This will affect a number of municipal programs financed using cap and trade dollars. These programs include social housing retrofits, the Municipal Commuter Cycling Program and the Municipal GHG Challenge Fund. It is unclear if these programs will continue using other funding streams.

Background:

Municipal governments own more public infrastructure in Ontario than the provincial and federal governments combined. These municipal assets include roads, bridges, transit, waste and water treatment plants, libraries, community centres, and more. Much of the \$4.9 billion a year funding gap consists of unfunded infrastructure needs – including expansion and replacement costs.

Analysis:

Municipal governments are here to work with the PC government on a partnered approach to infrastructure planning that works for Ontario's communities. Any infrastructure plan must consider the fiscal challenges faced by small, rural, and northern communities where economies of scale are difficult to realize. For example, mandated asset management plans are a useful tool for municipal governments. Unfortunately, many small communities in rural and northern Ontario lack the funding and resources to meet this provincial mandate. Additional supports from the Province would be helpful on this front. Mandated asset management is also likely to reveal deeper infrastructure funding needs. This will need to be addressed by working together with the provincial government.

Municipal governments are also concerned about green infrastructure programs funded by cap and trade dollars. Given the wind-down of cap and trade, Ontario residents need alternative funding streams for green infrastructure programs that benefit local communities.

Policing

- The new government has committed to reforming the *Police Services Act*.
- The PCs would also provide proper de-escalation training for all police officers.
- The PC government is opposed to the use of alternatives to front line police.

Background:

Local police forces and locally funded Ontario Provincial Police detachments promote public safety across the province every day. Ontarians also pay the highest policing costs in Canada. This places a hefty financial burden on both municipal property taxpayers and provincial coffers. AMO has advocated for policing modernization to reduce the rate of police cost increases. We also support changes to police oversight to improve community safety for Ontario's people.

Analysis:

AMO welcomes the PC commitment to reform the *Police Services Act* to reduce policing costs across Ontario. In particular, AMO supports the voluntary development of community safety and wellbeing plans but these are now mandatory which is another unfunded mandate. Measures to increase police

accountability and training to enhance police capacity are welcome. Given positive outcomes with mobile crisis intervention teams, pairing police with mental health professionals should be encouraged by the Province.

Fire

Background:

Municipal councils fund fire departments to deliver local firefighting services. Despite significant decreases in fire incidents since the early 2000s, fire service costs continue to rise. These increases are primarily labour-related.

New regulations under the *Fire Protection and Prevention Act* mandated during the final days of the Wynne government will be expensive for property taxpayers unless reversed. Small, northern, and rural communities will be hit the hardest. These regulations require municipal governments to finance mandatory certification, increase public reporting and develop community risk assessments. These changes are unnecessary. Municipal governments across Ontario largely oppose these new regulations regardless of shape, size, or fire department composition. They are unfunded mandates. Certification regulations will discourage volunteer firefighters in small, rural and northern communities.

Another municipal issue is protection for 'double hatters.' The union is targeting these professional firefighters because they volunteer in their small, rural hometowns during their spare time. This targeting is leaving many volunteer fire services in rural communities vulnerable. Provincial leadership is necessary to pass legislation to protect double hatters. Double hatters are protected in other Canadian provinces.

Analysis:

Premier Ford and his PC government have not addressed fire services. AMO is concerned about the cost of new regulations under the *Fire Protection and Prevention Act*. Eliminating these regulations and protecting double-hatters will help municipal governments contain rising fire costs. This will improve public safety for Ontario's people and make fire services more affordable for taxpayers.

Paramedic Services

Background:

No one should wait because there are not enough ambulances to respond to a 911 call.

As co-funders and service-delivers of paramedic services in Ontario, municipal governments are on the frontlines of emergency response in our province. Paramedics make sure that the people of Ontario have access to rapid pre-hospital emergency medical intervention. However, non-urgent medical transfers increasingly rely on ambulances due to shortcomings in other provincial services. As a result, costs are rising as demand for paramedic services increases. This reliance on ambulances is also leading to a growing number of 'code blacks.' 'Code blacks' occur when there are no ambulances available to respond to calls. AMO and our members have called for dispatch reform for years to increase service quality.

Municipal governments are opposed to the use of fire-medics given labour relation challenges, duplication of existing paramedic services, and the rising cost of fire services.

Analysis:

Dispatch reform will be an important component of any discussion to improve paramedic services in Ontario. AMO looks forward to discussing this with the PC government. Municipal governments are here to offer solutions to reduce paramedic costs and improve service quality for Ontario's people.

Health

- Health is a priority for the new government. They will seek greater front-line input in health decision-making.

- The PCs also plan to invest \$3.8 billion in mental health, addictions and housing supports over 10 years.
- They will create 30,000 more long-term care beds over a decade.
- Another PC promise is to provide free dental care for low-income seniors at a cost of \$98 million per year.

Background:

Equitable access to quality and timely health services is a priority for all of Ontario's people.

Municipal governments play an important role in Ontario's health system, including as co-funders and service-delivers. On an annual basis, we contribute around \$2 billion in property tax payers' money towards the health system without a means to provide input into health-related decision-making. Ontario's municipalities also employ health professionals working in mandated public health, land ambulance, and long-term care homes. They often step in to address gaps in provincial programs for vulnerable residents and support those who must travel into regional hubs to access services. Increasingly, Ontario's people are turning to their municipal councils to represent their health interests to the province and the LHINs. Municipal governments also contribute community funding for hospital construction and repairs. They similarly play a role in physician retention and recruitment in small, rural and northern Ontario.

Analysis:

Greater municipal participation and a local say in health planning and decision-making is necessary if municipal governments continue to fund and deliver health services to Ontario residents. This involves strengthening the relationship between LHINs, the Ministry of Health and municipal governments. Given that health is an area of provincial responsibility, it is questionable that the province mandates the use of property tax dollars in the health system. A discussion on the role of municipal governments in health is necessary.

AMO welcomes commitments to add long-term care beds, enhance mental health services, and to improve access to supportive living. More supports are necessary to encourage preventative health promotion and to help elderly seniors age at home.

Land Use Planning

- The PC government will preserve the Greenbelt in its entirety.
- The PCs commit to a customer service guarantee and a single-window access for approvals with a hard one-year deadline.

Background:

Municipal governments hold a primary role in land use planning. Greater respect for municipal decisions is a long-standing ask for OMB reform and the new Local Planning Appeal Tribunal (LPAT). Planning can support economic development, environmental protection, integrated transportation, and a range of housing-related issues. These decisions must be consistent with a number of provincial plans and policies (i.e. the Growth Plan for Northern Ontario).

Analysis:

AMO supports the new LPAT to strengthen local decision-making. We look forward to discussing the PC government's proposed customer service guarantee and single-window access approach to approvals. Municipal governments need the Province to work in a timely manner when it comes to communicating provincial interests in development applications. A hard one-year deadline will advance government objectives and help Ontario's people.

In all cases, growth must pay for itself. Otherwise, neighbouring property taxpayers will have to pay for new developments to be connected to municipal services like water and hydro. That is unfair for existing municipal property taxpayers.

Public Housing

- The PC government is committed to building affordable family homes on unused provincial land.
- It may also eliminate the GTHA's Non-Resident Speculation Tax.
- The PC government will address mental health and addictions-related housing needs.

Background:

Housing affordability is top of mind for the people of Ontario.

Ontario is the only province in Canada where social housing is a municipal responsibility. This service is a tough challenge for cash-strapped local governments to deliver. Meanwhile, the social housing waitlist is at record levels, the housing stock is aging, maintenance costs are increasing and municipal emergency shelters across Ontario are at capacity. As well, a 'missing middle' in the housing market is contributing to rising rents and aging populations face complex health-related housing needs. The people of Ontario need housing relief.

Analysis:

Ontario's municipal governments need a provincial partner willing to make sustained investments in social housing. The provincial commitment to build more homes on unused provincial land is welcome. This plan must provide Ontarians with a range of living options so residents can choose housing that works for them. Given the municipal role and experience in housing in Ontario, municipal governments are here to work with the province on housing issues.

Joint and Several Liability Reform

Background:

A tobogganing accident in a municipal park can leave property taxpayers on the hook for thousands if not millions of dollars.

Under Ontario's *Negligence Act*, municipal governments can be forced to pay 100% of damages even if the municipality is only 1% at fault for an accident resulting in an injury. This '1% rule' places a disproportionate burden on municipal governments as insurers of last resort. It also leads to municipal governments being the targets of expensive litigation and out of court settlements. Another effect of joint and several liability rules is 'liability chill' within municipal governments. To avoid liability, municipal governments scale back services offered to taxpayers.

It does not have to be this way. Proportionate liability approaches limiting municipal exposure are common in other jurisdictions, including 38 US states.

Analysis:

Premier Ford and his PC government have not commented on joint and several liability reform to help property taxpayers. By amending the *Negligence Act*, the PC government can make sure property taxpayers do not foot the bill as insurers of last resort. It would also help Ontarians by addressing municipal liability chill in service-provision.

Waste Management

- The PC government will clean up our communities by reducing garbage in neighbourhoods and parks.

Background:

The people of Ontario want clean neighborhoods and sustainable approaches to waste diversion. Recent public advocacy against the use of plastic straws demonstrates this growing trend.

Currently, municipal governments operate and fund expensive waste management systems. This is corporate welfare. Municipal governments have no control over packaging materials used in the marketplace. Producers have few incentives to reduce the amount of garbage they produce for our landfills. Without producer responsibility policies, taxpayers will continue to subsidize corporations.

Analysis:

When businesses use recyclable packaging and materials municipal governments can work with, their costs should go down. When they want to sell a tiny product in huge plastic packaging, they should pay the added costs for that. Taxpayers should not be paying more to subsidize wasteful business practices. Ontario residents need provincial leadership to implement full producer responsibility. Doing so will divert more waste from our landfills and address public demand for more sustainable practices. AMO welcomes the PC commitment to reduce garbage and waste in our communities.

Cannabis

- Premier Ford stated on 21 June that he wants to consult with municipalities, stakeholders, and his caucus before deciding whether to amend the current plan to open LCBO-style retail stores.

Background

It will be legal for all Canadians to use recreational cannabis on 17 October 2018.

AMO has been working with the Ontario and federal governments for a smooth transition to legal cannabis since the legalization of recreational cannabis was first announced. On behalf of our members, AMO entered into an agreement with the provincial government and the City of Toronto in March 2018 for a municipal share of the provincial portion of cannabis tax revenues.

This agreement includes \$40 million to help municipal governments of the first \$100 million in revenues collected by the provincial government. Any revenues collected by the Province exceeding this first \$100 million will be split 50/50 with municipal governments. The agreement also includes some cost avoidance measures to help municipal governments keep local communities safe. This funding will help Ontario's municipal governments prepare for policing, paramedic, and other enforcement expenses arising from legal cannabis implementation.

Analysis

Municipal governments are on the frontlines of legal recreational cannabis implementation. We require assurances from the Ontario government that the province will honour the Ontario-Municipal funding agreement arrived at in March 2018. Without this funding and other provincial supports, municipal governments will not have the tools necessary to work for the people of Ontario once legal cannabis is available in our communities. To enforce the new law, respond to residents' concerns and keep communities safe, we need these resources so that we can do our local work properly.

In the long term, municipal governments need a provincial partner to help make sure cannabis legalization is successful for our communities. This includes broadening the legal cannabis industry in Ontario once it has stabilized so that the people of this province can benefit from local cannabis economic development opportunities, including private storefronts and consumption venues.

Municipal governments will also need to work to protect Ontario's youth. Young Canadians use cannabis more than youths in other countries. While measures to control access are helpful, the approach that would work best for Ontario's youth, their parents and their communities is skills-building programming aimed at preventing local substance abuse.

We look forward to discussing approaches to cannabis legalization that work for Ontario's youth and local communities with the new provincial government.