

August 2024

Social and Economic Prosperity Review

AMO Position

- The current provincial-municipal funding framework is broken. Municipalities are struggling to deliver essential services and infrastructure that Ontarians depend on, and which form the foundation of Ontario's social and economic prosperity.
- AMO continues to call on the provincial government to commit to a joint Social and Economic Prosperity Review that includes a examines provincial and municipal revenues, costs and financial risks, and infrastructure needs.
- We need a comprehensive review to make progress on the issues people care about most, including housing, healthcare, cost of living and public safety.
- All three opposition leaders recognize the need for a comprehensive review of provincial-municipal fiscal arrangements and have committed to a new deal for municipalities if elected in the next provincial election.

Context

Government services should be more effective and affordable for taxpayers

- Ontario's municipalities are facing increasingly complex challenges, such as tackling homelessness and climate change, without the appropriate financial tools to solve them.
- Municipalities in Ontario are responsible for services that are typically provincial jurisdiction in other provinces. Provincial contributions only offset part of these costs.
- Provincial and municipal services don't operate in a vacuum.
- When public health, long-term care, and ambulance funding cannot keep pace with need, Ontarians see the impact in hospitals across the province.
- Furthermore, when the province doesn't invest in services for mental health, addictions and homelessness, it puts property tax-funded police resources under strain.
- Trying to fill gaps in areas of provincial responsibilities takes away from municipalities' ability to build the infrastructure to support housing.
- Municipalities depend largely on property tax revenues, which unlike income or sales tax, do not grow with the economy or inflation.

Key Facts

- Municipal funding outpaced provincial contributions by almost \$4 billion – a figure that is expected to grow in future years. (2022)
- Over the next 10 years, municipalities are planning for more than \$250 billion in capital expenditures – with around \$100 billion related to growth.
- Ontario has the second highest property taxes in Canada, and they have continued to rise in 2024 as municipalities deal with inflation growth and issues like homelessness.
- The Government of Ontario's per capita spending is the lowest in Canada, more than \$2,000 per person below the national average.

(more)

- Continually raising property taxes is not an option. Property taxpayers, including people on fixed incomes and small businesses, cannot afford to pay more to subsidize social programs.
- While the provincial government has made piecemeal municipal funding reforms, we need a comprehensive, province-wide conversation across public sector services.
- Nearly 150 municipalities have passed a resolution supporting the Social and Economic Prosperity Review.

Other Resources and Reports

- [Call to Action: Social and Economic Prosperity Review](#)

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