



AMO-Ontario Social and Economic Prosperity Review

ROMA Annual Conference

January 23, 2024



Municipalities are key partners in Ontario's prosperity

Municipalities provide critical services that are central to Ontario's economic competitiveness and quality of life.

\$64 billion

In annual investments

\$484 billion

Value of infrastructure owned and operated for the public

Municipalities deliver economic, health and social services that residents and businesses rely on each day

- ✓ Ambulance
- ✓ Animal Control Enforcement
- ✓ Arts and Culture
- ✓ Childcare
- ✓ Economic Development
- ✓ Fire Services

- ✓ Garbage and Recycling
- ✓ Electric Utilities
- ✓ Libraries
- ✓ Long-Term Care
- ✓ Local Roads
- ✓ Parks and Recreations
- ✓ Public Transit

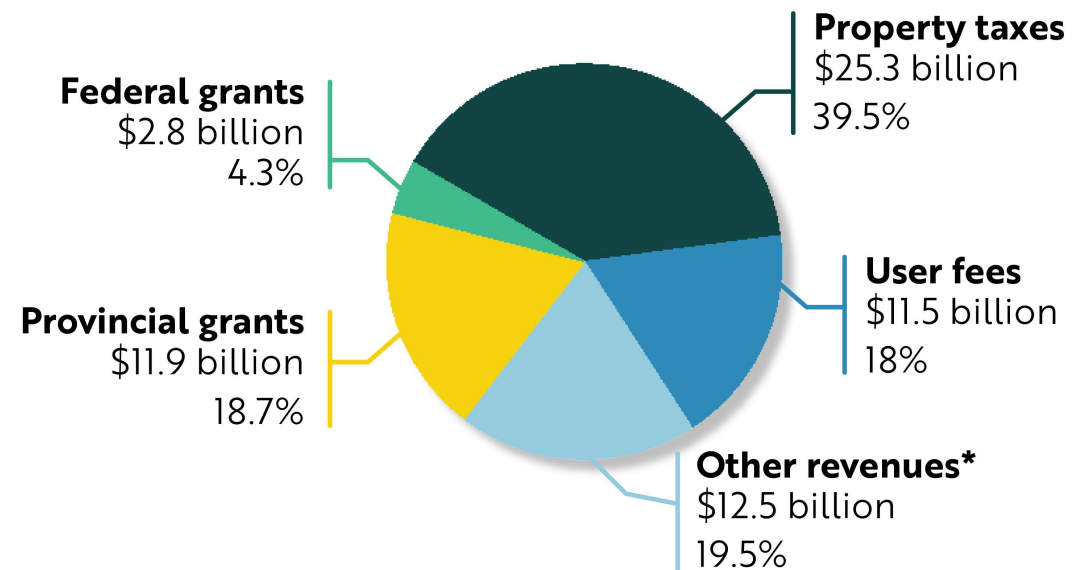
- ✓ Planning
- ✓ Policing
- ✓ Property Assessment
- ✓ Public Health
- ✓ Snow Removal
- ✓ Social Housing
- ✓ Water and Wastewater

The Municipal fiscal framework is broken

Long-standing structural problems have combined with growth pressures, economic factors and provincial policy decisions to push municipalities to the brink.

- Municipal revenue does not grow with the economy or inflation.
- Annual inflation in 2022 was 6.8%.

Municipal Revenue Sources

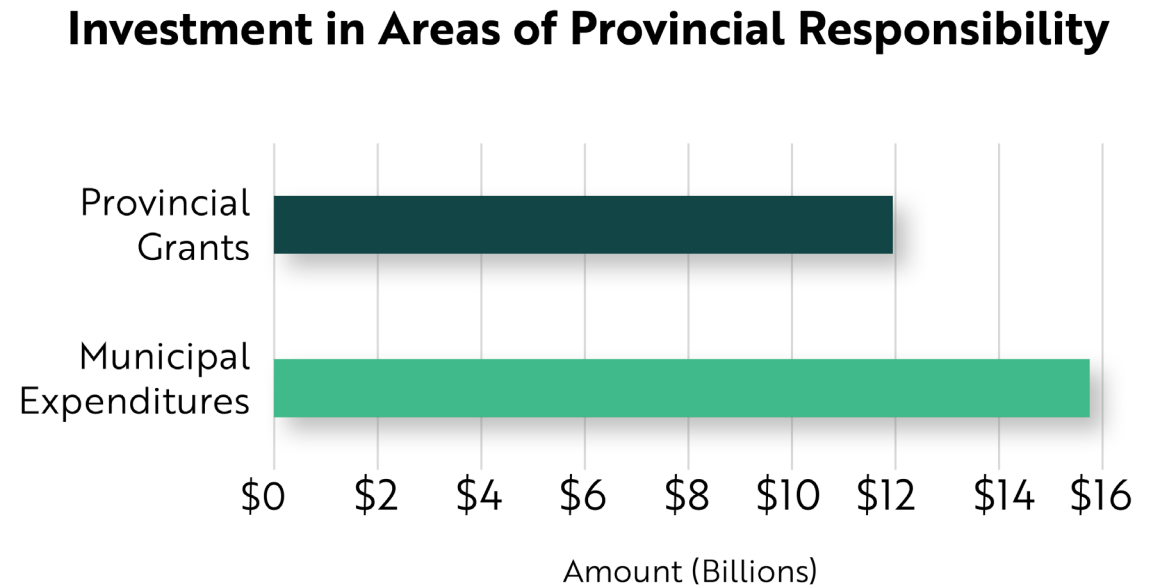


*includes development charges, licenses, permits, rents, investment income, etc.

Municipalities subsidize the province

Municipalities invest **\$64 billion** in each year in services and infrastructure. Almost one third of annual expenditures pay for services that are provincial responsibilities everywhere else in Canada.

- The provincial government offsets municipal investments in housing, health and social services, but only in part.
- In 2022, municipal expenditures in these areas outpaced provincial grants by **\$3.8 billion**.
- Doesn't include **\$400 million** in hospital capital for which communities are on the hook.



Growth requires investment

- Building 1.5 million homes by 2031 depends on building essential municipal infrastructure, and the public investment to support it.
- Ontario's municipalities are planning for capital expenditures of **\$250 - \$290 billion** over the next 10 years.
 - Around **\$100 billion** of this is growth related.

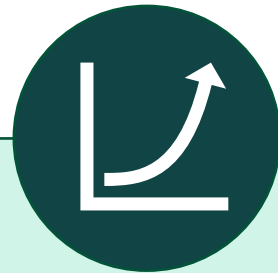


Municipalities can't fix the provincial social safety net

Municipalities have been asked to take on increasingly complex social challenges.



There are now nearly **1,400 homeless encampments** in municipalities across Ontario.



In the last five years, municipal expenditures on homelessness have **increased by 200%**.



Municipalities spend **\$1 billion** per year on community housing just to maintain current stock.

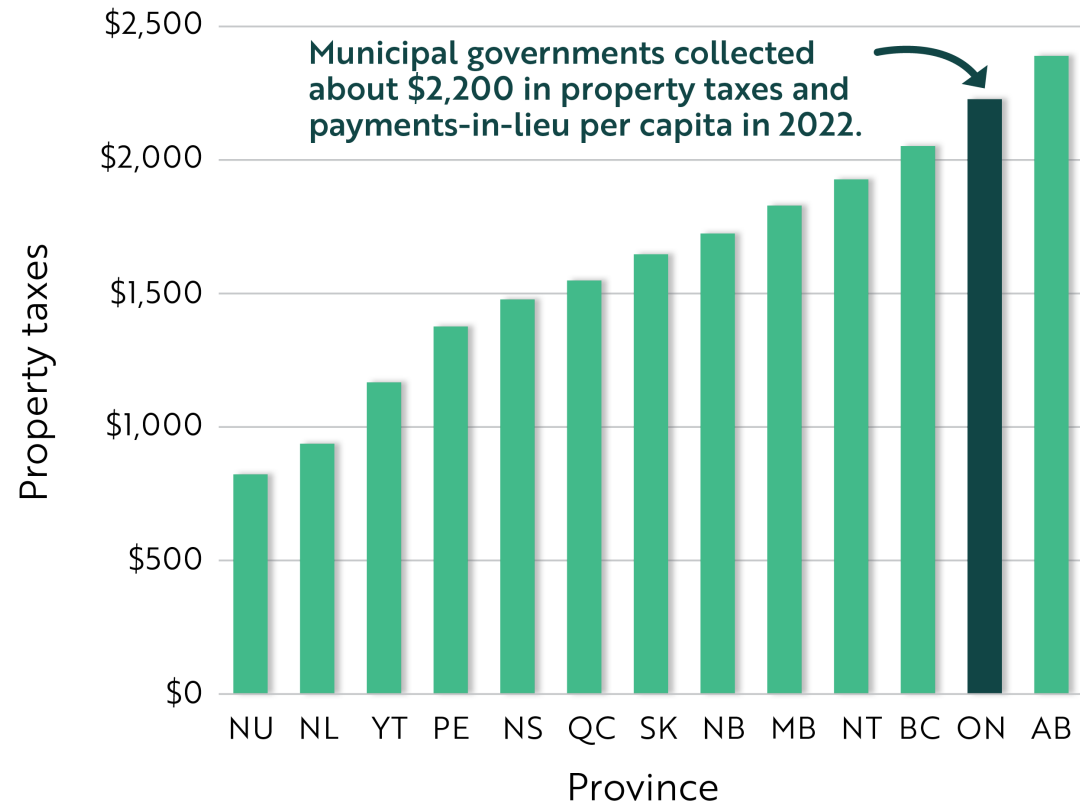


140,000 new community housing units are needed to bring Ontario in line with the OECD average.

Property taxpayers can't afford to pay for more

Property taxes weren't built to fund systemic social change.

Tax Rates Across Canada

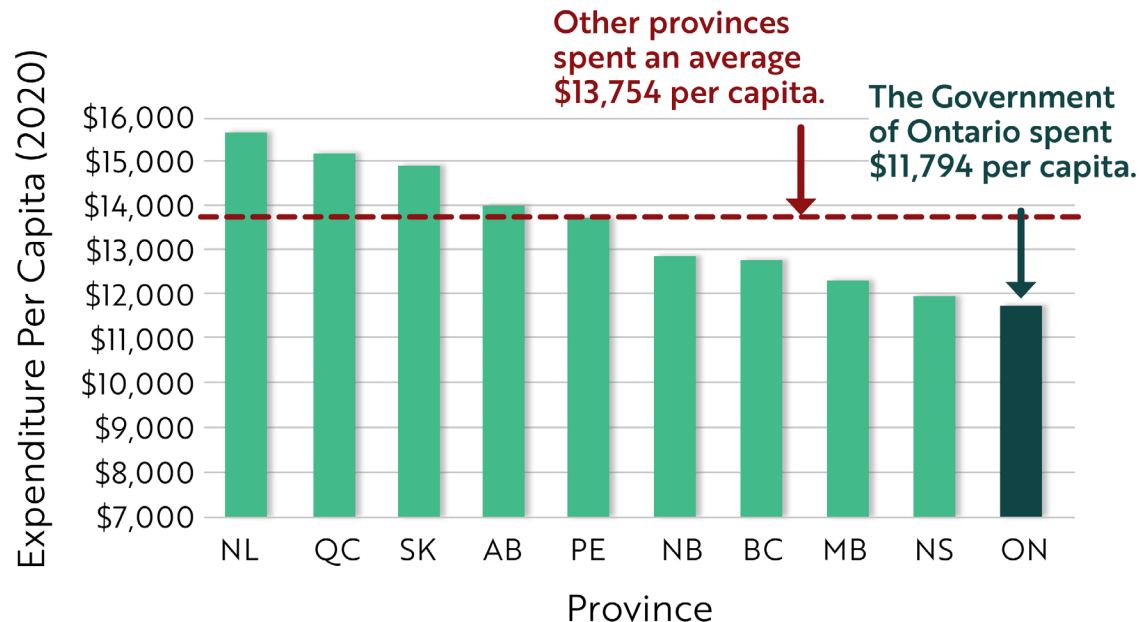


- As of 2021, Ontario's property taxes were already the **second highest in Canada**.
- In 2024 and beyond, many municipalities will be forced to raise property taxes at a time when many can least afford it.

Ontario has been under-investing in programs for years

Ontario's per capita spending is already the lowest in Canada.

Provincial Spending Per Capita Across Canada



- Ontario needs to spend about **\$2,000 more per capita** to catch up with the national average.
- Real per capita **spending in post-secondary education, children and social services, and education have all declined** by more than 10% since 2018.

The province can afford to invest more in Ontario's communities

Despite projected deficits, Ontario's fiscal fundamentals remain strong.



Deficit, debt-to-GDP ratio and percent of revenues going to interest payments are all at 10-year lows.

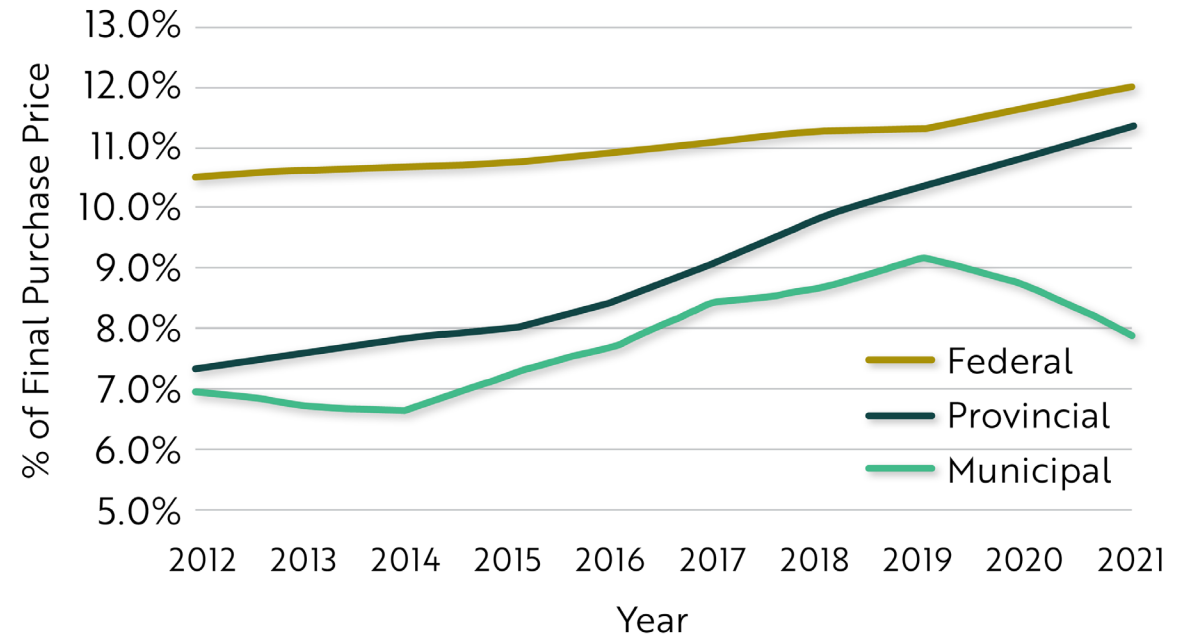


The province has benefitted from strong year-over-year revenue growth driven by inflation and better than anticipated economic output.

The province continues to benefit from housing market growth

- The provincial government's share of the purchase price of a new home has **increased 55% in the last 10 years.**
- In 2022, the province collected **\$4.48 billion in Land Transfer Tax alone.**

Total Government Taxes in New Build Purchase Price



Source: Canadian Centre for Economic Analysis, *An Uncomfortable Contradiction: Taxation of Ontario Housing*, April 2023



**We can work together to
build a better Ontario.**

A Social and Economic Prosperity Review

Work with us.

AMO is asking the Government of Ontario to sit down with municipalities and work together on a joint review of revenues, costs and financial risks, including a detailed analysis of Ontario's infrastructure investment and service delivery needs.

We need your help

- We are asking the municipal community to connect with residents, businesses, community partners, local MPPs and the Premier to explain the problem and proposed solutions.
- Over the next month, AMO is asking all members to work toward securing provincial commitment to a social and economic prosperity review as part of its spring budget.
- What can I do?
 - ✓ Pass a Council resolution
 - ✓ Work with local media to highlight the need for a review
 - ✓ Write to or meet with local MPPs
 - ✓ Ensure your community is aware of this challenge



Thank you.

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