



# **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

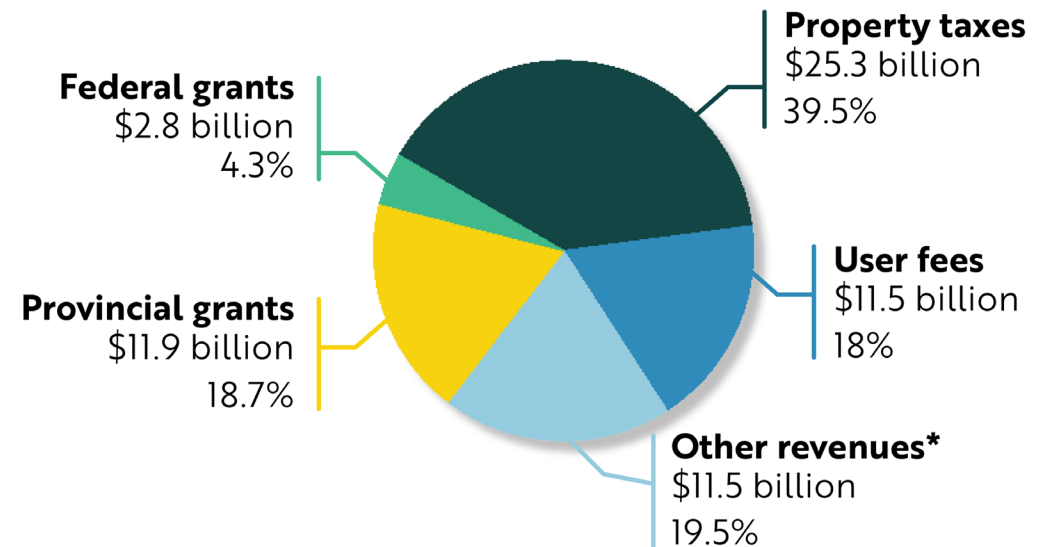
- ✓ Planning
- ✓ Policing
- ✓ Property Assessment
- ✓ Public Health
- ✓ Snow Removal
- ✓ Social Housing
- ✓ Water and Wastewater

# 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**

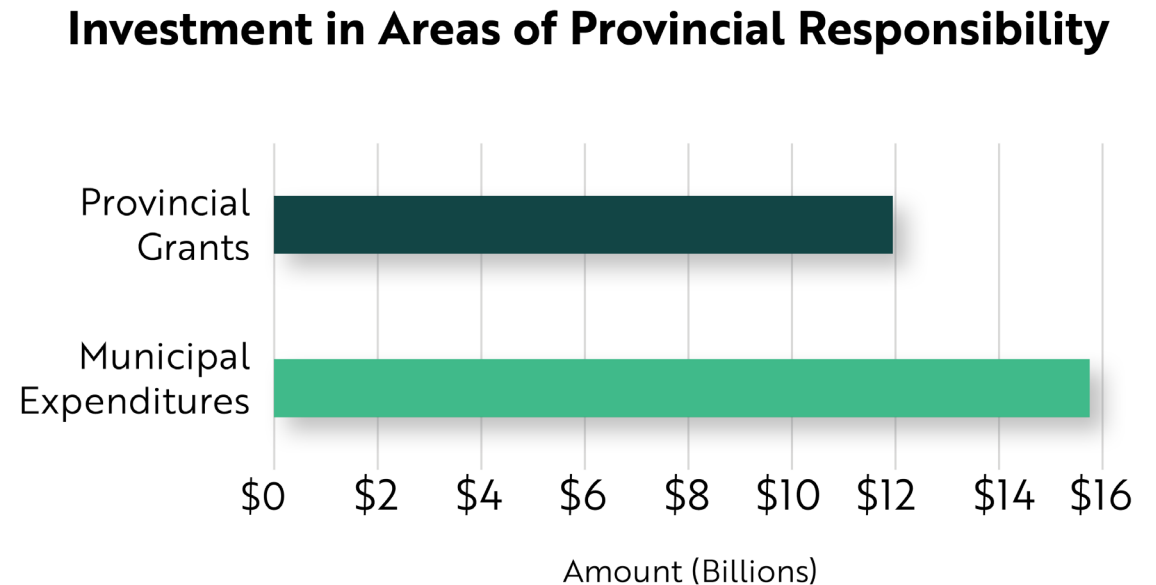


\*includes development charges, licenses, permits, rents, investment income, etc.

# 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.

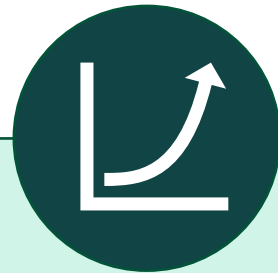


# Municipalities can't fix the provincial social safety net

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.

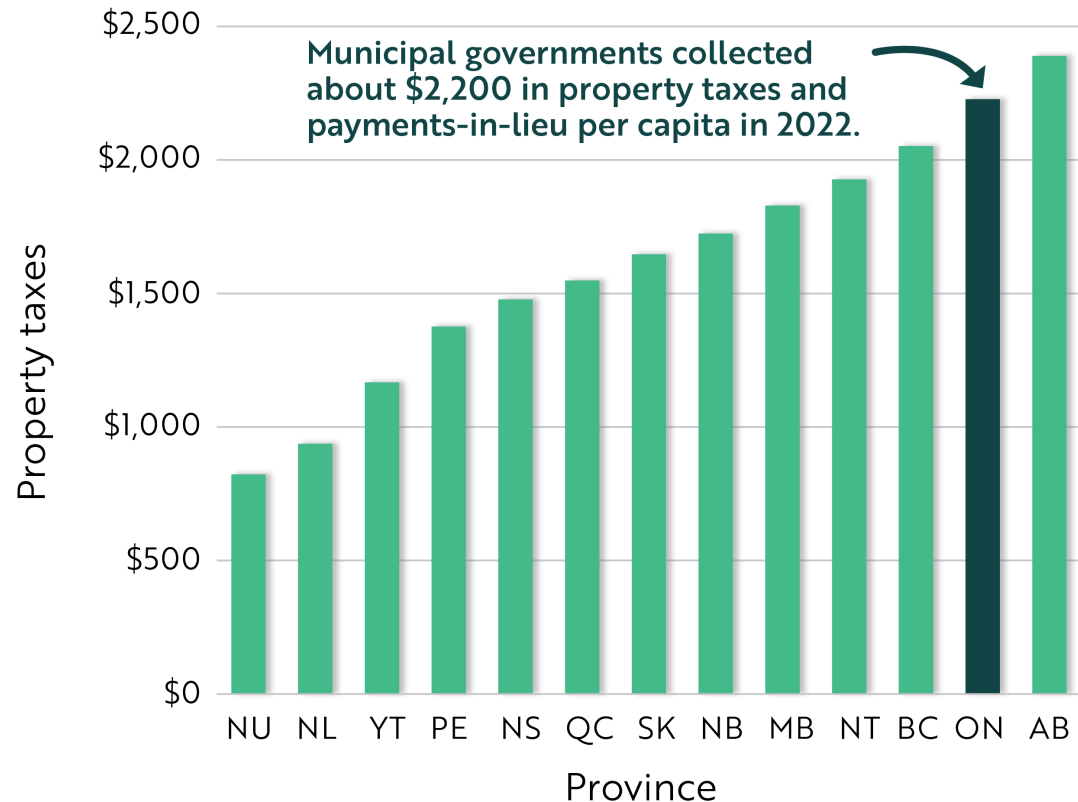


**140,000** new community housing units are needed to bring Ontario in line with the OECD average.

# Property taxpayers can't afford to pay for more

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

## Tax Rates Across Canada



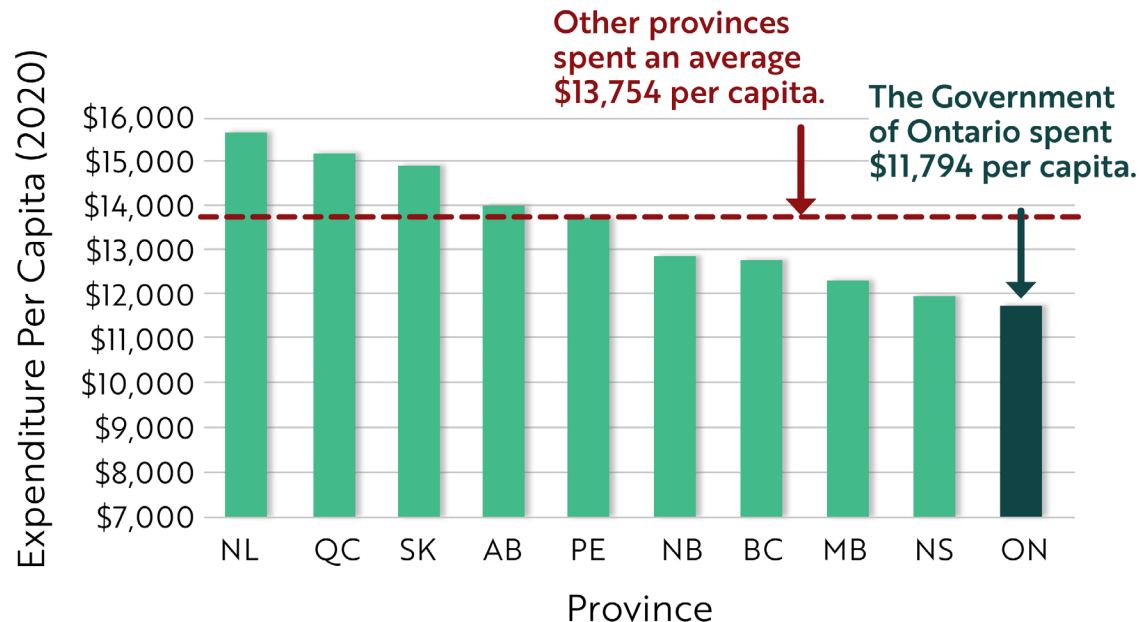
- As of 2021, Ontario's property taxes were already the **second highest in Canada**.
- In 2024 and beyond, many municipalities will be forced to raise property taxes at a time when many can least afford it.



# 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.

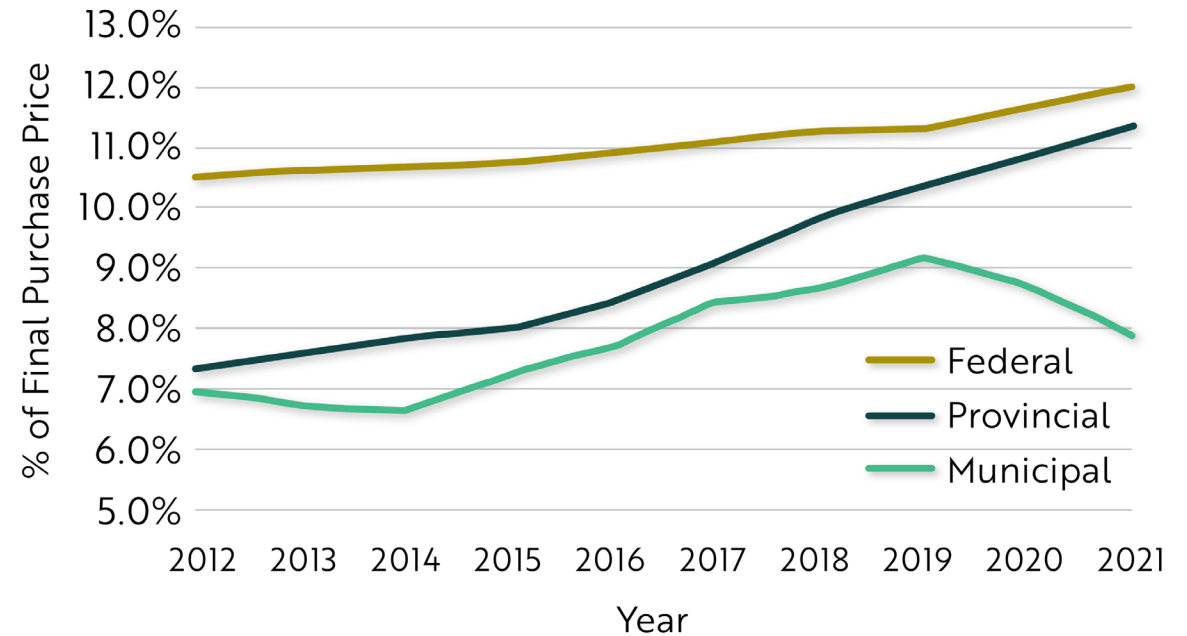


The province has benefitted from strong year-over-year revenue growth driven by inflation and better than anticipated economic output.

# 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.

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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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