


Sent by Email

January 30, 2024

The Honourable Premier Doug Ford  
Legislative Building, Queen's Park  
Room 281  
Toronto, ON M7A 1A1  
[premier@ontario.ca](mailto:premier@ontario.ca)

Subject: Corr. 03-24  
The Association of Municipalities of Ontario (AMO)  
Re: Policy Update – Social and Economic Prosperity Review

 Corporate Services Department Legislative Services Division	
Date & Time Received:	January 30, 2024 2:33 pm
Original To:	CIP
Copies To:	
Take Appropriate Action	<input type="checkbox"/> File <input type="checkbox"/>
Notes/Comments:	

The Council of The Corporation of the City of Pickering considered the above matter at a Meeting held on January 22, 2024 and adopted the following resolution:

1. That Corr. 03-24, from The Association of Municipalities of Ontario (AMO), dated January 10, 2024, regarding a Social and Economic Prosperity Review be received; and,
2. That The Honourable Doug Ford, Premier of Ontario, be advised that the City of Pickering, at its meeting held on January 22, 2024 adopted the following:

Whereas current provincial-municipal fiscal arrangements are undermining Ontario's economic prosperity and quality of life;

And Whereas nearly a third of municipal spending in Ontario is for services in areas of provincial responsibility and expenditures are outpacing provincial contributions by nearly \$4 billion a year;

And Whereas municipal revenues, such as property taxes, do not grow with the economy or inflation;

And Whereas unprecedented population and housing growth will require significant investments in municipal infrastructure;

And Whereas municipalities are being asked to take on complex health and social challenges – like homelessness, supporting asylum seekers and addressing the mental health and addictions crises;

And Whereas inflation, rising interest rates, and provincial policy decisions are sharply constraining municipal fiscal capacity;

And Whereas property taxpayers – including people on fixed incomes and small businesses – can't afford to subsidize income re-distribution programs for those most in need;

And Whereas the province can, and should, invest more in the prosperity of communities;

And Whereas municipalities and the provincial government have a strong history of collaboration;

Now therefore be it resolved that The Corporation of the City of Pickering calls on the Province of Ontario to commit to undertaking with the Association of Municipalities of Ontario, a comprehensive social and economic prosperity review to promote the stability and sustainability of municipal finances across Ontario; and,

3. That a copy of this resolution be sent to the Honourable Paul Calandra, Minister of Municipal Affairs and Housing, the Association of Municipalities of Ontario (AMO), the Region of Durham and all lower tier Durham Region municipalities.

A copy of the original correspondence is attached for your reference.

Should you require further information, please do not hesitate to contact the undersigned at 905.420.4660, extension 2019.

Yours truly,



Susan Cassel  
City Clerk

Encl.

SC:am

Copy: The Honourable Paul Calandra, Minister of Municipal Affairs and Housing;  
The Association of Municipalities of Ontario (AMO);  
Alexander Harras, Regional Clerk, Director of Legislative Services, Region of

Durham

Nicole Cooper, Director of Legislative & Information Services, Town of Ajax;

June Gallagher, Municipal Clerk, Municipality of Clarington;

Chris Harris, Clerk, Town of Whitby;

Fernando Lamanna, Clerk, Township of Brock;

Debbie Leroux, Clerk, Township of Uxbridge;

Mary Medeiros, City Clerk, City of Oshawa;

Ralph Walton Interim, City Clerk, Township of Scugog;

Chief Administrative Officer



## POLICY UPDATE

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### Policy Update – Social and Economic Prosperity Review

Yesterday, [AMO presented](#) to the Standing Committee on Finance and Economic Affairs outlining our recommendations for the provincial 2024 budget. AMO highlighted how the current provincial-municipal fiscal arrangements are undermining the social and economic prosperity of Ontario. We are asking the provincial government to sit down with municipalities and work together on a social and economic prosperity review: a joint review of revenues, costs and financial risks and a detailed analysis of Ontario's infrastructure investment and service delivery needs.

We need *your* help.

Municipal councils are encouraged to support AMO's ongoing advocacy efforts by:

- Highlighting the challenges municipalities are facing and the need for this review during delegations at the upcoming ROMA conference in January, meetings with local MPPs, and your communities, using key messages included in [AMO's pre-budget backgrounder](#)
- Passing a [council resolution](#) at your next meeting, calling on the province to commit to this review in its upcoming provincial budget
- Sharing your support with local media channels using our [news release template](#)
- Meeting with or writing to local MPPs ([sample wording](#)) in advance of provincial budget

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\*Disclaimer: The Association of Municipalities of Ontario (AMO) is unable to provide any warranty regarding the accuracy or completeness of third-party submissions. Distribution of these items does not imply an endorsement of the views, information or services mentioned.

Association of Municipalities of Ontario

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**Remarks by:  
Brian Rosborough, Executive Director,  
Association of Municipalities of Ontario**

**January 9, 2024**

**(Check Against Delivery)**

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My name is Brian Rosborough. I am the Executive Director of the Association of Municipalities of Ontario.

I am joined by my colleague Lindsay Jones, AMO's Director of Policy and Government Relations.

Thank-you for the opportunity to join you this evening.

In October 2023, AMO called on the Premier to agree to working together to update the provincial-municipal partnership.

Current provincial-municipal fiscal arrangements undermine the social and economic prosperity of Ontario.

AMO is outlining this expectation as a part of the upcoming spring budget.

We are asking the Government to agree to sit down with municipalities and work together to build a better Ontario.

Ontarians expect orders of government to work together effectively, and to respect taxpayers.

Municipal councils are concerned about how much more can be raised through property tax and user fee increases.

That's what is required in the face of the increasingly complex challenges of providing the services and infrastructure needed for a thriving provincial economy.

Ontario's municipalities are critical to the provincial economy and quality of life across this province.

They provide the services that residents and businesses rely on most.

Municipal governments invest revenues of over \$60 billion annually in key public services and infrastructure.

These investments in Ontario are equivalent to roughly one third of the annual provincial spending plan.

Municipalities respond to changing social and economic pressures.



They deliver programs and services that support residents at all ages and stages of life, including:

- public health,
- long-term care,
- childcare
- all emergency services, and
- much more.

They also own and operate more infrastructure for the benefit of the public than the provincial and federal governments – with a total value of nearly half a trillion dollars.

Municipal investments in services and infrastructure drive growth and build the communities that make this province:

- a great place to live, and
- a great destination for people and investment.

Municipal revenues do not grow with the economy or inflation. Limited federal and provincial grants to municipalities don't grow with inflation either.

As of 2021, property taxes in Ontario were already amongst the highest in the country at \$2,200 per capita.

In 2024, many municipalities will need to significantly increase property taxes to address a “perfect storm” of factors, including:

- growth pressures,
- inflation, and
- recent policy decisions that have pushed municipalities to the brink.

Ontario’s municipalities pay for services that typically fall under provincial jurisdiction in other provinces, including health, housing, and social services.

In 2022, municipal expenditures in these areas outpaced provincial grants by nearly \$4 billion.

The financial tools available to municipalities were never intended to support health programs and income redistribution.

The result we all see in our communities is unmet needs that undermine Ontario's social and economic prosperity.

Ontario is growing. To support growth, municipalities are committed to doing everything they can to help the province build 1.5 million homes by 2031.

Municipalities are accountable for housing-enabling infrastructure. They make critical decisions that can unlock housing and meet the demands of Ontario's growing population.

Meeting this ambitious target will require significant investments in essential municipal infrastructure.

And they need a strong partner in the Government of Ontario to ensure the policy levers - and the funding - are available to plan, finance, and construct the necessary infrastructure to support growth across the province.

AMO, and our more than 400 members, believe that the foundation of our collective prosperity lies in strong partnerships between municipal governments and the Government of Ontario.

Municipalities and the provincial government have a strong history of collaboration.

Most recently, this was demonstrated throughout the COVID-19 pandemic. This partnership saved lives and safeguarded the economy during unprecedented times.

In 2008, the province and municipalities engaged in the Provincial-Municipal Fiscal and Service Delivery Review to develop a shared vision to help rebalance roles, responsibilities, and finances.

The result of that review is \$2 billion a year of municipal revenues funding municipal infrastructure rather than provincial social assistance programs.

15 years later, the time for another discussion about the fiscal partnership is long overdue.

That's why AMO is calling on the provincial government to commit to a social and economic prosperity review as

a part of the upcoming budget, including:

- a joint review of revenues, costs, and financial risks,  
and
- a detailed analysis of Ontario's infrastructure  
investment and service delivery needs.

We believe the time is right for a province-wide conversation where municipalities and the province come together to re-establish the stability and sustainability of municipal finances province-wide.

Working together, we can build a better Ontario.



# AMO Social and Economic Prosperity Review

## New realities demand a new approach to the provincial-municipal fiscal relationship

- Municipalities provide critical services that are central to Ontario's economy and quality of life, investing more than \$60B annually in important public services and infrastructure.
- The fiscal framework that enables municipalities to deliver infrastructure and services is broken – failing residents, small businesses and major industries.
- Long-standing structural problems have combined with growth pressures, economic factors, social challenges and provincial policy decisions to push municipalities to the brink.
- Last adjusted in 2008, a review of provincial-municipal financial arrangements is long overdue.
- AMO calls on Premier Ford to do what taxpayers expect – work together with municipal governments to modernize this partnership and build a solid foundation for economic growth and quality of life.

## The municipal fiscal framework is compromising Ontario's economic and social prosperity

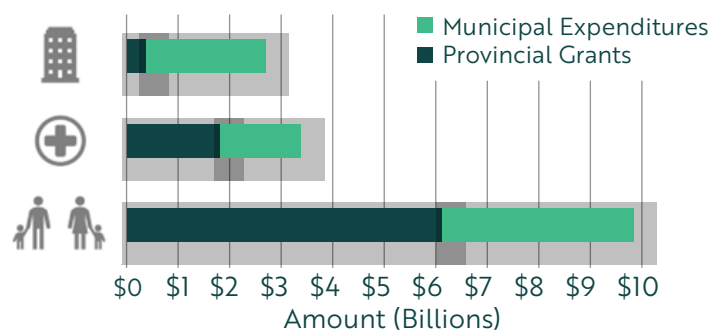
### Municipal revenues do not grow with the economy or inflation

- Municipalities rely heavily on property taxes, which do not grow with the economy or inflation.
- In 2022, annual average inflation rate was 6.8% – leaving municipalities to contend with increased wages, construction costs, and interest rates without corresponding growth in revenue.
- Federal and provincial governments saw record revenue growth in 2022 driven by inflation and economic activity, with no inflation adjustments to most municipal grants such as the Ontario Municipal Partnership Fund (OMPF).

### Municipal property taxes subsidize the provincial treasury by almost \$4 billion a year

- Nearly a third of municipal spending in Ontario is for services in areas of provincial responsibility – such as social housing, long-term care, public health, childcare and social services.
- Municipalities in Ontario provide services that typically fall under provincial jurisdiction in other provinces. **Provincial contributions offset these costs – but only in part.**
- In 2022, municipal expenditures in these areas outpaced provincial contributions by almost \$4 billion – a figure that is expected to grow in future years.
- This figure is not exhaustive, as the province continues to download costs in other areas.

For example, AMO estimates that municipalities and property taxpayers are currently on the hook for more than \$400 million in hospital capital and equipment costs that should rightfully be funded by the provincial treasury.



## Current fiscal arrangements undermine municipalities' ability to invest in infrastructure

- Municipalities own and operate more public infrastructure than the provincial and federal governments – valued at nearly half a trillion dollars.
- The ambitious goal of 1.5 million new homes by 2031 depends on building essential municipal infrastructure and the public investment to support it.
- Bill 23 resulted in municipalities' having \$1 billion less to fund growth.
- Maintaining current assets in the face of climate change also brings growing costs. In 2021, the Financial Accountability Office estimated that the cost to bring existing municipal assets to a state of good repair was approximately \$52 billion.

## Property taxpayers, including small business owners and seniors on fixed incomes, can't afford to pay for provincial costs

- Increasingly, municipalities are being asked to take on complex health and social challenges – like homelessness, supporting asylum seekers and addressing the mental health and addictions crises.
- Ontario's property taxes are already the second highest in the country.
- The property tax base was never meant to support income re-distribution.

## Partners in prosperity: the province can invest more in Ontario's prosperity

### Despite strong fiscal fundamentals, Ontario has underinvested for decades

- Ontario's spending per capita is the lowest in Canada at **\$11,974**
- Real per capita spending in children's and social services, education and post-secondary schools have all **declined by over 10%** since 2018
- Provincial deficit, debt-to-GDP ratios and the percent of revenues going towards interest payments are all at **10-year lows**.

- The Province is a key beneficiary of housing market.

- » Provincial government's share of the purchase price of a new home has climbed steeply over the past 10 years – **increasing by 55%** compared to local governments' 13%.

- » The housing market delivers the Ontario Government **\$4.4 billion** a year in Land Transfer Tax, in addition to HST collected on new houses.

## A social and economic prosperity review

### Ontarians expect their elected officials to work together effectively and respect their tax dollars.

We believe the time is right for a province-wide conversation where municipalities and the province come together to promote the stability and sustainability of municipal finances province-wide.

AMO is calling on the provincial government to commit to this review as part of the upcoming budget, with a view to developing a consensus report with recommendations by 2025.

Working together, we can build a better Ontario.

## **Draft Resolution**

WHEREAS current provincial-municipal fiscal arrangements are undermining Ontario's economic prosperity and quality of life

WHEREAS nearly a third of municipal spending in Ontario is for services in areas of provincial responsibility and expenditures are outpacing provincial contributions by nearly \$4 billion a year

WHEREAS municipal revenues, such as property taxes, do not grow with the economy or inflation

WHEREAS unprecedented population and housing growth will require significant investments in municipal infrastructure

WHEREAS municipalities are being asked to take on complex health and social challenges – like homelessness, supporting asylum seekers and addressing the mental health and addictions crises

WHEREAS inflation, rising interest rates, and provincial policy decisions are sharply constraining municipal fiscal capacity

WHEREAS property taxpayers – including people on fixed incomes and small businesses – can't afford to subsidize income re-distribution programs for those most in need

WHEREAS the province can, and should, invest more in the prosperity of communities

WHEREAS municipalities and the provincial government have a strong history of collaboration

THEREFORE, BE IT RESOLVED THAT the Province of Ontario commit to undertaking with the Association of Municipalities of Ontario a comprehensive social and economic prosperity review to promote the stability and sustainability of municipal finances across Ontario.

## NEWS RELEASE

### **A more prosperous Ontario demands a modern provincial-municipal fiscal partnership**

[Date], 2024 – [MUNICIPALITY] joins the Association of Municipalities of Ontario (AMO) in calling on the province to commit to reviewing the provincial-municipal fiscal framework as part of the upcoming provincial budget.

In early January, AMO, a non-profit organization representing almost all of Ontario's 444 municipal governments, highlighted the need for a Social and Economic Prosperity Review as part of its Pre-Budget Submission to the Standing Committee on Finance and Economic Affairs.

Municipalities provide infrastructure and critical services that are central to Ontario's economic prosperity and quality of life, investing more than \$60 billion annually in communities. The fiscal framework that municipalities rely on to deliver infrastructure and services is broken – failing residents, small businesses and major industries. Unlike the province, municipal revenues do not grow with the economy or inflation. New realities, including the pressures of growth, economic factors like inflation and interest rates, social challenges, and provincial policy decisions are pushing municipalities to the brink.

[MUNICIPALITY] joins AMO in calling on Premier Ford to do what taxpayers expect – work together with municipal governments to modernize this partnership and build a solid foundation for economic and social prosperity that is fair and affordable for taxpayers.

**INSERT: supportive quote from MAYOR/REEVE.**

Last adjusted in 2008, a review of provincial-municipal financial arrangements is long overdue. Municipalities continue to subsidize the provincial treasury by almost \$4 billion each year by paying for provincial responsibilities such as social housing, long-term care, public health, childcare and social services. Ontario's property taxes are already the second highest in the country, while provincial spending per capita is the lowest in Canada. Property taxpayers, including small business owners and seniors on fixed incomes, can't afford to keep paying provincial costs.

As Ontario grows, major investment in essential municipal infrastructure is required to achieve the province's ambitious target of building 1.5 million new homes by 2031. However, Bill 23 created a \$1 billion annual hole in municipalities' ability to fund this foundational new infrastructure that will help our province grow.

Ontario's provincial and municipal governments have a strong history of collaboration. [MUNICIPALITY] and AMO believe the time is right for a province-wide conversation where municipalities and the province come together to promote the stability and sustainability of municipal finances province-wide.

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#### **Quote from AMO President Colin Best:**

"Ontarians expect governments to work together and respect tax dollars. Local governments need help to address affordability, invest in infrastructure and the economy, and tackle social challenges like increasing homelessness. Working together, AMO believes that the province and municipalities can build a better Ontario."

Dear Member of the Legislature,

In October 2023, the Association of Municipalities of Ontario (AMO) called on the Premier to agree to an update of the provincial-municipal partnership by conducting a social and economic prosperity review: a joint review of revenues, costs and financial risks and a detailed analysis of Ontario's infrastructure investment and service delivery needs.

As you know, Ontario's municipal governments provide critical services that residents rely on most every day. The ability to provide these services depends on a fiscal framework that enables municipalities to balance revenues and expenditures responsibly and fairly, reflecting local circumstances and priorities.

Municipalities across Ontario are also facing increasingly complex challenges, such as tackling homelessness and climate change, without the financial tools to solve them. In 2022, municipal expenditures outpaced provincial contributions by nearly \$4 billion in areas of provincial responsibility including social housing, long-term care, land ambulance, social services, and childcare.

This current arrangement makes it impossible for municipalities to invest in the infrastructure needed to support housing and economic growth, or to prepare for the impacts of climate change. Property taxpayers, including small business owners and seniors on fixed incomes, can't afford to pay for the province's affordability and homelessness crisis.

Taxpayers expect governments to work together to solve problems.

We urge you to engage with your colleagues in the legislature to urge the Government of Ontario to conduct this critical review.

Sincerely,