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Subject: FW: AMO Breaking News - 2015 Pre-Budget Submission Outline
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AMO's 2015 Pre-Budget Submission Outline

The Ontario Legislature's Standing Committee on Finance and Economic Affairs will be meeting to conduct Pre-Budget consultations in late January. AMO has asked to make an oral presentation to the Committee in addition to making a written submission. Any municipality wishing to make written submissions has until **5:00 p.m. on Friday, January 30, 2015** to write to the Clerk of the Committee. Contact details are below. AMO is also expecting to meet with the Minister of Finance and other key Ministers on our budget advice.

Below is a general outline of AMO's 2015 Pre-Budget Submission.

Context and General Themes:

- Provincial and municipal governments share an interest in long-term financial sustainability.
- The Province is focused on reducing its deficit and expects all sectors to be a part of its resolution (e.g. health, education, municipal). Municipalities understand the concerns with the provincial deficit and debt and related ancillary impacts.
- Sustainability for municipal governments will not happen if the Province decides to move costs to the local level in the short or long term, either deliberately or by avoidance. Local pressure builds when the Province stops programs that the public needs or have become the norm over time.
- Municipalities are united with the provincial government on seeking additional assistance from the federal government for municipal infrastructure and housing.
- Healthy municipal governments and local economies are essential to a healthy Ontario economy. Efforts to build prosperity at a local level start with a stable property assessment and property taxation system and their integrity needs to be reinforced.
- There are plenty of opportunities for the Province to assist municipal governments in critical areas at no cost to the provincial treasury.

We must begin to look forward and consider what the future looks like for Ontario communities. A healthy future for municipal governments in this province will include among other matters, the following:

1. **The Province, in concert with municipal government, undertaking a cumulative impact analysis of municipal fiscal health.** We need to answer these questions: what provincial actions have affected the budgets of municipal governments, which parts of the sector are most affected, how will any negative impacts be mitigated? The upload of some provincial programs has been helpful to some parts of the province but others have had greater challenges in adjusting to decrease in the OMPF, including the accelerated OMPF reductions for 2015. At the same time, many municipalities are dealing with significant reductions in assessment for specific industrial property types and land uses.
2. **Streamline responsibilities between the municipal and provincial orders of government with clearer and simpler lines of accountability.** One of the matters that the Drummond Report highlighted was the amount of provincial oversight and municipal reporting that is required but often not usefully analysed. One municipality tallied the reports it provides to the Province on a yearly basis. It submits the following to provincial ministries: 96 monthly reports, 100 quarterly reports, 6 semi-annual reports and 68 annual reports. This is a subtotal of 270 reports annually, plus an additional 16 audited statements, plus the annual Financial Information Return. The total tally: 287 reports. That's more than one for every single workday in the year. From AMO's perspective, there is plenty of room to simplify reporting requirements while

maintaining accountability and improving the coordination of these activities in a streamlined way.

Aligning responsibilities with resources is a key accountability consideration which should be reviewed. Too often municipal governments are footing the bill yet lack the levers to control cost. How do we bring greater cost containment to local bodies, consistent with provincial and local fiscal frameworks? This is a question without an immediate answer.

3. **Action is needed on police and emergency service costs.** The Province needs to modernize the standards and the delivery of these services. This includes the legislative framework and labour relations. The annual salary increases for police officers and fire fighters are roughly three times the rate of inflation. This is not sustainable. Police officer and fire fighters do important work and are well compensated; but these ever-increasing costs are challenging municipalities to be able to provide for the full range of programs and services that keep a community safe. In addition, AMO is advocating for legislative changes that would end union interference in the off-duty volunteer firefighting activities of Ontario's firefighters.
4. **Infrastructure and housing investment is a top municipal priority.** The permanent \$100 million Ontario Community Infrastructure Fund is a welcome addition to help support critical infrastructure in Ontario's smaller communities. Over time, AMO expects that the government will honour its commitment to increase funding and move to a full formula allocation. Larger municipalities are also expecting funding from the Provincial-Territorial Infrastructure component of the Building Canada Fund. AMO is urging an open process for municipal applications for these dollars.

The provincial and federal governments have renewed the Investment in Affordable Housing agreement for a further five years. While this is welcome, the short-term, time-limited nature of provincial and federal funding makes it difficult for municipalities to develop and implement long-term housing plans. Permanent and enhanced funding programs for housing are greatly needed.

Generally, we have known since the mid-2000s that infrastructure needs are greater than the available funds. We expect the infrastructure gap will be even greater when all the municipal asset management plans are completed. We will need to work on a much more involved and predictable infrastructure funding and financing approach. This is an essential part of sustaining economic prosperity for Ontario and its municipal governments.

5. **Improve the rule of law and its administration; pass Bill 31, the Highway Traffic Statute Law Amendment Act.** This would greatly help municipalities by putting more teeth into enforcement and the collection of unpaid fines administered under the *Provincial Offences Act*.
6. **Make changes that cost the Province nothing, but would help municipal governments manage their costs.** Changes to interest arbitration and joint and several liability reform are two obvious examples. When arbitrators make decisions, they need to focus on the community itself and the negotiated agreements that other municipal staff in that community have negotiated. What they shouldn't focus on is a settlement from an emergency service 1,000 kilometres away. The time has come to resolve this long standing challenge. On joint and several liability, the government recently backed away from minor reforms. This approach needs to be reconsidered - municipal governments cannot afford to be the insurer of last resort or to assume the responsibility of others' mistakes.
7. **Growth must pay for growth.** On Development Charges, artificial discounts for transit, etc. and exclusions (e.g. hospitals) need to end. Municipal governments are looking to see progress in this area.

Municipal governments wishing to make a submission are encouraged to reinforce these themes with specific local examples. Pre-budget submissions can be directed to:

Katch Koch
Clerk, Standing Committee on Finance and Economic Affairs
Room 1405, Whitney Block
Queen's Park, Toronto, ON M7A 1A2
E-mail: kkoch@ola.org

AMO Contact: Matthew Wilson, Senior Advisor, e-mail: mwilson@amo.on.ca, 416-971-9856 Ext. 323.

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