

Highlights: AMO Pre-Budget Submission 2020

ROMA 2020

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2020 Context

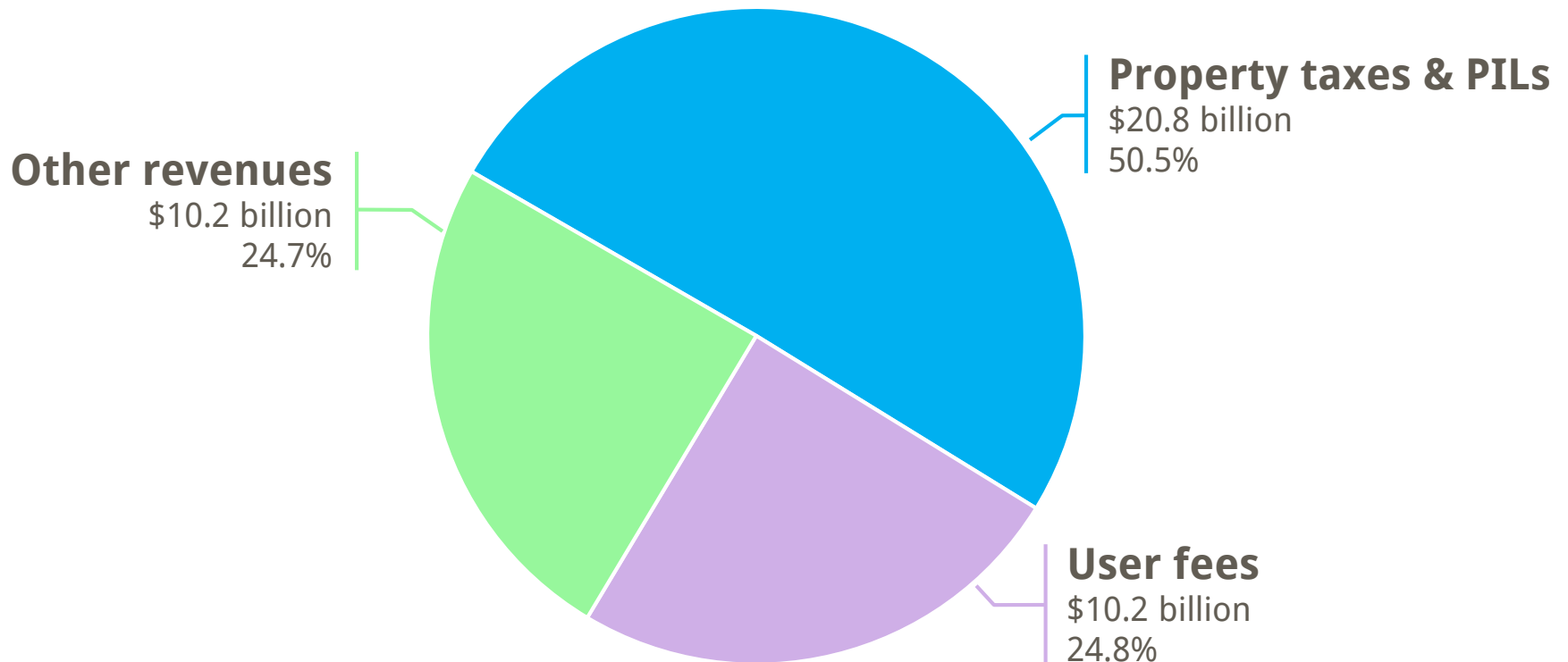
- Mid-term for provincial government - significant reset of relationship with municipalities
- AMO mandate to safeguard fiscal resources and financial tools
- Economic uncertainty: climate change, geopolitics, trade...
- Municipal priorities include: transit, housing, roads/bridges, broadband, climate change adaptation, and OMPF funding
- More than a decade into the 2008 framework, where are we today?
- Time to take a closer look at the Provincial-Municipal fiscal relationship

Outline

- Municipal Finance: where does your money come from and where does it go?
- Affordability: pressure on property tax payers
- Demographic changes: pressure on municipal services
- Finding efficiencies
- Recent changes: Budget 2019, Fall Economic Statement
- Municipal services and “provincial” services you provide and pay for
- The current provincial-municipal fiscal gap
- Uploading: leverages municipal infrastructure investment
- Conclusions and key messages for Budget 2020

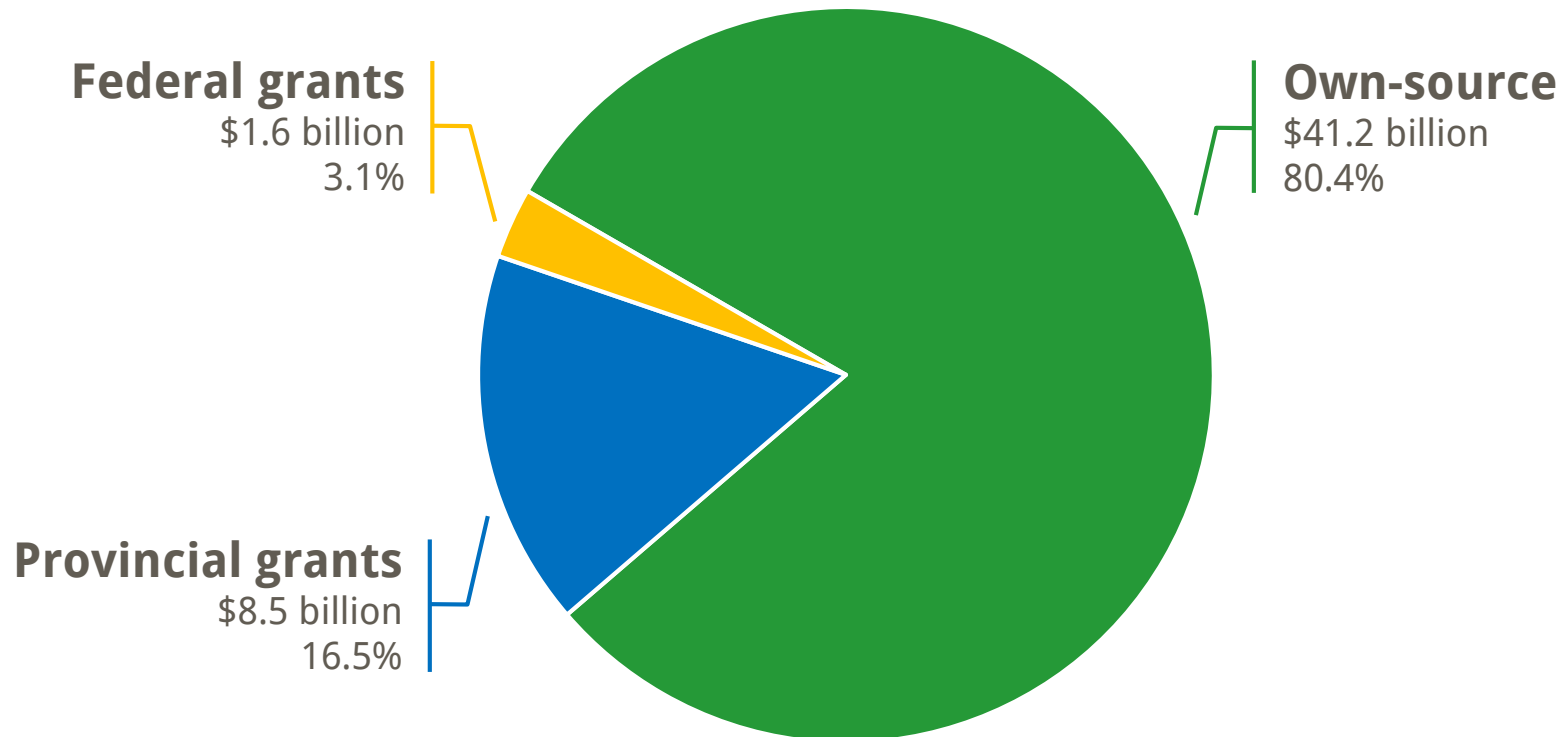
\$41 Billion Own-Source Revenue

Our communities collectively raised \$41 billion in 2017 – primarily from property owners and service users.



\$51 Billion Total Revenue

Our federal and provincial partners provided an additional \$10 billion, bringing total municipal revenues to \$51 billion in 2017.



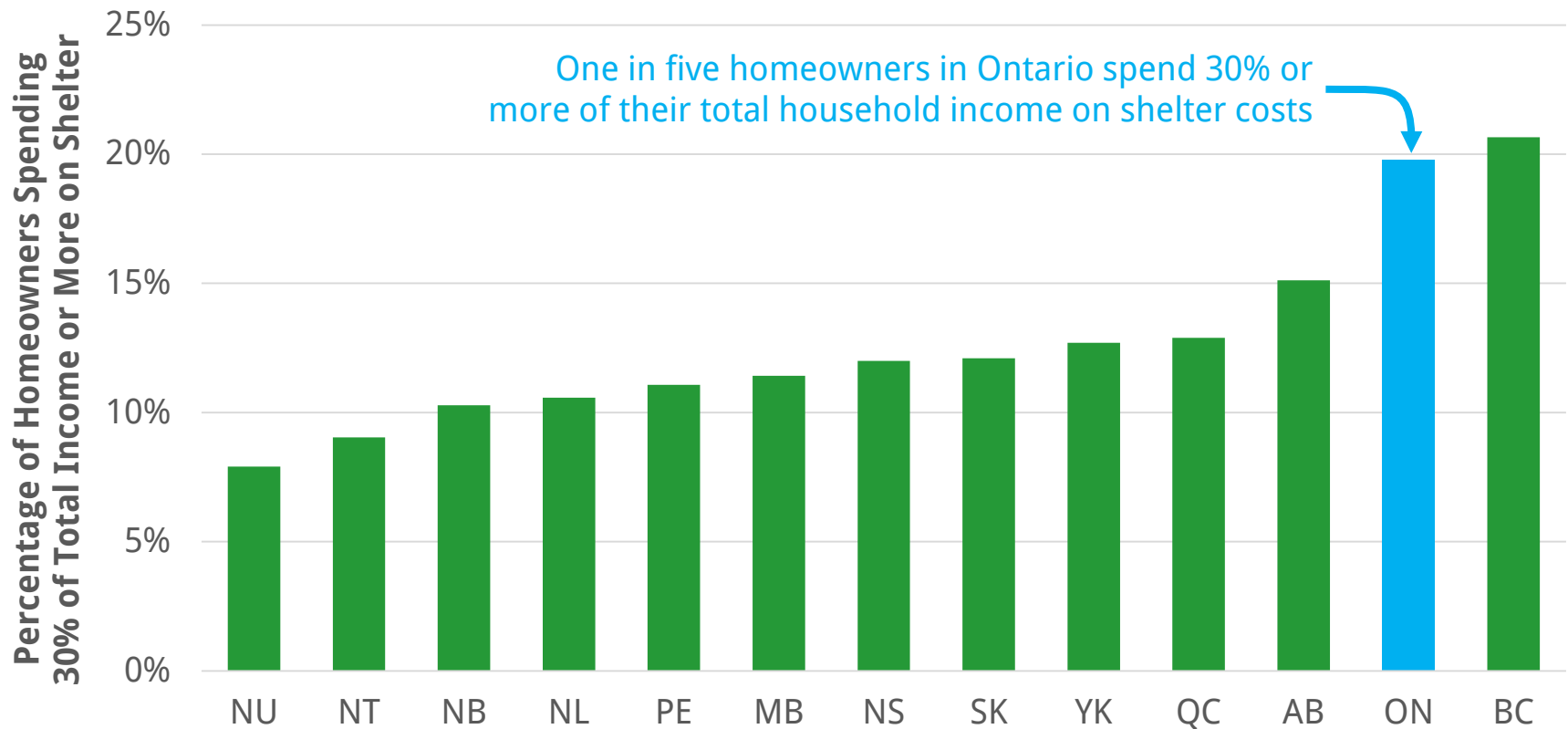
Affordability

This support is critical. One in five homeowners already struggle to afford property taxes, mortgage payments, and other shelter costs.



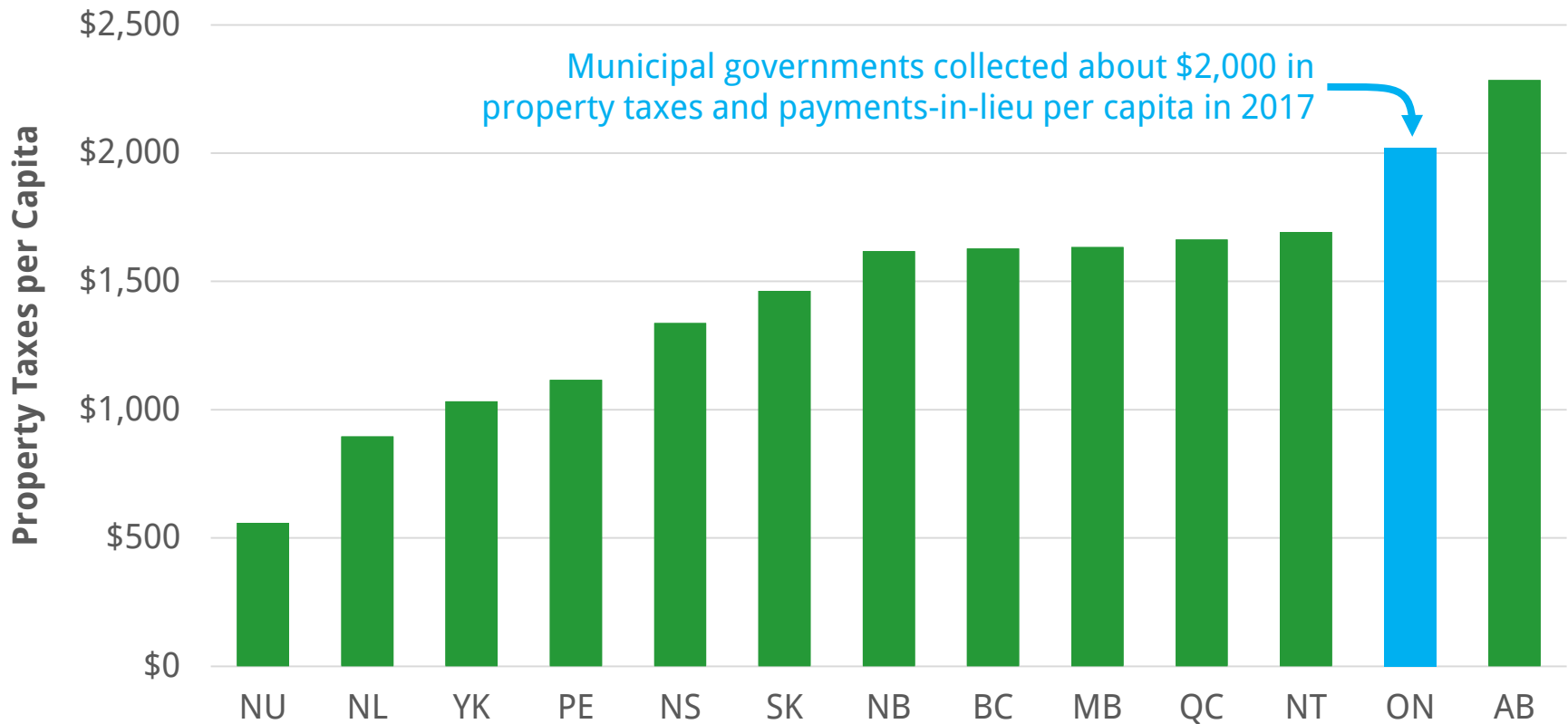
Affordability

This makes Ontario fairly unique among Canada's provinces and territories.



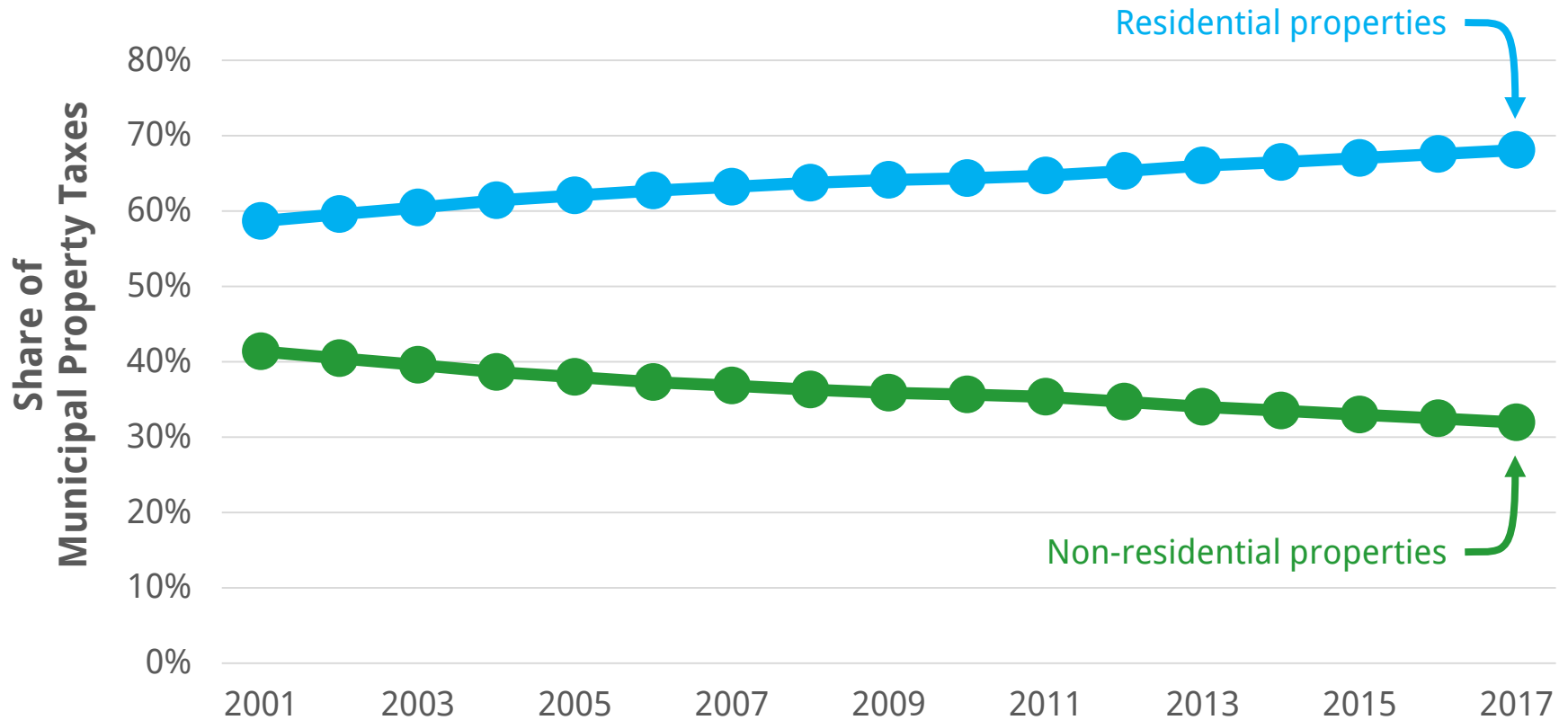
Affordability

We can't ask much more of our residents and local businesses. Property taxes in Ontario are already among the highest in Canada.



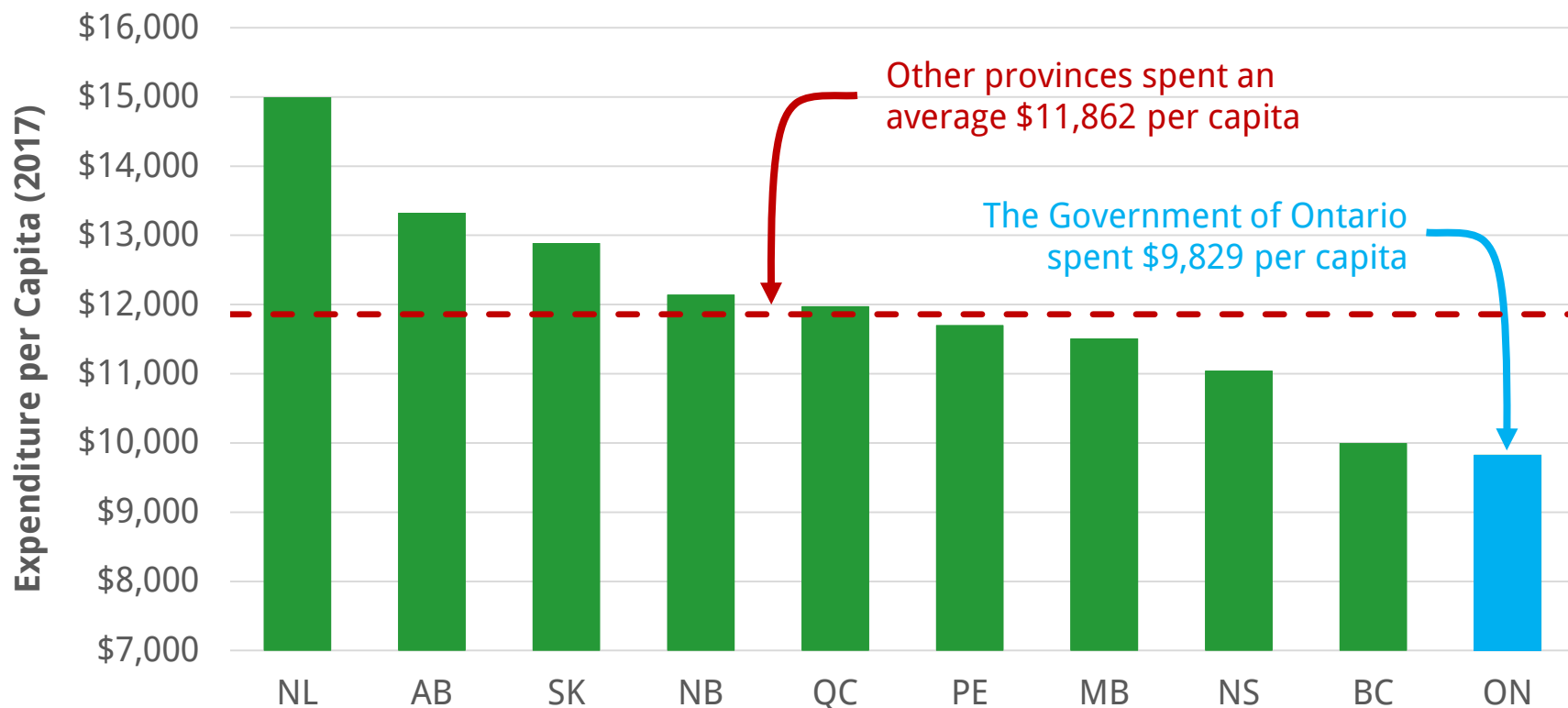
Affordability

Residents are picking up an increasing share of the tab. Homeowners contributed 68% of property taxes in 2017 – up from 59% in 2001.



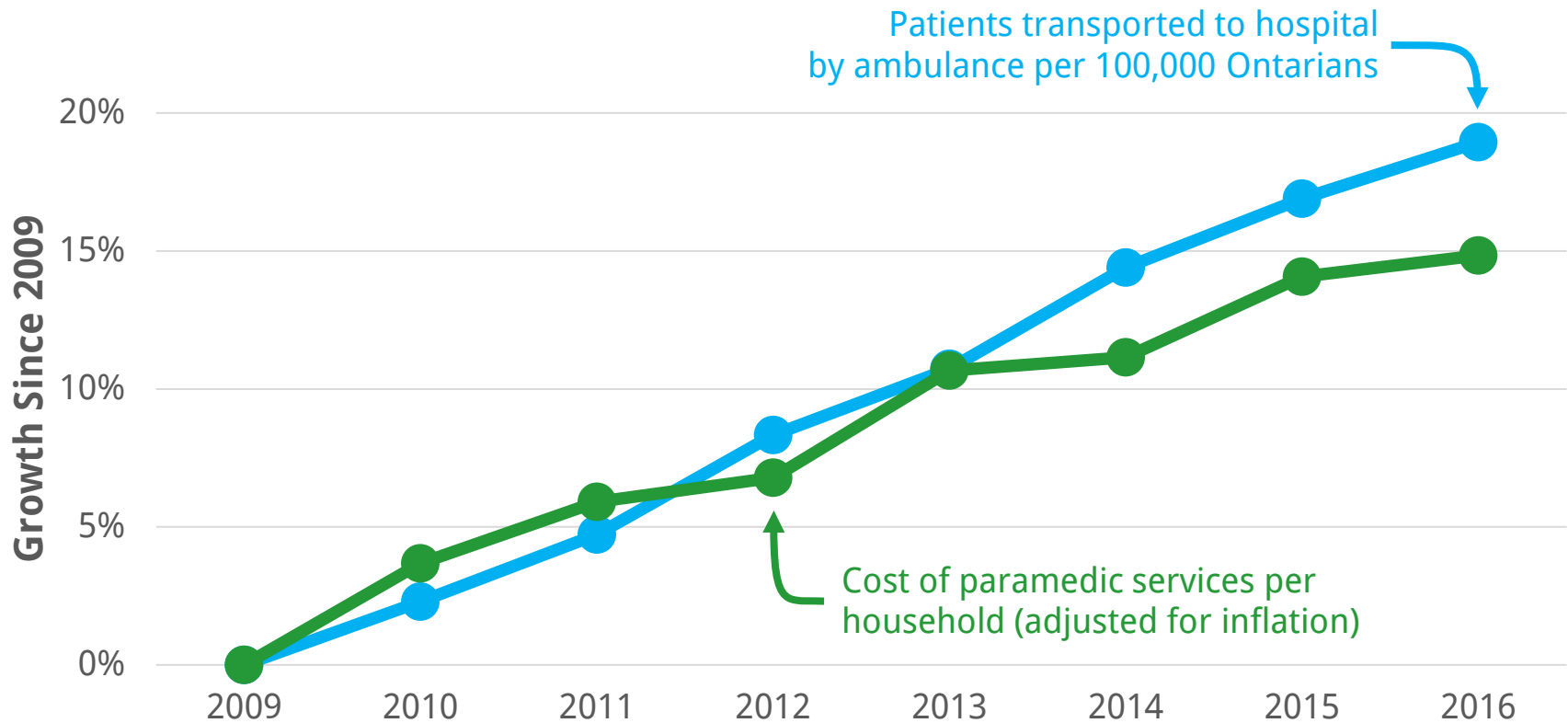
Affordability

In 2017, the Government of Ontario's program spending per capita was the lowest in Canada.



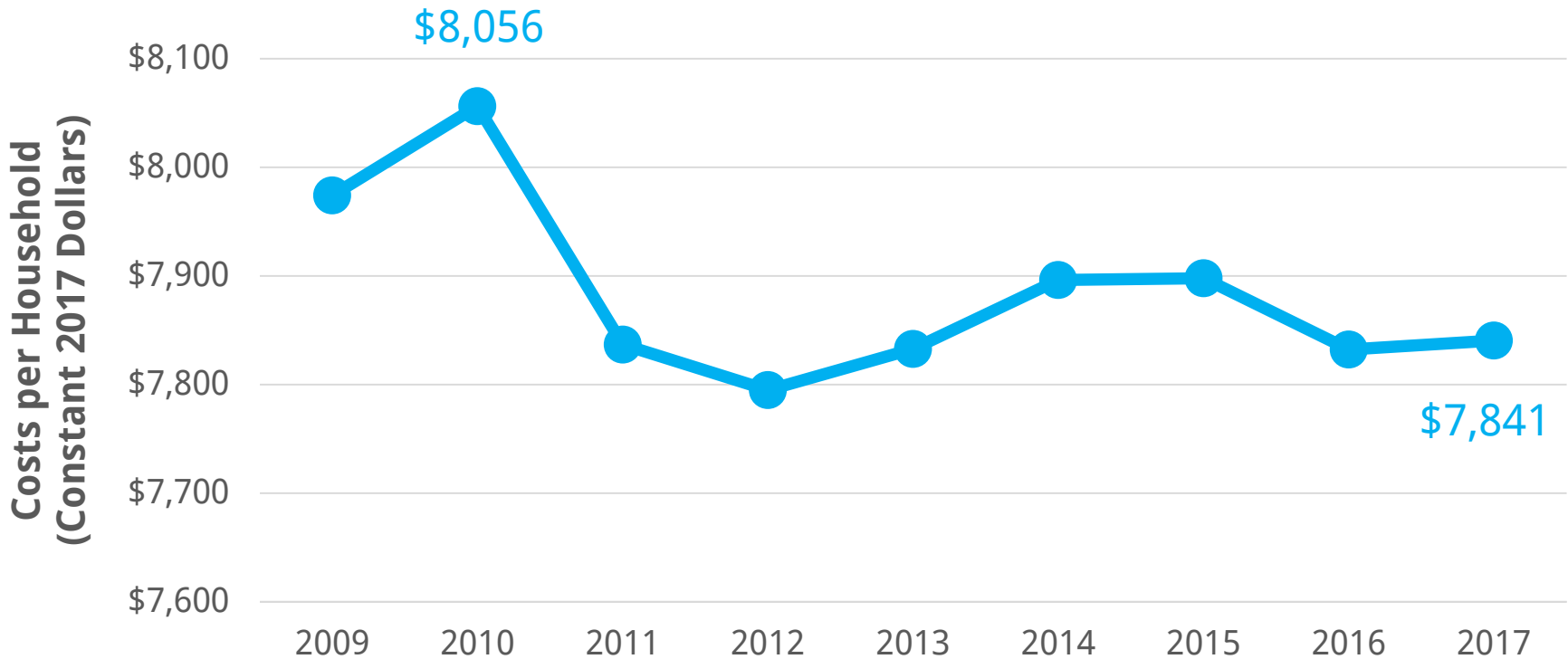
Demographic Shifts

The demand for – and cost of – some services is nevertheless expected to rise as Ontario's population ages and grows.



Efficiencies

Municipalities are doing their part by finding efficiencies. Despite rising service demands, total operating costs per household are stable.



Recent Changes

To date, the current Government of Ontario has made some important changes that may impact the fiscal situation:

- Cost sharing change in public health (70:30), implemented this year with directly related increases capped at 10% for 2020
- Amendments to *Development Charges Act* – fiscal impact TBD
- Full Producer Responsibility for Blue Box projected to save municipalities \$130 million a year when fully implemented
- Stabilized and allocated \$500M OMPF for 2020 - further review
- Modernization funding: March 2019 \$200M for small and rural municipalities plus an additional \$143M (Oct 2019) to help lower costs and improve services.

Fall Economic Statement

Six key Themes in Ontario's 2019 Fall Economic Statement:

- Making Life More Affordable
- Preparing People for Jobs
- Creating a More Competitive Business Environment
- Connecting People to Places
- Building Healthier and Safer Communities
- Making Government Smarter

The Fiscal Context: Provincial Programs

These services bring prosperity to our communities – and cover nearly every facet of day-to-day life.



**Public
Transit**



**Roads &
Winter Control**



**Police
Services**



**Cultural
Services**



**Parks &
Recreation**



**Wastewater
Services**



**Fire
Services**



**Water
Services**



**Solid Waste
Services**



**Assistance
to the Aged**



Child Care



**Paramedic
Services**



**Social
Housing**



**Social & Family
Assistance**



**Public Health
Services**

The Fiscal Context: Provincial Programs

Some of these services – namely health, social housing, and social and family services – are typically funded by provincial governments.



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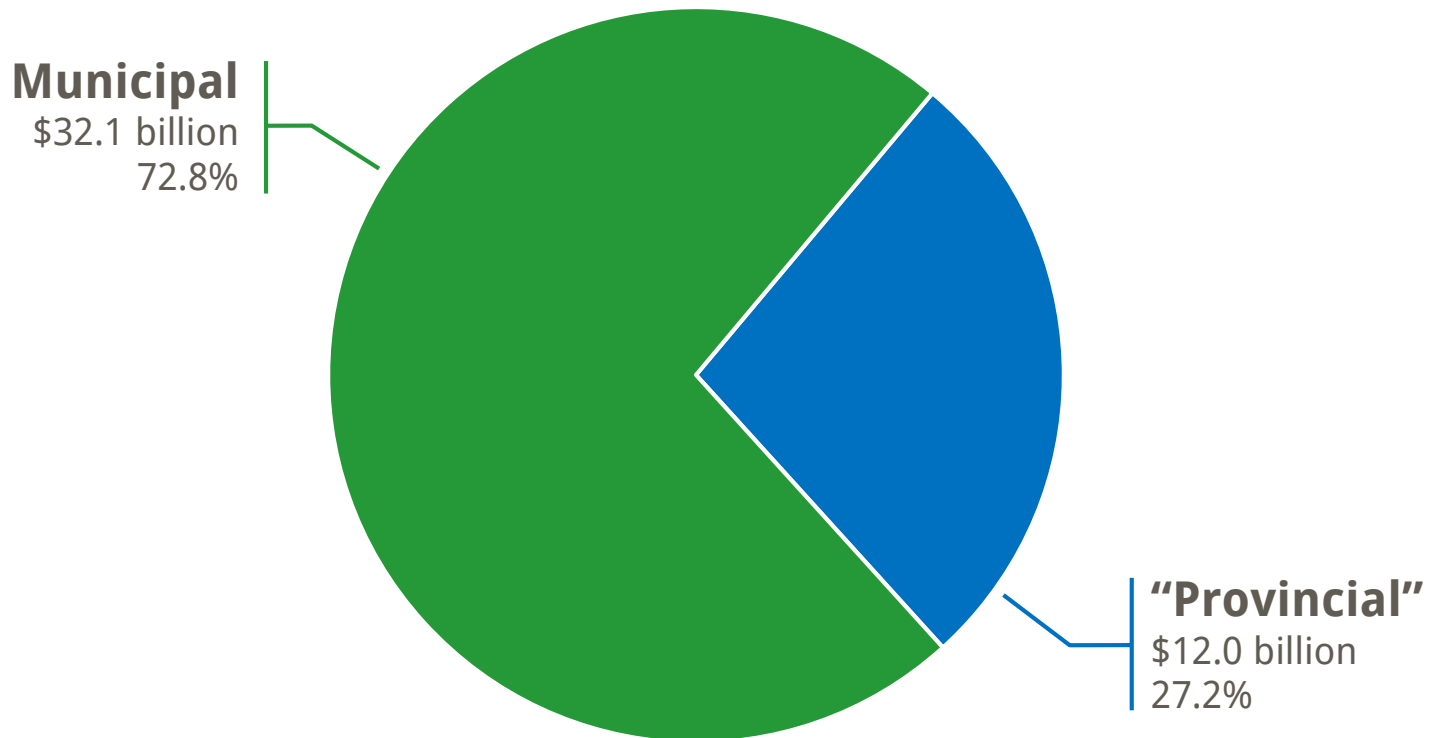
**Social & Family
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**Public Health
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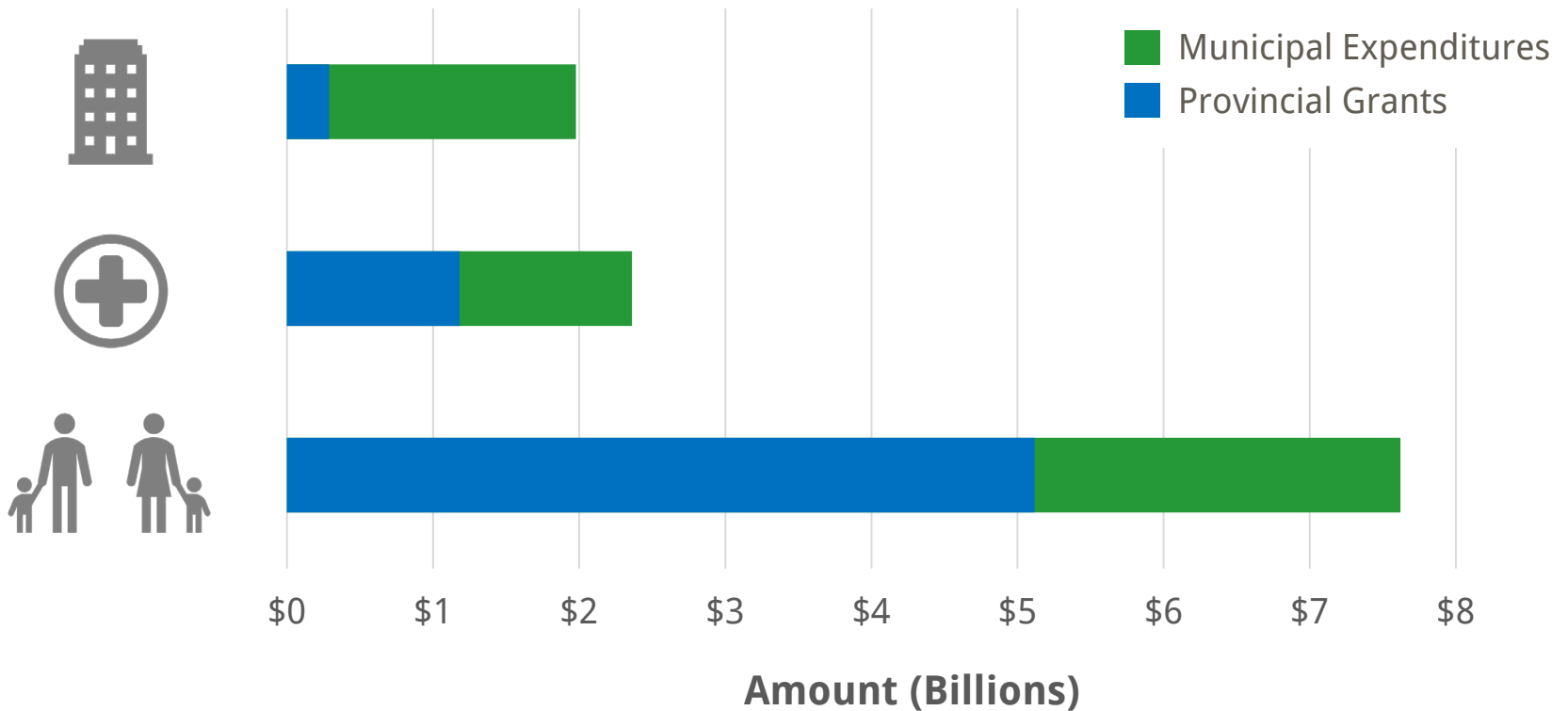
The Fiscal Context

Municipalities in Ontario delivered \$44 billion in services in 2017. Services that typically fall under provincial jurisdiction in other provinces comprised 27%.



The Fiscal Context

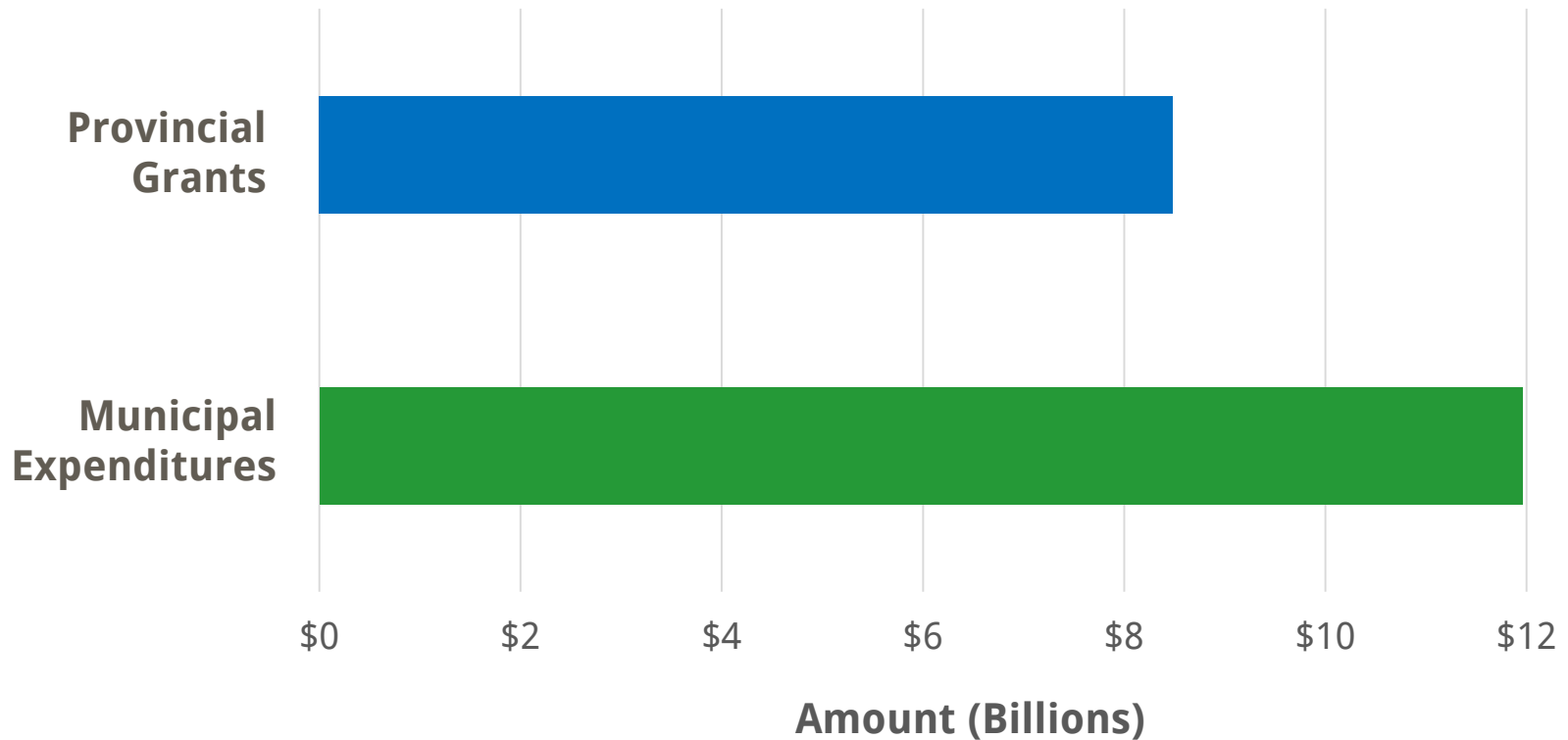
Municipalities invested \$12 billion in these services. Provincial contributions offset these costs – but only in part.



The Fiscal Context: The Gap

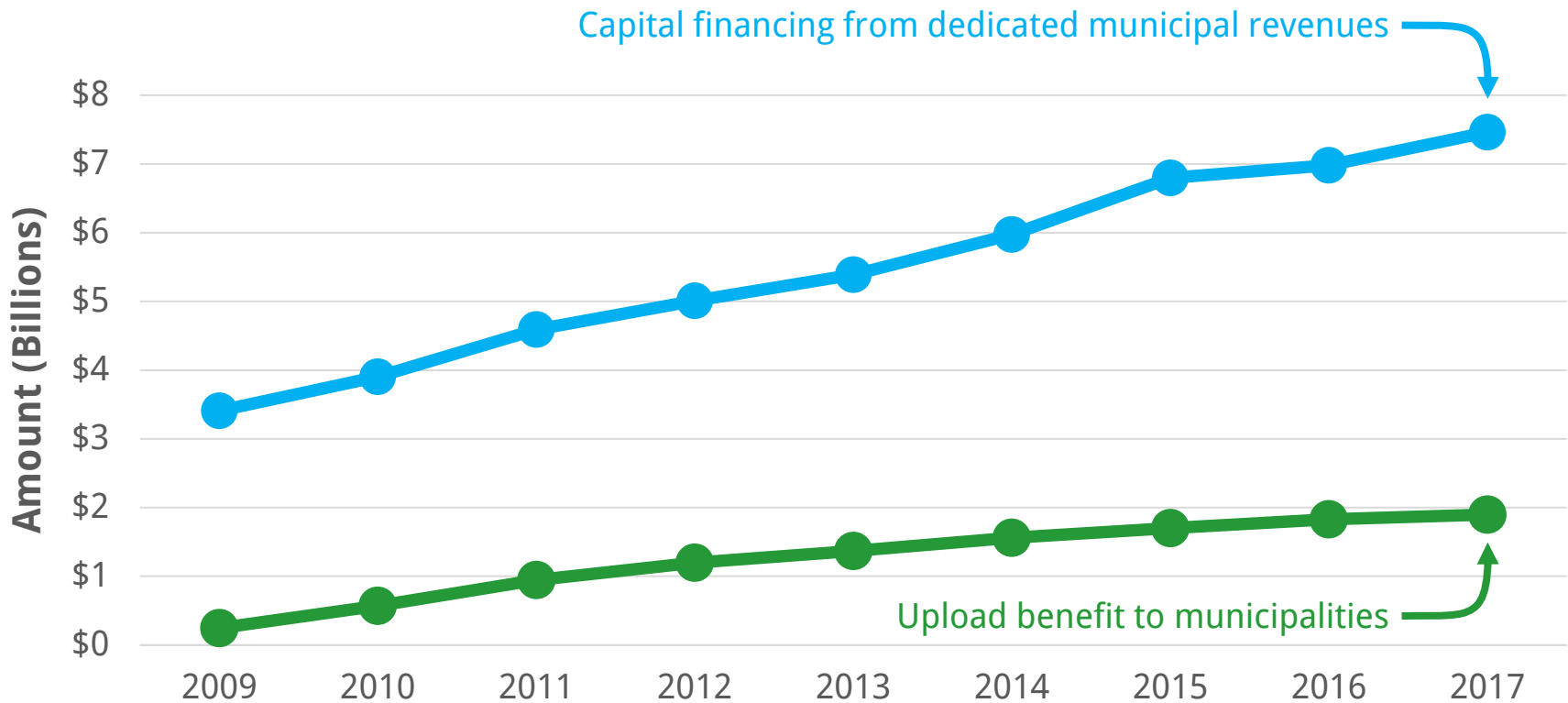
Municipal expenditures on health services, social housing, and social and family services exceeded total provincial grants by more than \$3B.

Without 2008-2018 uploading, this gap would be \$5B.



Uploading and Infrastructure

Uploaded social service costs reached nearly \$2 billion in 2017. Municipalities invested the savings – and much more – in infrastructure.



Concluding Thoughts

- Ontario's \$51 billion municipal sector is a key contributor to the provincial and national economy.
- Total revenue of Ontario Municipalities is equal to total revenue of the Government of Alberta - \$50 Billion.



Concluding Thoughts

Alberta in 2020:

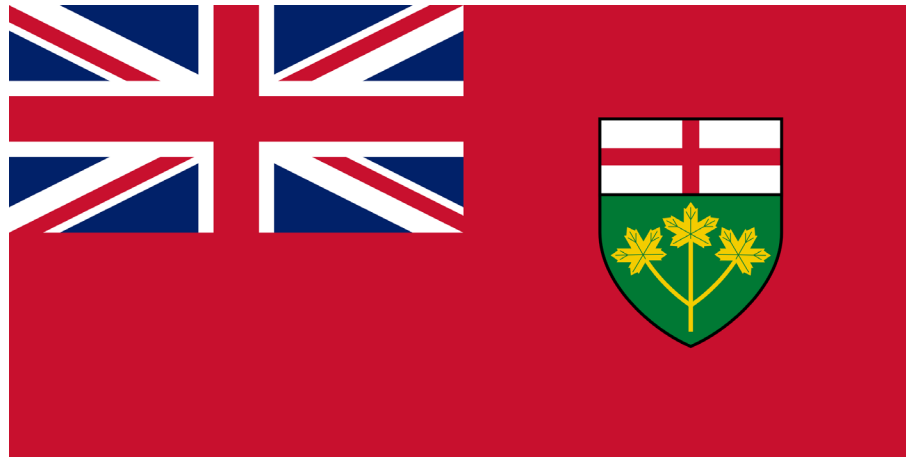
- Its success is fundamentally important to our collective prosperity
- Under serious fiscal pressure
- Seeking assurance from key fiscal partner that it's committed to the economic sustainability and prosperity of its communities



Concluding Thoughts

Municipal government in Ontario in 2020:

- Its success is fundamentally important to our collective prosperity
- Under serious fiscal pressure
- Seeking assurance from key fiscal partner that it's committed to the economic sustainability and prosperity of its communities



Key Messages

AMO's key messages for Budget 2020:

- Ontario's \$50 billion municipal sector is a key partner in Ontario's prosperity.
- Municipalities want assurance from the province that it is committed to the economic sustainability and prosperity of our communities.
- Municipalities want to work in partnership with the Government of Ontario to build the strong and sustainable communities that are the foundation of this province.

Thank You!

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