



# ROMA's 2018 Pre-Budget Submission: Local Share

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Submission to the Standing Committee on Finance and Economic Affairs

January 11, 2018

The Rural Ontario Municipal Association (ROMA) is pleased to participate in the pre-budget consultations undertaken by the Standing Committee on Finance and Economic Affairs. ROMA joins with the Association of Municipalities of Ontario (AMO) in supporting a plan for long-term fiscal sustainability for all municipal governments across the province. We believe this sustainability can be significantly improved through the “Local Share” proposal.

The Local Share is a proposal to raise the HST by 1%, fully dedicated to help fund critical local services and infrastructure in communities across the province. It would fund roads, bridges, and transit among other people services. It could help reduce the constant upward pressure on property tax bills. It would diversify how we fund local communities.

While we understand that no taxation is ever popular, we are compelled by the surveys undertaken by AMO. AMO commissioned province-wide polling at three different times in the last year and a half. In each poll, a majority of Ontarians supported the HST increase if it went to local governments, and if it went to addressing local infrastructure needs. In fact, the latest poll of 1,000 Ontarians in June 2017, saw the number of people supporting this option grow from 60% to 73% of Ontarians.

For rural Ontarians, fiscal shortfalls are more keenly felt than in areas where there are growth pressures. AMO research has shown that to deliver existing municipal services and close the infrastructure gap, every year for the next ten years, municipalities will need an additional \$4.9 billion. This need is on top of inflation adjusted property tax and user fee increases. It also assumes that all existing federal and provincial commitments to cost-share programs and infrastructure funding programs are fulfilled. From a rural perspective, this ongoing shortfall will have ripple effects into the economy as transporting goods to market is the foundation of the economy.

Municipal governments need long term, reliable sources of funding in order to be sustainable. The following issues are at the forefront of our deliberations in 2018.

### **Affordable Housing**

Rural areas generally have more seniors and lower incomes than urban counterparts do. The provision of affordable housing is essential. Maintaining the existing stock is paramount. Delays in making capital repairs will compromise this stock. Renewed efforts to address capital needs and the wait lists needs to be a top priority.

### **Policing**

On this issue, ROMA fully agrees with the way AMO has expressed the concern; “The proposed new Policing Services Act (Bill 175) will not nearly do enough to fundamentally bend the policing cost curve. Ontarians pay the highest policing costs in the country. There’s not enough in the proposed legislation to change that fact in the next few years. The government’s five year legislative review was undertaken to improve the effectiveness and efficiency of policing. Some of the measures needed to do that include much broader opportunity to civilianize certain policing functions, which

do not require a sworn, armed officer. One example includes directing traffic around construction sites." There are multiple ways to reduce costs while making best use of police skills and expertise.

### **Interest Arbitration**

The wages of firefighters and police officers were set above other municipal employees in consideration of the nature of their jobs. If these groups had received the increases that other municipal unions did between 2010 and 2014, it would have meant \$485 million in savings to municipal governments. This came about through the interest arbitration process where capacity to pay has been disregarded. This can be remedied by the province without cost.

### **Cannabis Legalization**

Rural municipal governments will see many increases in service delivery costs associated with the legalization of recreational cannabis. It is anticipated that many services, not just police, and health units, will be impacted. Municipal governments need to be made whole through the revenues that will be shared by all three orders of government.

### **Municipal Reporting**

Small municipal governments labour under the burden of reporting on programs. While transparency and accountability are the cornerstone of local government, we ask that more strategic reporting requirements be considered. We join AMO, AMCTO and others as they urge the province to participate in a dedicated, systemic review of the reporting situation and the opportunity that Open Data work AMO is doing could help resolve some of the administrative burden on municipal governments and their agencies. We had a successful Business Burden Reduction pilot project that makes it easier for business to get permits, etc. A similar frame of approach could work here.

### **Conclusion**

Rural areas of the province rely on their municipal governments for improving their daily lives and it is essential that the province engage in a meaningful partnership to bring about greater sustainability. If we work together we can devise a pathway forward. We appreciate the steps taken in the recent past to enlarge OMPF. But this alone will not be enough. We look forward to a collaborative discussion to not only address immediate needs but construct a funding approach that will bolster long term sustainability.