



January 17, 2025

Housekeeping Report Council Briefing (direct to Council)

Agenda Item Title: Advocacy: Social and Economic Prosperity Review

Resolution for Council:

Whereas Municipalities provide the services that Ontarians rely on every day however the current provincial-municipal fiscal arrangements are damaging 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 as strong and sustainable municipalities mean safe, healthy, affordable and prosperous communities through investments in what Ontarians care about most such as housing, healthcare, cost of living and public safety; and

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 (AMO) a comprehensive social and economic prosperity review to promote the stability and sustainability of municipal finances across Ontario; and further

That a copy of this motion be sent to the Premier of Ontario; Minister of Municipal Affairs and Housing; the Minister of Finance; and to the Association of Municipalities of Ontario.

Background Information:

The Association of Municipalities of Ontario (AMO) is calling on all municipalities to support the resolution calling on the provincial government to undertake a Social and Economic Prosperity Review.

Municipalities like ours provide essential services that people rely on every day, but the way we're funded is broken. Here's why:

- We're asked to do more with less.
- Property taxes can't keep up.
- Costs are rising while funding falls short.

The province continues to delegate more responsibilities to municipalities without enough funding to cover the costs. Unlike income or sales taxes, property taxes don't grow with the economy or inflation. They are based on fixed property values and don't automatically increase as economic conditions change. This leaves municipalities struggling to fund services, while families, seniors, and small businesses shoulder an unsustainable burden.

Our communities are being squeezed. Families and businesses are paying the price as we fight to maintain basic services. The system is broken, and it's time we fix it—property taxpayers can't keep carrying this weight alone.

The Association of Municipalities of Ontario (AMO) is calling on the province to sit down with municipalities to review this funding system and find fair solutions. This should include a joint review of revenues, costs and financial risks, as well as an analysis of Ontario's infrastructure investment and service delivery needs. The goal is to update the provincial-municipal fiscal relationship to support strong economic foundations, sustainable communities, and quality of life. The municipal fiscal sustainability challenge is urgent, province-wide, and central to Ontario's social and economic prosperity.

By passing this resolution, we're sending a clear message: enough is enough. It's time to fix this broken system and ensure fair funding for our communities. Supporting and sharing this resolution means advocating for a system that:

- Invests in what people care about—housing, public safety, and essential services.
- Reduces the burden on property taxpayers.
- Gives municipalities the tools to meet their communities' needs.

More than 150 municipalities have already joined this effort, and we have a chance to stand with them.

For more details, visit: <https://www.amo.on.ca/policy/social-and-economic-prosperity-review>

Budget: N/A

Risk Analysis: There is low risk associated with this report and is administrative in nature

Communication Plan/Notice By-law Requirements: circulation

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Bylaw Required: No