

NEWS RELEASE

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

January 29, 2024 – The Eastern Ontario Wardens' Caucus (EOWC), representing 103 municipalities across rural eastern Ontario, 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 almost \$65 billion annually in our 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.

The EOWC 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.

“We are calling on the Ontario Government to develop a framework for the future that respects municipalities' growing responsibilities and financial realities. The current framework is outdated and does not reflect the services that municipalities provide. All levels of government need to work together to build and support our communities.” – **EOWC Chair, Peter Emon**

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 county, 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. The EOWC 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."

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