AMO Cross-Cutting Themes **Page**

Rural School Closures

LEAD MINISTRIES	DESCRIPTION	STATUS
EDU OMAFRA MMA MOI	Concerns about school closures in rural and northern Ontario	From April 21 to June 9, 2017, the government hosted rural education engagement sessions in ten rural and northern communities across the province to seek input from parents, students, communities, municipal governments and school boards on how to strengthen education in rural and northern Ontario

KEY MESSAGES

- The government launched a province-wide rural education engagement this spring in response to concerns raised about the impact of school board pupil accommodation reviews and school closure decisions on rural communities.

- As a result of the rural education engagement, Ontario's Plan to Strengthen Rural and Northern Education will:

  - Strengthen the Pupil Accommodation Review Process;

  - Support Quality Education in Rural and Northern Communities; and

  - Support the Sustainable Use of School Space in Rural Communities.

- In response to calls for enhanced access to transportation options, mental health and other services, and experiential and technology-enabled learning opportunities, starting in September 2017, the government is investing an additional $20 million through the new Rural and Northern Education Fund (RNEF) dedicated to enhancing education for students in rural and northern communities.

Minimum Wage Impact on Municipal Finances

LEAD MINISTRIES	DESCRIPTION	STATUS
MOL MEDG	Proposed increase to the minimum wage and the financial impacts on municipalities	On June 1, 2017, the Minister of Labour introduced Bill 148, the Fair Workplaces, Better Jobs Act, 2017. The Bill was referred to the Standing Committee on Finance and Economic Affairs for public consultations over the summer. AMO has concerns that Bill 148 will disproportionately affect municipal governments, particularly regarding cost implications, shift scheduling and notice related to emergency services if the bill is passed as drafted.

KEY MESSAGES

- Over the past three years, Ontario's economy has outperformed all G7 countries in terms of real Gross Domestic Product growth and the province's unemployment rate is at a 16-year low.
- However, too many families are struggling to get by on part-time or contract work and unstable employment.
- We have a responsibility to address precarious employment and to protect Ontario workers by updating the province's labour and employment laws.
- On June 1, 2017, our government introduced Bill 148, the Fair Workplaces, Better Jobs Act, 2017 – the intent is to create more opportunity and security for Ontario workers.
- This includes increasing the minimum wage to $14 per hour on January 1, 2018, and then to $15 per hour on January 1, 2019, followed by resuming annual adjustments based on the rate of inflation.
- This also includes ensuring part-time employees are paid the same hourly wage as full-time employees; introducing paid sick days for every employee; and stepping up enforcement of employment laws.
- I am particularly sensitive to the concerns of municipalities and I want them to know they are being heard.
- I encourage all Ontarians to contribute their feedback and ideas as we work towards building an environment in which everyone can succeed.
- Over June and July 2017, the Standing Committee on Finance and Economic Affairs held a series of public hearings across Ontario. We will consider all comments as the Bill moves through the Legislature.

Municipal Procurement Resolutions

LEAD MINISTRIES	DESCRIPTION	STATUS
MMA MEDG MIT	Trade policy considerations for municipal procurement policies.	The City of Timmins passed a resolution asking the province to amend legislation to remove language that prevents municipalities from using geographical preferences in municipal purchasing.

KEY MESSAGES

- Ontario is open for trade and business.

- Municipalities, provincial ministries and broader public sector agencies and organizations are covered by international and domestic trade agreements, for example, the Comprehensive Economic and Trade Agreement (CETA) and the Canadian Free Trade Agreement (CFTA), respectively.

- Ontario's procurement policies reflect the requirements of these trade agreements, including the principles of openness, fairness, transparency and geographic neutrality.

- The province recognizes municipalities as responsible governments that are accountable for their procurement decisions.

- Some municipalities already have practices in place promoting competitive procurement practices.

- We are growing the economy and creating jobs. We have taken action to make Ontario more competitive in a fast-changing global economy, including implementing the Going Global Strategy and Business Growth Initiative to make more Ontario firms into global industry leaders.

<u>If pressed about legislation or the legal application of trade agreements to municipalities</u>

- The province expects municipalities to comply with the rules in these agreements.

Municipal Financial Sustainability

LEAD MINISTRIES	DESCRIPTION	STATUS
MMA MTO MOF MTCS	Municipalities and municipal associations, including AMO, have expressed interest in expanding revenue generating authority.	The province has requested that municipalities, through AMO, provide the province with a unified proposal for revenue generation authority. On May 25, 2017, AMO launched its “Local Share” action plan, which proposes a 1% HST increase dedicated to funding municipal infrastructure and community facilities. AMO is consulting with its members prior to making a formal request to the province.

KEY MESSAGES

- We have worked very hard to improve the provincial-municipal relationship.
- In 2017 alone, municipalities are benefiting from over $4 billion in ongoing support through the Ontario Municipal Partnership Fund (OMPF), provincial uploads, and other provincial initiatives – an increase of $2.9 billion from the level provided in 2003. This represents a 264 per cent increase in funding since 2003.
- In addition, we are increasing the Ontario Community Infrastructure Fund (OCIF) to $300 million per year by 2018–19 to support needed projects in small, rural and northern communities.
- Starting in 2019, the province will increase funding for local transit by enhancing the existing gas tax program, doubling the municipal share from two cents per litre to four cents by 2021. This increase is expected to provide municipalities with $321 million in additional funding per year when it comes into effect.
- Under the Modernizing Ontario’s Municipal Legislation Act, 2017 (Bill 68), we have extended the authority to invest under the prudent investor standard to municipalities outside the City of Toronto. Subject to an upcoming regulation, these broader investment powers allow municipalities to build more diversified portfolios and help finance the repair and replacement of local infrastructure.
- In the 2017 Ontario Budget, the government announced a new hotel tax authority for single-tier and lower-tier municipalities. Should municipalities decide to implement a hotel tax, they would be required to share the revenue with not-for-profit tourism organizations.
- Regarding other revenue authorities, we are encouraging our municipal partners to have local, public discussions about what they need to be fiscally sustainable moving forward.
- We will continue this conversation and hope to hear, broadly speaking, agreement across municipalities on the issue.

<u>If pressed about AMO’s “Local Share” proposal of a 1% HST increase dedicated to municipal infrastructure:</u>

- Ontario has made it clear that it would not consider measures that would affect its fiscal plan – we are not considering this proposal at this time.

Policing Costs and Modernization		
LEAD MINISTRIES	**DESCRIPTION**	**STATUS**
MCSCS	Modernizing police services and addressing concerns about OPP costs and the province's billing model.	Municipalities are concerned that policing costs are already too high, will continue to increase, and may require a significant increase in property taxes. The government has worked with municipalities and AMO on a new billing model, which is being phased in over five years. A May 2017 survey asked for municipal feedback regarding which property and structure codes should be considered for the exclusion from the property count.

KEY MESSAGES

- Over the past several years, we have consulted with municipalities, police services boards, community agencies, and members of the public on community safety and well-being initiatives/planning.
- The government has worked with municipalities and the Association of Municipalities of Ontario (AMO) to develop and implement a new billing model. The new model is being phased in over five years with annual limits on changes in policing costs that occur as a result of the new billing model. This provides stability and predictability for both taxpayers and municipalities.
- Starting in 2015, increases in police costs as a result of the new billing model were capped at $40 per property a year plus the cost growth amount. In 2017, the cap increased to $46.98 per property (including the cost growth amount) and the cap decreased is $89.87 per property. The decreases in remaining years, up to year 5, will be determined annually and communicated to municipalities in their annual billing statement.
- In 2017/18, police services boards were given the flexibility to either receive funding under the traditional policing grants or the new Policing Effectiveness and Modernization (PEM) Grant. In total, 15 police services applied for funding under the PEM Grant in 2017/18 and all were approved for funding.
- The government will be consulting with stakeholders, including the Association of Municipalities of Ontario (AMO), on grant transformation, including the PEM Grant, and will consider changes based on the outcome of these consultations.
- The government will continue to work with police services boards and municipalities as we transform the Toronto Anti-Violence Intervention Strategy (TAVIS), Provincial Anti-Violence Intervention Strategy (PAVIS), Community Policing Partnerships (CPP) and Safer Communities – 1,000 Officers Partnership (1,000 Officers) programs to support initiatives that are proactive and align with our Strategy for a Safer Ontario.
- Municipalities will continue to be responsible for any increases in the cost of policing as required under the legislation.

Ring of Fire		
LEAD MINISTRIES	**DESCRIPTION**	**STATUS**
MNDM ENE MOECC MAA MTO	Status of development in the Ring of Fire region.	Ontario has committed $1 billion towards infrastructure development in the Ring of Fire and is seeking a matching investment from the federal government. Infrastructure development in the region has not begun.

KEY MESSAGES

- The Ring of Fire is one of the most promising mineral development opportunities in Ontario in almost a century – it represents an historic opportunity to affect positive economic outcomes for the region, Ontario and all of Canada.

- Ontario is committed to seeing meaningful progress. The province remains willing to work directly with communities that are ready to advance infrastructure developments individually and/or collectively.

- Ontario is actively working to lay important groundwork to drive smart, sustainable and collaborative development in the Ring of Fire region.

- Realizing the full potential of the Ring of Fire project is an undertaking that needs the input of all levels of government, including First Nations, Métis, municipalities and certainly the federal government. It also requires strategic investments to develop infrastructure and support community readiness.

- We are collaborating with our federal counterparts on community readiness with an emphasis on skills and training, capacity building, broadband connectivity, and on-reserve infrastructure such as potable drinking water and housing.

- Only by working together in a collaborative manner will we be able to drive smart and sustainable development in the region.

Infrastructure Alignment and Funding		
LEAD MINISTRIES	**DESCRIPTION**	**STATUS**
MOI, OMAFRA, MTO	Municipalities would like permanent stable funding to help them deal with infrastructure deficits	Ontario is tripling its investments through the Ontario Community Infrastructure Fund (OCIF) from $100 million in 2015-16 to $300 million in 2018-19. The expanded fund was launched in July 2016. Over three years, the expanded OCIF will invest more than $670 million in infrastructure projects for small, rural and northern municipalities.

KEY MESSAGES

- Ontario recognizes the importance of helping communities address infrastructure needs, which is why we are making the largest infrastructure investment in the province's history: more than $190 billion over 13 years, starting in 2014-15.
- This commitment includes our $31.5 billion Moving Ontario Forward plan, which will provide about $15 billion in dedicated funding for infrastructure priorities outside the Greater Toronto and Hamilton Area.
- As part of Moving Ontario Forward, we are tripling the Ontario Community Infrastructure Fund (OCIF) to $300 million per year by 2019.
- The Top-Up Application component of OCIF has increased to $100 million per year, and stable, bankable, and predictable formula-based OCIF funding will be increasing to $200 million per year by 2019. We launched another OCIF Top-Up intake this summer and it is open until September 27, 2017.
- We have also invested more than $270 million in infrastructure through the federal-provincial Small Communities Fund (SCF) to support infrastructure projects in Ontario communities with populations less than 100,000.
- Since 2007, our government has committed over $280 million to upgrade broadband infrastructure in rural and remote communities in Ontario, including up to $90 million towards the $281-million Southwestern Ontario Integrated Fibre Technology (SWIFT) project that will help to bring high-speed internet connectivity to more than 300 communities in southwestern Ontario.
- Two major regional projects in were completed in fiscal year 2014-2015:
    - The Northwestern Ontario Broadband Expansion Initiative (NWOBEI) has connected 26 First Nations communities through ~2,000 km of high speed fibre-optic cable. The Province invested $32 million in this project.
    - The Eastern Ontario Regional Network (EORN) covers 50,000 square kilometres and has resulted in high-speed connections to over 50 business parks and other commercial areas. The Province invested $55 million in this project.
- Starting in 2019, the province will increase funding for local transit by enhancing the existing gas tax program, doubling the municipal share from two cents per litre to four cents by 2021. This increase is expected to provide municipalities with $321

million in additional funding per year when it comes into effect.

Energy Pricing

LEAD MINISTRIES	DESCRIPTION	STATUS
ENE MOI OMAFRA	Concerns that rising electricity costs and lack of access to natural gas are affecting economic growth and development.	Ontario's Fair Hydro Plan (OFHP) will lower electricity bills for households by 25 per cent on average. The province has expanded the Ontario Electricity Support Program (OESP), providing 50 per cent more support for people with low incomes. The province is also establishing an Affordability Fund that will be accessible to electricity distributors for customers who do not qualify for low-income conservation programs. This program is set to launch summer 2017. The $100 million Natural Gas Grant Program was launched on April 21, 2017 and the application intake closed on July 31, 2017. Applications are currently being reviewed.

KEY MESSAGES

- Our government has been making important investments in a cleaner and more reliable energy system, but we recognize that these investments have led to higher electricity bills.
- Ontario's Fair Hydro Plan features new measures to lower electricity bills by 25 per cent on average for residential consumers and holds increases to the rate of inflation for four years.
- As many as half a million small businesses and farms will also benefit.
- These measures include the 8 per cent HST rebate introduced on January 1, 2017.
- Lower-income Ontarians and those living in eligible rural communities will receive even greater reductions, as much as 40 to 50 per cent.
- Taken together, these changes will deliver the single largest reduction to electricity rates in Ontario's history.
- Natural gas is an important source of energy for rural Ontario and a vital part of Ontario's energy supply today and in the future.
- On January 30, 2017, the government announced a $100 million Natural Gas Grant Program to expand access to natural gas for rural and northern Ontario and First Nations communities.
- The Natural Gas Grant Program is part of the province's Moving Ontario Forward plan and is led by the Ministry of Infrastructure (MOI) with support from the Ministries of Energy (ENERGY) and Agriculture, Food and Rural Affairs (OMAFRA).
- The application intake for the Natural Gas Grant Program closed on July 31 and we are currently reviewing submitted projects.

Interest Arbitration

LEAD MINISTRIES	DESCRIPTION	STATUS
MOL MAG	Municipal employers argue interest arbitration awards are too generous and/or not sensitive to employer concerns, including a municipality's ability to pay.	In January 2016, MOL shared a consultation document with the municipal and fire sectors for feedback. As a result, and as part of the Building Ontario Up for Everyone Act (Budget Measures), 2016, amendments were made to the interest arbitration process for firefighters under the Fire Protection and Prevention Act, 1997. No amendments were made to any other statutes that govern interest arbitration.

KEY MESSAGES
• Our government is committed to an interest arbitration system that is fair and balanced. • We continue our dialogue with the Association of Municipalities of Ontario (AMO) and first responders. • The Ministry of Labour (MOL) has met, and will continue to meet, with all interested parties to encourage a collaborative and constructive dialogue to identify potential improvements to the interest arbitration process. • We appreciate the thoughtful, solution-oriented discussions we have had to date. • As a result of this dialogue, Ontario introduced legislation (Building Ontario Up for Everyone Act, 2016) to improve the interest arbitration process for firefighters by: o Removing the requirements for conciliation; o Requiring written submissions to be filed prior to the hearing to assist in more expeditious resolution of matters in dispute; and o Generally prohibiting arbitration boards from referring items back to the parties for further negotiation. • We believe that these changes are balanced and will lead to an arbitration process in the fire sector that is more expedited and accountable. • MOL will continue to talk with the parties to develop improvements that ensure the system works for everyone.

Joint and Several Liability

LEAD MINISTRIES	DESCRIPTION	STATUS
MAG MMA	Municipalities desire to pursue reforms to exempt them from joint and several liability.	The decision not to move forward with changes to joint and several liability was announced at the 2014 AMO Annual Conference.

KEY MESSAGES

- Joint and several liability is an important and complex issue that significantly affects a diverse group of stakeholders in Ontario.

- Law commissions in Ontario, other provinces and other countries have examined this issue and determined that the rule of joint and several liability is the fairest way of dealing with a shortfall in damages.

- After considering the feedback we received from all stakeholders, Ontario believes that changes to the rule of joint and several liability would not be in the public interest.

- Significant concerns have been identified, including the potential burden that making changes to joint and several liability would place on injured plaintiffs in lawsuits.

- We appreciate the concerns that municipalities have expressed about increasing insurance costs.

- The cost of insurance depends on many factors, including the size of the insurance market and prevailing interest rates, as well as liability risks.

- We have not seen enough evidence that suggests making changes to joint and several liability would have an impact on municipal insurance costs.

- The government is open to considering alternative ideas for addressing municipal concerns about insurance costs.

Climate Change

LEAD MINISTRIES	DESCRIPTION	STATUS
MOECC MMA MHO MNRF MEDG ENE MTO	Municipalities have concerns about financing climate change initiatives.	The Climate Change Action Plan was released on June 8, 2016. The Action Plan will ensure that cap and trade proceeds are invested in a transparent and accountable way back into projects that fight climate change, including through support for municipal climate action.

KEY MESSAGES

- Ontario is establishing itself as a leader in climate change action and science by building a strong, low-carbon economy, which will help avoid irreparable damage to our environment, and leave a legacy of a healthy planet for our children and our children's children.

- Ontario has already made great strides in fighting climate change by ending coal-fired power, and investing in public transit, stronger infrastructure and regional planning initiatives.

- But our government knows we need to do more.

- The Climate Change Action Plan recognizes that municipalities can play a key role in helping Ontario meet its commitments for significant, long-term Greenhouse Gas (GHG) emission reductions. Specific actions for municipalities include:

    - Funding for a Municipal GHG Challenge Fund, an application-based grant program that will support emissions reduction projects proposed by municipalities;
    - Funding to support the development of Community Energy Plans/Climate Action Plans with greenhouse gas emissions inventories for municipalities that do not currently have these plans;
    - Amendments to the Planning Act to make climate change mitigation and adaptation mandatory in official plans; and
    - Amendments to the Planning Act to make climate change a provincial interest.

- The Climate Change Action Plan and cap and trade program form the backbone of Ontario's strategy to cut emissions to 15 per cent below 1990 levels by 2020, 37 per cent by 2030 and 80 per cent by 2050.

- If we do not act, Ontario will bear significant impacts from climate change, including threats to our wildlife, agriculture and food supply, and more severe, variable and less predictable weather.

Ontario Municipal Board Reform

LEAD MINISTRIES	DESCRIPTION	STATUS
MMA MAG	Reforming the Ontario Municipal Board (OMB)	Bill 139, The Building Better Communities and Conserving Watersheds Act, is currently before the Legislature. The government is working to see implementation of the new system occur in 2018, subject to the legislative process.

KEY MESSAGES

- Our government is taking action to overhaul the province's land use planning appeals system to give communities a stronger voice and ensure people have access to faster, fairer and more affordable hearings.

- On May 30, 2017, we introduced Bill 139, The Building Better Communities and Conserving Watersheds Act, which seeks to create the Local Planning Appeal Tribunal, which would, if passed, replace the OMB.

- The new tribunal would be mandated to give greater weight to the decisions of local municipal councils, while ensuring that development and growth occurs in a way that is good for Ontario and its future.

- The new legislation would also include additional measures to transform Ontario's land use planning appeals system, including:

    - Eliminating lengthy and costly "de novo" hearings from the majority of land use planning appeals.
    - Creating the Local Planning Appeal Support Centre to provide free information, support and in certain cases representation at the tribunal to citizens who want to participate in the appeal process.
    - Exempting a broader range of major land use planning decisions from appeal, including major official plan updates and detailed plans to support growth in major transit areas.
    - Establishing a mandatory case conference for complex hearings to encourage early settlements, reducing the time and cost of appeals, and creating a less adversarial system.

- The result would be fewer, shorter, less costly hearings and a more efficient decision-making process. If passed, these changes would give communities a stronger voice and create a more level playing field.

Fair Housing Plan		
LEAD MINISTRIES	**DESCRIPTION**	**STATUS**
MHO MMA MOF	Helping people find affordable homes, increase supply, protect buyers and renters and bring stability to the real estate market.	On April 20, 2017, the government introduced the Fair Housing Plan. Bill 124, the Rental Fairness Act, was passed on May 18, 2017 and received Royal Assent on May 30, 2017. The Act includes several measures to address demand for housing and to protect renters, which will come into effect upon proclamation, expected in early 2018.

KEY MESSAGES

- The housing market is complex. Cost and affordability are influenced by many factors, such as location, proximity to transit, low interest rates, demographic trends, employment growth, and infrastructure and construction costs.
- On April 20, 2017, the government introduced the Fair Housing Plan, a comprehensive package of 16 measures to help more people find affordable homes, increase supply, protect buyers and renters and bring stability to the real estate market.
- The Plan addresses demand for housing, protect renters and increase the supply of housing; additional protections for homebuyers; and actions to increase information sharing.
- The Plan includes measures such as:
  - Introducing a 15 per cent Non-Resident Speculation Tax (NRST) on the price of homes purchased in the greater Golden Horseshoe Area by individuals, who are not Canadian citizens or permanent residents, or by foreign corporations. This would address unsustainable demand in this region while ensuring that Ontario continues to be a place that welcomes all new residents
  - Introducing a targeted $125-million, five-year program to encourage the construction of new purpose-built rental apartment buildings by rebating a portion of development charges
  - Expanding rent controls to all private rental units in Ontario, strengthening protections for tenants against sudden, dramatic rent increases
  - Providing municipalities the flexibility to use property tax tools to help unlock development opportunities. For example, municipalities could be permitted to impose a higher tax on vacant land that has been approved for new housing
  - We will create a new Housing Supply Team to identify barriers and find solutions to specific housing development projects;
  - We are creating a new Provincial Affordable Housing Lands Program to leverage surplus provincial land assets to develop a mix of market housing and new, permanent, sustainable and affordable housing supply.
- Taken together, these new policies represent a substantial, multifaceted plan to address Ontario's rising housing costs so that families can access housing that meets their needs.