



Submission relating to the *Economic and Fiscal Update Act, 2020*

Standing Committee on Finance and Economic Affairs

Fred Hahn
President
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The Canadian Union of Public Employees (CUPE) Ontario represents 280,000 workers across Ontario in a wide variety of sectors. More than 80,000 of our members work for local governments across the province, providing essential services to our communities.

The COVID-19 pandemic has obviously disrupted our communities in profound ways. Municipalities across the province are hemorrhaging money, unable to collect the revenue and service fees that sustain their budgets. And yet the services they continue to provide are ensuring families are safe at home and in their communities, and that those who need to, can get to work.

From water and waste services, to transportation and traffic, to emergency responders and childcare, municipal services must continue. To draw back these services would multiply the negative impacts of the public health crisis and surely cost lives.

The Federation of Canadian Municipalities (FCM) estimates that municipalities are facing a \$10 - \$15 billion shortfall in operating funds, with Ontario municipalities needing \$4 billion alone. Cities with transit systems are particularly hard hit, as these systems must continue to operate with drastically reduced ridership.

Already, municipalities are being forced to layoff front line staff and reduce operations of some core functions. For example, the City of Toronto is facing a loss of \$65 million a week, and has already moved to layoff 1200 public transit workers at the Toronto Transit Commission (TTC) and reduce service by over 16 percent. Smaller municipalities have been hit hard as well, and without the revenue tools or cash reserves of some of Canada's larger cities, have been left with few options to preserve service.

The reduction or loss of front-line municipal services and the resulting layoffs of municipal workers will have a cascade of negative effects on our collective health and well-being. As we move beyond the crisis stage of this pandemic, municipal services will be critical to ensuring a successful and robust recovery – both economically and socially.

As you are aware, revenue losses and increased costs of delivering services due to COVID-19 will result in operational shortfalls in municipal budgets in 2020 and 2021, measured in billions of dollars. These shortfalls are already resulting in mass layoffs and significant service reductions. Without emergency financial assistance, these shortfalls will result in significant property tax hikes, services cuts and the deferral or cancellation of capital projects. Such outcomes will undermine Ontario's recovery and confidence in Ontario's economy.

In recognition of the untenable financial position of so many municipalities in Canada, the federal government announced last week \$19 billion in economic recovery funding for the provinces, a portion of which is intended to support municipalities.

We urge you to conclude a bilateral agreement with the Government of Canada for this funding productively and promptly, and to implement a program of emergency financial assistance for municipalities as soon as possible.

As we have outlined before in conjunction with the Association of Municipalities of Ontario, we urge the provincial government to move forward on three important actions:

- Establish an appropriate cost share arrangement for mandated municipally operated services such as public health, land ambulance services and public transit. The growth in demand for public health and land ambulance services, and in the cost challenge they pose to local communities, should go without saying. Further, and as you know, the province used to support transit operating costs at 50 percent; Ontario's public transit systems need immediate support. Additionally, municipal governments and the province could do well to, together, examine operational support needed for other human and social services such as public rent geared to income housing.
- Increase funding to the 47 municipal service managers that deliver critical local services and have relationships with community agencies. Today, these services are more important than ever, and as we wait for the federal government to act, another significant investment from the province, like the one in the last financial update, would be a way to lead by example, stimulate local economic activity, and enhance services to those left vulnerable.
- Allow Ontario's municipal governments the ability to have the full range of revenue tools under the City of Toronto Act to use after a council deliberation and approval. These tools have a progressive underpinning and can be adjusted further to appeal to those who have the greatest capacity to pay.

The need and distribution of municipal financial aid must also be viewed through an equity lens as the pandemic has hit Black and Indigenous communities disproportionately hard. In addition to suffering from higher COVID-19 infection and death rates, these communities often make up the workforce in sectors hardest hit by the pandemic.

These impacts are compounded by variations in sources of municipal revenue. Higher income localities can depend on property tax in a way that lower income localities cannot. Lower income localities are more reliant on fees and fines which often trap equity seekers in a cycle of poverty. Ultimately, communities where Black and Indigenous people live are experiencing the largest revenue shock while also suffering from a reduced ability to respond to these shocks.

Funds to support our local government could help alleviate these equity concerns if they were tied to equity budgeting like the City of Toronto has implemented. Crisis recovery spending must assess spending on the potential benefits to Black, Indigenous and people of color (BIPOC)

and low-income communities and seek community input and representation in decision making.

Time is running out for municipal governments and the municipal workers who have kept this province safe and delivered the frontline and core services Ontarians rely on most. Why we applaud the federal government's move to support municipalities, we stress that time is of the essence to secure and disburse this funding. We urge rapid action to support municipalities and municipal services.

CUPE Ontario remains committed to further engagement with the province on this issue.

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