

Finance Committee (Panel 12) – Pre-Budget Consultations

Speaking notes by Mayor Jeff Lehman

February 19, 2016

Thank you for the opportunity to be here today on behalf of Ontario's Big City Mayors to provide input as part of the 2016 Pre-Budget Consultations. As the Mayors of the 27 cities in Ontario with over 100,000 residents, we represent 67% of Ontario's population.

Today, cities everywhere are being called upon to meet new challenges. The issues at the core of the Ontario's Big City Mayors' agenda are the issues that touch the day to day lives of our residents such as transit, infrastructure, and affordable housing.

It's encouraging to see the Federal Government's focus on ensuring prosperous and secure communities. Investing in Canada's cities is one of the surest ways to strengthen our country's economy and ensure our long-term prosperity.

Specifically, we need job creation to grow and diversify our economy; investment in city infrastructure to improve the quality of life for all Canadians; and a real commitment to affordable housing in Canada.

Infrastructure:

While municipal finance is immensely complex, the major fiscal challenge facing Ontario's big cities is straightforward – we are spending less than half what is needed on repairing our existing infrastructure, which has led to an infrastructure deficit. In addition, we have projects that should have been undertaken years ago that need to get done.

Municipalities across Canada own a startling 60% of public infrastructure, yet, Ontario cities get only 10 cents of every tax dollar collected.

With a renewed federal partnership, Ontario's cities are ready to get shovels in the ground quickly on major infrastructure renewal. The list of projects are long and the urgent need for reinvestment in existing road and water networks, building new transportation links and community infrastructure cannot be overstated.

Infrastructure investments are proven to stimulate the economy by creating jobs, sustained economic growth and improved productivity. According to a recent report by FCM, for every \$1 Billion invested in infrastructure, between \$1.20- \$1.64 billion in real GDP growth is generated; a proven multiplier effect guaranteed to boost the economy. And in turn, this \$1 billion investment in infrastructure will create approximately 16,000 desperately needed jobs. And if that's not enough reason to invest in infrastructure, on every dollar invested in public infrastructure, federal and provincial governments recover between 30-35% through higher personal, corporate and indirect taxes.

As Ontario's Big City Mayors', we are hugely encouraged by the Liberal Party's platform of infrastructure investment, which is based on true collaboration with municipalities, and vows to address the critical issues facing our communities such as affordable housing.

What cities need, is long term predictable and sustainable dedicated infrastructure funding mechanisms, similar to the permanent and indexed federal Gas Tax Fund. We also need streamlined and faster approval processes, and greater coordination and consistency between federal and provincial infrastructure funding programs. There is only one taxpayer, and I believe we have an obligation to work together to make the best use of these limited dollars while at the same time improving the quality of life of our residents.

Job Creation:

In addition to urgently needed investments in infrastructure, Ontario's Big City Mayors believe that although all levels of government are working to create jobs and grow the economy, too often this is done in isolation. We are in need of a diverse and robust jobs strategy for Ontario and Canada with clear actions to address labour market reform through skills training, apprenticeship programs and immigration reform; expansion of international trade and foreign direct investment through a new coordinated trade agenda shared by federal, provincial and municipal governments.

Affordable Housing:

While we need to invest in the roads and pipes that keep our cities working, we also need to consider the basic needs of the people who live there.

Affordable housing is a critical issue facing cities across Canada. With housing markets on overdrive, many Canadians are priced out of our major cities. Worse, lower-income Canadians cannot find housing at all and face long wait times for social housing.

We need action, at all levels of Government to solve this critical problem. Rents in Barrie, Ontario for example, are the 7th highest in Canada, the wait list for social housing is more than 1,500 households long, and low-income seniors face a wait of up to five years for a unit. This isn't acceptable in a modern, Canadian city.

Canada's social housing is straining under its capital repair deficit. Annual aggregate costs in Canada are estimated at \$4 billion in 2012-2013. Without investments in capital repair, these costs are expected to rise to \$3.7 billion by 2023.

Municipalities are ready to work with our provincial and federal partners to solve this housing crisis. According to FCM, public investments in housing are one of the best ways to grow Canada's economy. For every dollar invested in housing, Canada earns \$1.40 in GDP.

In collaboration with FCM, we are calling for a comprehensive National Housing strategy that provides a framework for greater policy coordination, collaboration and the necessary resources for action and results.

Municipalities need the support of CMHC and associated funding to both maintain the existing supply of affordable housing, and to begin to address the backlog.

In addition, there are innovative approaches to affordable home ownership that can be explored through Federal tax policy that can support lower income families, giving them pride of ownership and building equity.

But it is only through a meaningful investment in capital projects in the affordable housing sector that we can begin to address this crisis.

In closing, the issues facing Ontario's Big Cities are the same ones facing Canadians in cities across the country. To move forward, we must put investment in infrastructure at the heart of our national economic strategy.

Our country is changing. When municipalities were created in Canada, less than a quarter of our population was living in cities. Today that percentage is reversed, with more than three-quarters of us calling cities home.

Overcoming Canada's biggest challenges requires close collaboration between all levels of government. Ontario's big cities look forward to a true collaboration and partnership with the newly elected Government in working together to move forward with the urban agenda.

Thank you. Mayor Jeff Lehman