

January 31, 2024

sent via email

Hon. Peter Bethlenfalvy
Minister of Finance
Frost Building South 7th Floor
7 Queen's Park Crescent
Toronto, ON
M7A 1Y7

Dear Minister Bethlenfalvy:

Thank you for the opportunity to make a submission to the 2024 Pre-Budget process.

AMCTO represents excellence in local government management and leadership. With more than 2,200 members working in municipalities across Ontario, AMCTO is Ontario's largest voluntary association of local government professionals, and the leading professional development organization for municipal professionals. We've always worked from the first principle that maintaining strong provincial-municipal relationships leads to better outcomes for users – the people of Ontario.

As you will see from our submission, this year we are focused ensuring that the resources municipalities have access to are appropriate to fulfill the requirements the provincial government places upon them. We have put forward for your consideration recommendations that help ensure the framework in which municipalities operate is modern and up-to-date so that municipalities can make the best use of their resources, and that municipalities have access to the tools they need to get the job done.

Our recommendations are:

- Ensure that legislative and reporting requirements are modern and meet the needs of the Provincial government, while making best use of municipal resources;
- Re-start the Municipal Modernization Program and Audit and Accountability Fund with a focus on implementing projects;
- Protect and expand existing funding streams and work with municipalities and their associations to explore new funding arrangements; and
- Co-design solutions and collaborate with municipalities and their associations to ensure that the Province understands local impacts and opportunities before introducing new policies or programs.



As always, we would be happy to discuss these recommendations and advise on ways we can work together to serve Ontario's communities. Please reach out to David Arbuckle, Executive Director (darbuckle@amcto.com), who would be happy to arrange a meeting.

Yours sincerely,

Original signed

Stephen O'Brien
AMCTO President

cc. Hon. Paul Calandra, Minister of Municipal Affairs and Housing
Martha Greenberg, Deputy Minister, Ministry of Municipal Affairs and Housing
Greg Orencsak, Deputy Minister, Ministry of Finance



AMCTO
THE MUNICIPAL EXPERTS

2024 Pre-Budget Submission

January 2024

Introduction

As an association, we often talk about how municipalities are being expected to do more with less – how the expectations and responsibilities of municipalities have grown, while their revenue streams have stayed the same or in some cases have diminished.

We know that the Province has been supportive of municipalities' initiatives to modernize and streamline their own internal processes. However, sometimes municipalities are held back in their efforts by antiquated provincial processes or expectations that require more dedicated resources than perhaps they should.

Our recommendations for the 2024 budget are focussed on ensuring that the resources municipalities have access to are appropriate to fulfill the requirements the provincial government places upon them.

By this we mean both that the Government should evaluate various requirements it places upon municipalities to ensure that their expectations favour efficient processes and modern service delivery and regularly review legislation, policies and programs to ensure that requirements are up-to-date, and that the revenue streams municipalities have access to accurately reflect the cost of delivering the services they are expected to deliver.

Recommendations

We offer recommendations for your consideration that we believe will help the Province ensure that municipalities have access to the resources they need to fulfill the requirements that the Provincial government places upon them.

Our recommendations include:

- Ensure that legislative and reporting requirements are modern and meet the needs of the Provincial government, while making best use of municipal resources;
- Re-start the Municipal Modernization Program and Audit and Accountability Fund with a focus on implementing projects;
- Protect and expand existing funding streams and work with municipalities and their associations to explore new funding arrangements; and
- Co-design solutions and collaborate with municipalities and their associations to ensure that the Province understands local impacts and opportunities before introducing new policies or programs.

As municipal leaders, with financial and technical expertise, our members understand the importance of working with the Province to ensure that policies and programs are designed, evaluated, and updated with consideration of the resources available to municipalities.



Legislative, administrative, and reporting requirements

Municipalities are expected to deliver many services on behalf of the Province. How efficiently these services can be delivered is impacted by outdated provincially directed processes.

For example, municipal staff are the middle person in the death registration and burial permit process, often asked to chase down incomplete information on complex prescribed forms in areas of service with which they do not regularly interact. AMCTO members have expressed concerns with the administrative and financial burden of this process, which is not as straight forward as the legislation would suggest.

The Province should prioritize the modernization of municipal services that are provided on its behalf, and review the necessity of keeping municipal staff as the 'middle person' in provincial and federal data collection.

Municipalities are also required to fulfill numerous provincial reporting requirements. While AMCTO recognizes the importance of municipal reporting to enhance municipal accountability and transparency, responding to application and reporting requirements of federal and provincial programs, some of which are required at inopportune times with the expectation of a short turn-around, can be challenging. Municipal staff respond to approximately 420 reports annually, which is approximately one and a half reports per day.¹

When new programs are introduced, it is important that the Province consider the administrative burden of program applications and reporting requirements. We hope the government will consider administrative burden as it finalizes the details of the Building Faster Fund.

The return on investment of staff time and resources to complete administrative and reporting requirements should be clear, and valuable data shared with the Province should be consolidated and shared back with municipalities and the public in meaningful ways. Municipal reporting in Ontario threatens to weaken productivity at a time when municipalities should be focussed on improving efficiency and modernizing. We believe that working with municipalities to reduce the municipal reporting burden will ultimately be a cost-saving to both municipal governments and the Province.

Municipal efficiency is also threatened by outdated legislation and regulations. Municipal administrators can provide better services to the public when the legislative environment in

¹ AMCTO. *Bearing the Burden: A Review of Municipal Reporting to the Province*. 2018. <https://www.amcto.com/sites/default/files/2022-11/Bearing-the-Burden-An-Overview-of-Municipal-Reporting-to-the-Province-%28Technical-Report%29.pdf>



which they operate is responsive, permissive and outcomes-focussed. Unfortunately, this is not always the case.

For example, the *Municipal Freedom of Information and Protection of Privacy Act (MFIPPA)* has not been comprehensively reviewed since it was enacted over 30 years ago. Lots has changed in information and privacy management in the last 30 years, and dealing with out-of-date legislation can make it harder for municipal administrators to provide information to the public in a timely manner.

Furthermore, to support continuous improvement, the *Municipal Elections Act (MEA)* should be updated to strengthen public trust, ensure accountability, make compliance and enforcement easier and reduce administrative complexity.

For instance, there have been patchwork updates over the years have made the *Act* difficult to understand, interpret and follow. The *Act* would benefit from a top-to-bottom review and update. Moreover, campaign finance and third-party advertising elements of local elections have become increasingly complex making compliance and enforcement a challenge. We are seeing this played out in the compliance audit and court processes over the last two elections. These frameworks would benefit from review.

Finally, there are several opportunities to clarify the *Act* and support local election officials including clarifying definitions related to residency, clarifying roles and responsibilities and updating references within the *Act* to encompass all methods of voting.

Funding to help municipalities modernize

Our members were pleased to see the government invest in municipal modernization through the Municipal Modernization Program (MMP) and the Audit and Accountability Fund (AAF). Both programs provided important funding for municipalities to reduce costs through uncovering efficiencies, and the MMP went one step further by providing funding for implementation which is just as important.

With these investments we saw municipalities make important investments in improving local efficiency, through projects such as modernizing electronic records management, investing in human resources software, developing online citizen portals, and realizing e-permitting solutions.

In 2024, we recommend re-launching these programs, with an emphasis on implementation. We further recommend creating a long-term commitment towards investing in these programs, so that municipalities can predictably rely on these in future planning for efficiency related projects. Continuing to allow municipalities to execute on these projects utilizing municipal interns is also a valuable learning and development opportunity for students and recent graduates to gain much needed work experience.



Appropriate funding streams

It continues to be challenging for municipalities to balance the need to maintain and enhance services for their residents while dealing with decreasing revenue streams and new fiscal pressures. This has been exasperated in the last year by continuous changes to municipalities' ability to collect development charges to fund the much-needed infrastructure to support increasing housing supply in the Province.

Over the past year, we have seen calls for new approaches to updating the partnership between municipalities and other levels of government, such as the Association of Municipalities of Ontario's (AMO) [Social and Economic Prosperity Review](#) and the Federation of Canadian Municipalities' (FCM) [Municipal Growth Framework](#).

AMO's Social and Economic Prosperity Review aligns with AMCTO's long-standing call for predictable long-term funding supports that are reflective of the value and cost of the services municipalities are expected to deliver. It also speaks to AMCTO's foundational [fiscal planning and resilience advocacy principle](#) which is about ensuring municipal public servants can secure resilient futures for their communities through access to financial planning tools and resources, the reduction of costs, and appropriate funding opportunities. We will have more to say in the coming weeks, following our Board of Directors' meeting next month.

We have seen the government make some commitments that we understand are intended to offset some of the financial implications brought about by Bill 23, such as the Building Faster Fund and the Housing-Enabling Water Systems Fund. We also look forward to seeing the details of Ontario Infrastructure Bank. However, these investments alone are not enough to address the infrastructure gap.

With extremely limited revenue tools, many municipalities have had no choice but to raise their property tax rate substantially to offset additional burdens placed on municipalities by the province through Bill 23. For example, the City of Guelph has approved an 8.52% increase, and the City of Sudbury has approved a 5.9% increase, while the City of Toronto has proposed a 10.5% increase. This places an unfair burden on municipal ratepayers, and does not respect the principle of growth paying for growth.

Municipal decision-makers can do everything in their power and ability to promote strong financial health in their communities. However, with limited revenue streams and rising costs, they need access to sustainable and reliable revenue streams.

Our members would like to see predictable long-term funding supports that are indexed to inflation. Programs such as the Ontario Municipal Partnership Fund (OMPF) are helpful but only when the funding envelope grows in a way that is reflective of the value and cost of services municipalities are expected to deliver. We are more than willing to work with the Province to support the consideration of updates to funding arrangements.



Working together

In recent months, we have seen the Government make the decision to re-evaluate and alter previously made policy decisions. This includes reversing the decision to dissolve the Region of Peel, cancelling municipal audits, revoking Minister's Zoning Orders, reversing changes made to municipal official plans, deciding to keep the Greenbelt intact, and cancelling cuts to public health.

While AMCTO is ultimately supportive of making changes to policies that do not work for municipalities, valuable municipal resources have been spent working towards implementing and reversing hasty policy decisions. This creates an unpredictable environment for municipalities and the residents they serve. These policy reversals underlie the importance of municipal consultation with associations like ours before significant changes to legislation are made.

As an association, we are committed to working with Government to provide our members' operational knowledge, advice, and expertise. A seat at the table would mean that the government could co-design solutions that would help municipalities support the province's goals, rather than get feedback from the public after decisions are made leading to wasted resources and uncertainty.

Looking Ahead

As the province's largest voluntary association of municipal professionals, AMCTO members are on the front lines of local government policy and management issues.

We believe that a strong relationship between municipalities, municipal staff and the Province is crucial to ensuring that Ontarians get the most out of their tax dollars. Unfortunately, over the last little while this relationship has been fraught with quick decisions where municipal consultation appears to be an after-thought.

As the province works towards putting together a budget that respects Ontario taxpayers while providing them with the critical services they need, we urge the Government to continue re-building the relationship with Ontario municipalities and working in partnership with the sector to design, evaluate and modernize legislation, policies, programs and services.

Collaboration with Ontario municipalities and their staff should not be an after-thought. We look forward to sharing the expertise of our members with the province to work together towards a resilient future for the residents we all serve.





The Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO) represents excellence in local government, management and leadership. Over the past 85 years, AMCTO has provided education, accreditation, leadership, and management expertise for Ontario municipal professionals. With 2,200+ members working in municipalities across the province, AMCTO is Ontario's largest association of local government professionals, and the leading professional development organization for municipal professionals.

Our mission is to deliver professional growth, networks, advocacy, and leadership to support and strengthen the knowledge, skills, and capabilities of municipal professionals now and into the future.

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