



Motion Memorandum

SUBJECT: **New Growth Framework for Municipalities**

TO: **Mayor and Members of Council**

FROM: Councillor Rory Nisan, Ward 3

Date to Committee: N/A

Date to Council: September 26, 2023

Motion for Council to Consider:

Whereas municipalities are constrained in their ability to generate revenue to fund their capital and operating expenses, with property taxes being an unsuitable and unsustainable tool for Canadian municipalities to support essential services, maintain critical infrastructure, accommodate growing populations, and contribute to economic growth; and

Whereas municipalities own and operate around 60 per cent of Canada's core public infrastructure and are responsible for the full lifecycle cost of operating, maintaining and replacing capital assets, while federal and provincial/territorial governments typically only contribute to the upfront capital costs; and

Whereas municipalities are generally responsible for operating costs, including large and growing budget lines and are limited in their ability to borrow for operating costs and are prohibited from running deficits; and

Whereas the role of local governments has evolved significantly in recent decades, with municipalities taking on new responsibilities with respect to health and social services, housing and economic development; and longstanding responsibilities like policing, waste management and water and wastewater services becoming more complex due to societal issues like mental health, homelessness and climate change; and

Whereas municipalities are critical to solving national policy challenges and political priorities like housing affordability, homelessness, mental health and the opioid and addiction crisis, adapting to climate change, reducing GHG emissions, economic development, and, ultimately, achieving a high quality of life for Canadians;

Now therefore be it resolved that; Burlington City Council recognize and affirm the advocacy of the Federation of Canadian Municipalities (FCM) calling on the Federal, Provincial and Territorial governments to engage the Federation of Canadian

Municipalities and Provincial territorial associations in the development of a Municipal Growth Framework through a process by which new sources of municipal revenue, including predictable intergovernmental transfers and new direct taxation powers, are proposed, evaluated and implemented; and further

That a copy of this motion be forwarded to The Honourable Chrystia Freeland, Minister of Finance, The Honourable Karina Gould, Leader of the Government in the House of Commons, Pam Damoff, MPP Oakville North-Burlington, Adam van Koeverden, MPP Milton, The Honourable Peter Bethlenfalvy, Minister of Finance, The Honourable Parm Gill, Minister of Red Tape Reduction, MPP Natalie Pierre, Burlington, MPP Effie Triantafilopoulos, Oakville North-Burlington, and the Federation of Canadian Municipalities.

Reason:

A new fiscal framework can explore alternative revenue sources or provide municipalities with a greater share of existing revenue streams.

Canadian municipalities are responsible for maintaining and upgrading critical infrastructure, such as roads, bridges, water treatment facilities, and public transit systems. Many municipalities have aging infrastructure that requires significant investments. A new fiscal framework can provide stable funding sources for these infrastructure projects.

FCM is best positioned to lead the development of a Municipal Growth Framework that links municipal financial capacity to factors such as national population growth and economic growth.

Outcome Sought:

A new modernized fiscal framework for Canadian municipalities.

Vision to Focus Alignment:

(check those that apply)

- Increase economic prosperity and community responsive city growth
- Improve integrated city mobility
- Support sustainable infrastructure and a resilient environment
- Building more citizen engagement, community health and culture
- Deliver customer centric services with a focus on efficiency and technology transformation

Share with Senior Staff

Seconded by Mayor Marianne Meed Ward

Approved as per form by the City Clerk,

Reviewed by the City Manager - In accordance with the Code of Good Governance, Council-Staff Relations Policy and an assessment of the internal capacity within the City to complete the work based on a specific target date (quarter/year).

Comments:

City Clerk: Approved as per Form

City Manager: Approved

FCM - New Growth Framework for Canadian Municipalities Resolution, adopted at the Annual Conference - 2023 - Toronto, ON

WHEREAS, Municipalities are constrained in their ability to generate revenue to fund their capital and operating expenses, with property taxes being an unsuitable and unsustainable tool for Canadian municipalities to support essential services, maintain critical infrastructure, accommodate growing populations and contribute to economic growth; and

WHEREAS, The COVID-19 pandemic significantly impacted municipal revenue, especially transit fare revenue in the bigger cities, creating multi-year budgeting challenges and laying bare the inadequacy of the current municipal fiscal framework, including the limited powers that municipalities currently have to raise their own revenue; and

WHEREAS, The post-pandemic recovery has led to growth in provincial and federal revenue through sales and income taxes while municipal revenue, namely property taxes, has either stagnated or declined over the last five years when adjusted for inflation; and

WHEREAS, Canada's population grew by over one million in 2022—the highest annual growth rate since 1957; and

WHEREAS, Municipalities own and operate around 60 per cent of Canada's core public infrastructure and are responsible for the full lifecycle cost of operating, maintaining and replacing capital assets, while federal and provincial/territorial governments typically only contribute to the upfront capital costs; and

WHEREAS, Municipalities are generally responsible for operating costs, including large and growing budget lines for police and protective services and public transit, and municipalities are limited in their ability to borrow for operating costs and are prohibited from running deficits; and

WHEREAS, The role of local governments has evolved significantly in recent decades, with municipalities taking on new responsibilities with respect to health and social services, housing and economic development; and longstanding responsibilities like policing, waste management and water and wastewater services becoming more

complex due to societal issues like mental health, homelessness and climate change;
and

WHEREAS, Municipalities are critical to solving national policy challenges and political priorities like housing affordability, homelessness, mental health and the opioid and addiction crisis, adapting to climate change, reducing GHG emissions, economic development, and, ultimately, achieving a high quality of life for Canadians; now therefore be it

RESOLVED, That Canada needs a modernized fiscal framework for municipalities; and be it further

RESOLVED, That the Federation of Canadian municipalities (FCM) lead the development of a new municipal growth framework that results in municipal financial capacity being more accurately linked to items such as national population growth, inflation, economic growth and the role of Canadian municipalities in the 21st century; and be it further

RESOLVED, That FCM call on the federal government and provincial and territorial governments to engage FCM and provincial territorial associations in the development of a Municipal Growth Framework through a process by which new sources of municipal revenue—including predictable intergovernmental transfers and new direct taxation powers—are proposed, evaluated and implemented.