AMO Supports McGuinty’s Fiscal Imbalance Efforts

Issue: AMO is calling on member municipal governments to pass a resolution in support of Ontario’s efforts to address the federal/provincial fiscal imbalance.

Background:

About thirty municipal leaders from across Ontario attended a breakfast meeting at Queen’s Park today where Premier McGuinty outlined Ontario’s case for addressing the federal/provincial fiscal imbalance. The Premier briefed municipal officials on the key elements of Ontario’s strategy and garnered their full support.

In outlining Ontario’s position, the Premier said that equitable fiscal arrangements will help build strong communities, a stronger Ontario and a stronger Canada.

Ontario’s position focuses on the “vertical fiscal imbalance” - calling for equitable treatment of all provinces and territories based on per capita federal transfers and a fair share of funding for programs such as infrastructure, training and EI. It also calls on the federal government to refrain from increasing equalization, recognizing the current $11.5 billion equalization program (funded 43% by Ontario tax payers) is sufficient to fulfill its purpose of ensuring that people in all provinces and territories have access to comparable public services at comparable levels of taxation. Ontario is also calling for a thorough, long-term review of fiscal arrangements through a National Public Commission that would include municipal governments.

The federal/provincial fiscal imbalance in Ontario has a direct impact on municipal governments. Ontario’s communities are contending with a provincial/municipal fiscal imbalance that costs municipal property tax payers more than $3 billion a year for provincial social and community health services. Fixing the federal/provincial gap will help the provincial government to end its reliance on property taxes to fund these provincial health and social services programs. AMO believes that we need to proceed to provincial-municipal discussions on how we can fix the provincial-municipal fiscal architecture because it too is not sustainable.

A copy of the Premier’s presentation is linked to this Alert, which is also posted on the AMO website at www.amo.on.ca.

Action:

Municipal Councils are asked to consider passing a resolution in support of the Premier’s efforts and Ontario’s position on the issues. A sample resolution is attached.

For more information, please contact: Pat Vanini, AMO Executive Director, at 416-971-9856, ext. 316.
WHEREAS Ontario’s communities are proud of the contribution that Ontarians make to other parts of Canada; and

WHEREAS Ontarians believe that Ontario must be treated fairly by the federal government; and

WHEREAS the Government of Ontario is calling on the federal government to address the vertical fiscal imbalance that would see Ontario treated in an equal manner and therefore all provinces and territories receive federal transfers on a per capita basis and a fair share of funding for programs such as infrastructure, training and EI; and

WHEREAS the Government of Ontario is calling on the federal government to refrain from increasing equalization, recognizing the current $11.5 billion equalization program (funded 43% by Ontario tax payers) is sufficient to fulfill its purpose of ensuring that people in all provinces and territories have access to comparable public services at comparable levels of taxation; and

WHEREAS the Government of Ontario is also calling for a thorough, principled review of fiscal arrangements through a National Public Commission that would include municipal governments; and

WHEREAS the Government of Ontario has recognized that municipal governments do not have access to revenues and resources equal to their responsibilities; and

WHEREAS addressing the federal/provincial fiscal imbalance will allow the Government of Ontario to continue to address the provincial/municipal fiscal imbalance which currently undermines the sustainability of Ontario’s communities; and

WHEREAS equitable fiscal arrangements will help build strong communities, a stronger Ontario and a stronger Canada;

THEREFORE BE IT RESOLVED THAT (Name of municipality) supports the Government of Ontario’s position and its efforts to address the federal/provincial fiscal imbalance fairly, equitably, without increasing the federal equalization program (and including the creation of a tri-lateral national public commission on fiscal arrangements); and

FURTHER BE IT RESOLVED THAT (Name of Local MP), the Right Honourable Stephen Harper, Prime Minister of Canada, the Honourable Dalton McGuinty, Premier of Ontario, the Honourable Jim Flaherty, Federal Minister of Finance, the Honourable John Gerretsen, Ontario Minister of Municipal Affairs and Housing, the Honourable Marie Bountrogianni, Ontario Minister of Intergovernmental Affairs, and the Association of Municipalities of Ontario be advised that this Council support Ontario’s position on the fiscal imbalance.