

The City of Greater Sudbury is a growing, world-class community bringing talent, technology and a great northern lifestyle together.



Province of Ontario Pre-Budget Consultations

Submission to:

The Hon. Greg Sorbara
Minister of Finance

Presented by:

Mayor David Courtemanche
City of Greater Sudbury

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Greater Sudbury *The Hub of Northeastern Ontario*

Message From the Mayor	1
Executive Summary	2
A New Deal for the North	2
The Province has a role to play in easing the burden	2
Economic Development	
Greater Sudbury Economic Development Strategic Plan	3
Northern Ontario Heritage Fund	4
Mining Tax Credits	4
Four-laning of Highway 69	4
Sudbury Regional Hospital.	4
Opportunities in Green Energy.	4
The Case for a New Deal	
The Headlines are Encouraging	5
Long-term, sustainable funding.	6
Fiscal pressures - At a glance	
Infrastructure.	7
Assessment	7
Revenue imbalance	7
Challenges imposed by the provincial government	7
Building a Self-sustaining Community	
Long-Term Financial Plan	
- Forward thinking, Future planning.	8
Need for provincial funds to sustain infrastructure.	9
City of Greater Sudbury Capital Requirements.	9
Assessment in Greater Sudbury and across the North	10
Revenue Imbalance	
- Local Services Realignment and Community Reinvestment Fund.	10
Challenges imposed by the provincial government.	11
Provincial and Municipal revenues - the gap is widening	11
Change in Government Revenues: Federal - Province - Municipalities.	11



Vision

The City of Greater Sudbury is a growing, world-class community bringing talent, technology and a great northern lifestyle together.



Introduction

As the level of government closest to the people, cities play a critical role in enhancing quality of life and ensuring that the social, physical and economic needs of citizens are met. I commend the Province of Ontario for giving us an opportunity to provide input as part of the 2004 budget process. It demonstrates, very clearly, that the provincial government cares about our concerns.

The City of Greater Sudbury is the largest municipality in Ontario based on land mass - 3,627 square kilometres. The City provides an array of services to 155,000 residents within this vast geographic boundary. The magnitude of our responsibility to the community is best reflected in our annual budget which reached \$389 million in 2003.

Greater Sudbury is the service hub for Northeastern Ontario, a market of more than half a million people. World-renowned as a leader in mining and mining technology, Greater Sudbury has established itself as a major centre for health care, tourism, research, education, government, retail, business and telecommunications.

Our road to ongoing economic prosperity, however, is paved with many challenges along the way. Our population is declining. There is little growth in our assessment base. Our one-site hospital remains incomplete. Budget pressures facing our municipality are significant. Our infrastructure is aging. We face many issues that are unique to the North because of our geography, our climate, and our limited ability to generate revenues to fund much-needed services.

Despite the challenges, we remain focussed in our efforts to grow our municipality for today and tomorrow. Working together with our Northern Mayors and our provincial and federal partners, we are committed to implementing strategic economic development initiatives and resolving the financial dilemmas that we, like other municipalities in the Province, continue to face.

This document outlines some of the key issues for our community and talks about critical priorities for the North as a whole. It also makes the case for a 'new deal'. Together, we can ensure that our cities remain vibrant places for citizens to live, work and raise a family, and for businesses to invest.


David Courtemanche
Mayor
City of Greater Sudbury

Executive Summary

A New Deal for the North

Northern Mayors gathered in Greater Sudbury recently to discuss common issues and concerns. The Large Urban Mayors of Northern Ontario, with the support of FONOM and NOMA, will continue to work together to promote growth in the North and seek a new deal for all Northern municipalities.

The North faces unique challenges with declining population, the loss of young people to larger urban centres, and a limited assessment base.

The Province of Ontario has a critical role to play in supporting economic growth in the North, including policies that will help to strengthen our population base. Encouraging immigration to Northern communities is one component of this growth strategy.

The Province has a role to play in easing the burden

It is critical that the Provincial Government re-assess its support to the City of Greater Sudbury and all municipalities in the Province of Ontario by:

- Indexing the CRF;
- Removing the Unreasonable Administrative Caps on many of the LSR Services;
- Returning to Municipal/Provincial Cost Sharing Arrangements for infrastructure, similar to what existed prior to 1996; i.e. \$0.50 dollars
- Providing municipalities with more progressive revenue alternatives; i.e. a share of the gas tax, income taxes, provincial sales taxes, etc.
- Uploading Land Ambulance and Public Health costs; and
- Confirming the status of OMEIFA funding.



Greater Sudbury
the hub of
Northeastern Ontario
*Leadership in job creation,
health and the environment*

Economic Development

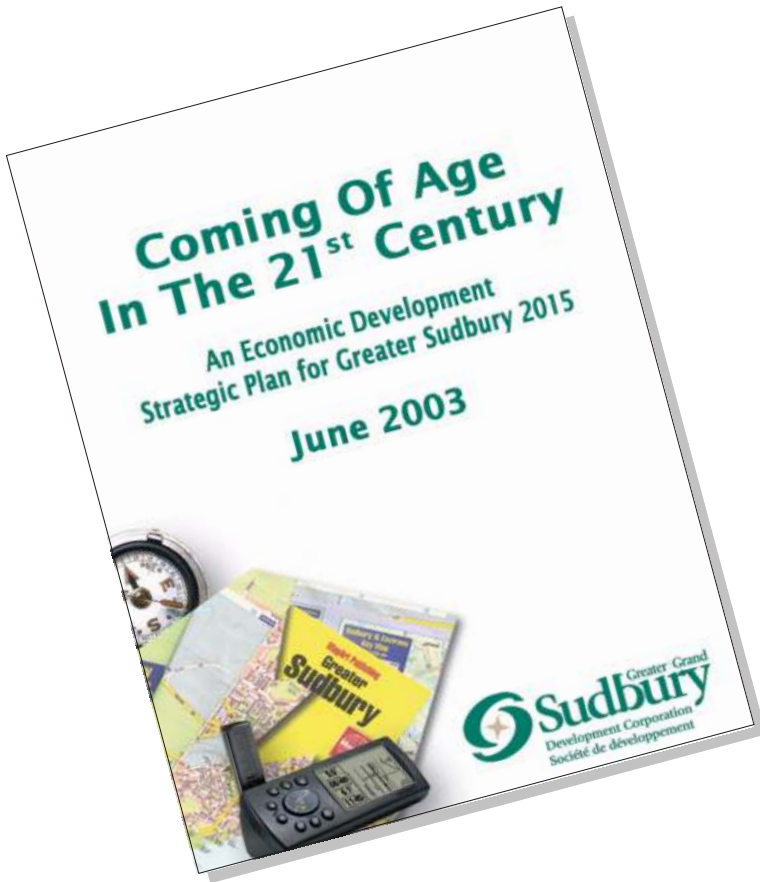
Greater Sudbury Economic Development Strategic Plan

Five engines will drive job creation in the City of Greater Sudbury in the coming years. The engines are outlined in Greater Sudbury's first economic development strategic plan "Coming of Age in the 21st Century: An Economic Development Strategic Plan for Greater Sudbury 2015". The Strategic Plan identifies priorities for future growth and job creation. The Plan provides a road map to guide the City's economic development efforts over the next decade, focusing on those areas that offer the greatest potential for prosperity.

The five economic engines identified in the Strategic Plan will enhance Greater Sudbury's core capabilities:

- Engine # 1: To be the best mining and supply services centre in the world
- Engine # 2: To become a city for the creative, curious and adventuresome
- Engine # 3: To become one of Ontario's top four destinations
- Engine # 4: To become a leader in health innovation and biotechnology
- Engine # 5: To become a model for eco-industry and renewable energy

During the strategic planning process, infrastructure was highlighted by community leaders as being fundamental to growth. Infrastructure must be improved to attract investment to the North.





Northern Ontario Heritage Fund

The Northern Ontario Heritage Fund is a major economic engine for the Province of Ontario. Through the Community Foundations initiative, NOHFC recognizes that quality of life is essential to the economic development of Northern Ontario. In fact, quality of life is a significant factor that influences companies considering locating or expanding in Northern Ontario. It helps attract skilled workers and health professionals to the region and ensures that our northern communities remain resourceful and attractive places where people of all ages continue to live, work and invest. It is critical that the Northern Ontario Heritage Fund continue to support Northern initiatives.

Mining Tax Credits

Mining Tax Credits in the form of flow-through shares attract investment in mining exploration. Improving access to capital for small mining exploration companies, stimulates mineral exploration in Ontario, creating employment not only in exploration but also in the supply and services sector. Flow-through shares present a tremendous investment opportunity for the North.

Four-laning of Highway 69

The four-laning of Highway 69 remains a priority. A modern and efficient highway system is the foundation for strong communities right across Northern Ontario. Four-laning of Highway 69 will enhance overall economic activity. It will improve access to the North and attract more businesses and industries to Greater Sudbury. This major transportation route will sustain and improve the quality of life in our region and ensure that our City and surrounding communities remain strong engines of economic growth for years to come.



Sudbury Regional Hospital

Ensuring citizens have access to health services in our community is critical. We are identifying new opportunities in research, education and health care arising from the Northern Ontario Medical School. And we are continuing our efforts to recruit and retain physicians. The timely completion of the Sudbury Regional Hospital is essential for Greater Sudbury and the North as a whole. As a regional resource and referral centre, the Hôpital régional de Sudbury Regional Hospital provides hospital-based acute, transitional, rehabilitation and continuing care for over 600,000 residents across Northeastern Ontario.

Opportunities in Green Energy

The City of Greater Sudbury continues to seek new environmental and renewable energy opportunities in order to play a leadership role in developing industries of the future. Our Local Action Plan, developed by EarthCare Sudbury, is a model for other communities. The Local Action Plan is an ambitious and visionary initiative, one which is aimed at making Greater Sudbury cleaner, greener and more sustainable. It contains dozens of actions that will improve the environment, make our community healthier, and strengthen the local economy.

The City's commitment to wind power development is a critical part of a long-term economic development strategy that aims to put Greater Sudbury on the map as a North American centre of excellence for wind power research and development. The Province of Ontario is to be commended for its commitment to Green Energy. Within the next two to three years, five per cent of Ontario's total energy consumed must be supplied by renewable energy projects. The City of Greater Sudbury's current activity in this area has the potential to create 1,500 new jobs; many of them technology based.



The Case for a New Deal *The Headlines are Encouraging*

Funding will include towns, Martin says
The Toronto Star, February 14, 2004

Yesterday, Martin again paid heed to the challenges facing small communities as he met with local leaders in Brockville. "The problems of municipalities outside of the large areas, rural municipalities, are very acute. The kinds of populations, shrinking resource bases, tax bases and in fact, the property tax base, simply isn't enough for them to be able to function," Martin said. "They need long-term sustainable funding."

Province plans meetings with cities
The Sudbury Star, February 7, 2004

Municipal Affairs Minister John Gerretson told Osprey News that income taxes traditionally paid for public health services such as ambulances, and suggested, for the first time since the new government has taken power, that he's open to discussing funding for ambulance service. "These kinds of services should not be paid for by the property tax base," Gerretson said. "Health services are probably the first area we should talk about." ... "The reality of the situation is municipalities currently have to pay for many more social services than they did before," Gerretson said.

Ontario cities like what they hear
Minister says new deal on the way
The Toronto Star, January 24, 2004

A new deal is coming for Ontario municipalities - it's only a question of when. That was the message delivered yesterday by the province's municipal affairs minister, John Gerretsen, to a meeting of the Large Urban Mayors Caucus of Ontario in Brampton. The tradition of treating municipalities as creatures of the province will give way to a "totally new approach" that empowers local governments to manage their own affairs, Gerretsen said. "I don't want to dwell on the financial situation we find ourselves in, but the premier has repeatedly said we're going to implement a 2 cents a litre share of the gasoline tax... and it's a question as to how quickly we can do that. Part of it may be implemented this year. Part of it may be delayed. We'll find out when the budget is presented in May."

Politicians fiddle while once-proud cities burn
The Toronto Star, April 24, 2002

Finance Minister Paul Martin repeated the "new deal" promise again Monday in response to a cogent report from the TD Bank backing the idea of more money and power for cities. It's impossible to deny the logic of sharing senior government revenues with cities, Martin said. Cities can't subsist solely on property-tax revenues meant to pay for garbage and snow removal, he said, not when they are now responsible for so many services once provided by the federal and provincial governments.

Anne Golden, who led off the most recent stream of debate with her task force on Greater Toronto in 1998, said those who claim the solution lies with government structures and efficiencies and new ways of delivering service are missing the essential element. "The (TD Bank) report is clear. It can't be more grants. It has to be new funding sources that are long-term, reliable, accountable, clear, simple to administer and which lead to efficiency and equity."

Premier Dalton McGuinty
1999 20/20 campaign document - page 15

"As a sign of our commitment to stop downloading, we will upload ambulance services, providing a saving of as much as \$200 million to local property taxpayers."

A variety of studies have documented the financial challenges being experienced by municipalities in Canada and Ontario:

- Prime Minister's Caucus Task Force on Urban Issues, Interim report "Canada's Urban Strategy: A Vision for the 21st Century", May 2002 and Final report "Canada's Urban Strategy: A Blueprint for Action", November 2002
- Toronto Board of Trade, "Strong City: Strong Nation", June 2002
- Federation of Canadian Municipalities: "A New Deal for Cities: On the Road to Fiscal Sustainability," May 2002
- TD Economics, "A Choice Between Investing in Canada's Cities or Disinvesting in Canada's Future", April 2002 and "The Greater Toronto Area: Canada's Primary Economic Locomotive in Need of Repairs", May 2002



The Case for a New Deal *Long-term, Sustainable Funding*

Senior levels of government, at long last, are publicly stating that municipalities need long-term, sustainable funding. The federal government has begun to take action by eliminating the GST for municipalities. The federal government has also agreed that cities and towns must have a say in national change. This is a tremendous step forward.

For its part, the Province of Ontario has also recognized that municipalities need concrete help to meet their ever-growing mandate. The Province is to be commended for pledging to work with municipalities to address the issues at hand. The case for a 'new deal' is stronger than ever. The collective voices of municipalities are finally being heard.

The City of Greater Sudbury is the single largest delivery agent of essential services in the community, indicative of the confidence that the Province of Ontario has placed in our ability to respond to local needs. In meeting its mandate, the City of Greater Sudbury strives to deliver services in the most cost-effective and efficient way possible.

But we continue to face many challenges including a lack of funds to sustain our aging infrastructure, little growth in assessment, limited ability to raise revenues and ever-increasing government regulations with no additional resources. In its Pre-Budget Submission to the Standing Committee on Finance and Economic Affairs, the Association of Municipalities of Ontario has clearly stated that the Province must renew our communities by moving the 'new deal' forward by new and shared revenue sources, matching the right service to the right tax base and cost containment/cost avoidance measures.

AMO states: "Let there be no doubt that over the years municipal governments have worked at doing more with 'less' but that 'less' has meant municipally we have not been able to keep up with the capital infrastructure needs while trying to hold the line on property taxes. That strategy has caught up with us, and is beginning to overtake us unless there is immediate help, and a plan that gives us predictable, sustainable revenue". Clearly, the Province has an opportunity to show leadership by easing the burden.

For the 2004 budget, the City of Greater Sudbury is undertaking the most comprehensive public participation process in its history - much like the Province of Ontario's pre-budget consultations. The process adopted in Greater Sudbury may be one of the most comprehensive of its kind for any city in Canada. In addition to community surveying and extensive media coverage, a total of 12 public meetings have been held with citizens across the Greater Sudbury area.

Citizens are concerned about the future of their community - about roads, their quality of life, access to recreational programs, jobs, high taxes, increasing user fees, etc. - and rightly so. They want their community to be sustainable and viable. The time for action is now.

A 'new deal' is long overdue.



Fiscal Pressures *At a Glance*

Infrastructure:

The City of Greater Sudbury requires provincial funds to sustain its aging infrastructure. Budget pressures facing the City, like many other municipalities throughout the province, are significant and threaten the very sustainability of the community. The gap between anticipated expenditures and projected revenue continues to grow. There is a clear need to return to Municipal/Provincial Cost Sharing Arrangements for infrastructure, similar to what existed prior to 1996 (ie. \$0.50 dollars). The Province should also provide municipalities with more progressive revenue alternatives, such as a share of the gas tax, provincial sales tax or income taxes.

Assessment:

Unlike Southern Ontario municipalities which are experiencing rapid growth, Greater Sudbury is not. There is little new money from assessment. Little growth, coupled with ever-increasing costs and dwindling revenues, has seriously hampered the City of Greater Sudbury's ability to respond to local needs. The City of Greater Sudbury's assessment growth in 2004 was 0.8%.

Revenue imbalance:

Every year, the City is forced to meet increasing costs associated with services downloaded by the Province. (For instance, there are indications that the City will no longer be able to use existing courtroom facilities for Provincial Offences Act trials. This will add thousands of dollars in additional costs to the 2004 City budget.) The Community Reinvestment Fund is not indexed to inflation, so there is no recognition for inflation, wage or benefit costs for services that have been downloaded to the City from the Province. In addition, there is a need to remove the unreasonable administrative caps on many of the LSR services.

The Province can help ease the burden by uploading ambulance and public health costs. The value to the City of Greater Sudbury would be approximately \$4.1 million annually.

Challenges imposed by the provincial government:

In addition to the gap between capital needs and capital financing, the City of Greater Sudbury is being mandated to meet the changing, and costly, requirements of Provincial Regulations or Legislation. The Safe Drinking Water Act and the Sustainable Water and Sewage Systems Act are prime examples.

The Province's Building Regulatory Reforms (Bill 124) will have budget implications for municipalities. Mandatory qualifications for Building Officials will result in higher training costs, particularly for Northern areas. Additional human resources will be needed to conduct mandatory inspections at various stages of construction. New rules governing building permit fees may have an impact on property taxes.



Building a Self-sustaining Community *Long-Term Financial Plan* *Forward thinking. Future planning.*

City Council took a bold step forward in 2002 and looked at the City of Greater Sudbury's fiscal needs over the next 10 years. Council retained the services of an independent firm, Hemson Consulting Limited, to develop a Long-Term Financial Plan. The plan is updated annually.

By focusing on the long-term, the Financial Plan will ensure that the City is in a good financial position and can finance services to the public on an ongoing basis. The goal is to build a self-sustaining community, with a sound infrastructure and an excellent quality of life.

Budget pressures facing the City, like many other municipalities throughout the province, are significant and threaten the very sustainability of the community. The gap between anticipated expenditures and projected revenue continues to grow.

With the Long-Term Financial Plan, the City recognized the need to adopt a new budgeting process with a new approach to financial management, one that shifts the emphasis from bottom line financial concerns to service delivery within a longer term financial planning horizon. The Long-Term Financial Plan included:

- An assessment of the City's demographic and economic environment
- Preparation of a 10-year projection of operating costs and capital spending requirements
- Identification of options for addressing the financial gap between revenues and spending requirements
- Need for the involvement of senior levels of government to seek predictable, sustainable revenue such as a portion of the gas tax, PST, GST, indexing the CRF, etc.





Need for provincial funds to sustain infrastructure

One of the key findings of the long-term financial planning process was the need for provincial funds to sustain our aging infrastructure. The financial principles and policies in the Long-Term Financial Plan, designed to ensure the City attains financial sustainability and has sufficient resources to provide the services that the community expects, addresses this need directly in the following financial principles and policies:

Ensure Long-Term Financial Sustainability

Determine on a multi-year basis the financial requirements for the City's operating and capital needs. Identify the funding gap between revenues and expenditures.

Include in the annual budget process a detailed one year budget, three year budget forecast and annual update of the 10-year projection including identification of the long-term funding gap and the City's progress in addressing the gap.

Set revenue raising requirements giving consideration to measures of affordability and competitiveness.

Raise sufficient revenue to meet long-term operating and financial requirements, recognizing that inflation increases the cost of both operating and capital programs.

Recognize the relationship between the operating and capital budgets. Annually identify and provide for capital from current funding, annual debt servicing costs, and for changes to operating costs arising from new/replaced infrastructure.

Plan for the replacement of infrastructure through the use of life cycle costing and the development of replacement reserves.

Recognize that funding from senior governments is a crucial element of financial sustainability

Seek additional sustainable revenues from the provincial and federal governments. Seek senior government funding sufficient to bridge the funding gap between net required program costs and affordable tax and user charge rates/revenues.

Participate in grant/subsidy programs only if programs/projects to be supported are required or can be justified independent of the provision of the grant/subsidy.

City of Greater Sudbury Capital Requirements

In the Long-Term Financial Plan, the City identified capital requirements totalling \$676 million in inflated dollars over the next decade. After considering subsidies, reserves, other recoveries, and the City's currently approved capital funding envelopes, a financing gap of \$421 million (inflated dollars) exists between identified capital needs and available resources.

Example:

The City of Greater Sudbury currently spends \$11.4 million a year on its capital roads program. This amount has decreased significantly since 1995 when provincial subsidies for roads were eliminated. Pre-1995, local municipalities spent a combined total of some \$15 million on roads. The City should be spending \$28 million a year on its capital roads program to meet local needs.

The City faces significant financial pressures. These financial pressures will challenge City Council and the City Administration to make decisions related to program delivery, priorities and service levels - decisions that will have a direct impact on the citizens of Greater Sudbury. The Long-Term Financial Plan states: "Important elements in meeting the City's infrastructure needs will be the managed use of debt financing, and the attainment of sustainable ongoing contributions from senior levels of government."

The plan further recognizes: "If funding from senior levels of government is to be secured, it will be essential for the City to demonstrate that it is committed to addressing a significant portion of the gap through its own resources, including the use of debt financing. Short term use of debt is also considered prudent when the added cost of delaying infrastructure projects exceeds the cost of debt financing. This may be the situation for the City - as the roads continue to deteriorate the costs of repairing them escalate."

What is the status of OMEIFA funding?

The former government created the Ontario Municipal Infrastructure Financing Authority (OMEIFA) to provide subsidized financing for municipalities. It was created to promote healthy and prosperous communities by providing municipalities with more flexibility in investing in much needed capital infrastructure such as water and sewage treatment, roads and bridges and public transit. This funding would help municipalities undertake much-needed infrastructure improvements.

Assessment Growth

Budget Year	2000	2001	2002	2003	2004*
London	1.40%	0.90%	1.20%	1.00%	1.45%
Region of Peel	2.94%	3.43%	3.61%	3.96%	3.91%
Region of Niagara	1.70%	1.30%	1.20%	1.50%	1.10%
Region of Waterloo	1.92%	2.35%	3.03%	3.29%	2.25%
Hamilton	1.40%	1.20%	0.80%	1.30%	1.30%
Sudbury	0.30%	0.40%	-0.10%	0.40%	0.80%
Windsor	2.25%	2.22%	3.00%	1.96%	1.88%

*estimated

Assessment in Greater Sudbury and across the North

Unlike its southern counterparts, which are rich in assessment, the City of Greater Sudbury is not. Limited growth in assessment, coupled with ever-increasing costs and dwindling revenues, has seriously hampered the City of Greater Sudbury's ability to respond to local needs.

Greater Sudbury has experienced both population decline and recovery throughout its history. After a period of substantive growth through the sixties and seventies, total population declined to 152,470 in 1986, mainly due to downsizing in the mining sector, poor economic conditions and the out-migration that occurred as a result.

This downward trend was reversed from 1986 onward - the 1996 Census population of the former Regional Municipality of Sudbury was 164,049. The recovery is largely attributed to a period of robust employment and development activity during the years 1989 - 1991. Since 1994, however, the City has again been experiencing net out-migration. The resulting impact is significant population decline - the 2001 Census population of the City of Greater Sudbury is 155,219, a decline of 6.1% over the 1996 population adjusted to the City's new boundaries.

Close to 68% of out-migration for the period 1991 - 2000 is comprised of persons aged 18 - 44. Most of the out-migration is intraprovincial (i.e., to other cities and towns in Ontario). For the period 1996 - 2001, 46% of those who left the community migrated to the metropolitan areas of Toronto and Ottawa.

The most recent migration data indicate some improvement in out-migration numbers. For the period 2000-2001, preliminary data report a net migration of -720 persons. This compares to a net migration figure of -2,923 in 1998-1999. While this is a vast improvement over previous years, it remains too early to determine if Greater Sudbury's population base has stabilized.

Source: Statistics Canada; Migration Estimates, Cat. # 91C0025, Sudbury R.M. Migration estimates are based on taxation records; the period of reference extends from April of one year to April of the following year.

Note: Net Migration = In-Migration - Out-Migration. Net migration is one component of population growth. Natural increase (births minus deaths) must also be incorporated into population growth estimates.

Prepared by the Community & Strategic Planning Section, City of Greater Sudbury. February 3, 2003.



Revenue Imbalance - Local Services Realignment and Community Reinvestment Fund

There continues to be a significant revenue imbalance with regard to the Local Services Realignment (LSR) of 1998. Every year, the City is forced to meet increasing costs associated with those transferred services. The Community Reinvestment Fund is not indexed to inflation, so there is no recognition for inflation, wage or benefit costs for services that have been downloaded to the City from the Province. The City is incurring increased operating costs that are having a negative impact on its budget.

Examples:

There are ongoing increases in costs with regards to Ontario Works and Children's Services. The Province has imposed a ceiling on its subsidy for administration which does not recognize salary, benefits, rent increases, etc. These costs are passed on to the municipality at 100% dollars. An estimate for Ontario Works indicates that this alone was worth \$440,000 in 2003.

There is insufficient funding for Social Housing. In 1998, the City became responsible for Social Housing and assumed approximately 5,500 units. The revenue neutrality of this transfer was questioned at that time and is still questioned today. The 2003 Social Housing Budget, net of CRF changes, increased by \$900,000. This is due to inflationary increases, capital requirements of the Local Housing Corporation, and increased non-profit housing costs. In spite of the \$900,000 increase, there continues to be a significant gap in capital funding for social housing in general.

The Provincial Offences revenue that was used to offset the CRF calculation was never realized. Because the CRF does not take into consideration lost revenue in Provincial Offences, this has resulted in a cost to the City of an additional \$700,000. In addition, there are indications that the City will no longer be able to use existing courtroom facilities for POA trials. This will add thousands of dollars of unanticipated costs to the 2004 City budget.

Again dealing with the CRF, the Province has imposed an unrealistic salary cap for Land Ambulance Services. Revenue neutrality for this downloaded services has not been maintained. The City's levy currently supports this service by \$1.3 million after provincial grants are taken into consideration. Cross-border billing also remains an outstanding issue. This could cost the City a further \$700,000 annually if not resolved.



Challenges imposed by the Provincial Government

In addition to the gap between capital needs and capital financing, the City of Greater Sudbury is being mandated to meet the changing, and costly, requirements of Provincial Regulations or Legislation: the Planning Act, the Safe Drinking Water Act, the Sustainable Water and Sewage Systems Act, the new Municipal Act, and, more recently, the Building Code Statute Law Amendment Act. It seems to be a trend at the senior levels of government that a transfer of responsibility to the municipal level is coupled with ever-increasing, onerous regulations dealing with accountability, with no additional resources.

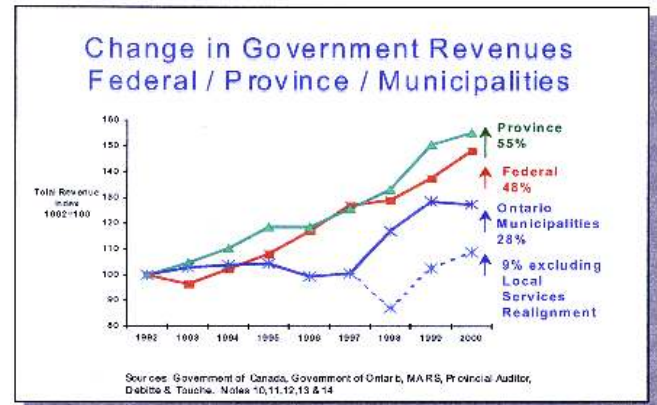
Provincial and Municipal revenues - the gap is widening

On January 20th, 2003, the Inter-Municipal Team on New Revenue Sources released a discussion paper entitled "A New Funding Framework for Ontario Municipalities". This paper builds upon the research released by the Federation of Canadian Municipalities, the Toronto Dominion Bank and the final report of the Prime Minister's Task Force on Urban Issues, among others.

Each of these reports has called for a new financial deal for Canadian municipalities primarily because Canada's economic prosperity is increasingly centered in Canada's largest urban centres and the fiscal responsibilities that municipalities face have not been matched by appropriate revenues.

Change in Government Revenues Federal - Province - Municipalities

Between 1992 and 2000, municipalities, unlike senior governments, have not benefited from the improvements in the Canadian economy. Federal revenues increased by 48 per cent, while provincial revenues increased by 55 per cent. Ontario municipal revenues increased by only 28 per cent in gross dollars.



When the impacts of Local Services Realignment are removed (LSR increased municipal revenues and expenditures relative to the pre-1998 period), the net increase of municipal revenues was only a mere 9 per cent, much less than the rate of inflation of 14 per cent during the same period.

In addition, Ontario cities lead the nation in social service responsibilities. They also lag most major cities in terms of revenue sharing with the provincial level of government. Vancouver, Calgary, Edmonton and Montreal all receive a share of gas tax revenues in support of transit expenditures, as well as other supportive measures for municipal infrastructure.

Ontario may want to look across the border for solutions. Municipal governments in the United States draw on a wide array of financing mechanisms, including local income and sales taxes, and greater support from state and federal governments. U.S. cities have access to a much broader revenue base than Canadian cities.



City of Greater Sudbury
P.O. Box 5000, Stn A
200 Brady Street
Sudbury ON P3A 5P3

Phone: (705) 671-2489
Fax: (705) 671-8118

Internet: www.greatersudbury.ca