

City of London

**Submission to Standing Committee on Finance and
Economic Affairs**

2012 ONTARIO PRE-BUDGET CONSULTATION

February 2012



INTRODUCTION

The City of London has been hit particularly hard during this economic downturn. Unemployment rates in the London area have increased from 2010, to a 2011 average of 9.0% and a rate of 9.6% for the month of December. This, in turn, has increased the number of those individuals and families relying on the social safety net, and placing a heavy burden on our social services. Notwithstanding recent improvements in the Provincial-Municipal Fiscal Imbalance, the current municipal funding model is still unsustainable in the longer term. The City of London is working with key partners to improve its local economy and trusts that the Province of Ontario will continue to be a contributor to the region's future success.

London acknowledges the commitment the province has made to Southwestern Ontario through the creation of the Southwestern Ontario Development Fund. The City believes that this new permanent fund, together with other ongoing provincial commitments in the areas of highway infrastructure, affordable housing, transit, revenue sharing, uploading, and energy, will be a catalyst for renewed economic prosperity in the region. Together all governments need to build on this success.

The City is calling for all governments to continue to make key infrastructure investments to attract new jobs; create the kinds of economic conditions that attract new businesses and jobs; provide social safety nets to support those most affected in this economic downturn; and work together to ensure that all governments have the resources they require to deliver the services people rely on. London is asking the province to build on its commitments with the city to restore prosperity to the City and region. The City respectfully offers several recommendations to partner for prosperity; partner to provide a social safety net; and partner to provide the City more fiscal capacity. While some of the City's recommendations call for key investments, many call for no-cost policy changes that would benefit both governments. The City believes that through strategic partnerships we can make a difference and weather this economic storm together.

PARTNERING FOR ECONOMIC PROSPERITY

London City Council identifies "A Strong Economy" as one of its five priorities in its 2011-2014 Strategic Plan. Through partnerships with the business community and its academic institutions the City is moving forward with key strategies to improve the local and regional economy.

The City welcomes the Province's announcement to create a permanent Southwestern Ontario Development Fund. This fund is a much needed addition to assist a region that has been hard-hit during these tough economic times. Combined with strategic investments in infrastructure, key economic sectors and the labour force, together a difference can be made to improve the struggling economy of Southwestern Ontario.

The City is looking for the Province to be a partner to support emerging economic sectors; make critical infrastructure investments; and attract skilled immigrants to build the labour force the region needs.

In addition to these key areas of partnership, the City asks that the province carefully consider when it is appropriate to phase out economic stimulus without jeopardizing economic recovery. The City's economy has greatly benefited from provincial and federal stimulus programs and is concerned about possible negative impacts if they are phased out too quickly. While there may be a potential economic recovery in Ontario, the impact of the economic downturn will continue to affect the City of London in 2012 and beyond. If an economic recovery is not underway at this time, the need will exist for continued stimulus from the provincial government. The delivery of any future stimulus funding should also be fine-tuned to address the unique challenges of municipalities across Ontario. Stimulus should target existing strategies, such as the Gateway London strategy for economic prosperity, which aims to attract investment to the London area. The Government of Ontario should continue to consider the development of mechanisms to support economic diversification, innovation, and community development. Such mechanisms should provide flexibility in the application of provincial growth management policies.

London's Economic Strategies:

- Ensure a healthy financial position;
- Maintain affordable taxes;
- Invest in infrastructure;
- Maintain competitive utility rates;
- Invest strategically in public facilities;
- Establish a focused strategy for the downtown;
- Build on the industrial land strategy;
- Strengthen regional cooperation;
- Develop our skilled workforce;
- Build key partnerships.

Support Key Economic Sectors

The London economy is strengthened by the presence of several key economic sectors: life sciences; renewable energy; agri-food & processing; information technology; advanced manufacturing; and financial and customer care. The City is requesting provincial support to help establish centres of excellence in some of its key sectors. Creating these centres will solidify key partnerships in London between the City, business community, Western University and Fanshawe College. These centres will support research, its commercialization and important skills development for the economy of tomorrow. The City is seeking provincial support for: the Fraunhofer Composites Research Centre; the International Water Excellence Centre; and a Medical Device Initiative.

Fraunhofer Composites Research Centre (FCRC)

London is finalizing a \$10 million deal to support the construction of the Fraunhofer Composites Research Centre (FCRC), a joint venture of Western University and the Fraunhofer Society of Germany. FCRC would be a large-scale press for the testing and manufacturing of composite parts for the auto and other industries. It would be a key component of the City-Western University Advanced Manufacturing Park. It will be the first industry-focused institute of its kind in North America for applied research and development of advanced light-weight composite materials. City funding was provided by the economic development fund which was made possible by funds saved through federal and provincial stimulus funding. The City of London is seeking federal and provincial support for the Fraunhofer Composites Research Centre in capital funding and through the designation as a Centre of Excellence.

Recommendation:

1. To support innovative research and commercialization in the composites field, the Province should support Western University's application for capital funding and designation as a centre of excellence for the Fraunhofer Composites Research Centre.

International Water Excellence Centre

In 2011, London received approximately \$6 million in funding to help establish clean water technologies through the Southern Ontario Water Consortium (SOWC). The International Water Excellence Centre (IWCE) being established in London is a partnership of the City of London, Western University, the London Economic Development Corporation (LEDC) and private sector partners Trojan Technologies and Purifics. The IWCE will be London's node in the SOWC. The Centre will make London the leading site for industrial water treatment technology commercialization, validation and testing in Canada. A Fed Dev contribution has been secured and will go toward the purchase and installation of equipment to set up the water system components and assist in the refurbishment and preparation of onsite testing facilities at London's Greenway Pollution Control Plant. This world unique facility which will address comprehensive wastewater treatment issues from research to full scale validation will provide the critical link between the private and public sectors as part of a strategic initiative with industry, academic institutions, municipalities and the Ontario and Canadian governments.

Recommendation:

2. The province should continue to support the Southern Ontario Water Consortium and its work in important initiatives such as the International Water Excellence Centre.

Medical Device Initiative

London is one of the key cities in Ontario for the medical device industry. The City is developing a strategy to advance London as a leading centre for medical devices in Canada. The ultimate goal of the initiative is to secure a Medical Device Centre of Excellence in London. The City is looking for support and opportunity for existing companies and to provide a mechanism for technological and research advances to translate into new business ventures and employment. To ensure success a team effort among a number of public and private sector partners is required. The City is seeking provincial support to integrate London as test centre for new medical devices, processes and procedures through Ministry of Health and Long Term Care.

Recommendation:

3. The Ministry of Health and Long Term Care should identify London as a test centre for new medical devices and procedures.

Invest in Strategic Infrastructure

London Gateway

London is planning to acquire and service approximately 150-200 additional hectares (ha) of industrial land in close proximity to the London Highway 401 corridor including additional water

and wastewater treatment plant capacity and the addition through the Southern Highway Plan of enhanced interchanges at 401 and the Veteran's Memorial Parkway (VMP), Highbury, and Wonderland Road. This will provide London with a continued growth opportunity and takes advantage of its strategic location and opportunities on the 401 corridor.

Recommendation:

4. Maintain the commitment in the Southern Highway Plan for 401 interchange improvements in the London area, and support further investment through an Infrastructure Investment Fund for leveraging economic opportunities.

Public Transit

The provision of affordable and accessible public transit is an integral component of a healthy economy. It ensures workers can get to work and alleviates traffic on major transportation routes that could inhibit the efficient movement of goods between markets. The City commends the Province on its commitment to public transit demonstrated through the provincial gas tax allocation for transit and other programs. These programs have been successful in London - over the past 12 years combined ridership growth on conventional and specialized transit has increased by 75% or twice the national and provincial average over the same period. Together all governments need to invest transit to keep the economy and its workers moving.

Recommendations:

5. Make the dedicated provincial gas tax allocation for public transit funding permanent, and as a minimum, maintain it at the current level of \$0.02 per litre and continue to provide flexibility on its use without taxing new program requirements.
6. As the economy improves and/or opportunities become available the City urges the Province to increase the current \$0.02 per litre of dedicated transit funding recognizing the growing demands for transit services.
7. The Province should work with municipal governments to engage the federal government and other provinces to fully participate in funding transit through a National Transit Strategy.

High Speed Rail – Windsor-Quebec City Corridor

The Federal-Ontario-Quebec feasibility study on High Speed Rail along the Quebec-City-Windsor Corridor was released in November 2011. The report indicated that while feasible, implementation will be very expensive, and that an incremental approach might be appropriate. The government must consider the economic benefits that would result from construction of the entire corridor prior to reaching a decision on implementation. London supports the construction of the entire corridor and would like the opportunity to be involved in a public engagement process on the implementation of high speed rail along the corridor.

Recommendation:

8. The Province should commit to continue exploring the development of high-speed rail along the Windsor-Quebec Corridor.

PARTNERING TO PROVIDE A SOCIAL SAFETY NET

All governments have a responsibility to provide support for the most vulnerable in society. The Provincial-Municipal Fiscal and Service Delivery Review provides significant assistance to municipal taxpayers through commitment to the scheduled uploading of certain social assistance costs. The upload reduces provincial social program reliance on London property taxpayers by almost \$32M in 2012.

The City of London strives to be a caring community and this is reflected in the 2011-2014 Strategic Plan. Key strategies have been developed to address housing and homelessness, poverty reduction, and public health. While the City is making great strides in these areas its work requires ongoing Provincial legislative, policy, structural, and funding framework changes to advance provincial-municipal co-ordination in these areas.

Invest in Social and Affordable Housing

The City of London is committed to ensuring that integrated and effective community based housing supports are in place for those in need. The City's Community Housing Strategy and Community Plan on Homeless provide a framework to tackle housing challenges in the City. Meeting the plan's goals requires support across all governments. The City would like to work in partnership with the provincial and federal governments to establish the broad legislative and policy framework for housing, including an outcome based accountability framework which clearly identifies respective roles in housing. Provincial support in the areas of affordable housing, social housing, homelessness programs and shelter support would make a big difference in London.

London Housing & Homelessness Commitments:

- Since 2004 committed to 1,134 new affordable housing units, 793 have been built or are under construction, leveraged \$20 million in municipal funding and over \$79 million private sector under Canada-Ontario housing programs.
- 2010 – Council updated its Community Housing Strategy including a target of 1,200 new units, of which 300 are under provincial purview as supportive housing.
- 2010 – updated Community Plan on Homelessness with aim of aligning homelessness investments with strategies on stable and affordable housing.

Affordable & Social Housing Funding and Administration

The City thanks the Province for the commitments and increased flexibility announced in the recent Ontario Long-Term Affordable Housing Strategy. While the strategy reflects the needs in shelter services and provincial homelessness transfers it offers few details related to the mechanics of disentangling the current services and funding models that are embedded in legislation into a new and fair funding model reflective of local/regional needs and service plans. The City supports the approach to consolidating housing and homelessness programs and continues to advocate for an increase in funding allocations to achieve the ultimate goal of sustainable and accessible housing. The City is also calling for measures to strengthen the

capacity of municipal service managers to deliver social and affordable housing.

Recommendations:

9. Allocate funding through the Provincial Consolidated Homelessness Prevention Program to the London CAREs program;
10. Establish accreditation, licensing standards for persons and companies working in the management of rental properties;
11. Work with social housing sector organizations to develop training to strengthen the capacity of social housing boards;
12. Provide funding for a study to assess the Special Priority Policy for victims of domestic violence in social housing;
13. Work towards the implementation of the Federation of Canadian Municipalities’ national action plan “Sustaining the Momentum: Recommendations for a National Action Plan on Housing and Homelessness”.

Social Housing

Social Housing tenants on Ontario Works (OW) and Ontario Disability Support Program (ODSP) have their rent-geared-to-income (RGI) determined by using a rent scale (by household size) established by the Province, which cannot be adjusted locally. These rent scales have not changed since 1993. Approximately 58% of tenants in Social Housing are on OW and ODSP.

OW / ODSP tenant households in the private sector receive a maximum shelter allowance which is considerably higher than the Social Housing rent scales and is 80% provincially and 20% municipally funded. This discrepancy has resulted in a negative revenue growth for Social Housing Providers and in particular those Housing Providers who are at 100% RGI units. It also represents a subsidy provided from the local property tax base of over \$4M annually.

London Community Addition Response Strategy (London CAREs) aims to improve the health outcomes of individuals experiencing homelessness in London. The program offers safe havens and peer programming and outreach support. The next phase of the project will focus attention on housing with supports. The strategy calls for an investment of approximately \$4 million per year with equal funding from all governments. The City has committed \$1.2 million per year over five years starting in 2008. The Federal Government has contributed \$420K through the Homelessness Partnership Strategy and no funds have been allocated from Provincial Consolidated Homelessness Prevention Program.

Recommendation:

14. Social Housing rents should be changed to the OW/ODSP maximum shelter allowance used in the private sector rather than the legislated rent scales and the funding should be moved from 100% municipal to an 80/20 cost share.

Emergency Shelters

London’s role as a regional centre for acute health care, mental health and addiction services, criminal justice services, and emergency shelters is reflected in London’s growing challenges related to supporting individuals and families in housing crisis or experiencing homelessness. The planned reduction of high cost emergency shelter beds can only be realized with an understanding of the relationship between shelters and the other provincially funded service sectors that impact shelter usage. In 2011, in preparation for the ongoing work to review its current shelter system, emergency shelter operators and the City have revised their service contracts and have developed shelter service standards designed through evidence based best

practices. The City requires the support of the province to establish a service and funding framework that allows shelters to refocus their services on temporary emergency stays, homelessness prevention strategies, and reduced occupancy through supportive housing initiatives.

Recommendation:

15. Establish a service and funding network that allows emergency shelters to refocus efforts on temporary emergency stays and homelessness prevention to supportive housing options.

Invest in Community & Public Health

London is engaged in many components of public health and broader community health supports. The City urges the Province to partner in the service and delivery of certain services.

Administration Costs of Public Health

The Walker Report recommended that the Ontario Government provide 100% funding for all communicable disease programs and that the cost sharing agreements with municipalities be restructured to move to a provincial envelope of between 75% and 100% of public health costs. The City welcomes the Ontario Government's implementation of measures to move in this direction. Given the universal aspects of public health and the need for coordinated approaches to deal with cross-border issues, the City recommends that the Province assume 100% of public health costs.

Recommendation:

16. The Province should assume 100% of the costs for public health.

Mental Health and Addictions

In July 2011, Municipal Council endorsed a local Mental Health and Addiction (MH&A) Strategy aimed at increasing the Local Health Integration Network's focus of attention on those individuals living with multiple vulnerabilities and not appropriately attached to MH&A services. Service priorities related to mental health bed divestment have not been assigned appropriate funding strategies or amounts to address the needs of those who rely on more expensive and less appropriate and effective service interventions through hospital emergency rooms, police involvement, multiple criminal justice contacts, and incarcerations. The City is encouraged by increased attention and investment within the Ministry of Health and Long Term Care related to addiction services, and retains a strong interest in working directly with the Ministry on evidence based pilot programs that, like Hostels to Homes (H2H), reflect the moral imperative, business benefit, and strong individual outcomes from delivering the right health care supports to those who are least attached and in great need of MH&A services.

Recommendation:

17. The Ministry of Health & Long-Term Care should partner with the City of London to deliver evidence based pilot programs to address housing and community support needs of those suffering from mental illness and addictions.

Support Long-Term Care

Over the past five years, the City of London's share of operating costs for our Long Term Care Dearness Home has risen from 18% to 26% of total costs. On a per bed/day basis, municipal costs have tripled while the Provincial share has not even doubled. *The Long Term Care Homes Act, 2006* will drive local costs even higher. The current funding model does not reflect actual costs to operate the Dearness Home. While the Dearness Case Mix Index (CMI) has varied by up to 10 points in the past several years, costs have risen consistently. All indications are the new legislation will continue to drive up costs, which will accrue 100% to municipalities and other long term care home providers.

Recommendation:

18. The Province develop a new provincial cost sharing and delivery model to support long-term care homes.

Upload Land Ambulance Costs

While municipal governments currently deliver and pay for land ambulance services, they do not receive a share of the fee which is billed by the hospitals, and shared between hospitals and Province. User fees in other jurisdictions are much higher and more accurately reflect land ambulance service costs. In 2009, Middlesex-London received one of the lowest per capita funding of Ontario services. In 2010, its increase in funding was only 0.9%. Services receiving more per capita funding received larger increases. While cost sharing is being returned to the 50/50 split originally in place, the City's goal is for further uploading of this health cost to the province with the province eventually assuming the full cost.

Recommendation:

19. The province should upload the costs of land ambulance services.

Assist with family doctor recruitment

London has a significant and serious shortage of family doctors. There are approximately 20,000 Londoners without a family physician. Thirty percent of London's 455 family doctors plan to retire in the next 10 years, requiring another 120 doctors. This affects the health of the community as well as long term health costs since patients without regular access to doctors typically seek care in emergency rooms. The shortage also affects the ability of the local economy to grow. Currently there are only a handful of family doctors accepting patients and this is on a restricted basis.

Recommendation:

20. The province should provide more flexibility in the incentive system offered by the Northern and Rural Recruitment and Retention (NRRR) Initiative to allow urban areas in need to benefit from the incentives, and create other support mechanisms to allow urban areas to attract family doctors.

Partner to End Poverty

Anti-Poverty Initiatives

The City of London applauds the Ontario Government's approval of a Poverty Reduction Strategy and its progress on income related measures including the introduction of the Ontario Child Benefit, increasing the minimum wage and Ontario Works benefits, however, more needs to be done. The City of London and the broader community have done their part through a focus on economic development, the provision of social safety net services and the commitment to poverty reduction outlined in London's Child and Youth Agenda. Together with the province more needs to be done to ease the impact of living in poverty and to lift individuals and families out of poverty. Key provincial initiatives on labour market work and poverty reduction are critical to ensuring that the economic renewal includes those living in poverty. The City strongly encourages the Ontario Government to continue its work through the Poverty Reduction Strategy.

Recommendation:

21. The province in 2012 should continue with its benefit rate increases for OW/ODSP, including an additional allocation to enable ODSP recipients to pay for a bus pass. The Province should also implement the following programs identified in the strategy:

- Community Opportunities Fund – to trigger neighbourhood revitalization
- Community Hub Program – schools as hubs for poverty reduction and student achievement
- After School Program – to support children in high needs neighbourhoods with new after-school programming and new initiatives focused on physical activity and wellness
- Employment Ontario strategy – enhanced training and re-skilling initiatives
- Complete the Social assistance review and implement changes.
- Complete the rationalization of housing and homelessness programs

PARTNERING TO INCREASE MUNICIPAL FINANCIAL CAPACITY

In this time of economic difficulty, London urges the consideration of no-cost policy changes that would not increase provincial costs but would bring savings to the City of London. The following are examples where provincial cooperation could increase the fiscal capacity of the City of London.

Work Together to Reduce Labour Costs

The City of London is facing increasing financial pressure from ever-increasing labour costs. Labour accounts for a significant portion of budgets and unfortunately means that fewer resources can be allocated to other priorities such as economic development, infrastructure renewal, affordable housing and others. The City is committed to providing fair wages and benefits to its employees but is facing increasing challenges with the ability to pay due to external factors such as provincial arbitration settlements and provincial regulations or taxes. The City is asking that the province look at a few of its key policies and practices to help London

and other cities control labour costs, providing them the fiscal capacity to further invest in their cities.

Change the Arbitration process to allow for greater fairness

The arbitration process affects the cost of labour, especially in emergency services. Under the current process there is no recognition of the municipal ability to pay since municipal governments can always raise taxes. This has resulted in significant wage increases being awarded notwithstanding the current economic climate. An arbitrator's evaluation of a municipal government's ability to pay should reflect its relationship with its own employees and employee groups over which it has control. Municipal council cannot exercise sole control over Police Service Boards but it does have control over Fire Services. There should be no comparison or parity made between Police and Fire Services. In addition, comparator groups should be similar-sized municipalities and for London would therefore exclude the City of Toronto and Provincial Government Agencies such as the Ontario Provincial Police. There needs to be a more balanced and fair approach to arbitration that recognizes that there are limits to the ability of the municipality to pay; that there is a need for developing and enforcing "ability to pay" criteria; and that individual municipal situations should be reflected in the decision to be fair to all parties. The City of London endorses the 2011 joint LUMCO/MARCO Emergency Services Steering Committee (ESSC) position paper concerning the impact of interest arbitration decisions on the rising cost of emergency services salaries.

Recommendation:

22. As a first step toward addressing the unsustainable funding model for emergency services, and in particular, police services, the province should endorse the recommendations of the ESSC position paper that include the following: arbitrators should include a fuller range of criteria such as the application of economic indicator tests, a consideration of the financial impact of settlements on the municipality, and comparison with other emergency services within the same municipality.

Adopt legislation to clarify the Ontario Health Premium (OHP)

The new employee health premium that took effect in July 2004 was clearly intended by the Ontario Government to be a tax on the individual. Notwithstanding the intent, the premium has led to costly arbitrations, and judicial reviews. Further, a lack of clarity has resulted in inconsistency in the application of the tax (based upon arbitration awards) given in certain instances the tax is paid by employers and in other cases it is paid, as intended, by individuals. The awards are largely dependent on interpretation of dated wording found in collective agreements, which did not envision employers paying employee income tax requirements. To the extent any collective agreement has been interpreted to provide that the employer must pay the OHP this should be specifically addressed and clarified that as OHP is a tax, it is payable by the employee - regardless of collective agreement language. In London, a requirement to pay OHP for employees would require in excess of \$1M per year to be raised in municipal taxes.

Recommendation:

23. The Province should adopt legislation that clearly states that the Ontario Health Premium is an employee responsibility and not the responsibility of employers.

Address unintended consequences & costs from new legislation and regulations

The province has the ability to help municipal governments with their bottom line by addressing unintended consequences or barriers presented by various provincial legislation and regulations. Particularly during these difficult economic circumstances, there should be no new provincially mandated burdens on the property tax dollar without funding dollars. The following low-cost investments by the province would reduce municipal costs – present and future – thereby allowing municipalities to make other important community investments.

Safeguarding and Sustaining Ontario's Water Act

Regulations under the Safeguarding and Sustaining Ontario's Water Act have the potential to negatively impact London and surrounding regions with respect to intra-basin transfers. In particular these regulations have the potential to significantly and negatively impact a large area of Southwestern Ontario by limiting the amount of water which can be delivered from the Lake Huron system at present and in the future, likely resulting in hundreds of millions of dollars to replace water supply capacity that would be otherwise available.

Recommendation:

24. The province should continue to work with London to address intra-basin transfer challenges presented by regulations under the Safeguarding and Sustaining Ontario's Water Act.

Safe Water and Conservation Legislation

Clean Water, Safe Drinking Water and Water Opportunities and Conservation legislation and regulations are consuming staff resources and will continue to increase costs for water and waste water operations, as well as Conservation Authorities. These costs are ultimately being passed on to municipalities and their citizens. Water and wastewater utilities need appropriate integration and implementation plans during the transition under regulations for the Water Opportunities Act, the Clean Water Act and the Safe Drinking Water Act, to address infrastructure gaps and other issues such that as the cost burden falls on the users it is done in a manageable and sustainable fashion.

Recommendations:

25. The province should review regulations:

- surrounding licensing of drinking water systems to minimize in internal and external auditing costs;
- regarding lead testing to assess the benefit of extensive testing when Corrosion Control Plans are being implemented and lead water services are being eliminated;
- under the Water Opportunities and Conservation Act to recognize the achievements in reducing water consumption to date and not be prescriptive as a percentage of current consumption. Consideration should be given to measures to mitigate the impact of conservation related reduction of water consumption and revenue loss on the financial sustainability of our existing water infrastructure.

Waste diversion and extended producer responsibility

The City of London strongly encourages the Province to further pursue approaches to extended producer responsibility for waste diversion. Only appropriate costs should be borne by municipal property tax payers. Industry must take greater responsibility for the products and packages being produced and ultimately discarded. The City encourages the Ontario Government's move to work closely with Stewardship Ontario to design and implement improved waste diversion programs. The concepts and practices of extended producer responsibility and zero waste initiatives remain fundamental. The implementation of the programs can wisely balance the economic recovery needs of the province (and Canada) and reduce environmental impacts. Further collaboration between the province, industry and municipalities is required to move these initiatives forward.

Recommendation:

26. the province should work directly with municipalities, the Association of Municipalities of Ontario (AMO), Regional Public Works Commissioners of Ontario (RPWCO) and Stewardship Ontario to develop strategies to deal with non-hazardous waste disposal and diversion and transition to a system of extended producer responsibility for waste diversion.

Recovery of costs of drug lab clean-up

The City of London welcomed the Ontario Government's *Law Enforcement and Forfeited Property Management Statute Law Amendment Act* in 2005 and the *Municipal Law Statute Amendment Act* in 2006 as proactive approaches to address the neighbourhood issues surrounding Marijuana Grow-Operations (MGOs). Numerous Property Standards Orders were served on property owners in an effort to protect future homeowners and tenants alike from the environmental impacts of MGOs. Given the increasing trend in the production of other illegal substances in home chemical laboratories, the City is asking the Government of Ontario to review and enhance the capacity of local governments and their emergency services to address recovery of dismantling MGOs and other illegal drug laboratories.

Recommendation:

27. the Province should implement a coordinated cost recovery program for all forms of illegal substance production that cover the full cost of dismantling the operations and bringing the properties back to the land use for which they were developed.

Joint & Several Liability

Unfortunately municipal governments are included in a number of lawsuits regardless of whether or not there is evidence of municipal negligence. As a result municipalities are paying high insurance costs and settlements. The City supports AMO's 2010 position that the definition of "joint and several liability" should be changed to ensure that there is at least one defendant party to an action that has access to substantial (insured or uninsured) funds. Most often, municipalities are included in lawsuits that result from motor vehicle accidents. Many of these lawsuits include the road authority regardless of there being little or no evidence of municipal negligence. Also contributing to this issue is that automobile insurance minimum policy limits, as stipulated by the Automobile Insurance Act, have remained unchanged since the 1980's. The current stipulated minimum of \$200,000 for third party liability insurance is minimal

considering the expense of treatment, potential for future lost income and on-going assistance in the activities of daily living. It is reasonable to assume that an apparent shortfall of insurance coverage contributes to plaintiff counsel seeking contributory liability from municipal road authorities even in cases of minor injury or property damage.

Recommendations

28. The province should revisit the definition of “joint and several liability” as proposed by AMO;
29. The province should update the minimum policy limits outlined in the *Automobile Insurance Act*.

AODA

The City commends the Ontario Government for the leadership taken in removing the barriers for people with disabilities through initiatives related to the *Accessibility for Ontarians with Disabilities Act, 2005* (AODA). The City has been actively engaged throughout the standard development process and it continues to support the objectives of the AODA. The Integrated Accessibility Regulation passed in 2011 marks progress in achieving the objectives of the AODA and provides flexibility, but there is room for improvement. The Ontario Regulatory Policy requires that any new regulations which affect business “must be justified by a solid business case”; “have a clear assessment of the total costs and benefits, including those to business, the public and government administration”; and, “be accompanied by a regulatory impact assessment that addresses, at a minimum, the impact on the access of persons, goods, services and investments.” The City is concerned that the Ontario Government has not yet met this requirement for any regulation developed under the AODA, and that unknown costs could have serious unintended implications for attracting and retaining business in Ontario.

Recommendations

30. The province should conduct an independent regulatory impact assessment of the proposed regulation prior to the passage of any further regulations under the AODA, particularly the Built Environment Standard, in order to satisfy the Ontario Regulatory Policy requirements and prevent any unintended negative outcomes from new legislation;
31. The province should release any draft AODA regulations for public review prior to being passed as law, to allow appropriate public consultation and meaningful feedback;
32. The Province should pursue integration and streamlining of new standards by amalgamating existing and new requirements under the AODA into one regulation. The *Ontarians with Disabilities Act, 2001*, Customer Service Standard, and other accessibility related legislation overlap in several areas with the Integrated Accessibility Regulation. This should be rectified going forward through consolidation.

Development Charges Act

Development charges are one of the primary tools to help municipal governments build new infrastructure to support growth. Unfortunately the current *Development Charges Act* presents several barriers for municipalities that do not allow the full cost of growth to be recuperated. The City of London and the London Transit Commission have for many years requested a review of the Development Charges Act to remove some of the statutory exemptions and other barriers to full funding of growth related costs and to explicitly ensure municipalities are the beneficiaries of new sources of revenue. The Development Charges Act limits the inclusion of certain costs in development charges calculations, and exempts some development from paying DC charges entirely. The City believes the 10% statutory reduction has no place in the provincial legislation and that the province did not intend to prevent the ability for growth to pay for growth. A review of the Act should also include a re-examination regarding “soft services” (especially Transit) since municipalities should have the discretion to plan farther into the future than the ten (10) year limitation imposed by the Act.

Recommendation

33. The province should undertake a review of the Development Charges Act in close consultation with municipalities to permit the collection of development charges that pay for the fair share of growth costs without “claw-back” resulting from federal and provincial government funding. The statutory 10% reduction should be removed from the legislation.

Implement a 100% HST rebate for municipalities

After the rebate of 78% on the 8% PST portion on the Harmonised Sales Tax (HST), the current provincial portion of the HST will still transfer approximately \$8.5 million annually to the provincial government from property taxes in the City of London. In addition, there is staff time taken to prepare returns, undertake audits and submit claims/payments where required. This transfers resources from providing much needed services to local tax payers. The federal government sees merit in fully rebating GST to municipalities. With the implementation of the (HST), we suggest a 100% rebate of the HST in order to release money to communities to protect existing services and infrastructure.

Recommendation

34. The province should explore granting a 100% rebate of the HST to municipal governments.

Amend Municipal Act to Address Tax Sales

Part XI of the Municipal Act which speaks to tax sales not only limits a municipal government's ability to dispose of property at a fair price, but also exposes municipalities to liability issues. The City is requesting that the Act be amended to permit a municipality to sell properties after a failed tax sale for an amount less than the cancellation price without joining the chain of ownership and without the strict rules required for a tax sale. The municipality should be permitted to market the property to the highest bidder without any specified cancellation price and with the ability to refuse the sale to certain possible bidders such as the delinquent taxpayer or parties associated with the delinquent taxpayer. The municipality should not be required to vest property in the City's name in order to transfer the property to a responsible owner at a price below the cancellation price. Vesting a contaminated site in a municipality's name even momentarily to effect a transfer can create significant liability issues for the municipality. Part XI should also be amended to completely eliminate unnecessary time deadlines imposed on municipalities in dealing with complex situations involving contaminated sites after a failed tax sale.

Recommendation:

35. The province should amend Part XI of the Municipal Act with respect to tax sales to provide municipal governments with greater flexibility and reduce liability issues.

Better Collection of Provincial Offences Act Fines

Nearly one third of all POA fines in the Province of Ontario go unpaid. Currently licence plate denials or driver's licence suspensions are valuable collection tools, but they can only be used to enforce a limited number of POA Offences. Broadening of the application of these tools to other offences, together with other administrative measures would improve collection and lower the amount of defaulted fines.

Recommendation:

36. Implement measures to improve the collection of defaulted *Provincial Offences Act* fines.

CONCLUSION

The City of London appreciates the strong partnership it has developed with the Government of Ontario. In these difficult economic times, the need for close collaboration is even more important. Together we have already made significant steps towards shifting the social service burden from the property tax and are collaborating to invest in Ontario's future and stimulate Ontario's economy, while providing policies for providing clean water and effective waste management. Our collaborative work is not complete. Together, the City of London and the Government of Ontario need to continue to make investments that will lead to greater economic prosperity; protect current gains; provide a social safety net; and minimize costs. The City has offered a number of recommendations for the government to consider. The City believes that these recommendations have the potential to drive the economy, while helping those in need. The recommendations are a combination of new investment and low-cost solutions. It is the City's hope that we can work together to stimulate our economy and provide the safety net and quality of life that the residents of Ontario, Southwestern Ontario, and London deserve.