

**C3.**

**Communication**

**Intergovernmental Relations**

**Sub-Committee – May 14, 2025**

**Item No. 3**

# AMO Policy Update

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# Context

- New mandate, fresh start
  - United behind Premier's leadership on tariffs and trade
  - New Municipal Affairs and Housing Minister and Associate Minister
  - New partnerships and approaches
- Federal election will shape the Ontario municipal environment
  - Short-term and long-term economic directions
  - Approach to housing
  - "Team Ontario"

# AMO Priorities

- Tariffs and Trade – Risks and Opportunities
- Provincial-Municipal Fiscal Framework – Social and Economic Prosperity Review
  - Funding infrastructure for housing and the economy
  - Reducing provincial reliance on property taxes
  - Fixing systems to address homelessness
- Leadership on Other Sector Priorities



# Tariffs and Trade

# Trade and Tariffs – AMO Approach

## Principles

- Focus on biggest risks/opportunities for Ontario municipal sector as a whole
- Balance symbolic and substantive action
- Move forward on both short-term and long-term priorities
- Leverage complementary work/processes/roles

## Pillars

1. Understanding/quantifying impacts on Ontario's municipal sector
2. Supporting federal and provincial approaches
3. Making the case for municipal stimulus funding
4. Supporting member education

# Progress to Date – Municipal Impact Analysis

AMO is working with Oxford Economics to produce analysis to help provincial and municipal decision-makers understand impacts of tariff/trade scenarios:

- ✓ Cost escalation on planned Ontario municipal capital expenditures in 25/26 and 26/27 – approx. \$1 billion
- ✓ Ontario macro-economic impacts over a 5-year period, including a negative impact of \$1.8 billion to the municipal sector in 2025/2026
- In-depth report on implications for municipal infrastructure projects (late April/Early May)
- Tool for distribution to all municipalities to estimate cost impacts of different tariff scenarios on projects under various asset classes (May)

**Capital expenditure and tariff impact by asset type, over both financial years 2026 and 2027**

Asset	CAPEX (\$M)	Impact (M\$)	Impact (%)
Road	19,806	271	1.4%
Non-Residential Building	11,280	261	2.3%
Sewerage	9,940	178	1.8%
Vehicles	1,341	141	10.5%
Water	5,435	113	2.1%
Bridge	1,874	39	2.1%
Social Housing	1,652	34	2.1%
<b>Total</b>	<b>51,328</b>	<b>1,037</b>	<b>2.0%</b>

# Progress to Date – Municipal Stimulus

- Investments in municipal infrastructure have proven time and again to be the most effective way of deploying stimulus funds quickly and effectively across all parts of the province in times of economic downturn
- AMO has developed a business case for investments of **\$3.45 billion annually over 5 years** in municipal infrastructure and social housing that will:
  - **Reduce Ontario's GDP contraction by 28%** over the same period;
  - Result in **over 14,000 fewer jobs lost in 2026**, including almost 5,000 in the construction sector; and
  - Drive **productivity gains and housing affordability** over time through the construction and/or renewal of important public assets
- AMO is working with partners in the business and construction sectors to endorse these critical investments

# Municipal Procurement

## Impacts of US Procurement Ban

**Ontario's municipalities spend over \$22 billion annually procuring goods and services.** AMO surveyed municipalities to understand what challenges may arise from a total ban on US procurement in favour of Canadian and Ontario based businesses. Based on municipal responses, we learned:

### Procurement Sourcing

Most procurement comes from business with Canadian addresses.



98.6%

Canadian  
Addresses



1.5%

American  
Addresses



0.02%

Other  
Addresses

Many companies are subsidiaries of US firms or integrated into the US market

Municipalities expressed a desire for standard definitions of Canadian and US goods to inform local policies

### Reliance on US for Essential Goods and Services

Municipalities reported relying on US sources for goods and services where made-in-Canada options are not readily available including:



**IT &  
Communications**

- Data server storage
- E-voting services
- Software
- Emergency notification system



**Emergency  
Services**

- Fire response equipment
- Police firearms & tazers
- EMS equipment and medical supplies



**Heavy Machinery  
& Vehicles**

- Fire trucks
- Ambulances
- Snowplows
- Road graders
- Waste management equipment



**Health and Safety**

- Water treatment plant chemicals and equipment
- Long-term care supplies (e.g. nutrition for feeding tubes)

### Impacts of US Procurement Ban

Municipalities reported concerns that a full ban on procurement of goods and services from the US may have unintended consequences including:

- Penalties and legal costs to cancel existing contracts
- Liability for disputes from inter-provincial or foreign suppliers under trade agreements (e.g. CETA, CFTA)
- Inability to obtain goods and services needed to deliver essential municipal services

### Provincial Regulations

Municipalities noted that US procurement is needed to meet policy requirements set by the province including:

- Emergency services equipment standards
- The Safe Drinking Water Act
- Anticipated cyber security and digital trust regulations

# Provincial-Municipal Fiscal Relations

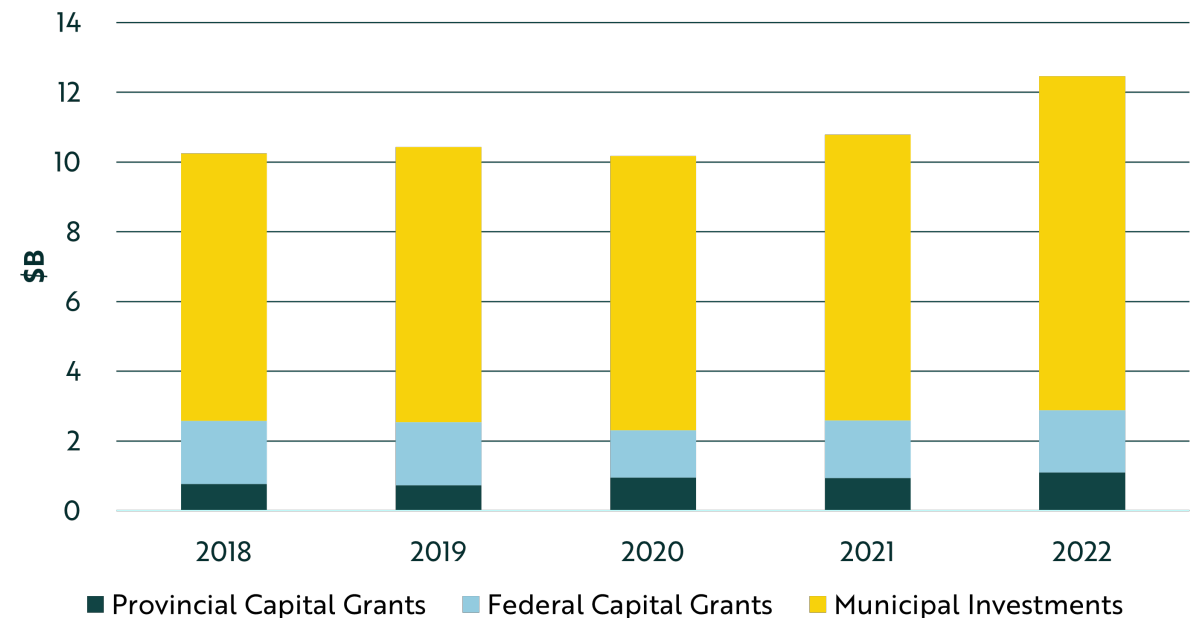


# 1. Fund Infrastructure for housing and the economy

Municipalities are planning for more than **\$250 billion** in capital expenditures by 2035

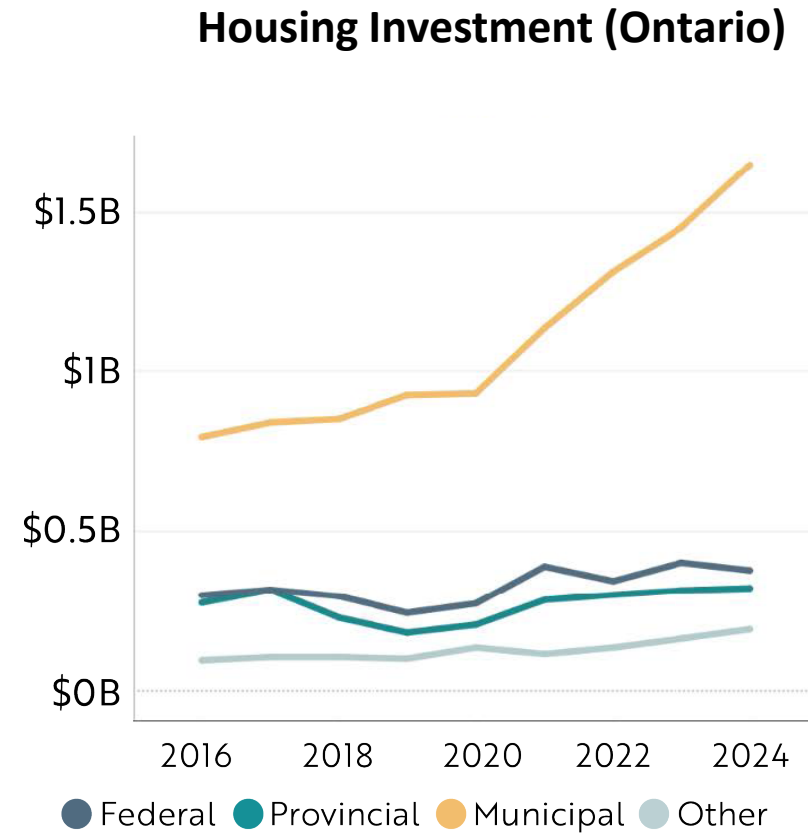
- Federal and provincial infrastructure transfers haven't kept pace
- Development charges can't be replaced by property tax hikes

Funding Sources for Municipal Infrastructure (Ontario)



## 2. Reduce provincial reliance on municipal property taxes

- Fully upload the cost of community housing
- Match provincial long-term care funding with provincial long-term care standards
- Actually fund public health at a 25/75 cost share ratio



### 3. Fix provincial systems for homelessness

**80,000**

*Homeless  
Ontarians in  
2024*

**25%**

*Increase in  
Ontario  
homelessness  
since 2022*

**3x 4x**

*How much faster  
homelessness is  
growing in rural  
and northern  
communities*

**300,000**

*Potential  
homelessness in  
Ontario by 2035  
without  
intervention*

Make real progress on the root causes of homelessness,  
including greatly expanding community, supportive and  
transitional housing stock

# Leadership on Other Priorities



# Other Priorities

- AMO Indigenous Reconciliation Action Plan
- Codes of Conduct
- Access to Health
- Supporting Members on Provincial Priorities
  - Rural Broadband
  - Energy Procurement