

2021 **Region of Peel**

Federal Pre-Budget Submission



Introduction

As one of the hardest hit municipalities impacted by the COVID-19 pandemic, the Region of Peel appreciates the opportunity to participate in the 2021 Federal Pre-budget Consultation Process. The Region's submission highlights specific areas where the federal government can provide immediate support to help with the continued response to COVID-19.

Like many other municipalities across Canada, the Region is increasingly doing more with less. Without sustainable funding tools, the Region does not have the financial resources to maintain and build the necessary infrastructure and provide the appropriate level of services to support Peel's growth. The Region's submission also highlights how the federal government can work to strengthen municipalities so that they can be effective partners as Canada moves to reopen its economy.

To that end, the Region makes specific recommendations on the following priorities:

- Funding & Support for COVID-19 Response
- Infrastructure Funding
- Climate Change
- Housing Support
- Waste Management
- Transportation
- Human Sex Trafficking



Funding and support for COVID-19 response

Driven by population and demographic factors, Peel has been one of the regions hardest hit by COVID-19 in Ontario, causing a significant strain on health care resources and the community at large.

As part of its ongoing response to COVID-19, the Region continues experiencing increased costs for critical frontline services such as Housing, Paramedic Services, Long Term Care, Public Health and Homelessness Support. The table below highlights the increased costs associated with responding to COVID-19.

Programs	Increased Costs (millions)
Housing Support	\$25.3
Early Years and Child Care	\$22.7
Long Term Care	\$11.2
Infectious Disease Prevention	\$7.2
Paramedic Services	\$6.4
Enterprise Programs and Services	\$2.5
Waste Management	\$1.9
Roads and Transportation	\$0.3
Water and Wastewater	\$0.8
Total	\$78.3

*Year-end forecast as of August 31, 2020, as presented to Council on December 3, 2020

As the Region moves forward in delivering essential services to Peel's residents and businesses, an all-level government approach is needed. While 2020 COVID-19 related costs and pressures are alleviated by the existing federal/provincial Safe Restart funding (along with other one-time COVID-related funding initiatives provided by both governments), the amount of support ultimately required by the Region will depend on the severity and duration of the pandemic.

Income support and additional measures to support essential workers

Many workers in Peel, including low income workers, essential workers, contract and agency workers and many health-care workers are precariously employed. Additionally, some are employed in the sectors with some of the highest reported rates of COVID-19.

Due to a lack of paid sick days, many of these workers cannot afford to adhere to necessary pandemic control measures, such as taking time off work when sick, as it may lead to income-loss, job-loss, and resultant financial hardship. Providing adequate paid sick time reduces the possibility of financial hardship, enabling workers to comply with COVID-19 control measures.

The Region appreciates the measures both the federal and provincial government have implemented to protect workers from income and job loss due to COVID-19, thereby increasing compliance with pandemic control measures. However, these measures have limitations and are simply not enough.

The Canada Recovery Sickness Benefit (CRSB), for instance, can be improved by increasing funding to reflect minimum wage earnings, minimizing interruption of income flow for individuals with timely release of funding, simplifying re-application for a second week of funding and removing the requirement to demonstrate a 50 per cent income loss prior to application.

Long-term municipal fiscal sustainability

Existing revenue tools available to municipalities - property tax, development charges, federal/provincial funding and user fees - have remained relatively unchanged and provide limited flexibility to address the evolving needs of the municipal sector.

The onset of the COVID-19 pandemic has fully exposed the fiscal constraints municipalities face while continuing to provide the essential services needed by residents and businesses in their communities. Prior to the pandemic, municipal revenues were already being impacted by transformative changes in the way land is being consumed and used. The pandemic forcing many companies to have their employees work remotely, could result in further declines in demand for traditional office space which could lead to a further decline in non-residential taxes.

As attention turns toward economic recovery, it is critical to include discussions on modernizing relationships with municipalities. This should also focus on the need for updated municipal revenue sources and tools to address the changing needs of local communities.

The Region of Peel recommends that the federal government:

- Provide additional funding to offset the substantial incremental costs and loss of revenue associated with the COVID-19 pandemic (Long Term Care, Public Health, child care, etc.)
- Implement and fund the necessary policies and programs to provide adequate paid sick day benefits and supports for precariously employed workers
- Undertake a review of federal-provincial-municipal responsibilities, examining cost-sharing and accountability relationships to determine the best ways to fund and deliver programs and services

Infrastructure funding

While COVID-19's true economic cost is not yet known, the Region faces a capital infrastructure funding gap, lower investment returns, and significantly lower development charge revenue projections (early estimates indicate it could be in the range of \$600 million and \$700 million over the next four years (2020-2024).

As more attention begins to turn to the long term, municipalities play a central role in recovery efforts. This recovery will include expeditiously moving forward with critical municipal infrastructure projects, including:

- wastewater plant rehabilitation, energy resiliency projects (including energy efficiency, recovery, and generation)
- inflow and infiltration projects, and
- road construction (widening, extension active transportation and green infrastructure) projects

These projects help the federal government achieve key priorities, such as job growth and, in the latter case, building an integrated transportation network that will be essential for Canada's economic recovery efforts.

Allocation vs. application-based funding

To better meet the infrastructure needs of the municipal sector a more predictable allocation-based approach to funding is strongly favoured. Municipalities need timeframes that correspond to a realistic infrastructure planning and implementation cycle (i.e. 10 years).

Funding under this model can be invested in priority projects consistent with each municipality's asset management plan.

The Region is pleased that the program design for the new COVID-19 Infrastructure Resiliency Stream is based on an allocation funding model. Moving forward, the Region urges the federal government to continue work with the province to improve funding program design to better meet the needs of the municipal sector.

The Region of Peel recommends that the federal government:

- Work with the provincial government to provide increased infrastructure funding to stimulate Peel's economic recovery
- Utilize allocation-based funding models to provide predictability and to distribute funds expeditiously

Climate change

As focus turns to recovery from COVID-19, municipalities are best positioned as the level of government closest to Canadians to help build a green economy. Momentum across all levels of government to address climate change sustainability and resilience has been encouraging.

Of note, the Region is encouraged by a commitment from the federal government, in its recently strengthened climate plan, to engage with municipalities to build on the strong foundation of climate action already in place and focus on advancing mutual bilateral and regional priorities.

The Region also supports Federation of Canadian Municipalities recommendations included in *Building Back Better Together Plan* for a green and inclusive economic recovery. In addition, the Region has endorsed five projects under the COVID-19 Infrastructure Resiliency Stream, addressing several key regional priorities, including Wastewater, Long-Term Care and Housing.

Investments by the federal government would allow the Region to address critical infrastructure needs, further its response to COVID-19 and enhance Peel's green economic recovery from the pandemic.

The effect of climate change is putting more pressure on Peel Region's infrastructure and without more funding, timely adaptation is challenging. Delays place people, property and services at higher risk and reacting to impacts of extreme weather will cost municipalities more than proactively investing in resilient infrastructure. To address this, we're seeking greater coordination across all levels of government, including sustained funding from the federal government.

The Region of Peel recommends that the federal government:

- Provide sustained funding to reduce GHG emissions and address climate change risks to critical municipal infrastructure
- Work with the Region to develop policy that establishes adaptation targets and defines municipal resilience to climate change

Housing support

Canada's federal-municipal partnership has been key in supporting Peel residents through this pandemic. Funding through the Reaching Home program has already, and will continue to, make a meaningful impact supporting some of our most vulnerable residents in the months ahead. Further, the Rapid Housing Initiative has the potential to create more permanent affordable rental housing in the Region.

In particular, the third allocation of emergency Reaching Home funds will be used to sustain the Region's COVID-19 response, including the isolation and recovery programs, physical distancing of shelter clients in hotels, personal protective equipment and cleaning supplies.

It is anticipated that the funding allocated to the Region of Peel will sustain supports to the homeless and other vulnerable populations to the end of the provincial and federal fiscal year. However, with the continuation of the pandemic into 2021, existing funds will be insufficient to sustain supports to the homeless and other vulnerable populations.

Moreover, the pandemic has underscored the fundamental inequities in our communities. Investments in affordable housing will be critical to sustained economic growth and socio-economic equity.

Housing affordability

Peel and its diverse communities of Mississauga, Brampton and Caledon continue to be destinations of choice, but growth pressures have also created a housing affordability crisis in Peel. Average market housing prices remain out of financial reach for 80 per cent of Peel households (as calculated on the basis of 30 per cent of income for housing), which disproportionately impacts racialized and 2SLGBTQ communities.

As such, the Region continues to advance its Housing Master Plan, a long-term infrastructure plan, which includes 31 housing development sites. The plan could add 5,364 new affordable rental units, 226 supportive, and 60 emergency shelter beds to the housing stock in Peel by 2034.

While the Region has demonstrated leadership in serving as a service manager, the cost of addressing critical needs in the local housing system goes far beyond the Region's ability to pay with limited funding sources.

The Region of Peel recommends that the federal government:

- Provide long-term, allocation-based, sustainable capital and operational funding for the provision of affordable rental housing that provides flexibility in its use toward current housing stock and new rental development
- Provide support to prevent the loss of affordable rental housing, including supportive housing, through state of good repair funding
- Collaborate with the Region to improve the design and funding of programs, such as Reaching Home, Rapid Housing Initiative program, and related programs

Transportation

Peel's population and employment is expected to grow to a total of approximately two million residents and 970,000 jobs by 2041. To accommodate the travel demand that accompanies this growth, the Region is targeting a 50 per cent sustainable mode share inclusive of walking, cycling, carpooling, and transit.

Through the forecasted growth and prior to the COVID-19 pandemic, travel trends indicate that Peel is expected to see more than 300,000 new trips during the morning peak by 2041. This growth will have significant pressures on the transportation network. Gridlock and lost productivity threaten to stall momentum on economic growth without ongoing investments by the federal and provincial government in more sustainable and integrated transportation.

Peel recognizes the expected growth to the region cannot be met simply by adding more road lanes. In addition, the COVID-19 pandemic has magnified the importance of front-line and essential service workers to Canada's economy. These workers need safe and efficient transportation infrastructure to get to their workplaces.

Continued commitment and partnership are needed from all levels of government in order to establish an integrated transportation system that that will shift travel towards more sustainable modes such as biking, walking and transit to reduce congestion and GHGs.

The Region was encouraged by the federal government's decision to double transfers to municipalities from the Gas Tax Fund, investment in the expansion of the GO network, as well as transit stream funding under the Investing in Canada Infrastructure Plan. These initiatives demonstrate how intergovernmental relations continue to drive the transformative change from which all Canadians benefit.

The Region of Peel recommends that the federal government:

- Increase funding for transit infrastructure to contribute to reductions in greenhouse gas emissions.
- Work with the Ontario government to move forward with enhancing the GO Rail Network in the Region of Peel, including:
 - o Expedite implementation of Commuter GO Rail service to Bolton
 - o Continue with the implementation of two-way, all-day, 15-Minute GO Regional Express Rail on the Kitchener Line from Bramalea GO Station to Union Station and further to Mount Pleasant GO Station
 - o Expedite two-way, all-day, 15-Minute GO Regional Express Rail for the Milton Line

Waste management

As Peel continues to grow, the amount and type of waste generated is expected to increase. A shift from disposal to resource recovery is necessary to support healthy communities and move toward a low-carbon circular economy.

Peel supports the federal government's proposal to ban harmful single-use plastic items. The Region also supports a national strategy on plastic pollution that includes a minimum recycled content performance standard for single-use plastics

The federal discussion paper: *Proposed Integrated Management Approach to Plastic Products to Prevent Waste* and aligns with the objectives of Peel's long-term waste management strategy. Peel supports the following aspects of the proposed approach:

- Use of an evidence-based management framework to identify harmful plastic products
- Bans of harmful single-use products, including plastic checkout bags, stir sticks, six-pack rings, cutlery, straws, food service ware made from problematic plastics
- Development of minimum recycled content targets
- Consideration of a national extended producer responsibility framework

To make a circular economy a reality in Canada, the federal government should take bold action, invest in infrastructure and innovation and meaningfully engage with all stakeholders through collaborative forums.

The Region of Peel recommends that the federal government:

- Invest in waste infrastructure and technologies to increase resource recovery from plastics and recyclable material
- Ensure a single-use plastic products ban is in place and work with provincial governments to implement steps toward eliminating plastic pollution
- Support the development of a compostable product certification standard that is in line with the capabilities of existing organic waste processing operations

Human sex trafficking

The Region of Peel is currently implementing a three-year Strategy to Address Human Sex Trafficking. This pilot strategy provides \$1.8 million per year for services for victims, survivors and those at-risk of human sex trafficking.

The average age of victims is 12 to 24 years old, and Ontario accounts for more than 70 per cent of reported cases in Canada. In addition, 62 per cent of Canadian human trafficking cases originate in the Greater Toronto Area.

The Region is working with all levels of government to combat human trafficking in all its forms and continues addressing the issue through awareness, as well as supports, operating an emergency safe house and transitional house for victims.

The investments made by the federal government through its National Strategy to Combat Human Trafficking are encouraging. Alignment and continued collaboration can help end this growing problem within our region and across Canada.

The Region of Peel recommends that the federal government:

- Provide sustainable funding for anti-human sex trafficking operating initiatives in Peel

Conclusion

The Region appreciates the opportunity to participate in the Federal government's pre-budget consultation process and provide recommendations on issues that are most important to the residents and businesses in Peel. The Region is committed to working collaboratively with all stakeholders, including the federal and provincial governments, to improve quality of life, deliver services efficiently now and in the future, and ultimately ensure that our community receives value for tax dollars.

Summary of recommendations

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Infrastructure funding

- Work with the provincial government to provide increased infrastructure funding to stimulate Peel's economic recovery
- Utilize allocation-based funding models to provide predictability and to distribute funds expeditiously

Climate change

- Provide sustained funding to reduce GHG emissions and address climate change risks to critical municipal infrastructure
- Work with the Region to develop policy that establishes adaptation targets and defines municipal resilience to climate change

Housing support

- Provide long-term, allocation-based, sustainable capital and operational funding for the provision of affordable rental housing that provides flexibility in its use toward current housing stock and new rental development
- Provide support to prevent the loss of affordable rental housing, including supportive housing, through state of good repair funding
- Collaborate with the Region to improve the design and funding of programs, such as Reaching Home, Rapid Housing Initiative program, and related programs

Transportation

- Increase funding for transit infrastructure to contribute to reductions in greenhouse gas emissions
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Human sex trafficking

- Provide sustainable funding for anti-human sex trafficking operating initiatives in Peel