

# 2022 Region of Peel

## Federal Pre-Budget Submission



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### Introduction

As all levels of government continue to address current challenges related to responding to COVID-19 and look to opportunities on how to rebuild stronger beyond the pandemic, municipalities will play a critical role moving forward.

Over the course of the pandemic, the Region of Peel has taken an “all-hands-on-deck” approach, with staff and other resources redeployed to support the response and mass vaccination program. The redeployment of staff, especially those in Public Health, have resulted in services and priorities having been paused or reduced. Through all of this, the Region continued to provide core services needed to build a healthy, safe and connected community that serves its residents and businesses.

The response to COVID-19 has had a substantial impact on municipal finances and our community, and every effort has been made to mitigate the impact on Peel’s taxpayers through these challenging times. The Region’s 2022 budget has been contained to an increase of 1.5 per cent, supported by cost avoidance and continuous improvement efforts, and further new and innovative revenue sources, such as a Vacant Housing Tax, are being explored to generate additional revenues.

The Region’s efforts have been significantly supported through much-appreciated federal funding, which has been essential to help fund Peel’s COVID-19 response and fully offset incremental costs related to service delivery during the pandemic.

As focus turns to recovery, the Region will require ongoing federal support to meet the evolving needs of our community and the mounting pressures on municipal finance. With Peel’s growing population, there are escalating affordable housing challenges, higher demands for investment to address the climate change crisis, as well as a need for resilient infrastructure and an integrated transportation network to support this growth.

In this submission, there are several policy solutions that address these community and finance challenges. Also outlined is a collaborative approach to address the needs of Peel’s residents and businesses, including how to:

- Address COVID-19 impacts, now and beyond
- Focus on affordable housing solutions
- Invest in a green economy
- Keep the economy moving



## Summary of policy opportunities

### Address COVID-19 impacts, now and beyond

- Continue to provide sufficient funding for the ongoing COVID-19 response, including significant costs associated with the Region's Mass Vaccination Program
- Provide additional funding support to offset incremental service costs and loss of revenue for services that have continued to operate during the pandemic
- Increase infrastructure funding to stimulate Peel's economic recovery, including green infrastructure projects
- Implement an allocation model to distribute stimulus funds expeditiously

### Focus on affordable housing solutions

- Provide long-term, allocation-based, sustainable capital and operational funding for affordable housing that does not impact the Region's borrowing ability and provides flexibility in its use toward current housing stock and new rental development

### Invest in a green economy

- Provide sustained funding to reduce greenhouse gas (GHG) emissions and address climate change risks to critical municipal infrastructure
- Develop policy in partnership with municipalities that establishes adaptation targets and defines municipal resilience to climate change
- Share best practices that work towards low-carbon and resilient community transformation
- Invest in waste infrastructure and technologies to increase resource recovery from plastics and recyclable material

### Keep the economy moving

- Increase funding for transit infrastructure to contribute to reductions in GHG emissions
- Work with the Ontario government to advance Regional Express Rail in Peel
- Invest in projects to support improved transportation access for people and goods around Toronto Pearson International Airport

## Address COVID-19 impacts, now and beyond

The Region of Peel continues to be a critical partner in Canada's COVID-19 response. Sustainable and continued federal funding for infection control and vaccinations as well as additional funding to offset the substantial incremental costs and loss of revenue associated with the pandemic are required.

Further, as attention begins to turn toward the medium and long-term, stimulus infrastructure investments in Peel will play a central role in recovery efforts as well as long-term economic growth. Significant federal support will be required to help the Region move forward with these critical infrastructure projects.

### Policy opportunities

- Continue to provide sufficient funding for the ongoing COVID-19 response, including significant costs associated with the Region's Mass Vaccination Program
- Provide additional funding support to offset incremental service costs and loss of revenue for services that have continued to operate during the pandemic
- Increase infrastructure funding to stimulate Peel's economic recovery, including green infrastructure projects
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### COVID-19 response and vaccination support

The planning and implementation of the Mass Vaccination Program, one of the largest emergency programs ever undertaken in Peel, has become the Region's largest cost driver with respect to COVID-19. Pandemic response continues to require substantial effort and resources. Additional federal and provincial financial support will be required to recover the cost of this significant initiative in 2022.

### Off-setting incremental service costs

While Safe Restart Funding and other federal/provincial COVID-19 related funding initiatives have helped cover the net costs and pressures experienced by Regionally-controlled programs, sustained and predictable funding is required to ensure Peel's health and service needs are met throughout and beyond the pandemic. The table below highlights the impacts to the Region in 2021 (as of August 31, 2021) associated with responding to COVID-19.

The Region seeks continued support, including funding for:

- **Surveillance** and exposure/outbreak management in high-risk settings
- **Administration** of all eligible first, second and third doses as quickly as possible
- **Maintenance** of mass vaccination clinic capacity
- **Increased focus** on hard-to-reach residents and those with low vaccine confidence

As the Region moves forward in delivering essential services to Peel's residents and businesses, additional support is required. This includes financial support to offset incremental service costs and loss of revenue for services that have continued to operate during the pandemic as well as recovery funding for the reinstatement of in-person services that were paused.

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Programs	Increased Costs (millions)
Housing Support	\$70.2
Early Years and Child Care	\$74.4
Infectious Disease Prevention	\$57.8
Mass Vaccination Program	\$107.3

\*As reported to Regional Council on October 28, 2021

In addition, throughout the pandemic, the Region, with its community providers, was able to provide critical intervention programs to help support and protect the homeless and other vulnerable populations with temporary emergency federal and provincial funding. This includes programs like the Primary Pandemic Care Outreach, which provided primary care medical supports to homeless residents. As this funding is temporary, the Region is seeking long-term federal and provincial sustainable operational funding for these critical intervention programs.

### Predictable and sustainable infrastructure stimulus funding

As all levels of government begin to implement plans for recovery, there is a greater need than ever to ensure communities have safe, effective and reliable infrastructure. The Region appreciates infrastructure funding, such as the \$18.7 million in federal and provincial funding allocated to it under the COVID-19 Infrastructure Resiliency Stream of the Investing in Canada Infrastructure Program. The Region also looks forward to partnering with the federal government as additional funding opportunities become available, particularly in support of green infrastructure projects, as they will be critical to sustainable long-term growth and development.

### Efficiency through an allocation-based funding model

To address the significant impacts of the pandemic, considerable investment will be needed to kick start the economy. To ensure that tax dollars are providing full value, it is essential that infrastructure investments are not delayed by unnecessary processes and/or administrative burdens.

One positive example of an effective modernized funding process is the Local Government in-take of the COVID-19 Infrastructure Resiliency Stream, which uses an allocation-based funding model that better meets the needs of the municipal sector. It provides timeframes that correspond to a realistic infrastructure planning and implementation cycle. Funding under this model can also allow municipalities to invest in priority projects consistent with their asset management plans.

Moving forward, it is important that the federal government continue to work with its provincial counterparts to implement an allocation-based funding model wherever possible, to expeditiously invest in critical municipal infrastructure projects, including:

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

These projects will also help the federal government achieve key priorities, such as creating jobs and building an integrated transportation network that will be essential for Canada's economic recovery efforts.



## Focus on affordable housing solutions

With Peel's growing population, there are escalating affordable housing challenges. Ongoing federal support will be required to meet the evolving needs of our community and the mounting pressures on municipal finance. The Region is committed to working with every level of government to address current housing affordability challenges, but the Region alone cannot build its way out of this crisis.

### Policy opportunity

- Provide long-term, allocation-based, sustainable capital and operational funding for affordable housing that does not impact the Region's borrowing ability and provides flexibility in its use toward current housing stock and new rental development

The commitment between the Region and the federal government to seek solutions to the current housing crisis is rooted in a shared belief that housing provides a sense of safety and economic opportunity for residents. Housing is a major contributor to economic growth, social stability and household wealth. Households who live in secure housing are more likely to be in better health, perform better in school, and have more personal wealth, including non-housing wealth.

Federal housing support for the Region has been strengthened during the pandemic and through investments made prior to the emergence of COVID-19. However, only 28 per cent of the Region's Housing operating budget is funded by either the federal or provincial government, and federal funding is steadily declining.

### Peel's Housing Master Plan

The Region's Housing Master Plan, when fully implemented, will add more than 5,650 new affordable rental units in Peel. Regional Council has already approved creating an initial 2,240 rental and supportive housing units and emergency shelter beds by 2028.

To date, \$680.4 million of the \$1 billion capital funding envelope has been secured, which includes a 1/3 commitment of Regional funds, as well as \$276.4 million through federal government's National Housing Co-Investment Fund (of which \$186.9 million is repayable loan), and \$68.7 million in funding through the existing federal and provincial funding programs.

Federal and provincial funding should be:

- **Indexed to inflation, market housing prices, and client need**
- **In the form of contributory grants, allocation-based and flexible**

However, 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 would benefit from reforms to funding programs to ensure cost-sharing is proportional to the funding capacity of the revenue tools of the respective government.

It is essential that municipalities have the flexibility to use federal funds to best meet the needs of their communities.

## Invest in a green economy

In 2019, the Region of Peel declared a climate change emergency. National and local greenhouse gases (GHGs) are continuing to rise, and the worsening impacts of climate change are serious and threaten material risks to municipal infrastructure across Peel. Without additional and sustained funding, achieving GHG reduction targets and timely adaptation is challenging. To address this, the Region is seeking meaningful consultation on enabling policies, sharing of best practices as well as sustained and predictable federal funding.

### Policy opportunities

- Provide sustained funding to reduce GHG emissions and address climate change risks to critical municipal infrastructure
- Develop policy in partnership with municipalities that establishes adaptation targets and defines municipal resilience to climate change
- Share best practices that work towards low-carbon and resilient community transformation
- Invest in waste infrastructure and technologies to increase resource recovery from plastics and recyclable material, including organics, and strengthen end markets for recovered resources

While recognizing that municipalities have a leading role in addressing the impacts of climate change on local infrastructure, municipal governments cannot do it alone. As such, the Region has adopted an approach to climate change that follows the principles of lead, influence and transform. These principles are outlined in Peel's 10-year Climate Change Master Plan, which sets out how the Region will address the current and future impacts of climate change on infrastructure. This includes how assets will be managed and services delivered in a way that takes climate change into account.

### Working towards climate-resilient infrastructure

Municipal governments, working closely with local partners, are increasingly responding to the impacts of climate change on local infrastructure. For example, the increased frequency of extreme weather events that cause intense rainfall can overwhelm the stormwater system leading to localized flooding, sewer surcharging and treatment plant bypasses. Proactively investing in resilient infrastructure, rather than reacting to impacts of extreme weather, will help mitigate costs to municipalities.

In addition, the Region is encouraged that the five expert advisory tables have been launched to help develop actions to be implemented through Canada's National Adaptation Strategy, which will include strategies that could guide the investments in resilient infrastructure. While this is an important and promising step, the lack of existing adaptation targets poses a challenge and there is a need to establish targets through enabling policy.

#### Every dollar invested in climate adaption saves \$6 in future costs.

Increased investment makes economic sense at a time when annual property damage costs from extreme weather have already risen from **\$405 million** (1983 – 2008 average) to **\$1.8 billion** (2018 stats).

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Local governments are on the front lines addressing the impacts of extreme weather events. As such, municipal engagement is strongly encouraged and could include the opportunity for adaptation policy aimed at establishing policies that ladder up from the local to federal government, in addition to the key themes being discussed at these tables.

Without extensive and purposeful consultation with municipalities, achieving key goals through Canada's National Adaptation strategy, as well as achieving Canada's 2030 GHG reduction targets and net-zero emissions by 2050, will be unlikely.

### Sustainable and predictable funding and sharing of best practices

Federal support such as sustainable and predictable funding for municipal infrastructure will help the Region implement actions included in the Climate Change Master Plan. Many of these actions are aligned with the federal government's climate change plan and Greening Government Strategy objectives to build a better future with a healthier economy and environment.

The federal government has taken initial steps in the right direction, such as the establishment of the Low Carbon Economy Fund and the Sustainable Finance Action Council. However, the Region encourages the federal government to go further and provide sustainable and predictable funding, tools and information to support municipalities undertaking actions related to:

- Net-zero building retrofits and new construction of government buildings
- Building resilient infrastructure through long-term infrastructure planning
- Conversion of government fleets to zero-emission vehicles
- Disclosure and management of financial risks and opportunities related to climate change
- Green procurement of goods and services
- Nature-based climate solutions

### Increase efforts to reduce plastic pollution

As Peel's population 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. For this shift to occur, all levels of government need to increase efforts to reduce plastic pollution.

The Region is encouraged that the federal government is moving forward with its commitment to ban harmful single-use plastic items and supports a national strategy on plastic pollution that includes a minimum recycled content performance standard for single-use plastics. However, there is the need for the federal government to invest in waste processing infrastructure and technologies to achieve its goal of zero plastic waste and reduce methane emissions by 2030.

The Region is committed to diverting plastics and recyclable materials, including organics, from landfill to support the goals set out in the federal government's Zero Plastic Waste Strategy and Strengthened Climate Plan – A Healthy Environment and a Healthy Economy. The Region is also committed to achieving a 75 per cent waste diversion target by 2034.

Achieving these goals will require both community participation and development of new waste processing infrastructure and technologies, such as Anaerobic Digestion and Mixed Waste Processing, to ensure that plastics, recyclables, organics, and compostable materials are diverted from landfills.



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Investment in waste processing facilities is essential to increase the recovery of recyclable materials and nutrients from organic materials as well as to produce low-carbon fuels that can be used in place of fossil fuels. Resource recovery and waste diversion could be further supported by creating and strengthening end-market opportunities for recovered resources.

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.

## Keep the economy moving

A strategic location, diverse communities and a thriving economy have made Peel a destination of choice. The combined population of Mississauga, Brampton and Caledon is expected to increase by over 700,000 new residents and 335,000 jobs by 2051. It is critical that this population growth coincide with the expansion of an integrated transportation network that focuses on safe, reliable and efficient movement throughout the Greater Golden Horseshoe region.

The Region of Peel will require ongoing transportation investments from the federal government to support a green recovery and meet the needs of Peel's rapidly growing population. Recognizing that simply adding more lanes is unsustainable, the Region is committed to a shared priority of reducing GHG emissions and applying a climate change lens to innovative transit and transportation solutions.

### Policy opportunities

- Increase funding for transit infrastructure in an effort to contribute to reductions in GHG emissions
- Work with the Ontario government to advance Regional Express Rail in Peel
- Invest in projects to support improved transportation access for people and goods around Toronto Pearson International Airport

### Invest in transit infrastructure

Over the past two years, federal funding has supported core Regional services, and it will be essential that this commitment and partnership be continued to establish an integrated transportation system in the Greater Toronto Area and beyond. The Region is encouraged by the commitment from the federal government to invest \$3 billion per year in permanent funding for public transit. These investments are welcomed in diverse, high-growth municipalities, such as Peel.

Investing in transit not only shifts travel toward more sustainable modes of transportation, but it also advances our shared goal of reducing congestion and GHGs. It can also drive economic opportunity, support equity-seeking communities and support healthier lifestyles.

With that in mind, the Region recommends the federal government continue to partner with the Ontario government to move forward expeditiously with Regional Express Rail in Peel, including:

- Implementing Commuter GO Rail service to Bolton
- Continuing with the implementation of a 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
- Expediting two-way, all-day, 15-Minute GO Regional Express Rail for the Milton Line

With sufficient federal and provincial support, these projects will help improve inter-municipal transit and active transportation connections, while supporting the Region's goal of a 50 per cent sustainable mode share by 2041.

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**Improve access to Toronto Pearson International Airport**

Peel is home to some of the country's most important transportation infrastructure, including Toronto Pearson – Canada's busiest airport – and the CN Brampton intermodal terminal, which is the largest in Canada and is traversed by 13,000 trucks weekly. The airport has wide-reaching economic benefits, including 25,000 direct jobs (pre-pandemic) in Peel region and is the second largest employment zone in Canada.

The federal government's commitment of more than \$11 billion for priority transit projects in the Greater Toronto Area, including the Eglinton Crosstown West LRT Extension, is greatly appreciated. The Region encourages rapid implementation of these priority projects, in particular the planned connection to Toronto Pearson.

While these investments are welcome steps forward, ongoing federal support for transportation infrastructure and regional transit connections will be required to support the long-term growth and competitiveness of businesses in the airport employment zone as well as in the Greater Golden Horseshoe region.

