



AMO Policy Update

FONOM Conference

May 2025



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 agenda has significant implications for municipalities
 - Short-term and long-term economic directions
 - Housing approach that includes direct building
 - Opportunities for "Team Ontario" approach

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

1. 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
- 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%
Total	51,328	1,037	2.0%

2. Supporting Provincial and Federal Approaches

- Early and consistent communication highlighting Ontario municipal sector's strong support for provincial and federal action
- Positioning municipal sector as a key partner in planning and executing key elements of a long-term economic re-orientation strategy, including:
 - Inputting to anticipated inter-provincial and international negotiations
 - Re-orienting supply chains and leveraging municipal buying power
 - Enhanced coordination on investment attraction, market access, and labour market strategies
 - Ensuring the right infrastructure to support new directions
- Informing provincial legislation to highlight municipal opportunities
 - Bill 2 – *Protect Ontario Through Free Trade Within Canada Act*
 - Bill 5 – *Protect Ontario Through Unleashing Our Economy Act*

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

3. 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

4. Membership Education

- Webinars with experts to share results of impact analysis, including implications for municipal and provincial decision-making
- AMO Tariff and Trade Forum:
 - What the trade war means for municipalities
 - Building Ontario in uncertain times
 - Changing approach to procurement and supply chains
 - Seizing opportunities to strengthen Ontario: Municipal Economic Development



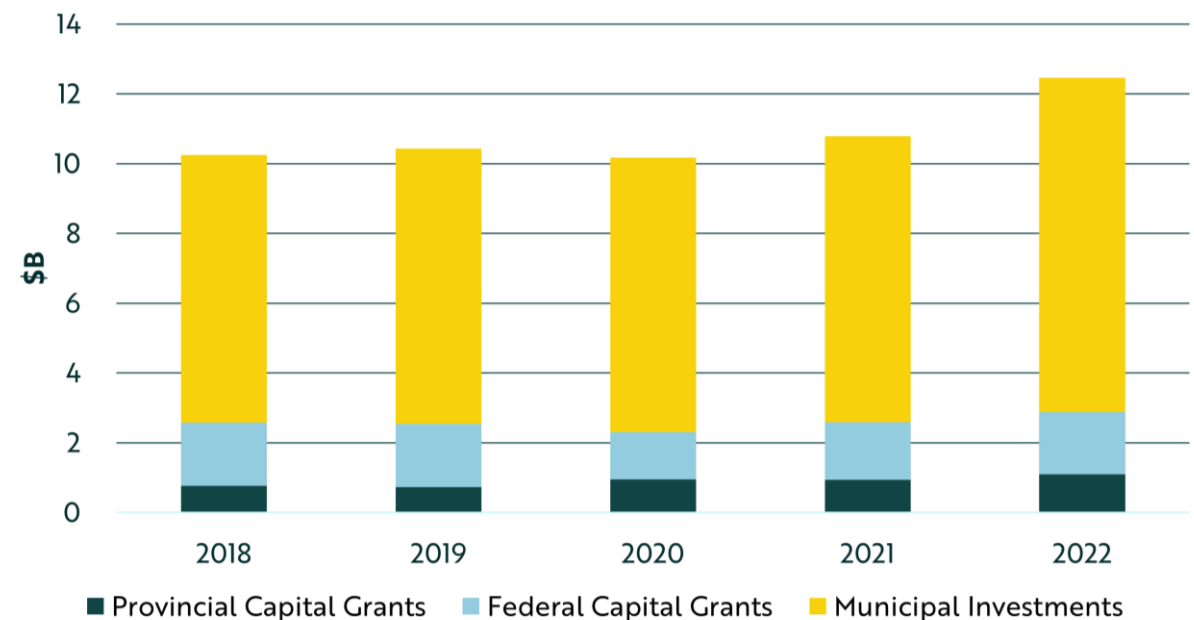
Provincial-Municipal Fiscal Relations

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)



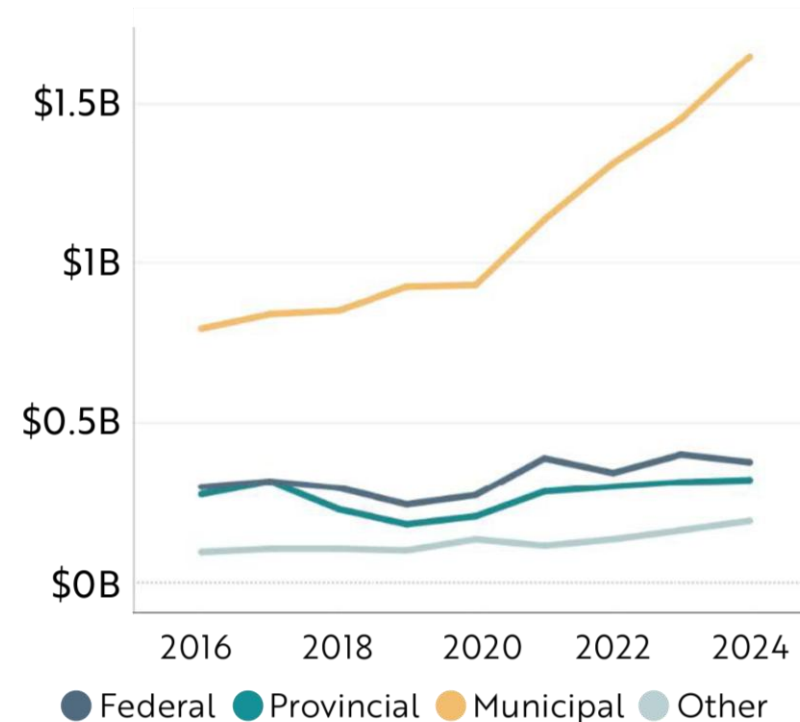
New approach on DCs

- Housing affordability challenges continue in Ontario and could worsen with the threat of tariffs and trade measures
- Municipal DCs and planning approvals persist as easy targets for other levels of government to blame unfairly for the crisis
- AMO and Ontario Home Builders Association are partnering to:
 - Proactively identify areas where progress on DC modernization is most likely, focusing efforts in a balanced and constructive way;
 - Demonstrate the ability of the municipal and development sectors to work together to find compromise solutions on housing;
 - Build the foundation for credible message on the need for sustainable funding sources for municipal infrastructure – including DCs
- Positive early signals

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

Housing Investment (Ontario)



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
 - How can AMO as an organization advance reconciliation?
 - How can AMO best support its members to strengthen Indigenous-Municipal relations and take action on reconciliation?
- Municipal Codes of Conduct
- Supporting municipalities to implement key provincial priorities
 - Energy procurements
 - Broadband