

MUNICIPALITIES *matter!*



LABOUR'S PLAN TO BUILD VIBRANT & SUSTAINABLE
COMMUNITIES ACROSS CANADA



Canadian Labour Congress

Congrès du travail du Canada



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Greetings!

“Labour’s Plan to Build Vibrant & Sustainable Communities Across Canada” outlines and describes the key municipal demands of our ‘Municipalities Matter’ Campaign, being run in communities across the country.

We are now living in a time when over 80% of people in Canada and around the world live in cities. We are seeing unprecedented changes in the economy, environment and population. Canada is one of the only developed countries without a National Urban Strategy, nor a National Transportation Strategy nor any other way to deal with the ever changing nature of our communities. The urban challenges of climate change will be significant on our communities: loss of biodiversity and a deteriorating environment affecting food supplies, water, energy, our growing infrastructure deficit (now estimated at over 123 billion). The federal government today refuses to take leadership on urban issues by using the excuse of provincial sovereignty and instead has left our country without a vision or a strategy for the future.

We are weighing in to this debate by concretely proposing 5 issues that if addressed will take us down the path of building vibrant and sustainable communities: Public Infrastructure, *Creating Jobs by Building Communities We Need for the Future*; Procurement, A “Made-in-Canada” Purchasing Policy; Municipal Revenues, *Building a Sustainable Fiscal Base for our Cities & Communities*; Fair Wages & Working Conditions; and Sustainability, our *Green Agenda*.

The bottom line is that our members work, live in, and build our communities. We need municipal politicians and their organizations to support labours vision for our communities.

In solidarity,

Ken Georgetti
President
Canadian Labour Congress



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Public Infrastructure:

CREATING JOBS BY BUILDING THE COMMUNITIES
WE NEED FOR THE FUTURE

Whether we live in an urban or rural, small or large municipality, we require our local governments to build and maintain infrastructure for clean water, wastewater facilities, roads, as well as bridges. Our communities need public transportation systems. We depend upon community centres, libraries, immigrant settlement houses, recreational facilities, social housing and co-operatives, parks, cultural centres, and elder care and child care facilities.

Well over half of all infrastructure in the country is the responsibility of municipalities. It would cost \$12 billion each year for the next ten years to fix crumbling municipal infrastructure. To meet the outstanding transit needs of communities, we would need another \$8 billion each year for five years. Many other municipally based public institutions also need significant financial support.

ECONOMIC CRISIS

Across the world, governments are looking for ways to confront the current economic crisis. Because Canadian governments chose to cut taxes during the “surplus” years, municipalities are now ill-equipped to deal with the crisis. Major investments are now needed to support communities, reduce unemployment, and decrease inequality.

At the same time, rising unemployment is threatening our communities. Early in 2009, there were already 1.4 million people in Canada who wanted to work but could not find a job. The unemployment rate is expected to top 10% as the recession deepens.

One important way the government can strengthen the Canadian economy is to support basic infrastructure investments. Informetrica Ltd. calculates that \$1 billion invested in basic municipal infrastructure creates 11,500 jobs, half in construction and half supplying mainly Canadian-made goods and services. The job-creating impact is more than double that of tax cuts.

In Budget 2009, the Conservative government announced infrastructure funding support for a range of projects across the country. However, the program is short-term and remains tied to public-private partnership arrangements. Cash-strapped municipalities will have to come up with their own funding since less than one-half of the costs are being paid by the federal government.

Most of the richest economies are aiming to infuse the equivalent of 2% of GDP in public spending into their economies. The Canadian government is lagging behind and has decided that a combination of tax cuts and stimulus of 1% of GDP is sufficient. We think the federal government does not understand the enormity of the crisis we face.

NO TO PUBLIC-PRIVATE PARTNERSHIPS (P3S)

Two years ago, the federal Conservative government decided to create a new Crown corporation called PPP Canada Inc. tasked with creating public-private partnerships (P3s) across the country. All large-scale projects under the federal Building Canada Fund would have to demonstrate that the P3 option had been “fully considered.”

“Traditional” infrastructure projects are based on the assumption that the private sector designs and builds the project, while governments finance, maintain, and operate the public infrastructure. Public-private partnerships (P3s) allow the private sector to profit from financing, maintaining, and operating the infrastructure. After 30 years or more, the worn-out project reverts back to the public sector for renewal.

Since the economic crisis began, the inability of private consortia to secure funding has demolished one of the central arguments used to defend P3s. As Moody's, the credit rating firm, said in its January 2009 Report on Canadian PPPs, “there is a potential for P3 projects to be increasingly unable to show value for money, meet affordability tests, or even complete their funding.”

The weaknesses of P3s have been magnified because of the lack of private credit and the global financial crisis. Still, the federal government remains committed to finding ways to hand our public infrastructure over to the private sector.

A NATIONAL COMMITMENT TO PUBLIC INFRASTRUCTURE

The deepening economic crisis is hitting communities hard. Canadian municipalities require stable funding for rehabilitation and replacement of all classes of infrastructure. Canada has no national transit funding program. We have pressing environmental issues to confront. While we need an immediate economic stimulus, we also need long-term, multi-year funding of public infrastructure.

We must call on our local governments to choose public reinvestments and economic renewal that is sustainable, equitable, and democratic. Our local governments should sign contracts that require training, recognize prior learning and experience, and facilitate the entry of women and new immigrants into jobs created by infrastructure projects.

By building and rehabilitating public infrastructure, municipal governments can help create jobs. Quality infrastructure can house the services that communities in crisis need. Good infrastructure can help strengthen social inclusion in hard economic times. As our communities are rocked by global recession, investments in public infrastructure help our communities strengthen democratic control, develop local economies, get women and men back to work, and build sustainable environments.



Procurement:

A "MADE-IN-CANADA" PURCHASING POLICY

Governments and not-for-profit institutions funded by governments spend tax dollars in order to deliver the public services that are needed across Canada. Governments of all levels spend money for repairs and construction. They buy professional and financial services. They are significant purchasers of pharmaceutical drugs, and they consume large quantities of printing and publishing services. They account for 21% of all wages in the country, and 29% of other income earned by workers, such as pensions and benefits. In fact, public sector spending represents about 23% of the value of all goods and services produced in Canada. That's a lot of purchasing power!

In 2007, local governments spent \$68.2 billion. Most of these expenditures went to support the production of high quality services by public sector workers, but a lot went to purchases from private sector suppliers:

- Transportation and Communications – 20%
- Environment – 18%
- Protection – 16%
- Recreation and Culture – 13%
- General Government Services – 10%
- Social Services – 9%
- Housing, Health, and Other Expenditures – 11%

NAFTA WON'T LET US BUY CANADIAN?

WRONG!

A few days before Barack Obama made his first visit outside the United States to come to Ottawa early in 2009, the Canadian government suggested that the United States was not abiding by its NAFTA and WTO obligations because it had linked \$900 billion in stimulus spending to "Buy America" purchasing policies.

The problem with the government's campaign was that it was based on false assumptions. In fact, "Buy American" policies go back many years, and Chapter 10 of the North American Free Trade Agreement (NAFTA), which deals with procurement issues, clearly states that governments are permitted to support national purchasing policies.

The Procurement Chapter does not limit the use of "any form of government assistance, including co-operative agreements, grants, loans, equity infusions, guarantees, fiscal initiatives, and government provision of goods and services to persons or state, provincial and regional governments."

As well, any U.S. state or municipal government is entirely within their rights under NAFTA to dedicate their spending to goods and services produced in the U.S. The same goes for Canada.

Governments should use stimulus funds to help create jobs. Tax dollars should be used to strengthen our communities and secure the livelihoods of workers in Canada. Taxes paid by Canadians should be spent in Canada to buy Canadian goods and strengthen public service delivery.

PURCHASING POLICIES

One area where we can confront the economic crisis at the local level, is by working to have municipal councils adopt “Made-in-Canada” purchasing policies. These would create local jobs now and support our communities far into the future.

Many municipal councils have adopted, or are in the process of passing, the CLC “Made-in-Canada” procurement policy. In Ontario alone, eight municipalities, including St. Catharines and Windsor, have passed or are about to pass such policies.

Municipal councillors and local activists should study and then oppose the new and proposed provisions of the Agreement on Internal Trade that are poised to take away remaining mechanisms by which provinces support “Made-in-Canada” production.

Some municipal governments have used the excuse of budget shortfalls to contract out, seek “alternative” service delivery options, establish competitive bidding within the public sector, agree to public-private partnerships, or extend privatization in other ways. These are not what we are proposing, and they are not solutions to economic crisis. The labour movement works to support the public funding and public delivery of the services communities need. We will continue to oppose the privatization of our public services.

INCREASING CANADIAN CONTENT

We recognize that there are goods that municipalities need to purchase from the private sector. If these goods were to be produced in Canada, we could create good jobs here. For every \$1 million of reduction in imports of goods, three new jobs could be created in the manufacturing sector.

For example, in 2007, we imported \$694 million of “buses and other public transport passenger vehicles.” Displacing these imports through domestic production would create about 2,000 new jobs. Some provinces and cities have taken action to source transit vehicle procurement in Canada.

Investments in wind power is just getting off the ground, but imports of turbines are already running at almost \$200 million per year, and there is currently no Canadian production capacity of any significance.



Municipal Revenues:

BUILDING A SUSTAINABLE FISCAL BASE FOR OUR CITIES AND COMMUNITIES

Our cities and communities face many challenges. Probably the most important is the serious and ever-growing mismatch between growing program and investment responsibilities on the one hand, and financial resources on the other. Put simply, most municipalities are cash-strapped, getting just eight cents of every dollar raised in taxes in Canada. Many services have been cut back as a result of past funding cuts, but new demands are being imposed, especially in a time of economic downturn. The basic municipal infrastructure deficit is huge and continues to grow because of long-standing underfunding, and other levels of government continue to require municipalities to deliver programs and services that should not be funded out of property taxes (for example, a significant proportion of social assistance benefit costs in Ontario).

The current recession will make an already bad situation even worse if nothing is done.

Falling house prices, rising foreclosures, and business failures will erode property tax revenues unless tax rates and other sources of revenue, such as user fees, are raised, which would be extremely unpopular in a time of high unemployment.

Almost all provinces will be running deficits, and may choose to cut rather than increase transfers to municipalities just as they did in the mid-1990s.

As employers, local governments will have to deal with big pension fund shortfalls, and troubled economic times will increase demands on already badly stretched local level, public and social services.

Unlike the federal government and provinces, municipalities are not usually allowed to run a deficit to cover operating costs. Cities can borrow to fund major capital investments, but usually only with the agreement of the provincial government. Lack of ability to borrow means that any further growing gap between revenues and expenditures will quickly result in damaging cuts and layoffs—unless something is done.

Even before the downturn, property taxes made up the majority (54%) of local government revenues. This is a huge problem because the property tax base grows more slowly than municipal needs and spending, and because property taxes are not based upon ability to pay but rather on the value of houses and commercial real estate. Home owners with large families and big mortgages pay as much or more as mortgage-free, relatively affluent homeowners. Struggling business pay the same as those that are highly profitable.

Aside from fees charged for goods and services, almost all other local government revenues come in the form of transfers from provinces, all but a small proportion of which is generally tied to specific uses. Local governments have virtually no access to sales taxes, or personal and corporate income taxes.

We need to have serious discussions within our communities about what kind of resources our cities and smaller municipalities need to thrive, and what services should and should not be delivered by local governments. Where responsibilities and the attached revenue needs are large, there is a strong case for giving local governments direct access to the provincial income tax base. That would allow local citizens to choose to pay a bit more in fairly collected taxes for better services – a choice which is important to local democracy.

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A few provinces have introduced revenue-sharing in a limited way. British Columbia, Alberta, and Quebec, for example, transfer part of gas tax revenues to cities to pay for public transit and roads. But only Manitoba shares personal and corporate income tax revenues. Even here, provincial funding can be changed at any time.

The problem of underfunding can also be addressed by increasing direct federal government transfers to local governments, with the approval of the provinces. Part of the gas tax (five cents per litre) is already being rebated to municipalities, and this share should be increased and made permanent. Going one step further, a designated share of all Goods and Services Tax revenues could be directed to local governments.

The federal government (which is best placed to raise money in tough times and has the lowest borrowing costs of any level of government) should also be supporting local investments in basic municipal and environmental infrastructure through grants, recognizing that many communities will not be able to pay a one-third share of the costs. Current federal infrastructure programs require provinces and municipalities to pay one-half of costs, which may mean that money ends up being spent by the best-off communities, not those most in need.

The bottom line is that we can't build vibrant cities based on an outdated model of funding. We need new fiscal arrangements. There are many possibilities, but one thing is certain: cities and communities need access to a long-term and predictable source of revenue that grows with the economy.

The labour movement can and should support increasing and diversifying municipal revenues through grants and revenue-sharing by senior levels of government.



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Fair Wages & Working Conditions

We live in a country where earnings are distributed very unequally, and many lower paid and insecurely employed workers, especially women, recent immigrants, Aboriginal people, and persons with disabilities, struggle to make ends meet.

One in three men and 40% of women hold jobs which are part-time or temporary, not full-time, permanent jobs. Almost one in four adult workers in Canada today is low paid, earning less than the amount needed to keep even a single person above the poverty line in a large urban centre. Wages for the bottom half of the workforce have barely matched inflation for the past quarter-century as increases in our national income have gone mainly to very high income groups.

Growing wage inequality is the root cause of many social problems which communities confront on a daily basis. Anti-poverty groups have identified low wages and insecure jobs as one of our nation's key social and economic problems.

In the current "Great Recession", conditions are likely to worsen as growing numbers of unemployed workers are forced to compete for already insecure and low paid jobs.

PROGRESSIVE MUNICIPAL GOVERNMENTS MUST DEFEND DECENT WAGES AND LIVING STANDARDS

Most direct municipal employees are unionized and enjoy decent wages, benefits, and working conditions, and local governments are an important direct source of good jobs. While local governments have limited budgets, they can and should resist pressures to contract out core work to low wage, private suppliers, and pressures to privatize core public services through so-called public-private partnerships. Research shows that privatization and outsourcing usually increase rather than reduce operating costs due to the pressure on private organizations to generate large profits, and due to the fact that low wage services tend to be of much lower quality.

PROGRESSIVE MUNICIPAL GOVERNMENTS SHOULD JOIN WITH LABOUR AND ANTI-POVERTY GROUPS TO RAISE MINIMUM WAGES

The labour movement is calling on all provinces to implement a minimum wage of at least \$10 per hour, the minimum needed to keep a single worker working full-time for a full year above the poverty line. Municipalities can and should lend their support to campaigns calling for an increase in minimum wages and related improvements to provincial employment standards. They can do so by highlighting the causes of poverty in local communities and the experiences of working-poor people and families served by local social service agencies.

Where cities are directly responsible for income and other supports to working-poor families, they should highlight the cost savings and improvements in living standards which could be achieved by increasing minimum wages and income supports for lower income families (such as the Working Income Tax Benefit, Child Tax Credits, the GST credit, and similar provincial programs).

PROGRESSIVE MUNICIPAL GOVERNMENTS IN CANADA SHOULD DEVELOP AND IMPLEMENT A MUNICIPAL LIVING WAGE ORDINANCE

More than 130 municipal Living Wage Ordinances have been passed in the U.S. since 1994, including big cities such as New York, Chicago, Boston, Detroit, Cleveland, Los Angeles, San Francisco, Oakland, San Jose, and Miami. In fact, close to one-half of the U.S. urban population now live in cities covered by some kind of municipal Living Wage Ordinance.

The basic concept of a living wage is that wages should provide a sufficient income to meet basic needs. These ordinances have been the result of joint campaigns by community groups and labour organizations to raise the wages of the working poor.

Key goals of municipal campaigns have been to boost the push for higher minimum wages, to make sure that local wages reflect local living costs, especially the costs of housing, and to set wage standards for specific occupations to stop decent wages being undercut by low wage, low quality, fly-by-night contractors.

U.S. Living Wage Ordinances usually apply to companies and noncommercial enterprises working on service contracts with the city and city agencies in areas such as security, building services, food services, and some social services such as home care. They usually exempt very small suppliers.

Living Wage Ordinances also often apply to companies receiving financial support from a city, including through grants, tax abatements and write-downs, and incentives to real estate developers. Using this tool, they sometimes have been extended to large commercial developments.

Ordinances generally apply directly to only a small proportion of low wage workers, but help set a local benchmark which other public and private sector employers may follow. Studies show that they do raise wages and the cost-impacts for city governments have been small.

In Canada, the City of Toronto has been a leader through a fair wage schedule which applies to City construction contracts and has now been extended to contracts for security services, building cleaning and maintenance, and landscaping.



Sustainability

LABOUR'S GREEN ACENDA

The way we are living cannot be sustained on the only planet we have. We don't need disposable jobs and disposable things for a disposable world. We need to live, work, and play closer to one another, stop wasting so much energy, and shorten the distance between the production and consumption of goods. We need to have domestic production for domestic consumption. With every one of these issues, municipalities matter!

By purchasing fuel-efficient, domestic cars for municipal fleets; investing in buses, trains, and wind turbines that are "Made-in-Canada"; reducing our exposure to toxic chemicals; and relying on people-power to make your home more efficient, we can live more sustainably. We need to work to convince our local governments to represent us courageously on these issues.

We can do it.

STOP URBAN SPRAWL AND BUILD NEIGHBOURHOODS

- **We must develop an integrated public transit strategy.**
- **We need to stop urban sprawl by increasing the density of our neighbourhoods.**
- **We need to build bicycle- and walking-paths, and plant trees.**

Public transportation is right for the environment, and for democracy. It is a public service that allows people to participate in the community. In large metropolitan areas, a much higher percentage of immigrants commute by public transport than Canadian-born users. Women have different transit needs than men and rely more heavily on public transportation. Transit renewal and growth contributes to good jobs in unionized transit systems, and in the local manufacturing of buses, trains, and streetcars.

Public transportation should be complimented by trees, bike- and walking-paths to make it easier for people to drive less, to improve air quality, and to improve our overall well-being.

We need to stop urban sprawl. Urban sprawl is when land is consumed faster than the population is growing. These low-density, often suburban, developments hurt both urban and rural quality of life. Urban sprawl contributes to a loss of natural areas like green space and wildlife habitat, and loss of productive farmland for the sake of isolated, spread-out neighbourhoods, that are much more car-dependent and contribute to poor air quality, increased water use, increased water pollution, and increased greenhouse gas emissions. There is another option. We can build up and not out, and design our cities to be less car-dependent, more suitable for public transit and walking, so municipal infrastructure is used as efficiently as possible. Limiting sprawl on the long-term means working with other municipalities to develop regional bases for planning. This will stop developers from pitting one community against another, allow municipalities to move forward together, and will give the municipalities strength to influence developers.

USE ENERGY BETTER

- **We need to retrofit public buildings (and homes!) to make them much more energy efficient.**
- **We need to use clean energy, and get serious about energy conservation.**
- **We need domestically manufactured, fuel-efficient vehicles.**

Municipalities need to calculate their energy use and greenhouse gas emission reductions using 1990 as a starting point. Forecast future energy use (and emissions) for 10 or 20 years, then establish a reduction target with the goal of reducing energy use and greenhouse gas emissions from 1990 levels. An ideal target is at least a 20% reduction of greenhouse gas emissions within 10 years. If done community-wide, try a target of at least 10% below the 1990 level within the same period.

To reach the target, transition to clean energy and stop wasting energy by getting serious about energy conservation. Retrofitting municipal buildings, including city halls, hockey rinks, community centres, and libraries is a great way to save money over the long-term, and lead by example. Renewable energy generators, like solar panels and wind turbines, can be used to provide energy. For other reductions, an anti-idling by-law can be passed to stop idling cars and school buses. A virtual car pool bulletin board can be set up on your municipality's website to help people commute together. A local street can be reserved for bicycles on Saturdays or Sundays by prohibiting car and truck traffic.

HEALTHY CITIES

- **We need to reduce, reuse, and recycle our waste, and never, ever incinerate garbage.**
- **We need to pass by-laws restricting the cosmetic use of pesticides and limit the use of all toxic chemicals.**
- **We need to organize farmer's markets.**

Through their practices and policies, municipalities have tremendous ability to affect our environment, reduce asthma rates, reduce learning disabilities and infertility rates, and reduce occupational and environmental cancers.

If your community hasn't already, pass a by-law restricting the cosmetic use of pesticides. Even when used as directed, pesticides have many negative side effects on human health and the environment, and are particularly harmful to children.

Organize a weekly farmer's market to reduce the distance from farm to fork, support local bakers, farmers, and artisans while helping to build community.

Reduce, reuse, and recycle your garbage, but don't incinerate it. Vendors are aggressively promoting incinerator technology to Canadian municipalities as a way to manage solid waste and produce energy. If allowed into a community, these incinerators emit hundreds of pollutants, including carcinogens, into the air, land, water, and into our bodies.



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