

**2017 Pre-Budget Consultations**

**City of Montreal**

**Brief Presented to the House of Commons Standing Committee on Finance**

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## **Introduction**

The City of Montreal is pleased to share its comments and suggestions with the House of Commons Standing Committee on Finance.

With a population of nearly two million, Montreal is the second largest city in Canada and Quebec's metropolis. Even with all of the population shifts, Montreal is still experiencing sustained and diversified growth. Every year, the population of Montreal becomes more diverse with the arrival of approximately 35,000 immigrants, who represent over 30% of residents. It goes without saying that Montreal needs to take positive action on the important issues of economic and social integration.

There is no question that Montreal is economically strong. The region posted the highest increase in disposable income per capita of the entire province and its GDP is going up at a rate higher than that of Quebec as a whole. Montreal's GDP is valued at nearly 35% of Quebec's, even though the city's population represents only 25% of the province's population. However, the unemployment rate is one of the highest in Quebec (10.5% in 2015), as is the incidence of low-income families.

Public and private sector capital expenditures in Montreal have reached \$11.6 billion, an amount still unmatched today. According to its capital investment plan, the City of Montreal plans to invest nearly \$20 billion over 10 years. With the support of the Quebec and Canadian governments following the implementation of phase 1 of the federal infrastructure plan in 2016, which was both necessary and relevant, the City is prepared to move forward with \$1 billion in short-term projects.

The next federal budget will allow us to continue and accelerate our actions in that regard and help to create quality jobs; repair our aging infrastructure; offer residents affordable, quality housing; and innovate and evolve to more effective and greener technologies.

This budget needs to go further. The government must develop a real urban agenda that will allow cities to play their role as economic engines. The Government of Canada can count on Montreal in that regard. We are up to the challenge.

Source: Institut de la statistique du Québec

## 1. Governance

The 2016 federal budget recognized the important role that big cities play in the Canadian economy and the significant contribution that they make. Local governments are the ones who hold the key to economic development, provide meaningful solutions to improve people's quality of life and provide residents with essential services. By committing to increase federal investments, relaxing eligibility criteria and providing more flexible approaches, the federal government showed that it was responsive to the needs expressed by the big cities. The federal government needs to continue in that direction. To that end, we are calling on the government to immediately develop an urban approach in all of its spheres of action, both political and administrative.

Federal programs need to reflect the reality of big cities, and big cities need to be able to see how those programs apply to them and easily make use of them. In the interest of fairness, federal assistance should always be granted based on cities' demographic weight. In the case of public transit, it should be based on use. This will help to properly reflect the pivotal role that cities play in the Canadian economy. The funding granted under all assistance programs and agreements with the provinces or third parties (for example, the Federation of Canadian Municipalities Green Municipal Fund) should be allocated in this way.

From the outset, the current government recognized the ability of big cities to carry out projects that yield positive results, and it has confirmed, on many occasions, the role they can play in supporting and developing the economy. That being the case, the City of Montreal would like to reiterate its willingness to take over the administration of facilities at the Old Port in order to provide an integrated view of this sector, which is crucial to Montreal's development.

## 2. Infrastructure

Montreal was very pleased with the 2016 federal budget, which laid the groundwork for phase 1 of the federal infrastructure plan. The priorities identified for the new funding (public transit, social infrastructure and green infrastructure, including water infrastructure) are consistent with the needs expressed by the City of Montreal.

As we move into phase 2, it is important that the federal government continue to build on that momentum and provide real support for the development of public transit in Montreal. First, the additional funding should help the City to accelerate its program to give universal access to metro stations and move forward with the blue line extension.

What is more, we would be remiss if we did not mention how important the future Réseau électrique métropolitain is to the Montreal region. Spearheaded by the Caisse de dépôt et placements du Québec (CDPQ), this project will connect downtown Montreal and the South Shore and provide a quick and direct link to the P.E. Trudeau International Airport. In order to have this project completed by 2020, the CDPQ committed to invest \$3 billion in this \$5.5 billion project. It goes without saying that this innovative infrastructure project will require significant support from the federal government. The City of Montreal sincerely hopes that the federal government will immediately commit to supporting this project, which is completely in line with the commitments it has made to sustainable development, fighting climate change, and developing renewable energy.

The amounts announced in the 2016 budget for green infrastructure are mostly for water infrastructure, which responded to a recurring request from Canada's big cities. In the next phase, the City of Montreal would like the federal government to improve existing measures and add new measures to support electric transportation, energy efficiency and waste management in order to help fight climate change.

Phase 2 of the federal infrastructure plan should allow the City of Montreal to decontaminate its lands, some of which are in very strategic locations known for their great potential for economic development, for example, the Parc d'entreprises de la Pointe St-Charles (PEPSC) and the industrial port zone in Assomption-Sud / A-25 (Cité de la logistique).

In order for these projects to get under way as soon as possible, funding issued under phase 2 must be allocated through existing channels. This will prevent the creation of more red tape and avoid unnecessarily long wait times. The program terms and conditions identified in phase 1 should therefore continue to apply in phase 2.

### 3. Housing

Federal support for housing helps many groups that the federal government considers to be vulnerable (unemployed workers, seniors, indigenous peoples, people with disabilities, etc.). When it comes to housing, it is particularly important for the available funding to be recurrent and for the criteria to be flexible. It is also important that the funding allocated based on demographic realities and population needs be made permanent. With that in mind, substantial funding should be allocated to housing in phase 2 of the federal infrastructure plan. The City of Montreal is very optimistic about the implementation of a national housing strategy. The City of Montreal also hopes that this strategy will be part of the broader federal infrastructure plan so that the City's many housing needs will finally be met in an effective and organized way.

It is important that Canada's future strategy give communities the leeway they need to be able to organize their actions based on their specific local needs. Montreal needs a financial framework that will allow it to address its housing issues by developing social and community housing, revitalizing the affordable private rental sector and developing both rental and private property residences that fit families' needs.

In that regard, the City of Montreal is asking that funding allocated under the Investments in Affordable Housing (IAH) program continue and be increased. Funding should also be allocated to the older social housing stock (low-rent housing, non-profit housing and coops) governed by federal agreements. It is vital that Montreal receive its fair share (provincially and nationally) based on its specific needs. This funding must help to keep affordable social housing stock in good shape.

With regard to the fight against homelessness, in the past, Montreal received an average of \$8 million a year under the Homelessness Partnering Strategy (HPS). Funding for this strategy should be increased and made permanent based on historical allocations. The City of Montreal would like to reiterate the importance of returning to a more comprehensive and flexible HPS that allows for a variety of approaches.

Given that Montreal is Quebec's metropolis and has a large population, it faces unique challenges when it comes to housing and homelessness. Funding is required to meet these challenges, and government programs and investments should be consistent with this reality. It is important to remove existing barriers so that the municipalities and their partners can deal with local priorities properly and effectively.

#### **4. Economic development**

The aerospace sector is a key industry in the Montreal area. By awarding contracts in this field, the federal government makes a concrete contribution to the growth of this essential industry. However, the federal government needs to maintain its commitment to workers in this sector. It also needs to develop a clear vision as to how it intends to support the aerospace sector and Bombardier in particular. The aeronautic industry cannot grow without a prime manufacturer as strong and competitive as this one. It plays the role of a catalyst for innovation and thus contributes to the development of leading-edge technology and stimulates many other economic sectors.

Montreal is also building a reputation world-wide in another innovative field: the high tech sector. In order to provide additional support for these promising initiatives that create good jobs, the City of Montreal would like to implement its 2015-17 Montréal Smart and Digital City Action Plan, which identifies five areas of focus that require the cooperation and support of the federal government.

The City of Montreal would like financial support for its growing data collection, release, transport, enhancement and processing needs. Funding must also be allocated to support the digital transformation (marketing, productivity and innovation efforts related to products and services) of Montreal businesses.

## **Conclusion**

The City of Montreal was very enthusiastic about the 2016 federal budget, which laid the groundwork for the federal infrastructure plan. However, it is important to go even further. In order to ensure Canada's economic growth, the next federal budget must demonstrate a firm commitment to developing a real urban agenda for the country.

In so doing, this government will be able to deliver results when it comes to infrastructure and housing and allow big Canadian cities to play their role in the economic and social development of communities.

The City of Montreal offers its full support in implementing the next federal budget.