

TOWARDS IMPLEMENTATION?

Building Sustainable Urban Communities in Ontario



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About the Pembina Institute

The Pembina Institute is an independent, not-for-profit environmental policy research and education organization specializing in the fields of sustainable energy, community sustainability, climate change and corporate environmental management.

Founded in 1985 in Drayton Valley Alberta, the Institute now has offices in Calgary, Edmonton, Vancouver, Ottawa and Toronto.

For more information on the Institute's work, please visit our website at www.pembina.org.

Other Pembina Institute Smart Growth reports available at www.pembina.org:

Smart Growth: The Promise vs. Provincial Performance, February 2003

Building Sustainable Urban Communities in Ontario: Overcoming the Barriers, November 2003.



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1. Introduction



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Urban sprawl has been costly to Ontario, but a new approach to urban development is building momentum.

The past nine months have been a period of major change with respect to provincial policies on urban growth and development in Ontario. The October 2003 election brought with it a new provincial government that had made extensive commitments related to the environmental, social, and economic sustainability of the province's urban communities in its election platform. These commitments included¹

- The allocation of two cents per litre of the provincial gasoline tax revenues to municipalities for public transit. This was projected to result in a contribution of \$312 million per year
- The establishment of clear planning rules to ensure that the Ontario Municipal Board (OMB) follows provincial policy; and the reform of the OMB process, which would include giving municipalities more time to consider development applications and to prevent developers from forcing unwanted municipal expansion
- The protection of one million acres of green space

and farmland through the use of tax credits, easements, land trusts, land swaps, and new park designations, working with conservation authorities, nature organizations, farmers, municipalities, and other landowners

- The development of a long-term plan for managing growth responsibly in the Golden Horseshoe, taking into account expected population growth and infrastructure needs, and without developing areas that provide food, water, and recreation
- The establishment of a 600,000-acre greenbelt in the Golden Horseshoe from Niagara Falls to Lake Scugog, under the authority of a Greenbelt Commission
- The provision of infrastructure funding to priority growth areas such as city centres and urban nodes, not to greenfields development
- The establishment of requirements that developers pay their "fair share" of the costs of new development

- The promotion of brownfields redevelopment
- The creation of a Greater Toronto Transportation Authority to identify and meet GTA transportation needs on a region-wide basis
- The enactment of source water protection legislation, protecting lands that surround water sources

The focus on urban sustainability issues during the election was not surprising. Economic and population growth in Ontario are very strongly concentrated in the Golden Horseshoe, bounded by Kitchener-Waterloo in the west, Peterborough in the east, Barrie in the north, and Fort Erie in the south. More than 90% of the province's population growth took place in the region over the 1996 to 2001 period.² The region saw the largest growth in employment in the province over the same five years.³

Unfortunately, the primary urban development pattern in the Golden Horseshoe region has been what

is widely referred to as “urban sprawl.” Urban developments in the region have been dominated by

- The concentration of development at the outer edges of urban communities, where it consumes farmland and green space
- Low-density residential, commercial, and industrial development patterns, with strong separations between these land uses
- The occurrence of development on a large block basis, with the blocks defined by high capacity arterial roads, and with road patterns within each block that make direct travel difficult
- The development of communities that lack identifiable centres or focal points, or a distinctive sense of place

Table 1: The Impact of Business-as-Usual Urban Sprawl in the Toronto-Related Region

Issue	Impact
Population	<ul style="list-style-type: none"> • The region's population will grow from 7.4 million in 2000 to 10.5 million in 2031, an increase of 43%.
Land use	<ul style="list-style-type: none"> • In the region, 1,070 square kilometres of land will be urbanized. This is almost double the area of the City of Toronto and represents a 45% increase in the amount of urbanized land in the region. • Of the land on which this urban growth will occur, 92% will be Class 1, 2, or 3 agricultural lands as classified by the Canada Land Inventory; 69% will be Class 1 land.
Transportation	<ul style="list-style-type: none"> • Automobile ownership in the region will increase by 50% to 19 million vehicles. • The cost of delays due to traffic congestion, principally in the 905 region surrounding Toronto, will increase from about \$1 billion per year to \$3.8 billion per year. • Daily vehicle kilometres of auto travel in the region will increase by 64%. • Costs associated with automobile accidents, reflecting this increase in auto travel, will rise from \$3.8 billion in 2000 to \$6.3 billion in 2031. • Reflecting the low levels of public transit use in the regions outside of the City of Toronto, where most of the growth will occur, the total public transit modal share will decrease by 11% (public transit modal share for Toronto: 28%; public transit modal share for surrounding area: 5.4%). • Emissions of transportation-related greenhouse gases (GHG) are projected to increase by 42%. • Reflecting reliance on the automobile for transportation, GHG emissions in new suburban areas are projected to increase 526% relative to their current levels.
Infrastructure	<ul style="list-style-type: none"> • Projections suggest that \$33 billion in new investments will be needed in water and waste water treatment infrastructure. • Between 2000 and 2031, \$43.8 billion in investments in transportation infrastructure are projected. Of these investments, 68% are projected to be in roads and highways under business-as-usual scenarios.

1.1. The Consequences of “Business as Usual”

The costs of continuing these sprawling development patterns have been well documented. In August 2002, the Neptis Foundation (www.neptis.org) analyzed and offered projections of the impact of land use, transportation, and infrastructure associated with the continuation of business-as-usual development patterns in the Toronto-related region⁴ over the next 30 years.⁵ These projections are summarized in **Table 1**.

The Neptis Foundation’s analysis highlighted the costs of continuing current development patterns in terms of the loss of agricultural lands and ecologically significant areas, increased traffic congestion, increased transportation-related GHG emissions, and infrastructure construction and maintenance costs.

1.2. The Smart Growth Alternative

The new government’s platform commitments reflected the emergence of a strong consensus regarding the need to address the environmental, economic, and

social impact of the urban development patterns among academic researchers,⁶ financial institutions,⁷ business organizations,⁸ government agencies, environmental⁹ and community groups, and the previous government’s own Central Region Smart Growth Panel.¹⁰

The alternative approaches to managing population and economic growth in the region that have been advanced by these groups have been variously described using the terms “urban sustainability” or “smart growth,” but all focus on the principles outlined in **Table 2**.

The implementation of policies based on these “smart growth” principles would carry with them a series of mutually reinforcing benefits. As illustrated in **Table 3**, many of these benefits flow from the reductions in per capita automobile travel and land consumption that would result from the implementation of smart growth principles. The benefits are cumulative and synergistic.¹¹

Table 2: Smart Growth vs. Business-as-Usual Urban Development Principles

Feature	Smart Growth	Business as Usual
Land-use density	Higher density, clustered.	Lower density, dispersed.
Development location	Infill (brownfields and greyfields).	Urban periphery (greenfields).
Land-use mix	Well mixed.	Homogeneous, not mixed.
Scale	Human scale. Smaller buildings, blocks, and roads. Attention to detail as people experience landscape up close, as pedestrians.	Larger scale. Larger buildings, blocks, and roads. Less attention to detail as people experience the landscape at a distance, from cars.
Public services	Local, distributed, smaller. Accommodates walking access.	Regional, consolidated, larger. Requires automobile access.
Transportation	Multi-modal—supports walking, cycling, and public transit.	Automobile-oriented—poorly suited for walking, cycling, and public transit.
Connectivity	Highly connected roads, sidewalks, and paths, allowing direct travel by motorized and non-motorized modes.	Hierarchical road network with many unconnected roads and walkways, and barriers to non-motorized travel.
Streets	Designed to accommodate a variety of activities—traffic calming.	Designed to maximize motor vehicle traffic volume and speed.
Planning process	Planned—coordinated between jurisdictions and stakeholders.	Unplanned—little coordination between jurisdictions and stakeholders.
Public space	Emphasis on the public realm (streetscapes, pedestrian areas, public parks, public facilities).	Emphasis on the private realm (yards, shopping malls, gated communities, private clubs).

Table 3: Smart Growth Benefits¹²

Economic	Social	Environmental
<ul style="list-style-type: none"> • Reduced development costs • Reduced public service costs • Reduced transportation costs • Economies of agglomeration • More efficient transportation • Greater Support for industries that depend on high-quality environments (tourism, farming, knowledge-based economic activities) 	<ul style="list-style-type: none"> • Improved transportation options, particularly for non-drivers • Improved housing options • Enhanced community cohesion • Greater preservation of cultural resources (e.g., heritage buildings, neighbourhoods) • Increased physical exercise for individuals 	<ul style="list-style-type: none"> • Increased green space, farmland, and habitat preservation • Reduced air pollution • Reduced GHG emissions • Reduced water pollution • Increased energy efficiency • Reduced urban “heat island” effects • Reduced demand for aggregates

1.3. The Legacy of the Past

The Pembina Institute’s February 2003 report “Smart Growth in Ontario: The Promise vs. Provincial Performance” outlined a provincial policy framework for urban development reflecting smart growth and urban sustainability principles. The study focused on five key areas of provincial influence on urban development: land-use planning; provincial infrastructure funding; fiscal and taxation issues; sustainable energy policies; and governance structures.

The Pembina Institute published follow-up studies in August¹³ and December 2003¹⁴, assessing the status of existing provincial policies in these areas against the smart growth framework outlined in February 2003.

The previous government of Ontario had launched a high profile “smart growth” initiative in April 2001. A number of positive steps were taken over the following two years. These included the announcement of the partial restoration of provincial capital funding for public transit from September 2001 onwards¹⁵, and the adoption of the *Oak Ridges Moraine Conservation Act* and Oak Ridges Moraine Conservation Plan in December 2001.

On the whole, however, The Pembina Institute’s studies found that the provincial land-use, infrastructure, and fiscal policies that were promoting and facilitating automobile-dependent urban sprawl in southern Ontario remained largely in place.

The province initiated a review of the Provincial Policy Statement (PPS) made under the *Planning Act* in July 2001, but no action was taken to revise the 1996 version of the statement prior to the 2003 election. The 1996 PPS had been widely criticized for removing provisions from the 1995 PPS intended to curb urban sprawl, promote the use of transportation alternatives

to the automobile, and protect prime agricultural land and ecologically significant areas.¹⁶ Similarly, 1996 amendments to the *Planning Act* that had eliminated the requirement, contained in the version of the Act adopted in 1994, for planning decisions to be “consistent with” provincial policy were left in place. The removal of the consistency requirement effectively created a vacuum with respect to provincial policy direction to municipalities and provincial agencies on land-use planning.

The same amendments to the *Planning Act* also permitted development proponents to initiate appeals to the Ontario Municipal Board (OMB) if municipal councils did not deal with their applications for official plan amendments and development approvals within set time frames. These amendments to the act created a situation where municipalities felt they had no choice but to approve development applications, or risk having them approved by the OMB.¹⁷

The previous government had presented a \$1 billion per year highway construction program focused on the Greater Toronto and Niagara regions as the centrepiece of its infrastructure investments in support of “smart growth.” The program, whose major elements are shown in **Map 1**, included

- The eastward extension of Highway 407 to Highway 35/115
- The extension of Highway 404 around the east and south sides of Lake Simcoe, including a Bradford Bypass, connecting highways 404 and 400
- The northward and eastward extension of Highway 427 to Barrie
- The construction of a new Mid-Peninsula Highway from Burlington to the US border in the Niagara region

- The creation of a new GTA East–West Corridor
- The extension of Highway 410 northwards “at least” to Highway 89

Three of the proposed highways (the 404, 410, and 427 extensions) would pass over the Oak Ridges Moraine, while the 407 extension would invite the urbanization of prime agricultural lands and sensitive watersheds south of the moraine. Another of the proposed highways (the Mid-Peninsula Highway) would run over the Niagara Escarpment, a UNESCO¹⁸ World Biosphere Reserve, and a second (the GTA East–West Corridor) would cut through it. The province also provided funding for the Red Hill Creek Expressway in Hamilton, which cuts through the Niagara Escarpment.

In addition to concerns over the direct impact of these projects on the Oak Ridges Moraine, Niagara Escarpment, and other ecologically significant features, the program was criticized for encouraging urban sprawl far beyond existing urban areas and promoting long-distance automobile commuting throughout the region.¹⁹

1.4. Development Pressures Continue

The change in government has not altered the development pressures in the Golden Horseshoe. These pressures continue to intensify because the region remains the focal point of population and economic growth in the province.²⁰

The development pressures are particularly acute on the remaining prime agricultural and ecologically significant lands south of the Oak Ridges Moraine, while “leapfrog” development patterns are emerging north of the moraine, particularly in Simcoe County. These developments are being driven in part by the highway program left in place by the previous government.

Examples of these pressures include the following:

- Simcoe County—Bond Head/Bradford
 - The Geranium Corporation is presenting a proposal for a 2,400-hectare subdivision with a projected population of 115,000 on agricultural land between Bradford and Bond Head. The proposed Highway 427 extension and Highway 404 extension/Bradford Bypass are major factors behind this proposal.²¹
- York Region
 - There are pressures for the development of a business park on prime agricultural lands east of Woodbine Avenue. The proposed northward

extension of Highway 404 is a major factor behind this proposal.²²

- Oakville—Trafalgar Moraine
 - There are proposed residential and business developments for 55,000 residents and 35,000 employees on the moraine, which is the last major undeveloped site in Oakville.²³
- Pickering—Duffins Rouge Agricultural Reserve
 - The City of Pickering has commissioned a growth management study, which proposes development in the Duffins Rouge Agricultural Reserve. The area contains prime agricultural land and is the watershed divide between the Rouge River and Duffins Creek, connecting northwards to federally owned protected lands on the Oak Ridges Moraine.²⁴
- Collingwood
 - Castle Glen Development Corporation is applying to construct a four-season fully serviced community with commercial areas, schools, gas station, health clinic, three golf courses, institutional uses, plus 300 hotel rooms and 1,600 homes—effectively an entirely new urban area—on 620 hectares of Niagara Escarpment land in the Town of Blue Mountains.²⁵
- Hamilton
 - The proposed Summit Park development would involve 3,200 detached houses, townhouses, and condominiums on the Niagara Escarpment. The completion of the Red Hill Creek Expressway is a major factor behind this proposal.²⁶

1.5. Report Objectives

In the context of the legacy left by the previous government, and the continuing development pressures within the region, this report examines the progress made by the new government against the provincial policy framework for urban sustainability outlined by The Pembina Institute in its February 2003 study. It also examines the government’s progress in its commitments to the environmental sustainability of urban communities contained in the Ontario Liberal Party’s October 2003 election platform.

The information contained in this report is up to date as of July 12, 2004.

2. A Status Report on Provincial Progress on Urban Sustainability and Smart Growth

The Pembina Institute's February 2003 report outlined a provincial policy framework for smart growth in Ontario, drawing on materials from governmental, academic, non-governmental, and institutional sources, ranging from the Federation of Ontario Naturalists²⁷ to the Toronto-Dominion Bank²⁸ and the C.D. Howe Institute.²⁹

The Pembina Institute's provincial policy framework for Smart Growth focused on five areas: infrastructure funding policies; land-use planning policies; fiscal and taxation policies; sustainable energy; and governance structures. The provincial government's progress on issues related to sustainable energy were addressed in The Pembina Institute and Canadian Environmental Law Association's May 2004 report *Towards a Sustainable Electricity System for Ontario*³⁰ and therefore are not addressed in detail in this report.

The provincial government's progress on smart growth issues with respect to the remaining four areas is summarized in the following sections. Each section includes a table outlining the provincial smart growth policies identified in The Pembina Institute's February 2003 report, the commitments made in relation to these policies made by the Ontario Liberal Party in its October 2003 election platform and during the election campaign, and the government's progress to date on these policies and commitments.

2.1. Infrastructure Funding Policies

A large portion of the funding for major new municipal capital infrastructure, such as transportation and sewer and water systems, comes from the province. The province's policies with respect to infrastructure provision, therefore, can have a major impact on

development patterns. Providing funding for the extension of transportation and sewer and water infrastructure beyond the boundaries of existing communities can, for example, facilitate and encourage urban sprawl. The establishment of requirements that infrastructure investments be supportive of more sustainable development patterns, such as infill developments, intensification, and brownfields and greyfields redevelopment, and the enhancement of services within existing urban areas, can have the opposite effect.

In addition to the funding that the province provides to municipalities, it makes infrastructure investments of its own. These can have a major impact on development patterns as well. The highway construction plan pursued by the SuperBuild Corporation between 1999 and 2003 as illustrated in **Map 1** is an example of such investments. In the case of the highway program, the investments have had the effect of encouraging and facilitating urban sprawl, as illustrated by the recent development proposals in Simcoe County.

Table 4 outlines the provincial smart growth policies on infrastructure identified in The Pembina Institute's February 2003 report, the commitments made in relation to these policies by the Ontario Liberal Party in its October 2003 election platform and during the election campaign, and the government's progress to date on these policies and commitments.

2.1.1. Analysis and Commentary

A key problem under the previous provincial government was the lack of any overall policy framework to shape provincial infrastructure investments in the direction of more sustainable urban development patterns. The

Table 4: Infrastructure Funding Policies

Smart Growth Policies	Platform ³¹ and Campaign Commitments	Action to Date
<p>Make provincial infrastructure investments on the basis of smart growth criteria.</p> <p>Focus investment on upgrading existing systems and intensifying existing urban areas.</p>	<p>“We will stop subsidizing sprawl.” (Pg. 19.)</p> <p>“We will provide infrastructure funding to priority growth areas like our city centres and urban nodes rather than new sprawl developments.” (Pg. 20.)</p> <p>“We will develop a long-term plan for managing growth responsibly in the Golden Horseshoe. It will take into account expected population growth and infrastructure needs, without developing areas that provide our food, water and recreation.”(Pg. 17.)</p>	<p>The SuperBuild Corporation was combined with the Smart Growth Secretariat to create the Ministry of Public Infrastructure Renewal following the October 2003 election.</p> <p>A discussion paper on provincial infrastructure funding was released in February 2004.³²The discussion paper focuses on processes and modes for infrastructure funding, not the substantive goals or results sought (e.g., increase public transit use, improve air quality, ensure safe drinking water, etc.).</p> <p>The 2004 Budget, released in May, contains a commitment to establish an Ontario Strategic Infrastructure Financing Authority. The authority’s mandate and direction are still to be determined.</p> <p>The May 2004 Canada-Ontario infrastructure announcement regarding small urban centres and rural municipalities includes a commitment to develop a frame-work to guide project selection to maximize public benefits, especially with respect to environmental issues.³³</p> <p>A series of announcements related to public transit projects in Toronto³⁴ and the Greater Toronto Region,³⁵ Ottawa,³⁶ and Kitchener-Waterloo³⁷ were made in March, April, and May 2004, but no over all public transit strategy has been announced.</p> <p>A discussion paper on a Growth Management Plan for the Greater Golden Horseshoe was released in July 2004. The paper states that future urban growth in the region is to be focused in 26 existing and emerging urban down-towns and centres, and states that the Bradford Bypass, 404 extension and 427 extension initiated by the previous government are “not immediate priorities”.</p> <p>The 407 eastwards extension to highways 35 and 115, GTA East-West Corridor and the Mid-Peninsula Highway are referenced as ‘future economic corridors’ in the plan. Approvals are continuing to be sought for these initiatives.</p> <p>Planning and construction of major extensions of sewer and water infrastructure to non-urbanized areas in the Golden Horseshoe also continue,³⁸ as shown in Map 2.</p>

Smart Growth Policies	Platform ³¹ and Campaign Commitments	Action to Date
<p>Provide provincial capital and operating support for public transit.</p>	<p>“We will give two cents per litre of the existing provincial gasoline tax to municipalities for public transit.” (Pg. 12.)</p>	<p>The 2004 Budget includes a commitment of one cent per litre of the provincial gasoline tax for public transit beginning in October 2004, rising to 1.5 cents per litre in October 2005 and two cents per litre in October 2006. A funding formula for the distribution of revenue to public transit remains to be determined.</p> <p>The 2004 Budget increases the public transit capital investment to \$448 million for 2004/05 from \$359 million in 2003/04 (see Table 5). The specific projects referenced in the Budget include</p> <ul style="list-style-type: none"> • The renewal and expansion of the Toronto Transit Commission (TTC) • The expansion of GO Transit services • The establishment of a bus rapid transit system for the GTA • An environmental assessment of and technical studies for the Ottawa O-Train, Waterloo Region LRT, and TTC subway extension to York University • Support for the York Region Quick Start program • The renewal of public transit fleets
<p>Focus transportation infrastructure investments in areas subject to urbanization pressures on non-automobile-based modes of transportation.</p>		<p>The 2004 Budget highways capital investment of \$992 million is approximately at the same annual level as that of the previous five years. Of this amount, \$490 million is for maintenance.³⁹</p> <p>The 2004 Budget public transit capital investment rises to \$448 million from \$359 million in 2003/04 (see Table 5).</p> <p>The 2004 Budget includes a commitment to allocate a portion of provincial gasoline tax revenues to public transit, beginning in October 2004.</p> <p>The July 2004 Golden Horseshoe Growth Management Plan indicates that future infrastructure investments will be focused in the priority and emerging urban centres in the region. A formula for the distribution of gasoline tax revenues to be dedicated to transit has yet to be articulated.</p> <p>Planning is continuing for the highway extensions identified as ‘future economic corridors’ in the July 2004 Growth Management Plan.</p>
	<p>“We will help communities become more self-sustaining by giving them the means to invest in their own infrastructure and growth.” (Pg. 12.)</p>	<p>The 2004 Budget contains a commitment to establish an Ontario Strategic Infrastructure Financing Authority to issue Infrastructure Renewal Bonds.</p>

SuperBuild highway expansion program in the Golden Horseshoe, which facilitated and encouraged urban sprawl, highlighted the consequences of this problem.

The creation of the Ministry of Public Infrastructure Renewal is potentially an important initiative in this context. The new ministry combines the Smart Growth Secretariat created by the previous government with the SuperBuild Corporation's capital investment portfolio. The new ministry has the potential to provide policy direction for the province's capital infrastructure investments that is more focused on building environmentally, socially, and economically sustainable communities than was the case during the 1999–2003 life of the SuperBuild Corporation.

The new ministry's released a discussion paper on infrastructure investments in February 2004.⁴⁰ The paper focused on funding processes and mechanisms rather than the substantive goals the province hopes to achieve through its infrastructure investments.

A discussion paper on a Growth Plan for the Greater Golden Horseshoe was released by the Ministry in July 2004. The paper states that future urban growth in the region is to be focused in 26 existing and emerging urban downtowns and centres, that the Bradford Bypass, 404 extension and 427 extension initiated by the previous government are "not immediate priorities." However, the 407 eastwards extension to highways 35 and 115, GTA East-West Corridor and the Mid-Peninsula Highway are referenced as 'future economic corridors' in the plan.

The new ministry has initiated the development of a Growth Management Plan for the Golden Horseshoe, which is expected to provide more substantive guidance for future infrastructure investments in the region. In addition, the May 2004 federal-provincial announcement of infrastructure funding for small urban centres and rural municipalities contained a commitment to the development of a project selection framework, including the consideration of environmental benefits.⁴¹ No specific criteria for project evaluation have been established to date.

The announcement of the dedication of a portion of provincial gasoline tax revenues to public transit in the government's 2004 Budget, released in May, is a major development, although a number of key questions remain unresolved. These questions include whether the distribution of funds should be based on population or public transit ridership, and whether the funds are to be for capital or operating expenditures.

The overall level of public transit capital funding provided in the 2004 Budget continues the upward trend seen since 2001, as shown in **Table 5**.

Table 5: Provincial Transportation Capital Investments, 1999/00 to 2004/05⁴²

Year	Highways (\$ millions)	Public Transit (\$ millions)
1999/00	937	0
2000/01	1,049	0
2001/02	906	0
2002/03	1,023	193
2003/04	1,055	359
2004/05	992	448

The allocation of the 2004/05 public transit capital funding commitment is shown in **Table 6**.⁴³

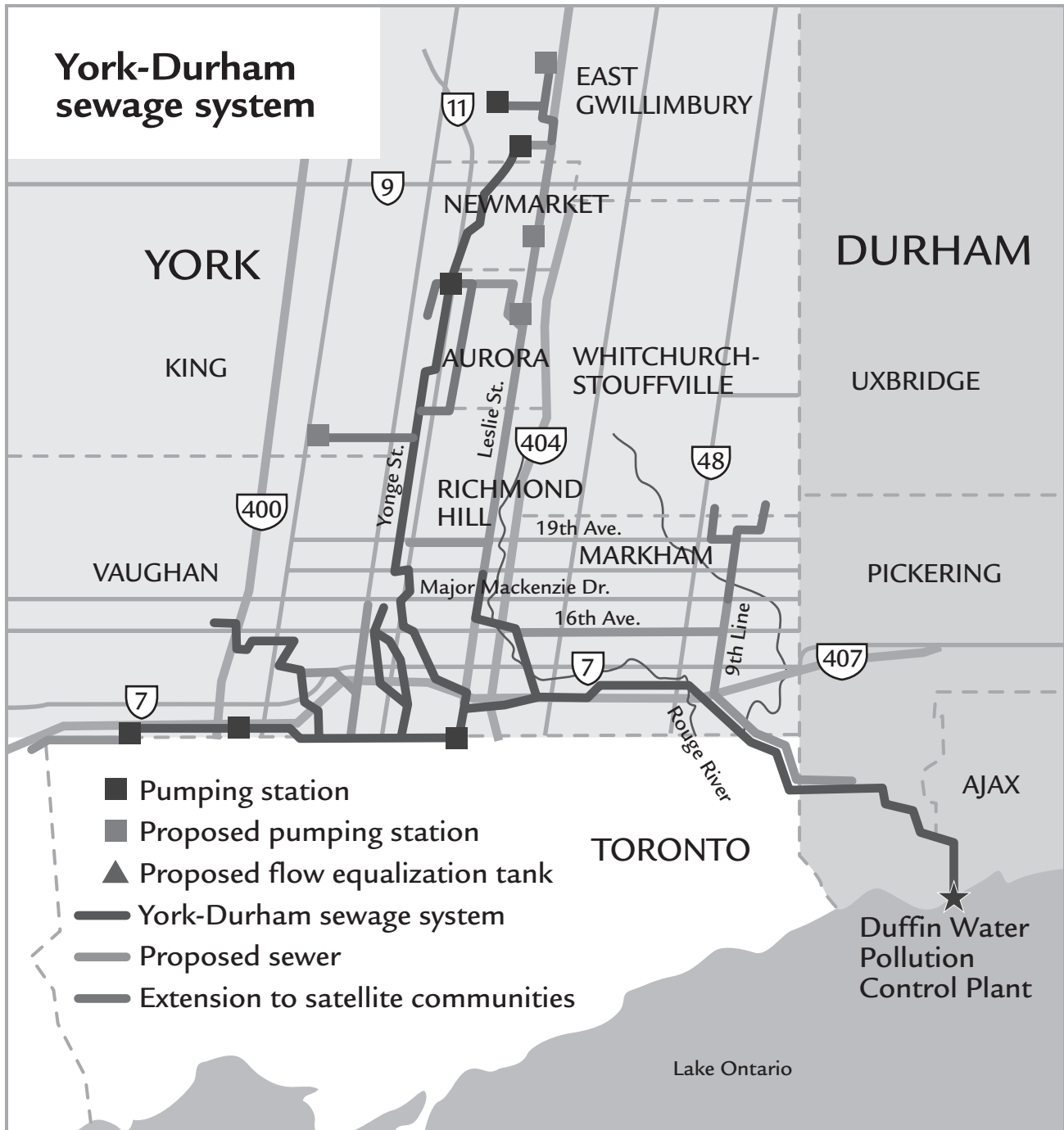
Table 6: Provincial Public Transit Capital Funding Allocation, 2004/05

Recipient	Amount (\$ millions)
GO Transit base capital	97.7
GO Transit capital expansion	114.9
Ontario transit vehicles program	60.0
Ontario transit technology and information program	70.0
High occupancy vehicle lanes	57.9
Budget announcement TTC	5.0
Agency consolidations	42.6
Total	448.2

Recent public transit project announcements for major urban areas have been made on a one-off basis. Announcements related to the TTC,⁴⁴ GO Transit,⁴⁵ and Ottawa⁴⁶ and Waterloo⁴⁷ transit initiatives were made in March, April, and May 2004. In the absence of an overall policy framework to shape public transit investments, concerns have been raised as to whether some of the projects are the best investments of resources in terms of increasing ridership and/or focusing development in city centres and urban nodes.

The TTC announcement has been criticized, for example, as providing less funding than was committed by the previous government, and for requiring that funds be committed to non-priority projects, such as an integrated ticketing system.⁴⁸ The GO

Map 2



Transit and Ottawa transit announcements involve outward extensions of service that may encourage “leapfrog” development patterns.

At the same time, a number of major infrastructure projects are continuing to move forward in ways that have adverse implications for a successful growth management strategy, particularly in the Golden Horseshoe.

Highway capital funding as announced in the 2004 Budget remains at the \$1 billion per year level, as

shown in **Table 5**. Approximately half of this allocation is for maintenance, with the remainder being dedicated to expansion. Approvals are continuing to be sought for a number of the highway projects initiated by the previous government in the Toronto region, notably the eastward extension of Highway 407.

The Ministry of Transportation is now under direction from the Ministry of the Environment to consider the need for projects and the availability of

alternatives to projects in environmental assessments of highway expansion proposals.⁴⁹ This requirement is a result of a June 2003 Divisional Court decision regarding the environmental assessment of a proposed landfill near Napanee.⁵⁰ It is unclear how assessments of need and alternatives can be done without consideration of likely development patterns in the regions to be served by the highway proposals. These development patterns, in turn, will be determined by the outcomes of the Golden Horseshoe Greenbelt and Growth Management Plan initiatives, and the impact of potential reforms to the Provincial Policy Statement (PPS) and *Planning Act* that may alter the development patterns in these areas upon which the highway extension proposals were premised.

While highway extensions are the most prominent infrastructure projects proceeding in the absence of an overall growth management plan, similar concerns exist regarding the implications of the outward extension of sewer and water infrastructure for urban development patterns in the region. The proposals to extend the York Durham sewer system northwards, as shown in **Map 2**, are of particular concern, as they would support urbanization north of Highway 9 along the Yonge Street corridor and onto agricultural lands north of Markham.⁵¹

A review of the environmental assessment process related to waste management facilities, transit and transportation projects and clean energy facilities was initiated by the government in June 2004.⁵²

2.1.2. Next Steps

The government has taken a number of important steps towards establishing a firmer institutional and policy framework for infrastructure investments. These steps include the creation of the Ministry of Public Infrastructure Renewal and the Growth Management Plan initiative for the Golden Horseshoe.

However, the government needs to complete its policy framework for infrastructure investments and ensure that the resources being made available through the allocation of a portion of provincial gasoline tax revenues to public transit, and the overall increase in capital funding for public transit, are used in ways that support the development of more sustainable urban communities. The completion of the Growth Management Plan for the Golden Horseshoe will be an important step in this regard, as will the development of a formula for the distribution of the provincial gasoline tax contribution to public transit, and the establishment of project evaluation criteria under the Canada-Ontario Small

Cities and Rural Municipalities Infrastructure Fund.

Smart growth principles also need to be embedded in the mandates of the new infrastructure agencies being proposed by the government, particularly the Greater Toronto Transportation Authority and the Ontario Strategic Infrastructure Financing Authority.

In the meantime, the government needs to clarify the status of the legacy infrastructure projects left to it by the previous government. The highway extension and sewer and water initiatives in the Golden Horseshoe, in particular, have the potential to undermine the government's efforts to curb urban sprawl and promote more sustainable urban development patterns.

2.2. Land-Use Planning Policies

Ontario municipalities' authority over land-use planning is governed through the provincial *Planning Act* and Provincial Policy Statement (PPS), and overseen by the provincially appointed Ontario Municipal Board (OMB). The policy directions set by the province through its legislation and policies therefore have a major impact on development patterns.

The provincial legislative and policy framework for land-use planning has undergone major changes over the past decade. A strong focus on containing urban sprawl and promoting more sustainable development patterns emerged through the work of the Commission on Planning and Development Reform, subsequent 1995 amendments to the *Planning Act*, and a comprehensive set of provincial policy statements. Further amendments to the *Planning Act* and a new PPS issued in 1996 reversed this direction. The 1996 amendments to the *Planning Act* also severely constrained the roles of the Ministry of the Environment and the Ministry of Natural Resources in the land-use planning process.⁵³

In addition to the *Planning Act* and PPS, the province can influence development patterns and land-use decisions through the establishment of agricultural land reserves and the provision of incentives for the creation of land trusts, agricultural and conservation easements, and public education activities. The work of the Walkerton Inquiry highlighted the need to integrate land-use planning with the protection of drinking water source waters.⁵⁴

Table 7 outlines the provincial smart growth policies on land-use identified in The Pembina Institute's February 2003 report, the commitments made in relation to these policies by the Ontario Liberal Party in its October 2003 election platform and during the election campaign, and the government's progress to date on these policies and commitments.

Table 7: Land-Use Planning Policies

Smart Growth Policies	Platform ⁵⁵ and Campaign Commitments	Action to Date
<p>Ensure local planning decisions are consistent with provincial policy.</p>	<p>“We will give the OMB clear planning rules to ensure that it follows provincial policies.” (Pg. 16.)</p>	<p>Bill 26 amendments to the <i>Planning Act</i> introduced in December 2003 would require that planning decisions, comments, submissions, and advice by local planning bodies and provincial agencies “be consistent” with the Provincial Policy Statement (PPS) issued under the act. The legislation passed Second Reading in May 2004.</p> <p>A discussion paper on wider Planning Act reform was released June 2004.⁵⁶ The discussion paper seeks public input on issues such as conditional zoning, transferable development rights, the content and updating of official plans, and the relationships between planning and environmental assessment approvals.</p> <p>A discussion paper on wider Ontario Municipal Board (OMB) reform was also released in June 2004.⁵⁷ The topics on which public input is sought include the role of the OMB appeal process in land-use planning and potential improvements to the appointments process.</p>
<p>Provide a significant role for the Ministry of the Environment (MOE), the Ministry of Natural Resources (MNR), and conservation authorities in the planning process.</p>		<p>This issue is not addressed in the proposed Bill 26 amendments to the act or the June 2004 <i>Planning Act</i> reform discussion paper.</p> <p>Additional capital and operating funds are provided to the MOE and MNR in the 2004 Budget in relation to source water protection. These funds may support stronger roles in land-use planning processes.</p> <p>The capacity of conservation authorities to participate in the planning process has been constrained by post-1995 reductions in their provincial financial support, and reductions in the scope of their mandate.</p>

Table 7: Land-Use Planning Policies

Smart Growth Policies	Platform ⁵⁵ and Campaign Commitments	Action to Date
<p>Ensure the PPS issued under the <i>Planning Act</i></p> <ul style="list-style-type: none"> • Supports development forms for which non-automobile transportation modes are viable, including mixed uses • Supports intensification and minimum density requirements • Protects prime agricultural lands, ecologically significant areas, and source water-related lands • Reduces/eliminates the need to hold reserves of non-urban lands for future development • Safeguards the availability of affordable housing • Establishes urban containment boundaries 	<p>“We will give the OMB clear planning rules to ensure that it follows provincial policies.” (Pg. 16.)</p>	<p>A draft revised PPS was released for public comment in June 2004.⁵⁸</p> <p>The draft revised PPS emphasizes redevelopment, intensification, and infill on lands that are already developed over greenfields expansion, brownfields redevelopment, land use patterns that are supportive of non-automobile based transportation modes, increased density and mixed uses, and source water protection.</p> <p>The draft policy strengthens long-standing policies, giving priority to non-renewable resource extraction over all other land uses.</p> <p>The protection of prime agricultural lands from development is limited to specialty croplands.</p> <p>It is uncertain whether the provisions of the proposed revised PPS are clear and specific enough to actually modify development patterns or provide protection to source waters and ecologically significant areas.</p>
<p>Establish Urban Containment Boundaries.</p>	<p>“We will enhance our quality of life by containing urban sprawl and focusing growth inside a permanent Greenbelt.” (Pg. 17.)</p> <p>“This greenbelt will permanently protect more than 600,000 hectares of environmentally sensitive land and farmland, from Niagara Falls to Lake Scugog.” (Pp. 17–18.)</p> <p>“Pending a final decision on the lands to be protected, we will place a moratorium on zoning changes from rural to urban on all lands within the potential greenbelt area.” (Pg. 19.)</p>	<p>Bill 27, the <i>Greenbelt Protection Act</i> introduced in December 2003 and enacted in June 2004 freezes applications for the rezoning of lands in the regional municipalities of Durham, Halton, Peel, and York, the City of Hamilton, and fruit lands in the Niagara region to permit urban uses of rural and agricultural lands outside of current urban boundaries for one year, while planning for a greenbelt in the region takes place.</p> <p>The Greenbelt Task Force mandated to make recommendations on the boundaries for a permanent greenbelt was appointed in February 2004⁵⁹ and released a discussion paper in May 2004.⁶⁰ The discussion paper does not propose specific lands or boundaries for the permanent greenbelt.</p>

Table 7: Land-Use Planning Policies

Smart Growth Policies	Platform ⁵⁵ and Campaign Commitments	Action to Date
<p>Implement the recommendations of the Walkerton Inquiry regarding watershed-based source water protection planning. The provisions were intended to provide for the integration of land-use and water resource planning.</p>	<p>“We will protect our water from stream to tap by preventing it from getting polluted in the first place.” (Pg. 7.)</p>	<p>The <i>White Paper on Watershed-Based Source Water Protection Planning</i> was released in February 2004.⁶¹ The White Paper outlines potential components of source water protection legislation. A Draft <i>Drinking Water Source Protection Act</i> was placed on the Environmental Bill of Rights registry for public comment in June 2004.⁶²</p> <p>The White Paper and draft bill focus on the process of developing source water protection plans. They do not address how plan development would be financed, or how plan implementation would occur.</p> <p>The 2004 Budget includes a one-year increase of \$78 million in operating funds and \$14 million in capital funds for the MOE and MNR for drinking water programs and source water protection.</p> <p>The 2004 Budget also includes \$222 million in provincial capital funding for municipal water and waste-water infrastructure and \$20 million over two years for the Nutrient Management Financial Assistance Program (<i>Nutrient Management Act</i> implementation).</p> <p>Implementation issues related to watershed-based source water protection planning, including linkages to land-use planning, remain unresolved.</p> <p>The draft revised PPS released in June 2004⁶³ includes general provisions requiring that municipalities provide for a comprehensive, integrated, and long-term approach for the protection, improvement, and restoration of the quality and quantity of water.</p>

Table 7: Land-Use Planning Policies

Smart Growth Policies	Platform ⁵⁵ and Campaign Commitments	Action to Date
<p>Support protection of agricultural and ecologically significant lands through fiscal and stewardship initiatives such as</p> <ul style="list-style-type: none"> • Land trusts • Agricultural land reserves • Conservation easements • Green space conversion taxes • The application of land and water conservation requirements as conditions of agricultural income support programs (cross-compliance) • Public education 	<p>“We will protect one million new acres of greenspace on the outskirts of our cities.... We will use a wide array of creative solutions, including tax credits, easements, land trusts, land swaps and new part designations.” (Pg. 16.)</p> <p>“We will also establish new reserves, starting with the Niagara Tender Fruit Lands Agricultural Preserve.” (Pg. 19.)</p>	<p>The 2004 Budget includes a commitment to enhance the eligibility criteria for the conservation land property tax exemption program for lands owned by conservation authorities and conservation land trusts.</p> <p>Changes of ownership of farm properties within families were exempted from Land Transfer Tax in April 2004.⁶⁴</p> <p>The 2004 Budget includes an unspecified portion of the \$89 million non-water related environmental capital budget for land acquisition.⁶⁵</p> <p>1,432 hectares of provincially owned lands were added to the Rouge Park on April 21, 2004.⁶⁶</p>
<p>Facilitate and support brownfields redevelopment. Address liability and remediation financing issues for contaminated “orphan” sites.</p>	<p>“We will develop our brownfields.... We will work with developers to get projects on these priority sites off the drawing board and into construction.” (Pg. 20.)</p>	<p>The 2004 Budget contains a commitment to proclaim in force provisions of the <i>Brownfields Statute Law Amendment Act</i>, 2001, permitting the freezing or cancellation of municipal and provincial property taxes on candidate sites for remediation.</p> <p>A regulation adopted in June 2004 establishes requirements for site assessments, soil and groundwater standards, and the qualifications of site clean-up certifiers.⁶⁷</p> <p>The June 2004 draft revised PPS includes provisions intended to promote brownfields redevelopment.</p>
<p>Promote public transit-supportive planning guidelines.</p>		<p>Transit supportive guidelines were first published in 1992. No measures to ensure implementation are in place.</p> <p>The June 2004 draft revised PPS includes provisions intended to promote non-automobile transportation modes.</p>

Table 7: Land-Use Planning Policies

Smart Growth Policies	Platform ⁶⁵ and Campaign Commitments	Action to Date
Adopt and promote alternative development standards. ⁶⁸		The June 2004 discussion paper on <i>Planning Act</i> reform and implementation ⁶⁹ references the idea of revising provincial standards to reflect urban situations and support infill, intensification, and brownfields redevelopment.
Protect the Niagara Escarpment: <ul style="list-style-type: none"> • Place the Niagara Escarpment Commission under jurisdiction of MOE • Update the Niagara Escarpment Plan to reflect the review completed in 2002. 		No action has been taken since October 2003. Niagara Escarpment lands were included in the original Bill 27 study area, but the moratorium on urban settlement area expansions wasn't, despite strong development pressures in key areas—particularly Milton and Collingwood. Protection for escarpment lands was subsequently addressed through amendments to the bill at committee stage.

2.2.1. Analysis and Commentary

2.2.1.1. Land-Use Planning Reform

The new government withdrew from a campaign commitment to halt a large development on the Oak Ridges Moraine in Richmond Hill in November 2003,⁷⁰ but then followed with the introduction of two important bills related to land-use planning in December.

Bill 26, the *Strong Communities Act*, would restore the 1995 *Planning Act* provision requiring that planning decisions “be consistent with” provincial policy. The bill would also begin to limit the rights of proponents to pre-empt municipal decisions via appeals to the OMB, particularly with respect to urban expansion.

It is important that a revised PPS be in place before the provisions of Bill 26 with respect to the consistency of planning decisions with the PPS are proclaimed in force. Otherwise, the legislation would have the perverse effect of requiring planning authorities to ensure that their planning decisions “be consistent” with policies contained in the current PPS that are often too vague to provide meaningful policy direction, reflect outdated perspectives on resource development, or, in some cases, have been major factors in the promotion of urban sprawl over the past seven years.⁷¹

A draft revised PPS was released for public comment

in June 2004.⁷² The revised PPS emphasizes redevelopment, intensification, and infill on lands that are already developed over greenfields expansion, brownfields redevelopment, land uses that are supportive of non-automobile based transportation modes, increased density and mixed uses to reduce the need for motorized journeys, and source water protection.

At the same time, the protection of prime agricultural lands from development is limited to specialty croplands,⁷³ and the draft policy would actually strengthen long-standing, but increasingly archaic, policies that give priority to non-renewable resource extraction over all other land uses.⁷⁴

More generally, it is uncertain whether the provisions of the draft revised PPS are clear and specific enough to actually modify development patterns or provide protection to source waters and ecologically significant areas. The draft revised PPS also gives a high degree of discretion to the provincial government in designating “significant” areas for protection.⁷⁵

A discussion paper on wider *Planning Act* reform was released in June 2004.⁷⁶ This discussion paper seeks public input on issues such as conditional zoning, transferable development rights, the content and updating of official plans, and the relationships between planning and environmental assessment approvals.

A discussion paper on wider OMB reform was also released in June 2004.⁷⁷ The topics on which public



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Low density development requires extensive highway infrastructure, which in turn feeds more sprawl.

input is sought include the role of the OMB appeal process in land-use planning and potential improvements to the appointments process.

2.2.1.2. The Golden Horseshoe Greenbelt Initiative

The second bill, Bill 27, the *Greenbelt Protection Act*, adopted in June 2004, establishes a greenbelt study area, and freezes the rezoning of land from rural to urban within that area for one year. The greenbelt study area is defined in Schedule 1 of the act to include the regional municipalities of Durham, Halton, Peel, and York; the cities of Toronto and Hamilton; the Niagara Escarpment Planning Area; the Oak Ridges Moraine Area; and the Niagara tender fruit and grape areas. Schedule 2 of the act provides that the restrictions on applications for and approvals of by-laws, official plans, official plan amendments, and plans of subdivisions do not apply to the Niagara Escarpment Planning Area, lands subject to the Oak Ridges Moraine Plan, and the City of Toronto.

Amendments to Bill 27 adopted at committee stage strengthened the protection of Niagara Escarpment lands during the greenbelt study period.⁷⁸ Committee stage amendments also made clear that mineral aggregate uses are not included in the definition of urban land uses,⁷⁹ effectively permitting lands within the greenbelt study area to be rezoned for aggregate

development during the study period established by the act.

A Greenbelt Task Force was established in February 2004 to make recommendations on lands. The task force released a discussion paper in May 2004⁸⁰ that identified the goals of the greenbelt initiative as follows:

- Providing green space between, and links to, open space within the region's growing urban areas
- Protecting, sustaining, and restoring the ecological features and functions of the natural environment
- Preserving viable agricultural land as a continuing commercial source of food and employment
- Sustaining the region's countryside and rural communities
- Conserving and making available natural resources critical for a thriving economy
- Ensuring that infrastructure investment achieves the environmental, social, and economic aims of the greenbelt

Without the adoption of more general reforms to the land-use planning process, there is a risk that a greenbelt would not function as an urban containment boundary. Rather, it could have the effect of encouraging "leapfrog" development immediately beyond its boundaries. The recent proposals for major low-density urban developments north of the greenbelt area, particularly in Simcoe County, have highlighted this issue.⁸¹ General planning reforms flowing from the government's June 2004 discussion papers



Greenfield development can impair water quality by reducing stream and headwater protection.

could address these concerns. However, the planning reform proposals are only at the consultation stage.

Approvals are continuing to be sought for a number of the highway projects initiated by the previous government in the Toronto region, notably the eastward extension of Highway 407. In addition to their potential impact on ecologically significant aspects of the greenbelt, these highway projects reinforce concerns over the potential for “leapfrog” development beyond the greenbelt, as they would service those areas most at risk from this type of development. Similar concerns exist regarding the extension of sewer and water infrastructure, such as that shown in **Map 2**.

2.2.1.3. Source Water Protection

A third area of major activity by the new government related to land use is drinking water source water protection, flowing from the recommendations of the Walkerton Inquiry.

The government issued the *White Paper on Watershed-Based Source Water Protection Planning* in February 2004. The White Paper was intended to lay out a structure for source water protection legislation. A draft *Source Water Protection Act* was placed on the

Environmental Bill of Rights registry for public comment in June 2004. However, both the *White Paper* and draft bill focus almost entirely on the planning process and say little with respect to implementation or financing of source water protection initiatives.

The government’s 2004 Budget includes increases in the operating and capital budgets of the Ministry of the Environment and of the Ministry of Natural Resources related to source water protection, although it is unclear if this funding will be adequate to cover the costs of plan development or if there will be ongoing allocations for plan implementation. Funding is also provided in the Budget for *Nutrient Management Act* implementation.

The question of mechanisms for source water protection plan implementation remains unresolved. Direct connections need to be made, for example, between the land-use planning reform process and source water protection. In particular, there should be requirements under the *Planning Act* that planning decisions “be consistent with” source water protection plans.

2.2.1.4. Conservation and Agricultural Land Protection

The government’s approach to the use of financial and other non-legislative instruments to promote the protection of conservation and agricultural lands has been very limited. The 2004 Budget includes a commitment to a very minor expansion of the Conservation Land Property Tax Rebate program and the elimination of the Land Transfer Tax on the transfer of farm properties within families. The 2004 Budget also includes an unspecified portion for environmental land acquisition in an \$89 million commitment to non-water related environmental capital spending. Improvements to natural resources management infrastructure, environmental cleanup projects, and the upgrading of conservation authority dams will draw from the same pool of funds.

2.2.2. Next Steps

As is the case with infrastructure policies, the government has taken a number of important initial steps with respect to the reform of land-use planning policies. These include the introduction of Bill 26 and Bill 27, the establishment of the Greenbelt Task Force, the release of the White Paper on Watershed-Based Source Water Protection Planning, and the release of discussion papers on wider *Planning Act* reform beyond Bill 26 and OMB reform, and a draft revised PPS.

All of these initiatives will need to be completed if the government's stated goals of containing urban sprawl, promoting more sustainable urban development patterns, and protecting prime agricultural, ecologically significant, and source water lands are to be achieved. The adoption of a revised PPS under the *Planning Act* that reflects these goals and that is clear and specific enough to actually bring about changes in development patterns will be particularly important.

The Growth Management Plan for the Golden Horseshoe and the greenbelt initiative need to be completed and integrated into an overall land-use plan for the region. Implementation of the plan then needs to occur through the direction of infrastructure funding and projects away from outward expansion of the urban settlement area, the adoption of land-use planning reforms, and other mechanisms, including the use of financial and tax incentives for the establishment of conservation and agricultural land trusts and easements.

Source water protection legislation remains to be introduced and adopted. This legislation needs to address source water protection plan implementation and ongoing financing mechanisms, including integrating source water protection into the province-wide land-use planning process under the *Planning Act* and other provincial legislation.

The Niagara Escarpment is included in the greenbelt study area, but was originally excluded from the planning controls contained in Bill 27. This issue was subsequently addressed at committee stage in light of the strong pressures for urban development in the Niagara Escarpment Plan area. The Niagara Escarpment Plan itself needs to be updated to reflect the review completed in 2002.

2.3. Fiscal and Taxation Policies

The rules regarding property taxation and the application of development charges by municipalities, both of which can have a major impact on development,⁸² are defined through provincial legislation.⁸³ The *Development Charges Act, 1997*, for example, restricts the ability of municipalities to require internalization of infrastructure costs for new developments, while the *Fair Municipal Finance Act, 1997*, and *Fairness to Property Taxpayers Act, 1998*, severely constrain municipalities in the design of their property tax systems.

In addition, as with infrastructure, the province makes taxation decisions of its own that affect urban development patterns. The Land Transfer Tax Rebate program, introduced in 1996, for example, has been widely criticized for providing incentives to consumers to purchase housing in new developments rather than

resale housing in existing urban areas.⁸⁴ Provincial property tax rebates on vacant commercial and industrial buildings are seen to provide incentives against the redevelopment of underutilized urban buildings.⁸⁵

Table 8 outlines the provincial smart growth policies on fiscal and taxation issues identified in The Pembina Institute's February 2003 report, the commitments made in relation to these policies by the Ontario Liberal Party in its October 2003 election platform and during the election campaign, and the government's progress to date on these policies and commitments.

2.3.1. Analysis and Commentary

The government's 2004 Budget includes a commitment to dedicate a portion of provincial gasoline tax revenues to municipalities to support public transit. One cent per litre of provincial revenues are to be provided for public transit beginning in October 2004, rising to 1.5 cents per litre in October 2005 and two cents per litre in October 2006.

The formula for the distribution of the funds has yet to be determined, and a major debate is emerging with respect to whether it should be population or ridership based. A ridership-based approach would have the advantage of providing incentives to municipalities to increase ridership. A population-based formula, on the other hand, could have the effect of supporting projects that will not result in ridership increases. It remains unclear if the gasoline tax based funding is intended for operating purposes, capital maintenance, or system expansion.

The 2004 Budget also includes measures providing larger municipalities with some additional flexibility in their business property tax levels for the coming fiscal year, and increasing the provincial portion of public health funding.

However, there has been no movement in a number of other areas that were included in the Liberal Party's 2003 election platform. These areas include the reform of the Land Transfer Tax Rebate program and the *Development Charges Act*, and the widening of the municipal revenue base to include the option of imposing a tax on hotel room bills.

Broader reforms to the property tax system that also remain to be addressed include the elimination of property tax rebates on vacant commercial and industrial buildings, and giving municipalities greater flexibility in the design of their property tax systems to include such things as the separation of the land and building components of the tax. Similarly, although drivers' licence fees are increased in the 2004 Budget, there were no efforts to modify the vehicle licensing

Table 8: Fiscal and Taxation Policies

Smart Growth Policies	Platform ⁸⁶ and Campaign Commitments	Action to Date
<p>Remove subsidies and fiscal incentives for urban sprawl:</p> <ul style="list-style-type: none"> • The Land Transfer Tax Rebate program should be eliminated or limited to new units constructed in existing urban areas. • Property tax rebates for vacant commercial and industrial buildings should be removed and incentives provided for re-development. 	<p>“We will stop subsidizing sprawl.” (Pg. 19.)</p> <p>“We will change the Land Transfer Tax Rebate Program to encourage people to buy homes in priority growth areas.” (Pg. 20.)</p>	<p>No changes to the Land Transfer Tax Rebate program are contained in the 2004 Budget. The July 2004 Golden Horseshoe Growth Management Plan references the need for reform of the program.</p> <p>No changes to the Property Tax Rebate program for vacant buildings are contained in the 2004 Budget.</p>
<p>Ensure the full internalization of infrastructure costs of new developments outside of existing urban areas on a location-specific basis.</p>	<p>“We will stop subsidizing sprawl.” (Pg. 19.)</p> <p>“We will make sure developers absorb their fair share of the costs of new growth.” (Pg. 20.)</p>	<p>No changes to the <i>Development Charges Act</i> or system are contained in the 2004 Budget. The July 2004 Golden Horseshoe Growth Management Plan references the need for development charges reform.</p>
<p>Widen the municipal revenue base beyond property taxes, development charges, and user fees.</p>	<p>“We will give two cents per litre of the existing provincial gasoline tax to municipalities for public transit.” (Pg. 12.)</p> <p>“We will give municipalities the option to place up to a three per cent level on hotel room bills.” (Pg. 12.)</p>	<p>The 2004 Budget includes a commitment of one cent per litre for public transit beginning in October 2004, rising to 1.5 cents per litre in October 2005 and two cents in October 2006.</p> <p>The funding formula for the distribution of revenues remains to be determined.</p> <p>No measures on the municipal tax base are contained in the 2004 Budget.</p> <p>The increase in the provincial funding share of local public health program costs from 50% to 75% by 2007 in the 2004 Budget will reduce fiscal pressures on municipalities, but does not provide additional self-generated non-property tax/development charge/user fee based revenues.</p>

Table 8: Fiscal and Taxation Policies

Smart Growth Policies	Platform ⁸⁶ and Campaign Commitments	Action to Date
<p>Give municipalities greater discretion in the reform of the property tax regime to</p> <ul style="list-style-type: none"> • Move utility costs to cost-recovery basis • Separate taxation of land and buildings • Provide incentives for higher value uses of vacant land and buildings, and under-used urban lands, such as parking lots 		<p>A decision to permit a one-year increase in business property taxes in some cities affected by the <i>Fairness to Property Taxpayers Act</i> was announced in March 2004⁸⁷ and confirmed in the 2004 Budget.</p> <p>No other structural modifications to the property tax regime are contained in the 2004 Budget.</p>
<p>Modify vehicle sales tax and licensing fees on the basis of vehicle weight and fuel economy, with higher charges for heavier and less fuel-efficient vehicles.</p>		<p>No modifications to the vehicle sales tax and licensing system are contained in the 2004 Budget.</p>
<p>Use fuel taxes and road-use fees to internalize costs of automobile use and finance transportation alternatives.</p>	<p>“We will give two cents per litre of the existing provincial gasoline tax to municipalities for public transit.” (Pg. 12.)</p> <p>The Premier has indicated tolls may be considered to finance new highway construction.⁸⁸</p>	<p>The 2004 Budget includes a commitment of one cent per litre of the provincial gasoline tax for public transit beginning in October 2004, rising to 1.5 cents per litre in October 2005 and two cents per litre in October 2006.</p>
<p>Provide incentives for the use of public transit.</p>	<p>“Make employer provided transit passes a non-taxable benefit for income tax purposes.” (Pg. 15.)</p>	<p>No specific measures on public transit incentives are contained in the 2004 Budget.</p>

and sales tax systems to promote the purchase of high-efficiency and low-emission vehicles.

2.3.2. Next Steps

The 2004 Budget announcement on the commitment of a portion of provincial gasoline tax revenues to public transit was an important first step in fiscal reform related to urban sustainability. A funding formula for

distribution of the gasoline tax revenues that provides incentives to municipalities to increase ridership and expand the modal share of public transit relative to automobiles needs to be articulated.

There has been little progress on other aspects of the government’s platform related to fiscal and taxation issues. All of the following are needed to help contain urban sprawl and promote more sustainable urban development patterns: modifying the

Table 9: Governance Structures

Smart Growth Policies	Platform ⁸⁹ and Campaign Commitments	Action to Date
<p>Provide for regional integration of key services and infrastructure, particularly public transit, while ensuring that suburban interests do not overwhelm the interests of the urban core.</p>	<p>“We will develop a long-term plan for managing growth responsibly in the Golden Horseshoe. It will take into account expected population growth and infrastructure needs, without developing areas that provide our food, water and recreation.” (Pg. 17.)</p> <p>We will bring a region-wide approach to identifying and meeting GTA transit needs, by creating a Great Toronto Transportation Authority.” (Pg. 21.)</p> <p>The GTTA mandate includes “more GO trains on existing lines, expanded GO parking, new vehicles for the TTC and removal of highway bottlenecks.” (Pg. 21.)</p>	<p>The establishment of a Greater Toronto Transportation Authority is referenced in the July 2004 Golden Horseshoe Growth Management Plan.</p>
<p>Undertake Ontario Municipal Board (OMB) reform:</p> <ul style="list-style-type: none"> • Reform the appointments process to ensure qualified and unbiased appointees. • Reform the appeal process to include a “leave to appeal” test to only permit appeals to be initiated once a municipal decision has actually occurred, and limit the OMB to setting aside municipal decisions for reconsideration, rather than substituting its own decision. • Provide funding for <i>bona fide</i> community and public interest interveners in the OMB hearings process. 	<p>“We will prevent developers from forcing unwanted municipal expansion, and we will give municipalities more time to consider development applications.” (Pg. 16.)</p>	<p>David Johnson was removed as OMB Chair in November 2003.⁹⁰ No action has been taken on appointments reform.</p> <p>Bill 26, the <i>Strong Communities Act</i>, introduced in December 2003, would eliminate the automatic right of appeal where the rezoning of lands as urban settlement areas are sought, and would increase the time period before appeals can be initiated for certain other types of decisions.⁹¹</p> <p>A discussion paper on wider OMB reform was released in June 2004.⁹² The topics on which public input is sought include the role of the OMB appeal process in land-use planning, and potential improvements to the appointments process.</p> <p>The issue of intervener funding is not addressed in the discussion paper.</p>

Table 9: Governance Structures

Smart Growth Policies	Platform ⁸⁹ and Campaign Commitments	Action to Date
Reform the municipal electoral finance system to prohibit donations from corporations, unions, and other third-party organizations. Limit contributions to individuals who reside in the municipality. Place financial limits on individual donations.		A Democratic Renewal Secretariat was established in October 2003, but no specific election financing reform proposals have been issued to date.

Development Charges Act to ensure development charges reflect the full, site-specific costs of infrastructure; reforming the Land Transfer Tax Rebate program to eliminate incentives for urban sprawl; and widening the municipal tax base to include charges on items such as hotel room bills and commercial parking lot fees. Movement on broader reforms to the property tax system and vehicle licensing and sales tax systems are also needed.

2.4. Governance Structures

Municipal governments in Ontario work within the policy and legislative framework provided to them by the province. The province, for example, defines the basic structures and geographic boundaries of municipal governments. Municipalities' legislative and licensing powers are limited to those provided through the provincial *Municipal Act*. As well, provincial legislation establishes and defines the powers of structures that coordinate activities across municipal borders, such as conservation authorities and the Greater Toronto Services Board that existed between 1999 and 2001. The role, structure, and authority of the Ontario Municipal Board (OMB) are also defined through provincial legislation.

The rules for municipal electoral processes and election financing are also established through provincial legislation.

Table 9 outlines the provincial smart growth policies on governance issues identified in The Pembina Institute's February 2003 report, the commitments made in relation to these policies by the Ontario Liberal Party in its October 2003 election platform and during the election campaign, and the government's progress to date on these policies and commitments.

2.4.1. Analysis and Commentary

2.4.1.1. Greater Toronto Transportation Authority

The July 2004 Golden Horseshoe Growth Management Plan references the government's commitment to the creation of a Greater Toronto Transportation Authority (GTTA).

The GTTA proposal is controversial. The focus of the authority on public transit and other non-automobile transportation modes, versus roads and highways, remains uncertain. The authority's role in the distribution of revenues from the provincial gasoline tax allocation for public transit, if any, is also unclear. In addition, there are concerns regarding the role and structure of the authority with respect to the Toronto Transit Commission, and the possibility that the authority will divert capital investments towards attempts to provide public transit services in low-density outer suburbs, where service cannot be provided cost-effectively.⁹³

The design of the authority will be challenging, as different regions of the Greater Toronto Area have very different needs regarding transportation financing and incentives. Within the City of Toronto, for example, the existing urban form is largely well suited to public transit service, and the most critical needs are for operating and maintenance support to reverse the fall in ridership that has resulted from declining service quality and reliability.⁹⁴ In large areas of the 905 region, by contrast, significant changes in existing land-use patterns, including increased mixed uses, intensification, and the establishment of nodal areas will need to accompany large-scale investments in public transit services if these investments are to have



Ontario has reached a turning point in municipal planning but will need appropriate resources to take a new direction.

the effect of making public transit a more attractive and economically sustainable transportation option.

2.4.1.2. Ontario Municipal Board Reform

The need for the reform of the role Ontario Municipal Board (OMB) in the planning process, and processes by which board members are appointed has been a focus of significant public attention over the past few years.⁹⁵

The board chair appointed by the previous government was replaced in November 2003, and some limitations on proponents' right of appeal prior to municipal decisions regarding development applications are contained in Bill 26.

A discussion paper on wider reform of the OMB was released in June 2004.⁹⁶ The discussion paper seeks public input on issues related to the scope of the board's mandate and decision-making powers. These questions include whether there should be an appeal mechanism for land-use planning decisions, and whether it is appropriate for the board to substitute its own planning decisions for municipal council planning decisions that it finds "faulty." The discussion paper also seeks input on ways to improve the qualifications of OMB members, including the reform of the appointments process.

The issue of intervenor funding is not addressed in the discussion paper.

2.4.1.3. Municipal Election Finance Reform

The Democratic Renewal Secretariat, created in October 2003, has not included provincial or municipal election finance reform in its current work plan.⁹⁷

2.4.1.4. Municipal Act Review

A review of the *Municipal Act* was initiated by the Ministry of Municipal Affairs and Housing in June 2004. The scope of the review includes spheres of jurisdiction and accountability measures, codes of conduct and integrity commissioners and lobbyist registries.⁹⁸

2.4.2. Next Steps

The proposed GTTA could play a critical role in shaping the form of future urban development in the Golden Horseshoe. The authority's mandate, structure,

and role need to be established in a way that provides a clear focus on increasing the use of public transit and other non-automobile transportation modes, and curbing urban sprawl. The authority should be focused on the renewal and upgrading of services in existing urban areas, rather than their extension to new greenfields or "leapfrog" locations.

The government's June 2004 discussion paper on OMB reform has opened public discussion on deeper reforms to the role of the OMB than those contained in Bill 26. Specifically, steps need to be taken to eliminate a development proponent's ability to initiate appeals of official plans and official plan amendments prior to their consideration by municipal councils, and to eliminate the board's ability to substitute planning decisions of its own for municipal council decisions that it finds "faulty." The adoption of Bill 26, with its requirement that planning decisions, including those of the board, "be consistent with" the PPS would help address this problem. Reforms to the OMB appointments process, following the model that has been established for the appointment of provincial court judges, also need to be adopted.

The existing municipal election finance rules in Ontario have been identified as an important factor in current urban development patterns. Many municipal candidates are heavily dependent on contributions from the development industry, and this may make them unwilling to challenge business-as-usual approaches to development.⁹⁹ The municipal election financing rules should be identified as an area of attention for the newly established Democratic Renewal Secretariat.

3. Conclusions and Next Steps

3.1 Smart Growth Progress Since October 2003

Since coming to office in October 2003, the new Ontario government has made a significant start on the reform of provincial policies needed to curb urban sprawl and promote more environmentally, socially, and economically sustainable urban development patterns.

In the area of land-use planning, Bill 26, the *Strong Communities Act*, was introduced in December 2003. Bill 26 would require that planning decisions “be consistent” with provincial policy and limit the ability of development proponents to initiate appeals to the Ontario Municipal Board (OMB) before matters have been considered by municipal councils. Discussion papers have also been released on broader *Planning Act* reform and the reform of the OMB, along with a draft revised Provincial Policy Statement (PPS), along with a discussion paper and draft legislation on source water protection.

Bill 27, the *Greenbelt Protection Act*, which freezes expansions of the urban settlement area in the greenbelt study area during the greenbelt study period, was enacted in June 2004. A Greenbelt Task Force has been established to identify the boundaries and propose implementation mechanisms for a Golden Horseshoe greenbelt.

The government’s 2004 Budget increases the portion of transportation capital expenditures dedicated to public transit, and confirms the government’s platform commitment of allocating a portion of provincial gasoline tax revenues to municipalities for public transit, beginning in October 2004.

More broadly with respect to infrastructure, the government has created the Ministry of Public Infrastructure Renewal, which includes the Smart Growth Secretariat, with the intention of providing more policy direction and oversight to the province’s infrastructure investments. A Golden Horseshoe Growth Management Plan discussion paper was released in July 2004. As well, a Strategic Infrastructure Financing Authority was proposed in the government’s 2004 Budget.

3.2. The Key Next Steps

Notwithstanding this good start, at the end of the new government’s first legislative session in June 2004, the government’s initiatives related to urban sustainability largely remain works in progress. Even the *Greenbelt Protection Act*, the first major piece of legislation adopted by the new government in relation to land-use planning, is an interim measure. The major steps that the government needs to take to translate the vision for urban communities contained in its October 2003 platform into reality over the next few months include the following.

3.2.1. Complete Land-Use Planning Reform

The adoption of Bill 26, the *Strong Communities Act*, will be a critical step in addressing the lack of clear provincial policy direction to municipalities, provincial agencies, and the Ontario Municipal Board (OMB) with respect to curbing urban sprawl and promoting more sustainable urban development patterns.

At the same time, a revised PPS under the *Planning Act* is needed if the Bill 26 amendments to the act are to have their intended effect of shaping urban development in a more sustainable direction. The release of the government’s June 2004 draft revised PPS is an important step in this direction. However, more specific policy direction than that provided in the draft is needed if urban development patterns in the province are actually to be changed. Stronger protection for prime agricultural, ecologically significant, and source water lands are also required, as are revisions to increasingly archaic elements of the PPS that give non-renewable resource development priority over all other land uses in virtually all cases.

The government also needs to carry through on the broader reforms regarding the mandate and role of the OMB identified in its June 2004 discussion paper on OMB reform. These reforms include limiting the scope of the board’s ability to substitute its own planning decisions for municipal decisions that it finds “faulty,” revising the appointments process, and providing funding for *bona fide* public interest

and community interveners in OMB hearings. The role of provincial agencies and conservation authorities in the planning process also needs to be addressed, as does the integration of source water protection in land-use planning.

Finally, the completion of the Golden Horseshoe Greenbelt initiative is needed to provide a regional urban containment boundary in support of the direction of the province's overall land-use reforms.

3.2.2. Provide Policy Direction for Infrastructure Programs

The government needs to follow through on the directions laid out in its Golden Horseshoe Growth Management Plan, and articulate objective criteria for provincial infrastructure that are supportive of the directions laid out in the plan and the governments election platform. These directions include the protection of agricultural, ecologically significant, and source water lands; focusing development in priority and emerging urban centres rather than greenfields; and supporting public transit. These directions need to be incorporated into the mandates of the proposed Greater Toronto Transportation Authority (GTTA) and the Ontario Strategic Infrastructure Financing Authority.

3.2.3. Establish a Distribution Formula for the Provincial Gasoline Tax Revenue Allocation to Public Transit

The government needs to clarify the funding formula for the distribution of the portion of provincial gasoline tax revenues allocated to public transit, and identify the types of projects that will be eligible for funding. The formula should distribute funds on the basis of ridership, with population taken into account as a secondary consideration. Such an approach would reward success in increasing public transit use and encourage a focus on further expanding public transit's modal share. The provincial gasoline tax revenue allocation should be used to support transit system operating costs and capital maintenance rather than major system expansions.

3.2.4. Define the Role and Mandate of the Greater Toronto Transportation Authority

Public transit system expansion should be the focus of the proposed GTTA. Proposals from the GTTA for provincial capital funding should be subject to review

by the province on the basis of criteria intended to ensure that proposed projects will actually increase ridership and public transit modal share, be economically viable, improve air quality, and be linked to the adoption of transportation demand management and supportive land-use plans. The criteria for infrastructure investments proposed by the National Round Table on the Environment and Economy, presented in Appendix 3, provide a good guide for such standards.

3.2.5. Halt Funding and Approvals of "Legacy" Infrastructure Projects

The government needs to ensure that its efforts at longer term planning and its support for more sustainable urban development patterns are not undermined by the inertia of legacy projects initiated by the previous government. The Golden Horseshoe highways and sewer and water infrastructure projects outlined in **Maps 1 and 2** are of particular concern in this regard. Funding, planning, and approvals for these projects should be placed in abeyance at least until the completion of the Golden Horseshoe greenbelt initiative and finalization of the Golden Horseshoe Growth Management Plan.

3.2.6. Resolve Outstanding Fiscal Issues

The allocation of a portion of provincial gasoline tax revenues to public transit and the increased capital funding for public transit contained in the 2004 Budget are important steps in making the province's fiscal and taxation framework more supportive of sustainable urban development patterns.

However, the government needs to make additional reforms to the property tax and development charge systems, and to widen the municipal revenue base. Specifically, the government needs to fulfill its platform commitments regarding the reform of the Land Transfer Tax Rebate program and development charges, and to give municipalities discretion to apply taxes to hotel room bills. Deeper changes to the property tax system are also needed, including the separation of the land and building components, and the elimination of property tax rebates for vacant commercial and industrial buildings.

3.3. Conclusions

On the whole, the new government has made a good start over the past nine months on issues related to urban sustainability. The fulfillment of the government's platform commitment to allocate a portion of provincial gasoline tax revenues to public transit in the

2004 Budget, and the initial moves on *Planning Act* reform, source water protection, and the establishment of a Golden Horseshoe Greenbelt initiative and Growth Management Plan for the Golden Horseshoe are particularly noteworthy. However, none of these initiatives have reached the implementation stage, and many critical elements actions remain outstanding. These include the following:

- The development of a formula and conditions for distribution of provincial gasoline tax revenues to municipalities for public transit
 - The completion of the Golden Horseshoe Greenbelt initiative
 - The adoption of Bill 26, the *Strong Communities Act*, and adoption of a revised PPS under the *Planning Act* with sufficient clarity and specificity to actually alter urban development patterns
 - The completion and implementation of the Growth Management Plan for the Golden Horseshoe
 - The introduction and adoption of legislation establishing the mandate, role, and structure of the proposed GTTA
 - The introduction and adoption of legislation establishing the mandate, role, and structure of the proposed Ontario Strategic Infrastructure Financial Authority
- The introduction into the legislature and adoption of source water protection legislation, including mechanisms for the implementation of watershed based source water protection planning, and their integration into the land-use planning process

There is also a risk that the government's efforts at better growth management and containing urban sprawl may be pre-empted by the impact of legacy projects of the previous government. Transportation and sewer and water infrastructure projects need to be fully integrated into wider growth management plans intended to curb urban sprawl and promote non-automobile based transportation modes if the environmental, social, and economic consequences of business-as-usual development are to be avoided.

The government has begun to put in place the building blocks essential to prevent the outcomes of lost farmland and green space, growing congestion, worsening air quality, and unsustainable infrastructure costs that will flow from continuing current urban development patterns in the province. It now faces the challenge of completing the institutional and legislative framework that it has initiated, and turning its stated policy goals into action.

Appendix 1: Urban Sustainability and Smart Growth in Ontario—A Chronology

June 1992

Report of the Commission on Planning and Development Reform in Ontario. Report places strong emphasis on compact development, non-automobile transportation modes, preservation of prime agricultural land and ecologically significant areas.

March 1995

Amendments to the *Planning Act* adopted to implement Commission on Planning and Development reform recommendations. Complete set of provincial policy statements adopted.

March 1996

Adoption of Bill 20, the *Land-Use Planning and Protection Act*, and adoption of new provincial policy statement. Key reforms flowing from Commission on Planning and Development Reform repealed.

May 1996

1996 Provincial Budget. Land Transfer Tax Rebate on purchases of newly built homes introduced.

January 1997

Mega-week announcements of restructuring of provincial–municipal relationship. Provincial capital and operating funding for public transit and sewer and water infrastructure terminated.

May 1997

Fair Municipal Finance Act introduced market value assessment. Includes provisions to reduce the property tax burden on farm, managed forest and conservation lands.

December 1997

Development Charges Act enacted. Legislation limits ability of municipalities to require that developers internalize the infrastructure costs for new developments through development charges.

January 1998

Forced amalgamation of the City of Toronto.

October 1998

Energy Competition Act enacted.

December 1998

Fairness to Property Taxpayers Act enacted. Introduces significant limitations on the ability of municipalities to set and modify property tax rates.

January 1999

Great Toronto Area Services Board established to review and promote integration of public transit systems in the GTA.

December 1999

SuperBuild Corporation established with five-year mandate to achieve \$20 billion in infrastructure investments through provincial, broader public sector and private sector partnerships.

May 2000

2000/01 Provincial Budget. SuperBuild investments of \$1.049 billion in highways, \$62 million in “other transportation” announced.

January 2001

Greater Toronto Area Services Board disbanded.

Premier Harris makes speech to Ontario Real Estate Board, expressing concern over congestion and urban sprawl, and introducing the concept of smart growth.

April 2001

Province announces smart growth initiative. Key feature is regional multi-stakeholder smart growth panels. Central Region panel includes the GTA and Niagara Regions.

May 2001

Oak Ridges Moraine Protection Act enacted. Provides temporary restrictions on development on the Moraine.

2001/02 Provincial Budget. SuperBuild investments of \$906 million in highways, \$50 million in public transit announced.

July 2001

Five-year review of Provincial Policy Statement initiated. Public consultations end October 2001. No changes in Policy Statement to date.

September 2001

Announcement of new capital funding commitment for public transit of \$300 million per year over ten years.

November 2001

Brownfields Statute Law Amendment Act adopted. Addresses certain issues related to liability and financing of brownfields redevelopment.

December 2001

Revised *Municipal Act* adopted.

Oak Ridges Moraine Conservation Act enacted and plan adopted.

May 2002

Competitive electricity market introduced.

2002/03 Provincial Budget. SuperBuild investments of \$1.03 billion in highways, \$193 million in public transit announced.

August 2002

Interim Report of the Central Region Smart Growth Panel. Recognizes linkages between land use and transportation and between transportation and air quality.

November 2002

Competitive electricity market terminated.

December 2002

Sustainable Sewerage and Water System Act enacted.

Safe Drinking Water Act enacted.

February 2003

Release of Central Region Smart Growth Panel discussion paper, *Shape the Future*. Report highlights linkages between transportation and land use and the need to protect ecologically significant areas, but also emphasizes development of network of

transportation “corridors” (i.e., highways).

March 2003

March 27: 2003/04 Provincial Budget. Budget includes \$1.055 billion for highway expansion, \$359 million for public transit.

April 2003

April 17: Central Region Smart Growth Panel releases final report, *Shape the Future*. Report highlights linkages between transportation and land use and the need to protect ecologically significant areas, but also emphasizes development of network of transportation “corridors” (i.e., highways).

April 21: Advisory Committee on Watershed-based Source Water Protection Planning tables report. Report follows up on recommendations of Part II of the Walkerton Inquiry regarding source water protection, and makes strong connections between source water protection and land-use planning.

May 2003

May 5: Northwestern Ontario Smart Growth Panel releases final report.

May 7: Bill 25, the *Smart Transportation Act*, introduced. Legislation would permit Minister of Transportation to override municipal land-use planning decisions and the *Environmental Assessment Act* in the location of transportation infrastructure corridors (i.e., highways).

May 27: Northeastern Ontario Smart Growth Panel releases final report.

June 2003

June 4: Government announces transportation investments in Central Region. In addition to expansion of GO Transit service, the announcement highlights the government’s plans to construct a grid of highways across the Golden Horseshoe.

June 16: City of Burlington and Halton Region apply for judicial review of the environmental assessment of the proposed Mid-Peninsula Highway, stating that the terms of reference for the environmental assessment fail to consider alternatives to the highway or to review the highway’s full environmental impact.

June 18: Richmond Landfill decision by Ontario Divisional Court requiring that environmental

assessments of projects under the *Environmental Assessment Act* include consideration of the need for projects and “alternatives to” projects. The decision has major implications for the province’s highway expansion program, as environmental assessments for the new highways were proceeding without consideration of need and “alternatives to” (i.e., consideration of public transit and rail as alternatives to new highways).

June 27: In the face of public opposition, litigation by the City of Burlington and Halton Region, and the Richmond Landfill decision, the Ministry of Transportation withdraws the Terms of Reference for the environmental assessment of the Mid-Peninsula Highway for revision.

July 2003

July 3: Government announces renewable portfolio standard for renewable energy sources. Proportion of electricity from renewable sources is to rise from 1% in 2006 to 8% in 2014. No specific legislation or regulations to implement the standard were announced.

September 2003

September 2: Provincial election called.

October 2003

October 2: New provincial government elected.

October 16: Premier-elect states intention to halt suburban development of key areas of the Oak Ridges Moraine.

October 23: New provincial government takes office. Ministry of Public Infrastructure Renewal created. Democratic Renewal Secretariat created.

November 2003

November 14: David Johnson replaced as OMB Chair.

November 21: Government withdraws from campaign commitment regarding housing on the Oak Ridges Moraine. Announces intention to proceed on broader *Planning Act* reforms.

December 2003 December 11: Canada-Ontario Agricultural Policy Framework Implementation Agreement announced.

December 15: Bill 26, the *Strong Communities Act*, introduced.

December 16: Bill 27, the *Greenbelt Protection Act*, introduced.

December 17: 2003 Economic Outlook and Fiscal Review by Minister of Finance. Commitment of portion of provincial gasoline tax revenues to public transit deferred.

February 2004

February 12: White Paper on Watershed-Based Source Water Protection White Paper released.

February 16: Greenbelt Task Force established.

February 27: Ministry of Public Infrastructure Renewal infrastructure’s funding discussion paper released.

March 2004

March 15: Municipalities provided greater discretion regarding business property tax levels for the coming fiscal year.

March 31: Federal-provincial-City of Toronto TTC funding announced.

April 2004

April 21: Addition of 1,432 ha of provincial land to the Rouge Park.

April 28: Bill 27, the *Greenbelt Protection Act*, passes Second Reading.

April 30: Transfers of farms within families exempted from Land Transfer Tax.

May 2004

May 6: Federal-provincial-municipal and rural infrastructure letter of intent announced.

May 7: Federal-provincial-municipal GO Transit funding announced.

May 13: Bill 26, the *Strong Communities Act*, passes Second Reading.

May 14: Federal-provincial-Ottawa light rail transit funding announced.

May 17: Greenbelt Task Force discussion paper released.

May 18: 2004 Provincial Budget. Budget includes commitment of portion of provincial gasoline tax revenues to public transit, increase in public transit capital funding, and increase in the Ministry of Environment and Ministry of Natural Resources capital and operating budgets for drinking water and source water protection initiatives. Funding levels for highway expansion consistent with previous years.

Ongoing: Consultations on Growth Management Plan for the Golden Horseshoe.

June 2004

June 1: Draft revised Provincial Policy Statement and discussion papers on broader *Planning Act* reform and OMB reform released.

June 10: Bill 27, the *Greenbelt Protection Act*, reported out of committee.

June 17: Adoption of brownfields cleanup regulations accounted.

June 22: *Municipal Act* review initiated by Ministry of Municipal Affairs.

June 23: Draft *Drinking Water Sources Protection Act* placed on *Environmental Bill of Rights* registry for public comment.

June 24: Bill 27, the *Greenbelt Protection Act* enacted. Review of provincial environmental assessment process announced.

July 2004

July 12: Greater Golden Horseshoe Growth Plan release by Ministry of Public Infrastructure Renewal.

Appendix 2: Smart Growth in Ontario: Overcoming the Barriers—Six Key Action Areas for the Province¹⁰⁰

A Provincial Policy Framework for Urban Sustainability and Smart Growth

The provincial government needs to set clear policy directions on land-use issues with respect to smart growth through amendments to the *Planning Act* and the adoption of a revised Provincial Policy Statement that reflects smart growth principles. These principles include

- Protecting prime agricultural and specialty crop lands, ecologically significant areas, and source water related lands
- Supporting development forms for which non-automobile-based transportation modes are viable and attractive, including higher-density mixed uses
- Encouraging the redevelopment and intensification of existing urban areas, including greyfields and brownfields
- Reducing or eliminating the need for municipalities to hold reserves of non-urban lands for future development
- Ensuring the availability of affordable housing
- Establishing urban containment boundaries

The *Planning Act* amendments should also address the reform of the OMB appeal process. This would include establishing a “leave to appeal” test and provisions that appeals to the board can only occur once municipal decisions have been made. The board should be permitted to set aside municipal planning decisions and return them to municipal councils for reconsideration, rather than substitute its own decisions for those made by elected councils.

The province needs to use its own infrastructure initiatives and funding to municipalities to support these directions. Smart growth criteria should be established for major infrastructure funding decisions and programs. In southern Ontario, provincial investments in transportation and sewer and water infrastructure should be focused on renewing and

upgrading existing systems, not the extension of infrastructure to previously non-urbanized areas. The focus of provincial transportation investments should be on public transit and other non-automobile-based modes.

Cultural and Mandate Change within Provincial Agencies

The new government needs to lead cultural change within the key ministries and agencies in the direction of smart growth. In the case of the Ministry of Transportation, for example, there is a need to renew the ministry’s overall mandate and planning paradigm to include a strong focus on non-automobile-based transportation modes, and to establish performance indicators for transportation demand management and transit, ride-sharing, cyclists, and pedestrians/commuters through an integrated, rather than reductionist approach.

Similarly, the historical approach of the Ministry of Natural Resources and the Ministry of Municipal Affairs of giving overriding priority to aggregate development in land-use planning in southern Ontario needs to be revisited in light of a smart growth vision for the region.

The amendments to the *Planning Act* recommended as part of a provincial smart growth policy framework would significantly refocus the role of the OMB on ensuring the consistency of planning decisions with a revised Provincial Policy Statement. The amendments need to direct the board to consider the cumulative effects of development proposals in its decision making as well. Steps also need to be taken to reform the OMB appointment process along the lines that exist for provincial court judges, and to provide support to bona fide public interest and community-based interveners in the appeal process.

It is critical that the successor infrastructure agency to the SuperBuild Corporation, the Ministry of Public

Infrastructure and Housing, be given a mandate that strongly reflects smart growth principles, such as those that have been proposed by the National Round Table on the Environment and Economy for federal infrastructure programs.

The reform of the mandate of the Ontario Realty Corporation to consider environmental and urban sustainability factors in land and facility management decisions is also critically important.

Improved Coordination among Provincial Agencies

In addition to the provision of clear policy direction on smart growth and the renewal of the mandates of key agencies, coordination mechanisms need to be strengthened within the provincial government itself. This should include

- Transferring the Smart Growth Secretariat or its successor from the Ministry of Municipal Affairs and Housing to the Cabinet Office, where it will be able to play a more effective leadership and coordination role
- Amending the *Planning Act* to permit provincial agency and conservation authority comments on proposed official plans and official plan amendments, and interventions at OMB hearings without Ministry of Municipal Affairs' approval
- Ensuring consideration of the need for and alternatives to major infrastructure developments, particularly transportation and sewer and water undertakings, and the long-term impact of these projects, in their environmental assessment under the *Environmental Assessment Act*

Regional Integration

The province needs to lead the establishment of effective structures for the resolution of regional issues such as transportation investment priorities and environmental protection. These structures need to be provided with a strong smart growth mandate, emphasizing non-automobile-based transportation modes, the containment of urban sprawl, and the protection of farmland and green space. They must also be designed in a manner such that interests that may favour further urban expansion do not overwhelm the interests of the existing urban cores. Action with respect to four key entities is required:

- Establishment of a Greater Toronto Transit Authority, with membership based on ridership, to coordinate public transit investments and services outside of the City of Toronto, and to

coordinate these investments and services with the Toronto Transit Commission

- Establishment of a Greenlands Commission for Oak Ridges Moraine and related lands in the GTA
- Transfer of responsibility for the Niagara Escarpment Commission and plan from the Ministry of Natural Resources to the Ministry of the Environment
- Strengthening of the mandate and capacity of conservation authorities to participate in land-use planning decisions, particularly with respect to watershed management, source water protection, and the protection of ecologically significant areas.

Financial Sustainability for Municipalities

The province must create a forward-thinking climate that allows greater municipal flexibility in the design and application of development charges, property taxes, and user fees to support smart growth principles. The *Development Charges Act* should be amended to require that charges reflect the full site-specific costs of infrastructure provision for new developments outside of existing urban areas.

At the same time, the municipal revenue base needs to be widened to reduce dependency on property taxes. This would include

- Proceeding with commitments by the new government to allocate a portion of provincial gasoline tax revenues to public transit. Funding should be provided on a ridership basis to provide incentives to municipalities to increase transit use
- Permitting the establishment of new municipal revenue sources, such as excise taxes on hotel rooms and private parking lots
- Encouraging municipalities to transfer hard utility costs, such as water and sewage services and waste management, from property taxes to cost-recovery systems, with appropriate safeguards for service provision for low-income households, and to decouple the building and land components of property taxes

Provincial infrastructure funding to municipalities needs to be conditional on the application of smart growth and sustainable transportation principles to provide incentives for more integrated decision making by municipalities.

Provincial Fiscal Reform

The province's own fiscal policies are in urgent need of

reform to reflect smart growth principles. This would include

- Ending the Land Transfer Tax Rebate program or its reform so that it is only available for new housing built in existing urban areas and nodes, not new greenfields developments
- Removing the provincial property tax rebate on vacant land and buildings in urban areas

In the longer term, the province needs to examine measures such as the reform of the vehicle registration and licensing fees on the basis of vehicle weight, fuel economy, and emissions performance.

Appendix 3: National Round Table on Environment and Economy Infrastructure Funding Criteria¹⁰¹

Supporting the Use of Urban Transit

Recommendation 4: This investment should target growing urban regions where there are opportunities to discourage land use that does not support transit and to significantly increase the net number of transit riders. Federal funding should be allocated according to a basic yet effective set of criteria, such that project proponents:

- a) show how the proposed transit investment fits into a comprehensive, longer-term plan to support transit ridership and, specifically, increase the share of trips taken by urban transit;
- b) estimate the net number of new transit riders who will be attracted from cars as a result of the investment;
- c) indicate how the attractiveness of transit will be improved relative to the automobile (e.g., traveller cost, travel times, convenience);
- d) quantify investment in transit versus investment in automobile-related travel;
- e) document a comprehensive approach to achieving land use patterns that will support transit ridership, including area-wide planning policies; transit node and corridor-specific land use policies; and area-wide, transit node and corridor-specific municipal pricing policies (e.g., development charges, property taxes, user fees);
- f) create a transportation demand management plan;
- g) quantify the net cost of the investment per new transit rider;
- h) indicate the financial contributions and roles of other partners, including provincial and municipal governments, other agencies, and the private sector;
- i) document the environmental and economic benefits of the investment (e.g., reductions in greenhouse gas emissions, road infrastructure investments averted, congestion costs averted); and
- j) monitor the results (e.g., actual net number of new transit riders, development in identified transit nodes and corridors).

Promoting Sustainable Infrastructure

Recommendation 6: That the granting of federal infrastructure funding be subject to a practical, performance-based set of criteria that ensures funded projects make substantial contributions to improved environmental quality in a cost-effective manner.

Proponents should be required to submit a Sustainable Community Investment Plan, outlining the needs to be addressed by the infrastructure investment and demonstrating:

- a) how the proposed infrastructure investment fits into a comprehensive, longer-term investment plan for improving urban environmental quality;
- b) how existing infrastructure capacities have been or will be fully exploited;
- c) how all options for jointly addressing infrastructure needs with surrounding municipalities or other relevant entities have been explored and fully exploited;
- d) a comprehensive approach to managing the demand for the infrastructure (for example, for transportation infrastructure, a transportation demand management plan is required; for water-related projects, a metering program);
- e) that a range of alternative options for solving infrastructure needs—including other types of infrastructure—have been explored;
- f) a life-cycle costing analysis of the proposed project and alternatives;
- g) financial contributions and roles of other partners, including provincial government, municipal government, other agencies and the private sector; and
- h) a quantification of the expected environmental improvements in terms of air, water or soil quality of the proposed project and the alternatives.

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