



Smart Growth in Ontario: The Promise vs. Provincial Performance

Mark S. Winfield, Ph.D.,
Director, Environmental Governance

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

Pembina Institute for Appropriate Development
Box 7558, Drayton Valley, Alberta, T7A 1S7
Telephone (780) 542-6272 Fax (780) 542-6464
info@pembina.org

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1. INTRODUCTION

Ontario faces a host of economic and environmental challenges. In the past few years, a series of issues related to urban development and growth has drawn increasing public, media and government attention. This has reflected a growing recognition that poorly controlled and designed urban development is a key factor in many of the major environmental problems that Ontario now faces.

The traditional low-density forms of urban development that have dominated Southern Ontario since the 1950s have been implicated as major factors in the region’s declining air quality, inefficient use of energy, resulting in increasing greenhouse gas (GHG) emissions, loss of prime agricultural lands and ecologically significant areas, and as threats to surface and groundwater supplies.

For reasons that will be described in this paper, the province is now at a critical juncture around the questions of urban growth and development. The provincial government’s policy responses over the next three years will have major implications for Ontario’s environmental, social and economic sustainability for decades to come.

1.1 Three Environmental Challenges

Among the most important environmental challenges currently facing Ontario are declining air quality, climate change and the impacts of urban sprawl. Perhaps more than in any other Canadian jurisdiction, in Ontario these three issues are closely connected. This has significant implications for the public policy responses that they prompt from the federal government, the province and affected municipalities.

1.1.1 Air Quality

Air quality has emerged as a major public health concern. Southern and Southwestern Ontario are frequently affected by severe smog episodes as a result of emissions from industrial and transportation sources both inside and outside of the province. By the late 1990s the situation had become so severe that it drew the attention of the Ontario Medical Association¹ and public health departments in several major cities, including Toronto.² It is estimated that each year 1,900 premature deaths, 13,400 hospital admissions, 45,250 emergency room visits and 46.66 million minor illness days can be attributed to poor air quality in the province.³ Health effects due to air pollution are estimated to cost the province \$9.9 billion per year.⁴

1.1.2 Urban Sprawl and Land Use

The past few years have also been characterized by growing public concern over urban sprawl in Southern Ontario, particularly in the Greater Toronto Area (GTA)⁵ as highlighted by the recent debates over the protection of the Oak Ridges Moraine.⁶

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The low-density patterns of development that are proliferating throughout the region are seen to result in an unattractive and inefficient use of urban land and resources, and the loss of prime farmland,⁷ green space and environmentally sensitive areas. In addition, they threaten surface and groundwater quality and supplies.⁸ Current development forms are also implicated in growing congestion of the region's road systems, with an estimated cost to business of \$2 billion per year.⁹

At the same time, there has been increasing concern among local governments regarding the long-term costs and sustainability of the infrastructure associated with the region's current forms of development. These require the extension of sewer and water systems, roads and other infrastructure over greater and greater distances, while providing a tax base inadequate to support this infrastructure's construction and long-term maintenance.¹⁰ It has been estimated that \$55 billion in new infrastructure will be required in the GTA over the next 25 years if present development patterns continue, with an additional \$14 billion required in operating costs.¹¹

1.1.3 Climate Change

Finally, in the last six months, a major debate has arisen around the impacts of climate change on the province, and the province's role in the ratification of the Kyoto Protocol under the United Nations Framework Convention on Climate Change. Ontario accounts for 29% of Canada's GHG emissions, second only to Alberta among the provinces and territories.¹² The impacts of climate change are projected to add significantly to the environmental and infrastructure stresses experienced by the province, with increased incidences of severe weather, accelerated deterioration of infrastructure due to weather effects, smog episodes of greater intensity and frequency as a result of increased summertime temperatures, more severe impacts on human health and agriculture due to the combination of increased heat and smog, and reductions in water supply in Southern Ontario from both groundwater and surface sources.¹³

1.2 Air Quality, Urban Sprawl and Climate Change as Interconnected Challenges

These three problems of deteriorating air quality, urban sprawl and climate change are closely related and, at the moment, mutually reinforcing. Ontario's major sources of smog precursors, particularly nitrogen oxides, are largely the same as those of its GHG emissions: the burning of fossil fuels for industrial purposes, electricity generation and transportation. The use of fossil fuels for transportation purposes accounts for 63% of the province's total nitrogen oxide emissions¹⁴ and 29% of its carbon dioxide emissions.¹⁵ The transportation sector is also where the largest growth in GHG emissions is projected for Ontario in the future.¹⁶

Passenger transportation — cars and light trucks — make up 54% of total transportation-related GHG emissions.¹⁷ As a result, passengers' choices of transportation modes have major impacts on emissions of smog precursors and GHGs. Public transit and other alternatives to the automobile are associated with much lower emissions per distance traveled per passenger, as illustrated in **Table 1**.¹⁸

Table 1: A Comparison of Vehicle Emissions by Mode
(grams per passenger kilometre traveled)¹⁹

Mode	CO ₂	NOx	VOCs	SO ₂	CO	PM
Urban Automobile	223.6	0.9	1.4	0.1	11.6	0.2
Urban Bus	74.9	0.6	0.1	1.0	0.5	0.2

However, transportation choices are heavily influenced by land use patterns. High-density urban land use patterns, such as those found within the City of Toronto, tend to be associated with low automobile use and high levels of the use of public transit and other alternative modes of transportation, such as bicycling and walking. Low-density developments, such as those typically seen in newly developed areas in the outer regions of the GTA, on the other hand, are associated with high levels of automobile use and low reliance on transit. Transit accounts, for example, for 28% of all morning rush hour trips in the City of Toronto, compared to 8% in the rest of the GTA.²⁰

Infrastructure investment decisions by governments can have major impacts on development patterns. The availability of additional transportation or sewer and water capacity is a major factor in determining the location of new developments. If such infrastructure is made available beyond existing urban areas it is likely to encourage new low-density development, which will in turn affect transportation choices, with their implications for emissions of GHGs and smog precursors. The extension of infrastructure in this manner can also have significant implications for long-term maintenance costs, due to the greater distances over which infrastructure must be provided. These maintenance costs are likely to be further increased by the weather impacts of climate change, particularly increased heat and extreme weather events.

There are also strong connections between the issues of urban growth, air quality and climate change and other key environmental challenges facing the province. As highlighted in Part II of the report of the Walkerton Inquiry, land use patterns have major impacts on source water quantity and quality.²¹ The protection of recharge areas, headwaters and aquifers from inappropriate development, such as that associated with conventional urban development patterns, is particularly important in this regard in a Southern Ontario context. Conventional urban development patterns are also associated with urban run-off, which is increasingly identified as a major source of surface water pollution in the Great Lakes basin.²²

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1.2.1 The Implications of Interconnectedness for Public Policy

The linkages between urban form, air quality and climate change can have both positive and negative implications for the future of the province and the impact of policy interventions by governments.

Poor policy choices by governments can have the effect of enhancing the mutually reinforcing nature of these challenges. Policies, for example, that allow or encourage low-density urban development are likely to have the effect of increasing losses of prime agricultural and ecologically significant lands, threatening sources of drinking water, increasing infrastructure construction and maintenance costs due to the larger distances to be covered, and exacerbating air quality and GHG emission problems through increased transportation emissions due to greater dependence on road transportation. These outcomes can lead to demands for further urban expansion to allow people to “escape” the degraded urban environment and relieve congestion and smog. This, in turn, will lead to pressures for further extensions of infrastructure, with their associated costs, to facilitate travel over greater distances, which, due to the low density of development, will be heavily automobile dependent, further increasing emissions of GHGs and smog precursors.

Good policy decisions, on the other hand, can be strongly self-reinforcing and result in a wide range of economic, environmental and social benefits. Policies that encourage higher-density development and the redevelopment of existing urbanized areas can reduce development pressures on prime agricultural lands and ecologically significant areas, curb infrastructure construction and maintenance costs by using existing infrastructure or extending new infrastructure over smaller distances, make alternative modes of transportation viable, reducing transportation-related emissions of smog precursors and GHGs, result in less congestion, and reduce demands for further urban expansion to escape the problems associated with more conventional development patterns. More compact development patterns have also been associated with strengthened social sustainability, facilitating the emergence of critical masses of cultural diversity and local economic development.

This potential for multiple benefits is reflected, for example, in some of the economic analyses related to the implementation of the Kyoto Protocol. Reductions in emissions from transportation sources are a major factor in projected health co-benefits associated with Kyoto implementation in Ontario, valued at between \$200 million and \$300 million per year.²³ New investments in more sustainable transportation infrastructure are also a major factor in the Government of Canada’s projections of positive overall impacts of Kyoto implementation measures on the Ontario economy.²⁴ In fact, the municipalities’ table of the national climate change process has estimated a net savings of \$80 for each tonne of CO₂ emission reductions achieved through land use and transportation measures.²⁵

“...the municipalities’ table of the national climate change process has estimated a net savings of \$80 for each tonne of CO₂ emission reductions achieved through land use and transportation measures.”

2. ONTARIO IS AT A CRITICAL JUNCTURE

The establishment of more sustainable forms of urban development is critical to the long-term environmental, social and economic well-being of Ontario residents. The province's population and economic growth are projected to continue to be concentrated in the province's urban areas, particularly in the GTA, Niagara and Kitchener-Waterloo regions. These regions experienced a 9.2% increase in population between 1996 and 2001, accounting for more than 90% of population growth in the province over that period.

As outlined in **Table 2**, six municipalities in the region experienced population growth of more than 20% during this period.²⁶ The population of these regions is projected to grow by an additional three million people over the next 25 years.²⁷ These pressures mean that the choices about growth and development made over the next two or three years will likely set the province's future path for decades to come. The pursuit of conventional patterns of urban development to deal with this growth, are projected to increase commuting times by 45%, and transportation related carbon dioxide emissions by 42% over the next thirty years.²⁸

Table 2: GTA Municipalities experiencing more than 20% Population growth 1996-2001²⁹

Municipality	% population growth 1996-2001
Vaughan	37.3
Barrie	31.0
Richmond Hill	29.8
Caledon	28.8
Brampton	21.3
Markham	20.3

The re-appearance of public interest in urban growth issues, as demonstrated by the debates over the future of the Oak Ridges Moraine, the ongoing and expanding concerns regarding air quality, the emergence of the Kyoto debate in Ontario, and the concerns of municipal governments regarding congestion and infrastructure construction and maintenance costs, have together created a political environment in which it may be possible to advance significant policy reforms related to urban growth and development in the province.³⁰

At the same time, it is also a period of significant risk with respect to these issues. To date, the provincial government's primary response to public concerns around urban growth and sustainability issues has been its "smart growth"³¹ initiative, launched in April 2001.³² This has involved the creation of multi-stakeholder regional advisory panels. However, to date, the processes have made only limited linkages between smart growth and air quality, and no connections at all to climate change.

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“ In the province’s 2002 budget, for example, investments in highways constituted 77.5% of SuperBuild’s transportation expenditures, and 37% of SuperBuild’s total expenditures of \$2.713 billion. In contrast, only 15% of SuperBuild’s transportation expenditures, and 7% of its total expenditures, were on transit. ”

Perhaps most seriously, the Ontario government is engaged in a five-year \$20 billion infrastructure investment program, through its SuperBuild Corporation, established in December 1999.³³ Although new investments in public transit infrastructure were added to SuperBuild’s mandate in September 2001, as has been the case since its founding the corporation’s emphasis remains on the expansion of the province’s highway network. Since its founding, the corporation has spent approximately \$1 billion per year in this area, constituting the largest single type of investment made by the corporation.³⁴ In the province’s 2002 budget, for example, investments in highways constituted 77.5% of SuperBuild’s transportation expenditures, and 37% of SuperBuild’s total expenditures of \$2.713 billion. In contrast, only 15% of SuperBuild’s transportation expenditures, and 7% of its total expenditures, were on transit.³⁵

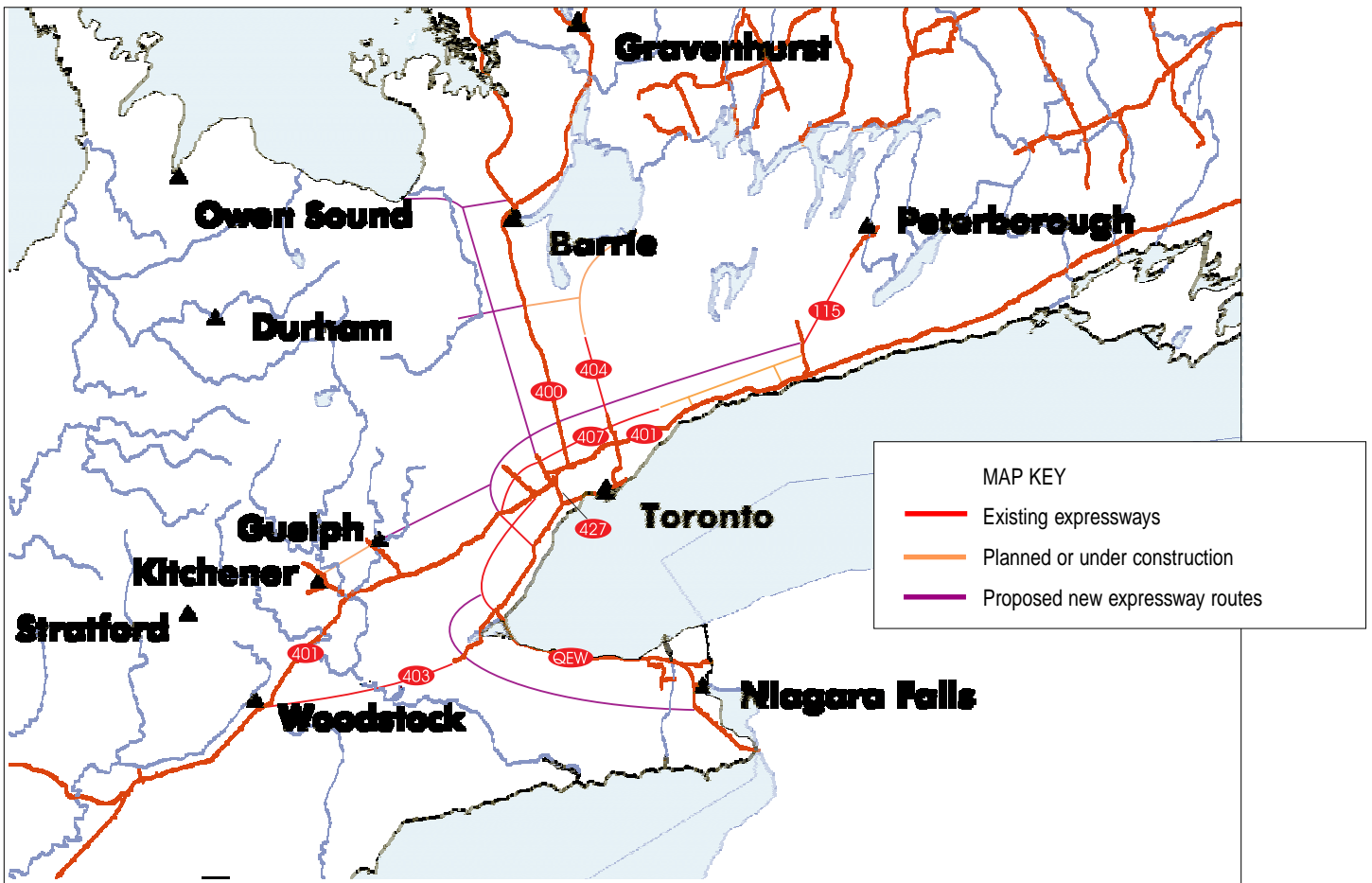
The bulk of SuperBuild’s highway expenditures are concentrated on projects in the GTA and Niagara Peninsula. In addition to increasing the capacity of existing highways, as illustrated in **Map 1**, the program involves major extensions of highways into as yet un-urbanized areas.³⁶ These proposed extensions include the following:

- the eastward extension of Highway 407 to Highway 35/115
- the extension of Highway 404 around the east and south sides of Lake Simcoe
- the northward and eastward extension of Highway 427 to Barrie
- construction of a new mid-peninsula highway from Burlington to Niagara Falls
- the creation of a new east-west transportation corridor North of the Oak Ridges Moraine, connecting with Guelph in the west and the proposed mid-penninsula highway to the south.³⁷

The province has also set an overall target of increasing to over 90% the proportion of the provincial population living within 10 kilometres of a major provincial highway corridor.³⁸

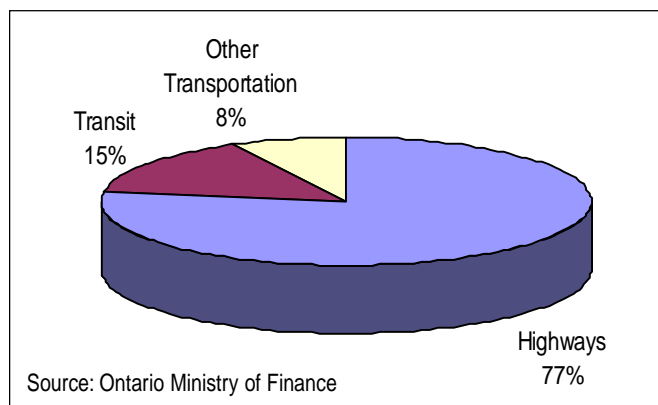
These projects, which are presented by the province as centrepieces of its smart growth strategy,³⁹ constitute the most ambitious program of highway expansion in the province in more than thirty years. If completed, they will literally cement into place decisions that commit Ontario to low-density, automobile- and road-dependent development patterns for the foreseeable future. It will be difficult, if not impossible, to counteract the impacts of these proposed projects on land use and air quality, and by implication on public health, water quality and quantity, and infrastructure costs. This is why the next few years are so critical to Ontario’s future.

Map 1: A Plan for Sprawl



This map is based on the Ontario Ministry of Transportation - Superbuild "Strategic Transportation Directions" draft September 2002 report for Central Ontario.

Figure 1: SuperBuild Capital Investment Plan for 2002-03



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3. WHY FOCUS ON THE PROVINCIAL GOVERNMENT?

3.1 The Role of the Federal Government

In its 2000 budget, the federal government committed funds to a number of physical infrastructure programs, including \$2 billion for the Infrastructure Canada program, and \$125 million for the Green Municipal Enabling and Investment Funds. This was followed in 2001 by a commitment of \$2 billion to a Strategic Infrastructure Foundation,⁴⁰ and in 2003 with a further commitment of \$3 billion over ten years for infrastructure.⁴¹ Relative to the scale of investment by provinces and municipalities in municipal infrastructure across the country, these are modest contributions.

Moreover, the federal government has not applied sustainability criteria to the expenditure of these funds, except for the Green Municipal Enabling and Investment Funds. Rather, it has followed the direction set by provincial governments through their infrastructure programs. The \$1.36 billion Canada–Ontario Infrastructure Program, initiated in October 2000,⁴² for example, has focused on projects identified as priorities by the province’s SuperBuild Corporation.⁴³

There have been consistent calls from municipalities,⁴⁴ and even from within the government caucus,⁴⁵ for substantial increases in federal funding for municipal infrastructure, particularly the dedication of a portion of federal gasoline tax revenues to support public transit.⁴⁶ However, to date, the federal government has rejected these requests.⁴⁷ The federal government has also proposed to place greater emphasis on public transit in existing and future infrastructure funding as a component of its Kyoto implementation strategy, but has yet to make any specific financial commitments in this regard either through its Climate Change Plan⁴⁸ or 2003 Budget.⁴⁹ Reflecting the growing interest in urban issues within the federal government, the National Round Table on Environment and Economy launched an initiative on urban sustainability over the summer of 2002, but has still to table its recommendations.⁵⁰

Given its limited financial contributions, and unwillingness to prompt federal–provincial conflict by challenging provincial directions on infrastructure investment, the federal government’s most important roles with respect to urban sustainability are likely to be limited. In addition to making more effective use of what leverage it may have on provincial and municipal land use and transportation policies through its infrastructure funds, the federal government’s other important contribution will likely be through the establishment of improved vehicle and small engine emissions standards under the December 2000 Ozone Annex to the Canada–U.S. Air Quality Agreement.⁵¹ Carrying through on commitments to improve vehicle fuel economy and increase the use of biofuels (ethanol/biodiesel) would also be important contributions.⁵² Finally, the federal government may play an important catalytic role in supporting the initiation of watershed-based planning in the province.

“...municipal governments in Ontario must ultimately work within the policy and legislative framework provided to them by the province.”

3.2 The Role of Municipalities

Municipalities have considerable capacity to undertake initiatives related to urban sustainability through their authority over land use planning, including their ability to enact by-laws in areas not regulated by the province, make infrastructure investments of their own, provide capital and operating support to public transit, direct their purchasing policies and licensing powers, apply fees for service and design their property taxation regimes.⁵³ The environmental plan adopted by the City of Toronto in April 2000 provided a good illustration of the potential uses of these authorities by municipal governments.⁵⁴

However, municipal governments in Ontario must ultimately work within the policy and legislative framework provided to them by the province. As demonstrated through provincially initiated municipal amalgamations over the past few years, the province 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*, while their land use planning decisions are governed by the provincial *Planning Act* and Provincial Policy Statement, and by the provincially appointed Ontario Municipal Board.

The bulk of the funding for major new municipal capital infrastructure, such as transportation and sewer and water systems, comes from the province and reflects its priorities. As noted earlier, the province also makes infrastructure investments of its own, particularly through the activities of the SuperBuild Corporation, that can have a major impact on development patterns. The highway construction plan pursued by SuperBuild since its founding in 1999 is a good example of such initiatives.

Similarly, the rules regarding property taxation and the application of development charges by municipalities, both of which can have major impacts on development,⁵⁵ are defined through provincial legislation.⁵⁶ 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 homes in new developments rather than resale housing in existing urban areas.⁵⁷

3.3 The Province Is the Key Actor

While there has been considerable discussion of urban issues at the federal level over the past year, the federal government's authority and capacity to affect urban land use and transportation decisions is limited by both constitutional and political considerations, particularly with respect to federal-provincial relations. At the same time, while Ontario municipalities have demonstrated an interest in initiatives to promote urban sustainability, they are ultimately constrained by the legislative and policy framework established by the province within which they must work.

In other words, the key decisions with respect to the shape of future urban development patterns in Ontario lie with the provincial government. The problem and opportunity now faced by Ontario residents is the confusion and contradictions in the policy framework adopted by the province over the past few years.

Why Focus on the Provincial Government?

“...the key decisions with respect to the shape of future urban development patterns in Ontario lie with the provincial government.”

4. THE CURRENT PROVINCIAL POLICY FRAMEWORK AFFECTING URBAN GROWTH AND DEVELOPMENT IN ONTARIO

The past decade has been a period of major changes in provincial legislation and policy affecting urban areas and development patterns in Ontario.

4.1 Land Use Planning

4.1.1 The Planning Act and Provincial Policy Statement

In the area of land use planning, major amendments to the *Planning Act* and a series of provincial planning policy statements under the Act were adopted in early 1995, flowing from the 1992 report of the Commission on Planning and Development Reform in Ontario.⁵⁸ The amendments to the Act required that municipal planning decisions “be consistent” with the provincial policy statements. The policy statements themselves placed a strong emphasis on curbing urban sprawl, protecting prime agricultural lands and ecologically significant areas, and promoting development patterns that were supportive of public transit and other non-automobile modes of transportation.⁵⁹

However, following the June 1995 election, the *Planning Act* was amended again to require that planning decisions only “have regard to” provincial planning policies.⁶⁰ In addition, the provincial policy statements were consolidated into a single document, and the provisions that were intended to discourage new low-density developments in un-urbanized areas, through the protection of ecologically significant areas and prime agricultural lands, and through requirements for the establishment of infrastructure prior to development, were significantly weakened. The Conservation Policy Statement, which promoted water and energy efficiency, waste reduction and recycling, and the use of public transit, was entirely deleted from the new policy statement. The 1996 amendments to the *Planning Act* also strengthened the ability of developers to challenge municipal planning decisions before the Ontario Municipal Board, while limiting the roles of the Ministries of Environment and Natural Resources in the planning process.⁶¹

A five-year review of the Provincial Policy Statement (PPS) was initiated in July 2001. In the process of the review, many stakeholders highlighted the lack of connection between the PPS review process and the province’s smart growth initiatives.⁶² To date, no changes have been made to the PPS as a result of the review. In addition to concerns regarding the direction of the province’s post-1996 planning policies, the quality and pro-conventional development orientation of provincial appointees to the Ontario Municipal Board has also emerged as a significant issue.⁶³

4.1.2 The Oak Ridges Moraine

In response to intense public concern regarding urban development on the Oak Ridges Moraine, north of Toronto, the province adopted the *Oak Ridges Moraine Conservation Act* in 2001, along with a plan for future land use in the region. However, the legislation deals with the situation on the moraine on a one-off basis, rather than as part of a more systematic approach to issues around urban development in Southern Ontario.⁶⁴ Land use decisions made in relation to the Act and Plan have been criticized for transferring urban development onto other ecologically sensitive areas, rather than reducing urban expansion as a whole.⁶⁵ The province has rejected any more general policies to protect prime agricultural lands from urban growth.⁶⁶

4.1.3 Brownfields Redevelopment

The redevelopment of former industrial and commercial lands (“brownfields”) in urban areas is frequently identified as an important component of an urban sustainability strategy. Unfortunately, these lands are often heavily contaminated as a result of their previous uses, and the costs and liability risks associated with their remediation have been seen as significant barriers to their redevelopment.⁶⁷ The province adopted a *Brownfields Statute Law Amendment Act* in November 2001 to address certain aspects of the liability and financing issues associated with these lands. However, the province’s policy framework in this area remains incomplete, particularly with respect to the remediation of severely contaminated “orphan” sites whose remediation costs are likely to exceed their economic value.⁶⁸

4.2 Infrastructure Funding

The post-1995 period has also been one of major changes with respect to infrastructure funding. As part of its January 1997 “mega-week” restructuring of the provincial–municipal relationship, the province announced its withdrawal from the provision of capital and operating funds for public transit, and sewer and water infrastructure. Provincial grants in 1996/97 had totalled \$718 million for transit services and \$140 million for sewer and water infrastructure.⁶⁹ These decisions had a major impact on proposals for the expansion of public transit systems, and on service levels and pricing within existing systems, resulting in declining ridership, particularly within Toronto.⁷⁰

4.2.1 The SuperBuild Corporation and Transportation Funding

The establishment of the SuperBuild Corporation in 1999 marked a major re-entry by the province into infrastructure funding. As noted earlier, however, the overwhelming emphasis of the corporation’s infrastructure investments has been on provincially initiated highway expansion projects, concentrated in the GTA and surrounding regions.⁷¹ In September 2001 the province partially reversed its 1997 decision to cease funding transit, announcing a new capital funding commitment for public transit of \$300 million per year for ten years.⁷²

However, these funds were conditional on matching federal and municipal contributions, and the new transit investments did not affect the province's highway expansion program. Furthermore, the provincial announcement was limited to capital rather than operating funds for transit systems.⁷³ This was despite repeated calls from transit operators for the restoration of provincial operating support,⁷⁴ a step that would have immediate impacts on service levels and pricing. The actual provincial expenditures under the program to date have been less than \$200 million per year, and have been principally targeted at the expansion of the GO Transit system.⁷⁵

4.2.2 The SuperBuild Corporation and Sewer and Water Funding

In the aftermath of the Walkerton disaster, provincial funding for rural sewer and water infrastructure has been re-introduced through the SuperBuild's Ontario Small Town and Rural Development (OSTAR) program. This constitutes the bulk of the corporation's \$283 million expenditures on environment and natural resources in 2002.⁷⁶

4.2.3 The Greater Toronto Services Board

A Greater Toronto Services Board (GTSB) was established in January 1999 to review and promote the integration of transit systems in the GTA.⁷⁷ The board conducted a number of studies on transit integration in the region, but had no direct authority over transit planning or expenditures. As a result, its impact on transit integration was limited before its disbandment by the province in January 2001. No regional transportation services coordinating body has been established to replace the board.⁷⁸

4.3 Taxation and Finance

4.3.1 Development Charges

Development charges have been identified as an important mechanism through which municipalities can shape the location and form of future development.⁷⁹ The 1996 amendments to the *Planning Act*, and the subsequent *Development Charges Act*, adopted in 1997, significantly limited the ability of municipalities to require developers to internalize the costs of providing both "hard" (e.g., transportation and sewer and water) and "soft" (e.g., schools and social services) infrastructure for new developments through development charges. In the result, the Act effectively compels municipalities to subsidize new development through their general revenues.

4.3.2 Property Taxes

Municipal property tax structures can also have a major impact on the shape of development, particularly in terms of the degree to which they tax both the land and buildings components of a property. Taxation focused on buildings rather than land may have the effect of discouraging denser development and reinvestment in

existing buildings.⁸⁰ The current property tax regime defined by the province through the 1997 *Fair Municipal Finance Act* is based on the market value of land and buildings, although it also includes provisions to reduce the property tax burden on farm, managed forest and conservation lands. The province has imposed extensive limitations on individual municipalities' ability to adjust their property tax structures and rates.⁸¹

4.3.3 The Land Transfer Tax Rebate

In its May 1996 budget, the provincial government established a rebate of the land transfer tax for first-time buyers of newly built homes. The rebate does not apply to first-time buyers of existing units. As a result, it provides an incentive to purchase new housing, typically outside existing urban areas, by creating a price advantage for such housing. Approximately \$20 million in rebates is provided each year through the program.⁸²

4.3.4 Fuel and Transportation Taxes

In the area of transportation, the province has a substantial fuel tax on gasoline,⁸³ generating \$2.2 billion per year in revenues. However, these funds are dedicated to general revenues,⁸⁴ rather than the support of transportation infrastructure.

4.4 Sustainable Energy

Energy sources and utilization have major impacts on air quality and GHG emissions in Southern Ontario, with three of the province's five coal-fired generating facilities located in the region's airshed.⁸⁵ Most provincial initiatives related to energy efficiency were terminated following the 1995 election.⁸⁶ The adoption of the *Energy Competition Act* in 1998 marked the beginning of a period of major change in energy policy in Ontario, with the break-up of the former Ontario Hydro, and the introduction of a competitive electricity market in May 2002, and the termination of that market six months later.⁸⁷

The introduction of competition theoretically offered opportunities for the addition of low-impact renewable energy supplies, such as wind, to Ontario's electricity grid. However, the government's energy strategy included no provisions intended to encourage the use of renewable energy sources or energy efficiency. Such an approach was likely to lead to increased reliance on energy sources associated with high emissions of smog precursors and GHGs, particularly coal.⁸⁸ Some modest initiatives related to renewables and efficiency were included in the province's November 2002 announcements of the termination of the competitive electricity market and fixing of electricity prices.⁸⁹ However, their effectiveness is likely to be limited in the absence of a more comprehensive and supportive policy framework.

4.5 Governance Structures

The provincial government has made a series of major changes to the governance structures of municipal governments in Ontario since 1995. This has included forced amalgamation of many former upper and lower tier municipalities, including those within the former Metropolitan Toronto area, although the two tier structure has been retained in the regions immediately surrounding the city.⁹⁰ Significant questions have subsequently arisen regarding the functionality of these arrangements, particularly within the City of Toronto.⁹¹

4.6 The April 2001 'Smart Growth' Initiative

In response to growing public concerns regarding urban sprawl and congestion, particularly in the GTA, the province initiated a 'smart growth' initiative in April 2001.⁹² The focal point of the process to date has been the establishment of five multi-stakeholder regional smart growth panels. The central regional panel includes the GTA and Niagara Regions.⁹³ The central region panel tabled an interim report in August 2002⁹⁴ and a discussion paper in February 2003.⁹⁵

In its reports, the panel recognized the linkages between land use and transportation and between transportation and air quality, the advantages of more compact development patterns, and the importance of interregional transit systems and nodes. In addition, the panel has stated that transit should be the first priority for all transportation investment in urban centres, nodes, regional economic centres and corridors, and the protection of agricultural lands, forests, water resources and natural heritage features.⁹⁶ However, the panel has also emphasized the importance of investments in highways, and the protection of access to aggregate resources.⁹⁷

4.7 The Overall Provincial Framework

The provincial legislative, regulatory and policy framework affecting urban growth, development and transportation use has undergone rapid and profound changes over the past decade. The result has been a situation that is currently both confusing and contradictory. Although the province has responded to intense political pressures in some areas, such as the protection of the Oak Ridges Moraine and the restoration of some provincial funding for public transit, the overall policy framework that remains is one that encourages and facilitates traditional forms of urban expansion. A summary of the province's initiatives affecting urban sustainability between 1995 and 2003 is provided in **Table 3**.

Table 3: Provincial Initiatives Affecting Urban Sustainability: 1995–2003

Policy Area	Initiatives Promoting Urban Sprawl and Traditional Development Patterns	Initiatives Supportive of Urban Sustainability	Initiatives Whose Impact has yet to be Determined
Land Use Planning	<p>1996 <i>Planning Act</i> amendments</p> <p>1996 Provincial Policy Statement</p>		<p>Smart Growth Initiative and panels</p> <p>2001 <i>Provincial Policy Statement</i> review</p> <p><i>Oak Ridges Moraine Conservation Act, 2001</i></p> <p><i>Brownfields Statute Law Amendment Act, 2001</i></p>
Infrastructure Funding	<p>1997 termination of provincial funding for transit operating and capital costs</p> <p>Termination of funding for green communities initiatives</p> <p>SuperBuild Corporation highway expansion program</p>	<p>2001 partial restoration of transit capital funding</p>	
Taxation and Finance	<p>Land Transfer Tax Rebate Program</p> <p><i>Development Charges Act, 1997</i></p> <p><i>Fair Municipal Finance Act, 1997</i> and regulations</p> <p><i>Fairness to Property Taxpayers Act, 1998</i></p>	<p>Farm, conservation and managed forest land provisions of <i>Fair Municipal Finance Act, 1997</i></p>	
Sustainable Energy	<p>Termination of energy efficiency programs</p> <p>Introduction of electricity market competition without policy framework for efficiency or renewables</p>		<p>Efficiency and renewables component of November 2002 termination of electricity market competition</p>
Governance	<p>City of Toronto and other forced amalgamations</p> <p>Disbandment of GTSB (2001)</p> <p>1996 <i>Planning Act</i> amendments re: development appeals to the OMB</p> <p>Ontario Municipal Board appointments</p>	<p>Creation of GTSB (1999)</p>	<p><i>Municipal Act, 2002</i></p>

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While the province's smart growth process has hinted at potential new directions, the commitment to proceed along those lines remains unclear. In the meantime, the centrepiece of the policy framework actually being implemented remains the SuperBuild Corporation's \$1 billion per year highway expansion program. Without significant changes in the province's planning, fiscal, taxation and infrastructure policies, and in its approaches to municipal and regional governance, the mutually reinforcing challenges to the province's air, climate, land, water and finances that flow from current development patterns will worsen.

“ Without significant changes in the province's planning, fiscal, taxation and infrastructure policies, and in its approaches to municipal and regional governance, the mutually reinforcing challenges to the province's air, climate, land, water and finances that flow from current development patterns will worsen. ”

Substantial research on the policy and fiscal frameworks needed from senior levels of government to promote more sustainable forms of urban development has been undertaken over the past decade by members of the academic community and research organizations, such as the Neptis Foundation¹⁰¹ and C.D. Howe Institute.¹⁰² Non-governmental organizations inside and outside of Ontario, such as Smartgrowth BC¹⁰³ and the Federation of Ontario Naturalists,¹⁰⁴ have added to the available body of research.

Financial institutions,¹⁰⁵ the Greater Toronto Area Task Force,¹⁰⁶ the Ontario Ministry of Municipal Affairs and Housing,¹⁰⁷ the now disbanded GTASB, the City of Toronto,¹⁰⁸ the Toronto Board of Trade,¹⁰⁹ the Commission on Planning and Development Reform in Ontario,¹¹⁰ Transport Canada,¹¹¹ the National Climate Change Process¹¹² and the Prime Minister's Task Force on Urban Issues¹¹³ have made further contributions. Additional research has been carried out through international bodies such as the North American Commission for Environmental Cooperation,¹¹⁴ a number of smart growth¹¹⁵ and Sustainable Transportation initiatives¹¹⁶ in the United States, and more locally through organizations such as the Michigan Land Use Institute.¹¹⁷ However, to date the implications of this work have yet to be fully translated into a package of specific policy reforms targeted at the provincial level in Ontario.¹¹⁸

The existing body of research emphasizes a number of consistent themes. All of it stresses the importance of smart growth strategies over traditional development patterns, as outlined in **Table 4**. Smart growth strategies emphasize higher densities and mixed land-uses. In addition to protecting ecologically significant areas, prime agricultural lands and source waters from inappropriate development, such development patterns are essential to facilitating movement to non-automobile based forms of transportation, critical for reducing transportation-related emissions of smog precursors and GHGs. Intensification will also reduce the need to expand and maintain physical infrastructure over large distances, while facilitating the use alternative energy strategies, such as district heating systems.

Table 4: Comparing Smart Growth and Sprawl¹¹⁹

Feature	Smart Growth	Sprawl
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
Transportation	Multi-modal – supports walking, cycling and public transit	Automobile-oriented — poorly suited for walking, cycling and transit
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

“...the key areas that have been identified as requiring action by the provincial government include land-use planning, the fiscal and taxation framework, infrastructure funding policies, sustainable energy and local and regional governance.”

The need for integration among policy measures is also critical. Additional funding for transit services, for example, is unlikely to improve transit use without land use rules that make transit a viable and attractive alternative for commuters. Similarly, the benefits from improvements in vehicle emissions standards and fuel efficiency may be overwhelmed by the consequences of increased utilization and congestion flowing from continuing low-density development patterns.

In this context, the key areas that have been identified as requiring action by the provincial government include land-use planning, the fiscal and taxation framework, infrastructure funding policies, sustainable energy and local and regional governance.

5.1 Land Use Planning

5.1.1 The Planning Act and Provincial Policy Statement

The *Planning Act* and Provincial Policy Statement are the key provincial tools for shaping development patterns in the province. The major actions needed by the province that have been identified in this area include¹²⁰

- the amendment of the *Planning Act* to strengthen requirements that land use planning decisions be consistent with provincial planning policies
- the adoption of revisions to the Provincial Policy Statement to
- support development patterns, in terms of form, density and mixtures of land uses, for which non-automobile modes of transportation are viable
- strengthen the protection of prime agricultural lands, ecologically significant areas, groundwater recharge and surface headwaters areas, and aquifers
- revise the provisions regarding requirements for the amounts of land to be held available for future development by municipalities
- restrict new developments in areas for which the necessary infrastructure has not been established

- establish minimum density requirements
- generally encourage intensification of existing urban areas, and nodal development patterns rather than new ‘greenfields’ developments.

Other initiatives proposed in relation to land use include the establishment of urban containment boundaries and greenbelts to limit the expansion of urban areas, as have been applied in a number of US states.¹²¹ Bonuses, flexible parking requirements and streamlining of approvals processes might also be considered to promote location efficient development.¹²²

5.1.2 Protection of Agricultural and Ecologically Significant Lands

Beyond the planning regime, additional measures may be needed to assist with the protection of prime agricultural lands and ecologically significant areas from development. This is a particularly important consideration given that nearly 50% of Canada’s Class 1 agricultural lands are located in Southern Ontario, and that they are heavily concentrated in the GTA and Niagara Regions.¹²³ Some of the major types of instruments available for this purpose include the following:¹²⁴

- the establishment of land trusts and other forms of citizen-based land securement
- the establishment of agricultural land reserves, as in British Columbia
- the use of conservation easements
- the sale and transfer of development rights from agricultural lands to other locations
- the application of cross-compliance program criteria in agricultural income support programs, requiring that lands not be sold for non-agricultural development
- the application of green space conversion taxes when land is developed from green space such as farms, woodlands and other wildlife habitats¹²⁵
- public education initiatives, including the re-establishment of environmental studies in public and secondary school curricula,¹²⁶ to promote community involvement in support of urban sustainability.

5.1.3 Brownfields Redevelopment

Finally, the redevelopment of former industrial and commercial lands has been identified as a central element of intensification strategies within existing urban areas. In this context, the province needs to complete its policy framework dealing with liability issues, remediation standards and orphan site remediation, with respect to former industrial lands in urban areas, to facilitate the safe redevelopment of these lands.

5.2 Fiscal and Taxation Framework

The fiscal and taxation framework can have a major impact on urban growth and development patterns. Potential policy actions by the province in this area include the following:

5.2.1 Perverse Incentives

- the removal of incentives to new development outside existing urban areas, such as the Land Transfer Tax Rebate Program and the Ontario Home Ownership Savings Program, as currently structured¹²⁷

5.2.2 Development Charges

- the amendment of the *Development Charges Act* so that development charges can incorporate the full costs of providing “hard” and “soft” infrastructure for new developments, particularly outside existing urban areas. Charges should also reflect the real site-specific costs of providing services on a per hectare basis, rather than being applied on a uniform basis¹²⁸

5.2.3 Property Taxation

- the movement, where possible, of hard infrastructure and utility costs, such as water and sewer services, onto a cost-recovery basis, rather than through property taxes, so that they reflect the real costs of providing services,¹²⁹ with appropriate measures to limit adverse social impacts on low-income groups
- the more general reorientation of property taxes to tax land, rather than buildings, to remove disincentives to higher-density developments, through such measures as splitting the land and building components of property taxes¹³⁰
- the revision of the property tax system to provide incentives for higher value uses of vacant land and buildings, such as the removal of the Property Tax Rebate for vacant commercial and industrial buildings, and of underused urban land, such as parking lots¹³¹

5.2.4 Transportation Funding and Incentives

- the provision of additional sources of revenue to municipalities for the operation of public transit systems, such as an allocation of a portion of the provincial gasoline tax for this purpose,¹³² and the establishment of the capacity of municipalities to impose charges on private parking lots¹³³
- the modification of vehicle licensing fees to reflect vehicle weight and fuel efficiency, with higher fees for heavier and low-efficiency vehicles, and the strengthening of the provincial tax for fuel conservation on the purchase of new vehicles, on the same basis¹³⁴

- the more general use of fiscal instruments, such as fuel taxes and road use fees, to internalize the costs of automobile use and finance alternative transportation modes.¹³⁵

5.3 Infrastructure Funding

Infrastructure funding is one of the areas where the province has been most active over the past few years, and where some of the most significant policy changes are required. The major areas requiring attention in this regard include the following:

5.3.1 The SuperBuild Corporation

- the establishment of sustainability criteria for decision making by the SuperBuild Corporation, or successor infrastructure programs

5.3.2 Transportation Infrastructure

- a reorientation of SuperBuild transportation investments away from new highway construction and towards transit and other non-automobile-based transportation modes, particularly in the GTA and central regions; further transportation funding to municipalities should be conditional on the adoption of local and regional transportation demand management plans¹³⁶
- the termination of 400 series highway expansions outside existing urban areas in the GTA and central regions, and a commitment to ensuring that environmental assessments of other new 400 series highways include considerations of need and alternatives, and that they be constructed on a cost-recovery basis (i.e., toll roads)

5.3.3 Sewer and Water Infrastructure

- the focusing of provincial capital support for sewer and water infrastructure on upgrading existing systems to meet post-Walkerton requirements¹³⁷ and on supporting intensification in existing urban areas. Support should not be provided for the extension of infrastructure to support new developments in un-urbanized areas. Funding should also be conditional on the pricing of water on the basis of use rather than flat rates, and the introduction of individual metering.

5.3.4 Development Standards

Existing development standards for the construction of infrastructure, such as roads and sewer and water services, have been consistently identified as barriers to more compact development forms with their associated lower infrastructure costs and environmental impacts.¹³⁸ A number of measures have been identified through which the province could address the legitimacy and liability issues that have limited the employment of alternative development standards for infrastructure to date.¹³⁹

5.3.5 Location of Government Facilities

Finally federal, provincial and local governments are large employers and service providers. As a result, governments can significantly affect development patterns through the location and design of their facilities, such as offices, post offices and schools.¹⁴⁰

5.4 Sustainable Energy

The disruptions and dramatic changes in the province's energy policies in November 2002 have led to considerable confusion among consumers and suppliers. However, the uncertainty of the province's next steps also offers a significant opportunity to establish new directions in energy policy. There are a number of measures that could be undertaken by the provincial government to support more sustainable energy strategies, which would reduce emissions of smog precursors and GHGs affecting urban areas. These include the following:¹⁴¹

- the establishment of incentives for individual and net metering¹⁴² of electricity
- the establishment of renewable portfolio standards for electricity suppliers and local utilities, requiring that a portion of the electricity they provide comes from low-impact renewable sources, such as wind, solar and small-scale hydro
- the strengthening of the provisions of the provincial building code regarding energy efficiency
- financial incentives for energy efficiency retrofits to homes and businesses, and community-based energy efficiency incentives
- incentives and support for rooftop gardens on residential, commercial, institutional and industrial buildings¹⁴³
- incentives for the development of district energy systems¹⁴⁴
- incentives to energy suppliers and distributors to promote more efficient uses of their products, such as the Shared Savings Mechanisms applied to natural gas suppliers for their energy efficiency, demand side management initiatives.

5.5 Governance

Many observers have also noted that addressing urban sustainability issues in Southern Ontario will require significant alterations to existing governance structures.¹⁴⁵ The following are among the key areas in which action is seen to be needed:

5.5.1 Regional Integration Within the GTA

A number of studies have highlighted the need for the establishment of structures to provide for regional integration in transportation and land use planning, especially within the GTA.¹⁴⁶ However, these structures need to be designed in such a way that the interests of the urban core are not overwhelmed by suburban representation.

5.5.2 The Ontario Municipal Board

Changes in the role and structure of the Ontario Municipal Board (OMB) are a consistent theme in discussions regarding the future of land use planning and municipal governance in Ontario. The issues that have been identified in this context include the following:¹⁴⁷

- the need for reform to the appointment process to ensure qualified and unbiased appointees
- the ease with which municipal planning decisions can be challenged by development interests under the existing appeal process
- the lack of funding resources for community and public interest interveners in the hearing process.

5.5.3 Functionality of the City of Toronto

Members of the municipal government and outside commentators have both expressed consistent concern regarding the functionality of the post-amalgamation governance structures within the City of Toronto. Given the centrality of the city to the economic, social and environmental sustainability of the region, these issues need to be addressed on an urgent basis.

5.5.4 Municipal Electoral Finance

Current municipal electoral financing arrangements in Ontario have been criticized for permitting the influence of economic interests and lessening the influence of individuals and communities.¹⁴⁸

5.6 The Federal Role

Given the federal government's limited direct authority regarding land use or the municipal taxation framework, its most important points of intervention are with respect to expenditures, particularly through its infrastructure funding programs. Recent work through the National Round Table on Environment and Economy have highlighted the need for these decisions to be conditionalized via sustainability criteria.¹⁴⁹

Consideration also needs to be given to municipal requests for the dedication of some portion of revenues from the federal gasoline excise tax to support the operating costs of municipal public transit services. However, as is widely recommended with respect to provincial funding for transit infrastructure, federal funding should also be conditional on a supportive land use planning regime, and regional and local transportation demand management plans.¹⁵⁰

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The federal government's other key roles will likely be with respect to the establishment of upgraded vehicle emissions standards, as mandated through the December 2000 Ozone Annex to the Canada-U.S. Air Quality Agreement, the completion of Kyoto Protocol implementation commitments to improve vehicle fuel economy, and increasing the use of biofuels.

6. CONCLUSIONS

Ontario is now at a critical juncture in terms of the future patterns of urban development in the province. The key planning, fiscal and policy levers to influence the shape of urban growth in Southern Ontario are in the hands of the provincial government.

The policy measures needed to achieve multiple benefits of more sustainable approaches to urban development in Ontario are increasingly well understood and articulated by non-governmental organizations, academic researchers, and even the government’s own Smart Growth advisory councils. The government itself has been stating that it recognizes the linkages between urban sustainability, economic efficiency, environmental protection and quality of life since January 2001.

The problem, however, is that despite the government’s public statements, as illustrated in **Table 5**, the policy framework that actually remains in place is one that continues to support and encourage unsustainable patterns of urban development and growth. Although the government has undertaken some high profile initiatives, such as the partial restoration of provincial capital funding for public transit, and the adoption of the *Oak Ridges Moraine Conservation Act* and Plan, the province’s land-use planning legislation and policies, fiscal and taxation framework, infrastructure funding policies and approaches to governance essentially remain those which prompted the development patterns that led to the emergence of public concerns over urban sprawl in the first place.

“ The key planning, fiscal and policy levers to influence the shape of urban growth in Southern Ontario are in the hands of the provincial government. ”

Table 5: A Smart Growth Agenda vs. Provincial Action to date

Smart Growth Policies	Provincial Action to date
Land-Use	
Planning decisions consistent with Provincial Policy	1996 amendments to <i>Planning Act</i> require that decisions “have regard to” provincial policies.
Significant role for Ministries of Environment and Natural Resources in planning process.	1996 amendments to <i>Planning Act</i> severely constrain Ministry of Environment and Ministry of Natural Resources role.
Provincial Policy <ul style="list-style-type: none"> • Support development forms for which non-automobile transportation modes are viable, including mixed uses • Support intensification and minimum density requirements • Protect prime agricultural lands, ecologically significant areas, source water related lands • Reduce/eliminate need to hold reserves of non-urban lands for future development • urban containment boundaries. 	Key elements, including ensuring viability of non-automobile-based modes, intensification, protection of prime agricultural lands, ecologically significant areas, and source water related lands, were contained in the 1995 Provincial Policy Statements. They were weakened or removed in the 1996 revision, which remains in place. No change in Provincial Policy Statement as a result of five-year review to date. 2001 <i>Oak Ridges Moraine Conservation Act</i> and Plan introduced some protections for moraine lands, but do not address issues on province- or region-wide basis.

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Table 5: A Smart Growth Agenda vs. Provincial Action to date

Smart Growth Policies	Provincial Action to date
<p>Protection of agricultural and ecologically significant lands</p> <ul style="list-style-type: none"> • Land trusts • Agricultural reserves • Conservation easements • Green space conversion taxes • Agricultural cross-compliance • Public education. 	<p><i>Fair Municipal Finance Act, 1997</i> included provisions providing favourable property tax treatment of agricultural, managed forest and conservation lands.</p> <p>Concept of agricultural reserves rejected.</p> <p>No action on greenspace conversion taxes or agricultural cross-compliance.</p>
<p>Promote transit supportive planning guidelines</p>	<p>No action to date.</p>
<p>Adopt and promote alternative development standards</p>	<p>Province played minor supportive role on stormwater management standards. No action on other standards.</p>
<p>Brownfields re-development</p> <ul style="list-style-type: none"> • Liability and remediation system for heavily contaminated “orphan” sites. 	<p><i>Brownfields Re-Development Act, 2002</i> addresses some aspects, but gaps remain, particularly regarding remediation of severely contaminated “orphan” sites.</p>
Fiscal and Taxation Framework	
<p>Remove perverse subsidies</p>	<p>Land transfer tax rebate program provides strong incentives for purchase of new homes in new developments. Effectively an incentive for urban sprawl.</p> <p>Property tax rebates may provide incentives against re-development of underutilized urban land and buildings.</p>
<p>Internalize infrastructure costs of new developments outside of existing urban areas</p>	<p><i>Development Charges Act, 1997</i> severely restricts ability of municipalities to require internalization of infrastructure costs for new developments.</p>
<p>Property taxes</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 underused urban lands, such as parking lots. 	<p><i>Sustainable Sewerage and Water System Act, 2002</i> moves towards cost recovery for water and sewer services.</p> <p><i>Fair Municipal Finance Act</i> and <i>Fairness to Property Taxpayers Act</i> focus on taxation of land and buildings, and severely constrain the ability of municipalities to modify their property tax systems.</p> <p>Property tax rebate on vacant commercial and industrial buildings provides disincentives to re-development.</p> <p style="text-align: right;"><i>continued next page</i></p>

Table 5: A Smart Growth Agenda vs. Provincial Action to date

Smart Growth Policies	Provincial Action to date
Transportation funding <ul style="list-style-type: none"> • Provincial operating support for public transit • Modification of vehicle sales tax and licensing fees on basis of weight and fuel economy • Use of fuel taxes and road use fees to internalize costs of automobile use and finance transportation alternatives. 	Operating support for transit terminated January 1997 and not restored to date. Some transit capital funding restored via SuperBuild since September 2001. No action on modification of vehicle licensing system. Sales tax rebate of up to \$1000 available for alternative fuel-powered and hybrid automobiles and light trucks. No movement on the use of fuel taxes to support public transit. Tolls applied to Highway 407 and being considered from some new highway proposals.

Infrastructure Funding	
Sustainability criteria for infrastructure investments	None established for SuperBuild.
Investment in non-automobile based modes of transportation	For 2002/03, 77.5% of SuperBuild transportation investments are in highways; 15% are in transit.
Focus investment on upgrading of existing systems, and intensification of existing urban areas	See above regarding SuperBuild and Transportation. OSTAR funding for sewer and water infrastructure focused on rural areas.

Sustainable Energy	
Individual and net metering	No action.
Renewable portfolio standards	No provision in electricity competition framework. November 2002 commitment to reduce government's own consumption by 10% and obtain 20% of government's own supply from renewable sources. Tax incentives for renewable generation also announced.
Incentives for energy retrofits	None. Community-based energy efficiency initiatives terminated 1995/96.
Strengthen building code re: energy efficiency	Ontario Building Code weaker than National Energy Code for building in some areas.
Promote district energy systems	No action.
Provide incentives for energy suppliers and distributors to promote more efficient use	In place for natural gas suppliers via OEB. No action on electricity.

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Table 5: A Smart Growth Agenda vs. Provincial Action to date

Smart Growth Policies	Provincial Action to date
Governance	
Regional integration of key services, particularly transit	GTSB disbanded January 2001.
Ontario Municipal Board reform	No action on reform of appointment process. No action on reform of appeal process. No action on intervenor funding.
Address City of Toronto functionality	No action since forced amalgamation, except reduction in number of wards. Periodic financial assistance, but no resolution of underlying financial problems flowing from provincial policy.
Reform municipal electoral finance	No action.

“ The decisions made by the province over the next few months in this regard will shape the lives of Ontario residents for decades to come.”

The provincial government now faces a clear choice. It can begin to alter these policies in ways that will move Ontario towards urban sustainability and yield multiple environment, health and economic benefits. Alternatively, it can continue on its current path, which will perpetuate a mutually reinforcing pattern of losses of prime farmland and ecologically significant areas, increased congestion and reduced efficiency, worsening air quality and increased GHG emissions with their associated health and economic costs, threats to surface and groundwater supplies, and increased infrastructure costs. The decisions made by the province over the next few months in this regard will shape the lives of Ontario residents for decades to come.

APPENDIX 1: 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 <i>Planning Act</i> adopted to implement Commission on Planning and Development reform recommendations. Complete set of provincial policy statements adopted.
March 1996	Adoption of Bill 20, the <i>Land-Use Planning and Protection Act</i> , and adoption of new provincial policy statement. Key reforms flowing from Commission on Planning and Development Reform repealed.
May 1996	1996 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	<i>Fair Municipal Finance Act</i> . Includes provisions to reduce the property tax burden on farm, managed forest and conservation lands.
December 1997	<i>Development Charges Act</i> 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	<i>Energy Competition Act</i> enacted.
December 1998	<i>Fairness to Property Taxpayers Act</i> enacted. Introduces significant limitations on the ability of municipalities to set and modify property tax rates.
January 1999	Greater Toronto Services Board established to review and promote integration of 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.

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May 2000	2000/01 Provincial Budget. SuperBuild investments of \$1.049 billion in highways, \$62 million in “other transportation” announced.
January 2001	Greater Toronto Services Board disbanded. Then 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 Region.
May 2001	<i>Oak Ridges Moraine Protection Act</i> enacted. Provides temporary restrictions on development on the Moraine. 2001/02 Provincial Budget. SuperBuild investments of \$906 million in highways, \$50 million in 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	<i>Brownfields Statute Law Amendment Act</i> adopted. Addresses certain issues related to liability and financing of brownfields re-development.
December 2001	Revised <i>Municipal Act</i> adopted. <i>Oak Ridges Moraine Conservation Act</i> 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 transit announced.
August 2002	Interim Report of the Central Region Smart Growth Panel. Recognizes linkages between land-use and transportation and transportation and air quality.
November 2002	Competitive electricity market terminated.
December 2002	<i>Sustainable Sewerage and Water System Act</i> , enacted. <i>Safe Drinking Water Act</i> enacted.
February 2003	Release of Central Region Smart Growth Panel Tables Discussion Paper <i>Shape the Future</i> .

- 1 Ontario Medical Association, OMA Ground Level Ozone Position Paper (Toronto: Ontario Medical Association, May 1998).
- 2 See, for example, Toronto Public Health, Air Pollution Burden of Illness in Toronto (Toronto: City of Toronto, May 2000).
- 3 Ontario Medical Association, The Illness Costs of Air Pollution in Ontario: A Summary of Findings (Toronto: Ontario Medical Association, June 2000), updated via personal communication, John Wellner, Director, Environment Programs, OMA, January 15, 2003.
- 4 Ontario Medical Association, The Illness Costs of Air Pollution in Ontario: A Summary of Findings, updated via personal communication, John Wellner, Director, Environment Programs, OMA, January 15, 2003.
- 5 See, for example, J. Lorinc, “The Story of Sprawl,” Toronto Life (May 2001); R. Brennan, “Niagara bottleneck,” The Toronto Star, August 4, 2001.
- 6 For a good overview of the Oak Ridges Moraine issue, see L. Pim and G. Beck, “Saving the Moraine,” Seasons (Spring 2002), pp.36–40.
- 7 Nearly 50% of Canada’s Class 1 farmlands are in Southern Ontario, and are further concentrated in the GTA and Niagara Regions. Environmental Accounts and Statistics Division, Human Activity and the Environment 2000 (Ottawa: Statistics Canada; June 2000) pg.128.
- 8 See, for example, Pamela Blais, Inching Towards Sustainability: The Evolving Urban Structure of the GTA (Toronto: Metropole Consultants, March 2000).
- 9 TD Economics, The Greater Toronto Area (GTA): Canada’s Primary Economic Locomotive in Need of Repairs (Toronto: Toronto Dominion Bank Group, May 2002), pg.14.
- 10 See, for example, P. Blais, The Economics of Urban Form (Toronto: GTA Task Force, 1996). See also E. Slack, Municipal Finance and Governance in the Greater Toronto Area: Can the GTA Meet Challenges of the 21st Century? (Toronto: Neptis Foundation, January 2000).
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- 12 M. Bramley and L.A. Robertson, Provincial Government Performance on Climate Change: 2001 (Ottawa: Pembina Institute, September 2001), pp.12 and 32.
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Box 7558, Drayton Valley, Alberta, T7A 1S7
Telephone (780) 542-6272 Fax (780) 542-6464
info@pembina.org
www.pembina.org