

VIVE 375

Brief Submitted by the City of Montreal

to the Government of Canada
for the 2017 Pre-budget Consultations

Friday, August 4, 2017

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INTRODUCTION

Montreal is constantly evolving. With a population of almost 2 million people, it is the second largest city in Canada. Montreal's economic strength is undeniable: in 2014, the city's gross domestic product (GDP) was estimated to be approximately \$119 billion, which represents 35% of Quebec's GDP and 64% of the greater Montreal area's GDP.¹ In 2015, the GDP of the greater Montreal region increased by 4.2%, the largest increase in Quebec.²

In total, there were 1,200,000 jobs in the city of Montreal, which represents two-thirds of the jobs in the greater Montreal area and one third of all Quebec jobs. There has also been a marked decrease in the area's unemployment rate (7.7% in 2017), which remains higher than the Quebec average. However, the rate of low-income families³ is among the highest in Quebec.

In 2016, capital expenditures were estimated at more than \$12 billion for the city of Montreal, private and public sectors combined, which was a 5.4% increase from 2015. Montreal captured 34% of all investments in Quebec, and the city generated 35% of the province's economic activity. Its capital plan calls for \$20 billion in investments over 10 years.

The 2016 and 2017 federal budgets and the implementation of the Investing in Canada Plan recognized the key role of municipalities in the economic development of Canada's communities. These historic investments were both anticipated and necessary and they signalled an important turnabout with respect to the preservation and development of public infrastructure in Canada. However, in order to achieve their full objectives for economic growth, such investments must be well planned and rooted in the local reality.

Therefore, the next federal budget must help cities fulfil their role as economic engines. The following sections explain how strategic investments in infrastructure, affordable housing and industries of the future, such as the electrification of transportation and artificial intelligence, will increase Canadians' productivity in a sustainable manner.

1. GOVERNANCE

As Prime Minister Justin Trudeau pointed out "...cities are vital partners when it comes to delivering services in an efficient and responsible manner for citizens."⁴ The Prime Minister's comments acknowledge the pivotal role of municipal expertise in successfully completing foundational and sustainable projects.

The City of Montreal was pleased with the proposed measures in previous federal budgets that would define a true urban agenda for Canada: funding for public transit based on ridership,

¹ City of Montreal. Montreal en statistique: Profils sectoriels. July 2017.

² Institut de la statistique du Québec. Panorama des régions. 2017.

³ Idem.

⁴ Comments made on the margins of the annual Metropolis conference and reported in *La Presse* on June 20, 2017, and *Le Devoir* on June 21, 2017.

increased federal and provincial contributions, latitude in the identification of priority projects and flexibility in approaches, which are all consistent with Montreal's priorities in addition to being the key to productivity and, ultimately, sustainable growth.

Like the federal government, Montreal wants to adopt a results-based approach. However, to ensure that this happens, federal programs for municipal projects must be developed together with the municipalities, whose **expertise must be used to define the normative frameworks**. It is especially important to have the funds flow through existing channels.

The desired leverage can only be achieved if it is not hindered by multiple administrative processes that slow down the work and undermine productivity. Consequently, **the reporting mechanisms associated with funding for the projects of major cities such as Montreal must be streamlined** and based on solutions and expertise that exist at the local level. The results-based approach must not rely on reporting mechanisms that are cumbersome or project-based.

In this regard, the City of Montreal salutes the federal government's intention to have several departments involved in funding the same foundational project. There must be a concerted effort, however, to ensure that the presence of these various sources of financing does not translate into the proliferation of objectives, standards and controls, which ultimately slow down the projects. The "horizontal" harmonization must occur at the federal level and the federal government must develop the means to facilitate exchanges between these different departments and the major cities by identifying, for example, one locally-based representative who can co-ordinate efforts and the sources of horizontal financing as required.

The City of Montreal would like to reiterate that it wants to be solely responsible for **managing the Old Port facilities**, in order to provide an integrated vision for this sector, which is key to Montreal's development.

Finally, the City of Montreal believes that the legalization of cannabis will impact current municipal activities and consequently it is anticipating an increase in its operating costs. The City wants to ensure that this transition takes place at no cost to the citizens of Montreal. **Revenues associated with the legalization of cannabis must benefit the cities that will be on the front lines in responding to this new reality.**

2. INFRASTRUCTURE

The historic investments in infrastructure resulting from the Investing in Canada Plan demonstrate just how crucial infrastructure is to the country's economic health and these investments are in keeping with the needs expressed by major cities. The City of Montreal was extremely pleased with the federal contribution of \$1.283 billion, which will be used for the

Réseau électrique métropolitain, an innovative and foundational project that is perfectly aligned with the Pan-Canadian Framework on Clean Growth and Climate Change.

The City of Montreal wants to continue in this direction and intends to be actively involved in the negotiations associated with phase 2 of the federal infrastructure plan. Further substantial investments are needed in order to provide concrete support for Montreal's development. **The city wants to identify projects that it deems to be a priority and contribute constructive ideas for the reporting mechanisms.**

Furthermore, the City is reiterating its request for a firm and flexible commitment to public transit that will allow it to begin work on **an extension of the blue line** and continue with its program to make stations universally accessible and with programs to maintain these assets.

The federal government's phase 2 investments should also make it possible for the City of Montreal to tackle the decontamination of lands including certain very strategic parcels such as the Parc d'entreprises de la Pointe Saint-Charles (PEPSC) and the industrial port zone of the Assomption-Sud /A-25 (Cité de la logistique), which are recognized as having great potential for economic development.

Given that Montreal is a hub for freight transportation, it goes without saying that **major investments are expected in trade and logistics**, especially through the Trade and Transportation Corridor Initiative.

3. HOUSING

The City of Montreal is also very pleased with the investments planned for housing. It is eager to learn about the details of the next National Housing Strategy, which will provide a framework for this sector. Investments in housing must be evaluated not just for their immediate benefits, but also for their overarching contribution to the improvement of areas, neighbourhoods and cities. Access to affordable and quality housing is an essential condition for the economic vitality and social balance of our cities.

In that regard, the City of Montreal is in full agreement with the Principles of Housing 2.0 developed by the Big City Mayors' Caucus of the Canadian Federation of Municipalities. **In order to adequately and effectively address the many housing issues in Canada, communities must be able to tailor their actions to suit their specific local needs.**

Thus, Montreal quickly needs a **financial framework for undertaking work on its stock of old social housing**. The small size of Montreal projects is an asset in terms of urban integration, but it also makes them more vulnerable when the need for renovation and refinancing is reported. To respond to this reality, sufficient dedicated funds must subsidize the work that must be done to make existing assets sustainable. This sustainability underpins the long-term assistance provided

to occupants of old social housing in order to replace units that disappear as the agreements expire.

Montreal must also develop its offering of affordable social housing. Although Montreal's rental market seems balanced today, the statistics mask a fragmented market and difficulties experienced especially in the most crowded neighbourhoods and by low-income families and households.

The development of **residential products adapted to a diversity of needs** (families, seniors, indigenous peoples, single people who are isolated and living with disabilities, etc.) is an essential condition for maintaining, over time, the inclusive nature of Montreal's society. This also requires investments in the form of grants, because loans, even at low interest rates, cannot guarantee a sufficient volume of housing that is financially accessible.

Adequate federal investment in housing makes a direct contribution to maintaining Montreal's global competitiveness and also has been proven as a means of attracting and retaining talent.

4. ECONOMIC DEVELOPMENT

In order to provide further support for promising initiatives that create good jobs, the City of Montreal wants to implement its Smart and Digital City Action Plan 2015-2017, which requires the federal government's support. Furthermore, **the City of Montreal would like to reiterate its keen interest in the Smart Cities Challenge, a promising and stimulating initiative that demonstrates the importance of being open to new models of development.** The City of Montreal is confident that its expertise in this area will receive the recognition it deserves. Montreal hopes to make a concrete contribution to the development of innovative models that can be implemented across Canada.

In this regard, we must remember the importance of federal funding for cutting edge research that supports Montreal universities, which are ranked among the best in North America. Continued federal financing is vital to ensure that they flourish. Furthermore, the government can use federal procurement to help the **commercialization of innovations**, in particular by establishing programs such as the Build in Canada Innovation Program.

The competitiveness and economic reach of the Montreal region are very reliant on the development of metropolitan clusters. **The contributions of the federal government are vital to the strengthening of existing clusters and the development of emerging clusters, especially those working in the areas of artificial intelligence and the electrification of transportation.**

For example, the cluster of electric and intelligent vehicles announced by the Government of Quebec in March 2017 represents, both for Montreal and Canada, a unique opportunity to

position itself as a leader in the global industry. The City of Montreal hopes that the federal government will be actively involved in this area.

Finally, **social enterprises** also contribute to the well-being of Montrealers and the economy of various sectors of the city. The city hopes that the federal government will consider the particular needs and challenges faced by these enterprises, especially with respect to access to funding, in order to allow them to be innovative and to access markets.

CONCLUSION

In 2017, the City of Montreal is celebrating its 375th anniversary and is looking to the future and to its plans for a world-class city that is a great place to live.

The next federal budget must draw on Montreal's vitality to support the economic growth of the country.