

As our new City Council becomes immersed in the 2015 budget debate, it is worth a moment to step back and look at the larger and more important question that never gets raised—and that is the funding of municipalities in Canada today.

For perspective: out of the total taxes that you pay every year, in other words the 100 cent tax dollar that comes from Income, Sales, Property, Gas and all the other taxes that you pay, here's how that tax dollar is divided:

Federal, provincial and territorial governments	92 cents
Municipal governments	8 cents

In other words, local mayors and councillors are being asked to operate, maintain, build and grow their towns and cities on eight cents.

That is an increasingly impossible situation. The reality is that the property tax system is outdated, regressive and is not providing the resources to build prosperous, creative, sustainable cities.

At the same time in Canada, the federal government has no urban agenda and contributes very little to municipalities. In fact, around the world, Canadian towns and cities get a very, very modest amount of funding from senior orders of government. At the same time the infrastructure deficit is growing, demands placed on cities in Ontario because of downloading continue to drain local tax dollars, and the province of Ontario is itself cash-strapped because of fiscal mismanagement and misplaced priorities.

The result of this mess is that cities in Ontario are having increasing difficulty in meeting basic needs, let alone investing to grow their communities in what is increasingly a global economic environment. As cities around the world compete for talent, entrepreneurs and investment, North America is often left behind as cities in Asia, India, Africa and other regions grow rapidly.

The reality today is that graduates want two things—a good job and a great city in which to live. They are not constrained by borders the way a previous generation was, because their talents are transportable. Brain-power, creativity, technology and innovation easily cross borders.

As a result, Canadian cities are under increasing pressure to produce and support livable, dynamic communities that are wired, connected, socially active, environmentally sensitive, diverse, cultured and innovative. It is a tall order on eight cents.

When you travel the world, you soon see how advanced many cities are compared to ours. The Mag-Lev train in Shanghai that goes 431 kms/hour. The iconic beauty and cultural vibe of Barcelona that has made it a global creative hub. The transformation of Melbourne, Australia into the world's most livable city where in its downtown core 50% of all trips are made on foot. The vision and courage of Auckland, New Zealand where they now have a \$9 billion, 30 year plan to renew and rebuild their city.

This is one of the things that gets forgotten in our fierce little debates about whether the tax increase in London should be 2.3 or 2.2%.

Perhaps the better question should be: what are the next steps required to build London into a globally-competitive city? What vision, what investments, and what community courage will it take to really move London forward?

And, equally valid to debate, does the existing system of governing and financing our towns and cities in Canada still work today? Or do we need to engage in a larger discussion of changing the way tax dollars are distributed? How can governments at all levels become more efficient? How can governments eliminate overlap and duplication? How do we compete in the global economy? How do we drive London, Ontario forward?

These are the larger questions we need to confront as a community.