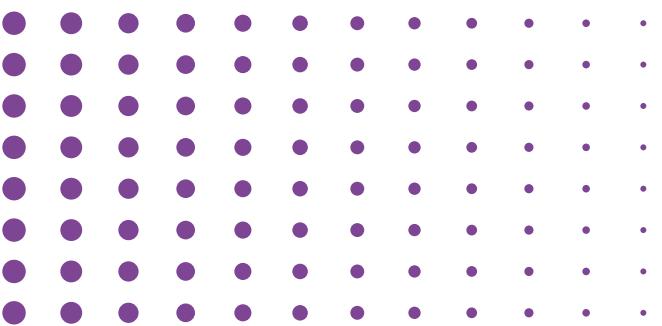


2021 Budget



Mayor's Speech

December 8, 2020
Check Against Delivery



Gatineau is moving forward on all fronts

Good evening,

This evening we will be adopting Gatineau's budget for 2021. This is the culmination of a months-long process, and I would like to start by acknowledging the contributions of all those who took part, directly and indirectly, at all levels of the municipal organization. In particular, I would like to thank the elected officials, the director general and the Service des finances.

Already demanding at the best of times, this particular exercise enjoyed the added challenge of being conducted under pandemic conditions. We had to adjust our way of working, and the financial impact of the crisis added an extra layer of complexity to the budget process. More on that later.

Nonetheless, we managed to nail it with this Council's last budget, under which we are actualizing the vision we had set for ourselves at the start of this mandate. Stronger than ever this year, Gatineau is working on all fronts to protect the interests of our fellow residents, as it has done since the start of this pandemic, and as it did during every crisis in the past few years. The role of Gatineau, of every municipality, as an indispensable collective tool, that, maybe more than ever before, operates in many areas: fighting inequality, fighting climate change, promoting economic development, overseeing infrastructure catch-up and driving crisis management, to mention just a few.

In accordance with our principles of transparency, and despite the technological challenges, the budget study week went ahead in public from November 9 to 12. Even with the remote arrangements, we were still able to hold some lengthy debates on the choices to be made. As in past years, the budget week was also a remarkable opportunity for the public and the media to get a glimpse of the municipal workings, to better understand the issues and their solutions, and to arrive at an informed opinion about Gatineau's financial health.

I would like to thank Executive Committee members Ms. Amyot, Mr. Chagnon and Mr. Lanthier, who were involved throughout the budget process. In particular, I would like to thank the Committee Chair, Mr. Tessier, who once again steered the elected officials through the process and played a key role in the budget's development.

Over the past few years, we have made some significant changes in the budget process, essentially to increase the ability of elected officials to have an impact, well ahead of time. The improvements made more clearly specify the times when they can intervene, and their budget requests are part of the initial budget discussions. Despite the logistical challenges imposed by the pandemic, this fine-tuning continued this year, and I believe that this significant improvement in the budget process will be an important legacy by this Municipal Council to municipal democracy.

The budget we are adopting is balanced, and this year once again we can affirm that it is true to our principle of prudence, most notably in the context of a pandemic that leaves us without a clue as to what the coming year holds for us. With the government assistance received, which was critical, we have been able to maintain our investments in a series of strategic sectors and thereby keep moving Gatineau forward while at the same time stimulating its economy.

The pandemic, another major crisis for Gatineau

Over the past few months, the entire organization has stepped up to the challenge of dealing with the pandemic. Beyond the upheavals in our work methods, the pandemic has had a significant financial impact.

However, in addition to the work needed to wrap up the budget for the current year, we were able to quickly and precisely document the current and foreseeable financial impact of the pandemic for Gatineau and for the STO, for both this year and next. Thanks to this rigorous work, I was well prepared to defend our interests along with my colleagues on the big city mayors' caucuses of UMQ and the FCM to the federal and Quebec governments. We had numerous discussions with Quebec and federal ministers about getting assistance for individuals, businesses and municipalities. We were very successful. Moments such as the ones we are going through are ones that reveal how useful it is for a city to actively participate in networks beyond its borders, and to actively engage in intergovernmental relations. We have that to thank for the fact that western Quebec's metropolis is listened to.

We estimate the financial impact of the pandemic to be \$17 million for 2020, and \$9.6 million for 2021. Naturally, the 2021 estimates will have to be used with the utmost caution, because we have no idea what the future holds.

The \$29.3 million in non-recurrent assistance received from the other two levels of government has enabled us to avoid the pitfall of cutbacks – which would have been a mistake. We know that in times of crisis, public authorities need to maintain, if not increase, their investments in order to stimulate the economy and preserve

services to protect people in need. We also made the prudent choice of using a portion of the government assistance to close the budget for the current fiscal year, while setting aside the remaining \$14.7 million for 2021 – which would be enough to make up the losses under current projections. I am convinced that we made a responsible choice that will spare Gatineau's residents a future fiscal shock.

This has not been our first difficult year. In 2017 there was flooding, in 2018 a tornado, in 2019 more flooding, and now, in 2020, a global pandemic. That makes for a rather brutal sequence. Other than the human suffering inflicted each time, there is the tremendous workload piled onto the municipal organization. If Gatineau has not buckled under the weight of all of these crises and upheavals, it is in large part because of the relentless work of our staff, and I want to thank them for this. We owe it to them to be able to move forward on several fronts.

The fight against social inequality

On the social inequality front, where the need was already glaring even before being exacerbated by the pandemic, the 2021 budget gives Gatineau the opportunity to take decisive action. We will start by investing \$385,000 in a permanent emergency assistance program for homeless families as a way to structure the support for those hardest hit. This tool was already needed given the housing crisis which, far from being resolved, keeps assaulting us.

We are making history by adopting the first structured municipal response to homelessness. Homelessness does not fall under the purview of cities, but we have a role to play, a job to do. By adopting this framework and its associated three-year action plan, we are assuming leadership within our territory in a very clear fashion: in a sense we are forcing all of our partners to better understand the roles we must each play, particularly Gatineau and CISSSO, and we are adapting the municipal structure to ensure that we respond effectively to our part of the mission. A recurrent investment of \$231,000 will enable us to concretize our action plan, which will involve close to \$700,000. To paraphrase Victor Hugo, I would say that when it comes to extreme poverty, failure to do everything one can is a failure to do one's duty. With these decisions, we are doing our duty.

The fight against climate change

On the climate change front, we are continuing to step up our efforts. First off, we are multiplying our efforts to reduce the amount of waste going to landfill sites, namely by optimizing the hours of operation of our ecocentres (\$180,000), enhancing the information campaigns to improve sorting, and keeping the number of bulky item collections at eight (\$420,000).

It is important to remember that landfill sites are expensive and are major emitters of greenhouse-effect gas. The effort that each and every one of us makes to change our sorting habits and reduce the amount of waste going to landfill sites has a direct impact on our collective GHG emissions and help us save.

I would also like to highlight a significant annual investment that has in a way become taken for granted in Gatineau given that over the past few years it has become ingrained. That significant investment sets us apart from several other big cities. I am of course referring to this year's \$3 million increase in Gatineau's assessed contribution to the STO, which will rise to \$71.6 million in 2021. Few cities invest that much...and we have some impressive results to show for it. Before the pandemic, Gatineau had the largest increase in ridership in Canada. That was thanks to several years of massive investment because, as we all know, when it comes to public transit, the offer determines the demand. In order to remain on that roll, we have been working feverishly with the government of Quebec to convince the federal government to finance our tram project in the west end. This is a unique, daring, modern and dedicated project – exactly what we need if we are going to shift the fight against climate change in the right direction. We are impatiently awaiting the federal government's response.

Economic development catalyst

On the economic development front, Gatineau remains a powerful tool, a key catalyst of development. In addition to increasing our investments in infrastructures, which I will get to later, we are introducing a number of significant targeted measures:

- through our funding for the new 2021-2026 strategic plan, we are doubling our annual allocation to the Secrétariat de développement économique for a total of \$5 million over five years, as well as significantly increasing envelopes such as the opportunity fund and the assistance fund for NPOs in support of entrepreneurship;
- in October, we became the first city in Quebec to adopt a social economy policy, and we will be investing \$150,000 annually to ensure its implementation. We have already made tremendous advances in this area in Gatineau, and we want to further encourage it as a way to diversify our economy and make it more resilient. The social economy is synonymous with local roots, local ownership, and collective goals. It is an important tool when it comes to building a more equitable economy;
- a good example of the strategic role Gatineau plays is the \$25,000 in funding granted to the Marché du Plateau in this year's budget: this is an economic investment in the strictest sense, of course, which promotes buying local and building our own businesses. But it is also an investment in our quality of life, in our neighbourhoods, in our communities: by providing the option of shopping close to home or close to work, we add a little pleasure to people's daily lives. In a context of labour shortage, it is an undeniable comparative advantage; and

• finally, I would add the strategic fund for promoting Gatineau, an envelope established last year, for which we are adopting the funding this year, with a recurrent \$100,000. Our businesses and residents are asking us to advertise Gatineau in order to help enhance our pride and reputation beyond our territory. The purpose of this fund is to prospect opportunities to spread the word in order to further reinforce our place as a metropolis in western Quebec.

Despite all of these investments and those by other government levels, I would have to say that, unfortunately, for the time being, the best economic policy to adopt in the short-term is a sanitary policy: we have to remain disciplined, we have to beat the virus. Only then will we be able to restore the economy we had a few months ago, one that was pushing ahead at full steam.

Infrastructures: catching up

On the infrastructure catch-up front, we have been making some major progress over the past few years. The ambitious reforms by the Service des infrastructures have borne fruit. This year, we have completed 93% of our projects, which is reassuring and encouraging. We introduced annual reports as part of the budget review in order to provide updates on the status of our many projects. We have fine-tuned our approach over the years, but this year it has been recognized by lots of people: I believe that we are close to having a precious tool that will enable everyone to track and understand this file which continues to take up the lion's share of our investments. I want to congratulate the Service des infrastructures for making these rather dry statistics a little more digestible.

This year once again, we will keep up our considerable road paving efforts, which require significant catch-up. In addition to further boosting our investments, we will refine our interventions to enhance efficiency and try to break the cycle of deterioration. Our annual investments have increased by 72% since 2013, from \$16 million to \$27.4 million annually. Every dollar has to be made to count.

Fiscal reform

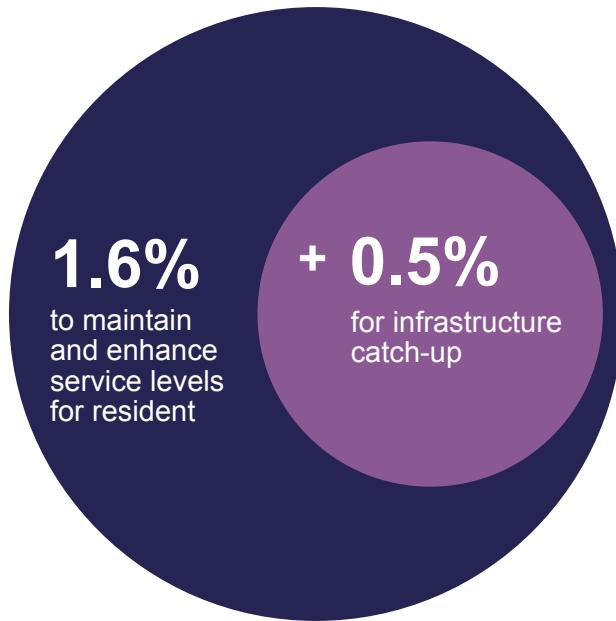
For years, we have been working on limiting the burden on property owners while at the same time remaining responsible in regard to the future. Thanks to our efforts, for the third consecutive year, we are able to keep the tax hike at its lowest level since 2005. The tax increase is in line with the budget orientations set by the Municipal Council at the start of its mandate.

It could have been tempting to freeze taxes this year, pointing at the pandemic and, who could deny it, in light of the upcoming election year. But that would have been too easy. From the management, economic development and collective interest points of view, that would have been a very bad idea.

The savings associated with freezing taxes are marginal. After all, we are talking about \$5 a month for the average residential account. For most commercial accounts, it would amount to less than \$50 a month, at a time when government assistance for struggling businesses – and not all of them are – is already in the tens of thousands of dollars a month. The real impact of a tax freeze would have been symbolic.

But for Gatineau, the financial consequences of such a decision would have been all too real. If we had frozen taxes this year, we would have lost \$11 million a year, that is to say \$110 million over 10 years. That is a high price to pay for a \$5 a month saving for a resident. In fact, it is precisely that sort of short-sighted reasoning that accounts for the condition of our infrastructures today. The former cities boasted about their low tax increases, while we are left to pay the price over many more years to come.

The debate about tax freezes also illustrates a difference in our understanding of the role of an elected official. It is not up to the municipal staff to set a fiscal policy, to propose cut-backs, or even to come up with options. It is up to the elected officials who want to freeze taxes to tell us which services they will cut. It comes down to purely political choices, and the public deserves better than empty words that claim, without substantiation, that things could have been done differently.



= 2.1%

or the equivalent of \$61
for a \$256,000 median
residence

- ⊕ \$4.42 to maintain four additional bulky items collections and extend the hours of operation at the ecocentres

Thus, the property tax will increase by 1.6% for operating expenses, which will enable us to maintain our offer of services. In order to continue our infrastructure maintenance catch-up, we are keeping the 1% dedicated tax, which consists of 0.5% taxes and 0.5% borrowing. This balanced approach has been made possible by our prudent and disciplined management. As a result, this year's tax increase will be 2.1%, which equates to \$61 for a median residential tax account (property assessed at \$256,000).

We are also pursuing our considerable efforts to diversify revenues for cities in Quebec. An initial diversification plan, adopted in 2015, enabled us to introduce certain measures, such as:

- changes to duties on transfers for transactions over \$1 million, which generate a recurring \$2 million;
- an increase in the tax on serviced vacant lands, which generate \$3.5 million annually; and
- the transfer of the increase in the TVQ, an historic gain that is starting to bear fruit, and that should bring in approximately \$24.7 million for the 2020-2024 period, and that's just the start.

The pandemic may affect the TVQ growth projections, but we can state with certainty that between 2018 and 2024 these three measures will, in the end, progressively generate approximately \$13 million annually from elsewhere than the pockets of residential property owners. This represents an avoided tax increase of more than 2%. That is something we can be proud of.

This was the first revenue diversification plan in Gatineau's history. We will be adopting a second one in the coming months to guide the next Council in its preparation of upcoming budgets.

Conclusion

As we head into the last year of this mandate, I am tremendously proud of the changes we have made since 2013.

We have reviewed and modified our governance. Councils will now launch into their mandates with the adoption of a four-year program that will then be assigned to the commissions and committees, whose roles and structures have also been reviewed, with more authority going to the chairs. We are now working from a vision and objectives spanning at least four years to yield measurable results.

Significant reforms have been made in several key departments. I am thinking above all of the many colossal efforts by the Service de l'urbanisme, but also the Service des infrastructures, the STO and our entire economic ecosystem. The municipal organization is a tool that must adapt to the needs of its community and to the challenges it faces.

We have invested or reinvested in critical areas. We have made massive investments in the environment. We have restored our library network to the status it deserves through investments but also thanks to the very first architectural contest ever held in Gatineau. We have made daring choices to protect our heritage. We have also done our duty in the fight against inequality. Earlier, I mentioned the very first formal municipal structure for addressing homelessness, and I could have added our investment in housing, which is a powerful tool when it comes to fighting poverty.

Finally, and this is a source of pride for our residents, Gatineau is now staking its place, defending its interests, and gaining the reputation it deserves. Just consider our influence in the UMQ and the FCM, the seldom before seen visits by ministers or premiers, and our presence before parliamentary commissions and in the national media, and you will see that we are gaining the recognition we deserve, spreading the word about our successes, defending our rights and increasingly going after what is due to us.

Naturally, there are still many projects to complete. I spoke earlier about revenue diversification, municipal autonomy is just taking its first steps, technology will help reduce our expenses, and there is still so much more we can do in the area of climate change. And that's only some of them.

While we may still have a great deal to accomplish, Gatineau is increasingly confident in its abilities, maturing and acting, I was going to say finally, like the metropolis of western Quebec. This fourth and last budget of this mandate is yet one more way to move Gatineau forward on all fronts.

I thank you, and wish you a pleasant evening.



Maxime Pedneaud-Jobin
Mayor