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To: Regional Council  
Meeting Date: January 25, 2024  
From: Laura Mirabella  
Commissioner of Finance and Regional Treasurer  
Re: **Association of Ontario Municipalities of Ontario Resolution – Social and Economic Prosperity Review**

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This memo provides information on the draft resolution provided by the Association of Municipalities of Ontario (AMO) included on today's Council meeting agenda as item G.1. As discussed at the January 11, 2024 meeting of the Committee of the Whole, AMO has called for municipalities to pass a resolution advocating for a review of current fiscal arrangements with the Province.

### **AMO is advocating for a Provincial-Municipal Social and Economic Prosperity Review**

On January 9, 2024, AMO [presented](#) to the Provincial Standing Committee on Finance and Economic Affairs the [challenges](#) municipalities face, as municipal revenues, primarily reliant on property taxes, do not keep pace with the economy or inflation. Moreover, provincial grants, such as the Ontario Municipal Partnership Fund, lack necessary inflation adjustments. AMO highlighted the need for Provincial commitment to a Provincial-Municipal fiscal review, which was last held in 2008.

### **Last service delivery review took place in 2008 and its recommendations were fully implemented by 2018**

In 2008, the Province signed the Provincial-Municipal Fiscal Service Delivery Review (PMFSDR) Agreement with municipalities, shifting the burden of certain service costs from the municipal property tax base. By 2018, the Province fully implemented PMFSDR's recommendations, including uploading social assistance benefit costs and court security and prisoner transportation costs. The estimated total benefit was \$70 million in tax levy savings, equivalent to 4% of total Regional and local municipal property tax revenue in 2018.

Despite the uploads and associated tax savings, municipalities continue to spend more than they receive in other areas falling under Provincial responsibility, such as social housing, long-term care, land ambulance, social services, and child care, due to existing cost-sharing

arrangements. AMO has calculated that municipalities [expended](#) \$3.8 billion more in 2022 than they received in these areas.

## **Region has financial risks due to uncertainty regarding Provincial decisions related to cost-sharing, policy shifts, and eligibility changes**


As presented at the tabling of the [2024 to 2026 Regional Budget](#) on November 23, 2023, each year the Region encounters uncertainty regarding funding it receives from senior government for provincially mandated programs. Funding from senior government constitutes 23% of overall Regional revenue. Many programs, particularly those in Community and Health Services, depend heavily on Provincial cost-sharing announcements, grants, and subsidy programs.

## **AMO is asking municipalities to support its advocacy efforts for a Social and Economic Prosperity Review as part of the 2024 Provincial Budget**

The AMO resolution calls on the Province to undertake a review as part of the upcoming budget, with the aim of developing a consensus report with recommendations by 2025. The AMO resolution aligns with recent advocacy efforts, including the November 23, 2023 [Resolution for Funding to Support Infrastructure Required to Meet Provincial Housing Targets](#) and the [2024 Ontario Budget Consultation](#) report presented at the January 11, 2024 Committee of the Whole meeting.

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For more information on this memo, please contact Ed Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.



Laura Mirabella  
Commissioner of Finance and Regional Treasurer



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Erin Mahoney  
Chief Administrative Officer

January 18, 2024  
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