



Office of the Commissioner
Finance Department

MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council
From: Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer
Date: June 12, 2019
Re: Provincial funding reductions and legislative changes affecting York
Region budget

The 2019 Ontario Budget introduced funding reductions in several areas affecting municipalities. The Province subsequently announced the cancelation of the retroactive in-year funding cuts it made to Public Health, Child Care and Paramedics.

This memo and Attachment 1 provide an update on the financial implications to the Region based on estimated annualized impact on the 2019 Budget. The estimates will be updated as new information becomes available.

The overall provincial funding reduction to be addressed by the Region is estimated to be \$10.86 million in 2019.

Funding reductions impacting departmental budgets

Community and Health Services

The largest direct impact to the Region from the recent Provincial budget reductions will be in Community and Health Services (“CHS”). Memorandums to Council on April 18, 2019 identified impacts of the 2019 Ontario Budget on [Public Health](#) and [Paramedic Services](#). Further Memorandums to Council on [April 25, 2019](#) and [May 16, 2019](#) detailed financial implications on the department based on funding allocation notices received to date.

The Province subsequently communicated funding level cuts regarding Paramedic Services and Seniors’ Services/Long-Term Care. The funding cut to Paramedic Services is shown on Attachment 1. Information on the funding cut to Senior’s Services/Long-Term Care to be implemented beginning August 1, 2019 was provided by the Province on June 4, 2019. Information on the financial implications will be available in the next update.

In a June 7, 2019 funding memorandum, the Ministry of Education confirmed that the changes to Child Care funding and cost share requirements communicated on April 18, 2019 will now be effective as of Jan 1, 2020, with the exception of the reduction in Fee Stabilization funding which ended as of April 1, 2019. (See Attachment 1)

Two new housing programs have been added as part of the Ontario's Community Housing Renewal Strategy: Canada-Ontario Community Housing Initiative (COCHI) and the Ontario Priorities Initiative Program (OPHI). The current Investment in Affordable Housing (IAH) program will end in March 2020. The housing program changes are detailed in the June 13, 2019 Council report entitled "[Ontario Community Housing Renewal Strategy and New Funding Allocations for Community Housing and Homelessness Prevention.](#)"

The 2019 change in Provincial funding includes an estimated reduction of \$2.74 million for Public Health and an increase of \$3.26 million for other Community and Health Services programs. This includes increased funding for programs in Public Health, Child Care and Affordable Housing delivered by third parties. This increased flow-through funding is estimated at \$9.75 million, which cannot be used to offset Regional program costs.

York Regional Police

On April 18, 2019, the Ministry of the Solicitor General announced that effective 2019-2020, the following existing grants would be cancelled and consolidated into the new Community Safety and Policing (CSP) grant:

- Police Effectiveness and Modernization (PEM) grant;
- Community Policing Partnerships (CPP);
- Safer Communities – 1,000 Officer Partnership Program (1,000 Officers);
- Provincial Anti-Violence Intervention Strategy (PAVIS); and
- Supporting Police Response to Sexual Violence and Harassment grant programs

YRP staff indicated there is a risk that the new funding model will result in a reduction to the total amount of funding to the Region, currently estimated at up to \$1.88 million.

Environmental Services and Conservation Authorities

The cancellation of the 50 Million Tree Program in April 2019 would result in the Region, the Toronto and Region Conservation Authority and the Lake Simcoe Region Conservation Authority not having access to funding to support large scale reforestation programs, which totalled \$41,000 in 2019.

On June 5, 2019, the federal government announced that it would provide up to \$15 million over four years to support the 50 Million Tree Program that was cancelled by the Ontario government. Funding implications to the Region are not known yet.

In addition, there is a 50% reduction to the \$7.4 million funding across Ontario conservation authorities for flood management programs. The Conservation Authorities within York Region received minimal funding from the Province, so this reduction is not anticipated to result in

significant impact to the Region. York Region has advocated for the Province to restore their funding to Conservation Authorities.

Provincial changes with Region-wide impacts

Bill 108 – More Homes, More Choice Act, 2019

Bill 108 is the cornerstone of the Province's Housing Supply Action Plan. It is an omnibus bill that amends 13 statutes. The Bill, as it relates to the *Development Charges Act, 1997*, changes when the amount of development charge is determined, when development charge is payable (for prescribed classes), and what services are eligible for development charge recovery. The changes will limit the Region's ability to recover growth-related infrastructure costs through development charges.

More details on Bill 108 were shared with Council on June 13, 2019 in a report entitled "[Bill 108, More Homes, More Choice Act, 2019: Implications for the Development Charges Act and the Planning Act.](#)"

Provincial actions accommodated in the Region's 2019 budget

Provincial Gas Tax

The 2019 provincial budget announced that the province would not move ahead with the previous government's proposed changes to the municipal share of gas tax funding (i.e. phasing in an increase from 2 cents to 4 cents per litre over a four year period). The Region's 2019 budget did not assume this increase.

An increase of 2 cents per litre would result in increased funding to the Region of approximately \$4 million in 2019, and approximately \$29 million over four years from 2018 to 2021.

The Province also announced that it would consult with municipalities to review the program parameters and identify opportunities for improvement. The details of the consultation are still being worked out by the Ministry of Transportation, but will likely include a combination of one-on-one meetings with larger municipalities, regional meetings with transit stakeholders, and surveys. It is not known at this time if the result of this review would impact future budgets.

Elimination of the cap and trade program

In 2018, the Province eliminated the Cap and Trade program which had raised \$2.9 billion to combat climate change. As a result, the Region was no longer able to benefit from the green programs funded under the Cap and Trade.

Of the \$32 million in Regional programs expected to be funded by Cap and Trade, the Region received nearly \$9 million. The remaining \$23 million provincial revenue was lost. These programs were not included in the 2019 Budget, except for the \$4.5 million for the purchase of six electric buses. In order to move forward with the purchase, Council authorized the use of the Vehicle Replacement Reserves to compensate for the funding loss.

Provincial Offences Act (POA) Amendments

Amendments to the Provincial Offences Act (POA) made in early 2018 included provisions that allowed the Province to transfer responsibility for prosecution of serious offences to municipal partners. These responsibilities are expected to be transferred to the Region in 2019. The Region's 2019 budget included additional funding of approximately \$400k per year for new resources for this activity.

Laura Mirabella, FCPA, FCA
Commissioner of Finance

Bruce Macgregor
Chief Administrative Officer

KS/EH/bt
Attachment (1)
Edocs: 9564601