

## MEMORANDUM

**TO:** Mayor Bonnette and Members of Council

**FROM:** Brent Marshall, Chief Administrative Officer

**DATE:** May 14, 2019

**MEMORANDUM NO.:** MEM-ADMIN-2019-0010

**RE:** 2019 Provincial Budget Update

### PURPOSE OF THE MEMORANDUM:

The purpose of this memo is to share information and possible implications associated with implementation of the Provincial budget.

### BACKGROUND:

On April 11, 2019, the Provincial Government delivered its 2019 budget. The budget includes funding cuts to a wide number of programs and agencies, the impacts of which will be felt at a local level. The budget does not, for the most part, provide in depth breakdowns of the measures the ministries will implement, and since the release of the budget, a number of announcements have been made providing some additional information. However, many details regarding the budget and subsequent announcements remain unknown at this time.

### COMMENTS:

The Province's 2019 budget, *Ontario's Plan to Protect What Matters Most*, is focused on cost reductions with a stated intention to achieve a balanced budget by 2023-24. What follows is a summary of information known regarding possible impacts.

Halton Region report CA-08-19 is attached as Appendix A and provides additional information regarding potential budget impacts at the regional level, which ultimately may affect the overall property tax rate for residents.

### Local Impacts Surpluses

In the past few years, the Town has used confirmed surpluses from the previous year to bolster reserves, fund needed contractual positions until a more permanent funding solution is available, and support other critical services not otherwise planned, e.g., ActiVan, youth centres. There will now be more scrutiny of public sector budgets, and

the province is expected to require that all surpluses go to pay down debt. This means that the Town's only recourse to fund unexpected or pressing needs would be through reserves, if there is capacity, or to enter into additional debt, with the accompanying interest

### **Provincial Government Transfers**

There is some uncertainty around future provincial government transfers including the Ontario Community Infrastructure Fund (OCIF), which in 2018 funded infrastructure projects in the amount of \$1M and the Province's gas tax funding, which provided \$427,415 of support for the 2017/18 operating program for ActiVan.

Staff has received confirmation of \$1,581,524 in OCIF monies for 2019, but the Province has signaled that the future of OCIF funding is unknown. Town staff does expect to receive provincial gas tax for the 2018/19 program of \$595,498.

It is important to note that the Province has pulled back from the previous government's promised increase to the gas tax, which means that the Town will not be receiving the additional \$595k expected by 2022. On the positive side, the Town has received a one-time allocation of \$1.8M of Federal Gas tax and staff is in the process of deciding on eligible projects to fund. There is no indication as yet that the provincial gas tax program will not continue with the current funding formula. It is clear that both OCIF and the provincial gas tax programs represent a major source of funding for the Town.

### **Property Taxes**

The Province will be conducting a review of the existing assessment system although details are not yet clear. If there are reductions at MPAC, it could impact the timeliness of information including the addition of properties to the tax roll. MPAC will be adding more taxpayer representation on to their Board which could influence policies. If assessment calculations are adjusted, it may impact local tax rates.

### **Other Considerations**

Bill 100, introduced April 11, 2019 seeks to implement budget measures in accordance with the Provincial Government's stated mandate.

On May 2, 2019, Bill 108 was introduced by the Minister of Municipal Affairs and Housing. Bill 108 is an omnibus bill, containing numerous amendments to many pieces of legislation, including but not limited to, changes to:

- *Development Charges Act*
- *Local Planning Appeal Tribunal Act*
- *Planning Act*
- *Conservation Authorities Act*
- *Environmental Assessment Act*
- *Endangered Species Act*
- *Ontario Heritage Act*

Report ADMIN-2019-2021; Bill 108 More Homes, More Choice Act outlines potential implications for the Town, which will include impacts on finances, local processes, and potential further impacts to budgets.

Finance will also be bringing forward a report on the "State of Finance" in the near future which will provide additional information on impacts from the Provincial Budget, Bill 108 and Long Range Financial Plan.

**CONCLUSION:**

Since the release of the Provincial Budget on April 11, details continue to surface regarding the true impacts of the proposed changes contained in Bill 100. Information is being shared by the Province and through Ministries in a piecemeal fashion. As impacts are understood and official communications received regarding funding changes, Council will be kept informed.

Reviewed and approved by,

A handwritten signature in black ink that reads "Brent Marshall". The signature is written in a cursive, flowing style with a large initial 'B' and a long, sweeping tail.

**Brent Marshall, Chief Administrative Officer**