

TO THE IMMEDIATE ATTENTION OF THE CLERK AND COUNCIL

The 2012 Provincial Budget

The 2012 Ontario Budget entitled, "Strong Action for Ontario" was delivered in the Legislature by the Honourable Dwight Duncan.

Of significance to municipalities and property taxpayers the Ontario government remains committed to the uploading agreement it made in 2008. Through it, provincial social service and court security costs are being lifted from the municipal property tax base. This has ensured that property tax dollars serve their purpose to fund municipal programs and services.

The budget contains some important changes for municipalities. Among them, proposed changes to public pension plans would help to ensure that they are affordable, viable and realistic over the long term. The government has proposed to create legislation that would make interest arbitration "more transparent, accountable and efficient." This would appear to reflect concerns that have been raised by municipalities and echoed by the Drummond Commission.

The Province has indicated that the 10 Year Infrastructure Plan's allocation of \$35 billion over three years for all public sector infrastructure will remain. It is expected that this will help municipal governments, particularly those with the most urgent needs. However, as the Premier indicated a month ago, the 2012 Budget does not capture the new funding for roads and bridges that he committed to at the 2011 AMO Conference.

Many of the Drummond Commission's recommendations related to programs or services that touch upon municipal governments are contained in the budget.

Specific budget details are below:

Pensions

The government will reform the governance of public-sector defined benefit pension plans. Among other things, this includes the following:

- where deficits exist, plans would be required to reduce future benefits before further increasing employer contributions;
- where employee contributions are currently less than employer contributions, increased employee contributions would also be available to address pension deficits;
- benefit reductions would involve future benefits only. Current retirees would not be affected; and

- where plan sponsors cannot agree on benefit reductions through negotiation, a new third-party dispute resolution process would be invoked.

Plans to reform pensions will also include the pooling of various plans to improve economies of scale and greater investment opportunities.

Interest Arbitration

The government is proposing legislation that will require arbitration decisions require written submissions by both parties, require written rationale by arbitrator when requested by a party, and where a decision is not delivered within one year, the Ontario Labour Relations Board would issue an award to both parties. In addition, the government will discuss, “with those employers with significant numbers of employees and a material impact on the Province’s fiscal plan, and who have automatic access to arbitration, about additional tools they may need to live within their funding envelopes while protecting services.”

Collective Bargaining

The government will be moving towards greater centralization of bargaining in the Broader Public Sector. It is unclear what impact this will have for municipalities at this time.

Ontario Municipal Partnership Fund

The budget indicates that the Ontario Municipal Partnership Fund (OMPF) will be phased down to \$500 million by 2016. For 2013 and future years, this will represent a cut to the province’s main transfer and equalization program for municipalities of approximately \$25 million in each of the next four years. The government has also proposed reviewing the funding program, “within the program’s identified envelope.”

Infrastructure

The budget does not contain a dedicated municipal infrastructure fund for roads and bridges in this fiscal year as the Premier suggested at the ROMA/OGRA. Government infrastructure spending will total \$35 billion from 2011-12 to 2014-15.

Provincial Offences Act

The government will be proposing measures to enhance the administration of justice and the collection of unpaid fines for municipalities. It is proposed this will include vehicle licence plate denial for those fines that remain unpaid and which relate to the operation of vehicles. This is consistent with a recent AMO’s submission to the government on this issue. The Province will also pursue discussions with the federal government on the collection of unpaid fines against federal tax refunds.

Service Delivery

The government will work with municipalities to achieve great efficiency in the delivery of public services. The Drummond Report spoke extensively to this issue. AMO’s pre-budget submission signaled the municipal sector’s willingness to pursue this shared objective. However, the budget also states the government will, “explore

opportunities to provide more value for each dollar, including looking at what services could be delivered more efficiently and effectively by another entity, such as another level of government, a not-for-profit or a private-sector organization.” AMO has argued that any such changes must benefit both the provincial and municipal taxpayer.

Social Assistance

The government will be acting on a number of the upcoming recommendations put forth by the Social Assistance Review Commissioners, Francis Lankin and Munir Sheikh. In an effort to create a more streamlined and efficient system that will reduce barriers to employment, the government has indicated its intention to integrate Ontario Works and Ontario Disability Support Program employment services with Employment Ontario. It appears the government will also seek a more efficient administration and service delivery structure.

Additionally, the Community Start Up and Maintenance Benefit and Home Repair Benefit, currently available and administrated through social assistance will be moved into the Long Term Affordable Housing Strategy.

The government will move to cap health and non-health related discretionary benefits at \$10 per case. Currently, health-related discretionary benefits are not capped while non-health related discretionary benefits are capped at \$8.75 per case. Because these benefits are cost shared with municipalities, this change will require a revised funding arrangement between the province and municipalities.

AMO supports the government’s efforts to develop a system of supports that is integrated, streamlined and responsive to local issues and capacities. While details on the integration of employment services and social assistance funding into housing services are not immediately available or the funding change to discretionary benefits, AMO expects that the government will adhere to its commitment to ensure municipalities will not assume additional costs or risks as service and funding systems are transformed. Additionally, it will be essential that clients will continue to have access to services and the quality of services needed to move in to employment.

Health Care

In an effort to reduce hospital associated costs, the government will increase investments in home care and community services by approximately 4% annually over three years (\$526 million per year). A new Seniors Strategy will expand home care services and aim to improve care coordination. Investments in chronic care services will aim to reduce pressures on long term care as will increased funding for long term care by 2.8% in 2012-2013. The government also intends to provide long term home care operators greater flexibility within the current funding structure.

AMO has encouraged the government to move forward with a more robust and community based strategy. Expanding home care services is an important and welcomed move as is the potential for less administrative burdens in long term care. Demographic changes will require a more responsive system but also a system that

has adequate levels of services and access to long term care beds.

Gaming Revenue for Municipalities

The government will be engaging in a discussion with municipalities that host gaming facilities on future revenue sharing and fee model.

Business Education Tax

The budget will temporarily freeze the Business Education Tax reduction plan starting in 2013. The government has indicated it will resume these rate reductions once the budget is balanced in 2017-18.

Economic Development Agencies

As previously announced, the Ontario, Northern Ontario and Eastern Ontario Development Corporations will be dissolved as part of its agency reduction strategy.

Ministry of Natural Resources

The Ministry will operate with fewer field offices and streamlining the permit, licences, and approvals process. This will include amendments to the *Endangered Species Act*. The government will also streamline the joint review and public consultations on the Greenbelt Plan, the Oak Ridges Moraine Plan and the Niagara Escarpment Plan.

OPP Data Entry

“The government is hiring 100 civilian staff for data-entry functions” currently completed by the Ontario Provincial Police. This change will, “enable the equivalent of up to 250 OPP officers to better use their time for front-line policing.”

Ontario Northland

As previously announced by the government, the services of the Ontario Northland Transportation Commission will be delivered in different ways. For example, the Northlander passenger rail service will be terminated and the existing bus service will be serviced by existing bus operators.

Water Taking Charges and Hazardous Waste Fees

A two phase review of the rates charged industrial water users will take place this year. In addition, the hazardous waste fee will be reviewed for the first time since 2002. This fee is paid by large producers of hazardous waste.

AMO will continue provide member municipalities will additional information and budget analysis in the coming days.

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