



2013 Provincial Budget Released

The Honourable Charles Sousa, Minister of Finance has released the 2013 provincial budget and includes a number of highlights which affect municipalities:

- The budget continues to honour the existing upload agreement. In 2014, the upload benefit value to municipalities totals almost \$1.4 billion. This reconfirms earlier commitments to continue the uploading schedule as agreed to in 2008.
- The Minister's speech acknowledges the need to, "prevent further pressure on our property taxes" to fund infrastructure investments. This message is reinforced on four key points:
 - As announced last week, the government will create a \$100 million infrastructure fund for roads, bridges and other critical infrastructure to help small, rural and northern municipalities. The government will consult with municipalities on an allocation methodology soon. These funds will be available as of October 2013;
 - Consultations will start on the development of a permanent infrastructure funding program for rural and northern municipalities in 2014;
 - Existing provincial government support for public transit systems across the province will be made permanent and enshrined in the budget bill. Currently 2 cents per litre of the provincial gas tax provides over 90 municipalities with about \$321 million annually. This permanency offers municipalities a predictable and stable source of revenue that grows with the economy. It meets a key ask of the municipal sector; and
 - The government will consider new revenue tools to support transportation and public transit in the Greater Toronto and Hamilton Area.
- Regarding the property assessment system, the government has announced a review of some key elements. This review



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will be led by the Parliamentary Assistant to the Minister of Finance, Steven Del Duca, MPP and consultations will be completed by the fall. It will review assessment appeal timelines and assessment methodologies applied to the evaluation of special-purpose business properties such as mills, industrial lands, landfills, and billboards. It will also consider how to strengthen the Municipal Property Assessment Corporation (MPAC) and its governance. This review will not be looking at issues affecting residential property assessment.

- The budget reaffirms a decrease to the Ontario Municipal Partnership Fund (OMPF) by \$25 million in 2014. The Association of Municipalities of Ontario (AMO) remains extremely concerned with this decrease. It is occurring at the same time as the government is consulting separately on the Ontario Provincial Police (OPP) costing formula and key property assessment issues during the OMPF transitional year. These are two very significant municipal cost and revenue issues currently in flux which the OMPF is supposed to help address. The sequencing of these three reviews could cause unintended consequences for municipalities in 2014. AMO again urges the government to reconsider the order of these reviews and in the meantime, restore \$25 million to the OMPF envelope in 2014.
- The budget contains changes to the social assistance system which will have municipal cost implications starting in 2014. These include costs related to raising the earnings exemption and the rate increase for Ontario Works (OW). Government officials could not provide a figure on how much these changes, among others, will affect municipalities. AMO awaits these numbers. In 2014, municipalities remain responsible for funding 14.2% of OW benefit costs. This reinforces the need for caution when considering the OMPF for qualifying municipalities.
- Also included is \$13.5 million over three years for drinking water source protection. This will assist small and rural communities. Additional details are pending.

AMO will continue its review of the budget and keep the membership informed.

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