

The 2014 Provincial Budget

05/01/2014

Today the Honourable Charles Sousa, Minister of Finance, delivered the 2014 Provincial Budget.

It delivers on some longstanding commitments for municipal infrastructure but also accelerates cuts to municipal operating grants delivered through the Ontario Municipal Partnership Fund (OMPF). Building on previous infrastructure spending announcements, key budget highlights are below.

- **Significant infrastructure investments** – The budget includes a 10 year \$130 billion commitment to infrastructure investment. The Province's matching funds to the federal Building Canada Fund is included along with the following new municipal components:
- **Public transit and transportation infrastructure** – Of the above total, \$28.9 billion over the next 10 years will be dedicated to public transit and transportation. This includes \$15 billion for the GTHA and \$13.9 billion for investments in the rest of the province. In 2014-15 this represents \$3.3 billion (\$1.7 billion in the GTHA and \$1.6 billion outside the GTHA). Further discussions on the how and when of these allocations will occur in the future.
- **A permanent infrastructure fund for roads and bridges** – The budget delivers a \$100 million annual fund for "critical projects in communities with challenging fiscal circumstances". It will include application and formula based funding for municipalities. It will move towards a fully formula-based funding model over time. No other details regarding eligibility are provided in the budget. This honours a longstanding provincial commitment.
- **Accelerated OMPF cuts for 2015** – The budget cuts operating funding to municipalities with challenging fiscal circumstances by \$35 million in 2015. This represents an unexpected funding cut of \$10 million to the communities that can least afford it and which benefitted the least from the upload. AMO had advocated for a deferral of the expected \$25 million cut. The Association is extremely surprised and disappointed with this move. It raises additional questions regarding the government's approach to OPP billing. Specifically, what does this added decrease mean when OPP billing reform policy for 2015 has not been determined?
- **Cuts to the Power Dam Special Payment Program** – Municipalities which host power dams will see \$4.4 million in cuts to these transfers over four years. Such dollars offset lost property tax revenues for these communities. Increased property taxes or

Contact

Matthew Wilson

Senior Advisor

mwilson@amo.on.ca

T 416.971.9856 ext. 323

TF 1.877.426.6527

F 416.971.6191

Link

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service cuts should be expected in these municipalities to make up for the Province's "responsible spending choice". Was the previous honouring of this arrangement irresponsible?

- **The upload remains intact** – The Province continues to maintain the 2008 upload agreement. Its 2015 value to the sector is \$1.63 billion. The importance of this commitment to the sector as a whole is indisputable. Sector wide, municipalities have been able to redirect these dollars to increased infrastructure investments. But on a local level, the value of this upload varies considerably from one municipality to the next. That's why the OMPF is so important for municipalities with challenging fiscal circumstances.
- **Social assistance** – ODSP and Ontario Works rate increases will be implemented this fall. Municipalities will be shielded from cost-share related increases for Ontario Works until January 2015. In addition, the Community Homelessness Prevention Initiative will benefit from the permanent addition of \$42 million starting in 2014-15. Previously this allocation was temporary.

AMO's budget analysis will continue. Further updates will be provided as required.

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