
2007 BUDGET BRIEFING NOTE

2007 GTA Pooling Budget

Purpose:

To highlight the implications to the City of Toronto on the “roll back of the 2007 GTA Pooling contributions to 2004 levels” as announced in the Provincial Budget.

Background:

Social Housing:

The City’s GTA pooling estimate under the Social Housing Reform Act has increased steadily from \$79.9 million in 2004 to \$89.3 million for 2006 with changes in the respective shares of weighted average assessment in the GTA. (Costs eligible for pooling have been frozen at 2002 levels.). The 2006 GTA Pooling amount for Social Housing has been confirmed by the Province at \$89.3 million. The City has been notified in writing by the Ministry of Municipal Affairs and Housing (Dec. 28, 2006) that the City’s entitlement for 2007 is \$91.1 million.

The Councils of the Regional Municipalities of Peel and York have chosen to limit contributions to GTA pooling by arbitrarily withholding housing pooling payments, irrespective of notice received from the Province. The Regional Municipalities of Peel & York have withheld GTA pooling payments totaling \$11.4 million for the years 2005 and 2006. Based on the known 2006 Peel Region and York Region Council positions this balance continued to grow and has reached \$19.1 million by the end of February 2007. In light of the budget announcement, the City Manager and Deputy City Manager and Chief Financial Officer will request the Province to ensure immediate payment of any overdue amounts.

Toronto Social Services:

Pooling payments for Toronto Social Services are cash advanced during the year and finalized after the year-end normally by the spring of the following year and any shortage or overpayment is either settled or clawed back by the Province. For 2006, the Province has cash flowed \$109.4 million (based on 9 months actuals) which is \$5.3 million in excess of GTA pooling budget of \$104.2 million. As the 2006 pooling amount is not expected to be finalized until the spring of 2007, only \$104.2 million of the actual cash flow received is booked as pooling revenue for 2006 and the excess cashflow of \$5.3 million is kept as deferred revenue at the year-end.

The GTA pooling estimate for Toronto Social Services (TSS) has increased from \$93.7 million in 2004 to \$109.39 projected in 2006 based on 9 months actuals (to be finalized in the spring 2007). Social Services 2007 GTA Pooling Budget is \$111.52 million based on 2006 costs assumptions and confirmed equalization share.

Impact from Provincial Budget Announcement:

The Province of Ontario has announced "... a plan to phase out GTA pooling over seven years beginning in 2007. For 2007, GTA pooling contributions will be rolled back to 2004 levels. Each subsequent year, costs will be reduced by one-sixth of the 2004 levels, until the program is fully eliminated in 2013. The government will make provision to ensure continued financial support for those municipalities currently receiving assistance through GTA pooling. For example, any increases in the City of Toronto's social programs costs resulting from the elimination of GTA pooling will be eligible for provincial assistance through the Ontario Municipal Partnership Fund."

This change addresses the concerns of the GTA Regional municipalities regarding paying for programs outside their boundaries and control. However, it should facilitate the immediate fulfillment of their obligations by the Province with respect to invoiced and overdue pooling payments to Toronto, which are \$11.4 million for the years 2005 and 2006.

The following table summarizes the amount owed to the City of Toronto.

Impact from Provincial Budget on 2007 GTA Pooling Budget						
GTA Pooling Revenue	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Budget</u>	2006 <u>Proj Act</u>	2007 <u>Budget</u>	Total <u>Owed</u>
Social Housing	78.9	85.5	89.5	89.3	91.1	
Social Services	<u>93.7</u>	<u>103.4</u>	<u>104.2</u>	<u>109.4</u>	<u>111.5</u>	
Total	<u>172.6</u>	<u>188.9</u>	<u>193.7</u>	<u>198.7</u>	<u>202.6</u>	
Amount Received	172.6	186.5		189.8		
Amount Confirmed *					172.6	
Amount Owed	0.0	2.4		8.9	30.0	41.4
*based on Provincial Budget Announcement						

Conclusion:

The recent Provincial announcement to roll back GTA Pooling contributions to 2004 levels has implications for the City of Toronto. Preliminary discussions with the Provincial staff have confirmed that the Province will provide "... assistance through the Ontario Municipal Partnership Fund" to offset the \$30 million impact from the roll back of GTA Pooling contributions to 2004 levels. In total, the amount owed to the City of Toronto is \$41.4 million.

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