

## **Impacts of Provincial Budget on City Budget**

<b>Date:</b>	March 30, 2009
<b>To:</b>	City Council
<b>From:</b>	Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2009\Internal Services\Cf\cc09007cf – et (AFS #9771)

### **SUMMARY**

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Executive Committee, at its meeting of March 24, 2009 requested the City Manager to report to City Council on March 31, 2009, on any impacts that the Provincial Government's budget may have on the City's budget.

The Minister of Finance tabled the Provincial Budget on March 26, 2009. This report summarizes any budgetary impacts for the 2009 City Operating Budget and potential impacts on the 2009 Capital Budget.

#### **Financial Impact**

There are no financial impacts to the 2009 Executive Committee Recommended Operating Budget. Staff will report back to Council on any specific infrastructure spending announcements that pertain to the City's capital priorities and their impact on the City's capital budget and plan.

#### **DECISION HISTORY**

Executive Committee Meeting #EX30.1, "2009 Operating Budget"

<http://www.toronto.ca/legdocs/mmis/2009/ex/decisions/2009-03-24-ex30-dd.pdf>

#### **ISSUE BACKGROUND**

This report responds to a request from the Executive Committee to report to Council on any budgetary impacts for the City of Toronto arising out of the Provincial Budget tabled March 26, 2009.

## COMMENTS

The Provincial Budget focuses primarily on infrastructure initiatives, tax cuts to businesses and individuals and a harmonization of the Retail Sales Tax (PST) and GST effective July 1, 2010. There were no announcements that would have an impact on the 2009 Executive Committee Recommended Operating Budget.

Under the Province's "Poverty Reduction Strategy, its Budget proposes to increase the benefit rate by 2% for Ontario Disability Support Program (ODSP) recipients effective November 2009 and for Ontario Works recipients (the adult basic allowance and maximum shelter allowance) effective December 2009. However, municipalities are not required to contribute to the proposed rate increase until January 2010.

Consistent with the previous announcements, the Province has confirmed that beginning in 2010, it will upload 50% of the municipal share of ODSP benefit costs with the balance to be uploaded in 2011. Starting in 2010, the Province will begin the upload of the municipal share of Ontario Works benefit costs, which initially will equal 3% of the municipal share of those costs.

### *Capital (Infrastructure) Budget*

The Provincial Budget allocates a total of \$32.5 billion for infrastructure initiatives over 2 years, \$15.1 billion in 2009-10 and \$17.4 billion in 2010-11. These estimates include Federal funding of \$5 billion.

Targeted areas for investment in municipal infrastructure include housing, transit, and community infrastructure (such as arenas). The amounts identified below from the Provincial Budget include federal flow through funding.

For housing, the Provincial Budget includes a total of \$1.24 billion over two years. This includes more than \$700 million to rehabilitate and make more energy efficient 50,000 social housing units. More than \$360 million is to be made available to help create 4,500 new affordable housing units for low-income seniors and persons with disabilities, and \$175 million over the next two years to extend the Canada-Ontario Affordable Housing Program which is creating new homes for low-income families, senior citizens, persons living with mental illness, and victims of domestic violence.

Toronto expects to receive its fair share of this funding in support of capital needs for its social housing stock of over 90,000 units and the City's goal to create 1,000 new affordable housing units annually.

The Provincial Budget also commits to "accelerating the government's significant investments in public transportation and mass transit", with details to come. The City expects its share of this new Provincial (and 'flow-through' Federal) funding to allow critical and timely investments in new transit vehicles and the Transit City program to proceed.

Finally, a separate allocation in the Provincial Budget identifies funding over two years for community infrastructure. By leveraging federal funding, approximately \$780 million in new funds will be targeted for municipal projects such as arenas, libraries and local transportation projects. It is staff's understanding that approximately 50% of this funding has been targeted for communities of under 100,000.

Staff will report back to Council on any specific infrastructure spending announcements that pertain to the City's capital priorities and their impact on the City's 2009 Capital Budget and Plan.


Staff will also study the tax harmonization proposal and will report back to Council on the potential impacts to the City's 2010 budget.

### **CONTACT**

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### **SIGNATURE**



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