

THE REGIONAL MUNICIPALITY OF YORK

**REPORT NO. 2
OF THE REGIONAL COMMISSIONER OF FINANCE**

**For Consideration by
The Council of The Regional Municipality of York
on March 29, 2007**

**1
2007 FEDERAL & PROVINCIAL BUDGETS**

1. RECOMMENDATIONS

It is recommended that this report be received for information.

2. PURPOSE

The purpose of this report is to provide summary highlights of the 2007 Federal and Provincial Budgets and their anticipated impacts on York Region.

3. BACKGROUND

3.1 Federal Budget

The Federal Minister of Finance, the Honourable Jim Flaherty, presented the second Conservative budget under Prime Minister Stephen Harper on March 19, 2007. The budget is intended to build on the Government's long-term economic plan, Advantage Canada, which was released in November, 2006.

The budget addresses a range of issues and initiatives. In particular, a number of initiatives affecting Ontario municipalities are included on the following topics:

- Federal Gas Tax Program
- Infrastructure Advantage – Building Canada Fund
- A national fund for public-private partnerships
- Creation of new child care spaces
- Social programs
- Public security
- National Water Strategy
- Fuel Efficiency Standards

York Region is expected to benefit from a number of initiatives announced and these are highlighted below.

3.2 Provincial Budget

On Thursday, March 22, the Honourable Greg Sorbara, Minister of Finance, presented the Liberal government's fourth and final budget prior to the October 10th election. This government's plan proposes a number of investments to York Region communities. A few of the major announcements affecting the Region are:

- Phase out of GTA Pooling
- Support for Transit Initiatives
- Support for Individuals and Families
- Assessment and Property Tax Measures

4. ANALYSIS AND OPTIONS

Pending receipt of further details relating to both the Federal and Provincial budget announcements, the following summarizes the impacts [as best determined at this time] of various initiatives on York Region.

4.1 Federal Budget Options

Details	Potential Impact to York Region
Infrastructure	
Gas Tax Funding	<ul style="list-style-type: none"> • \$2 billion per year for an additional \$8 billion over four years; 2009 Gas Tax budget is \$23.7 million
Building Canada Fund	<ul style="list-style-type: none"> • \$6 billion over 4 years allocated on an equal per capita basis; This is in addition to \$4 billion to be provided under sunsetting initiatives • Total federal support for infrastructure will grow over the next 7 years from \$4.3 billion to \$5.7 billion

National Fund for Public-Private Partnerships	<ul style="list-style-type: none"> • \$1.26 billion in a national fund, is available to projects on a merit basis
National Water Strategy	<ul style="list-style-type: none"> • \$12 million over 2 years to support the clean-up of Lake Simcoe • Tougher, more stringent regulations and controls to address municipal wastewater effluents
Fuel Efficiency Standards	<ul style="list-style-type: none"> • Fuel efficiency standards for new passenger vehicles take effect in 2011. • Includes a rebate up to \$2,000 for fuel efficient vehicle purchases; a new Green Levy for fuel inefficient vehicles ranging from \$1,000 to \$4,000
Public Security	
Measures to help prevent crime and insure public safety	<ul style="list-style-type: none"> • \$14.2 million over 2 years to screen first time firearms license applicants • \$21.6 million over 2 years to combat illegal use of drugs
Fiscal Balance	
Federal transfer payments	<ul style="list-style-type: none"> • \$39 billion over the next 7 years to pay for adjustments to federal programs
Enabling Accessibility Fund	<ul style="list-style-type: none"> • \$45 million over 3 years to contribute to the cost of improving accessibility for persons with disabilities
Public Transit tax credits	<ul style="list-style-type: none"> • Extension of tax credits to include electronic fare cards and weekly passes
Canada Health Infoway	<ul style="list-style-type: none"> • An additional \$400 million to support movement towards patient wait times and electronic health records. This can support Public Health programs

4.2 Provincial Budget Options

Details	Potential Impact to York Region
Funding	
GTA Pooling Phase Out	<ul style="list-style-type: none"> • GTA Pooling amounts to be rolled back to 2004 levels in 2007 and then reduced in equal amounts annually until program elimination in 2013 • York Region contributed \$79.5 million in 2004 • Each year the costs will be reduced by 1/6th, approximately \$13 million • OMPF funding for 2007 would be eliminated based on the revised GTA Pooling costs; \$9.5 million in 2007 , therefore net decrease in 2007 is \$6.5 million.

Capital Infrastructure	
Transportation Initiatives	<ul style="list-style-type: none"> • \$85 million to Viva Phase 2 to match Federal commitment • \$250 million to extend Highway 404 • \$7.7 million allocated to York Region from the Ontario portion of the Federal Transit Trust established in 2006.
Social Services	
Ontario Works and Ontario Disability Support Programs	<ul style="list-style-type: none"> • Rate increase of 2 % effective Nov 2007 • Municipalities contribution effective Jan. 2008
Affordable Housing Projects	<ul style="list-style-type: none"> • \$9.6 million to support housing projects
Enhanced Child Care	<ul style="list-style-type: none"> • An additional \$25 million to enhance child care province-wide.
New Ontario Child Benefit	<ul style="list-style-type: none"> • Province would pay the entire cost of the OCB which would save municipalities \$15 million annually in social assistance costs when the OCB is fully implemented in 2011
Judicial	
Judicial Support	<ul style="list-style-type: none"> • \$4 million for 30 new Justices of the Peace to address backlogs relating to POA matters
Assessment and Property Taxes	
Business Education Taxes	<ul style="list-style-type: none"> • BET rates will be lowered to a maximum of 1.60 %
Re-assessment Cycle	<ul style="list-style-type: none"> • A 4 year re-assessment cycle has been introduced • Next re-assessment is scheduled for the 2009 tax year based on a Jan 1, 2008 valuation date • Mandatory phase in of assessment increases spread equally over 4 years; decreases apply immediately

Following receipt of further details relating to the budget announcements, financial analysis and budget impacts on York Region will be more clearly determined. Where applicable, these have been reflected in the 2007 business plans for operating and capital budgets, as many of these initiatives are expected to impact on the Region's 2007 and subsequent year's programs and service delivery.

5. FINANCIAL IMPLICATIONS

Based on the preliminary analysis of the Provincial Budget announcements, it appears that impacts and financial implications will commence in the 2007 fiscal year with continuing benefits into 2008 and subsequent years.

Some of the impacts related to York Region are outlined in the tables above and more specifically are:

- *GTA Pooling* – \$15.9 million reduction for 2007; approximately \$13 million reduction annually until elimination in 2013.
- *Gas Tax* - Federal government extension of Gas Tax funding for an additional 4 years provides an additional \$8 million in addition to \$23.7 million funding in 2009. The Provincial government has committed to continue to make 2 cents per litre of Provincial Gas Tax available for public transit.
- *Public Transit* – \$7.7 million towards detailed planning for Phase 2 of Viva Transit; \$85 million to Viva Phase 2 that matches the Federal Government commitment.
- *Public Transit Credits* – The transit credits introduced in 2006 will now be extended to include electronic passes and weekly passes that are used on a regular basis.
- *Social Housing* –\$9.6 million for affordable housing projects in York Region.
- *Childcare* – A new \$2.1 billion Ontario Child Benefit program would be available to all children under the age of 18 in low-income families. A number of other investments are proposed in addition to the OCB to assist children and families.

Comprehensive analysis of these announcements and related financial implications will be undertaken as full information becomes available.

6. LOCAL MUNICIPAL IMPACT

It is expected that all municipalities may realize benefits from the announcements contained in the 2007 Federal and Provincial Budgets. The actual impact will be determined based on further details related to the respective programs and the degree of eligibility and participation by local municipalities. Both budgets contain initiatives that will enable York Region to continue to provide services that will benefit residents and businesses in all local municipalities within the Region.

7. CONCLUSION

The initiatives announced in the 2007 Federal and Provincial Budgets will provide a variety of benefits to municipalities and in particular to York Region. As further details become available, we will be in a better position to assess their impact on York Region services and proposed new initiatives in partnership with funding partners.

The information contained in this report is based on excerpts and summaries from the Federal and Provincial Budget documents and budget communications from AMO, AMCTO and MFOA.

Respectfully submitted,

**March 29, 2007
Newmarket, Ontario**

**L. Russell
Commissioner of Finance**

(Report No. 2 of the Commissioner of Finance was adopted, without amendment, by Regional Council at its meeting held on March 29, 2007.)