

Clause 21 in Report No. 12 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on September 20, 2018.

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Provincial Changes with Potential Budget Implications

Committee of the Whole recommends adoption of the following recommendation contained in the report dated August 16, 2018 from the Chief Administrative Officer:

1. Council receive this report for information.
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Report dated August 16, 2018 from the Chief Administrative Officer now follows:

1. Recommendations

It is recommended that Council receive this report for information.

2. Purpose

To provide Council with an update on changes announced by the new Provincial government impacting planned and/or budgeted York Region programs.

3. Background

New provincial government elected on June 7, 2018

On June 7, 2018 Ontario elected a majority Progressive Conservative Party with 76 of 124 seats in the legislature. The New Democratic Party formed the official opposition with 40 seats. York Region's ten electoral districts all resulted in Progressive Conservative seats.

The new government's platform has many impacts on York Region programs and projects

The Progressive Conservatives ran on a platform called [*For the People, A Plan for Ontario*](#). The platform outlined a number of commitments of interest to York Region including:

REBUILDING ONTARIO

- Investing in major infrastructure in cities and small towns including increasing local infrastructure funding
- Uploading responsibility for subway infrastructure, including the building and maintenance of new and existing subway lines, from the City of Toronto to the Province – including adding new subway funding to the Yonge Extension
- Actively exploring potential for high-speed rail and highway projects
- Investing in cellular and broadband expansion
- Increasing the Risk Management Program cap to help farmers and other producers better manage risks outside their control

RESPECT FOR TAXPAYERS

- Scrapping the carbon tax, reducing gas prices and giving tax relief to lower and middle class families
- Introducing a minimum-wage tax credit – those on minimum wage pay no tax
- Creating a 75% refundable tax credit for child care costs
- Preserving rent control for existing tenants
- Increasing the supply of affordable housing across the GTA while protecting the Greenbelt in its entirety

JOBS

- Sending the message that Ontario is 'Open for Business' and bringing quality jobs back to Ontario
- Cancelling the Jobs and Prosperity fund

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- Supporting Regional Economic Development Funds
- Rewarding job creation by lowering business taxes and the manufacturing and processing rate
- Cutting red tape that are crippling job creation and growth
- Guaranteeing customer service single-window access for approvals
- Helping small businesses by reducing the small business tax rate
- Increasing access to apprenticeships and reforming foreign credential recognition to help qualified immigrants contribute fully

HEALTH

- Ending hallway health care by creating 15,000 new long-term care beds
- Adding \$3.8 billion in new mental health, addictions and housing supports
- Introducing free dental care for low-income seniors

ENVIRONMENT

- Protecting and preserving waterways and supporting and enforcing air quality programs
- Improving enforcement – including hiring more conservation officers and increasing policing of major polluters
- Setting up an emissions-reduction fund to invest in new technologies
- Committing resources to reduce garbage in our neighbourhoods and parks

JUSTICE

- Restoring funding to the anti-guns-and-gangs units in Ottawa and Toronto to better protect communities
- Dedicating resources to fight organized crime including production and smuggling of drugs, child exploitation and human trafficking
- Committing resources to combat domestic abuse including elder abuse

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- Fixing Bill 175 (Police Services Act) and treating police with respect
- Hiring more corrections, probation and parole officers
- Building culture of respect with zero tolerance for those who abuse positions of authority

EDUCATION

- Scrapping discovery math and inquiry-based learning and making mathematics mandatory in teacher's college programs
- Revising the EQAO testing and implementing standardized testing that works
- Restoring previous sex-ed curriculum until consultation with parents
- Upholding moratorium on school closures until review process is reformed
- Mandating universities to uphold free speech on campuses
- Providing additional \$38 million for children with autism

HYDRO

- Scrapping the Green Energy Act
- Cutting hydro rates

RESTORING RESPONSIBILITY, ACCOUNTABILITY AND TRUST

- Returning to a balanced budget
- Centralizing government purchasing
- Ordering a line-by-line audit of every government program

4. Analysis and Implications

York Region is adapting to recent changes announced by the Provincial government

On [June 29, 2018](#), the new Provincial government was sworn in. On [July 12, 2018](#) the government's throne speech announced changes that impact a number of planned and/or budgeted programs.

Since July 12, 2018 the Provincial government has made additional announcements that are also of interest to York Region.

Ending the cap-and-trade carbon tax will impact electric bus funding, Feed-in Tariff contracts, fuel costs and social housing repair programs

In [March 2017](#), Council approved the purchase of six electric buses (40 foot) conditional upon funding support from the Ministry of Transportation in the amount of \$750,000 per bus. A Provincial funding commitment was announced to the Electric Municipal Bus Trial in April 2018, with funding to be provided from the province's cap-and-trade proceeds. Following the Province's [July 3, 2018](#) announcement to end the Cap-and-Trade program a letter was received from the Ministry of Transportation withdrawing the provincial contribution to the Electric Municipal Bus trial.

The provincial government, on [July 13, 2018](#) announced plans to cancel energy contracts to bring hydro bills down. On July 16, 2018 the Region received notice from the Independent Electricity System Operator (IESO) that, based on the directive from the Minister of Energy, Northern Development and Mines, contracts for renewable energy (Feed-In Tariffs Contracts), including the Region's project at 8300 Keele Street, have been cancelled. As a result of the IESO's termination and stop-work notice of the Region's Feed-In Tariff Contract, the Region has cancelled its agreement with ENGIE Services Inc.

The elimination of the Cap-and-Trade program may result in fuel cost savings for the Region. As part of the introduction of the Cap and Trade program, the Province estimated that the cost of gasoline would increase by 4.3 cents per litre. With the elimination of the program, this planned increase will no longer occur. This will result in avoided costs of approximately \$1.1 million for the Region based on the Region's annual usage of approximately 25 million litres of fuel.

The Province's decision to cancel the Ontario Cap-and-Trade Program will cancel the Social Housing Apartment Improvement Program (years two, three

and four) and the GreenON Social Housing Program which provided capital repair and energy retrofit funding to community non-profit housing providers.

Better Government Act restoring municipal decision-making on Regional Chair selection in York Region, as well as Peel, Niagara and Muskoka Regions

On [February 18, 2016](#) Regional Council voted against the previous government's legislation to have the Regional Chair position elected at large. On [July 27, 2018](#) the new Provincial government announced their intent to reverse this requirement. With this change, York Region's elected Council will appoint a Regional Chair at its inaugural meeting in early December 2018 - a process that has served York Region well for over 46 years. The Better Government Act was passed on [August 14, 2018](#).

Review of Regional governments through expected consultation

On [July 27, 2018](#) the Province announced plans to undertake a review of regional governments across the province. This review will begin informally at the AMO conference (August 19 – 22, 2018), and will follow up with something more formal in the fall of 2018.

Reducing gas tax funding potentially impacts public transit providers

York Region was allocated \$16.4 million in Provincial gas tax funding in 2017/2018. A decrease of 5.7 cents per litre, in addition to, elimination of the Cap-and-Trade program (4.3 cents per litre) has been proposed.

Based on a [January 27, 2017](#) announcement by the former Premier, increased provincial gas tax funding was built into the Region's fiscal impact model used to generate departmental envelopes for the 2019 – 2022 budgets. The model included doubling of gas tax funding, from \$15.3 million in 2018 to \$30.6 million by 2021. It is not clear that this government will continue with this commitment. This funding was expected to offset increased PRESTO costs.

Currently, municipal revenue share is 2 cents. If it were decreased in proportion to the per litre decrease, the Region would lose \$6.4 million in revenue. If the municipal share was eliminated entirely, the Region would lose \$16.4 million in revenue.

Savings to Regional fleet vehicles including Roads Operations may be possible. These savings include vehicles from York Region Transit, EMS, and York Regional Police. Total fuel purchases for these areas in 2017 amounted to \$22.7

million. A cost reduction of 10 cents per litre would reduce costs by \$2.2 million annually.

Reforming Social Assistance may impact future York Region programs

On [July 31, 2018](#), the Province announced the cancellation of the Basic Income Pilot Program and a commitment to review the Social Assistance Program and make recommendations. There is no direct impact on the winding down the Basic Income Pilot as York Region was not a pilot community. The goal of future reforms is to improve the system, break the cycle of poverty, and help people re-enter the workforce and get back on track.

Based on the pre-election platform commitments, future announcements may be pending on a number of issues

The Provincial government has been in power for just over two months and has made a number of priority announcements in that short timeframe. In the months ahead, York Region staff will continue to monitor and report on significant policy changes. Based on the pre-election Progressive Conservative platform, staff anticipate future announcements and/or legislation on the following issues:

Transit Funding resulting in:

- Additional \$5 billion in subway funding - The Progressive Conservatives has indicated that additional funding for subways will be made available and they will deliver two-way all day GO Rail service while maintaining existing transportation commitments.
- Continued Infrastructure Investments - The Progressive Conservatives stated they will continue with infrastructure investments in roads and transit set out in the previous government's transportation and infrastructure budget.

Integrated Bilateral Agreement for Public Transit Stream resulting in:

- A Provincial Commitment of \$10.2 billion - This commitment is together with a Federal Commitment of \$11.8 billion to support long-term infrastructure projects across the Province.
- Additional Funding Potential - York Region potentially could receive up to \$204 million in federal funding and a further \$168 million in funding from the Province through the Public Transit Stream Funding. To receive this funding, York Region would need to contribute 27 per cent of the total cost of the projects or between \$125 and \$137 million. This is consistent with the figures reported to Council on [June 7, 2018](#).

Ontario Cannabis Act, 2017, changes resulting in:

- Open Markets - On [August 13, 2018](#) the Province announced they will introduce an online retail channel for cannabis on October 17, 2017, to be followed by a private retail model by April 1, 2019. The government will begin consultations with municipalities, Indigenous communities, law enforcement, public health advocates, businesses and consumer groups and representatives of the other provinces with private retail to ensure that Ontario's private retail model remains safe while helping to eliminate the illegal market.
- The Province will provide municipalities with a one-time window under which they can choose to opt-out of permitting physical cannabis retail stores within their boundaries. The provincial government will provide \$40 million to municipalities over two years to help local governments keep their communities safe. Further details are expected to follow shortly and be in place in time for October 17, 2018 when the federal Cannabis Act comes into force.

Electronic Cigarettes Act suspending planned changes and initiating more research resulting in:

- The Province indicated they will be revisiting the Electronic Cigarettes Act to allow for more research and analysis. This has no change to Public Health's current programs. It is unclear what provisions will be made to the promotion of e-cigarettes and vaping products.

Immunization Records, mandatory reporting suspension resulting in:

- The Province will work with the Ontario Medical Association (OMA) to address their concerns regarding the current schedule for integrating immunization records with other health care providers.
- Public Health's continued responsibility for collecting past immunization records of parents to ensure compliance with the Immunization of School Pupils Act will continue. Staff workload will not be impacted by the delay.

Safer Ontario Act on hold for a review of the legislation resulting in:

- A full and thorough review of the legislation is expected including consultation with experts, police services and the public.

New tools and resources to fight guns and gangs started with new funding for the City of Toronto

- On [August 9, 2018](#) the Province announced \$25 million in new funding to fight gangs and guns, above the \$76 million already being provided to support the Toronto Police Service. The provincial government is asking the City of Toronto and the federal government to match the province's investment.

5. Financial Considerations

Staff will continue to monitor and assess the financial implications of Provincial announcements and report to Council as more detail is provided

At present, it is premature to determine the extent of the financial impacts of Provincial announcements and policy changes made to date. Staff will continue to monitor Provincial changes closely and determine revenue impacts (both losses and gains) resulting in the change of provincial direction. Staff will report back to Council as more details unfold.

6. Local Municipal Impact

Local municipalities will also be impacted by the changes identified in this report, including the cancellation of the cap-and-trade carbon tax. Increased investments in infrastructure funding may have the potential to offset any losses realized by the cancellation of programs funded through the cap and trade carbon tax.

7. Conclusion

Staff will continue to work closely with the new Provincial government to support York Region's mandate and continue to provide cost effective and quality services to the residents of York Region. Staff will also continue to work closely in collaboration with our local municipal partners.

As announcements and policy changes are released by the Provincial government, staff will continue to report to Council and provide updates on impacts to planned or budgeted programs.

Provincial Changes with Potential Budget Implications

For more information on this report, please contact Krista South at 1-877-464-9675 ext. 71208.

The Senior Management Group has reviewed this report.

Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

August 16, 2018

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Accessible formats or communication supports are available upon request