

For Information

DATE: October 28, 2011

REPORT TITLE: **PROVINCIAL UPLOAD - UPDATE**

FROM: Norma Trim, Chief Financial Officer and Commissioner of Corporate Services

OBJECTIVE

To update Council on the benefit of the Provincial Upload, the impact on past tax rates, services and future benefits.

REPORT HIGHLIGHTS

- In 1998 the Province downloaded costs under Local Services Realignment through the Services Improvement Act
- In 2007 the Province announced a phased-in approach to Uploading provincial income redistribution programs including GTA Pooling, Ontario Disability Support Program (ODSP), and Ontario Works benefit costs
- Since 2008 Uploaded costs allowed service growth equivalent to 4.4 per cent property tax impact, without a tax increase
- Upload room has helped fund service needs in all four municipalities
- Upload of GTA Pooling and OW Benefits will be fully phased out by 2013 and 2018 respectively
- 2012 is the first year for the scheduled Upload of Court Security costs which will benefit Regional budget pressures related to Police Services
- Property tax payers in Peel's municipalities should continue to benefit from the Upload of Provincial costs pending any changes from a new minority provincial government

DISCUSSION**1. Background**

In 1998 the Province introduced Local Services Realignment (LSR), also referred to as "Who Does What" or "Downloading" through *the Services Improvement Act*. At that time the Province transferred to municipalities funding responsibility for a range of local services. In total some \$3.6 billion of costs were shifted to municipalities. Municipalities were required to achieve savings of \$0.6 billion and the Province removed 50 per cent of the Education Levy (\$2.4 billion) from the property tax bill. Additional funding assistance was provided by the Province to balance the transfers and keep the property tax rate neutral.

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By 2007, GTA Pooling costs for Peel, subsequently referred to as the Toronto Tax, amounted to \$60.1 million and Ontario Disability Support Program (ODSP) costs amounted to \$35.4 million. Under increasing pressure from municipalities including ongoing advocacy efforts of Peel Council the Province announced the elimination of GTA Pooling and the "Upload" of ODSP costs, increasing provincial funding for Ontario Works benefits costs as well as Court Security costs. The elimination of some income redistribution costs on the property tax would be phased in over a period of years as follows:

GTA Pooling	2008 - 2013
ODSP	2008 - 2011
OW Benefits	2009 - 2018
Court Security	2012 - 2018

On December 13, 2007 Council through resolution 2007-1583, directed "That the funding provided by the Provincial Government related to the Ontario Disability Support Program (ODSP) and the phasing out of the Toronto Tax, be retained by the Region of Peel". Since 2008 subsequent budgets have utilized the Upload to benefit the Peel Tax Rate.

2. Tax Rate Implications

Since 2008, Peel's tax rate has benefited from the Upload as follows:

Year	Regional Budget (2008 – 2011) Impact on the Property Tax Rate
Total Cost Upload (millions)	\$75.3
Tax Impact Before Upload Room	6.2% (14.0%* x 44%**)
Actual Tax Increase for Regionally Controlled Programs	1.8% (4.1%* x 44%**)
Additional Service Benefit from Cost Upload	4.4% (9.9%* x 44%**)

* Represents net Regional levy increase

**Based on average Regional impact on overall property tax of 44%

The above table demonstrates the cumulative uploaded costs to date (from 2008 to 2011) have helped offset increases to the Region of Peel net levy requirements by \$75.3 million. The Region's budget represents on average 44 per cent of the property tax bill, as such, the property taxpayer has benefited from additional services equivalent to a tax impact of 4.4 per cent without a tax increase. The tax room created by the upload also benefitted the local municipalities by reducing the total taxes ultimately paid by the taxpayer. This indirectly created room for service increases at the local municipality levels.

Each year, Peel's Health and Human Services increased resources to address priority needs in the community. Highlights include;

- Increased Paramedic Service by over 78,000 hours (equivalent to 15 more ambulances)
- Serviced the dental needs of 5,200 seniors
- Addressed an increased OW caseload of 5,800 cases
- Eliminated Parental Co-Payment fees for 2,650 families or 4,000 children

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- Created 375 rent-geared-to-income housing subsidies, 165 shelter allowances and 20 opportunities for home ownership
- Additional 48 emergency and 50 transitional shelter beds to address homelessness

In 2011 Budget, Council directed an additional \$13.3 million investment in Affordable Housing options utilizing an increase in provincial funding for Ontario Works administration costs.

3. Future Upload Benefit

As reported previously the taxpayers in each of the municipalities within Peel will continue to benefit from the full Upload of provincial costs for GTA Pooling, OW Benefits and Court Security. GTA Pooling is being uploaded equally over six years while OW Benefits and Court Security cost-share ratio is adjusted annually until 2018. The table below outlines the estimated maximum Upload benefit over the next seven years:

Year	GTA Pooling ('000)	OW Benefit ('000)	OW Benefit Provincial Cost Share	Court Security ('000)	Court Security Provincial Cost Share	Total Future Upload
2012	\$10,100	\$2,800	82.8%	\$1,260	14%	\$14,160
2013	\$10,200	\$3,000	85.8%	\$1,350	29%	\$14,550
2014	-	\$2,800	88.6%	\$1,260	43%	\$4,060
2015	-	\$2,800	91.4%	\$1,260	57%	\$4,060
2016	-	\$2,800	94.2%	\$1,260	71%	\$4,060
2017	-	\$3,000	97.2%	\$1,350	86%	\$4,350
2018	-	\$2,800	100%	\$1,260	100%	\$4,060

Court Security costs are for prisoner transport and court security. The Province has not finalized eligible costs nor the allocation of the maximum annual \$125 million funding envelope among municipalities. The estimates are based on full upload of 2009 \$9 million budget for court security. Net reductions to Peel's budget will be influenced by cost increases in the program over this time period. The Upload of Court Security cost will benefit the Regional budget related to Police Services.

CONCLUSION

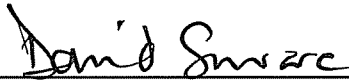
Property tax payers in Peel have benefitted and should continue to benefit from the upload of provincial costs through 2018 pending any changes from a new minority provincial government. From 2008 to 2011, the upload has allowed service growth equivalent to 4.4 per cent property tax impact, without a tax increase. The area municipalities share in the tax room by leveraging the lower increase in Regional taxes. The lower increase in the Regional tax requirement and anticipated zero increase in education taxes should help offset the increases in the area municipal portion of the bill resulting in an overall increase in the property tax bill which is in the range of inflation.

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