



CITY OF KINGSTON
INFORMATION REPORT TO COUNCIL

Report No.: 12-132

TO: Mayor and Members of Council
FROM: Gerard Hunt, Chief Administrative Officer
RESOURCE STAFF: Holly Wilson, Manager, Intergovernmental Relations
DATE OF MEETING: April 3, 2012
SUBJECT: Provincial Budget of March 27, 2012

EXECUTIVE SUMMARY:

On Tuesday March 27th, 2012 Mayor Gerretsen along with Jim Keech, President of Utilities Kingston, Jeff Garrah, President of KEDCO, JP Shearer, Director of Business Development and Holly Wilson, Manager of Intergovernmental Relations attended the introduction of the 2012 Ontario Budget Bill at Queen's Park.

The 2012 provincial budget bill primarily focused on balancing the provinces deficit by 2017-2018. In order to achieve this timeframe there are a series of cost cutting measures and efficiencies identified in the budget document.

There are a few areas that could have relevance to the City of Kingston, such as infrastructure investments, changes to affordable housing, potential public service reductions, pension reforms and changes to Ontario Works and the Ontario Disability Support program but it is unclear at this point what the potential impact will be.

The Ontario legislature will debate the aspects of the 2012 provincial budget in the coming weeks. The Provincial Conservatives have publicly stated they will not be supporting this budget and the Provincial NDP has committed to 'consulting with Ontarians' before making a decision. Should the budget bill not pass in the Ontario legislature there will be a provincial election in the summer months.

City staff will continue to review the 2012 provincial budget document, monitor developments and work with their provincial counterparts as more information becomes available in the coming weeks.

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RECOMMENDATION:

There is no recommendation as this report is provided for information only.

AUTHORIZING SIGNATURES:

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER
Gerard Hunt, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Cynthia Beach, <i>Sustainability & Growth</i>	N/R
Lanie Hurdle, <i>Community Services</i>	N/R
Denis Leger, <i>Transportation, Properties & Emergency Services</i>	N/R
Jim Keech, <i>President and CEO, Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

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OPTIONS/DISCUSSION:**Highlights of the 2012 provincial budget document include:****Infrastructure Spending**

- The government committed to invest a total \$35 billion from 2011-12 to 2014-15 but did not identify a municipal infrastructure fund for roads and bridges as the Premier mentioned recently at the ROMA/OGRA conference.
- The government is proposing amendments to the *Ministry of Infrastructure Act, 2011* to simplify the process of property transfers within the government. As well, the government is proposing amendments to the *Ontario Infrastructure and Lands Corporation Act, 2011* to clarify the range of services and advice Infrastructure Ontario can provide when directed.

Education

- The government is committed to moving ahead with implementing full-day kindergarten by September 2014.
- The government will pursue the amalgamation of school boards. This amalgamation will be considered in areas of province with low population growth and declining enrolment.
- The government intends to cap successful secondary credits at 34 four more than required to earn an Ontario Secondary School Diploma.
- The government will continue the 30% Ontario Tuition Grant Program for post secondary students attending College or University.

Immigration Strategy

- The government has committed to a process for creating it's first-ever immigration strategy through the Ministry of Citizenship and Immigration.
- A new expert roundtable, led by Julia Deans (former CEO of Greater Toronto CivicAction Alliance), will help to develop this strategy and examine ways immigration can best support Ontario's economic development and help Ontarians find jobs.
- The roundtable consists of business people, employers, academics and other experts within the fields of immigration and labour-market needs.
- As the City develops its immigration strategy there may be an opportunity to better align its framework with that of the provincial and federal governments as they move to develop their policies.

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Ontario Municipal Fiscal Review

- The government will honour its commitment to continue the uploads as agreed upon with municipalities through the Provincial-Municipal Fiscal and Service Delivery Review in 2008. By 2018, when the uploads have been completed, municipal budgets will see a total net of \$1.5 billion per year.

Ontario Municipal Partnership Fund (OMPF)

- The government will phase down the Ontario Municipal Partnership Fund (OMPF) will be to \$500 million by 2016. This is consistent with an agreement with municipalities.
- In the coming months, the government will be reviewing how the OMPF works and seeking advice from municipal partners on how to more effectively meet their needs while remaining within the programs identified envelope.

Pension reforms

- The government has committed to reform the governance of public-sector defined benefit pension plans. This includes:
 - Where deficits exist, plans would be required to reduce future benefits before further increasing employer contributions.
 - Where employee contributions are currently less than employer contributions, increased employee contributions would also be available to address pension deficits.
 - Benefit reductions would involve future benefits only. Current retirees would not be affected.
 - Where plan sponsors cannot agree on benefit reductions through negotiation, a new third-party dispute resolution process would be invoked.

Interest Arbitration

- The government is proposing legislation that will require arbitration written submissions by both parties, require written rationale by arbitrator when requested by a party, and where a decision is not delivered within one year, the Ontario Labour Relations Board would issue an award to both parties.
- In addition, the government has said it will discuss, “with those employers with significant numbers of employees and a material impact on the Province’s fiscal plan, and who have automatic access to arbitration, about additional tools they may need to live within their funding envelopes while protecting services.”

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Collective Bargaining Agreements

- The government will work towards greater centralization of bargaining in the Broader Public Sector. The municipal implications are uncertain at this point.

Provincial Offences Act

- The government will be proposing measures to enhance the administration of justice and the collection of unpaid fines for municipalities. It is proposed this will include vehicle licence plate denial for those fines that remain unpaid and which relate to the operation of vehicles.
- The government has also committed it will aim to have discussions with the federal government on the collection of unpaid fines against federal tax refunds.

Eastern and Ontario Economic Development

- The Eastern Ontario Economic Development Agency will remain while the Ontario, Northern Ontario and Eastern Ontario Development Corporations will be dissolved as part of an agency reduction strategy.
- The government will establish a Jobs and Prosperity Fund to consolidate many business support programs and a council to advise the government on a plan to boost Ontario's productivity.
- The Council will recommend and lead a comprehensive research agenda on Ontario's productivity and innovation challenges.
- The Council will advise on restructuring and transforming Ontario's existing business advisory services to boost their role in driving productivity.

Reduced Spending

- Program spending will be reduced by a cumulative \$17.7 billion over the next three years compared to what it would have otherwise been — ensuring that annual average growth in program spending is held to 1.0 per cent between 2011–12 and 2014–15.
- The size of the Ontario Public Service will further be reduced by nearly 1,000 full time staff.

Social Assistance Funding and Employment Resources

- The government intends to integrate Ontario Works and Ontario Disability Support Program employment services with Employment Ontario.
- The Community Start Up and Maintenance Benefit and Home Repair Benefit, administrated through social assistance will be transferred into the Long Term Affordable Housing Strategy.

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- The government will move to cap health and non-health related discretionary benefits at \$10 per case. Currently, health-related discretionary benefits are not capped while non-health related discretionary benefits are capped at \$8.75 per case. Because these benefits are cost shared with municipalities, this change will require a revised funding arrangement between the province and municipalities.
 - The government will increase the maximum annual Ontario Childcare Benefit payment from \$1,100 to \$1,210 in July 2013. The maximum annual payment will be increased again to \$1,310 in July 2014.
 - The government is not proposing any increases to social assistance rates at this time.

Health Care

- The government has indicated the construction of a new Providence Care Hospital in Kingston will go ahead as planned.
- In an effort to reduce hospital associated costs, the government will increase investments in home care and community services by approximately 4% annually over three years (\$526 million per year).
- A new Seniors Strategy will expand home care services to improve care coordination. Investments in chronic care services will hope to reduce pressures on long term care as will increased funding for long term care by 2.8% in 2012-2013. The government also intends to provide long term home care operators greater flexibility within the current funding structure.
- The government will introduce reforms to enable LHINs to promote a seamless coordination of the treatment patients need across various health care providers and to provide more flexibility to shift resources to where the need is greatest; and

Business Education Tax Freeze

- The budget will temporarily freeze the Business Education Tax reduction plan starting in 2013.

EXISTING POLICY/BY LAW:

There is no existing policy/by law.

NOTICE PROVISIONS:

There are no notice provisions with this report.

ACCESSIBILITY CONSIDERATIONS:

There are no accessibility considerations with this report.

FINANCIAL CONSIDERATIONS:

As noted in the report, there are a few areas that could have relevance to the City of Kingston, such as infrastructure investments, changes to affordable housing, potential public service

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reductions, pension reforms and changes to Ontario Works and the Ontario Disability Support program but it is unclear at this point what the potential impact will be.

CONTACTS:

Gerard Hunt, Chief Administrative Officer

613-546-4291, ext. 2205

Holly Wilson, Manager, Intergovernmental Relations

613-546-4291, ext. 1402

OTHER CITY OF KINGSTON STAFF CONSULTED:

Not applicable.

EXHIBITS ATTACHED:

Not applicable.