

COMMITTEE OF THE WHOLE - APRIL 18, 2005

PROVINCIAL TASK FORCE ON MUNICIPAL FINANCES

Recommendation

Councillor Carella, Chair, Intergovernmental Relations Committee---along with committee members Councillor Di Vona and Councillor Shefman---recommends

That the City of Vaughan request the Minister of Finance and the Minister of Municipal Affairs and Housing convene a task force composed of appropriate representatives from both ministries and from upper and lower tier municipalities in the GTA/905 area, to review provincially-mandated financial arrangements having implications for the delivery of municipal services (including but not limited to social housing and welfare) funded from property taxes.

Purpose

To enjoin the provincial government to understand the fiscal pressures building on GTA/905 municipalities (and by extension, all property owners in the GTA/905) as a consequence of financial arrangements imposed upon said municipalities by the Province of Ontario; and to initiate the process by which GTA/905 municipalities can benefit from a 'new deal' from the Province of Ontario.

Background and Analysis

The Intergovernmental Relations Committee is of the view that just as the Province of Ontario is entitled to a 'new deal' from the Government of Canada, GTA/905 municipalities deserve a new deal from the Province of Ontario. Toronto and the GTA/905 constitute in fact the economic engine of the nation. For that reason they not only attract the bulk of all new immigrants to the country, their populations have enhanced expectations in terms of the sorts of services local and regional governments should provide, and of the timeliness with which such services are delivered. Yet current financial arrangements limited the scope of such services, while delaying or preventing their delivery.

Councillor Di Vona initiated the request for the establishment of the above-mentioned task force in light of the on-going discussion of the issue of 'pooling', one instance of a provincially-mandated financial arrangement which places a burden on property taxpayers in one geographical area, to support the delivery of services in another such area. Without addressing the fairness of pooling, it is in fact an example of tampering with the most basic principle of property taxation---that local property taxes should fund local services as delivered by an area municipality, or an upper tier municipality, or both.

Councillor Shefman stressed the serious impact that current financial arrangements are having on social services in both the Region of York and the City of Vaughan. In his view, not only do we have to dismiss the myth that "everything is OK" in the suburbs, but we must also recognize that Vaughan is witnessing many if not all of the same problems that Toronto is experiencing relative to social service needs.

Premier McGuinty has argued that the allocation of federal funds for the delivery of provincial services (e.g., health and education) across Canada is neither equitable nor consistent. That is true. But the inequity and inconsistency is not limited to federal-provincial arrangements; they extend to provincial-municipal arrangements as well.

Relationship to Vaughan Vision 2007

This report is consistent with priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

If any relief is to be had from pooling and other provincially-mandated financial arrangements which adversely impact local property owners, municipal governments need to continue to press the provincial government for a review of the consequences of such arrangements and for the development of alternative arrangements. The proposed task force is intended to achieve that purpose.

Attachments:

None

Report prepared by:

Councillors Carella, Di Vona, and Shefman

Respectfully submitted,

Councillor Tony Carella