

August 12, 2020

AMO Policy Update – Municipal Emergency Fiscal Relief, Quarter 1 Fiscal and COVID-19 Action Plan Updates

1st Round of Municipal Emergency Funding Coming Soon – Safe Restart Agreement

The Province today [announced](#) how up to \$4 billion in federal-provincial financial assistance for municipalities and transit operations will be made available to municipalities. The Province is employing an immediate allocation-based distribution, followed by a distribution based on an assessment of COVID-19-related financial impacts.

“The Province has taken a commonsense approach to the distribution of financial assistance to municipalities”, said AMO President Jamie McGarvey. “A straightforward phase 1 allocation formula will ensure every municipality and municipal transit provider will benefit from immediate assistance, while a later assessment of actual costs will ensure those hardest hit by COVID-19 are able to fulfill their role in the economic recovery.”

\$2B in Operational Funding Assistance

New operational funding assistance of \$1.39 billion will be delivered in two equal phases, and an additional \$212 million will be invested in the \$350 million Social Assistance Relief Fund (SSRF):

Phase 1:

\$695 million will be distributed immediately on per household basis. All 444 municipalities will receive a letter from the Minister of Municipal Affairs and Housing setting out their Phase 1 allocation. Where there is a two-tier system, the allocation will be shared equally between the lower and upper tier.

Phase 2:

\$695 million will be available to all 444 municipalities but will require an assessment of actual COVID-19 related costs and losses.

In addition, **\$212 million** will be added to existing \$350 million Social Services Relief

fund, which is available to the 47 Service Managers, i.e. municipalities and DSSABs delivering provincial health and social services programs.

The total new investment listed above is \$1.6 billion. This new funding is in addition to \$350 million already invested in the SSRF (announced March and July) and \$100 million already invested in municipal long-term care, bringing the total to more than \$2 billion.

\$2B Transit Funding Assistance:

Up to \$2 billion in financial assistance for transit costs and losses will be provided to transit operating municipalities through two separate investments.

1. An immediate distribution of more than \$660 million to 110 municipalities operating transit based on ridership data plus a base amount that ensures smaller transit operations will receive substantial funding.
2. A second distribution will be provided to municipal transit operators based on an assessment of actual COVID-19 fiscal pressures.

Ontario 2020-21 First Quarter Finances and Update on Ontario's COVID-19 Action Plan

The Honourable Rod Phillips, Minister of Finance, has [released Ontario's 2020-21 First Quarter Finances](#) and provided an [update](#) to *Ontario's Action Plan: Responding to COVID-19*.

The Minister outlined Ontario's direct support to the COVID-19 pandemic and noted a projected budget deficit of \$38.5B – an increase from his March update of \$20.5B. The increased deficit is accounted for through reduced provincial revenues, additional investments, and financial contingency planning.

Highlights from the Minister's update include:

- Total revenues fall to \$150.6 billion for 2020-21. This is \$5.7B lower than projected and expenses are projected to increase by \$13.1B higher than forecasted in March.
- In March, the government outlined a \$17B plan to support Ontario's response to COVID-19. Today, the Minister announced additional investments that will bring the government's COVID-19 response action plan to a projected \$30B. These additional investments include:
 - Increased support for health care from \$4.4B to \$7.7B. This will assist hospital capacity, manage COVID-19 in long-term care homes, increased testing, and procuring PPE and medical supplies.
 - Increased support from \$7.3B to \$11B for people and jobs, which includes temporary pandemic pay for eligible workers (\$1.5B), up to \$4B

in targeted funding for municipalities and transit agencies, and temporary immediate relief for residential, farm, small business, industrial and commercial electricity consumers.

- The government is also extending provincial tax deferrals for businesses to October 1st, 2020. This additional cash flow is estimated to be \$7.5B over a six-month period.

Minister Phillips stressed that fiscal flexibility was prudent and necessary to help guard against potential impacts of a "second wave". To this end, he announced that the government is ensuring \$9.6 billion is available in reserves and several contingency funds.

The Province's next fiscal update will be a multi-year provincial Budget and will be delivered no later than November 15th, 2020.

AMO's [COVID-19 Resources](#) page is being updated continually so you can find critical information in one place. Please send any of your municipally related pandemic questions to covid19@amo.on.ca.