

November 4, 2021

AMO Policy Update – Fall Economic Statement Highlights, Ontario Community Infrastructure Fund + Conservation Authorities Act Webinars and Fact Sheets

Fall Economic Statement Highlights

The Honourable Peter Bethlenfalvy, Minister of Finance, delivered the Fall Economic Statement (FES) earlier today at Queen’s Park. The government is now projecting a \$21.5 billion deficit in 2021–22, an improvement from the earlier \$33.1 billion projection contained in the 2021 budget. Similarly, revenues are \$14.6 billion higher than previously forecast. Other highlights of a municipal interest include the following:

- The **Ontario Community Infrastructure Fund** will be doubled for the next five years. For 2022, this is bringing the funding envelope to \$400 million (up from \$200 million). Please see next section for greater detail.
- **Transit and transportation investments** under the “Building Ontario” theme include an additional \$474 million over five-years to address large bridge rehabilitation in southern Ontario and an additional \$345 million for municipal transit systems. Funding for transit systems is meant to address lower ridership and gas tax revenues resulting from the pandemic. The \$345 million will be split between topping up the reduced Gas Tax for Transit Fund to its 2021 envelope of almost \$380 million. The rest of the funding is being allocated to support transit systems whose COVID-19 allocations cannot support their needs to December 31, 2021. This funding will be based on actual shortfalls documented by transit systems and municipal treasurers. MTO will work with Ontario’s transit associations on this funding and will continue to monitor needs in 2022.
- **Property assessment** for the 2022 and 2023 tax years will remain unchanged. The government has prioritized stability for property taxpayers and municipalities. The valuation date that was used in 2021 (January 1, 2016) will remain in effect.
- Calculations which govern federal **payments in lieu of taxes** will be further regulated to provide greater stability to those municipalities which receive them. This concerns two changes, 1) the impact of the drop in provincial education rate to regulate stable federal payments to municipalities, and 2) a

suspension of the 5% annual cap on increases paid by federal airports to municipalities until pre-pandemic passenger traffic volumes return.

- The Minister of Municipal Affairs and Housing will establish a **Housing Affordability Task Force** to provide recommendations on making housing more affordable. This builds on measures the government have already taken to accelerate development approvals, deliver cost savings, and reduce risk for builders.
- The **Brownfields Financial Tax Incentive Program** will be amended to extend provincial education tax assistance to six years for business development (previously three years), and ten years for residential development.
- **On-farm business property assessment** will be amended to increase the small-scale on-farm value-added business assessment threshold from \$50,000 to \$100,000. Other changes include extending the tax treatment of maple sap to all edible tree saps, increasing the current limit on exempting farm woodlots, and simplifying elements of the administration of the farm property class.

Other items of note include:

- The government is investing \$12.4 million over 2 years starting in 2021-22 to continue rapid access to existing and expanded **mental health and addictions supports for health and long-term care workers** across the province.
- Ontario is providing an additional \$10 million, (total investment now \$20 million over three years, beginning in 2021–22), to support the identification, investigation, protection and commemoration of **Residential School burial sites** across the province.
- The government is proposing a new temporary **Ontario Staycation Tax Credit** for 2022. The credit would provide an estimated \$270 million in support to about 1.85 million families, or \$145, on average.

AMO will continue to review legislative changes arising from the Fall Economic Statement and provide updates as necessary.

Ontario Community Infrastructure Fund (OCIF)

The government unveiled its long-awaited redesign of the Ontario Community Infrastructure Fund (OCIF). The FES announcement meets and exceeds AMO's calls for additional funding for the OCIF, effectively providing an additional \$200 million annually over 5 years to double the OCIF envelope formula allocation. The redesigned OCIF makes several important changes beginning in 2022.

These are:

- a significant increase in the fund envelope with an additional \$1 billion over five years that effectively doubles the OCIF;

- doubles the OCIF 'floor' – the minimum amount any municipality receives under the formula allocation – to \$100,000 annually;
- institutes a \$10 million cap in funding per municipality;
- creates a 'smoothing' mechanism so that no community sees changes of more than 15% of their OCIF funding allocation year-over-year;
- changes the formula inputs for infrastructure intensity by transitioning to using replacement value based on municipal asset management plan assessments to calculate the infrastructure need;
- the Ministry of Infrastructure intends to establish performance indicators for core infrastructure systems to measure improvements from funding.

These changes will update the OCIF to provide more flexible funding to municipal governments on a formula-allocation basis. They also create a link between municipal asset management planning and infrastructure funding that will ensure municipal work to assess and monitor infrastructure needs is recognized in the OCIF. As the significant provincial Broadband investment starts to roll out, OCIF will provide important support to municipalities to make their infrastructure ready to connect their communities.

Conservation Authorities Act Regulations Webinars & Fact Sheets

Late last month, the Ministry of the Environment, Conservation and Parks released three new regulations under the *Conservation Authorities Act*. These regulations change the relationship between municipal governments and conservation authorities (CAs), particularly around the scope of the programs and services delivered. While this new regime will be phased in until December 31, 2023, it is critical that municipal Councils reach out to the CA(s) as the CA's first deadline is December 31, 2021.

AMO has released five comprehensive Fact Sheets for municipal Councils and staff to review, listed below and on [our website](#):

1. [Overview of Changes to Conservation Authorities](#)
2. [Transition Plan and Timelines](#)
3. [Mandatory Programs and Services \(Category 1\)](#)
4. [Municipal Programs and Services \(Category 2\)](#)
5. [Other Conservation Authorities Programs and Services \(Category 3\)](#)

In addition, three webinars are planned this month to answer technical questions and discuss how these regulations will be implemented. Here are [details](#) on how to register.

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.

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