

# 2022 Region of Peel

## Provincial Pre-Budget Submission



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### Introduction

As all levels of government continue to address current challenges related to COVID-19 and look to opportunities on how to rebuild stronger beyond the pandemic, municipalities will play a critical role moving forward.

Over the course of the pandemic, the Region of Peel has taken an “all-hands-on-deck” approach, with staff and other resources redeployed to support the response and mass vaccination program. The redeployment of staff, especially those in Public Health, has resulted in services and priorities being paused or reduced. Through all of this, the Region continued to provide core services needed to build a healthy, safe and connected community that serves its residents and businesses.

The response to COVID-19 has had a substantial impact on municipal finances and our community, and every effort has been made to mitigate the impact on Peel’s taxpayers through these challenging times. The Region’s 2022 budget has been contained to an increase of 1.5 per cent, supported by cost avoidance and continuous improvement efforts, and further new and innovative revenue sources, such as a Vacant Housing Tax, are being explored to generate additional revenues.

The Region’s efforts have been significantly supported through much-appreciated provincial funding, which has been essential to help fund Peel’s COVID-19 response and fully offset incremental costs related to service delivery during the pandemic. The Region also welcomed the recent changes to the airport Payments in Lieu of Taxes regime, which will allow those revenues to keep pace with the recovery in airport passenger volumes and avoid catastrophic municipal revenue shortfalls.

As focus turns to recovery, the Region will require ongoing provincial support to meet the evolving needs of our community and the mounting pressures on municipal finance. With Peel’s growing population, there are escalating affordable housing challenges, higher demands for child care, increasing costs to support our aging population as well as unmet needs for mental health and additional services. Further, the Region will also need resilient infrastructure and an integrated transportation network to support this growth.

Outlined in this submission, there are several policy solutions that address these community and financing challenges. We also outline a collaborative approach to address the needs of Peel’s residents and businesses including how to:

- Address COVID-19 impacts, now and beyond
- Support our community growth
- Focus on affordable housing solutions
- Safeguard quality of life for seniors
- Prioritize investment in mental health
- Invest in child care as an economic catalyst
- Keep the economy moving

## Summary of policy opportunities

### Address COVID-19 impacts, now and beyond

- Continue to provide sufficient funding for the ongoing COVID-19 response, including significant costs associated with the Region's Mass Vaccination Program
- Provide additional funding support to offset incremental service costs and loss of revenue for services that have continued to operate during the pandemic
- Increase infrastructure funding to stimulate Peel's economic recovery, including green infrastructure projects
- Implement an allocation model to distribute stimulus funds expeditiously

### Support our community growth

- Increase funding for provincially mandated services to keep pace with inflation and population growth
- Review provincial-municipal service responsibilities to modernize the planning, regulating, funding, and delivery of those services

### Focus on affordable housing solutions

- Contribute \$319.6 million in capital funding to support Peel's Housing Master Plan
- Provide legislative and policy changes to increase local autonomy and improve housing affordability outcomes in Peel

### Safeguard quality of life for seniors

- Provide funding and stronger regulatory requirements and measurement to support emotion-based care and enable dementia friendly design in Long-Term Care
- Provide \$4 million in sustainable operational funding and \$30 million in capital funding to support the expansion of community support services and wrap-around care at the Seniors Health and Wellness Village at Peel Manor
- Provide additional funding and service delivery changes for the Ontario Seniors Dental Care Program (OSDCP) to meet the number of eligible seniors in Peel

### Prioritize investment in mental health

- Implement a funding formula for mental health and addictions services that considers population and demographic factors, community need and accounts for additional systems pressures due to the impacts of COVID-19
- Provide targeted, specific and sustainable investments to Peel's community-based mental health and addictions services to address growing waitlists and crisis levels exacerbated by COVID-19

### Invest in child care as an economic catalyst

- Sign the Canada-Wide Child Care Agreement
- Work collaboratively with Service System Managers on a strategy for Registered Early Childhood Educators
- Provide fair, predictable, flexible funding to service system managers

### Keep the economy moving

- Provide support for key strategic transit projects across Peel
- Allow the use of Administrative Monetary Penalties System (AMPS) to process Automated Enforcement violations and direct the net revenue from Automated Enforcement penalties to municipalities

## Address Covid-19 impacts, now and beyond

The Region of Peel continues to be a critical partner in Ontario's COVID-19 response. Sustainable and continued provincial funding for COVID-19 infection control and vaccination as well as additional funding to offset the substantial incremental costs and loss of revenue associated with the pandemic are required.

Further, as attention begins to turn towards the medium and long term, moving forward with stimulus infrastructure investments in Peel will play a central role in recovery efforts. Significant provincial support will be required to help the Region move forward with these critical infrastructure projects.

### Policy opportunities

- Continue to provide sufficient funding for the ongoing COVID-19 response, including significant costs associated with the Region's COVID-19 Response and Mass Vaccination Program
- Provide additional funding support to offset incremental service costs and loss of revenue for services that have continued to operate during the pandemic
- Increase infrastructure funding to stimulate Peel's economic recovery, including green infrastructure projects
- Implement an allocation model to distribute stimulus funds expeditiously

### COVID-19 response and vaccination support

As one of the largest emergency programs ever undertaken in Peel, the planning and implementation of the Mass Vaccination Program has become the Region's largest cost driver with respect to COVID-19. The Region acknowledges and appreciates that the Province has provided 100 per cent of the required funding for the program in 2021. However, the response to the pandemic continues to require substantial effort and resources, and additional financial support will be required to recover the cost of this significant initiative in 2022.

### Off-setting incremental service costs

While Safe Restart Funding and other federal/provincial COVID-19 related funding initiatives have helped cover the net costs and pressures experienced by Regionally-controlled programs, sustained and predictable funding is required to ensure Peel's health and service needs are met throughout and beyond the pandemic. The table below highlights the impacts to the Region in 2021 (as of August 31, 2021) associated with responding to COVID-19.

The Region seeks continued support, including funding for:

- **Surveillance** and exposure/outbreak management in high-risk settings
- **Administration** of all eligible first, second and third doses as quickly as possible
- **Maintenance** of mass vaccination clinic capacity
- **Increased focus** on hard-to-reach residents and those with low vaccine confidence

## 2022 Region of Peel Provincial Pre-budget Submission

Programs	Increased Costs (millions)
Housing Support	\$70.2
Early Years and Child Care	\$74.4
Infectious Disease Prevention	\$57.8
Mass Vaccination Program	\$107.3

\*As reported to Regional Council on October 28, 2021

As the Region moves forward in delivering essential services to Peel's residents and businesses, additional support is required. This includes financial support to offset incremental service costs and loss of revenue for services that have continued to operate during the pandemic, as well as recovery funding for the reinstatement of in-person services that were paused, such as early intervention programming, was under Early Growth and Development.

In addition, throughout the pandemic, the Region, with its community providers, was able to provide critical intervention programs to help support and protect the homeless and other vulnerable populations with temporary emergency provincial and federal funding. This includes programs like the Primary Pandemic Care Outreach, which provided primary care medical supports to homeless residents. As this funding is temporary, the Region is seeking long-term sustainable operational funding for these critical intervention programs.

### Predictable and sustainable infrastructure stimulus funding

As all levels of government begin to implement plans for recovery, there's a greater need than ever to ensure communities have safe, effective and reliable infrastructure. The Region appreciates infrastructure funding, such as the \$18.7 million in federal and provincial funding allocated under the COVID-19 Infrastructure Resiliency Stream of the Investing in Canada Infrastructure Program. The Region looks forward to partnering with the Province as additional funding opportunities become available, particularly in support of green infrastructure projects.

### Efficiency through an allocation-based funding model

To address the significant impacts of the pandemic, significant investment will be needed to kick start the economy. To ensure that tax dollars are providing full value, it is essential that these infrastructure investments are not delayed by unnecessary processes and/or administrative burdens.

One positive example of an effective modernized funding process is the Local Government in-take of the COVID-19 Infrastructure Resiliency Stream, which uses an allocation-based funding model that better meets the needs of the municipal sector. It provides timeframes that correspond to a realistic infrastructure planning and implementation cycle. Funding under this model can also allow municipalities to invest in priority projects consistent with their asset management plan.

Moving forward, it is important that the Province work with its federal counterparts to implement an allocation-based funding model wherever possible, to expeditiously invest in critical municipal infrastructure projects.

## Support our community growth

Peel is a rapidly growing community and a major economic hub, but is faced with a rapidly changing macroeconomic environment, which places additional pressure on municipal revenues and finances. Increasing service pressures and complex community issues that have been further amplified by the COVID-19 pandemic will require focused financial and policy support from the provincial government.

### Policy opportunities

- Increase funding for provincially mandated services to keep pace with inflation and population growth
- Review provincial-municipal service responsibilities to modernize the planning, regulating, funding, and delivery of those services

### Support for Regional medium and long-term service priorities

Municipalities are primarily responsible for the infrastructure and essential services needed to keep people safe and healthy. Responding to the COVID-19 pandemic has increased service levels in areas like public health and Long Term Care. With municipalities having limited fiscal resources to rely upon, there is greater urgency to review the medium- and long-term fiscal sustainability of local governments.

When provincial funding does not keep pace with growth and inflation, the resulting deficit is added to the property tax base, placing an additional burden on property taxpayers. To address this, it is essential that the Province engage with municipalities to explore new and innovative ways to update service funding models for provincially mandated services, as is underway in the case of Ontario Works.

Funding for many provincially mandated services continues to be outpaced by growth and service demand pressures. For example:

- **Federal and provincial funding for housing subsidies has dropped 20 per cent between 2017 and 2021** and the State-of-Good-Repair funding gap for Peel's aging community housing is \$293 million.
- **Funding for Public Health has been frozen at 2018 levels**, with no additional funding for inflation or population growth.
- An **increasing proportion of the Region's Long Term Care operating budget** is being funded through property tax.
- **Changes to funding arrangements for services that are cost-shared** with the provincial government, such as administrative funding for child care.

2022 Region of Peel Provincial Pre-budget Submission  
**Review of provincial-municipal service responsibilities**

Organizations, such as the Institute for Municipal Finance and Governance and the Association of Municipalities of Ontario (AMO) have long argued that the responsibility for funding income re-distribution programs, such as affordable housing and social services, should not be financed through the property tax base, and is more appropriately funded by provincial sources.

AMO also argues against municipalities being required to fund provincial responsibilities in other areas, such as the 'Local Share' for new hospital funding. The recent announcement of provincial funding to expand hospital capacity in Brampton and Mississauga is appreciated, however, it is increasingly difficult for municipalities to meet the local share requirement, under the current economic climate, and further complicated by the fact that municipalities have been unable to collect Development Charges for hospitals since 1997.

AMO has stated in its report, Partners for a Healthy Ontario, "healthcare is a provincial area of responsibility under the Canadian Constitution, costs should not be borne by the property tax base." Redirection of municipal revenues or reserves towards any services that are a provincial responsibility, negatively impacts the ability to fund service areas that are municipal responsibility.

## Focus on affordable housing solutions

Housing is a major contributor to economic growth, social stability and household wealth. Households who live in secure housing are more likely to be in better health, perform better in school, and have more personal wealth, including non-housing wealth. Housing creates jobs and allows business to retain employees. The Region is committed to working with every level of government to address current housing affordability challenges, but the Region alone cannot build its way out of this crisis.

### Policy opportunities

- Contribute \$319.6 million in capital funding to support Peel's Housing Master Plan
- Provide legislative and policy changes to increase local autonomy and improve housing affordability outcomes in Peel

### Peel's Housing Master Plan

The Region's Housing Master Plan, when fully implemented, will add more than 5,650 new affordable rental units in Peel. Regional Council has already approved creating an initial 2,240 rental and supportive housing units and emergency shelter beds by 2028.

To date, \$680.4 million of the \$1 billion capital funding envelope has been secured, which includes a 1/3 commitment of Regional funds, \$276.4 million through federal government's National Housing Co-Investment Fund, and \$68.7 million in funding through the existing federal and provincial funding programs.

There remains a funding gap of \$319.6 million and there is urgency to fill this gap to complete these units by 2028 to meet timelines related to federal funding. Without additional provincial funding support, the Region risks losing committed Canada Mortgage and Housing Corporation funds, but more importantly, a loss of more than 860 new affordable rental units for the Peel community.

### Improve affordability outcomes

Strong intergovernmental collaboration, such as the recent Ontario-Municipal Housing Summit, can drive real-world, on-the-ground solutions to help combat this housing crisis. This includes strategic reforms, such as those included in the Community Housing Renewal Strategy, aimed at sustaining, repairing and growing the community housing system.

It is essential that municipalities have the flexibility to use provincial funds to best meet the needs of their communities and that resource-sapping reporting requirements are minimized to ensure the funds provide full value to the taxpayer.

To advance solutions, the Region proposes a staff-level working group that would include various ministries, including Municipal Affairs & Housing and Finance. This forum would provide the opportunity to better understand the challenges and opportunities of implementation and frontline needs and explore options to ensure that regional and provincial processes and priorities are aligned towards the shared goal of affordable housing for all.

## Safeguard quality of life for seniors

With seniors being the fastest growing age group in Peel and across Ontario, improving system capacity related to dementia and other complex care needs is a priority. Enhanced, integrated services and emotion-based supports are needed to help safeguard the health and well-being of seniors.

### Policy opportunities

- Provide funding and stronger regulatory requirements and measurement to support emotion-based care and enable dementia friendly design in Long-Term Care
- Provide \$4 million in sustainable operational funding and \$30 million in capital funding to support the expansion of community support services and wrap-around care at the Seniors Health and Wellness Village at Peel Manor
- Provide additional funding and service delivery changes for the Ontario Seniors Dental Care Program (OSDCP) to meet the number of eligible seniors in Peel

### Emotion-based care

Emotion-based care for seniors shifts care from being task-oriented, to focusing on the person at the centre of care, including their safety, wellbeing and clinical needs. The Region's LTC homes that have adopted emotion-based, person-centred models of care show that residents become less agitated and react more positively to their social interactions with staff and the dementia-friendly home environment, thereby reducing the need for resource-intensive specialized units.

### Seniors Health and Wellness Village at Peel Manor

The Seniors Health and Wellness Village (SHWW) at Peel Manor is a visionary project aimed at achieving a cost-effective, sustainable community-based LTC program. It will not only include exceptional dementia care and design, but is designed to support integration between acute, primary and community care, and enable high quality emotion-based care along the seniors' continuum.

To support emotion-based care, provincial investment should focus on:

- **Enhancing supports across the LTC sector**, including re-evaluating the funding model for residents with dementia
- **Funding research-based, dedicated and sustainable training** to build LTC staff competencies
- **Adequately resourcing a minimum daily standard of care** of four hours or more per resident based on assessments that identify emotion-based and person-centred care needs

### **2022 Region of Peel Provincial Pre-budget Submission**

To support this project, the Region has requested \$30 million in capital funding and \$4 million in sustainable operational funding from the Province. Without provincial support, the Region's ability to achieve the full vision to rebuild and transform the site is at risk.

### **Seniors dental care**

Without changes to the Ontario Seniors Dental Care Program (OSDCP) service delivery model beyond publicly funded clinics, or additional capital and operational funding, there will be continued challenges to meet the demand for dental services.

In order to ensure that seniors have access to critical oral health services, provincial support is needed, including:

- Allocating sufficient operational and capital funding to meet the growing demand for OSDCP services
- Allowing the continued provision of services by private dental providers and allowing a sessional/time unit reimbursement option to pay for these services, beyond the temporary arrangements put in place during the pandemic
- Removing the co-payment for prosthodontics (i.e., dentures)

## Prioritize investment in mental health

Peel continues to be challenged by unmet community need with only one in three residents expected to receive mental health or addiction treatment or services when they need it. This leaves an estimated 184,000 Peel residents without the necessary interventions that they need. The COVID-19 pandemic has exacerbated this need and support is required to help increase availability and improve access to mental health and addiction services in Peel.

### Policy opportunities

- Implement a funding formula for mental health and addictions services that considers population and demographic factors, community need, and account for additional systems pressures due to the impacts of COVID-19
- Provide targeted, specific and sustainable investments to Peel's community-based mental health and addictions services to address growing waitlists and crisis levels exacerbated by COVID-19

### Population needs-based funding

COVID-19 has illustrated the impact of chronic underinvestment in mental health services in Peel. Funding data from 2019-20 indicates that Peel's population (ages 15-64) received nearly 40 per cent less per capita funding for mental health services and nearly 50 per cent less per capita funding for addictions services compared to the rest of Ontario.

Funding per capita 2019-20	Mental health services	Addiction Services
Central West LHIN	\$54.23	\$11.46
Mississauga Halton LHIN	\$43.31	\$10.58
Provincial Average	\$86.36	\$20.91

Similarly, Peel's child and youth population (ages 0-17) received only 6 per cent of available provincial funding for child and youth mental health transfer payments, despite making up almost 12 per cent of Ontario's child and youth population.

New funding formulas are urgently needed so that Peel's community mental health and addictions system can reduce wait times and waitlists, improve care options, strengthen integration of services and reduce the burden on emergency departments. The chronic underfunding of Peel's mental health and addiction services illustrates the need for a population-based approach to funding models that correct longstanding funding disparities and also consider additional service pressures.

2022 Region of Peel Provincial Pre-budget Submission  
**Targeted and sustainable investments**

Immediate opportunities for investment in Peel to address the chronic and complex care mental health and addiction needs of residents include:

- Rapid access addiction medicine clinics to provide clinical supports and additional mobile crisis rapid response teams to match population needs
- 24/7 crisis walk-in services
- Stepped care programs that deliver and monitor treatments based on intensity of need and reduce wait times for psychiatric supports
- Permanent, sustainable funding for new supportive housing to support wrap-around supports for our homeless and at-risk for homelessness populations
- Public health approaches aimed at harm reduction (e.g., supervised consumption services) and upstream interventions (e.g., supporting healthy parent-child relationships)

## Invest in child care as an economic catalyst

Child care is not only important for the physical, mental and social development of children – it is also a key driver of economic recovery in Peel, and throughout Ontario. However, the child care sector remains in a state of flux and for it to remain viable, financial supports must be made available in 2022 and beyond.

### Policy opportunities

- Sign the Canada-Wide Child Care Agreement
- Work collaboratively with Service System Managers on a strategy for Registered Early Childhood Educators
- Provide fair, predictable, flexible funding to service system managers

### Canada-wide child care

Stability of the sector is critical to the recovery of the economy and will be essential if families in Peel, and throughout the province, are to benefit from the National Child Care funding, should an agreement be signed. Without sufficient child care spaces and qualified staff, Peel families will not be able to fully benefit from a national child care program.

It is essential that the Province signs the Canada-Wide Child Care agreement and works collaboratively with the Service System managers, who best understand the needs of the community, to implement an affordable, inclusive, high quality, accountable and accessible child care system.

### Recruitment and retention of Registered Early Childhood Educators (RECEs)

The shared goal of expanding child care spaces in Ontario can only be achieved if there are sufficient, qualified staff. Recruiting and retaining RECEs was a serious problem prior to COVID-19 and these challenges have been exacerbated by the pandemic.

To address this challenge, it is important that the Province work closely with Service System Managers on a provincial recruitment and retainment strategy for RECEs. A commitment from the provincial government to provide professional development funding as well as a more comprehensive strategy, including recognition, specific recruitment strategies and a provincial wage grid, is required.

### Fair, predictable, flexible funding

Provincial funding for the child care sector should be allocated in a manner that is adequate, fair and considers Peel's unique situation. Without additional funding, achieving the goal of \$10/day child care will be a challenge, given that Peel has some of the most expensive child care costs in Canada.

Predictable, flexible funding for the Region includes reinstatement of the capital carryover provision, which allows capital funds to be carried over into the following year. Capital projects take time to assess, plan, approve and execute, and as such, project funding (both federal and provincial) need to cross fiscal years. Given the many changes and unpredictable delays associated with the pandemic and disruptions to supply chains globally, this flexibility is especially important now.

## Keep the economy moving

A strategic location, diverse communities and a thriving economy has made Peel a destination of choice. The combined population of Mississauga, Brampton and Caledon is expected to increase by over 700,000 new residents and 335,000 jobs by 2051. It is critical that this population growth coincide with the expansion of an integrated transportation network that focuses on safe, reliable and efficient movement throughout the Greater Golden Horseshoe region.

### Policy opportunities

- Provide support for key strategic transit projects across Peel
- Allow the use of Administrative Monetary Penalties System (AMPS) to process Automated Enforcement violations and direct the net revenue from Automated Enforcement penalties to municipalities

### Enhancing the transportation network

As capacity to accommodate expected growth cannot be met simply by adding more road lanes, the Region is targeting a 50 per cent sustainable mode share (e.g., walking, cycling, carpooling, and transit. Provincial investment in transit plays a significant role in the Region's ability to achieve this mode share target, and it is welcome news the business case for the proposed Caledon-Vaughan GO rail service is moving forward.

Other key transit projects for Peel that should be advanced include:

- Two-way, all-day, 15-minute GO Regional Express Rail for Milton
- Continued implementation of two-way, all-day, 15-min GO Rail Service on the Kitchener Line
- Eglinton Crosstown West LRT Extension to Toronto Pearson Airport

### Administrative Monetary Penalties System (AMPS)

AMPS is an important tool needed to support automated enforcement programs that work toward creating healthy, safe, and connected communities. Limited capacity in the local court system, currently heavily burdened and backlogged, in part due to COVID, has resulted in significant delays in processing violations and restricts the growth of automated enforcement programs such as red light camera, automated speed enforcement, and school bus stop arm camera enforcement.

The Province should expeditiously move forward with the necessary regulatory changes to allow the creation of AMPS for automated enforcement programs, including the necessary legislative amendments and supporting regulations that would direct the net revenue from automated enforcement penalties to municipalities. This change will allow the Region to realize the full benefits of automated enforcement programs.

