

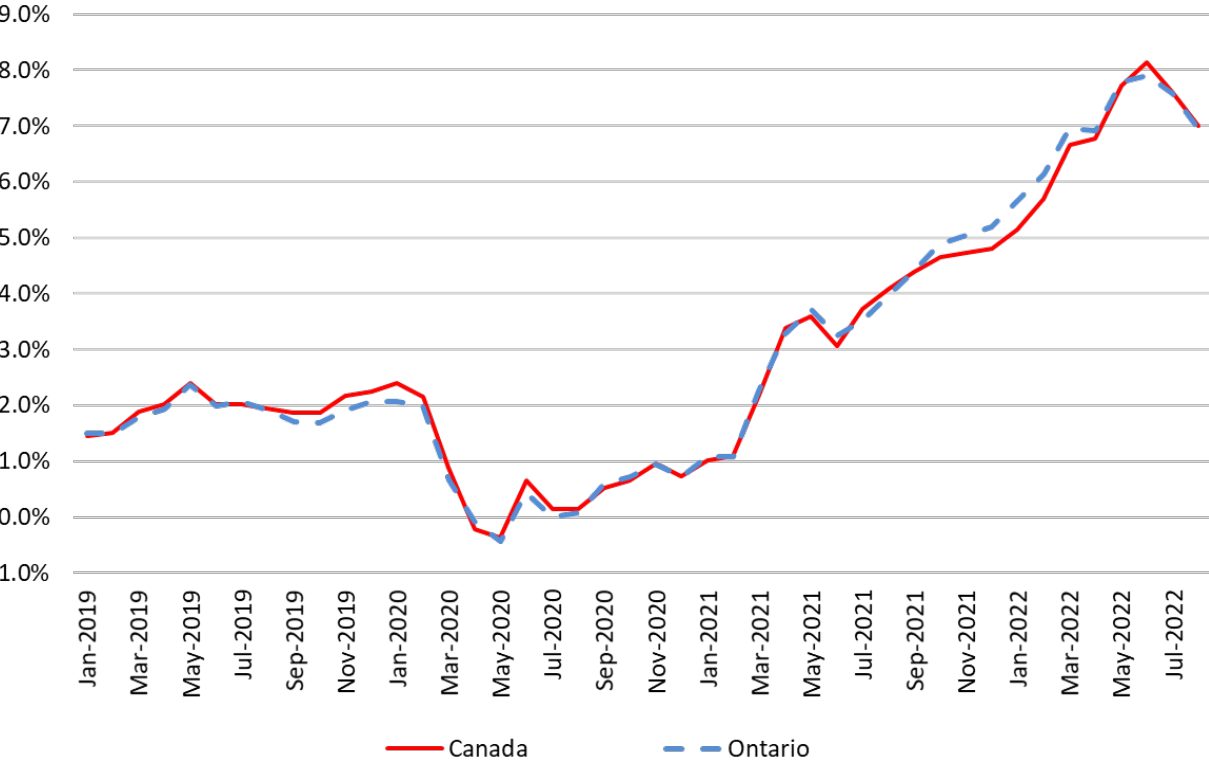
2023 Plan & Budget Update

COR-CFN-22-026

Administration & Finance Committee
October 4, 2022

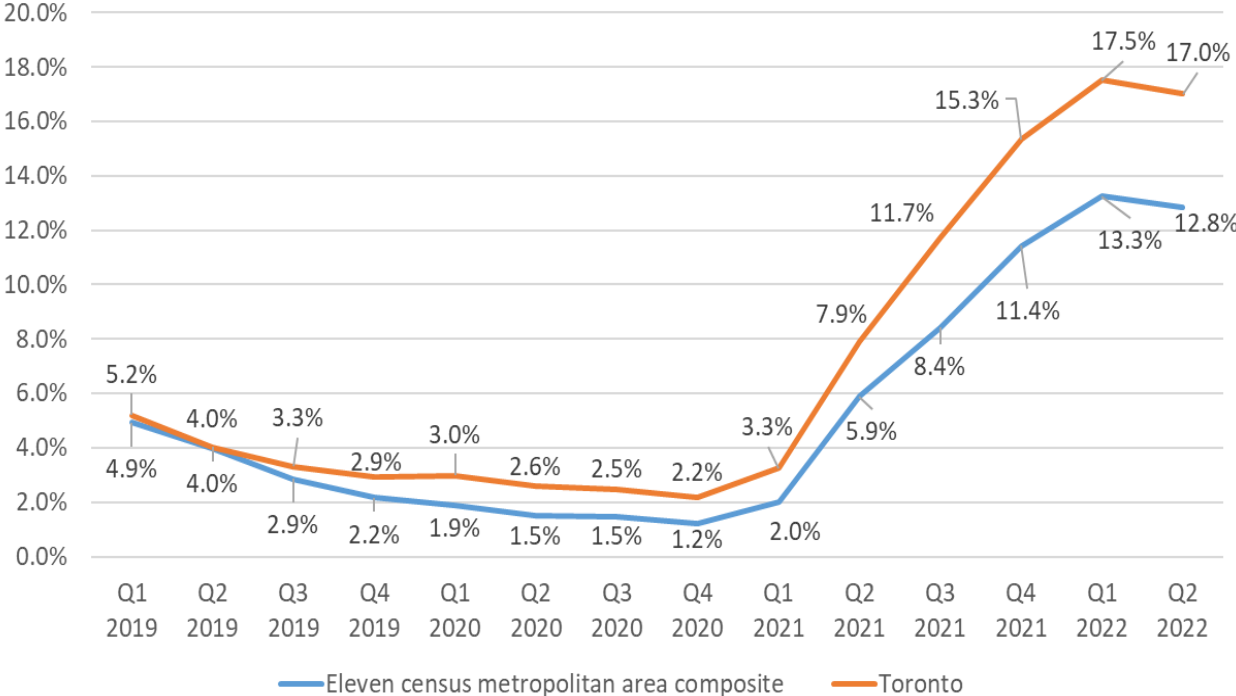
Inflation

Consumer Price Index (2019 to YTD 2022)



August CPI: Canada 7.0%, Ontario 6.9%

**Building construction price index
Non-residential buildings
(percentage change to same quarter in previous year)**

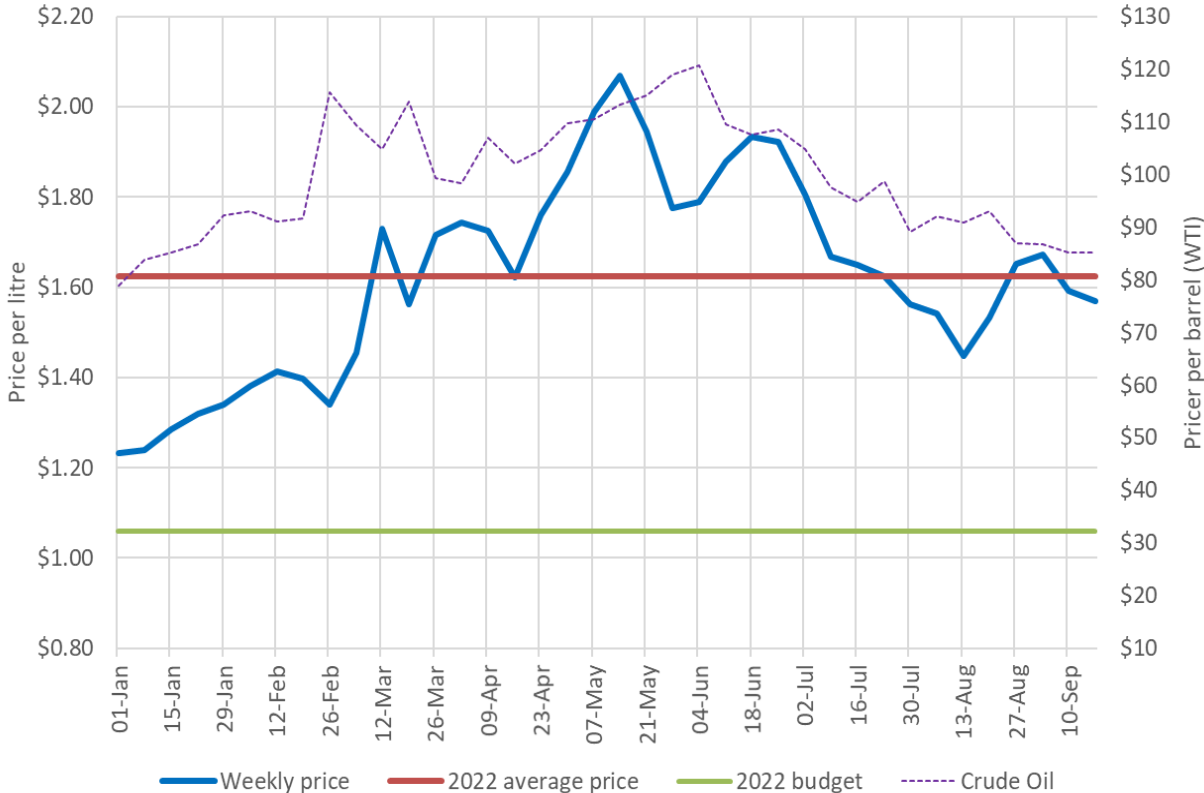


Construction Price Index: 17.0% (Toronto, Q2 2022 over Q2 2021)

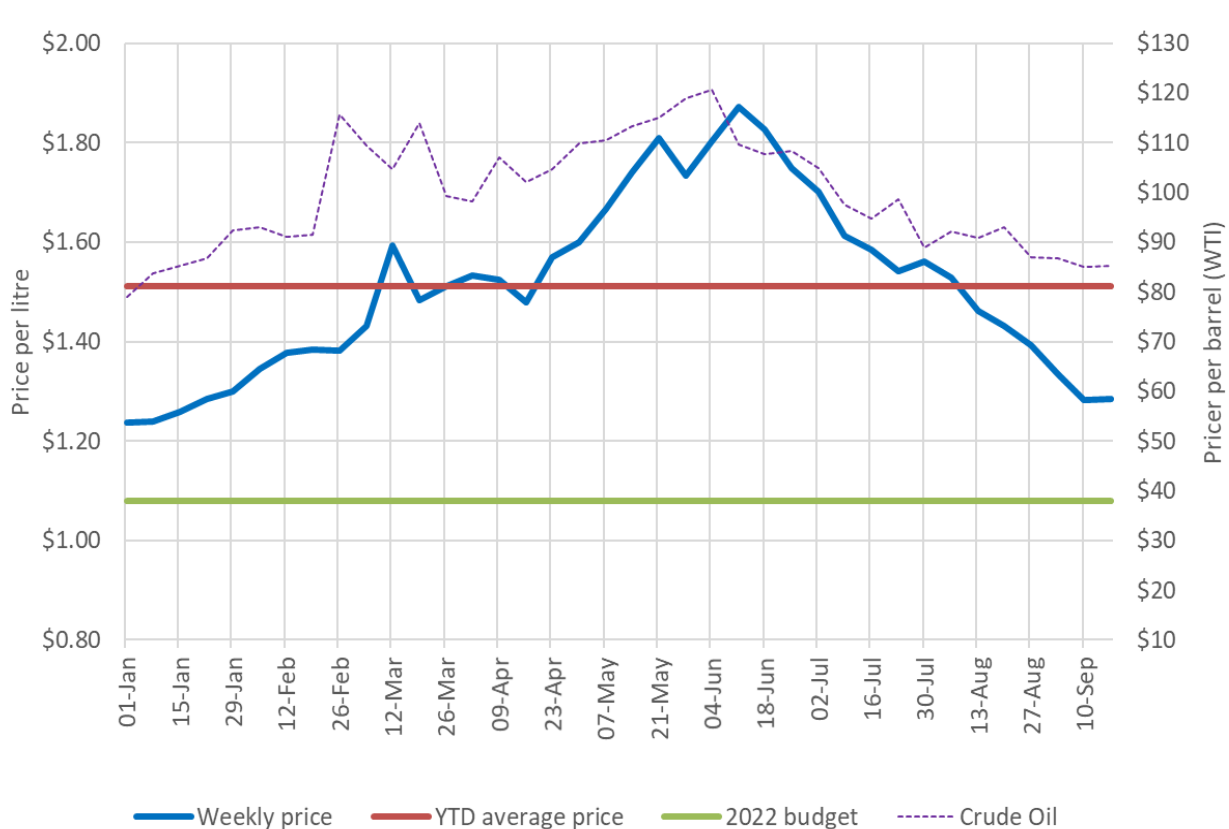


Fuel Prices

Diesel 2022 YTD



Gasoline 2022 YTD



	Diesel	Gasoline
Current Price	\$1.57/L	\$1.28/L
2022 Average Price	\$1.62/L	\$1.51/L
2022 Budget	\$1.06/L	\$1.08/L



Government of Canada 10 Year Bond Yield



As of 10:00am October 3, 2022

Government of Canada bond yields, upon which the Region's cost of borrowing is predicated, reached their highest level in over 10 years in June, with the 10 year rate exceeding 3.6%. In July, rates dropped to a low of approximately 2.6% but have since risen again to above 3%.

Inflation and cost escalation

Inflation

- Inflation is impacting 2022 costs and the 2023 budget in a manner not seen for decades
- Service contracts, collective agreements, materials and supplies, and the capital program are all impacted

Capital program implications

- Projects are costing more, and
- More capital projects are being added to the capital program, many to achieve climate action goals, and
- And the cost of borrowing for these projects is at its highest point in over 10 years

Service Expansion

Annualization of Service Enhancements in the 2022 Budget

- Airport facility and service expansion
- New paramedic service resources added on July 1
- Grand River Transit expanded service hours
- New GRT Bus Maintenance and Storage Facility on Northfield Drive
- Climate Action investments

Service Enhancements Approved by Council Subsequent to 2022 Budget Approval

- three 12-hour ambulances and staff effective Oct. 1, 2022 and eight 12-hour ambulances in May and Oct. of 2023
- GRT service hour reinstatement in fall 2022 and further service restoration as of January and April 2023
- Interim housing strategies

2023 Budget service expansions

- Additional 2023 service enhancements/expansions are contemplated in various critical service areas
- Currently being reviewed and evaluated by staff

Senior government funding

- Social Services Relief Fund expires on Dec. 31, 2022
- Modest public health and long term care funding increases
- Public Health transition funding extension for 2023
- Paramedic Services expansion funding
- Provincial Gas Tax and Canada Community Building Fund allocations are not keeping pace with costs
- No long term, predictable funding source for incremental homelessness programs

2023 Tax Supported Budget

Staff are anticipating a tax levy increase in the range of 11% - 15% for Regional services

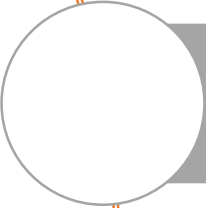
Initial estimates for the 2023 Police Services budget are for a tax levy increase in the 8% range excluding expansion requests

This would result in an overall tax increase in the range of 8% - 11%

2023 Budget – Key messages



This is a very different kind of budget



Economic conditions are placing massive pressure on regional service costs



The gap between public expectations and the Region's capacity to fund the expected government services has reached critical levels



There is much work to do in advance of the first Budget Committee meeting on November 30