



Information Memo

To: Budget Committee Meeting
Date: January 21, 2026
Division: Corporate Services
Department: Finance
Ward: All Wards
Subject: Service Downloads and Legislative Changes

Recommendation(s):

That the Information Memo regarding Service Downloads and Legislative Changes be received as information.

Background

At the Council Meeting held on December 16th, 2025, Councillor Veri introduced a motion which included a request for information on the following:

Cost and type of services that have been mandated by changes in regulations or legislation by the Provincial Government and the cost to Norfolk County to provide those services.

The dollar amount and types of identified services downloaded or mandated legislative changes since Norfolk County inception return to Council in a staff report.

Through discussion at the December 16th Council meeting, it was noted that there is a desire to share with Norfolk County residents the impact that changes in legislation, regulations, and service provision have on local property taxes. Over the course of Norfolk's history there have been services that were once provided by the Provincial Government and are now the responsibility of municipalities. There have also been instances where legislative or regulatory changes have been made by an upper level of government that have resulted in increased costs for municipalities. In some instances, offsetting funding has been provided and at other times this has not been the case. It was also noted that the findings of staff research should not be limited to increases in costs only, any changes that reduced municipal costs or responsibilities should also be included.

Given the relatively limited time available to compile the information required to draft this report, there are some instances where high-level estimates were used in place of more detailed analyses within this report. It is also important to note that the information

offered below does not represent an exhaustive list of changes. Staff will continue research efforts and will bring back additional information to Council in the coming months.

Discussion:

Some residents may wonder why municipalities do not appear to focus more on cutting costs instead of increasing taxes, however there are several examples listed below which demonstrate that municipalities often experience a lack of agency over controlling their own services and service levels. As noted in Report [CS-24-079](#), presented at the June 18th, 2024 Council meeting, a restricted ability to control service levels plus an inability to grow revenues combined with the inability to budget for deficits, results in a formula that offers very little flexibility for municipalities to effectively cover costs through any mechanism other than property taxes. Service changes or increases are often mandated by other levels of government, but these cannot happen without a corresponding increase to the cost of service provision. Municipalities must demonstrate a balanced budget and have very limited flexibility to generate revenue, so in most cases the only option is to increase property taxes.

The chart below contains an initial listing of services and columns that indicate brief notes on the change that occurred, the estimated costs for 2025 and the related budget amount included in the Draft 2026 Levy Operating Budget. While some of this information represents a change in the level of government that provides a particular service, other items represent mandates that increased costs to the municipality but also enforce a best practice methodology in how programs are operationalized.

Service	Program Change Details	2025 Actuals*	2026 Draft Budget
Long-term Care	2022-2025: The Fixing Long Term Care Act legislated phased increase to the number of direct care hours provided to residents by PSWs and nurses. The Province provided funding for the work time of the PSWs and nurses at the time of implementation, however, additional expenses related to the administration and processes remain a cost of the municipality.	Staff were not able to accurately quantify these costs at this time. Additional time will be required to conduct financial analysis.	
Long-term Care	The Supporting Retention in Public Services Act, 2022 legislated additional hourly	\$165,000	\$170,000

	<p>pay for PSWs. This has impacted arbitration through collective agreement negotiations creating additional expenses that are not able to be funded by the program. Estimated costs beyond the funded amount are shown.</p>		
<p>POA (Part III Prosecutions)</p>	<p>2017-2024: As previously discussed in Report CS-24-071, when POA Administration was downloaded to municipalities in 1999, the responsibility for the prosecution of most Part III matters was retained by the Province through the Ministry of the Attorney General. In 2017, Bill 177 was passed which allowed the Province to enter into agreements with municipalities for the transfer of Part III prosecution responsibilities. In 2024, County staff met with the Crown Attorney for Norfolk’s jurisdiction and were told that the Province had provided firm direction for the transfer discussions to occur with the goal of transitioning in 2024.</p>	<p>\$36,000</p>	<p>\$36,000</p>
<p>Asset Management Planning</p>	<p>2023-2025: <i>O. Reg 588/17</i> mandated that municipalities in Ontario develop a financial strategy for asset replacement by July 1, 2025. Plans must include a strategy to reduce and eliminate any funding shortfalls over a period of time. While this is a best practice from a financial and operational perspective, most municipalities were not</p>	<p>\$377,000</p>	<p>\$3,810,000</p>

	<p>completing thorough asset management plans. The result for Norfolk was establishing an asset management department (shown in 2025 column including staffing, consulting and materials), and Council support for annual 2.5% increases in order to close the asset management funding gap by 2035 (first year of this impact shown in 2026 column, in addition to department's operating budget).</p>		
Housing Needs Assessment	<p>To remain compliant under the Canada Community-Building Fund (Federal program, not Provincial), municipalities of 30,000+ residents had to develop a Housing Needs Assessment within approximately nine months, which led Norfolk to approve an amendment to procure a consultant to undertake the previously unbudgeted engagement. Again, while this is a good operational practice, it was not previously a requirement and other methods exist to strategize growth and housing that would not have required new costs to be borne.</p>	\$34,000 (one-time)	N/A
Stormwater	<p>2023: The Ministry of Environment, Conservation and Parks' Consolidated Linear Infrastructure Environmental Compliance Approvals (CLI-ECA) added stormwater assets and stormwater retention to the scope of the management and</p>	\$956,900	\$1,597,000

	reporting process under the Ontario Water Resources Act. This has led to a requirement for a stormwater program to be proactive and a thorough approach to stormwater management.		
Curbside Organic Waste Collection	2025: The Ministry of Environment and Climate Change announced the Food and Organic Waste Policy Statement, which provided direction for municipalities of Norfolk's size to begin collecting source separated organic waste. This is a service that many municipalities have already been providing for several years, but Norfolk had not previously collected organics. Norfolk's new waste contract will include costs for organics, however this will result in lower tonnage being collected through the traditional solid waste stream.	\$0	\$1,778,000
Development Charge (DC) Timing	2025: Bill 60 introduced legislation delaying the collection of DCs from building permit issuance to occupancy (which could be year(s) later), with no interest to be chargeable on the change in time period.	N/A – but reduces ability to earn interest, and stretches cash flows	

Blue Box Program	2023-2026: Extended Producer Responsibility shifted the collection and disposal of recycling from municipalities to producers by 2026. This is close to the opposite of a download, as it wasn't uploaded back to the Province, but the responsibility was shifted to non-government entities. Norfolk previously received some funding from the Resource Productivity and Recovery Authority (RPRRA), but it did not fully fund the costs, so with the transition, Norfolk County's burden was eliminated.. However, the Province did not enforce producer-led responsibility for non-eligible sources by January 1 st , so the County will retain a portion of costs to procure collection of recycling from their own facilities starting in 2026.	Estimated Cost for ICI Collection \$125,000.	\$162,000
		\$1,378,000 2025 budget savings compared to 2023 budget for recycling program	\$0
Employment Services	Employment services for Ontario Works and Ontario Disability Support Program clients were shifted from the Consolidated Municipal Services Manager (CMSM) to a contracted service provider (procured by the Province), however the CMSM is still responsible for issuing employment support benefits to clients which is a capped budget; the cap has been exceeded. (Norfolk share)	\$170,000	\$188,200
Children's Service	Effective January 2022, administration funding for childcare programs for children aged 6-12, decreased	\$142,900	\$161,700

	from 10% to 5%. Meanwhile, direct programming remains funded to cap, which the County remains within. Costs noted reflect program administration only. (Norfolk share)		
Social Housing	2001: <i>The Social Housing Reform Act</i> shifted responsibility for funding and administering social housing programs to local service managers. Norfolk County contributes to Social Housing programs and is a partial owner of the Haldimand-Norfolk Housing Corporation. The County receives financial support for the grandfathered mortgage costs (federal) and affordable housing programs (provincial). However, all the operating payments to the providers are paid by the County. (Norfolk share)	\$4,665,000	\$4,736,100
Homelessness Prevention Program	2011: <i>The Housing Services Act</i> shifted all the responsibility for administering the Homelessness Prevention Programs to local service managers. The County receives funding for the programs to a limit, which the County does not exceed; however, the funding is limited for what types of administration costs are eligible. (Norfolk share)	\$65,000	\$229,900
Land Ambulance Services (LAS)	The Ministry of Health provides a grant for LAS to a 50/50 cost share; the funding is based on 50% of the prior	\$-	\$727,850

	<p>year approved budget for eligible net service costs adjusted for Private Sector Accounting Board standards. As costs increase each year there is a delay in the funding, in any given year the budget split for the services will have Norfolk’s requirement higher than the 50%. For 2026 that increase is 5%</p>		
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**2025 Actuals are unaudited estimates at this time*

***Costs are annual unless otherwise stated*

Other Considerations:

One additional service area that is not included in the chart above, but will be included in future report details is the fact that the Funeral, Burial and Cremation Services Act (FBSCA) specifies that any cemetery that can no longer be managed by the operator will become the responsibility of the local municipality. While the municipality can refuse the transfer, the clarity of the legislation would result in a court order to become the operator. As a result, Norfolk County has accepted the transfer of 10 cemeteries since 2018. Costs to the municipality include all levels of operations and administration for these sites. There remain about 35 privately operated cemeteries in Norfolk County which, under current legislation, could fall to the County at some point in future. A future report will detail care and maintenance trust monies and emerging archeological considerations and associated costs.

Finance Comments:

There are no direct financial implications as a result of this report.

To balance the discussion of “downloading”, it’s also important to recognize the financial support municipalities do receive. Provincial programs like OMPF, OCIF, LASG, OW, , CWELCC, HPP, and others, provide millions of dollars in formula-based funding to Norfolk on an annual basis, which the County is grateful for. In 2024, the Financial Information Return indicated Norfolk County realized approximately \$81 million in conditional and unconditional provincial grants. Not all of these programs are fully funded though, resulting in a subsidized portion for indirect or other costs.

In January 2024, the Association of Municipalities of Ontario (AMO) published [a document calling for a Social & Economic Prosperity Review](#) of the Provincial-Municipal relationship. The Review would examine revenue-sharing, service responsibility, and a plan for working together to facilitate growth. In the document, AMO concluded that municipalities own more infrastructure than both the Provincial and Federal levels of government, yet they estimated that from each new home built in Ontario, municipalities

only benefit from less than a quarter of the total taxes collected between the three levels of government.

Overall, the County delivers numerous programs that are mandated by the Province, and that list has expanded over the last 20 years. Norfolk County frequently includes an appendix on cost-shared programs in its annual Draft Levy Operating Budget. Municipalities and joint-municipal organizations believe in the importance of monitoring the impacts of these programs to provide greater transparency over the degree to which local councils can control the property taxes levied upon their constituents.

Attachment(s):

- N/A

Approval:

Approved By:

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