

MEMBER COMMUNICATION

ALERT N°: 09/085

To the attention of the Clerk and Council
December 8, 2009

The Auditor General's 2009 Report Highlights Human Services Spending and Bridge Infrastructure

Issue: The Auditor General's 2009 report examines value-for-money in the administration of human services programs and safety inspections of bridges, including municipally owned structures.

Background:

Every year the Auditor General of Ontario, Jim McCarter, examines selected provincial programs and services. His 2009 annual report, released on December 7, 2009 contains findings and recommendations that touch municipal governments (Consolidated Municipal Service Managers (CMSMs) that deliver Ontario Works and Social Housing. The report also examined accountability and information gaps relating to municipal bridge inspections.

Ontario Works:

Determination of eligible recipients for Ontario Works and efficiency in the administration of the program were part of the review along with an audit of three CMSMs for the period of 2007/08 and 2008/09.

The summary of McCarter's findings support concerns that AMO and others have raised consistently regarding the complexity of the provincial program. The key findings include:

- Concerns with the confirmation of eligibility;
- An increase in unrecovered overpayments of 45% since 2002;
- Reliability of the Service Delivery Model technology.

Ontario Works administration funding is cost-shared by the Province and municipalities notionally on 50:50 basis but a cap on provincial funding many years ago. Current caseloads are comprised on a significant number of hard to serve clients. This coupled with increasing caseloads due to the economic down turn means even more expenditure challenges for municipalities.

The pressures identified by the Auditor demonstrate the need to develop a streamlined and responsive program that focuses on outcomes for recipients. AMO is currently working with the province on implementing the recommendation from the Provincial Municipal Fiscal and Service Delivery Review (PMFSDR) on principles for the future allocation of administrative funding for Ontario works and looks forward to working with the province on streamlining the rules so that resources can be invested in people while ensuring appropriated administrative oversight is in place.

It should be noted, the percentage increase in unrecovered overpayments reflect a historical accumulation of all unrecovered overpayments across all CMSMs. This can include overpayments not recovered under the General Welfare Act.

Social Housing:

The audit focused on the provincial role in maintaining sufficient social housing units in partnership with municipalities and the federal government and whether funds for social housing programs are efficiently managed.

The findings identify:

- The provincial government is accountable for providing well maintained and sufficient social housing across the province-despite the fact municipalities have primary funding and administrative responsibilities.
- Significant challenges exist for municipalities in maintaining the existing social housing stock, this will be exacerbated through declining federal funding; and
- Programs and legislation must be better coordinated and more responsive to local needs and capacities.

The auditor's recommendations support AMO's advocacy on these matters. The PMFSDR specifically identified that changes must be made to the legislative and programmatic relationships so municipal governments can deliver housing in ways that makes sense for their communities. These types of changes will likely find cost savings but, for the long term, as identified by the Auditor, the province needs to be a funding partner. It is also important that the government and municipalities continue to work together to get the federal government engaged in long term funding of affordable housing. AMO and the Minister of Housing are doing just that through a variety of advocacy approaches, as is FCM.

Bridges:

The Auditor primarily examined bridge assets owned by the province and its inspections on provincial bridges. The report also identified some gaps in aggregate information on municipal bridge asset conditions across Ontario due to the lack of a unified municipal database system. The report also noted a backlog of rehabilitation work in many municipalities.

However, the Auditor General's report also notes that while municipalities have responsibility for 80 per cent of Ontario's bridges, of the municipalities that responded to their survey accounting for approximately 7,300 of 12,000 municipal bridges, 90 per cent rated their bridges in good to fair condition. The report also noted many concerns shared by municipalities regarding long-term, sustainable infrastructure funding, and challenges related to maintaining assets in municipalities with small property tax assessment bases.

Ontario municipalities own more infrastructure assets than any other order of government in the province. Last year, the PMFSDR found that despite municipal capital spending of over \$7.9 billion in 2008, an additional \$6 billion a year for ten years would be needed to close the infrastructure deficit and bring municipal infrastructure systems into a state of good repair.

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The ongoing uploading by the province for major social services costs and various infrastructure programs, most with limited time lines, are helping with municipal capacity to make progress on the infrastructure deficit, however the gap will remain for years. Ontario municipalities cannot make up the infrastructure deficit alone and must have long-term, sustainable and predictable infrastructure funding programs from the federal and provincial governments to support these priorities.

AMO has begun work with the Ministry of Transportation on a review of municipal roads and bridges as agreed in the PMFSDR final report. The objectives of the review are to examine road and bridge responsibilities and funding arrangements in Ontario.

AMO will continue to inform members of the work of these groups and to advocate for long-term, sustainable infrastructure funding on behalf of Ontario municipalities.

This information is available in the Policy Issues section of the AMO website at www.amo.on.ca.