

Addressing Peel Region's Funding Shortfall

Increased funding required for provincially mandated services

Policy opportunity

Peel Region has faced longstanding underfunding for its provincially mandated health and human services. To fulfill its responsibilities and adequately serve its residents, Peel Region has relied on reserves and increased taxes to compensate for this provincial funding shortfall.

Addressing these funding gaps is critical to ensuring that vital health and human services can meet the growing needs of the community.

Funding solutions

A sustainable and equitable application of funding formulas to address the current and continuing shortfall is essential for Peel Region to meet the needs of its underserved and growing community. Additional provincial resources are critical for providing fair support, ensuring that services are accessible and responsive to the population's evolving requirements.

Background

Peel Region is known for its effective services, financial stability, and strong community partnerships. However, more than a decade of provincial funding shortfalls for health and human services have critically impacted both Peel Region and community health and social service agencies.

Given Peel's growing population and complex needs, it is crucial that it receives funding on par with, or exceeding, other Ontario municipalities.

Metamorphosis Network Analysis

The Metamorphosis Network, a coalition of non-profit agencies, independently analyzed Peel's provincial funding and found that Peel's health and social services ecosystem faces an **annual shortfall of \$868 million**, receiving about **\$145 less per resident compared to other municipalities**.



Filling the gap

With funding not keeping pace with Peel's growth pressures, Regional Council has had to use municipal revenues to offset the provincial shortfall, including:

- **\$78.3 million** from property taxes used over 5 years to cover provincial funding shortfalls.
- **A projected \$36.9 million** annual shortfall for operating costs and **\$86.3 million** for capital expenses in 2025.
- **\$863 million** needed over 10 years for housing state of good repairs, which reflects \$9 million from the Canada Ontario Community Housing Initiative.

Municipal Fiscal Sustainability

With limited revenue sources, it is unsustainable for Peel Region to make up the difference left by the provincial funding shortfall. The Province should:

- Retroactively address historic underfunding for Peel’s provincially mandated services.
- Adjust funding for inflation through 2024/2025 to maintain real spending levels.
- Engage municipalities and the federal government, to modernize revenue sources and collection tools. i.e., explore income-based tax revenues to municipalities for fairer distribution.
- Enhance grant program design to ensure adequate funding.

Key Facts about Peel

- Population: 1.5 million, expected to grow significantly over the next 10 years
- Diversity: 69% racialized, highest in the GTA.
- Income: Second-lowest median household after-tax income in the GTA.
- Non-Permanent Residents: Increased from 22,965 (2016) to 216,000 (2024).

Funding shortfalls for Peel Region’s mandated health and human services

Service	Shortfall	Risks if shortfalls are not addressed
Public Health	Annual for 2025: \$23.5 million	Reduced staff and services limit ability to meet community needs, mandates, and capacity to address both short-term (e.g., manage increasing rates of communicable diseases) and long-term (e.g., diabetes prevention) priorities
Paramedic Services	Annual for 2025: \$2.2 million	Inadequate resources to handle call volumes, increased health and safety risks, longer wait times for patients
Long Term Care	Annual for 2025: \$7.2 million	Challenges in maintaining legislative compliance, decreased care quality, insufficient service capacity to meet the increasing care needs and complexity of residents
Early Years and Child Care	Annual for 2025: \$4 million	Reduced administration funding, potential waitlists for essential programs, loss of access for vulnerable children and families
Housing Support	Annual for 2025: \$86.3 million	Assets used beyond their useful life, decreased tenant attraction, higher long-term repair costs

Significant pressures on Peel’s cash and liquidity

To ensure that Peel Region can continue to proceed with critical housing-enabling infrastructure projects, legislative or regulatory changes to the Hazel McCallion Act are needed to remove the authority of the Transition Board and Minister to modify, prohibit or terminate any financial commitment of Peel Region by way of a direction or order.

Alternatively, an arrangement of interim financial support by October in the amount of \$450 million for Peel Region is required until such time that Peel can return to the capital markets efficiently.