

Local share for hospital funding

Re-examine local share funding requirement

Policy opportunity and solutions

Hospitals are a provincial funding responsibility and should be funded through the provincial tax base, not from municipal property tax dollars. The requirement for a 'local share' contribution puts pressure on municipalities to raise additional levies or decrease municipal services, taking away resources available for other important services that contribute to the health and well-being of Peel residents.

To avoid additional fiscal pressures on the property tax base, the Province should re-examine the 'local share' hospital capital calculation methodology to better reflect the limited fiscal capacity of municipalities and acknowledge the contribution to health care services municipalities already provide to their communities.

Background

Peel Region and the local municipalities face fiscal challenges related to the current funding model used for hospital expansion. While recent commitments of provincial funding to expand hospital capacity in Brampton and Mississauga are appreciated, this has resulted in significant fiscal challenges for Peel Region's local municipalities. For example, for the Peel Memorial Redevelopment and Expansion and Cancer Care Centre alone, the local share requirement contribution is estimated at \$250 million.

Unlike the City of Toronto, with its long-standing and committed philanthropic community, Peel taxpayers have historically funded the local share contribution of hospital developments.



For instance, Peel Region, using collected development charges (DCs), was able to contribute:

- \$37 million toward the Brampton Civic Hospital (2007)
- \$25 million for the Credit Valley Hospital expansion (2005)

However, as municipalities are no longer allowed to collect DCs for hospitals, property taxes are the only available revenue source for municipalities to fund any local share contribution.

Re-examining the 'local share' hospital capital funding calculation methodology

As hospitals are a provincial funding responsibility, the current funding model should be reviewed to ensure that hospital infrastructure is funded through the provincial tax base, not from municipal property tax dollars.

While Peel Region recognizes the need for additional critical hospital infrastructure and has contributed toward its development in the past, the local share requirement places immense pressure on municipalities to raise additional levies or decrease municipal services. This diverts resources from other essential municipal services that contribute to the health and well-being of residents.

To address this challenge, the Province should work collaboratively with municipalities to find fair and sustainable funding solutions for hospital expansion. By alleviating the burden of local share contributions, municipalities can focus on providing vital municipal services that enhance the overall quality of life for Peel residents.

