

Impact of municipal restructuring in Ontario on nonprofits and the communities they serve

A briefing note on the dissolution of the Regional Municipality of Peel

The dissolution of the Regional Municipality of Peel is slated to have a significant impact on nonprofits and the communities they serve, yet their perspectives are missing in transformation conversations and plans.

About the legislation

The Ontario government passed Bill 112 - [Hazel McCallion Act, 2023](#) - to put into motion the dissolution of the upper-tier Regional Municipality of Peel by January 1, 2025. As a result, the City of Mississauga, the City of Brampton, and the Town of Caledon will restructure as single-tier municipalities. The Act lays the groundwork for dissolution which is to be led by a minister-appointed transition board who will make recommendations and oversee financial decisions for the four municipalities.

Context

The Ontario government is positioning municipal restructuring, that is eliminating upper-tier municipalities, as a critical way to curb the province's housing crisis. According to the provincial government, all three cities are poised to grow over the next couple of decades, and need to build infrastructure to support that growth. However, given Peel's two-tier municipal system, barriers cause delays and increase the cost of building (e.g complex land use policies, two layers of planning authority, lengthy planning approvals). With single-tier status in Mississauga, Brampton, and Caledon the cities can better deliver on their obligations and priorities, particularly in meeting their municipal housing pledges, while at the same time recognizing their unique identities and circumstances.

The legislation was tabled, and passed quickly without any widespread consultation with those that will be impacted - Peel communities and stakeholders, including the nonprofit sector. The legislation also lacks transparency and accountability, as the minister-appointed transition board does not have to report back to the public.

More recently, the province also expanded [Strong Mayor Powers](#) to include Brampton, Caledon, and Mississauga which allows mayors to [pass bylaws with just one-third of support from council](#) to speed up delivery of shared municipal-provincial priorities.

While the Mississauga Mayor has long supported the idea of dissolution, the current Brampton Mayor is hesitant to deal with the financial ramifications and the Caledon Mayor shared she didn't want it in the first place.

The Ontario government has also signaled similar plans for other upper-tier municipalities. Regional facilitators will be assigned to assess whether Durham, Halton, Niagara, Simcoe, Waterloo, and York should continue as upper-tier municipalities or not.

Impact on nonprofits and the communities they serve

A hasty dissolution that does not consult with nor centre the needs of nonprofits and the communities they serve, will significantly compromise the quality of shared services, catalyze postal code discrimination, and destabilize an already fragile sector.

Dissolution is another shock to Peel's fragile systems and communities.

Currently the nonprofit sector in Peel is facing unprecedented levels of service demand, human resource challenges, and dwindling resources. In ONN's [2022 state of the sector survey](#), 86 per cent of Peel organizations saw an increase in demand for service, 12 per cent had a job vacancy rate higher than 50 per cent, and 14 per cent forecasted only being able to sustain their organizations for another 1-3 months. Nonprofits and the communities they serve are attempting to recover from one of the worst public health crises of our time, as it was hit the hardest with lockdowns and infections, while navigating exponential growth due to immigration and an affordability crisis. For example, shelter use in Peel grew by 26.9 per cent in 2021, while 50 per cent of demand for persons with need for supportive housing continues to go unmet. 70 per cent of low-income households are living in unaffordable housing.

Disruption to shared services

The Regional of Peel manages, coordinates, and delivers essential services across the region:

- **Capital-intensive infrastructure:** Water and waste management
- **Human services:** Ontario Works and Ontario Disability Support Program, Child care, Early-ON programs, Long-term care, housing and shelter, homelessness, Public health programming
- **Emergency Services**

The shared service model benefits from economies of scale, and ensures higher level of quality for all, unfettered access to services across the region, and better coordination and management. Dissolution will cause service interruptions and closures.

Access to services is already difficult and fraught across this expansive and diverse region, particularly in its less populated area of Caledon. For this reason many Peel-serving nonprofits operate across the region with headquarters in one city, and satellite offices in others. Services are not prohibited based on where community members live in Peel. A restructuring that downloads shared services to the three different municipalities might mean that service access is tied to the postal code of community members. What happens if one municipality doesn't offer a vital program due to resources?

Single-tier municipalities may not be able to replicate Region of Peel's partnership with nonprofits

Given its upper-tier status, the Region of Peel is a critical partner to the nonprofit sector in Ontario. It provides significant resources (e.g. Community Investment Program), stewards essential community development efforts (e.g. Community Response Table), and facilitates key planning tables (e.g. Community Well-Being and Safety Plan), so organizations can focus on what they do best, serving their communities.

The Region's coordination efforts are successful because they showcase how the municipalities can coordinate together. As a regional government, one of their main values is to bring municipalities to the

table in the spirit of collaboration - which encourages the nonprofit sector to do the same. Dissolution would disrupt this critical part of service coordination and delivery. Currently, the three municipalities do not individually have an infrastructure or understanding of nonprofits and the communities they serve that mirror or match that of the Region as a whole.

Unintended privatization of publicly-funded services

Dissolution might also open up pathways for Region of Peel services to be privatized and commercialized, which would place financial gain and profits at the centre of service provision and asset building. Many, if not all, of the services the upper-tier municipality coordinates, manages, and delivers are either public or nonprofit driven. A hasty dissolution divorced from stakeholder consultations might allow for-profit companies with ready capital and infrastructure for service delivery to pick up contracts that nonprofits can't compete with, and municipal governments have no desire to deliver on. Countries including the United Kingdom and Australia serve as warning signs for what this means for communities - [higher costs and lower quality care, and dismal working conditions](#).

Opportunities to ensure nonprofits and the communities they serve are part of the dissolution plans

While the legislation has already passed ensuring dissolution, nonprofits have an opportunity to actively influence how it happens. Collective advocacy that informs government, nonprofits, and its allies, stabilizes the sector through and beyond dissolution, and offers a solution that works for communities, will garner the best results.

1. Advocate to the transition board on the impact of dissolution on nonprofits and the communities they serve: The Minister of Municipal Affairs and Housing has recently appointed the [5-member Transition Board](#). Informing the transition board on the unintended consequences of dissolution on communities and nonprofits that serve them can open the door for proposing alternative solutions.
2. Influence the dissolution plan: The transition board will be responsible for recommendations to the minister on winding down financial operations, transferring assets, assigning liabilities, debt, and other financial obligations, employment matters, allocation/governance/use/control of services provided by the region including shared arrangements, and long-term economic sustainability of single-tier municipalities. They will also monitor regional/city councils and their local boards. They are expected to release a plan by summer 2024. Providing solutions for dissolution that centre nonprofits and communities is an opportunity to shape dissolution and build a system that works better, rather than just letting it happen to the sector. Some options can include:
 - A framework that ensures existing service levels are maintained and enhanced. If the services are to be shared amongst the municipalities, negotiate a cost sharing formula based on service levels, costs, and growth of municipalities.
 - Creating a new District Social Services Administration Board (DSSAB) model. DSSABs are a special Agency created by the Province and given the responsibilities to deliver Social Services (Children Services, Housing, Ontario Works, Women's Shelter and Support Services) within the community through their councils and boards.
3. Invoke the "Public Interest Requirement" of the legislation to preserve commitments for the sector and the communities they serve: According to the legislation, the four municipalities and their local boards have to "act in the public interest having regard to" the eventual dissolution when

entering into transactions, commitments, and other decisions, including acting in a manner that does not unreasonably impact another municipality. This can be a mechanism to ensure accountability.

4. Monitor regulations that are published: The Lieutenant Governor can make regulations that are necessary or advisable to facilitate or implement the municipal restructuring required. The Minister may make regulations regarding the transition board, revealing how it will operate. Monitoring and analyzing regulations may open up windows of opportunities for advocacy and/or further reveal dissolution plans.

Conclusion

Municipal restructuring will significantly impact local nonprofits and the communities they serve, given that social service delivery, and more broadly community development and planning is part of upper-tier municipal responsibilities. As Peel is the first municipality to be instructed to dissolve, there is a unique opportunity for Peel nonprofits, funders, grassroots community groups, and local and provincial allies to come together and advocate for a solution that works for communities. The risk of not doing so is high, as much is unknown, and the process lacks transparency and openness to potential improvements. A blueprint for restructuring in Peel could potentially be helpful for the sector in other municipalities facing similar legislation in the coming years.

About ONN

ONN is the independent nonprofit network for the 58,000 nonprofits in Ontario, focused on policy, advocacy and services to strengthen the sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organization across Ontario to work together on issues affecting the sector and channel the voices of our network to government, funders, and other stakeholders.

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