October 31, 2008

To: All Heads of Council

Today the Report of the Provincial Municipal Fiscal and Service Delivery Review, "Facing the Future Together," was released at Queen's Park. This consensus report clearly demonstrates a successful partnership in action.

Since the McGuinty government took office five years ago, one of our priorities has been to strengthen our relationship with the municipal sector. Our objective has been to develop a true partnership — one that is based on mutual respect, consultation and co-operation.

As a former Mayor of Ottawa who lived through Local Service Realignment, I know the real impacts that were felt in municipalities by previous government decisions to download or offload responsibilities on the sector.

The Review, a joint effort of the Province, the Association of Municipalities of Ontario (AMO) and the City of Toronto, has produced an agreement that will benefit municipalities for years to come.

Since coming to office, our government has made tremendous strides in reversing a decade of downloading and cuts by previous governments. With this agreement, municipalities will be in a better position to build vital local infrastructure and deliver important local services.

Even before the Report's release, municipalities have benefited from the process.

Our ongoing operating assistance to municipalities has climbed from $1.1 billion in 2003 to $2.2 billion in 2008, and will rise to $3.6 billion by 2018. That means that our support will have more than tripled since first being elected to office in 2003.

The Ontario Drug Benefit has already been uploaded, and the Ontario Disability Support Program uploading will start next year. The combined ODB/ODSP upload will result in a benefit to municipalities of over $900 million a year by 2011.

The Review partners have agreed that the costs of Ontario Works benefits and court security and prisoner transfers should be uploaded. All of us who worked on this important undertaking are mindful of the need to help protect property taxpayers from these rising costs.

OFFICE OF THE CITY CLERK
By the time all of these uploads (ODSP, ODB, Ontario Works and court security) are realized in 2018, the net benefit to municipalities will be $1.5 billion a year.

The Ontario Municipal Partnership Fund (OMPF) will remain responsive to changes in municipal circumstances and provincial support. It will continue to be provided with respect to costs that are incurred by municipalities. We will provide OMPF mitigation funding in 2009 only. We have also agreed to work with AMO to review the OMPF fiscal framework by 2010.

The consensus report is the right plan for these challenging economic times.

It is available for viewing at the website Ontario.ca/provincialmunicipalreview.

In closing, I would like to express my personal appreciation to all those from the provincial and municipal sectors who have brought the Provincial-Municipal Fiscal and Service Delivery Review to a successful conclusion.

In particular, I want to thank the members of the political table from the municipal sector – Doug Reycraft, Peter Hume, Hazel McCallion, Richard Adams, Roger Anderson, Eddie Francis, Michael Power, Bob Sweet and David Miller and the staff at the co-ordinating table, as well as the officials from AMO and the City of Toronto. Thank you for your dedication and all of your hard work.

Sincerely yours,

Jim Watson, MPP
Minister
PROVINCE EASES FINANCIAL PRESSURES ON MUNICIPALITIES AND PROPERTY TAXPAYERS
Provincial and municipal partners reach agreement

NEWS
October 31, 2008

The McGuinty government is moving to upload all social assistance benefits and court security costs from municipalities, as stated in an agreement announced today by the Province of Ontario, the Association of Municipalities of Ontario (AMO) and the City of Toronto.

A consensus report released today will help reduce cost pressures for municipalities and property taxpayers. The Report completes the work of the Provincial-Municipal Fiscal and Service Delivery Review, which has created new and better ways to fund and deliver services to the people of Ontario.

The agreement accomplishes the following:
- The Report announces the upload of Ontario Works benefits and court security costs.
- By 2018, when all these uploads are completed, the Review will result in a net annual benefit to municipalities of more than $1.5 billion compared to 2007.
- By 2018, total annual ongoing support to municipalities, including other provincial initiatives, is projected to reach $3.8 billion – an increase of about $2.7 billion or 250 percent over 2003.
- The upload of Ontario Works benefits will reduce municipal costs by more than $400 million annually, by 2018.
- The cost of court security will also be uploaded to the province, starting in 2012 to a maximum of $125 million a year by 2018.

QUOTES

"This is a milestone in our partnership with municipal governments and all Ontarians will benefit from the spirit of collaboration of the Review," said Municipal Affairs and Housing Minister Jim Watson.
"Through our partnerships with municipalities, we are uploading social assistance costs, which builds on our poverty agenda, at an affordable pace," said Finance Minister Dwight Duncan. "This agreement represents the success we can achieve by working together while recognizing Ontario's fiscal challenges in the current global economic environment."

"For more than a decade AMO's top priority has been to upload social assistance costs from the municipal property tax base," said AMO President Peter Hume. "In 2005, we called upon the Ontario Government to work with municipalities to develop a plan to restore fiscally sustainable municipal government to Ontario over a manageable period of time. The Province listened and it has worked with us to build stronger communities throughout Ontario."

"Today's announcement shows very clearly that this provincial government has both listened and acted in response to the needs of our communities," said Toronto Mayor David Miller. "The provincial government came to the table, worked closely with us, and got the principles right. We have set forward on a new course."

QUICK FACTS

- Projected total ongoing annual support to municipalities is estimated to be $3.8 billion by 2018, a $2.7 billion or 250 per cent increase over 2003.
- The province will begin the upload of the benefits portion of Ontario Works in 2010 and the upload of court security in 2012. Uploads will be complete in 2018.
- In 2007, as an early outcome of the Review, the Premier announced that the Province would upload Ontario Drug Benefit (ODB) costs in 2008 and Ontario Disability Support Program (ODSP) costs starting in 2009 and completed by 2011.
- In addition to these uploads resulting from the Review, since 2003, the Province has uploaded public health costs by increasing the provincial share from 50 per cent to 75 per cent, made additional investments in land ambulance services, and provided two cents per litre of provincial gas tax to municipalities to improve public transit.
- A joint provincial-municipal process will develop options regarding responsibilities and funding arrangements for roads and bridges.
- A joint working group will be formed to discuss the current approach to funding Ontario Works administration and to recommend principles for simplifying and strengthening accountability.
- Service delivery recommendations mean provincial and municipal governments will work together to refocus programs and services around results for people.
- Since 2005, municipalities have been receiving funds through the Ontario Municipal Partnership Fund (OMPF) to respond to particular municipal challenges, including social program costs. Consistent with the normal operation of the OMPF, social programs grants will be adjusted to reflect the reduction in municipal social program costs as the uploads are phased in. As a result of reduced social program costs, the OMPF will decline to a level of about $500 million by 2016.
- The province has invested almost $7 billion in funding for municipal infrastructure in the last three fiscal years.
- Through the Investing in Ontario Act, 2008, the government is investing $1.1 billion this year in municipal infrastructure to improve roads and bridges, expand public transit and build other municipal projects throughout the province.
COURT SECURITY UPLOAD

October 31, 2008

Ontario will remove court security and prisoner transportation costs from municipal budgets by 2018, phasing in the upload of these costs starting in 2012. The upload will save municipalities as much as $125 million a year when fully implemented.

The announcement is part of the Provincial-Municipal Fiscal and Service Delivery Review consensus report, Facing the Future Together, released jointly today by the Ontario government, the Association of Municipalities of Ontario (AMO) and the City of Toronto.

The Partners have agreed:

- To work together to implement a phased-in upload which will make court security and offender transportation costs of up to $125 million a year a provincial responsibility by 2018.
- To phase in the upload equally over seven years.
- To work together to gather information on current court security costs.
- To work with judges, police and other justice sector partners to develop consistent province-wide standards to make sure all Ontario courts are safe and secure.

More facts:

- Municipalities have been responsible for costs related to court security since 1990. Given the increasing emphasis on security, these costs have escalated.
- Across Ontario, over 100 municipal governments are paying court security costs.
- Some municipalities with a regional courthouse within their boundaries also shoulder costs for cases involving residents in surrounding municipalities.
- Provincial courts are administered by the Ministry of the Attorney General. Prisoner transportation is administered by the Ministry of Community Safety and Correctional Services.
- The Ministry of the Attorney General and the Ministry of Community Safety and Correctional Services will work with municipalities to conduct consultations on new standards for those affected by these changes including judges and police services.
Learn more:
A list of communities with provincial courts is attached.
Read the full report at www.ontario.ca/provincialmunicipalreview.

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Kevin Sack
City of Toronto
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Toronto.ca

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# Locations of Ontario Courts

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<th>Region</th>
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*This list may not be exhaustive.*
UPLOADING ONTARIO WORKS

October 31, 2008

With today’s announcement Ontario will upload the cost of all social assistance benefits by 2018 and pay the portion of Ontario Works benefits which is currently paid by municipalities.

The announcement is part of the Provincial-Municipal Fiscal and Service Delivery Review consensus report, Facing the Future Together, released jointly today by the Ontario government, the Association of Municipalities of Ontario (AMO) and the City of Toronto.

The Partners have agreed:

- Broad-based social assistance benefit programs should not be funded from property taxes.
- The Province will phase in an upload of Ontario Works benefits costs between 2010 and 2018.
- Municipalities have a key role to play in delivering Ontario Works in their communities.
- A joint working group will be formed to discuss the current approach to funding Ontario Works administration and to recommend principles for simplifying and strengthening accountability.

People who seek or receive Ontario Works will not be affected by this change.

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What we’ve done already:
The Province uploaded the municipal cost share of the Ontario Drug Benefits Program effective January 1, 2008. Starting in 2009, we will begin to upload municipal costs for the Ontario Disability Support Program (ODSP). The ODSP upload will be completed by 2011.
More facts:

- The Province currently pays 80 per cent of Ontario Works benefits, and the municipalities pay 20 per cent.
- The cost of administration of Ontario Works will continue to be cost-shared on a 50:50 provincial/municipal basis given actual verifiable costs up to the approved allocation for 2009.
- Social assistance benefits have been at least partly paid by municipalities since 1930s.

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BETTER SERVICE FOR ONTARIO

October 31, 2008

Provincial and municipal governments are going to measure the services they offer by the
difference they make in people’s lives as a result of a landmark agreement between the
McGuinty government and the municipalities of Ontario.

The announcement is part of the Provincial-Municipal Fiscal and Service Delivery Review
consensus report, Facing the Future Together, released jointly today by the Ontario
government, the Association of Municipalities of Ontario (AMO) and the City of Toronto.

The partners have agreed:

- To work together to develop an accountability framework for social services that focuses
  strongly on results for people.
- To work together to simplify and modernize the way income assistance and employment-
  related supports are provided to Ontario families.
- To work towards consolidating housing and homelessness programs into an outcome-
  focused housing service managed at the municipal level.
- To urge the federal government to fulfill its financial responsibility in the crucial areas of
  affordable housing and poverty reduction.

One of the goals of the Provincial-Municipal Fiscal and Service Delivery Review was to
determine whether health and social service programs are being delivered in ways that meet the
quality, affordability and accountability needs of the people who use them, taxpayers and the
different orders of government involved.
What's being done:

- The Province has created a Cabinet Committee on Poverty Reduction working to develop a focused poverty reduction strategy.
- The Province has already announced the upload of the costs of benefits under the Ontario Disability Support Program and the Ontario Drug Benefits Program.
- The Review recommendations on housing and homelessness will form a key element of the Province's Long-Term Housing Strategy.
- The report recommendations on child care will be shared with the Province's Early Learning Advisor.

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SUPPORT FOR THE REVIEW AND REPORT

October 31, 2008

"For generations to come, this Review will benefit municipalities and property taxpayers alike. This is a good day for Ontario municipalities with many more to come."
Rogers Anderson
Chair, Region of Durham

"Simplifying the delivery of housing and homelessness programs is a great opportunity to achieve better outcomes for those that rely on these services. This is a big step forward."
Richard Adams
Mayor, Parry Sound

"This is an example of how good public policy can be developed — principled, thoughtful, collaborative. This exercise has raised the bar on how to get things right."
Eddie Francis
Mayor, City of Windsor

"The Province has never had a better understanding of the challenges facing municipalities than it does now, as a result of this Review. Listening and learning were key elements of this truly collaborative endeavour."
Peter Hume
AMO President and
Councillor, City of Ottawa

"We do understand the current economic circumstances and appreciate the spirit of cooperation from the provincial government in this review process. This is a very positive step forward."
Hazel McCallion
Mayor, City of Mississauga

"Today's announcement shows very clearly that this provincial government has both listened and acted in response to the needs of our communities. The provincial government came to the table, worked closely with us, and got the principles right. We have set forward on a new course."
David Miller
Mayor, City of Toronto
"Meaningful and principled changes are being made as a result of this Review. We continue to move forward together."

Michael Power
Mayor, Municipality of Greenstone

"These (Report) recommendations reflect a tremendous amount of hard work and careful thought by provincial and municipal partners. Our objective has been to develop recommendations that achieve a sustainable fiscal relationship for both orders of government."

Doug Reycraft
AMO Immediate Past-President and Mayor, Southwest Middlesex

"Social assistance benefit programs never belonged on the property tax base. That it’s being made right as part of this Review is something I’m proud of."

Bob Sweet
Mayor of Petawawa

Adam Grachnik
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