

OMPF

OVERVIEW

Eligible municipalities will receive \$763 million through the Ontario Municipal Partnership Fund (OMPF) in 2006. This represents an increase of \$107 million, or 16%, over 2005 OMPF funding announced in March 2005.

The OMPF replaced the Community Reinvestment Fund as the Province's main transfer payment to municipalities in 2005.

It assists municipalities with their share of social program costs; includes equalization measures for areas with limited property assessment; addresses challenges faced by northern and rural communities; and responds to policing costs in rural communities.

OMPF GRANTS

The OMPF is composed of four grants:

⇒ SOCIAL PROGRAMS GRANT \$240 M

Provides funding to municipalities to help offset the municipal share of social program costs through two components:

1. *Assessment Threshold* – provides funding to municipalities with limited property assessment to support their share of social program costs (\$184 M).
2. *Income Threshold* – provides funding to municipalities with high social program costs relative to their residents' household incomes (\$56 M).

⇒ EQUALIZATION GRANT \$197 M

Provides funding to municipalities with limited property assessment through two components:

1. *Assessment Equalization* – provides funding to municipalities with limited property assessment due to lower property values and limited non-residential assessment (\$149 M).
2. *Farmland and Managed Forest Assessment* – provides funding to municipalities with limited property assessment due to a significant amount of farmland and managed forest properties (\$48 M).

⇒ NORTHERN AND RURAL COMMUNITIES GRANT \$260 M

Provides funding to northern and rural communities through four components:

1. *Rural Communities* – supports municipalities in rural areas or small communities (\$150 M).
2. *Northern Communities* – assists municipalities in the north (\$82 M).
3. *Northern and Rural Social Programs* – limits the municipal share of revenue needed to support social programs in northern and rural communities (\$22 M).
4. *Stabilization* – provides ongoing assistance to municipalities in the transition to the new funding model (\$6 M).

⇒ POLICE SERVICES GRANT \$66 M

Provides funding to rural communities to support policing costs.

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WHAT'S NEW IN 2006

⇒ GRANT REFINEMENTS

In response to suggestions from municipalities, a number of refinements have been introduced for 2006:

- The municipal reinvestment of the National Child Benefit savings is now considered an eligible social program cost.
- Municipalities with high social program costs relative to their residents' household incomes may be eligible for the new *Income Threshold Component of the Social Programs Grant* (as announced in the 2006 Ontario Budget).
- Upper-tier municipalities are now eligible for the *Farmland and Managed Forest Assessment* grant component.
- Funding has been enhanced for rural and northern communities, as well as communities with high policing costs.
- The phase-in strategy for grant reductions has been extended to 2010 to provide additional support to municipalities in their transition to the new funding model.

⇒ THRESHOLD AND BENCHMARK UPDATES

To ensure that the grants remain responsive to changes in municipal circumstances (e.g. results of recent reassessment), selected thresholds and benchmarks have been updated.

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ONTARIO'S COMMITMENT TO MUNICIPALITIES

The introduction of the Ontario Municipal Partnership Fund – a clear and transparent system of grants – is part of the Province's overall commitment to support municipalities.

Other key components include:

- ⇒ Delivering more than \$1.4 billion in provincial gas tax revenues to municipalities over five years;
- ⇒ Increasing the provincial share of public health funding to 75% by 2007;
- ⇒ Providing \$298 million toward the \$900 million fund for the Canada-Ontario Municipal Rural Infrastructure Fund;
- ⇒ Assisting more than 190 municipalities with up to \$2.4 billion in low-cost, longer-term loans, for more than 1,200 local projects, through the Ontario Strategic Infrastructure Financing Authority;
- ⇒ Investing \$300 million over the next three years to move towards a 50:50 partnership for the cost of municipal land ambulance services by 2008;
- ⇒ Investing \$400 million in 2006 to help municipalities primarily outside of the GTA – with emphasis on rural and northern communities – invest in municipal roads and bridges.

The government of Ontario remains committed to working in partnership with municipalities and believes that these important initiatives, together with the OMPF, will result in a significant strengthening of Ontario's communities.

For a more detailed description of the 2006 Ontario Municipal Partnership Fund, please see the Technical Guide and Addendum on the Ministry of Finance's website at:

www.fin.gov.on.ca/english/community/ompf

For inquiries, please contact the Ministry of Finance at info.ompf@fin.gov.on.ca

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