

ONTARIO'S COMMITMENT TO MUNICIPALITIES

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:

- implementing a \$540 million cut to high business education tax (BET) rates over the next seven years, which will reduce BET rates in 321 municipalities across the province
- delivering more than \$1.6 billion in provincial gas tax revenues to municipalities by 2010
- investing \$1.2 billion in public transit, roads, and bridges through Move Ontario, which includes \$400 million in 2006 for municipal roads and bridges, with an emphasis on rural and northern communities
- increasing the provincial share of public health funding to 75 per cent in 2007
- investing \$300 million between 2006 and 2008 to move towards a 50:50 sharing of the cost of municipal land ambulance services by 2008
- contributing \$298 million toward the \$900 million fund for the Canada–Ontario Municipal Rural Infrastructure Fund
- assisting more than 200 municipalities and universities with up to \$2.8 billion in low-cost, longer-term loans, for more than 1,200 critical infrastructure projects, through Infrastructure Ontario's OSIFA loan program
- providing \$140 million in 2007 to help rural and small municipalities provide safe and reliable local infrastructure.

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.



Ontario Municipal Partnership Fund

For a more detailed description of the 2007 Ontario Municipal Partnership Fund, please see the Technical Guide on the Ministry of Finance's website at:

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

For inquiries, please contact the Ministry of Finance at info.ompf@ontario.ca

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MINISTRY OF FINANCE

OVERVIEW

Eligible municipalities will receive \$843 million through the Ontario Municipal Partnership Fund (OMPF) in 2007. This represents an increase of \$80 million, or 10 per cent, over 2006 OMPF funding announced in March 2006.

The OMPF 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.

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

OMPF GRANTS

The OMPF is composed of four grants:

➤ SOCIAL PROGRAMS GRANT — \$309 MILLION

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 (\$197 million).
2. *Income Threshold* — provides funding to municipalities with high social program costs relative to their residents' household incomes (\$112 million).

➤ EQUALIZATION GRANT — \$199 MILLION

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 (\$150 million).
2. *Farmland and Managed Forest Assessment* — provides funding to municipalities with limited property tax bases due to a significant amount of farmland and managed forest assessment (\$49 million).

➤ NORTHERN AND RURAL COMMUNITIES GRANT — \$267 MILLION

Provides funding to northern and rural communities through four components:

1. *Rural Communities* — supports municipalities in rural areas or small communities (\$154 million).
2. *Northern Communities* — assists municipalities in the north (\$84 million).
3. *Northern and Rural Social Programs* — limits the share of municipal revenue needed to support social programs in northern and rural communities (\$23 million).
4. *Stabilization* — provides ongoing assistance to municipalities in the transition to the new funding model (\$6 million).

➤ POLICE SERVICES GRANT — \$68 MILLION

Provides funding to rural communities to support policing costs.

WHAT'S NEW IN 2007

➤ GRANT REFINEMENTS, THRESHOLD AND BENCHMARK UPDATES

For 2007, further refinements to OMPF grant parameters have been introduced to continue to provide enhanced support to municipalities:

- In March 2007, the per household limit of the Income Threshold Component of the Social Programs Grant was further increased to \$80 per household, from \$50 per household (as announced in December 2006).
- Funding for the Rural and Northern Communities Grant Component is being increased by a further two per cent in 2007, from \$153 to \$156, and from \$230 to \$235 per household, respectively.
- The assessment thresholds for the Social Programs Grant and the Assessment Equalization Grant Component have been adjusted to reflect year over year changes in assessment.
- The threshold for the Northern and Rural Social Programs Grant Component has been reduced to reflect the change in municipal tax revenue from 2004 to 2005.