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December 21, 2007

Dear Head of Council:

We are pleased to write to you regarding the Ontario Municipal Partnership Fund (OMPF) allocations for 2008. We trust that this information will provide you with certainty on your funding allocation and assist you in proceeding with your 2008 municipal budget.

As you are aware, at the Association of Municipalities of Ontario (AMO) annual conference in August 2007, the Premier made a commitment to upload the municipal share of Ontario Drug Benefit (ODB) in 2008 and begin uploading the Ontario Disability Support Program (ODSP) in 2009, thereby reducing costs to municipalities by a projected \$935 million annually by the time the upload is fully implemented in 2011.

As part of the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR), municipalities identified the provincial upload of these two social programs as their top priority. These programs are among the fastest growing in terms of cost and are entirely delivered by the province.

Although municipal social program costs will fall in 2008, the government also committed that, province-wide, overall dollars for the OMPF would not be reduced in 2008 as a result of the upload.

Thus, we are pleased to announce a stable funding guarantee for municipalities for 2008. The 2008 OMPF will remain at \$843 million -- the same level of funding announced in March 2007. This stable funding guarantee will ensure that each municipality will receive no less funding in 2008 than it received in its *March 2007 Allocation Notice*. This delivers on the government's commitment made at the time of the upload announcement and will allow municipalities to proceed with their 2008 budgets.

The upload of ODB and ODSP builds on the government's previous uploads (OMPF, gas tax, public health, and land ambulance), which will bring the government's total ongoing annual operating support to municipalities to over \$2.8 billion by 2011.

The government is continuing to move forward with the work of the PMFSDR, which will be submitting its recommendations this coming spring. As the OMPF is the province's main transfer payment to municipalities, the review may recommend changes to the program for future years.

2008 will therefore be a transitional year for the OMPF. For that reason, the government will be confirming detailed 2008 allocations in the new year.

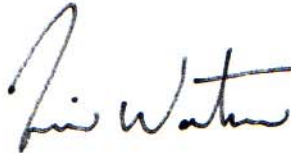
The Ontario government is committed to working with municipalities to build strong and vital communities. Municipalities can access the PMFSDR website through the Ministry of Municipal Affairs and Housing homepage at: www.mah.gov.on.ca/Page181.aspx. Municipalities can keep informed of the review's progress and submit ideas for its consideration.

Together, we will develop a plan to ensure that municipalities across the Province continue to prosper.

Yours sincerely,



Dwight Duncan
Minister
Ministry of Finance



Jim Watson
Minister
Ministry of Municipal Affairs and Housing