

Ministry of Finance

Office of the Minister
Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-0400
Fax (416) 325-0374
www.fin.gov.on.ca

**Ministry of
Municipal Affairs and Housing**

Office of the Minister
777 Bay Street
Toronto, ON M5G 2E5
Tel (416) 585-7000
Fax (416) 585-6470
www.mah.gov.on.ca



November 15, 2012

Dear Head of Council:

We are writing to provide an update with respect to the review of the Ontario Municipal Partnership Fund (OMPF) and program allocations for 2013.

As you know, in February the government announced that the OMPF would be reviewed and phased down to \$500 million by 2016, as agreed to through the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR). Since this past spring, we have had several discussions with the Association of Municipalities of Ontario (AMO) on the review of the OMPF, and have also received advice from many municipalities.

Based on the feedback received to date, the government is announcing that 2013 will be a transition year for the OMPF, during which the province will provide municipalities with \$575 million in stable funding. This Transition-Year Stable Funding will ensure that in 2013 municipalities receive a guaranteed level of support based on their 2012 OMPF allocations.

In 2013, municipalities in the north will receive at least 95 per cent of their 2012 OMPF allocation, while municipalities in other regions of the province will receive at least 90 per cent. These minimum levels of support will be enhanced up to 100 per cent for eligible municipalities with more challenging fiscal circumstances.

The transition year is allowing us to announce 2013 funding allocations earlier than in the past in order to support the municipal budget planning process. This will also provide the opportunity to continue the dialogue with our municipal partners on the redesign of the program.

Following further consultation with municipalities, a redesigned OMPF will be announced for the 2014 program year. Based on what we have already heard, the government acknowledges that there continues to be a need for ongoing assistance for municipalities, particularly those with more challenging fiscal circumstances. As a result, the redesign of the program for 2014 is expected to improve the targeting of funding for northern and rural municipalities.

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We understand that the details regarding the redesigned program will be an important aspect of the 2014 municipal budget planning process. With this in mind, we plan on announcing those allocations as early as possible next fall.

Furthermore, we understand that some municipalities have raised the issue of OMPF reconciliation. As you may know, reconciliation is an annual decision.

We have examined the issue of OMPF reconciliation and are confirming that the government will proceed with the reconciliation of the 2010 OMPF. However, given the province's fiscal challenges, and the significant level of support that has been provided to the municipal sector, this will be the final reconciliation payment under the OMPF. Additional details are expected to be communicated to municipalities in the coming weeks.

In addition to announcing the review of the OMPF, the government also confirmed that it will continue to honour its commitment to the uploads, in accordance with the timetable agreed to through the PMFSDR. The province will continue the phased upload of Ontario Works benefits and court security and prisoner transportation costs in 2013. This builds on the previous upload of Ontario Drug Benefits and Ontario Disability Support Program. As a result of the uploads, Ontario municipalities will benefit from almost \$1.4 billion in reduced costs.

These uploads, together with the \$575 million in OMPF Transition-Year Stable Funding, will provide municipalities with a combined benefit of over \$1.9 billion in 2013. This is more than three times the level of funding provided under the previous program in 2004. Despite the adjustments to the OMPF, the combined benefit will continue to increase, with provincial uploads more than offsetting the reduction to the program.

The following table identifies the increase in the combined benefit along with the phase-down schedule for the OMPF program, which was confirmed in the 2012 Ontario Budget.

Provincial Support Continues to Increase as OMPF Is Phased Down				
(\$ Millions)				
	2013	2014	2015	2016
Provincial Uploads	1,360	1,490	1,630	1,770
OMPF	575	550	525	500
Combined Support	1,935	2,040	2,155	2,270

Source: 2012 Ontario Budget, Chapter I: Transforming Public Services, page 51.

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The Ministry of Finance's (MOF) Provincial-Local Finance Division will be providing your municipal Treasurers and Clerk-Treasurers with further details regarding the 2013 OMPF Transition-Year Stable Funding. This information and other supporting materials will be posted in both English and French on the MOF website:

<http://www.fin.gov.on.ca/en/budget/ompf/2013/>

<http://www.fin.gov.on.ca/fr/budget/ompf/2013/>

Our government has a very strong record of supporting and working with municipalities. Together with other provincial initiatives, we will increase our ongoing support to municipalities to approximately \$3.4 billion in 2013. We look forward to continuing to strengthen our partnership with municipalities as we move forward to address our shared challenges.

Sincerely,

Information copy
Original signed by

Dwight Duncan
Deputy Premier
Minister of Finance

Bob Chiarelli
Minister of Municipal Affairs and Housing
Minister of Infrastructure
Minister of Transportation