



## **PARTNERING WITH MUNICIPALITIES**

The McGuinty government wants to ensure that Ontario is made up of safe and strong communities with dynamic local economies, abundant green space and a quality of life that is second to none. The government will continue to promote local governments that are accountable and able to plan, manage and invest for the future.

Since 2003, the McGuinty government has worked hard to strengthen provincial-municipal relations. To date, the government has made great progress in building a relationship with municipalities based on collaboration and respect, which has resulted in a partnership that is stronger than ever before.

Progress to date includes unprecedented investments in local infrastructure, sharing of the gas tax revenue, uploading costs that were downloaded by the previous government, supporting schools and hospitals, and ensuring municipalities have the tools they need to deliver high-quality services to Ontarians.

The government will continue to build on the progress it has made in working with its municipal partners.

### **Recent Achievements**

The new spirit of partnership and mutual respect between the McGuinty government and municipalities was exemplified by the 2008 landmark report of the Provincial-Municipal Fiscal and Service Delivery Review. Municipalities are continuing to benefit from the government's decision to upload the municipal share of social assistance benefit program costs from the property tax base.

In 2010, the province began the phased upload of:

- Ontario Disability Support Program benefit costs
- Ontario Works benefit costs.

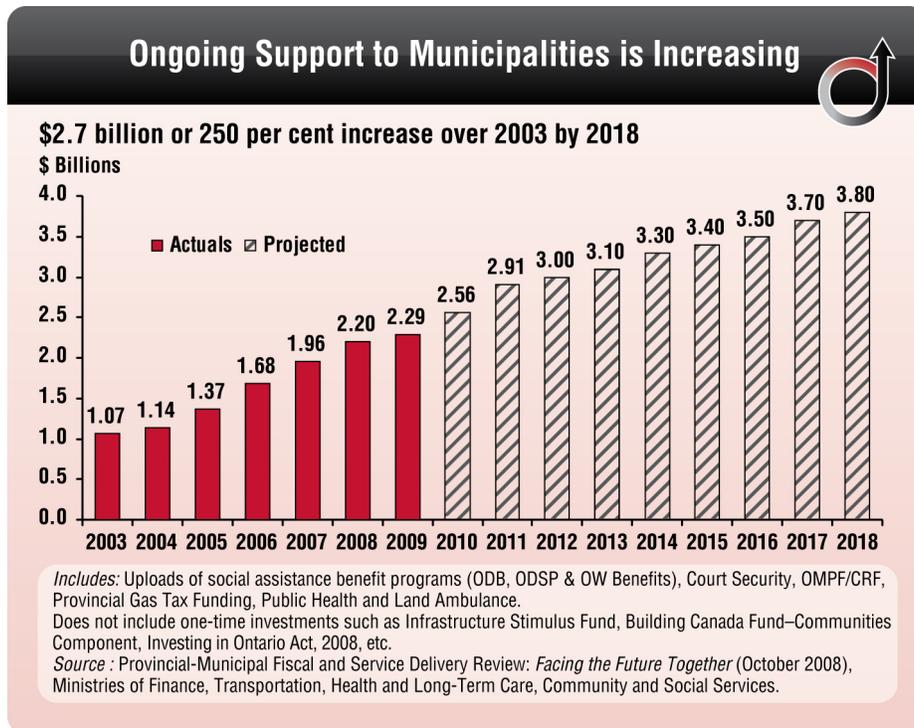
This builds on the McGuinty government's previous uploads of:

- Ontario Drug Benefits in 2008
- Ontario Disability Support Program administration costs in 2009.

When these uploads are completed in 2018, including up to \$125 million annually in court security costs, the net benefit to municipalities will be \$1.5 billion per year. This will ensure that more property tax dollars are available for important municipal priorities, including investments in infrastructure and economic development.

Since 2003, the province has more than doubled its support to municipalities. The provincial uploads of social assistance benefit program costs and the Ontario Municipal Partnership Fund grants alone, will provide municipalities with \$1.2 billion in 2010. When combined with other investments such as the provincial gas tax program, increased funding for land ambulance and the upload of public health costs, the ongoing provincial support to municipalities will be approximately \$2.6 billion in 2010.

By 2018, the McGuinty government will have increased ongoing annual support to municipalities to over \$3.8 billion, an increase of more than 250 per cent over the support provided in 2003.



Municipalities are also benefiting from significant infrastructure investments. In the 2009 Budget, the government announced economic stimulus funding to benefit communities across the province. To date, the province has invested more than \$1.7 billion for communities across Ontario to fund more than 2,200 key municipal and community infrastructure projects. The McGuinty government has also provided \$1.1 billion directly to municipalities through the Investing in Ontario Act, 2008.

Since 2004, the province has been sharing provincial gas tax revenue with municipalities. To date, the government has committed more than \$1.3 billion through the gas tax program. These investments have expanded and improved transit service and increased capacity, which has attracted new transit riders by giving them a more reliable and convenient alternative to their cars. As part of its commitment to municipalities and the environment, the government will continue to make investments in public transit, building on the nearly \$9.3 billion that it has provided across the province since 2003.

Further strengthening its relationship with municipalities, the Ontario government entered into agreements with the Association of Municipalities of Ontario and the City of Toronto that formalize the principle of early consultation with the municipal sector. The agreements commit the province and municipalities to work together in the spirit of mutual respect, ongoing consultation and cooperation on matters of common interest.

The McGuinty government has modernized the province's legal relationship with municipalities and brought municipal powers into the 21st century, with:

- The City of Toronto Act, 2006, which sets out a broad, permissive legislative framework for Toronto
- The Municipal Statute Law Amendment Act, 2006, which provides local governments with broad new powers and legislative freedoms that allow municipalities to better deliver services to their communities
- The Planning and Conservation Land Statute Law Amendment Act, 2006, which reforms the Ontario Municipal Board and enhances local decision-making, community participation in local planning and use of fiscal tools.

### ***Communities and Schools***

As a component of the Poverty Reduction Strategy, the government is making investments to ensure that schools are an integral part of the communities they serve, including:

- Investing \$38.5 million in the 2009-10 school year to make it easier and more affordable for people to use schools after hours. Since 2005-06, average rates charged to community groups decreased by 43 per cent due to the province's \$90 million investment. The number of participants grew by 46 per cent
- Establishing 21 more Parenting and Family Literacy Centres in 2009-10, for a total of 144 centres that help children in high-needs neighbourhoods prepare for school through play-based learning
- Providing more than 15,500 children and youth in Grades 1 through 12 with access to safe, active and healthy after-school activities through the After School Initiative at more than 270 sites across Ontario
- Serving an additional 100,000 students during the 2008-09 school year through the expanded Student Nutrition Program, increasing the total number of students served to 500,000 annually
- Reaching out to schools in disadvantaged communities to increase parent engagement; the number of Parents Reaching Out Grants awarded to these schools in 2009-10 increased by 354 per cent from last year.

### **Ontario's Tax Plan for Jobs and Growth**

Under the Harmonized Sales Tax (HST), public service bodies (PSBs), including municipalities, will be able to claim rebates for the provincial portion of the HST they pay on many of the things they buy. These rebates are intended to keep this sector, as a whole, fiscally neutral relative to the Retail Sales Tax they are currently required to pay. Municipalities will receive a rebate of 78 per cent of the provincial portion of the HST.

In general, the HST will follow the same definitions and rebate rules for municipalities as currently exist under the federal Goods and Services Tax (GST).

To further support PSBs, temporary restrictions on certain input tax credits will not apply to municipalities.