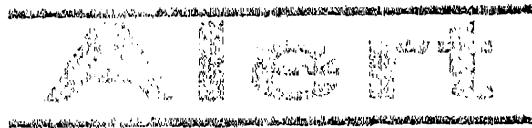


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Municipalities
of Ontario393 University Avenue, Suite 1701
Toronto, ON M5G 1E6Tel: (416) 971-9856 • fax: (416) 971-6191
email: amo@amio.municom.com*To the immediate attention of the Clerk and Council***March 29, 2004 – Alert 04/013****Premier McGuinty puts vision of strong communities in writing**

Issue: Ontario Premier Dalton McGuinty today signed an open letter to all Heads of Council setting out his government's vision of strong communities in Ontario.

Background:

Today's letter was a follow-up by Premier McGuinty after last week's meeting between the Premier and AMO President Ann Mulvale. At that meeting, AMO agreed to distribute the Premier's letter to Heads of Council.

The letter chronicles early action by the government on a variety of issues, including planning, funding for Waste Diversion Ontario, social housing, child care, flexibility in property tax policy and trilateral cooperation on a proposed new immigration agreement with the federal government.

The letter describes the Premier's request to Prime Minister Paul Martin to form a federal-provincial-municipal working group for trilateral cooperation in important fiscal, governance and service delivery matters. It also indicates that the Premier has asked Municipal Affairs and Housing Minister John Gerretsen to work toward a new partnership with municipalities including new governance and financial tools for municipal governments.

The letter also reiterates Premier McGuinty's commitment to entrenching pre-consultation with municipalities in legislation and additional financial resources for municipalities, including the share of provincial gas taxes for public transit.

A copy of the Premier's letter is attached.

AMO Action:

AMO has committed to working in partnership with the provincial government to look at ways to strengthen Ontario's communities. AMO has begun discussions on the development of an effective process to support the partnership and create outcomes that will make sense for Ontario's municipal governments and property tax payers.

You are encouraged to review AMO's presentation provided to the Premier during last week's meeting at www.amo.on.ca.

For more information, contact: Pat Vanini, Executive Director, at 416-971-9856 ext. 316.

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The Premier
of Ontario

Legislative Building
Queen's Park
Toronto, Ontario
M7A 1A1

Le Premier ministre
de l'Ontario

Edifice de l'Assemblée législative
Queen's Park
Toronto (Ontario)
M7A 1A1



March 29, 2004

OPEN LETTER FROM PREMIER DALTON MCGUINITY TO HEADS OF COUNCIL

Working with you to build strong communities is one of the most important priorities of our new government. That's why I am writing to you today, to provide an update on our progress to date, and the plan for moving forward.

When I spoke at the annual AMO conference last August, I told you that I wanted a partnership to grow the kind of strong communities that we all want to see in the province. I told you that my new government would work with you, not against you, or around you. Our government has taken concrete steps to build that partnership and our communities.

We cancelled the previous government's plan to force a municipal referendum on any proposed municipal revenue increases, including property tax increases. It was a short-sighted pre-election gimmick that would only harm our communities.

The Strong Communities (Planning Amendment) Act, introduced in December, would limit the role of the Ontario Municipal Board in making planning decisions for our communities and return those powers to the people who should have them – democratically elected municipal governments. If passed, the bill will give you more time to review planning applications and, in particular, stop appeals to the OMB for urban expansions into rural areas over the objections of local councils. We plan to take further action to improve the planning system and reform the OMB.

The previous government had a perfect opportunity to take meaningful action on affordable housing through the federal/provincial/municipal program – yet they did virtually nothing. Since we took office, the province and its partners have announced more than 2,300 new affordable units. We moved promptly to fix administrative problems with the pilot program that municipalities had identified. We have also made improvements to the rent supplement program to give municipalities the flexibility and control they have requested. And we have moved forward with a Provincial Rent Bank that will work with existing local rent banks to help tenants stay in their homes.

We have taken initial steps to ensure that our municipalities have greater flexibility in determining appropriate tax rates for homeowners and businesses. We have also moved forward on a funding plan for Waste Diversion Ontario. It provides new funding support for municipal recycling programs. We have expedited the flow of federal funds for child care.

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In the spring session of the legislature, we will continue our progress in strengthening communities: revisions to the Provincial Policy Statement, new regulations to support the development of brownfields, and consultations on a Growth Management Plan for the Greater Golden Horseshoe and the development of a Greater Toronto Transportation Authority.

We have already seen the value of your expertise and input when we're deliberating provincial programs and policies, or speaking with the federal government, regarding matters that impact municipalities.

As just one example of our commitment to the principle of better municipal consultation, we have brought your representatives to the table with the federal government as we discuss a new Immigration agreement with Canada.

I have recently written to the Prime Minister asking for the formation of a federal-provincial-municipal working group that would:

- Develop a framework by which municipalities can have a seat at the table of national change
- Examine options to make municipalities more fiscally sustainable, autonomous and accountable
- Identify and remediate federal and provincial policies that place inappropriate pressures and constraints on municipalities, and
- Establish a process by which municipalities can be involved in federal-provincial co-location and service harmonization initiatives.

And as a demonstration that new federal financial support for municipalities should not result in a decrease in provincial support, our government has pledged not to claw back the new federal GST rebate.

While I believe our government has made excellent progress in strengthening our communities in our first few months in office, much more action is needed. I have asked the Minister of Municipal Affairs and Housing, John Gerretsen, to begin a dialogue with our municipal leaders that will result in a new partnership between the provincial government and our municipalities, including new governance and financial tools for municipalities.

The cornerstone of this new partnership will be enshrining a stronger role for municipalities in legislation. As I told you at the AMO conference last year, we will be working with AMO to enshrine the Memorandum of Understanding between the

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province and municipalities in legislation. We will also be undertaking a review of the *Municipal Act* to ensure that our municipal leaders have the power and flexibility needed to effectively and creatively serve the needs of the people in their communities.

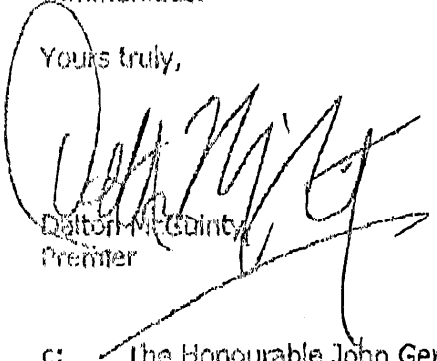
I know you understand that the province faces a significant fiscal challenge. You and I didn't create this context. But we must govern in it. I understand that you, too, have very real fiscal challenges. We need to work together, in partnership, to meet these challenges while meeting the needs of the people we both serve. I understand, and I know you do too, that one level of government can't simply try to solve its problems on the back of the other level of government.

Our government will be moving forward with phasing in new financial resources for municipalities, including the dedication of two cents of the existing provincial gas tax for public transit. As part of the dialogue on a new provincial-municipal partnership, we also want to review new municipal own-source revenue tools. Lastly, we need to work together with the federal government - one level of government amongst us with a surplus - to ensure they are a full partner in delivering these new financial resources for municipalities.

Unlike the previous government, I trust our municipal leaders. I believe you will make the right decisions with these new tools and powers. Each of us was elected by our voters to deliver good government and ultimately each of us will be held accountable by our voters for the decisions we make.

I look forward to collaborating with you as we all work together to strengthen our communities.

Yours truly,



Dalton McGuinty
Premier

c: The Honourable John Gerretsen
The Right Honourable Paul Martin