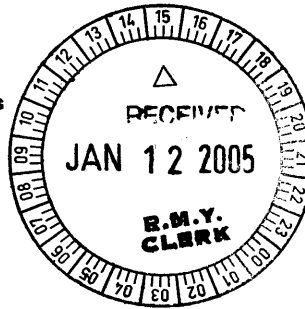


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REGION OF YORK
CLERK'S OFFICE

FILE No. - P04



→ Chair ✓
→ CAO ✓
→ S. Carter ✓
12/1/05

January 11, 2005

Dear Head of Council,

We are writing to inform you of the status of the government's review of the Community Reinvestment Fund (CRF).

As you are aware, in the 2004 provincial budget, the government committed to review the CRF in order to develop a new funding model for 2005 that would better reflect the financial realities of Ontario municipalities. A key challenge of the review was to ensure that any new approach could be accommodated within the province's own fiscal plan.

In keeping with this commitment, the Ministry of Municipal Affairs and Housing and the Ministry of Finance co-chaired a CRF review committee with the Association of Municipalities of Ontario (AMO) that examined options for refining the CRF or replacing it with a new municipal funding model. The review committee considered a number of different approaches to resolve outstanding issues and inequities related to the existing CRF formula. We were impressed with the work of the committee, and appreciated the time, effort and advice put forward by all its members.

At the present time, the province is still considering the range of options and recommendations arising from the work of the CRF committee. Given that the CRF is a major funding source for many municipalities, we want to ensure that any decision on the future direction of the fund is carefully formulated, and that all impacts and consequences are fully examined.

We acknowledge that many municipalities have been inquiring about the status of the 2004 reconciliation process. We are also aware that municipalities are waiting for information on their 2005 funding levels in order to support their initial 2005 budget planning. As a result, we are announcing a stable funding guarantee for 2005 that will ensure that, as a minimum, each municipality will receive at least as much funding in 2005 as they have received to date through the CRF for 2004.

In an effort to build on the positive momentum arising from the work of the CRF review committee, we have invited AMO to enter into a focussed consultation with provincial officials that will lead to the announcement of a new funding model in March 2005. These short time lines reflect the need to finalize decisions quickly in order to support the municipal budget planning cycle. We have therefore asked AMO to join us in beginning this work as soon as possible.

It is clear that any change in the municipal-provincial funding arrangement should be gradual so as to allow municipalities time to adjust and plan. As a result, we are requesting that the next phase of CRF consultations include the development of a comprehensive transition strategy that will help ensure the pace of change is financially manageable, as well as addressing the issue of a year-end reconciliation. The transition strategy should be in place in March 2005 to facilitate implementation of the new model.

The Ontario government is committed to working with municipalities to build strong and vital communities. We are confident that by continuing to work together with municipalities, we can develop long term solutions for accomplishing this common goal.

Yours sincerely,



Greg Sorbara
Minister of Finance



John Gerretsen
Minister of Municipal
Affairs and Housing

c: Mr. Roger Anderson, President
Association of Municipalities of Ontario