

**PROVINCE of ONTARIO
and the
ASSOCIATION OF MUNICIPALITIES of ONTARIO (AMO)**

FIRST JOINT ANNUAL MOU STATEMENT

November 2008

We are pleased to present the first joint annual statement regarding the Memorandum of Understanding (MOU) between AMO and the Province of Ontario.

The MOU is the cornerstone of provincial-municipal relations in Ontario. It commits the Province to prior consultation with municipalities on:

- proposed provincial changes to legislation and regulations that will have a significant financial impact on the current municipal budget year or planning cycle, and
- negotiation of agreements with the federal government on specific matters that have a direct municipal impact.

On a regular basis, provincial ministers meet with municipal leaders to seek their views on provincial initiatives that impact the municipal sector.

The principles of consultation, collaboration and respect embodied in the MOU are the very foundation on which the province and municipalities have built a strong partnership. Bringing municipalities into the provincial policy decision-making process early on is the best recipe for sound provincial policies that meet the needs of communities in Ontario.

AMO was the first municipal organization to be at the federal table to provide direct input into the design of infrastructure programs, such as the federal gas tax. AMO's involvement in tri-lateral talks would not have happened without the Protocol within our Memorandum of Understanding. The MOU is also an opportunity for AMO to present issues, such as demonstrating how an integrated waste management strategy can work in Ontario.

Both parties were pleased to renew the MOU in August 2007 for three more years, to 2010. Together we have made significant progress in numerous areas and welcome this opportunity to provide an update on our activities and accomplishments under the MOU.

The Memorandum of Understanding

The MOU allows for fully informed, confidential discussions of current issues in a cooperative and respectful environment and is one of several consultation tools available to the Province and AMO when consulting on matters of shared, province-wide interest.

It is not intended to replace the formal and informal ways that Province, AMO and individual municipalities consult with each other on matters of shared interest.

The MOU leads to results by:

- creating opportunity for an information exchange between ministers and a broadly representative group of municipal government leaders on local, provincial, and national issues;
- enhancing the decision-making process by providing an opportunity to expand the issues considered by ministries in assessing policy proposals;
- allowing the province and municipalities to engage in more detailed analysis as part of the decision-making process that could have an impact on municipalities;
- strengthening the provincial-municipal relationship and facilitates greater cooperation on public policy for the benefit of all Ontarians;
- promoting horizontal working relationships between orders of government and ministries on shared issues, and
- serving as a catalyst for other discussions and side tables that could be launched.

Recent History

Over the past several years, we have seen the municipal-provincial relationship evolve into a cooperative endeavour based on meaningful consultation and discussion between partners. The local government perspective is now an integral part of the provincial decision-making process.

We have collaborated in many areas of shared interest, and the MOU continues to provide a constructive framework and forum for municipal and provincial officials to have frank and open discussions. A good example is our joint efforts during the fiscal imbalance “fair share” campaign. The MOU has also paved the way for an expanded role for AMO, such as in administering the federal gas tax program, and has set the stage for working together on joint projects like the Provincial-Municipal Fiscal and Service Delivery Review.

Our joint efforts under the MOU have cultivated an environment of cooperation and respect, and both parties are optimistic about the future of our relationship.

The first MOU signed in 2001 stated that Ontario would consult with AMO on proposed legislation that could have a significant financial impact on municipalities. In 2004, the MOU was renewed to include a new Protocol that committed the Province to also consult with AMO on specific federal-provincial matters that have a direct municipal impact. In 2005, the Municipal Act was amended to recognize the MOU in legislation.

MOU meetings occur on a regular basis. On occasion, detailed discussions take place between the regularly-scheduled MOU meetings.

The MOU meetings of Ministers and AMO representatives are co-chaired by the Minister of Municipal Affairs and Housing (MMAH) and the AMO President. Leading up to the meetings, MMAH staff work closely with AMO and other ministries to ensure that the Province meets its commitments under the MOU. AMO's participation enables ministries to anticipate issues, obtain initial reactions and if necessary, rework policies and programs to reflect the municipal perspective.

Since October 2003, we have met at the MOU table thirty-five times. Dozens of issues have been brought forward at these meetings.

We are very proud of the fact that Ontario is seen as a leading jurisdiction in provincial-municipal relations. Staff meet regularly with international delegations who want to learn from our example. In March 2008, AMO and Ontario jointly met with delegations from Sri Lanka and Indonesia to demonstrate Ontario's approach to municipal governance and intergovernmental relations.

MOU Education and Training Sessions

In spring 2008, the Province of Ontario, AMO and the City of Toronto delivered an education and training program that was designed to provide provincial government staff with:

- a better understanding of the municipal policy and finance landscape;
- an enhanced ability to identify impacts of provincial policy on municipalities, and
- an improved familiarity with what is expected regarding consultation under the AMO-Ontario MOU and the Toronto-Ontario Cooperation and Consultation Agreement.

This is the second time AMO and the Province have partnered to raise awareness of ministries' responsibilities to consult under the MOU. Four sessions were held with close to 150 attendees, from junior policy advisors to assistant deputy ministers, representing over 20 ministries. The 2008 sessions were a resounding success.

Highlights of 2007-2008 Discussions

The Ontario-AMO relationship has evolved over time and cooperation is essential for the development of sound public policy in Ontario. This joint effort has had an impact in many spheres: the environment, infrastructure, and public health among them. A few examples illustrate how important the MOU has been in this regard:

The Municipal Infrastructure Investment Initiative (MIII) came to the MOU table in January 2008. The MIII invested \$450 million in grant funding that supports investments in local infrastructure priorities in communities across Ontario. The objective of this initiative was to direct new infrastructure funding to support the construction or renewal of municipally-owned infrastructure assets.

Capital investments in all types of municipally-owned infrastructure were eligible for funding, with the exception of public transit, which is being supported through other provincial initiatives. This provided municipalities with significant discretion to seek funding support for their local priorities. Grants were awarded in March 2008 to 243 municipalities and Local Services Boards for projects with a total value (including municipal contributions) of more than \$676 million.

Details of the Municipal Eco Challenge Fund (MECF) came to the MOU table in February 2008. The Municipal Eco Challenge Fund is a \$20-million grant program designed to help municipalities undertake infrastructure projects to address climate change, conserve energy and reduce greenhouse gas emissions. As part of MECF, the Province has also committed \$3.95 million to support energy management programs and services that are being made available to municipalities through Local Authority Services, a subsidiary company of AMO.

The ban on smoking in motor vehicles where children are present came to the MOU table in March 2008. The Ontario Legislature has passed a law that protects children from second-hand tobacco smoke in motor vehicles. Under the law, any person in the motor vehicle who is smoking while a person under the age of 16 is present is committing an offence and will be subject to a fine. Municipal police forces will enforce the ban. AMO was consulted on the impacts of the proposed legislation on municipal police forces and public health units.

The Long-Term Affordable Housing Strategy came to the MOU in June 2008. The provincial government has committed to developing a Long-Term Affordable Housing Strategy that will contain a mix of non-profit and cooperative housing and take advantage of innovative financial options. The consultation framework for the Strategy was shared with AMO at the MOU, as part of the ongoing development of the Strategy.

Federal/Provincial/Municipal Relations. When the MOU was renegotiated in 2005, a new Protocol was included to ensure that municipalities are consulted on common federal-provincial matters that have an impact on them. An excellent example of the Protocol at work is the federal gas tax program, which goes far beyond consultation. AMO is a signatory to the federal gas tax agreement, participated directly in its negotiation and administers the federal program for its members. In 2008, the Province, AMO and the City of Toronto signed the amending agreement that will extend funding under the current program to 2014.

The federal government has also announced that the program will be made permanent.

Building Canada Plan - On July 24, 2008, the federal and provincial governments signed the \$6.2 billion Canada-Ontario Infrastructure Framework Agreement under the BCP. This agreement provides for the implementation of the Building Canada Plan in Ontario, and will result in significant infrastructure investments in communities all across the province, including \$724 million for the Communities Component agreement of the Building Canada Fund for projects in rural and small urban communities. Ontario was the only province to include municipal representatives in federal-provincial discussions on the BCP Framework Agreement and Communities Component agreement. This is largely due to our mature relationship with municipalities that has evolved through the MOU and its Protocol for consultation with AMO in Canada-Ontario negotiations.

Joint Initiatives

The MOU has contributed to a number of achievements. It has created a formal forum for the exchange of information between the province and the municipal sector. It has enhanced the Province's policy development process by enabling a more thorough analysis of proposed directions and decisions, and has promoted the importance of horizontal working relationships between provincial and municipal staff. It also provides AMO with an opportunity to advance areas for provincial policy development and review. As a result, the MOU has served as a catalyst for launching many informal discussions and joint initiatives including:

Local Land Ambulance Response Time Standards - In 2008, Ontario amended Regulation 257/00 under the *Ambulance Act* to permit the establishment of local response time plans for land ambulance. This new patient-focused framework for the land ambulance response time standard is based upon medical evidence and was the result of the joint provincial-municipal Land Ambulance Committee established in 2006 under the umbrella of the AMO MOU. The collaborative and effective working relationship used to establish this new standard is another example of how the MOU is delivering good public policy outcomes.

Other Important Matters - Over the past year, many other important issues were discussed at the MOU table including, pesticides legislation, labour relations and arbitration, endangered species legislation, the planned Ontario – Quebec trade negotiations, and a range of waste management issues including LCBO deposit return and blue box funding to name a couple. These are just a few examples of a broad range of important matters and ideas discussed through the MOU process.

We look forward to another successful year ahead and to reporting back in 2009 on our shared progress.