

MFOA

MUNICIPAL FINANCE
OFFICERS' ASSOCIATION
OF ONTARIO

November 6, 2006

COPY

Honourable John Gerretsen
Minister
Ministry of Municipal Affairs and Housing
777 Bay Street, 17th Floor
Toronto, ON M5G 2E5

Dear Minister Gerretsen:

I am writing on behalf of the Municipal Finance Officers' Association (MFOA) with regard to Schedule H of Bill 151 which was introduced on October 18th by Finance Minister Sorbara. As you are aware, Schedule H proposes important amendments to the *Development Charges Act, 1997*.

We are highly supportive of the changes proposed for the Toronto-York subway extension. However, we are extremely disappointed that these changes have been made only for this single project. As you know, the 1997 *DCA* requires municipalities to levy millions of dollars in growth related costs on existing taxpayers that were previously recoverable from development charges. This was largely done through a restrictive approach to defining service levels, 10% mandatory discounts for some services, and a prohibition from imposing development charges for an array of important services such as waste management. Municipalities need legislation that recognizes the longstanding principle that "growth should pay for growth." To this end, we requested a review of the *DCA* in a letter to you sent in January 2004. Your response, dated April 7, 2004, indicated that "Ministry staff will be in contact with you in the near future to schedule a meeting." We have been waiting patiently ever since for the consultation process on this Act to begin. We are particularly surprised that this initiative would be undertaken at a time when many high growth municipalities are endorsing a resolution initiated by the Town of Vaughan to embark on a consultation process with respect to the *DCA*.

As I indicated above, the new approach to service levels for the Toronto-York subway extension and the removal of the 10% discount are welcomed. We would advocate that these reforms should be extended to other municipal services as well. This, and a few other key changes, would help restore the principle that growth should pay for growth-related capital costs. At the very least, the changes in Schedule H should be extended to other higher order transit projects currently underway or proposed in other municipalities.

MFOA remains committed to *DCA* reform and is willing to participate in a consultation process to bring meaningful change to the development charge regime. We hope that you continue to be committed to reforming this Act as well.

I look forward to your response.

Yours truly,



K. R. (Ken) Nix, CMA
Chair MFOA

c: Honourable Greg Sorbara, Minister of Finance
Mr. Doug Reycroft, President, Association of Municipalities of Ontario

"your municipal finance authority"

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November 29, 2006

06-30505

Mr. K.R. (Ken) Nix
Chair
Municipal Finance Officers' Association of Ontario
512 King Street East
Suite 306
Toronto ON M5A 1M1

Dear Mr. Nix:

Thank you for your letter dated November 6, 2006, regarding the proposed amendments to the *Development Charges Act, 1997* contained in Bill 151 and your request for a larger review of the act.

Our government is committed to ensuring that new development absorb its fair share of the costs of growth. Development charges support this goal by providing municipalities with an important tool to help fund the infrastructure needed to serve new growth.

I understand that there is a wide range of views on whether and how the *Development Charges Act, 1997* might be amended; however, at the present time I am unable to confirm the specific timing or scope for a review of the act.

As you are no doubt aware, the Province has launched a wide-ranging review of the provincial-municipal fiscal and service delivery relationship. Together, the Province and municipalities will explore a sustainable, provincial-municipal relationship where both orders of government can meet their responsibilities, and where provincial and municipal services are delivered effectively across Ontario.

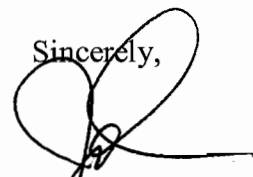
The review builds on this government's long record of achievement in developing a stronger partnership with municipalities. These achievements include:

- Delivering more than \$1.4 billion in provincial gas-tax revenues to municipalities over five years
- Investing \$1.2 billion in public transit, roads and bridges through Move Ontario, which includes \$400 million in 2006 for municipal roads and bridges, with an emphasis on rural and northern communities
- Partnering with industry through ReNew Ontario to invest more than \$30 billion in public infrastructure such as schools and hospitals
- Increasing the provincial share of public health funding to 75 per cent by 2007

Mr. K.R. (Ken) Nix

Once again, thank you for expressing your views on this important issue.

Sincerely,



John Gerretsen
Minister

c: The Honourable Greg Sorbara, Minister of Finance
Mr. Doug Reycroft, President, Association of Municipalities of Ontario