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Ministère des Finances
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November 5, 2008

Mr. Joseph Pennachetti
City Manager
City of Toronto
City Hall, 7th Floor, East Tower
100 Queen Street West
Toronto ON M5H 2N2

Dear Mr. Pennachetti:

I am writing to provide you with details regarding adjustments to the financial support that the government committed to your municipality as a result of the phase-out of GTA pooling, as discussed between Ministry staff and members of your staff in parallel with the work of the Provincial Municipal Fiscal and Service Delivery Review (PMFSDR).

In the 2007 Ontario Budget, the government announced a plan to phase out GTA pooling over seven years, beginning in 2007. At that time, the government committed to make provisions to ensure continued financial support for those municipalities that received assistance through GTA pooling.

As you know, an agreement was recently announced through the work of the PMFSDR to upload the costs of all social assistance benefits from municipalities. This upload agreement will have an impact on the determination of financial support that the province had committed to the City of Toronto as a result of the phase-out of GTA pooling.

As discussed, these adjustments have been made in comparison to the City's 2007 pooling revenue, before the phase-out began, and are noted in the table below.

City of Toronto - Pooling Adjustment

	2007 Before GTA Pooling Phase-Out	2013 End of GTA Pooling Phase-Out	2018 End of Social Assistance Upfront
A Original Pooling Revenue	203.9	203.9	203.9
B Total Pooling Adjustment Reflecting Upload		54.6	88.6
C Adjusted Pooling Compensation to Be Provided by Province (A-B)		149.3	115.1

Line B in the table below outlines the compensation that the City of Toronto can expect to receive from the province, beginning in 2009, in respect of the phase-out of GTA pooling.

City of Toronto - GTA Pooling Compensation

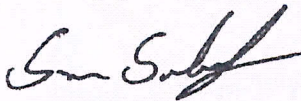
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
A Pooling Revenue From #05 Area Municipalities	143.8	118.0	88.3	57.5	28.8	0.0	0.0	0.0	0.0	0.0	0.0
B Pooling Compensation From Province*	109.6	117.5	125.5	133.4	141.4	149.3	142.5	135.5	128.8	121.9	115.1
C Total (A + B)	253.4	232.5	211.7	190.9	170.1	149.3	142.5	135.5	128.8	121.9	115.1

* Combination of special payment and/or DMFP payments

113.1

Should you have any questions concerning this information, please contact Allan Doheny, Director of the Property Tax Analysis and Municipal Funding Policy Branch at (416) 327-9592.

Yours sincerely,



Sriram Subrahmanyam
Assistant Deputy Minister