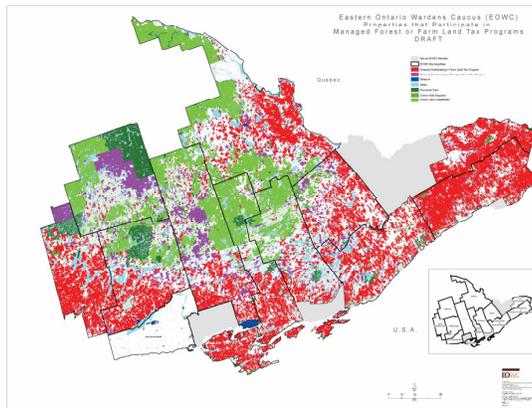
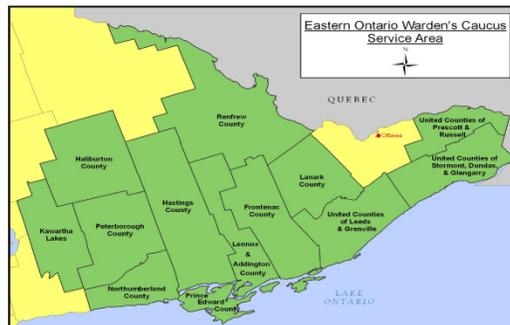




Eastern Ontario Wardens' Caucus



2012 Pre-Budget Submission

Presented to the Honourable Jim Flaherty
Minister of Finance

February 8th, 2012

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EOWC Overview

The Eastern Ontario Wardens' Caucus (EOWC) Inc. is an incorporated not-for-profit organization comprised of the heads of Council of eleven (11) Counties and two (2) single-tier municipalities in Eastern Ontario. The member municipalities include:

County of Frontenac	County of Haliburton
County of Hastings	City of Kawartha Lakes
County of Lanark	United Counties of Leeds & Grenville
County of Lennox & Addington	County of Northumberland
County of Peterborough	United Counties of Prescott & Russell
County of Prince Edward	County of Renfrew
United Counties of Stormont, Dundas and Glengarry	

The EOWC geographic area extends over 50,000 square kilometres, excluding the City of Ottawa, and is home to a population of approximately 1.1 million people.

In recognition of the many common interests and challenges faced by the member municipalities in relation to service delivery, and more broadly the similar socio-economic conditions that are evident throughout the region, the EOWC adopted the following Mission Statement and several Strategic Goal Statements in 2004:

Mission

“To monitor federal, provincial and municipal legislative, regulatory and government information and to conduct research and analysis for purposes of influencing and advocating enhanced municipal service delivery in Eastern Ontario.”

Strategic Goal Statements

- To monitor legislation, regulation and by-laws in a timely manner for purposes of evaluating the service delivery and financial implications for municipalities
- To research and analyze the impact of senior government legislation and regulation for purposes of implementation and/or the development of timely and informed recommendations for change
- To ensure timely and accurate communication of issues and pressures, as well as preferred solutions to enhance service delivery

This is the fifth consecutive EOWC pre-budget submission to the Federal Government.

In accordance with our EOWC mission and stated objectives, for 2012 we are sharing with you an overview of our most recent research, the “Eastern Ontario Financial Sustainability Report” (see Appendix A). As noted in last year's submission, in order to be positive and progressive in relation to opportunities, issues and challenges the

EOWC completed several important research/analysis projects during 2011 to help illustrate the current municipal fiscal situation in Eastern Ontario and the pressures that exist at the municipal level, in relation to infrastructure maintenance and renewal, and service delivery more generally speaking. Over 2012 we look forward to the opportunity to present and discuss the more detailed content and analysis with the Federal government.

As in the past, when the EOWC produced such documents as the Regional Data Set Update (2010), the Prosperity Plan for the Eastern Ontario (2007) (in partnership with the Ontario East Economic Development Commission, and the various Community Futures Development Corporations serving Eastern Ontario), and the annual Future Directions Reports detailing our fiscal position, ... the "Eastern Ontario Financial Sustainability Report" and subsequent annual updates will not only serve as a communication tool, the research will also be utilized as the background and justification for a number of identified EOWC priorities and associated recommendations.

EOWC Priorities and Recommendations for 2012

The EOWC Priorities for 2012 have been categorized into the 3 main theme areas of:

1. Economic Development Matters
2. Legislative / Regulatory Change
3. Fiscal Issues

It is the view of the EOWC that the identified priorities impact all of our member municipalities and that the measures we are recommending would not only improve the municipal position, but would also enhance economic viability and create service delivery improvements and opportunity for the residents and businesses of Eastern Ontario.

1. Economic Development matters

As noted in the EOWC Pre-budget submission of 2011, the Federal government has demonstrated very significant support and leadership over the past several years by investing heavily into infrastructure renewal with the Build Canada Program and Infrastructure Stimulus funding. This fiscal policy has realized very positive and tangible economic development benefits into the many communities and rural areas of Eastern Ontario and the Province of Ontario overall. The EOWC Inc. would like to express their sincere gratitude.

The EOWC Inc. also wishes to acknowledge and express thanks for the FedDev renewal of the Eastern Ontario Development Program for \$30 million dollars over the next 3 years. This program continues to deliver excellent results, and the Community Futures Development Corporations are to be commended for their oversight and administration. The program eligibility criteria and funding streams are ideally suited to the needs of the many small businesses and the opportunities for innovation in rural eastern Ontario. Based upon recent research, more than 76% of all small businesses in rural eastern Ontario have fewer than 10 employees. The Business Development funding stream of the EODP focuses upon skills development, youth attraction, business planning and adoption of information technologies. The grant funding and leveraged private sector dollars are helping to retain, train and grow businesses.

The EOWC also applauds the focus on encouraging collaborative projects that have partnerships and can benefit one or multiple communities.

A significant ongoing collaborative project that is a continuing economic development priority for the EOWC Inc. for 2012 is the work associated with completion of the Eastern Ontario Regional Network (EORN) Inc. regional Broadband project. This project would not have become a reality without the significant investments made by the Federal and Provincial governments and the leveraging of additional private sector dollars. It remains our belief that this project has the potential to assist in transforming and strengthening the economic well-being of our region.

The on-going support of the Federal government in relation to administration of the Federal Provincial contribution agreement and claims processing is essential to the successful completion of the building phase of this project.

As you may be aware, EORN has been identified as a priority project to be examined as part of the Local Innovation in Rural Canada Research Project commissioned by the Rural and Co-operatives Secretariat (RCS). EORN's key innovation, and the reason it was identified for this review, is its position as a unique partnership combining local and regional stakeholders and businesses, large corporate partners (Bell Aliant, Xplornet) and the Federal, Provincial and municipal governments to improve broadband and connectivity.

One of the anticipated outcomes of the review includes an assessment of whether the template and process involved in creating and delivery the EORN project can be replicated in other areas of the Country for similar or other types of projects.

Without being presumptuous in relation to the planned research, the EOWC Inc. is proud of the accomplishments realized to date in implementing the EORN project, and we do believe that similar partnership arrangements for regional infrastructure and/or economic development projects are both possible and desirable.

In 2012, the EOWC is shifting its focus away from developing a formal Growth Plan for Eastern Ontario under the Provincial Places to Grow legislation and will pursue the development of a regional Eastern Ontario Economic Development Strategy instead. While the EOWC Inc. continues to believe in and see a need for a broad strategy to pull together current initiatives, recognized opportunities, leveraging of assets and policy recommendations for enhancing the economic performance of the region, the more formal Growth Plan would be viewed as introducing another layer of regulatory control and bureaucracy. As compared with the "Growth Plan for the Greater Golden Horseshoe," Eastern Ontario currently and historically has experienced less growth and development.

The focus of developing a strategy will be to encourage and realize growth as compared to regulating where and how growth should occur.

The Federal government agencies operating within and throughout Eastern Ontario – Community Futures Development Corporations, FedDev (Ontario), Parks Canada with oversight of Rideau and Trent-Severn Waterways and others, would be welcomed participants in the development of a regional Economic Development Strategy.

In this regard, and also from an infrastructure renewal perspective, the EOWC requests that the Federal government maintain its commitments to planned infrastructure upgrades (major highway and rail) and enhance funding for the Trent-Severn Waterway infrastructure renewal.

In addition to the foregoing, it is recognized that Federal policy and Federal expenditures significantly impact on numerous “territorial assets” within the Eastern Ontario region. In this respect we urge continued investment into military bases, international border crossings, airports and other facilities under Federal jurisdiction. All of them are important economic assets that contribute to the economic health of the region and Province as a whole.

The EOWC would also request that the Federal Government consider the benefits and “territorial capital” that exists within Eastern Ontario for future opportunities and expansion of nuclear research, testing and/or development. Significant resources exist in the Chalk River Nuclear Laboratory, and nuclear expertise resides in Northumberland County as well as within several major industrial interests across Eastern Ontario (ie: GE Canada in Peterborough).

2. Legislative / Regulatory Change

Recognizing the current global economic challenges and the prevailing fiscal constraints that all levels of government are forced to work within, the EOWC Inc. has identified several legislative and/or regulatory changes that the Federal government could focus upon that would relieve financial pressures being experienced by municipalities without significantly impacting upon Federal coffers.

Over the next year or two the Province will be moving to review and streamline regulations dealing with Municipal Class Environmental Assessment regulations and requirements as they relate to infrastructure and capital projects. The EOWC encourages the Federal government to also consider streamlining regulation and process in relation to Federal Environmental Assessment screening for infrastructure projects and Fisheries and Oceans permit and process requirements in relation to Municipal projects on small inland waterways. The permitting and process requirements add significant time and cost to municipal infrastructure projects even in cases where we are just replacing small bridges or culverts.

Another consideration should the Federal government commence negotiations with the Provinces, territories, the Federation of Canadian Municipalities (FCM) and other stakeholders in relation to a long-term plan for infrastructure investments now that the Federal Gas Tax Fund is enshrined in legislation, the EOWC requests that the Federal government provide recognition to those municipalities that have substantial long range planning documents in place and that regularly update them every 5 years (ie: Official Plans, Transportation Planning Studies and 5/10 year capital forecasts, Waste Management Plans, Corporate Strategic Plans). While the need to demonstrate “sustainability” of a project for which Federal Gas Tax monies are to be utilized should remain a pre-requisite, to move in the direction of mandating that all municipalities must prepare and adopt an “integrated sustainability plan” is an unnecessary duplication of effort and generates significant cost to both develop and maintain when the many other planning tools are in place.

3. Fiscal Issues

The Eastern Ontario Wardens' Caucus wants to gratefully acknowledge the significant investments in both infrastructure renewal and new infrastructure that have been made and/or committed throughout Eastern Ontario over the past several years.

As previously referenced in relation to economic development priorities, the Build Canada Fund and Infrastructure Stimulus monies served to not only address important infrastructure needs but created an economic stimulus that many businesses and communities benefited from. The \$55 million dollar Federal contribution from the "Major Infrastructure Component" of the Build Canada Fund towards the Eastern Ontario Regional Broadband project (EORN) not only addressed a significant need to improve telecommunication infrastructure and enable access to Broadband, it can also be viewed as an investment in the future of Eastern Ontario.

Most recently, the passage of Bill C-13 "Keeping Canada's Economy and Jobs Growing Act," which enshrines into legislation the Federal Gas Tax Fund as a permanent revenue stream for municipal infrastructure projects is a milestone achievement. The EOWC wishes to sincerely thank the Federal government and to also acknowledge the work of FCM and AMO for facilitating successful outcomes in the Province of Ontario. The Federal Gas Tax provides the only sustained revenue source other than property taxation that municipalities have available to address infrastructure needs. A review of the Eastern Ontario municipal fiscal position and continuing infrastructure challenges as reflected in the attached Eastern Ontario Financial Sustainability Report helps to put the significance of this new legislation into perspective. Progress has been realized but infrastructure renewal continues to be a high priority and daunting task into the future.

The 2012 priorities of the EOWC Inc. within the category of Fiscal Issues that have a relation to matters of Federal jurisdiction and/or policy are as follows:

- Recognition of the need for and sustained investment in infrastructure, and more specifically to address the needs of Eastern Ontario there needs be the establishment of a dedicated fund for roads and bridges
- Protect the property tax base from any more downloaded and/or new costs

As noted at the outset of this 2012 Pre-Budget Submission, the research and analysis contained within the Eastern Ontario Financial Sustainability Report serves as both a platform from which issues and priorities are determined, and provides the justification and substantive evidence to support the recommendations:

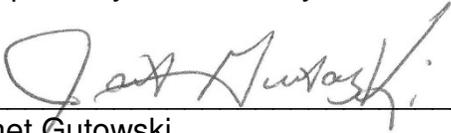
- In Eastern Ontario, municipal discretionary reserve funds and reserves peaked in 2008
- Municipal debt levels have tripled over the past decade in Eastern Ontario (on average)
- Can demonstrate that local governments are unable to preserve value of capital assets... on average, life cycle infrastructure costs are being underfunded by 1/3

- Fully three quarters of all lands in Eastern Ontario are not delivering their full assessment potential because of provincial ownership and/or designations including farm and managed forest lands and crown lands

It is the view of EOWC Inc. that at the macro-economic level, the Federal government, the Province and municipalities must work collaboratively to develop policies and deliver programs and services that will maintain and improve the fiscal sustainability in rural areas.

Due to the interdependence between urban and rural in such obvious areas as agriculture and food production, natural resource reliance and consumption, recreational needs and opportunities, ... the quality of life of all citizens of the Eastern Ontario region – both urban and rural – and, in fact, the quality of life of all individuals provincially and nationally will diminish if we are unable to do so.

Respectfully submitted by:



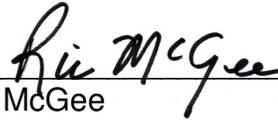
Janet Gutowski
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Murray Fearrery
Warden, County of Haliburton



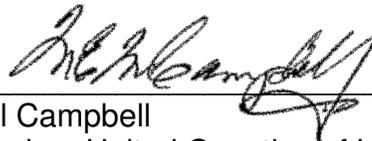
Terry Clemens
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Ric McGee
Mayor, City of Kawartha Lakes



John Gemmel
Warden, County of Lanark



Mel Campbell
Warden, United Counties of Leeds and Grenville



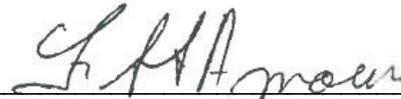
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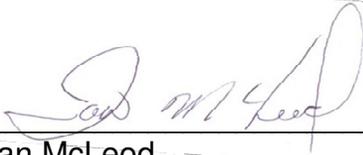
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Appendix “A”

Eastern Ontario Financial Sustainability Report (Power Point Summary)

*Copy attached

Prepared by Natural Capital Resources Inc.

On behalf of the Eastern Ontario Wardens' Caucus Inc.

Release date January 13th, 2012