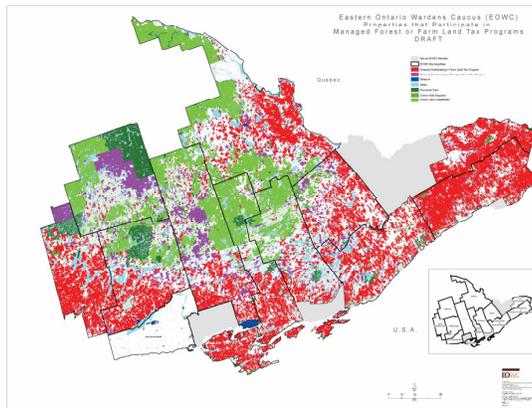
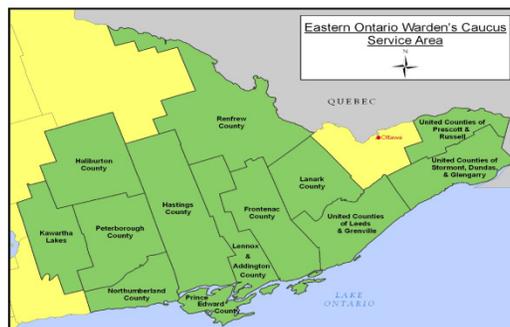




Eastern Ontario Wardens' Caucus



2012 Pre-Budget Submission

Presented to the Honourable Dwight Duncan
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 seventh consecutive EOWC pre-budget submission to the Provincial 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 Province.

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, it 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

The EOWC has identified the following priorities for 2012 in the interest of enhancing economic growth and opportunity. The Province has demonstrated leadership and commitment to each of these priorities in the past, for which the EOWC is extremely appreciative. It is our view that with the continued support from the Province and with enhancements to several existing programs, Eastern Ontario can realize such things as increased job creation in the immediate short term, a strengthening of the labour force and recognition as a preferred region to locate and grow business.

The continuation and enhancement of the Eastern Ontario Development Fund (EODF) is critical to realizing the aforementioned improvements in the economy of Eastern Ontario. The EODF has been extremely successful in ensuring retention of existing jobs and in the creation of new employment. In addition, the investments made through EODF have leveraged very significant private sector spending into realizing capacity improvements and business growth.

The EOWC is aware of the Bill that the government has placed before the legislature to continue the EODF and we gratefully applaud. **We are requesting a commitment that any unallocated funds from the initial \$80 million injected into the EODF not be re-allocated or removed from the EODF.**

In addition to the foregoing, the Eastern Wardens' Caucus request consideration for improvements to the program eligibility criteria in the interest of providing access to small businesses. Seventy-six percent (76%) of all small businesses in rural Eastern Ontario have fewer than 10 employees. While the principles behind the existing eligibility criteria are essential (job creation, investment commitment, leveraging) a lessor but relative criteria needs to be developed for small businesses as compared to the criteria in place for larger companies having 10 or more existing full-time equivalent employees.

A continuing 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 Provincial and Federal 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 Province 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.

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.

As the Provincial government moves forward to renew and enhance energy production capacity, the EOWC urges consideration of the “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).

An additional priority for 2012 is to encourage the Province to enhance investments and deliver more programming in Skills and Training Development (including trades and re-training).

The supporting justification for the economic priorities identified above as reflected in the Financial Sustainability Report research include:

- The post-recession unemployment rate remains full 2% higher in rural eastern Ontario compared to urban communities
- The region continues to struggle with substantially lower median household incomes when compared to Ottawa and Ontario as a whole. In the case of Eastern Ontario, incomes are 23.6% lower than the City of Ottawa, and against the Provincial average household are 11.9% worse off

- The cost of providing municipal services falls substantially more on residential property taxpayers in our rural communities. Reliance on the residential property tax base has grown to 89%
- Fully three quarters of all lands in Eastern Ontario *cannot be developed* to their full assessment potential because of provincial ownership and designations including farm and management forest lands and crown lands

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 a series of legislative and/or regulatory changes that the Province could focus upon that would relieve financial pressures being experienced by municipalities without significantly impacting upon Provincial coffers.

The EOWC Inc. would acknowledge the leadership and work of the Association of Municipalities of Ontario (AMO) in identifying and advocating for change in a number of areas, such as the need for Provincial support to create mechanisms to enable collection of Provincial Offences Act revenues and the need for legislative reform to relieve municipalities of the burdens of Joint and Several liability.

As a priority for 2012, the EOWC Inc. will be supporting AMO as they pursue Provincial action on these matters.

Several additional concerns in the area of legislative and/or regulatory reform include the need to remove the mandatory participation requirements for municipal procurement of insurance and natural gas under the umbrella of the Provincial Social Housing Services Corporation. Service providers can realize significant financial savings by using an open and transparent tender/RFP procurement practice.

Municipal service providers of Long Term Care and Land Ambulance have been noticing a significant increase in Provincial in-year reporting requirements over the past several years. While a portion of the reporting can be attributed to the complexity of regulation and the need for openness and accountability, the Province should be mindful that municipal dollars are also being invested in these services and the noticeable increase in reporting seems unwarranted and consumes valuable human resources that could be more advantageously utilized.

In the interest of realizing efficiencies in resource deployment, the EOWC continues to urge the Province to implement the Medical Priority Dispatch System for dispatch of Land Ambulance throughout the Province. While this is more of a systems change than a legislative or regulatory change, the efficiencies in deployment and response would be of great benefit to municipalities. Since there is a direct correlation between Land Ambulance call volumes and the aging population demographic, the need for this change will become more prominent over the next few years, particularly in Eastern Ontario.

3. Fiscal Issues

In relation to fiscal issues and priorities, the EOWC Inc. wishes to first gratefully acknowledge the significant contributions that have been made over the past several years by the Provincial government. Important investments have been made by the Province as well as the Federal government and municipalities towards renewal of capital infrastructure. In addition, the EOWC is particularly appreciative of your government's commitment to continue with the uploading of the Ontario Disability Support Program and Ontario Works benefit costs from the property tax base.

With escalating costs for such things as policing services, long term care and fiscal pressures associated with other services, the upload savings are both timely and appropriate.

The EOWC Inc. also acknowledges the recent Ontario Municipal Partnership Fund (OMPF) announcement in relation to the financial assistance that it will afford to eligible municipalities.

The 2012 priorities of the EOWC Inc. within the category of Fiscal Issues are as follows:

- Recognition of the need for and sustained investment in infrastructure, and more specifically there needs to be a dedicated fund for roads and bridges established
- Protect the property tax base from any more downloaded and/or new costs
- Notwithstanding the divergence of views in relation to the issue of foregone municipal revenue arising from the Provincial Farm Tax and Managed Forest Property Tax programs, the EOWC Inc. will continue to communicate and demonstrate through research such as the Financial Sustainability Report that property tax payers in rural municipalities in which farmlands and managed forests are located are paying more taxes than would otherwise be necessary due to program administration and failure of the data elements and thresholds in the OMPF formula to adequately recognize and compensate for this loss
- Continue to recognize and communicate that the issue of Crown Lands are unique to Eastern Ontario. While many benefits derive to the municipalities through tourism, fishing and hunting, etc., there is no direct revenue stream to municipalities for infrastructure and services that support and extend into Crown Lands. For 2012, the Crown Land issue is accompanied by another unique Eastern Ontario matter: the Algonquin Land Claim
- Notwithstanding earlier comments and concerns expressed in relation to OMPF funding, a priority of the EOWC Inc. as determined in early January of this year was to lobby to ensure that the level of OMPF funding was not decreased in comparison to the level of funding distributed in 2011

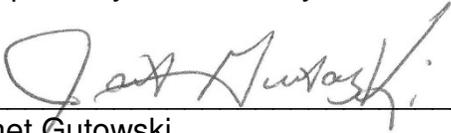
As noted at the outset of this 2012 Pre-Budget Submission, the research and analysis contained within the Eastern Ontario Financial Sustainability Report serves as both a platform from which issues and priorities are determined and also provides the justification and substantive evidence to support the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

- In Eastern Ontario, municipal discretionary reserve funds and reserves peaked in 2008
- On average municipal debt levels have tripled over the past decade in Eastern Ontario
- 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, municipalities, the Province and the Federal government 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 will diminish if we are unable to do so.

Respectfully submitted by:



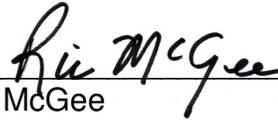
Janet Gutowski
Warden, County of Frontenac



Murray Fearey
Warden, County of Haliburton



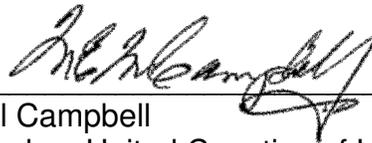
Terry Clemens
Warden, County of Hastings



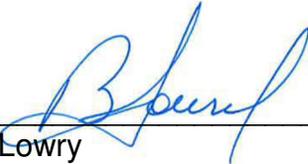
Ric McGee
Mayor, City of Kawartha Lakes



John Gemmill
Warden, County of Lanark



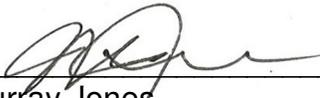
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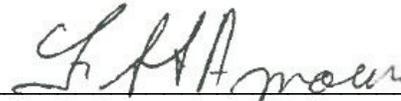
Bill Lowry
Warden, County of Lennox and Addington



Gil Brocanier
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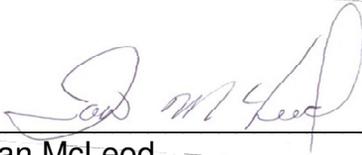
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Bob Sweet
Warden, County of Renfrew



Ian McLeod
Warden, United Counties of Stormont, Dundas and Glengarry

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