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**EASTERN ONTARIO WARDENS SEE FEDERAL RESULT
AS 'LIGHT AT THE END OF THE TUNNEL' FOR RURAL AREAS**

Pembroke. A group representing senior rural governments across Eastern Ontario sees the election of a federal Conservative government as “the light at the end of the tunnel” for their hard-pressed taxpayers.

“Stephen Harper has clearly stated his willingness to deal with the fiscal imbalance between the federal government and the provinces,” noted Bob Sweet, chair of the Eastern Ontario Wardens' Caucus. “Cuts in federal funding to Ontario in the 1990s were part of the reason that provincial services got downloaded onto municipalities. We urge the new government to act on the imbalance, and the Province to take back responsibility for its services – because our taxpayers can't go on picking up the tab.”

Sweet said that recent actions by the provincial government had actually worsened the situation for most counties and rural single-tier governments in Eastern Ontario. “We feel like we've been cross-checked from behind and then given an elbow on the way down,” he said. He said the Province must take urgent action on three fronts, to:

- Pay its outstanding bills, amounting to \$19.5 million, for downloaded provincial services that EOWC members delivered in the past;
- Change the new funding formula for downloaded services, which will leave Eastern Ontario governments millions of dollars short; and
- Abandon a “costly and unnecessary” effort to enrich the pensions of municipal employees.

Sweet said that EOWC officials look forward to a meeting early in the mandate of the new federal government to lay out the “trickle-down damage” of the fiscal imbalance on municipalities. “Downloading has been especially hard for our members, because of our smaller tax base and lower family incomes,” he added. The Association of Municipalities of Ontario (AMO) estimates that municipal property taxpayers now subsidize provincial services by roughly \$3.2 billion annually.

The previous provincial government required municipalities to take on a range of provincial services, such as land ambulance and social housing, and agreed to pay a portion of the costs. “Unfortunately,” Sweet said, “the current government has failed to pay their bills under that arrangement. Furthermore, they imposed a

new formula last year that makes losers of most EOWC members. The Province has to stop this dead-beat and irresponsible behaviour.”

County of Renfrew Warden Sweet pointed to ambulance services as an example. “The Province committed to paying 50% of the costs of running the service when it was downloaded to municipalities in 2001. In our County and others, however, the Province has year by year retreated from this commitment. Our County now pays 57% of the costs. That means our property taxpayers are subsidizing the Province to the tune of \$560,681,” Warden Sweet said.

Sweet added that under the new funding formula, a small number of EOWC members are scheduled to get an increase in funding, but the majority will lose – to the tune of \$17 million a year in total by 2008.

“We are very hopeful that the federal government will step in to try to end this damage,” Sweet said. “A proper fiscal balance between the federal and provincial governments is a key first step. The provincial government would then have to go back and fix the problem the original cuts created.”

At the same time that funding for provincial programs is being cut, EOWC officials noted, a bill before the Legislature would force municipal governments to enrich pension benefits for police, fire and paramedic workers. The cost would amount to half-a-billion dollars a year across the province, according to the Association of Municipalities of Ontario (AMO). “And for what?” asked Neil Cathcart, Peterborough County Warden and Vice-Chair of EOWC. “Our citizens would get absolutely no improvement in their services as a result. We didn’t ask for these new benefits and our taxpayers should not be forced to swallow the costs.”

Sweet and other EOWC members met recently with the Minister of Municipal Affairs and Housing, John Gerretsen, and local MPP Lou Rinaldi in Kingston to discuss the issues. “We were told that the Province’s own fiscal situation is improving,” Sweet said. “Taken with the developments at the federal level, we finally see some hope. It’s time for the McGuinty Government to live up to its financial commitments and back off on its ill-advised plan to increase our costs. Anything less is simply unacceptable.”

The Eastern Ontario Wardens’ Caucus represents the 13 Upper Tier and Single Tier municipalities from Northumberland County in the west to the United Counties of Prescott and Russell in the east.

For more information visit www.eowc.org or contact:

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