



March 20, 2007

2007 PROVINCIAL BUDGET BACKGROUNDER: EASTERN ONTARIO WARDENS CAUCUS

As the organization representing the rural residents of Eastern Ontario, the Eastern Ontario Wardens Caucus (EOWC) has requested that the Province undertake several key initiatives to improve economic and social conditions in the region:

- A new payment-in-lieu program to compensate its members for **services provided to Crown Lands**. EOWC points out that its member communities must provide such costly services as roads, bridges, police, fire and emergency ambulance to Crown lands, which cover some 11,000 square kilometers of the region, but receive no compensation. No municipal property tax is paid on the lands because they are held by the Province in Right of Her Majesty. At the same time, the Province derives significant revenues, including land use permits, park usage fees, timber cutting rights and aggregate use permits, from these lands.
- **Reduced education tax rates** on commercial and industrial properties. A study carried out by EOWC shows that businesses in rural communities in Eastern Ontario face significantly higher education tax rates on average than in communities elsewhere in the province. The higher rates resulted from the decision in the 1990s of the previous government to freeze education spending levels at historic levels. Reducing the rates to be in line with those used in western Ontario would result in millions of dollars of tax savings for Eastern Ontario businesses.
- Creation of an **Eastern Ontario Prosperity Fund**, aimed at improving the region's economy. Despite its location close to major North American markets, Eastern Ontario is characterized by incomes 17% lower than the rest of the province, the out-migration of its young people and a small population spread over a very large area. The Eastern Ontario Opportunity Action Plan, commissioned by the EOWC and the region's community futures development corporations, identified several investments needed to improve the growth prospects for the region. These included help for infrastructure, particularly a broadband strategy and improvements to roads and bridges, and a higher profile for the region to attract visitors, companies and skilled workers. The pre-budget submission called for a provincial investment of at least \$20 million in the region.
- Inclusion of municipalities without mass transit systems in the disbursement of **provincial gas tax revenues**. These payments are currently limited to municipalities with mass transit systems, but few rural communities have such systems. Instead, residents rely heavily on roads and bridges that local governments struggle to keep in good repair. Thousands of kilometers of

former provincial highways were downloaded to the counties in the mid-1990s, but without adequate funding to maintain them. EOWC would like its members to benefit from a share of the gas tax revenues to help maintain local transportation infrastructure, including assets that were downloaded.

- **Immediate amendment** to the *Assessment Act* so that permanent trailers can be assessed on the same basis as seasonal cottage properties. A recent court decision, now under appeal, disallowed municipal assessment of seasonal trailers that meet the “permanency” test of the province’s assessment corporation. If this ruling stands, member communities will suffer a loss of more than \$800,000 in property tax revenue. Rather than facing the uncertainty of a lengthy judicial process, the costs of which are being borne by the assessment corporation, EOWC has asked the Province to amend the *Assessment Act*.

These positions were provided to Finance Minister Greg Sorbara in a pre-budget submission.

EOWC represents the following 13 Eastern Ontario governments:

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

The caucus is made up of the 11 wardens who head the county councils and the mayors of the County of Prince Edward and the City of Kawartha Lakes, which are rural, single-tier municipalities.

For more information, please contact:

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