



Hon. Darcy McKeough

OFFICE OF THE TREASURY OF ONTARIO

January 13 1976

Dear Mr. Johnson

Thank you for your letter of November 30, 1975 challenging me to comment on my statement to the Halton Regional Council that rural municipalities prior to regional government, had long paid too little in terms of services received. I welcome the opportunity to elaborate upon this assertion which, on the face of it, seems rather bald.

Let me assure you, first of all, that in my comment I was not referring primarily to "physical services" to property. I know, as is pointed out in the letters to area papers, that rural properties generally do not receive municipal water supply, municipal sewage disposal or garbage collection, streetlighting, sidewalks, do not pay for them as such, and should not pay for them. These are not the issue.

There are, however, a wide variety of municipal services which are directly available to rural residents in their wider community and in respect of which the previous structure of local government permitted a kind of tax avoidance. Let me deal with some of these, beginning with those where the service must ordinarily travel to the recipient rather than vice-versa—primarily, policing and fire protection.

Police services were traditionally provided in the rural area by the Ontario Provincial Police. In towns, however, the major portion of police services of this cost was borne by property taxes paid by urban residents. Urban residents were not absolved, though, from necessity to pay their income taxes and sales taxes which are devoted in part to the support of the O.P.P. Urban residents, then, are paying doubly for police—for their own urban police, and for the vast majority of the O.P.P. costs.

The argument is sometimes made that this extra burden on town residents is justified because town police forces also provide by-law enforcement. Some also say that, because of the distance from the O.P.P. detachment headquarters, the police service provided to rural areas is tantamount to no service at all. A few have even gone so far over the years as to imply that rural people do not create the need for police services the way that townspeople do.

There is no doubt that town forces become involved in matters, such as parking, with which the O.P.P. need not concern itself. Most by-law enforcement functions have a natural relationship to law enforcement which is difficult to segregate. Rural municipalities, it is to be presumed, must also make a provision for the objective and effective enforcement of their by-laws. Any government worthy of the name must do so. But this fact in itself is no argument why other aspects of law enforcement should be legitimately derived from municipal revenues in towns but not in townships. It is worth remembering that, in urban and rural areas alike, these other aspects of police service include not only actual criminal apprehension and car accidents, but also patrolling and prevention work, as well as the thousand-and-one varieties of minor episode with which modern-day police forces inevitably become involved. The fact remains that townspeople, through their municipal corporation, had been largely providing these benefits for themselves, whereas the Province, whose funds are derived from urban as well as rural dwellers, had been providing them for rural areas.

Certainly, distance is a factor. With the pattern of settlement which prevails in this Province, it has always been, and always will be, true that rural areas require a different form of service than the urban areas. For the reasons above, however, this is by no means a satisfactory argument that rural residents do not need police services, nor that rural residents do not receive and make use of police services which, all things considered, are sufficient to meet this need. Human nature being what it is, I would be surprised (as, I think you would) if township families did not supply their fair share of that small segment of the population who occupy the time and attention of police forces. The fact that taverns, dances and busy intersections are usually located in towns does not, to my mind, absolve township families from paying their fair share of the police costs—thus occasioned.

It is important to note, as well, that local taxation for police is not—nor should it be—a fee for service. It is based on ability to pay. It has been observed that an actual cost of O.P.P. is far in excess of the levy for police services to some urban, rural communities in regional government areas. It was also noted by Councillor Morrow that police services had improved.

Let me address the matter of fire protection, which has many parallels to police protection. Here again, the argument is advanced that the factor of distance renders town-based fire-fighting forces of little benefit to rural properties. There is little point in denying that the further one lives from town, the more likely it is that the owner will have to write-off a barn in which a fire has got a start, and the best to be hoped for is to save adjacent buildings. It is worth pointing out, though, that in most townships in Central Ontario non-farmers are the resident majority, and that a large proportion of these live close enough to a fire department to take meaningful advantage of it. I might also point out that Ontario legislation dealing with

municipal fire service is entirely permissive: no municipality is required to provide, contribute to, or enter into agreements for fire protection. The fact that virtually all townships do so indicates that benefit is indeed received by most rural residents, and that their fire insurance premiums would otherwise be higher than presently. The question is whether or not rural residents contribute adequately and equitably for the fire services available to them.

Most townships enter into agreements with urban municipalities so that all or a portion of the township area is covered by the town fire department. Payment for this service was usually on the basis of an agreed-upon amount per fire paid over by the township when the fire department had responded to a call. More often than not, it was widely recognized, these payments did not match the true per-fire cost to the town of organizing and equipping its fire brigade. More seriously, perhaps, the fire brigade had to be planned and equipped to service both the urban and rural parts of the whole fire area; yet, the onus fell to the town council to provide, for the recruitment, training, and dealing with volunteer and/or professional firefighters, to forecast needs and convince the townships of these needs, to undertake the purchasing and financing. For townspeople the service, including such general items as clerk and council time, was planned for and paid for in advance, on the basis of the assessed value of the property to be protected, so that protection could be available if needed. The rural area, on the other hand, was afforded the luxury of having a fire brigade materialize only when needed—already planned, manned, equipped and paid for—without having had to shoulder the advance costs and responsibility.

It would not be unfair of me to suggest that a similar comment may be made in respect of cultural and recreational facilities and programs. During my own experience as a councillor in the City of Chatham, the City library received a large proportion of its users from the surrounding areas, but less than 1 percent of its revenues. Cities and towns across the Province can verify this experience with respect to such services as libraries, community centres, arenas, day-care centres, grant-supported groups like the YMCA, and so on. Here, don't forget, we're talking about cases where the user has to go to the service to benefit from its availability; so, we can be quite sure about our facts. To the often-minor extent that the costs of these services are recouped from "user" fees, moreover, the townships must be subject to my previous comments about sharing neither the onus of responsibility nor those hidden costs associated with planning and financing the project. Naturally, in some cases townships do absorb some of these costs, and in your case this might have been true. In general, however this has not been the history of urban-rural relationships.

One last point about benefits needs to be raised which is too easily discounted and too often forgotten. I am referring to all those indirect benefits which accrue to rural residents by virtue of their proximity to a prosperous, progressive, well-managed town. Rural land values and development prospects (for non-agricultural purposes, that is), as well as a decent life for modern country dwellers, owe as much, in my opinion, to this factor as they do to the beauty and tranquility of the rural landscape. The availability of safety-inspected buildings to which township as well as town people may retire, the development and promotion of industries at which town and township people may work, the encouragement and regulation of business in which town and township people may shop, the insistence upon sound town planning—all these and more are examples of municipal services provided by the towns which benefit not only the townspeople but also the surrounding district. Any critical observer, moreover, must admit that in the relatively urbanized areas of Central Ontario these common ties have become increasingly strong, and these common benefits have become increasingly direct. Now in many parts of Ontario we have a municipal structure to recognize these common interests and to provide for direct participation in decision-making for the community. It also makes tax-avoidance difficult, if not impossible.

In a true farm environment with its strictly market towns, there may once have been some justice to the frequent report that these extra town-supplied services were offset by the business of the farm population and were recovered in the form of higher prices. Not only does this mixing of private and municipal finances shed more confusion than light on the issue, but it is clear in Central Ontario that the true market town has virtually disappeared and that most town-dwellers are not in business locally for themselves. It is only a minority of the townspeople, therefore, who would be able to redeem in this way their subsidy on services to rural people.

The Government of Ontario has taken steps to ensure that rural residents can undertake their proper responsibility in the provision of municipal services, without shouldering an undue or unfair burden. First of all, the market value of property—the basis of assessment for real property tax purposes—generally decreases as the distance from town increases. This fact is due to more than the absence of "physical" urban services, for a property will

lack these whether it is half-a-mile or 10 miles from town. Rather, this fact derives from the very distance factor which I previously mentioned, such as less effective fire protection. The difference, of course, is made up in expenses which an individual must meet from his private pockets, such as higher fire insurance premiums. You will realize that I am talking in terms of two properties identical in all respects except location. Clearly, an expensive brick home on a five-acre non-farm lot, even 10 miles from town, will be assessed at a higher value than a small frame house with a 75-foot frontage only half-a-mile from town.

The Province has ensured that land which is used for agricultural purposes will be assessed at its value-in-exchange as farm land only; that is, if sold by one practising farmer to another practising farmer to be used for farming. In this way, true farmers are not penalized for changes in land-value which may have been caused by land-use planning policies or land speculation consequent upon urban expansion. Farmers, moreover, are not subject to business taxation, despite the fact that they do carry on their business upon their property.

In addition you are aware, I am sure, of the Province's farm tax rebate program. A genuine agricultural property is eligible to receive from the Province a rebate equalling 50 per cent of the property taxes levied upon it for general municipal purposes. Notice though, that this program does not discourage that levy from reflecting the full municipal portion of financial support for municipal services made available (minus, of course, the very hefty Provincial contributions to municipal expenditures). The raising of municipal revenue is expected, in combination with provincial transfers, to match the services provided, and to be apportioned in the whole benefiting area on the usual and accepted basis of property assessment. Town-dwellers are not being asked to subsidize country-dwellers by a municipal tax bill which is higher than it should, in fairness, be. Rather, the Province, from its revenues, is

making available a subsidy to farmers in recognition of the importance of their industry to the Province at large.

I feel that I must add a last word about the role of land-use restrictions and parcel controls in all this, since I noticed that Mrs. Moore included this as one of her criticisms in her letter to the "Champion". First of all, it should be clear that rural property owners are not the only people subject to zoning and subdivision controls. In most towns, the need for municipal planning has been realized and acted upon for many years. It is easy to imagine the chaos, expense, and inconvenience that would result if every town-dweller were free to subdivide his lot at will, or to build whatever he wished wherever he wished. To the best of my knowledge, though, no planning policies—be they Provincial or municipal—have been, or will be, permitted to rob owners of existing lots of the existing use to which their land is put—either in town or in the country. Rural dwellers, however, are reluctant to understand that the same sort of restrictions on unplanned or unjustified land-use changes which apply with such good reason in town apply with equally good reason to themselves. Yet, imagine the cost to society if we were required to

compensate every urban property-owner for our collective refusal to let him do what he wants with his property!

The reasons for not wishing unresstrained development in the rural areas are very different. First, we all want to preserve the countryside itself and those qualities which make it a prized resource. A countryside visibly overwhelmed by man's buildings and the traffic they generate is not countryside at all. A countryside where the trees have all been felled and the fields have all been rutted or grown to weed is not the resource we prize. A countryside where the streambanks are being eroded and the ground water is being polluted by too much exploitation has become less a prize than a menace. A countryside where viable-size farm units are being priced out of the market by land speculation, where proper farm operations are threatened by more and more unweeded and unfenced vacant land, where livestock operations are increasingly hampered by the odour complaints of too-close non-farm neighbours, and by more of their dogs running in packs: this is a countryside which is losing its economic value to us all, as well as its social value.

These are some of the costs, which, country living by too many concentrated groups of non-farm people threatens to impose on the community-at-large. There are others which are just as real, and have a strong significance for proper and efficient municipal government. Roads bear a substantially increased volume of traffic, and have to be graded more often, if not paved. The volume of police activity and the frequency of fire calls inevitably increases, which only serves to aggravate, rather than minimize, the expense attributable to the distance factor. Municipalities which had Official Plans, which used them to control development, and which had established reserve funds to finance arenas and libraries when needed, now find that these facilities become unexpectedly over-burdened, that the need has grown more quickly than the reserve funds and that they must either issue debentures or let service deteriorate. It is entirely possible, therefore, that the creation of more and more non-farm lots will lead to an increase in the very taxes which are offered as the reason to sever and sell the lots in the first place!

Many of the costs due to country-living are, as the letters point out, borne by the individual. Water supply, sewage disposal, garbage collection are his responsibility. Hydro and telephone are more expensive to supply, and therefore to purchase. Insurance premiums are higher. But the individual has a choice, it must be remembered. Country-living is clearly a

luxury which is presumably deemed worth the extra expense by those who calculate that they can afford it.

But just because the individual is willing to undertake his share of the costs of country-living, there is surely no reason why the community-at-large should not reckon the costs which it will thereby incur—both as a municipality and as a society. There is no reason, too, why the community should expect less than its fair share of property tax from this group, by essentially making public services available to them at a subsidy. There is no reason, finally, why the public should not, as in urban areas, reserve the right to control land-uses and the land subdivision, in order that the cumulative actions of individuals not become a burden upon the whole community or a blight upon the future.

The only exception to this principle would apply to agricultural producers. Farmers do not have a choice about living in the country; their trade depends upon it, and this is a trade which is of basic importance to us all. For this reason, farmers must, to the maximum feasible extent, be given priority in the countryside, and be accorded additional consideration for the expenses which are incidental to living there.

I hope I have substantiated to your satisfaction my claim that the introduction of regional government has corrected some inequities which had previously existed.

W. Darcy McKeough, Treasurer of Ontario.

The free ride's over

Rural areas must pay

—Hon. Darcy McKeough, speaking to Halton Regional Council

McKeough defends views on rural areas

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Bodnar wants semester changes

Georgetown Trustee Ernie Bodnar will ask Halton Board of Education to examine the possibility of lengthening school days from September to December so the first semester can end at Christmas.

Bodnar gave notice Thursday he will propose changes in the board's modified school year rules. He explained the semester school year changes around in mid-January and then grade 13 write exams.

"The students are off for two weeks at Christmas then they are in class for nine days and then grade 13s write three exams in 11 days. This is inefficient," Bodnar said, in an interview this week.

He thinks the school days in the first semester should be longer so exams can be written before students have Christmas holidays.

"Under the present system a great deal of teaching time and use of school facilities aren't put to their best use," Bodnar said.

He explained grade 13 students take three courses each semester and because of individual timetables exams are difficult to schedule.

Bodnar thinks if the second semester started at the beginning of January students could be out of school by late May or early June and teachers could get out earlier too for work or further education.

He suggested the teachers could prepare time tables for the second semester during the Christmas holidays. Bodnar noted the teachers wouldn't get as long a Christmas break "but then who else gets two weeks off at Christmas?"

Bodnar said the change from semester one to semester two at Christmas made a lot of sense for all grades and not just grade 13 pupils.

"The present system isn't efficient so it would be at least worthwhile to look into changes. The system should be made more efficient because that is what everyone is paying for," Bodnar concluded.

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