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with \$29.5 million recovered in revenues. The amount to be raised from taxes is \$18.5 million). We had started with a 14% increase based on the "Wish List" for services. Staff pared that down with direction from Council to get a maximum increase of 4%. They achieved the task set for them.

On March 31/05, one-quarter of the way into our municipal budget year, the provincial government made two (2) announcements:

1. They would finally be paying their **outstanding** amounts owed relating to the Provincial health and social service programs mandated to be delivered by the Municipality with the standards set by the Province. This amounted to 1.6 Million dollars from the years 2003 and 2004. This was not new money. It merely balanced the Municipal books to the end of 2004.

2. With downloading in 1998 (coincidentally amalgamation year for us), PEC became eligible for **Community Reinvestment Funds** that would cover the increases in cost for items such as land ambulance, social services and policing services. This funding model was changed this year and a program called the **Ontario Municipal Partnership Fund** was created. The announcement said that this program would "assist" with social program costs, etc. The outcome was that some municipalities are getting more money and some less - PEC gets less - about **\$1.2 million dollars less**.

And that change in funding brings the tax increase in PEC to 12.6%.

I voted for the tax increase of 12.6% with the understanding that we would continue to battle (or negotiate, put more politely) with the province to make our case for the appropriate level of funding. If we had delayed the budget further, staff could not get on with the projects that are scheduled for this year. **However, the downloaded work mandated by the provincial government would still have to be done and paid for by the Municipality as we are into multi-year contracts with providers.**

Several Councillors would not vote for the budget because they did not agree with the provincial element. I didn't agree with the provincial element either, but not passing a budget effectively allowed the provincial government to paralyze our service delivery.

Several Councillors wanted to go back and pare down the 3.4 % increase further. Given 3.2% of that was fixed costs and we were nearly half way through the year, I doubted the effort would produce much. To me this also meant caving in to solve a problem for the provincial government. We have the second lowest tax rate in the area which means we are pretty frugal about services and expenditures comparatively

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speaking. Why should our citizens have to give up services, when it is the province that has changed the rules for their funding mid year? So that was why I supported the budget.

With some very excellent local press coverage on the matter and an invitation from the Mayor, the Minister of Finance has agreed to come down and meet with Council and Senior Staff to review the issue. So, we'll see. Having worked in the provincial government for 28 years, I am embarrassed about the way areas of rural Ontario have been treated in the last while. We are held up as a poster child:

"Our plan builds on rural Ontario's strengths - committed people, diverse economic opportunities, unrivaled natural resources, a solid sense of community... Rural Ontario is key to the health and vitality of our province. Our rural communities contribute to a high quality of life for all of us... Your government is delivering a rural plan because we value rural Ontario. We are listening to our rural communities." (From "Strong Rural Communities - Working Together for Success - Ontario's Rural Plan -Ministry of Municipal Affairs and Housing, 2004)

For me, this partnership should have included consultation and impact assessment **before** making arbitrary decisions about what services are provided and how they are paid for.

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