



February 22, 2021

The Honourable Peter Bethlenfalvy
Treasury Board Secretariat
Whitney Block
Room 4320
4th Floor
99 Wellesley St. W
Toronto, ON M7A 1W3

Via minister.fin@ontario.ca

On behalf of Perth County Federation of Agriculture (PCFA) and our 1800 farm families, I wish to bring forward an important issue that impacts Ontario farmers and our rural communities in Ontario. That is the issue of funding for our rural municipalities.

Rural municipalities are responsible for funding a range of services from infrastructure to social services. To fund these services rural municipalities have only one revenue tool that they can control: property taxes. Given the low population densities and often declining commercial and industrial assessment, property tax dollars are stretched very thin in rural Ontario.

To account for these unique fiscal challenges, the province provides funding directly to rural municipalities. The most prominent source of funding for rural municipalities is the Ontario Municipal Partnership Fund (OMPF.) In 2021, the OMPF will distribute \$500 million to 389 municipalities across the province. This is in stark contrast to the \$870 million provided through the OMPF in 2008.

As you know, on October 31st, 2008, the Province along with the Association of Municipalities of Ontario (AMO) and the City of Toronto, released the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR), "Facing the Future Together". The result of this agreement, among other changes, was for the province to upload certain social services from the municipal level and gradually reduce the level of funding provided through the OMPF. The net impact of these changes was fiscally positive for the municipal sector, but not all municipalities benefited at the same level. Many of the social services uploaded were a benefit to large single-tier and upper-tier municipalities, but of little benefit to lower-tier municipalities in rural Ontario. At the same time, the reduction in OMPF funding was a direct loss to rural municipalities.

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As a result, municipalities in rural Ontario are increasingly reliant on property tax dollars, which places significant burden on farmers who are shouldering a larger share of property taxes than they ever have. To help alleviate the fiscal strain facing municipalities we ask that the province return the OMPF to the same level of funding as 2008, which after accounting for inflation would be equal to \$1.03 billion today.

Sincerely,

Tim Halliday
President of Perth County Federation of Agriculture

Cc:
The County of Perth, Warden James Aitcheson
Municipality of North Perth, Mayor Todd Kasenberg
Township of Perth East, Mayor Rhonda Ehgoetz
Township of Perth South, Mayor Robert Wilhelm
Municipality of West Perth, Mayor Walter McKenzie
Town of St. Marys
City of Stratford