

Federations at work for rural municipalities

The Wellington Federation of Agriculture (WFA) is the largest organization representing farmers in Wellington County.

Wellington County farmers:

- generated \$704 M of revenue in 2013 at the farm gate with dairy being the largest contributing commodity,
- created 58, 142 weeks of work for local labour ,
- care for nearly ½ million acres of farmland with a substantial percentage covered by an Environmental Farm Plan
- provide ecological goods and services for free but with a value estimated at \$190 M annually

WFA in action – the Wellington North example

Wellington North like all rural municipalities struggles with funding for infrastructure like roads and bridges. The struggle intensified after a provincial funding source, the Connecting Links program was suddenly cut without consultation.

In 2014, Wellington North was facing a \$1.6 M repair bill for the Rick Hopkins Bridge on the edge of Mount Forest.



The WFA in collaboration with a Wellington North councilor submitted a resolution to restore or replace the Connecting Links funding program to the Ontario Federation of Agriculture (OFA.) The provincial board accepted the resolution and initiated action immediately. OFA leaders and staff worked with the Western Ontario Wardens Caucus and the Eastern Ontario Wardens Caucus to develop awareness of the Connecting Links issue among other municipalities. The Connecting Links issue and other municipal funding concerns were prominent issues in a lobby session with Ministers Leal and McMeekin late in October 2014. The lobby continues in 2015 to get stable funding for rural Ontario's infrastructure, a critical component of Ontario's economy. Rural infrastructure is consistently a dominant issue in OFA's pre-budget submissions to the Ontario government. As well,

OFA continues to press the Ontario government to redress chronic shortfalls in funding to rural communities e.g. the Ontario Municipal Partnership Fund.

Principled Taxation

Property tax is the major vehicle for Wellington's municipalities to raise the funds needed to deliver services and maintain the structure that farmers, businesses and rural residents depend on.

Municipal councilors know that their voters have a very low threshold for property tax increases. Increasing property tax is particularly difficult for those on low or fixed incomes. Small businesses in small communities run on tight margins to meet payroll and often struggle to find extra cash for more tax. Farmers are business people too and farmland is a key component in the cost of production. Most sectors of agriculture compete in global markets where farmers are price takers. Increasing property taxes cannot just be added to thrice per bushel.

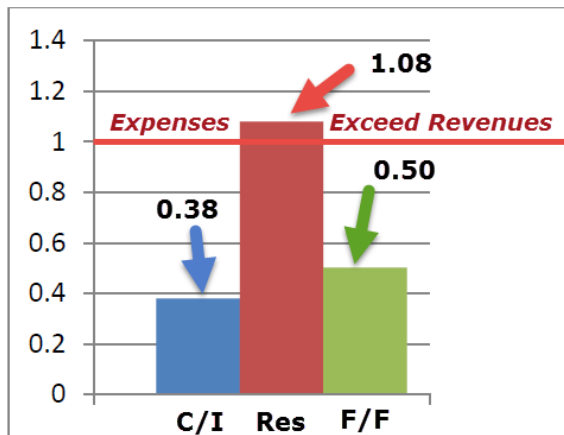
The OFA in an effort to create meaningful dialogue on property tax initiated a Cost of Community Services study in 2014. Discussions on property tax often focus exclusively on revenue. Prudent financial managers know that expenses are just as important as revenues. Cost of Community Services studies are a recognized method to analyze municipal costs by property class. Hundreds of studies have been completed in the United States. Very few have been done in Canada.

Ben Lefort (OFA Farm Policy Research Group) recently completed a Cost of Community Services study in cooperation with a rural municipality, Bayham in Elgin County.

Cost of Community Service studies are a "snapshot" of the expenses and revenues of a township. Using the methods developed from over a hundred similar studies in the US, the expenses and revenues are portioned out to the three, main land use categories found in rural municipalities: Commercial/Industrial (C/I), Residential (Res) and Farm/Forest (F/F).

The final results are expressed in a ratio of expenses over revenues attributed to each class.

Here's what Ben discovered for Bayham.



“...In 2012, the municipality collected approximately twice as much revenue associated with the farm/forest category [F/F] than it spent on servicing farm/forest lands. Farm/forest land uses, along with commercial/industrial [C/I] uses, effectively ‘subsidized’ residential [Res] uses. While some have claimed that farm/forest uses are subsidized by a tax rate that is equal to 25% of the residential rate, this study demonstrates that the farm/forest category has more than paid its way.

So what! Rural municipalities are still struggling to deliver balanced budgets with few options to generate the cash.

The study also highlights two expense categories and questions whether these expenses might be contrary to the principles of property tax. If property tax is intended to cover property-related services like roads, shouldn't the money for pre-dominantly people-related services like policing and education come from the other forms of taxation?

OFA has already sparked some thoughtful discussions with this study. OFA continues to lobby for a more equitable property tax and advocates for provincial funding that is fair for rural Ontario.

Did you know?

Farmers are homeowners too!

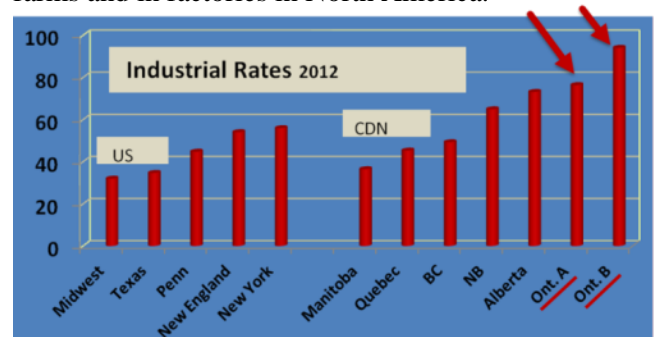
Farmers pay Residential rates on their homes plus 1 acre of land at the MPAC assessed value just like their non-farm neighbours

The Cost of Energy

Natural Gas: Natural Gas is today's cheapest source of energy to heat homes. Homeowners can save hundreds and often thousands of dollars a year with natural gas. The energy savings that would be available to farmers running grain dryers or heating poultry barns is easily thousands and tens of thousands of dollars each year if natural gas was an option. OFA after surveying its members estimates that natural gas is available to less than 20% of rural Ontarians. Ontario lags behind Manitoba, Saskatchewan and Alberta – provinces with substantially fewer rural customers available.

The OFA has intensified its lobby for better access to natural gas since 2013. The Ontario government has proposed a Natural Gas Access Loan with details still forthcoming on how municipalities can access the funds. Depending on the details this could be a good, first step towards energizing economic development in rural Ontario.

Electricity: Ontario's farmers and manufactures pay among the very highest industrial rates for power on farms and in factories in North America.



Comparison of Ontario Power Rates with Competing Jurisdictions

OFA is working with a coalition of Ontario manufacturers to develop a strategy that can make Ontario power rates more competitive and at the same time not increase rates for homeowners. As this initiative develops the coalition will be looking for the support of municipalities.

Get the “Real Dirt on Farming



Not sure about a farm issue and want a little background?

Start here: www.realdirtontfarming.ca