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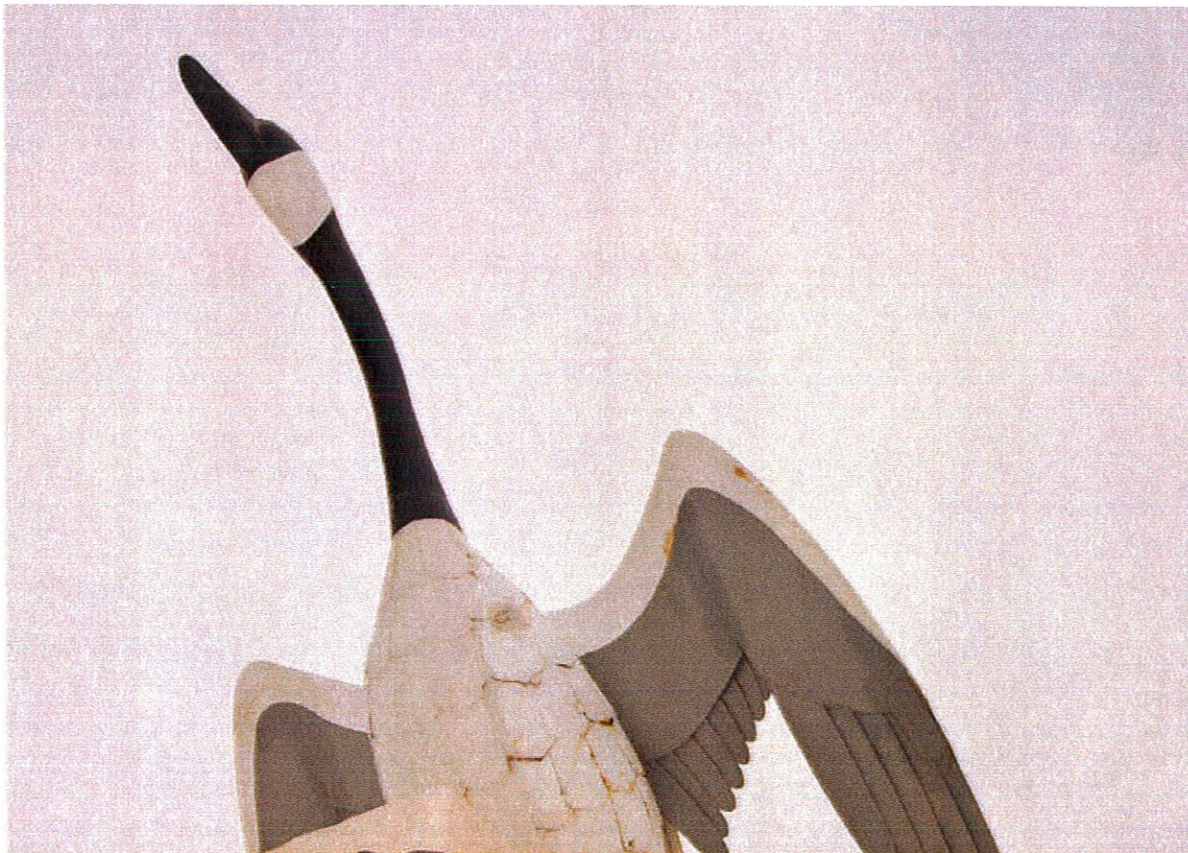
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Proposal in provincial budget to cut payments to replace revenue municipality had collected from taxing power dams



By Jeffrey Ougler, Sault Star
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WAWA - Clawbacks proposed in the latest provincial budget to compulsory municipal payments could "cripple" Wawa's coffers, charges the community's mayor.

Linda Nowicki said Tuesday the grant, presented in the early 2000s to replace revenue the municipality had collected from taxing power dams, could be sliced by 23%.

"We can't afford it," Nowicki told The Sault Star Tuesday afternoon. "We just can't afford it."

A letter outlining Wawa's concerns was slated to be delivered to Finance Minister Charles Sousa, along with a host of other Ontario cabinet ministers and officials, later in the day by Algoma-Manitoulin MPP Michael Mantha.

The issue stems back to 2001, when the province stripped Wawa, more than 200 kilometres north of Sault Ste. Marie, of the power to tax power dams in its municipality. The resulting legislative change crippled the town by removing 48% of its assessment base from property taxation. Instead, the province offered an annual grant fixed at the amount of property taxes collected in 2000 from power dams.

"It's one thing not to subsidize us, it's another to take the money out of our pockets," Nowicki said.

"When you look at what we send to the province in stumpage fees, when you look at what the province gets for the water going over the power dams and, in turn, they took away the actual taxation of the power dams from us, are you being fair to Northern Ontario?"

"And if you think we all should move to a city, who is going to cut the trees for your hardwood floors and your toilet paper? You're going to miss us if we're not living up here."

The budget proposes a clawback of some \$899,000 over the next four years, then approximately \$548,000 for every year thereafter, all on an annual payment of about \$2.4 million, the amount received in 2013.

Nowicki said in order to compensate for this loss, the municipality must hike its municipal property tax levy by 12.6%, notwithstanding planned dips to Ontario Municipal Partnership Fund payments and a declining assessment base.

"Wawa cannot afford to raise taxes enough nor cut enough to cover the 12% loss that this would result in," said Nowicki, echoing recent comments from former mayor Howard Whent.

"We would have to increase taxes 12%, plus cuts."

And it's not like payments to Wawa have always been on time.

In 2012, the community feared it would have to take out a bank loan to compensate for the shortfall, about 29% of its main revenues, while waiting for the province to pony up.

Prior to the 2001 changes, the owner of the power dams, Great Lakes Power (now Brookfield Renewable Energy), "always" paid its property tax bills on time, Wawa officials said in 2012. They said although a number of other Ontario municipalities were affected by the 2001 decision — including Sault Ste. Marie — none was hit as hard as Wawa, as most other such areas contain small dams, and the Sault has just one.

"We're certainly getting the short end of the stick there, like many communities, in that the uploads aren't equivalent to the downloads," Nowicki said. "They downloaded all of these programs to us and they said, 'OK, we're going to decrease the OMPF funds, but it means that your obligations to those are not equal.' They're taking our money away faster than the downloads are going back up."

Coupled with this most recent headache, the municipality contends that despite provincial assistance to help mend the aftermath of major flooding in October 2012 that washed away cars, homes and huge chunks of the Trans-Canada Highway, Wawa is more than \$800,000 short in repairing damages, mostly due to the cost of replacing two bridges. The remainder of Wawa's infrastructure is also in "desperate need of attention" with its "most pressing need" being a \$1.3-million sewage system revamp.

"How can we possibly manage any of this given the proposed cuts to the compensatory power dam payments?" Nowicki said.

Over the past 15 years, Wawa has shouldered the loss of major employers, including Algoma Ore and Weyerhaeuser, while having to absorb the collapse of the forestry, mining and tourism industries. The loss of employment, the ability to tax power dams and "far too many" public-sector jobs "to mention," has left officials "questioning the sustainability" of the community, Nowicki said.

The mayor anticipates a mine start-up over the next couple of years and there's "bound to be" an aggregate operation "if we can just hold on."

"But when the province keeps taking away from us, how are we supposed to survive?" Nowicki said.

Diversification, especially tapping into the area's natural gifts, is attractive, but not necessarily feasible at the moment, she added.

"Ecotourists don't spend as much as (traditional) tourists used to, buying supplies and doing everything," Nowicki said, and following Elliot Lake's example of rebranding itself a prime retirement community is easier said than done.

That municipality, east of Sault Ste. Marie, boasted ample affordable housing, the mayor said.

"And we don't have that same stock of housing that they did," said Nowicki, adding Manitouwadge, 378 kilometres north-west of Sault Ste. Marie, was another small, Northern community blessed by such infrastructure advantages when it came time to diversify.

"The mining company there owned 200 homes and they started giving them away," she said.

"A home that would cost you half a million dollars in Toronto, you could go up there and buy it for \$40,000."

Most Wawa homes are occupied, and the only ones that aren't are those that have "gone back to the bank and are beyond repair."

"We don't have the housing stock that people want because we didn't have construction for 25 years," Nowicki said. "People didn't want to move there, and when they did move there, there was someone else moving out with a house for them to buy."

"I've always said we have such a beautiful lake with a spot, a municipality, that overlooks the lake. If we could only put something on there, yes it would keep some of our seniors who don't want to be mowing grass and looking after lawns anymore."

j.ougler@sunmedia.ca

On Twitter: @JeffreyOugler

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