

**TO:** Mayor Avis & Members of Council  
**FROM:** Laurie Witherspoon, Treasurer  
**DATE:** August 5, 2014  
**SUBJECT:** Municipality of Wawa - Power Dam Special Payment Program – Ontario Budget

---

### **BACKGROUND**

At the June 27, 2014 Council Meeting, the correspondence received from the Municipality of Wawa regarding the Power Dam Special Payment Program reduction proposed in the 2014 Ontario Budget was referred to Administration & Finance Executive Committee for recommendation.

Attached to this report is the information received from the Municipality of Wawa for your review.

The Province of Ontario provides an annual payment for the hydro-electric generating station (the power dam special payment program). As indicated in the January 25, 2013 letter, we were advised that for the 2013 and 2014 taxation years, the payment would remain at the 2012 level, being \$350,807.05. The 2014 Ontario Budget states that as a result of the Province's review, and in the context of the government's commitment to manage spending, the Power Dam Special Payment Program will be phased down to \$14.3 Million by 2014 from the \$18.7 Million level in 2014.

As a result of the Power Dam Special Payment Program phase down, the Town will lose \$82,544.90 on an annual basis by 2017. Over the past years, 2002 to 2014, the special payments have not kept pace with assessment values and corresponding municipal tax rates resulting in a lost revenue of \$922,687.42 (see Power Dam Special Payment Program spread).

### **RECOMMENDATION**

The Administration & Finance Executive Committee recommend that Council support the Municipality of Wawa's resolution regarding the reduction of payments under the Power Dam Special Payment Program, approve and submit a Resolution to the Government of the Province of Ontario to reverse the decision to decrease funding to the Power Dam Special Payment Program as per attached draft resolution and request access to general records under the Freedom of Information and Protection Act Municipal Freedom of Information and Protection of Privacy Act, specifically for copies of all returns and remittance advise forms submitted by Abitibi-Consolidated Inc./ACH Fort Frances Inc. & H2O Power Limited Partnership/H2O Power Fort Frances Inc. c/o H2O Power Limited Partnership with respect to obligations under Section 92.1 of the Electricity Act, 1998 concerning the calculations of the Gross Revenue Charge (GRC) pertaining to the Water Power Generating Station located in the Town of Fort Frances.

**Council Approval of this Report Will Agree** to the Administration & Finance Executive Committee recommendation to support the Municipality of Wawa's resolution regarding the reduction of payments under the Power Dam Special Payment Program, approve and submit a Resolution to the Government of the Province of Ontario to reverse the decision to decrease funding to the Power Dam Special Payment Program as per attached draft resolution and request access to general records under the Freedom of Information and Protection Act Municipal Freedom of Information and Protection of Privacy Act, specifically for copies of all returns and remittance advise forms submitted by Abitibi-Consolidated Inc./ACH Fort Frances Inc. & H2O Power Limited Partnership/H2O Power Fort Frances Inc. c/o H2O Power Limited Partnership with respect to obligations under Section 92.1 of the Electricity Act, 1998 concerning the calculations of the Gross Revenue Charge (GRC) pertaining to the Water Power Generating Station located in the Town of Fort Frances.

The Corporation of the *Town of Fort Frances*

REGULAR COUNCIL MEETING

RESOLUTION

Date of Meeting

Resolution #	Meeting Order:
Moved by:	Seconded by:

**WHEREAS** in December 2000, the Province of Ontario passed the Continued Protection for Property Taxpayers Act, (Bill 140);

**WHEREAS** the Continued Protection for Property Taxpayers Act, among other matters, exempted certain hydro-electric stations and poles & wires from municipal taxation as of January 1, 2001;

**WHEREAS** the Continued Protection for Property Taxpayers Act removed the right and authority of affected municipalities across the Province to levy property tax notices to hydro-electric stations, poles & wires, representing significant taxable property assessment;

**WHEREAS** the Province of Ontario replaced the above noted rights and authority to tax hydro-electric stations, poles & wires with a compensatory payment, known as the Power Dam Special Payment Program, equivalent to the taxes levied on the subject structures in 2000;

**WHEREAS** the amount of payments under the Power Dam Special Payment Program were adjusted for the Consumer Price Index in some but not all years, an adjustment which did not keep pace with either changes in municipal taxation rates or costs;

**WHEREAS** the above noted changes resulted in an unfair shift in taxation to the remaining property assessment base, more specifically to residents and businesses alike;

MAYOR	CLERK

**The Corporation of the**

**REGULAR COUNCIL MEETING**

**RESOLUTION**

---

**WHEREAS** upon exempting from municipal property taxation, hydro-electric stations, poles & wires that had been subject such taxation, the Province of Ontario amended the Electricity Act, 1998 requiring the owners of the subject structures to then pay to the Province of Ontario a Gross Revenue Charge (GRC) of three components:

- A property tax component payable to the Minister of Finance
- A property tax component payable to the Ontario Electricity Financial Corporation
- A water rental component payable to the Minister of Finance

**WHEREAS** in July 2014, the Province of Ontario introduced Bill 14, Building Opportunity and Securing Our Future Act (Budget Measures) which phases down or decreases the Power Dam Special Payment Program for hydro-electric stations, poles & wires by 23,53% by 2017, starting in 2015

**WHEREAS** the reduction in the Power Dam Special Payment Program will result in a reduction of annual revenues for affected municipalities by 2017;

**WHEREAS** District Social Services Administration Boards (DSSAB's) that use the proceeds of the Power Dam Special Payment Program as part of their funding formula will also be directly affected, thereby affecting municipalities who do not participate in the Power Dam Special Payment Program;

**WHEREAS** many municipalities are already struggling as a result of accelerated cuts to the Ontario Municipal Partnership Fund (OMPF), the unknown aspects of a new OPP Billing Model, the elimination of the Connecting Link Program and other cuts;

**WHEREAS** as a result of reductions in the Power Dam Special Payment Program, affected municipalities may not be able to meet their fiduciary obligations;

**WHEREAS** the reduction in the Power Dam Special Payment Program is punitive in nature;

**WHEREAS** the Power Dam Special Payment Program is very small when compared to the multi-billion dollar annual budget of the Province of Ontario yet the impact of the decreased funding is devastating for affected municipalities;

**WHEREAS** affected municipalities will have to increase property tax rates to the remaining property assessment base (assessment in some cases which is decreasing)

MAYOR	CLERK

The Corporation of the *Town of Fort Frances*

REGULAR COUNCIL MEETING

RESOLUTION

to compensate for the loss of revenue or be forced to significantly compromise municipal services;

**THEREFORE BE IT RESOLVED** that the *Town of Fort Frances* request that the Government of the Province of Ontario reverse the decision to decrease funding to the Power Dam Special Payment Program;

**FURTHER** that the Province of Ontario also be requested to annually increase the amount of funding by the amount of any change in the Consumer Price Index (CPI) to compensate for the increase in municipal costs;

**FURTHER** that a copy of the Resolution be sent to the Premier of the Province of Ontario, the Minister of Finance, the Minister of Municipal Affairs, the Minister of Northern Development and Mines, the Minister of Natural Resources, local MPP, the local DSSAB, FONOM, NOMA and AMO.

RESOLUTION RESULT		RECORDED VOTE	
<input type="checkbox"/> CARRIED		MAYOR AND COUNCIL	YES NO
<input type="checkbox"/> DEFEATED			
<input type="checkbox"/> TABLED			
<input type="checkbox"/> RECORDED VOTE (SEE RIGHT)			
<input type="checkbox"/> PECUNIARY INTEREST DECLARED			
<input type="checkbox"/> WITHDRAWN			

MAYOR	CLERK

## Access or Correction Request

*Freedom of Information and Protection of Privacy Act*

*Municipal Freedom of Information and Protection of Privacy Act*

Please see instructions on page 2 before filling out this form

### A. Type of Request

- ☐ Access to general records (non-personal information)  
☐ Access to own personal information  
☐ Access to other's personal information by authorized party  
☐ Correction of own personal information

Name of institution request made to

### B. Requester's Information

Last name		First name		Middle initial
Unit/Apt. no.	Street no.	Street name		PO box
City/Town		Province	Postal code	
Home phone no. (include area code)		Business/Mobile phone no. (include area code & extension)		

### C. Description of Records or Correction Requested

Time period of the records From (yyyy/mm/dd)	To (yyyy/mm/dd)	Method of access <input type="checkbox"/> Receive copy <input type="checkbox"/> Examine original (on site only)
---	-----------------	--

### D. Payment and Signature

\$5 application fee <input type="checkbox"/> Cheque <input type="checkbox"/> Cash (in person only)	Signature	Date (yyyy/mm/dd)
---	-----------	-------------------

Personal information contained on this form is collected under the *Freedom of Information and Protection of Privacy Act* or *Municipal Freedom of Information and Protection of Privacy Act* and will be used to answer your request.

Questions about this collection should be directed to the Freedom of Information and Privacy Coordinator at the institution where you make the request.

### E. Institution Use Only

Date received (yyyy/mm/dd)	Request no.	Comments
----------------------------	-------------	----------

# Instructions for Completing Access or Correction Request

## Informal Access to Records

Many records of public institutions are available to you without making a request under the *Freedom of Information and Protection of Privacy Act* or the *Municipal Freedom of Information and Protection of Privacy Act*. Contact the Freedom of Information and Privacy (FOIP) Coordinator at the institution that holds the records to determine whether you need to make a formal request.

### A. Type of Request

Check the box that indicates what you are requesting. (Records that do not contain personal information are general records.)

The FOIP Coordinator is required to verify your identity before giving you access to your own personal information.

If you are requesting another person's personal information records, you must provide proof that you have the authority to act for them (e.g., power of attorney, guardian or trusteeship order).

### B. Requester's Information

Please ensure you have entered your name, address and telephone numbers accurately.

### C. Description of Records or Correction Requested

Provide as much detail as possible about the requested general records, own personal information, other's personal information or correction of own personal information. Use a separate sheet of paper if you need more space and attach it to this form.

If you are requesting personal information records, provide the name that should appear on them.

Specify the time period for the records as precisely as possible, e.g., from 2008/07/21 to 2009/11/30.

If you are requesting a correction of your own personal information records, describe the correction you want and provide any supporting documents. If possible, provide copies of the information to be corrected and the information you wish to have it replaced with.

Check a box to indicate whether you want to examine original documents (which may only be done on site) or receive copies.

### D. Payment and Signature

A \$5 application fee is required. Cash payments must be made in person.

Make cheques payable to the appropriate payee of the institution that holds the records. The payee for Government of Ontario ministries is the Minister of Finance.

Sign and date the form and mail it or submit it in person to the institution that holds the records.



Chris Wray  
<cwrap@wawa.cc>  
07/07/2014 06:54 PM

To "Allison Holtzhauer (aholtzhauer@greatermadawaska.com)"  
<aholtzhauer@greatermadawaska.com>, "Andrew Goldie  
(agoldie@centrewellington.ca)"  
<mmantha-co@ndp.on.ca> <mmantha-co@ndp.on.ca>,  
cc "lynn.buckham@ontario.ca" <lynn.buckham@ontario.ca>,  
"King, David (MAH)" <David.King@ontario.ca>, "Kathy  
bcc  
Subject Power Dam Special Payment Program - Ontario Budget

Dear Colleagues:

There are some communities across the Province of Ontario that are looking forward to the adoption of the current Provincial Budget; many more are not. Many communities are struggling with aspects of the current budget such as the accelerated cuts to the OMPF program, the unknown aspects of a new OPP billing model and questions about funding for aging infrastructure. If you are receiving this email it is because your community is also subject to a cut in the Power Dam Special Payment Program.

The proposed clawback of this program should be alarming for many communities. Implemented in 2001, the program was put in place to replace the taxation revenues associated with hydro-electrical plants, poles and wires when these properties were deemed exempt. In the case of the Municipality of Wawa, this meant that 47% of our property assessment base was declared exempt – can you imagine a change of this magnitude happening to your community?

We have attached a brief excerpt from the Provincial Budget document, yet somehow this does not do justice to the ramifications of the proposal. The following are few additional thoughts:

1. The program is very small (\$18.7 million in 2014) when compared the multi-billion annual budget yet the impact of the clawback is large for many of the communities.
2. Payments range from \$158 (0.002% own purpose taxation) to \$2,350,908 (66.512% own purpose taxation). These payments are significant contributions to the revenue base of many participating communities.
3. The program represents property that was previously taxable assessment. The right to tax the subject properties was removed in 2001.
4. The previous property taxation model was replaced with a gross receipts model wherein payments are now submitted to the Province of Ontario. The Province of Ontario has refused to release the amounts of these payments.
5. Since 2001, the payments have not kept pace with either inflation or the property taxation rates in any community. This has resulted in an unfair shift to the remaining assessment base.
6. Payments to MPAC still reflect a calculation that uses the now exempt assessment. Communities therefore pay MPAC for the assessment of property that is no longer assessed.



7. ARB cases that may have existed prior to 2001 would require taxation refunds from their remaining property assessment.
8. The only way for participating communities to recapture the subject revenue would be through a taxation increase to the remaining assessment. Alternatively, services could also be cut to compensate for the loss in revenue.
9. The clawback of this program affects 110 communities across the Province, many in a very significant way.
10. There is nothing that is fair or manageable about the reduction in this program.

Should the Province proceed ahead with this clawback, Wawa will be unable to meet financial obligations. Many services will need to be eliminated or reduced or a property taxation levy increase of 12.6% will need to be implemented. Either way, it is our ratepayers that lose.

Given the above, Wawa is prepared to host or co-host, in a central location, a joint meeting of interested and concerned communities to discuss how to best approach this matter before it is too late. To that end, we would appreciate hearing from you by way of return email (to this email address). If you require more information or wish to discuss this matter, you can call the following:

Linda Nowicki Mayor	Chris Wray CAO / Clerk-Treasurer
Phone – 705-852-0440	Phone – 705-856-2244 (ext. 223)
Email – <a href="mailto:lnowicki@wawa.cc">lnowicki@wawa.cc</a>	Email – <a href="mailto:cwray@wawa.cc">cwray@wawa.cc</a>

We look forward to hearing from you as soon as practicable.

Best Regards,

Linda Nowicki  
Mayor

Chris Wray  
CAO / Clerk-Treasurer



Power Dam Payments.pdf



Premier Wynne.pdf



Minister Sousa.pdf

## Power Dam Special Payment Program

The Province provides a special annual payment to municipalities hosting hydro-electric generating stations (power dams). Through this program, the Province has been providing municipalities with funding that reflects the amount of property tax revenue that each municipality received from these stations prior to 2001, when the stations became exempt from property taxation.

In 2013, the Province advised municipalities that this program would be reviewed as part of a broader examination to ensure government programs meet their policy objectives, while taking into account the government's ongoing effort to make responsible spending choices. Pending the outcome of the review, the Province committed to maintain a stable level of funding to municipalities under this program for the 2013 and 2014 taxation years.

As a result of the Province's review, and in the context of the government's commitment to continue to manage spending, the program will be phasing down to \$14.3 million by 2017.

**TABLE 1.10 Power Dam Special Payment Program Annual Funding  
(\$ Millions)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Annual Payments to Municipalities</b>	18.7	18.1	16.8	14.3

The Province will work with municipalities on ways to implement the phase-down in a manner that is fair and manageable.



The Office of the Premier of the Province of Ontario  
Legislative Building  
Room 281  
Queen's Park  
Toronto, ON M7A 1A1

Attention: The Honourable Kathleen Wynne - Premier

July 3, 2014

Dear Premier Wynne:

Re: Update – Municipality of Wawa

I am so pleased that you are enjoying your Flood Mud mug. I ask that you pour yourself a mug of your favourite beverage while you consider the new dilemma faced by Mr. Sanders and his fellow Wawaites.

In 2001, the Municipality of Wawa lost the right to tax almost 50% of its assessment base when the Province of Ontario exempted power dams from property taxation. No other municipality in the Province has ever been stripped of such a large amount of property assessment through Provincial legislation. This was replaced with a program of compensatory payments. The budget that your government is now proposing to introduce proposes to reduce these compensatory payments by as much as 23%, financially crippling our community. This is all notwithstanding a decades old Assessment Review Board case concerning the power dams that could result in Wawa having to return in the area of \$7.5 million in past taxation.

In the past fifteen years, Wawa has had to deal with 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 have left us questioning the sustainability of the community.



P.O. BOX 500, 40 BROADWAY AVENUE, WAWA, ONTARIO, P0S 1K0  
Telephone: (705) 856-2244, Fax: (705) 856-2120, Website: [www.wawa.cc](http://www.wawa.cc)



The present Provincial Budget document proposes to "clawback" approximately \$889,000 over the next four years and then approximately \$548,000 for every year thereafter; all on an annual payment of \$2,350,908 (received in 2013). In order to compensate for this loss, we will need to increase our municipal property tax levy by 12.6%, notwithstanding planned decreases in OMPF payments and a declining assessment base. Our community cannot afford this devastating blow; Mr. Sanders can't afford this.

Unfortunately the bad news does not stop there. Despite the assistance provided by the Province of Ontario through the ODRAP Program, and due to the cost of replacing two of the flood ravaged bridges, we still find ourselves over \$800,000 short in repairing the flood damage. The remainder of our infrastructure is also in desperate need of attention with our most pressing need being the re-build of our sewage system at \$1.3 million. How can we possibly manage any of this given the proposed cuts to the compensatory power dam payments?

A reduction in revenues of this size at any time will not allow us to meet our obligations, including those obligations to others. Our former Mayor, Howard Whent made the following point in a recent letter to the editors of local media outlets:

---

*"This would not only impact Wawa, it would affect all 20 municipalities served by the Algoma District Services Administration Board (ambulance, child care, social housing, Ontario Works). This year (2014) Wawa will contribute \$870,879 of the \$2,326,051 power dam compensation to the operation of this Board. (Wawa will contribute an additional \$626,955 from the actual tax base). If Wawa gets less as power dam compensation, the contribution to this Board will be reduced and that means that all the municipalities would have to then pay for the difference. (I won't go through the calculations but the amount would be in the hundreds of thousands.)"*

The Province of Ontario went to great lengths to develop and legislatively adopt the Growth Plan for Northern Ontario (2011). How is asking small northern communities to give so much more than they can afford in keeping with this plan? I quote again from former Mayor Whent's letter:

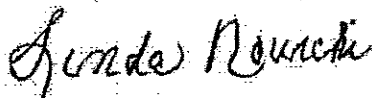
*"This means then that in reality the "power dam payment" at the proposed \$1,767,636 would actually mean about a million dollar loss in "purchasing power" (i.e. to pay for the same services as the \$2 million brought in 2000). I know that the Municipality cannot possibly reduce costs or increase taxes to cover this magnitude of a financial hit."*

Further, Premier Wynne stated immediately after her election that the people of Ontario have chosen to look to the future with "*optimism*" and that your government will provide "*opportunities for their communities*". Wawa is facing the opposite.

The people of Ontario helped us through our natural disaster. Your budget will create a financial disaster. Our community is being asked to cut far more than any other. This is not fair and I am sure the taxpayers of Ontario would agree.

Mr. Sanders wants to stay here and make more Flood Mud pottery and the people of Wawa want to remain in their homes. Please leave the dam payments as they are and revisit the policy of CPI adjustments applied in past years.

**Best Regards,**



**Linda Nowicki**  
**Mayor**

Cc: The Hon. Michael Gravelle – Minister of Northern Development & Mines  
The Hon. Charles Sousa – Minister of Finance  
The Hon. Ted McMeekin – Minister of Municipal Affairs & Housing  
The Hon. Jeff Leal – Minister of Agriculture & Rural Affairs  
The Hon. Bob Chiarelli – Minister of Energy  
The Hon. Madeleine Meilleur – Attorney General & Minister of Francophone Affairs  
Michael Mantha – MPP, Algoma-Manitoulin  
Lynn Buckham – MMAH, Sudbury  
David King – MMAH, Sudbury  
Kathy Horgan – MMAH, Sudbury  
Paul Prosperi – MMAH, Sudbury  
Allan Doheny – ADM, Ministry of Finance  
AMO  
FONOM  
NOMA  
ADSAB  
Municipalities receiving power dam compensatory payments



The Ministry of Finance  
Frost Bldg South  
7th Floor  
7 Queen's Park Cres  
Toronto, ON M7A 1Y7

Attention: The Honourable Charles Sousa - Minister

July 3, 2014

Dear Minister Sousa:

Re: Update – Municipality of Wawa

On behalf of the Municipality of Wawa, congratulations of your recent re-election and appointment as Minister of Finance.

You may recall that during Wawa's disastrous rainfall and flooding in October 2012, our local potter, Jim Sanders, lost everything when the waters rose and his home and shop ended up in a deep gorge that was, prior to the flood, his driveway. With the assistance of the ODRAP fund, Mr. Sanders was able to relocate to a new home and re-establish his business.

Somehow, in the confusion of the above noted events, Mr. Sanders was able to return to his destroyed home, gather some of the mud and clay that now filled his living room and create a line of pottery he calls "Flood Mud". To that end, we are enclosing for you, a Flood Mud Mug designed by Mr. Sanders. I ask that you pour yourself a mug of your favourite beverage and consider the new dilemma faced by Mr. Sanders and his fellow Wawaites.

In 2001, the Municipality of Wawa lost the right to tax almost 50% of its assessment base when the Province of Ontario exempted power dams from property taxation. No other municipality in the Province has ever been stripped of such a large amount of property assessment through Provincial legislation. This was replaced with a program of compensatory payments. The budget that your government is now proposing to introduce proposes to reduce these compensatory payments by as much as 23%, financially crippling our community.



P.O. BOX 500, 40 BROADWAY AVENUE, WAWA, ONTARIO, P0S 1K0  
Telephone: (705) 856-2244, Fax: (705) 856-2120, Website: [www.wawa.cc](http://www.wawa.cc)



This is all notwithstanding a decades old Assessment Review Board case concerning the power dams that could result in Wawa having to return in the area of \$7.5 million in past taxation.

In the past fifteen years, Wawa has had to deal with 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 have left us questioning the sustainability of the community.

The present Provincial Budget document proposes to "clawback" approximately \$889,000 over the next four years and then approximately \$548,000 for every year thereafter; all on an annual payment of \$2,350,908 (received in 2013). In order to compensate for this loss, we will need to increase our municipal property tax levy by 12.6%, notwithstanding planned decreases in OMPF payments and a declining assessment base. Our community cannot afford this devastating blow; Mr. Sanders can't afford this.

Unfortunately the bad news does not stop there. Despite the assistance provided by the Province of Ontario through the ODRAP Program, and due to the cost of replacing two of the flood ravaged bridges, we still find ourselves over \$800,000 short in repairing the flood damage. The remainder of our infrastructure is also in desperate need of attention with our most pressing need being the re-build of our sewage system at \$1.3 million. How can we possibly manage any of this given the proposed cuts to the compensatory power dam payments?

A reduction in revenues of this size at any time will not allow us to meet our obligations, including those obligations to others. Our former Mayor, Howard Whent made the following point in a recent letter to the editors of local media outlets:

*"This would not only impact Wawa, it would affect all 20 municipalities served by the Algoma District Services Administration Board (ambulance, child care, social housing, Ontario Works). This year (2014) Wawa will contribute \$870,879 of the \$2,326,051 power dam compensation to the operation of this Board. (Wawa will contribute an additional \$626,955 from the actual tax base). If Wawa gets less as power dam compensation, the contribution to this Board will be reduced and that means that all the municipalities would have to then pay for the difference. (I won't go through the calculations but the amount would be in the hundreds of thousands.)"*

The Province of Ontario went to great lengths to develop and legislatively adopt the Growth Plan for Northern Ontario (2011). How is asking small northern communities to give so much more than they can afford in keeping with this plan? I quote again from former Mayor Whent's letter:

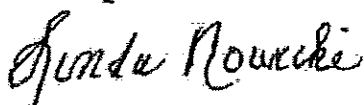
*"This means then that in reality the "power dam payment" at the proposed \$1,767,636 would actually mean about a million dollar loss in "purchasing power" (i.e. to pay for the same services as the \$2 million brought in 2000). I know that the Municipality cannot possibly reduce costs or increase taxes to cover this magnitude of a financial hit."*

Further, Premier Wynne stated immediately after her election that the people of Ontario have chosen to look to the future with "optimism" and that your government will provide "opportunities for their communities". Wawa is facing the opposite.

The people of Ontario helped us through our natural disaster. Your budget will create a financial disaster. Our community is being asked to cut far more than any other. This is not fair and I am sure the taxpayers of Ontario would agree.

Mr. Sanders wants to stay here and make more Flood Mud pottery and the people of Wawa want to remain in their homes. Please leave the dam payments as they are and revisit the policy of CPI adjustments applied in past years.

Best Regards,



Linda Nowicki  
Mayor

cc: The Hon. Michael Gravelle – Minister of Northern Development & Mines  
The Hon. Ted McMeekin – Minister of Municipal Affairs & Housing  
The Hon. Jeff Leal – Minister of Agriculture & Rural Affairs  
The Hon. Bob Chiarelli – Minister of Energy  
The Hon. Madeleine Meilleur – Attorney General & Minister of Francophone Affairs  
Michael Mantha – MPP, Algoma-Manitoulin  
Lynn Buckham – MMAH, Sudbury  
David King – MMAH, Sudbury  
Kathy Horgan – MMAH, Sudbury  
Paul Prosperi – MMAH, Sudbury  
Allan Doheny – ADM, Ministry of Finance  
AMO  
FONOM  
NOMA  
ADSAB  
Municipalities receiving power dam compensatory payments





**Northside Volkswagen**  
51 Great Northern Road  
705.541.5995



You've tested the rest. Now drive the best.  
**Click Here!**

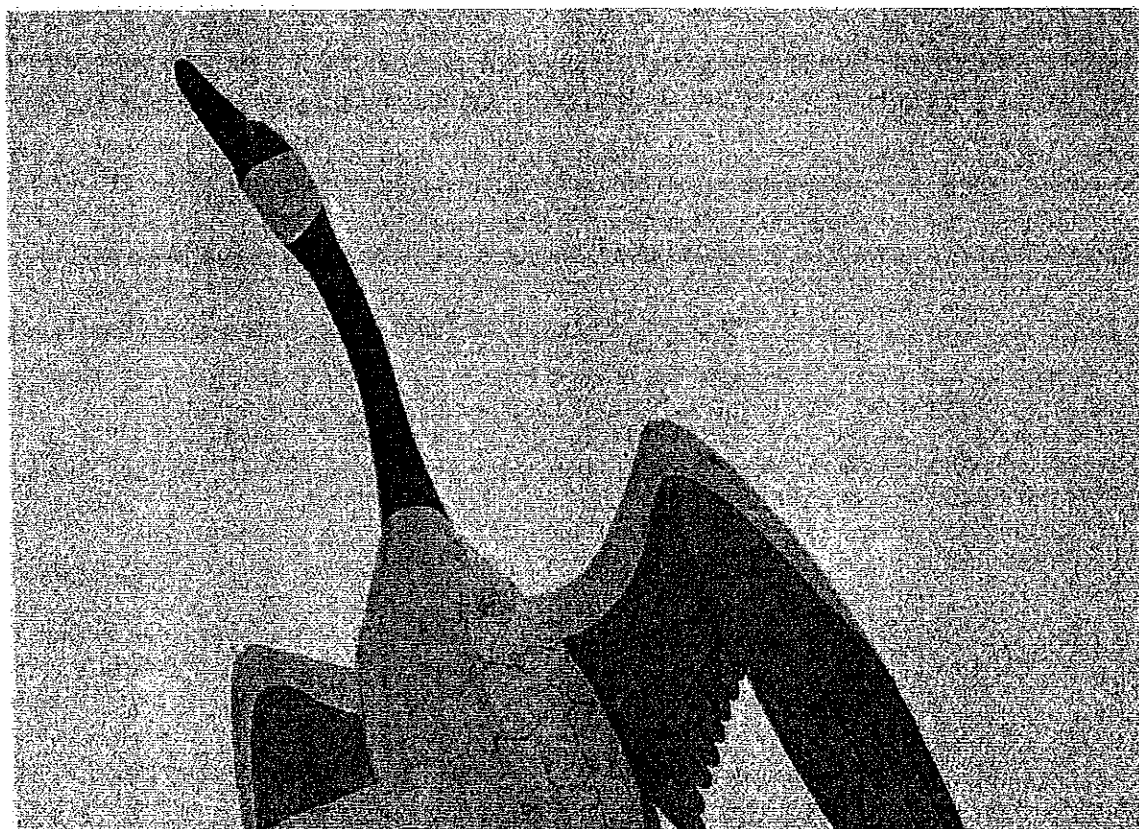
**gotvw.ca**

## NEWS LOCAL

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



By Jeffrey Ougler, Sault Star  
Tuesday, July 8, 2014 7:00:48 EDT PM



**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.

## Grant us fair compensation: Wawa | Sault Star

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 \$648,000 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

---

## Reader's comments »


If you already have an account on this newspaper, you can login to the newspaper to add your comments.

By adding a comment on the site, you accept our terms and conditions and our netiquette rules.


Comments for this thread are now closed.



3 Comments Sault Star

 Login ▾



Sort by Newest ▾

Share  Favorite ★



David Swanson • a day ago

the province is not broke, it has to many six figure digits in command, put the politicians on a welfare budget for a year and see what they can do then way overpaid in the government.

3   • Share ▾





david mark • a day ago

Welcome back the Liberals you say.....

At least the conservatives were trying to tell it like it is, the province is broke.



Now Ontario has a majority liberal government....God help us all.

3   • Share ▾





nailman • 2 days ago

you voted for the Liberal embezzelers and robbers of the Ontario taxpayer back into power....now suck it up

4   • Share ▾

---

 Subscribe

 Add Ougler to your site

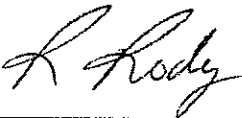
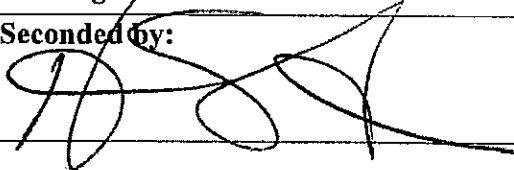


The Corporation of the Municipality of Wawa

SPECIAL COUNCIL MEETING

RESOLUTION

Thursday, July 24, 2014

Resolution # SP14027	Meeting Order: 2
Moved by: 	Seconded by: 

**WHEREAS** in December 2000, the Province of Ontario passed the Continued Protection for Property Taxpayers Act (Bill 140);

**WHEREAS** Bill 140, among other matters, exempted certain hydro-electric stations and poles & wires from municipal taxation starting in the year 2001;

**WHEREAS** Bill 140 removed the right of the Municipality of Wawa to tax the above noted hydro-electric stations, poles and wires, representing about 47% of the assessment base of the Municipality;

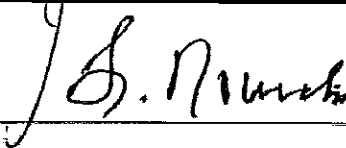
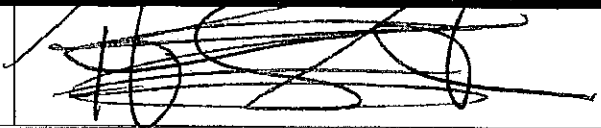
**WHEREAS** the Province of Ontario replaced the "right of taxation" of hydro-electric stations, poles and wires with a compensatory payment equivalent to the taxes levied on the subject structures in 2000;

**WHEREAS** the amount of the grant was adjusted for the Consumer Price Index in some but not all years, an adjustment which did not keep pace with changes in municipal taxation;

**WHEREAS** the above noted changes resulted in an unfair shift in taxation to the remaining assessment base and the residents and business of the Municipality of Wawa;

**WHEREAS** in July 2014, the Province of Ontario introduced Bill 14, Building Opportunity and Securing Our Future Act (Budget Measures) which proposes to phase down or decrease the compensatory payment program for hydro-electric stations, poles and wires by 23.53% by 2017, starting in 2015;

.../2

	
---	--



The Corporation of the Municipality of Wawa

SPECIAL COUNCIL MEETING

RESOLUTION

Page 2

**WHEREAS** the reduction in the compensatory payment program will result in a reduction of annual revenues for the Municipality of Wawa of about \$542,000 annually by 2017;

**WHEREAS** as a result of the reduction in the compensatory payment program, the Municipality of Wawa will not be able to meet its fiduciary obligations

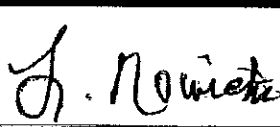
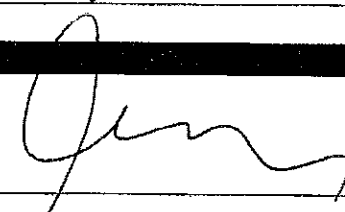
**WHEREAS** the reduction in the compensatory payment program is punitive to the Municipality of Wawa, its residents and business;

**WHEREAS** the Province of Ontario has not made the compensatory payment for 2014 resulting in a bank overdraft for the Municipality of Wawa;

**THEREFORE BE IT RESOLVED** that the Municipality of Wawa withhold payments from the following until such time as the compensatory payment program amount is received for 2014:

1. The Ontario Provincial Police
2. The Algoma District Services Administration Board
3. Algoma Public Health
4. The Economic Development Corporation of Wawa
5. The Municipal Property Assessment Corporation

<input checked="" type="checkbox"/>	<b>CARRIED</b>	<b>MAYOR AND COUNCIL</b>	<b>YES</b>	<b>NO</b>
<input type="checkbox"/>	<b>DEFEATED</b>	Linda Nowicki		
<input type="checkbox"/>	<b>TABLED</b>	Yvan Besner		
<input type="checkbox"/>	<b>RECORDED VOTE (SEE RIGHT)</b>	Bill Chiasson		
<input type="checkbox"/>	<b>PECUNIARY INTEREST DECLARED</b>	Holly Morrison-Smith		
<input type="checkbox"/>	<b>WITHDRAWN</b>	Ron Rody		

	
---	--

## Strengthening Ontario's Property Tax System

Ontario's property assessment and tax system plays a fundamental role in supporting local municipal services and the Province's elementary and secondary school system. The *2013 Budget* announced that the Province would work with the Municipal Property Assessment Corporation (MPAC), municipalities and business taxpayers to review options to ensure Ontario's property tax system is fair, accurate and predictable.

The final report on the Special Purpose Business Property Assessment Review was released in December 2013 and is available on the ministry's website. The report includes recommendations related to improving the assessment of specific special purpose business properties, as well as 26 overarching recommendations for strengthening the overall property assessment system. The Ministers of Finance and Municipal Affairs and Housing have accepted the report. The Province is now focused on implementing the recommended improvements to Ontario's property assessment system in consultation with municipalities and other stakeholders.

## Power Dam Special Payment Program

The Province provides a special annual payment to municipalities hosting hydro-electric generating stations (power dams). Through this program, the Province has been providing municipalities with funding that reflects the amount of property tax revenue that each municipality received from these stations prior to 2001, when the stations became exempt from property taxation.

In 2013, the Province advised municipalities that this program would be reviewed as part of a broader examination to ensure government programs meet their policy objectives, while taking into account the government's ongoing effort to make responsible spending choices. Pending the outcome of the review, the Province committed to maintain a stable level of funding to municipalities under this program for the 2013 and 2014 taxation years.

As a result of the Province's review, and in the context of the government's commitment to continue to manage spending, the program will be phasing down to \$14.3 million by 2017.

**TABLE 1.10 Power Dam Special Payment Program Annual Funding (\$ Millions)**

	2014	2015	2016	2017
Annual Payments to Municipalities	18.7	18.1	16.8	14.3

The Province will work with municipalities on ways to implement the phase-down in a manner that is fair and manageable.

## Chart Descriptions

### Chart 1.15: Program Spending Per Capita in 2012–13

This chart compares per-capita program spending in Ontario to the other nine provinces for 2012–13. In 2012–13, Ontario's per-capita program spending was \$8.369. This is the lowest per-

**POWER DAM SPECIAL PAYMENT PROGRAM**  
**Former Property Tax on Hydro-Electric Generating Stations**

Taxation Yr.	Exempt Assessment	Municipal Tax Rate	Municipal Taxation	Grant Received	Difference
2002	4,837,440	0.06122974	296,195.19	305,472.75	-9,277.56
2003	4,837,000	0.06021387	291,254.49	305,472.75	-14,218.26
2004	4,837,000	0.06505902	314,690.48	305,472.75	9,217.73
2005	4,837,000	0.06555969	317,112.22	305,472.75	11,639.47
2006	4,672,102	0.06385759	298,349.17	305,472.75	-7,123.58
2007	4,672,102	0.06482397	302,864.20	324,686.41	-21,822.21
2008	4,672,102	0.06603677	308,530.53	323,642.55	-15,112.02
2009	5,496,591	0.08069050	443,522.68	330,944.95	112,577.73
2010	5,496,591	0.08097939	445,110.59	332,113.33	112,997.26
2011	5,196,591	0.08222768	427,303.62	340,292.02	87,011.60
2012	5,496,591	0.08337360	458,270.58	350,807.05	107,463.53
2013	5,110,693	0.09614577	491,371.51	350,807.05	140,564.46
2014	6,394,000	0.11879517	759,576.32	350,807.05	408,769.27
			5,154,151.58	4,231,464.16	922,687.42

2014 Ontario Budget

Annual Funding Amount

2014			\$350,807.05
2015	-\$11,260.91	-3.21%	\$339,546.14
2016	-\$35,642.00	-10.16%	\$315,165.05
2017	-\$82,544.90	-23.53%	\$268,262.15

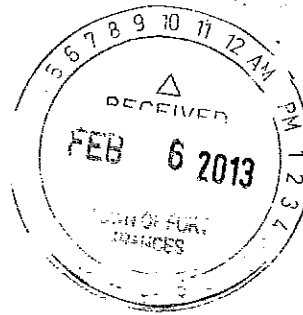
**Ministry of Finance**  
Provincial-Local  
Finance Division  
777 Bay Street, 10<sup>th</sup> Floor  
Toronto, ON M5G 2C8  
Tel (416) 327-9592  
Fax (416) 325-7644

**Ministère des Finances**  
Division des relations provinciales-  
municipales en matière de finances  
777 rue Bay, 10<sup>e</sup> étage  
Toronto, ON M5G 2C8  
Télé (416) 327-9592  
Télééc. (416) 325-7644



January 25, 2013

Treasurer  
Town of Fort Frances  
320 Portage Avenue  
Fort Frances, Ontario  
P9A 3P9



Dear Treasurer:

I am writing to provide information regarding the payments that are issued annually in respect of the former property tax on hydro-electric generating stations (the power dam special payment program).

In September 2012, I wrote to inform you that the power dam special payment program is being examined in the context of a broader review of government programs to ensure they continue to meet their policy objectives while taking into account the province's fiscal situation.

I am following up to advise that for the 2013 and 2014 taxation years, the payments issued to municipalities under the power dam special payment program will be maintained at their 2012 levels. During this period, the ministry will be consulting with its municipal partners about the future design of the program. The focus of the review will be on issues that have arisen over time that were not part of the original program design.

Despite the province's economic and fiscal challenges, municipalities are continuing to benefit from the uploads in accordance with the timetable agreed to through the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR). In fact, in this year alone, municipalities will see an estimated benefit of almost \$1.4 billion in reduced costs as a result of provincial uploads. These uploads have ensured that more property tax dollars are available to you for important municipal priorities, including investments in infrastructure and economic development.

If you have any questions regarding the power dam special payment program, please contact Ms. Diane Ross at 416-327-0266 or [diane.ross@ontario.ca](mailto:diane.ross@ontario.ca).

Sincerely,

A handwritten signature in black ink, appearing to read "Allan Doheny".

Allan Doheny  
Assistant Deputy Minister (A)