

The Northwestern Ontario Municipal Association represents the interests of 35 municipalities from Kenora and Rainy River in the west to Hornepayne and White River in the east. Our mission is “to provide leadership in advocating regional interests to all orders of government and other organizations.” We appreciate the opportunity to meet with you today.

NOMA understands the fiscal pressures challenging the provincial government. The government has reacted by applying measures such as freezing wages, downloading costs to municipalities, and the reduction of funding programs. While these measures were implemented to assist your fiscal situation, NOMA is requesting that the government extend opportunities for us to reduce our escalating costs especially around contract agreements in emergency services.

When municipalities and emergency service workers cannot agree on wage and benefit increases, interest arbitration is used to settle their collective agreements. Emergency service workers can't go on strike and, like all workers, they deserve to get fair increases over time.

However, wage and benefit increase for emergency workers are growing faster than Canada's rate of inflation. NOMA is concerned about the fairness of this and its impact on other municipal programs and services.

NOMA requests that consideration of the arbitration process include the fiscal health of the municipality, based on clear, measurable criteria, as a priority.

Railway Taxation

Much like the Ontario Government, municipalities are experiencing fiscal challenges. In addition to the reduction in industrial assessments resulting in decreased revenue, further exasperating financial issues is the ongoing reduction in the Ontario Municipal Partnership Fund.

NOMA communities have undertaken a review of revenue sources in an effort to identify means of expanding the tax base to support service delivery. One such area that stands out is the amount of taxes paid by the railway companies to municipalities for right of way land use.

Under the Municipal Act, the government sets the rates of tax to be imposed by a local municipality on land occupied by railways.

As illustrated on the next page, the **Districts of Kenora, Rainy River and Thunder Bay are paid significantly less by the railway companies for the right of ways within municipal boundaries.**

Item	Column 1	Column 2
	Geographic area described in subs. 315 (6) of the Act	Tax rate for land described in para. 1 of subs. 315 (1) of the Act (railway rights-of-way), expressed as dollars per acre
1.	The regional municipalities of Durham, Halton, Peel and York	611.33
2.	The Regional Municipality of Ottawa-Carleton and the counties of Lanark, Leeds and Grenville, Prescott and Russell, Renfrew and Stormont, Dundas and Glengarry, including the separated municipalities situated in those counties	85.05
3.	The counties of Frontenac, Haliburton, Hastings, Lennox and Addington, Northumberland, Peterborough, Prince Edward and Victoria, including the separated municipalities situated in those counties	41.59
4.	The regional municipalities of Hamilton-Wentworth, Niagara and Waterloo	264.83
5.	The Regional Municipality of Haldimand-Norfolk, the County of Oxford, and the counties of Brant, Elgin, Essex, Kent, Lambton and Middlesex, including the separated municipalities situated in those counties	85.58
6.	The counties of Bruce, Dufferin, Grey, Huron, Perth, Simcoe and Wellington, including the separated municipalities situated in those counties	54.18
7.	The Regional Municipality of Sudbury and the districts of Algoma, Manitoulin and Sudbury	75.66
8.	The District Municipality of Muskoka, and the districts of Cochrane, Nipissing, Parry Sound and Temiskaming	38.89
9.	The districts of Kenora, Rainy River, and Thunder Bay	35.26

As noted in the chart, using a dollars per acre approach drastically reduces the taxes received by Northern Communities due to the low value of the land relative to our Southern Ontario colleagues.

The rates set out by the province results in the following tax base for some of NOMA's communities for Right of Way land use:

Municipality	Amount of Taxes Received
Alberton	\$4,189
Conmee	\$7,660
Dawson	\$5,859
Dorion	\$5,720
Dryden	\$5,507
Fort Frances	\$3,623
Greenstone	\$10,031
Ignace	\$5,458
Kenora	\$7,385
LaVallee	\$4,405
Machin	\$29,822
Nipigon	\$20,868
Oliver Paipoonge	\$15,141
Red Rock	\$1,638
Shuniah	\$15,586
Sioux Lookout	\$23,087
Thunder Bay	\$21,560

THE ALTERNATIVE

The provinces of Manitoba, Saskatchewan and Alberta apply a dollars per ton per mile taxation rule for railway companies. This generates substantial tax dollars for communities within the three provinces. As an example, Swift Current Saskatchewan received more than \$571,000.00 for right of way compensation. If the same taxation scenario were applied in Ontario, the Town of Fort Frances a significant transit point, would receive over \$3,000,000.00 per year based on a dollars per ton per mile instead of the reported \$3623.

In the Rainy River District there are approximately 16 level crossings, from Rainy River to Couchiching First Nation. An average train traffic day results in 29 trains that are roughly two miles in length. The car traffic is almost continuous between the communities resulting in constant disruptions in vehicular traffic. If one was unfortunate enough to have to wait at one crossing, in one day you would be waiting about 290 minutes - almost 5 hours stuck waiting for trains to cross. Not only would a ton per mile rate at least compensate for the inconvenience of traffic disruptions it would also provide adequate funding to Ontario municipalities to support badly needed infrastructure renewal.

Ontario desperately needs to overhaul its taxation structure when it comes to railroad right of way lands. Not only would this provide municipalities with an opportunity to increase its tax base, it would also benefit the provincial treasury by increasing revenue to the province for right of way lands traveling through unincorporated territories.

Recommendation:

NOMA requests that the government implement a dollar per ton per mile taxation structure for which the railway companies pay in right of way taxes.

Municipal Property Assessment Corporation (MPAC)

NOMA appreciates the efforts that the Municipal Property Assessment Corporation (MPAC) has recently undertaken to improve communication and consultation with municipalities. This past spring, MPAC attended the NOMA Annual Conference and came well prepared with a tailored discussion which highlighted the changes in legislation they are seeking to enhance accountability for assessment appeals in particular with industrial and commercial properties.

NOMA and its 35 member communities rely on MPAC to be experts in valuing all properties, in all classes. Smaller communities in particular do not have the internal financial resources or the funds to hire external assessment professionals and therefore must rely on MPAC for these services - and in fact, do pay MPAC for these services.

NOMA expects that when MPAC determines the assessed value of a property, they are prepared and can defend the value when it is challenged. Unfortunately, that has not been the case.

What has transpired in recent years, is an environment where industrial and commercial assessments in particular are no longer predictable in terms of contributing to the local tax base required to deliver municipal services. Many communities are left with unanswered questions following Assessment Review Board (ARB) hearings while at the same time expending additional scarce resources to defend assessment values that have changed significantly without any meaningful consultation between MPAC and the taxpayer.

The chart below illustrates the current level of assessment appeals that some NOMA communities are experiencing. Of particular note are the number of appeals related to commercial class which includes major large format retailers i.e. big box stores:

Municipality	Commercial	Industrial	Residential	Population
Thunder Bay	57	51	10	108,359
Kenora	44		48	15,348
Lake of the Woods			22	296
Dawson			20	563
Oliver Paipooonge	3	3	1	2691
Atikokan	3			2787
Ear Falls		2	1	1026
Greenstone	2			4724
Ignace	1		1	1202
Red Rock			1	942

While NOMA supports the development of detailed assessment methodologies on a sector by sector basis, municipalities are being subjected to the ongoing reality whereby the ARB makes decisions that contribute to both a higher number of appeals and an ongoing erosion of the tax base.

The significant reduction in commercial and industrial assessments imposes issues and seriously affects NOMA municipalities' ability to complete long-term financial planning. The result is most often a shift of taxation onto the residential class. In addition to property rate payers, communities rely on commercial and industrial taxes for the ability to undertake major infrastructure upgrades and replacement.

Recommendation:

NOMA is requesting a joint meeting with the Minister of Finance and the Chair of MPAC to discuss the required changes to legislation, namely the assessment act as it relates to instilling more rigor and accountability in the ARB appeals process.

Building Ontario Up: Municipal Infrastructure Fund

NOMA is very supportive of the Building Ontario Up: Municipal Infrastructure Fund. Investments in roads and bridges as well as other critical municipal infrastructure such as water and wastewater, storm water, transit, parks and facilities and all the other services that municipalities deliver to our citizens; we view these as investments in the quality of life that supports continued economic growth and development across the Northwest.

As you are aware, it is a challenge for many communities in Ontario to maintain their infrastructure needs. Further complicating this issue is the requirement that municipalities must use reserve funding or take on debt in order to be eligible for provincial funding. It is crucial that the government recognize that property taxes in Northern Ontario are typically higher than their counterparts in the south as we have consciously chosen to pay as we go rather than shifting the burden onto future generations.

We appreciate the \$100 million infrastructure fund to help small, rural and northern municipalities undertake infrastructure projects. While it is intended to provide consistent base funding, the government needs to recognize that there are limitations that small northern communities face in terms of generating revenue to pay for their share of large infrastructure projects and capital purchases.

Recommendations:

- That the Ontario Community Infrastructure Fund (OCIF) be increased by ten times its current amount using dollars from the Building Ontario Up: Municipal Infrastructure fund.
- The funding formula be a hybrid model where 50% is disbursed as base funding to all municipalities and the other 50% be distributed on a per capita basis.
- That municipalities be allowed to “bank” their allocation from one year to the next in order that larger projects may proceed.
- That the formula be based on the cost of replacement rather than the age, condition of the infrastructure. This ensures that smaller communities receive an amount that will actually provide adequate funding to allow for the completion of major infrastructure projects and to do so in a timely manner.
- That the funding formula reflect the unique challenges of the north. Typically the costs are higher and the construction season is shorter.

- That the Province set aside sufficient funds for the implementation of the Northern Growth Plan Multimodal Transportation Study's recommendations. The Plan will provide direction for transportation infrastructure for the next 10 or more years. This aligns itself with the mandate of providing continuous economic growth and supporting Ontario communities – the benchmark for this initiative.
- That the infrastructure fund be aligned with the Northern Growth Plan and implements an economic strategy – ensures the projects provide gainful employment and enhances the quality of life within the community.
- That there be a “Special Circumstances Funding” to assist with major infrastructure projects. The Building Ontario Up: Municipal Infrastructure fund cannot operate utilizing a “one size fits all” mentality.
- The list of ‘infrastructure’ in the Ministry’s list includes schools and hospitals. These should not be part of the Ministry of Economic Development, Employment & Infrastructure mandate, they fall under other Ministries.
- The program should create a core infrastructure component which focuses on the core services provided by the vast majority of Municipalities – sewer, water, roads. Deal with those infrastructure needs, such as bridges, which are not common to all Municipalities in a separate branch of the program.
- The significant need in the core infrastructure is for renewal of old infrastructure. This is the sewer, water, and road infrastructure in the older built-up parts of communities. Typically funding cannot be derived from new development in these existing areas as it can when infrastructure is extended to new areas. A program focused on renewal of existing infrastructure is required. This makes the linkage with economic growth hard to make, the linkage is really with economic decay if the need is not attended to and economic stability if attended to.
- Current infrastructure funding programs rely on Asset Management Plans. The financial basis and infrastructure cost evaluation in those plans is not done using a consistent methodology from community to community across the Province. Whatever funding formula is used should be based on data that have common yardsticks.

Long-term Affordable Housing Strategy

NOMA is pleased that the provincial government recognizes that ending homelessness is a critical step to leaving poverty behind. Further we appreciate that the government is working with stakeholders to develop a strategy to address long-term affordable housing.

NOMA endorses the following recommendations put forward by the Northern Ontario Service Delivery Association (NOSDA).

- Financing – We urge the Province to work with Service Managers to establish economic tools of sufficient scale to minimize risk. This may involve financial tools that cross Service Manager borders and should involve the Province underwriting initiatives in order to build a credit story that is attractive to investors.
- Use of Municipal tools to develop affordable housing – We ask that the Province continue to work with DSSAB's to clearly define the role and standing of DSSABs in municipal legislation (Planning Act, Municipal Act, etc.) to allow for DSSABs to take advantage of tools that are available to municipalities (i.e. opportunity for early access to school property disposal, access to MPAC information and property data, access to Infrastructure Ontario loan financing etc.).
- Amend the Housing Services Act and Regulation 367/11 for consistency with the DSSAB Act particularly regarding the levy and apportionment formula. We wholeheartedly endorse this recommendation from the OMSSA/HSC Paper and concur with the recommendation that Section 117 of Regulation 367/11 must be removed. .
- The Province should work with NOSDA and its Northern Service Managers to develop an allocation model for program funding (AHP, IAH, CHPI, etc.) that accounts for Northern circumstances. The short construction season, lack of contractors, price of fuel, cost of hydro, price of materials, and required transportation all result in increased costs while allocations are smaller due to the fact that they are based on household counts which means that Service Managers must do more with less. This is not sustainable and is a bad investment strategy for the Province and a hidden download for the municipalities that must make up the difference.
- The Province should eliminate the 'Use it or lose it' funding policy associated with program dollars. Service Managers need the flexibility to pool program dollars across fiscal periods in order to optimize program delivery and generate scale for project development. This is a quick and easy win. The Provinces of Alberta and BC already demonstrate program funding models which are not based on a 'use it or lose it' policy.

- The Province must expand the network of ministries required to sustain housing and service development. The partnership table created to bring together Health and Housing must include education, finance, corrections, and others in order to truly bring the Long-Term Affordable Housing Strategy in line with the Poverty Reduction Strategy.
- More importantly, in Northern Ontario, when it comes to developing and sustaining housing in tenuous economic situations multiple strategies are required, such as economic development plans, tourism plans, education plans, etc. Housing development is difficult in communities where seniors have no market in which to sell their homes to free up the equity need for long-term rents in supported units and new families will not move to communities where elementary schools and emergency rooms are closing. A coordinated system management approach is needed and it must include high level ministry personnel along with DSSAB and municipal representatives.

Forestry

The forest products sector remains a cornerstone of Ontario's sustainable green economy and will play a major role in assisting the province reach its objective of reducing carbon. There is no doubt that the industry has had its challenges in the last few years but is now poised for significant growth.

As part of this growth, the sector has transformed itself into a high-tech, innovative and green industry. The industry requires appropriate, balanced public policy to further expand its role in creating a prosperous, sustainable economy which will benefit the province as a whole.

A major concern that the industry is dealing with as of late is the ongoing battle with Environmental NGO's and the blatant attacks of spreading misleading information with the intent of damaging the market place for forest products sourced in the Boreal Forest. Mayors from NOMA and FONOM have recently joined forces with mayors from Northern Quebec to work collectively in dealing with this issue.

It is important to note that forest companies operating in Ontario must do so under the Crown Forest Sustainability Act (CFSA) and furthermore, all forest products made in the province are sustainable. Ontario is a world leader in forest management. **It is imperative that the government aggressively defend its forest management practices.**

Energy

First let us thank you for once again meeting with NOMA so that we can continue to raise important energy issues with the province.

Secondly, we want to thank your government for making the level of support for the Northern Industrial Electricity Rate Program permanent for qualifying large northern industrial consumers. Although it took your government five years to do what we suggested back in 2010 when the program was first introduced we are pleased with the change.

And as well, we want to thank your government for introducing Bill 112, *Strengthening Consumer Protection and Electricity System Oversight Act, 2015* which in part gives you the authority, through the Lieutenant Governor in Council, to designate a transmission line as a priority project. This is one small step in a series of changes that we know are necessary to improve the speed and reduced expense related to the delivery of electricity throughout the Northwest. We encourage your Government and the other parties in the Legislature to give speedy passage when the House returns in the fall.

Energy has become part of the annual submissions to Government by NOMA. We have consistently brought forward two underlying themes:

- 1) The need for transmission capacity to meet the current and future needs of the region, and
- 2) Ensuring that the Northwest has the power it needs when it needs it.

The response by the Government of Ontario can be summed up in our brief to you in August of 2013 where we wrote:

‘I want to thank Minister Chiarelli for the prompt response on August 7th and for the continued commitment ¹“to resource development in Northwestern Ontario” and that you “will ensure that the electrical system can facilitate growth.”² We also take your statement that “Our priority continues to be ensuring that Northwestern Ontario has a clean, reliable supply of electricity”³ as a very powerful statement of support. ‘

¹ Letter from Ministry Chiarelli to Mayor David Canfield, President of NOMA, August 7, 2013

² IBID

³ IBID

Transmission

The reality is that we are in trouble today in the Northwest.

Two mining companies are finding their plans to invest hundreds of millions of dollars in our area are being thwarted by the lack of readily available connection to the grid.

Greenstone Gold Mines (Premier Gold Mines and Centerra Gold Mines partnership) , with accelerated plans to open a gold mine in the Municipality of Greenstone – in the community of Geraldton, need 35 MW of power by 2017 with construction to start as early as late 2016.

As early as the introduction of the first Integrated Power System Plan by your Government in 2007 NOMA raised the issue of the quality and quantity of electrical supply to Greenstone as a major issue. At that time we requested that a second transmission line be constructed to connect the existing East West Tie to the Greenstone area. Had your government responded in the way that was required, Greenstone Gold Mines and the Municipality of Greenstone would not be scrambling today to find a solution, a solution that will lead to the creation of 340 full time jobs along with a \$577 million investment in a community hard hit by the decline of the forest industry.

In fact, the Municipality of Greenstone has now turned to the private sector for a solution and are actively working with Northland Power on the development of a gas fired generation facility in their municipality. They are doing the work that you promised your government would do on our behalf and are doing it at their expense.

Over to the west, Northern Iron is also scrambling to find their own solution that will enable them to restart the dormant Griffith Mine north of Ear Falls by early 2018. Again, since 2007 we have been stressing the need to upgrade the transmission facilities from Dryden north to Ear Falls, Red Lake and Pickle Lake. In fact, your predecessor, Minister Smitherman met with representatives of Musselwhite Mine in December of 2008 and was so concerned with the situation in that area that he directed Hydro One to deal with the issue. Unfortunately nothing happened as a result of that directive.

Rubicon Minerals Corporation, with Canada's newest gold producer as of June, with the Phoenix Mine, in Red Lake, took enormous time to get its electrical delivery system in place. Secondly, Goldcorp Inc. at their massive multi-headframe mine complex in Red Lake, after taking the initiative a few years ago to construct their own transmission line, was similarly frustrated in order to find a regulatory electricity supply solution to what was a very simple ask. "Let us connect the line we built so that we can get the power that we need."

And it is not just mining that is frustrated. We are advised that when a foreign direct investor learned that they could not connect to the grid at Red Lake last year without substantial investment they expressed their surprise with the associated costs and complexity of the process. Since then they have completely backed away from their exploration of starting a business in Red Lake or Canada for that matter. They were looking for 9 MW of power.

In cooperation with Northern Iron, our Energy Task Force has worked with the IESO, Hydro One Networks and OPG to find a solution that works. In effect, the Energy Task Force has once again been doing the work that *your* Ministry and *your* agencies should be doing. Like the Greenstone situation, Northern Iron is being forced to create their own solution rather than the Government of Ontario pulling out all of the stops to ensure that Northern Iron has the power they need when they need it.

A reasonable cost solution that can be implemented within the time frame that Northern Iron has established for the commencement of their operations remains elusive. It is imperative that an immediate solution be found so that this project can move forward.

The Northern Iron project has significant economic impact on the Ear Falls-Dryden area with 500 permanent jobs, 800 construction jobs and \$2 billion to be infused into the local northwestern economy. It is essential that the Government of Ontario gets this right.

Whether it is Greenstone or Ear Falls and Dryden, these communities should be supported in the same way that Woodstock and Toyota have recently been supported by your Government to the tune of \$ 42.1 million.

Minister, we ask that you turn your mind to how to streamline the process, how to ensure that your words of 2013 mean something to the people of the Northwest and its future economic progress.

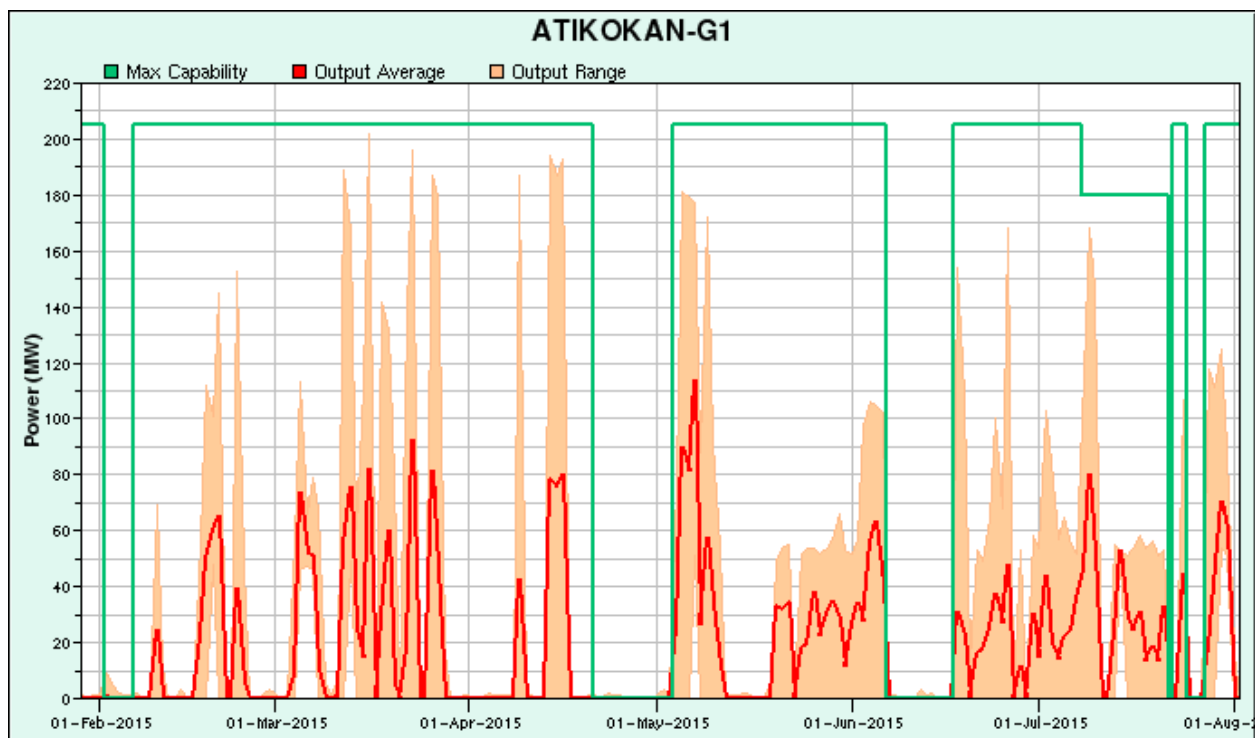
NOMA requests that the Minister appoint a senior member of your staff to work with all parties to find a solution that works for the companies and for the Ear Falls-Dryden area and the Municipality of Greenstone.

Generation

We want to now turn to the power that the Northwest needs now and into the future.

We have consistently argued that the two thermal stations are essential to the future of Northwestern Ontario. Not just as peaking plants but operating full time at full capacity.

A review of the utilization of the Atikokan Generating Station for the first 7 months of 2015 shows that it has produced 61 Giga Watt Hours of electricity and used 40,000 of the 90,000 tonnes of fuel authorized for the plant. The following Sygration generated graph shows that the output was required for a continuous period of time rather than the irregular 'peaking' that the IESO suggested would occur. You will note that on a number of occasions the plant has produced over 180 MW at a time. Clearly the Northwest needed this power!



It is our opinion and our request to you that the Government continue to expand the approved fuel supply for the Atikokan GS well beyond the 90,000 tonnes per year. It is conceivable that within a few years, the full output of the plant will be required. A combined supply of biomass and advanced biomass will not only ensure that the region has the power it needs but create new economic activity in the forest sector.

As we noted in the transmission section earlier in this submission, it is essential that the power be available in the Northwest when it is needed (and you have intimated would be here). Both Northern Iron and Premier Gold were surprise initiatives that were not expected to mature as soon as they are likely to. The Northwest needs the capacity to be in place if we are to take advantage of the economic development initiatives underway.

In addition, both the Thunder Bay Plants and Atikokan plants are necessary too as back- ups when the solar, wind and water are not present and power is required by business, industry and residents of North Western Ontario

A third surprise, one yet to come to fruition, is the proposed solar panel manufacturing facility proposed for the Thunder Bay area which will require approximately 200 MW of power at start up and potentially 300 MW once fully operational. This latter amount is equal to the full output of the Thunder Bay Generating Station. Neither the Energy Task Force nor the IESO foresaw this possibility yet it is here. The proponents are currently securing a site for their plant and will be announcing next steps this fall. Like the two mines, their development schedule is aggressive with the intent to be operational within 3 years.

Minister, regardless of fuel type, either advanced biomass or natural gas, we need your government to ensure that the Thunder Bay Generating Station is available for the long term at its full capacity.

Northern Industrial Electricity Rate Program

We now want to return to the two issues raised at the outset of this submission: the Northern Industrial Electricity Rate Program and Bill 112.

The current \$120M per year budget only facilitates 7 mining companies benefiting from the program.

We request that the NIER program budget be increased to a level that will allow for all mining and forestry companies to qualify for the 25% rebate.

Small and mid-tiered mineral producers do not qualify for the program currently because they do not consume power above a certain threshold! In addition, some producers are not directly connected through the grid and as a result are ineligible for the program.

We request that the power threshold be reduced so that small and mid-tiered producers become eligible for the rebate and that all users become eligible regardless of the connection.

Bill 112

With regard to the intent of Bill 112 we want to reiterate our call for other changes that related to the development of transmission facilities in the region. In particular we want to raise again the Government policy that determines who is to pay for transmission infrastructure.

As a result of the restructuring of Ontario's electrical system in 1999, the Province moved away from the principle of "public good and necessity" where all generation and transmission was paid for by all Ontario users, regardless of location and regardless of the initial or ongoing beneficiary. Those costs were captured through the electrical rates and or government expenditures. The move away from this principle effectively changed the 'rules of the game' adding significant costs to emerging enterprises in the Northwest.

At a time when Northwestern Ontario's economy is beginning to 'take off' through the development of upwards of 23 mines over the next 6 or more years, the investors must not only raise enough money to finance the construction of a mine but to connect it to the grid as well – adding hundreds of millions of dollars to their start-up costs; unlike mines opened prior to 1999 across Ontario's north or other major industries starting up anywhere in Ontario.

This post 1999 approach does not just apply to new transmission lines but upgrades to existing lines as well.

Minister, this situation must be immediately reversed and we request that you take the necessary steps to change this policy so that the North can be treated the same way the rest of Ontario was treated when it was developing

The second issue regarding the intent of Bill 112 we want to raise relates to the speed in which decisions can be made to approve transmission upgrades and the development of new lines. As you are aware the process has become extremely complicated and prolonged as a result of those changes made in 1999. Not only is there the appropriate requirement for an environmental assessment, but there is now a proponent selecting process, followed by a route selection process and only then can the environmental assessment be conducted.

The issue of the proponent selection came about as a result of the Ontario Government moving away from Ontario Hydro (now Hydro One) being the sole designer, builder and operator of transmission assets. It would be prudent to return to the day where Hydro One would be in a position to automatically be the proponent of new lines with the proviso that they go into the market to select a contractor to construct the lines. We recognize that debt is an issue and would be supportive of those contractors having an equity ownership in the line and a return on investment over time and paid for through the rates. We anticipate this new process will reduce the time taken to move a project forward.

Energy Conclusion

Finally, NOMA members are actively involved in working with the IESO on the sub-regional plans being developed across the Northwest. It was our intervention before the Ontario Energy Board that resulted in the OEB requiring regional planning to occur as a means of ensuring that a one-size-fits all planning process does not occur again.

That being said, NOMA, with the help of the Energy Task Force, has been identifying the needs of the Northwest for nearly a decade, with your agencies following our lead. The time for action is now. There is too much economic development at stake to leave it any longer.

Thank you for your continued interest in our concerns and we look forward to you implementing the changes we have recommended.