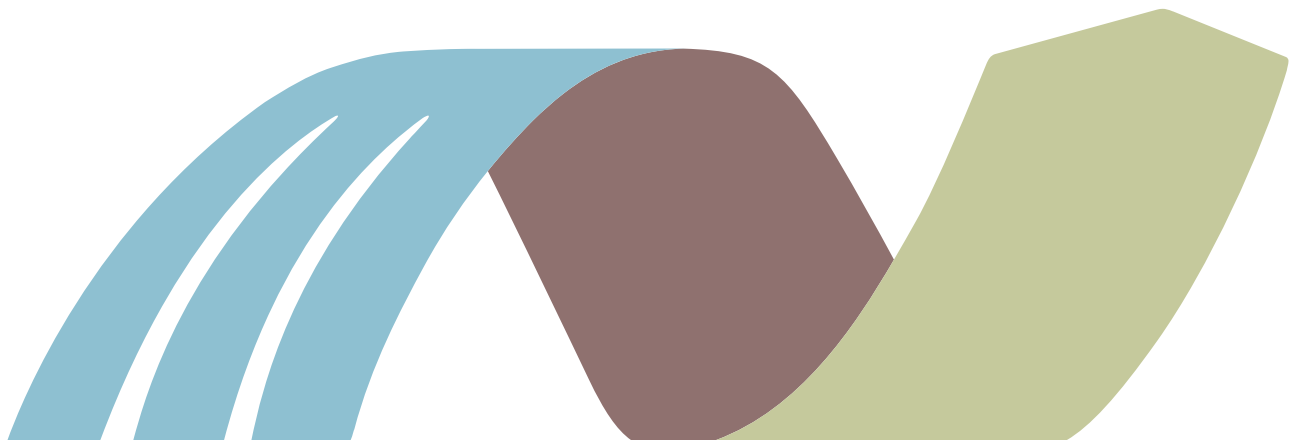




noma

Northwestern Ontario
Municipal Association

**Presentation to Standing Committee on Finance & Economic Affairs
March 2013**



The Northwestern Ontario Municipal Association represents the interests of 37 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.

Mining Growth and Development

Northwestern Ontario is on the cusp of a mining explosion with 250 active projects in 2011 totalling \$500 million in expenditures – that represents nearly half of all mining expenditures in Ontario last year. These opportunities are located across the northwest region with the most significant being the Ring of Fire.



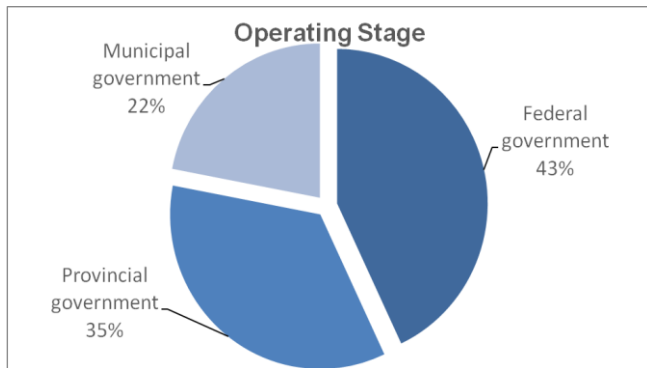
Figure 1: Mining Exploration in Northwestern Ontario

An economic engine for the entire Province

Recent Government documents, most notably the Drummond Report and the 2012 Ontario Budget, give little more than passing reference to the economic potential that these mining opportunities represent by referring to the developments as “part of a strong northern economy” and of benefit to “Northern Ontario”, period. While we appreciate the mention, we must stress that this is not *just* about Northern Ontario. **These mining developments have the potential to be the economic engine for the ENTIRE Province for decades to come and must be viewed through that lens by ALL MINISTERS and their Departments.**

A recent study by Lakehead University highlights only a fraction of this incredible opportunity:

Total value of unmined metals & minerals at 9 mature or near development stage mines	\$135.4 Billion
Direct, indirect and induced employment <ul style="list-style-type: none"> • 8,107 construction; 15,481 mining operations • Includes 13,149 positions in Northwestern Ontario <ul style="list-style-type: none"> ○ 5,719 construction; 7,430 mining operations 	23,588 jobs
Total salary compensation during the operation phase, wages and benefits paid are estimated <ul style="list-style-type: none"> • Includes \$531 million per year in Northwestern Ontario 	\$1.106 billion/yr
Potential total tax revenues for all three orders of government	\$16 Billion



What's in it for the Province of Ontario?

- \$173.8 million tax revenue per opening year
- \$298.8 million tax revenue per operating year
- Total tax revenue: \$5.75 Billion

It is imperative that any Provincial involvement and investment be viewed in the larger context as an investment that will benefit not just one region, but rather the citizens of Ontario as a whole.

Infrastructure Investments

The introduction to the Ontario government's draft Ontario Multimodal Goods Movement Strategy states:

"Transportation has always been a significant part of Ontario's economic advantage. Ontario's proximity to key markets, and well developed roads, railways, ports and airports helped spur the development of a strong and diverse economy."

NOMA strongly supports that position and we believe that Northwestern Ontario needs to be supported in its bid for the 'development of a strong and diverse economy' through **the Province taking the leadership in planning, developing and owning the infrastructure necessary to support the Ring of Fire development and any other mining venture to be located in the Northwest.**

Because of the numerous discoveries and mining companies involved, the Ring of Fire is a unique development in Ontario. As such, it requires a more planned public approach than what has occurred in past and what we believe is currently underway.

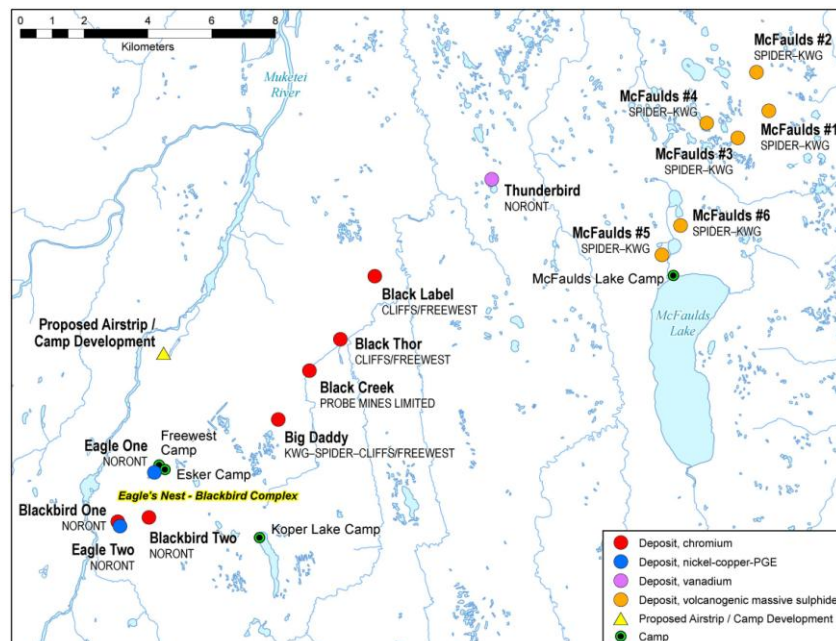


Figure 2 - Ring of Fire Known Opportunities

There are three key factors that should drive this development being managed for the public good rather than by the private interest:

1. Governments' not corporations have the legal duty to consult and accommodate according to the decision by the Supreme Court of Canada;

2. There are currently a multitude of owners of a multitude of individual mines that are likely to come on stream over the next 10 to 30 years, each with their own independent and unique need for transportation and energy; and,
3. There are a number of remote First Nation communities whose traditional territory encompasses the Ring of Fire development area – these communities require road and electrical infrastructure to meet their own economic and social needs.

NOMA recognizes that the construction of the necessary transportation and energy infrastructure will be an expensive proposition. However, as we have already identified the **provincial tax revenue from the Ring of Fire development over its expected life of 100+ years will be beyond comprehension.** The return on Ontario's investment will be significant.

That being said, **modern technology would allow for the province to recover its initial capital outlay in building the road and/or rail infrastructure through the use of an electronic toll system** that would charge back the cost per tonne/km for the ore and materials utilizing the road/rail system.

We quote again from your government's draft Ontario Multimodal Goods Movement Strategy:

"The transportation network is the foundation on which the successful natural resources and manufacturing sector in Northern Ontario is built."

It is the Government of Ontario's job to make this happen, not the private sector. The auto industry has historically received billions in government investment to support its growth and economic development. **The mining industry now needs similar support through infrastructure investments that will drive the economy for decades to come.**

Endangered Species Act Regulation

We strongly support the transition measure for the forestry sector in EBR posting #011-7696 because it recognizes the need to provide certainty to the forest industry and the jobs it creates for citizens in our communities.

The regulation recognizes that Ontario's forest sector already provides for the needs of species at risk through the Crown Forest Sustainability Act (CFSA) and that the forest sector is required to continuously update their management practices to be consistent with provincial recovery strategies developed under the Endangered Species Act (ESA). NOMA and a number of our member communities have submitted letters of support to the EBR and we look forward to implementation of these changes as soon as possible.

Heads and Beds Payments

The provincial payment in lieu of taxes for universities, hospitals and correctional institutions – also known as the “heads and beds” payment - has been unchanged at \$75 per student and bed since 1987. These payments do not meet the actual costs of municipalities to provide the necessary services for these various institutions, thus placing an unfair tax burden on their property tax payers, jeopardizing the ability of these municipalities to meet infrastructure demands, and weakening their ability to act as economic engines. Applying the Bank of Canada inflation calculator results to the \$75 value of 1987 dollars becomes \$130.60 in 2012 to have the same value to our communities. This is another form of downloading that has required individual property taxpayers to make up the difference for the past 25 years.

NOMA calls on the province to increase the payment in lieu of taxes to more accurately represent the costs of providing service to these institutions.

Municipal Infrastructure Funding

The final report of the Provincial-Municipal Roads and Bridges Review (released July 2012) recommends that there is a need for a new Provincial-Municipal framework to sustain municipal roads and bridges and that, when the fiscal situation permits, a new permanent and predictable provincial infrastructure funding program should be developed to help municipalities maintain, build and renew road and bridge infrastructure over the long term.

NOMA members understand that fiscal pressures on municipal and provincial governments make it challenging to create new infrastructure funding programs at this time. However, investments in roads and bridges as well as other critical municipal infrastructure such as water and wastewater, storm water, transit, public housing and all the other services that municipalities deliver to our citizens are investments in our quality of life that support continued economic growth and development.

We greatly appreciate the announcement of the funding increase from \$60 million to \$90 million for the Municipal Infrastructure Strategy including the support for Asset Management Planning. We are grateful for the recognition of critical repair and replacement needs while we await the next phase of a joint Federal-Provincial infrastructure funding program

We encourage the Province to continue to provide funding support for vital municipal infrastructure needs regardless of the development of new Federal government programs.

One Size Does Not Fit All

We want to take this occasion to remind you that each region of the Province has its own unique challenges and opportunities and it is important to recognize those differences as you undertake your MPP and Ministerial duties.

- The closure of a Service Ontario office in downtown Toronto may require a citizen to travel a few extra blocks to find the service they require; whereas the closure of a Service Ontario office in Rainy River requires an extra hour or more of travel to obtain those services.
- The Provincial Policy Statement on land use planning has entirely different implications in Ajax than it does in Atikokan.
- The closure of a tourism centre in Fort Frances impacts the promotion of tourism activities for an entire district.
- The cost of doing business in rural and Northern areas is different than it is in an urban setting.
- A MPAC reassessment process that reduces industrial property taxes by millions of dollars can bankrupt small municipalities in the North.
- Infrastructure funding programs must be flexible to the needs of municipalities with limited staff and financial resources.

As you consider the proposed expenditures of the upcoming budget, please remember that our communities have unique needs. One size does not fit all.

Thank you for your time and consideration of our issues.