



Presentation to Ministers

February 27, 2012

The Northwestern Ontario Municipal Association represents the interests of 37 municipalities from Kenora and Rainy River in the west to Wawa and Hornepayne 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 and have identified a number of issues that are of priority to our membership which we will outline by Ministry.

Ministry of Municipal Affairs

Communities across the Northwest continue to struggle through economic challenges:

- 350 employees in Schreiber and Terrace Bay are once again laid off from the local mill, which has filed for creditor protection and is up for sale
- 100 employees in Fort Frances have only recently returned to work after a 5 week shut-down
- 85 employees in Oliver Paipoonge have been laid off indefinitely by Global Sticks due to wood supply and financing issues



Census 2011 reveals that the population of Northwestern Ontario has declined by nearly 5% since 2006 with small communities like Ignace (-16%), Marathon (-13.2%), Ear Falls (-11%), Terrace Bay (-9.5%), Rainy River (-7.4%) and Dryden (-7.1%) feeling the crunch most severely. Our communities are struggling with declining industrial and residential tax bases – that means fewer taxpayers to cover the ever rising costs of providing basic services such as water, wastewater, transportation infrastructure, social services as well as protection and emergency services. It also means that quality of life will suffer in our communities as arenas close early, parks open later and other services are discontinued entirely.

Issue: OMPF Cap on Social Housing Component

In calculating the social services components of OMPF and its predecessor the Community Reinvestment Fund, the input used for social housing net costs was fixed in the 2002 year. In 2011, social housing net municipal expenditures for the District of



Thunder Bay exceeded the OMPF eligible amount by \$1.3 million, and since 2002 have increased by an accumulated total of \$3.1 million. This is a clear form of downloading to the municipal property taxpayer going against the principal of uploading that was agreed to by the Province in 2008. In the Rainy River District this has lead directly to the elimination of a number of positions in the housing sector of the Rainy River District Social Services Administration Board thereby reducing the services available to those in need of social housing. It is crucial that the input used for social housing net municipal costs in OMPF be adjusted to more accurately reflect increasing operating costs and declining subsidies for social housing and allowed to increase as other components in the formula.

Issue: Policing Costs

Policing costs across the Northwest are among the highest in the Province and will continue to rise due to the excessively generous wage and benefit increases negotiated for Ontario Provincial Police. We ask you to review the policing component of the OMPF to ensure it is truly reflective of and responsive to policing in small and rural communities including what the recent OPP settlement means today and over time.

Further, we highlight Drummond Report Recommendation 14-4: “Review the core responsibilities of police to eliminate their use for non-core duties”. Such a review is imperative to ensure that efficiencies are explored to help reduce the ever growing cost of policing.

Issue: Northern Communities Grant

We continue our request for an increase of \$75 per household in the Northern Communities Grant to help municipalities bear the burden of their lower and continuing decline of assessment base – both residential and industrial. The rate was originally set at \$225 in 2005, rising to \$230 in 2006, but has stayed at \$235 since 2007. This is vitally important in 2012 as a number of our municipalities facing serious non-payment of property taxes with one community alone facing a \$3 million hold back by its residents. If action is not taken soon, the province may find themselves ‘administering’ more than one community in Northwestern Ontario.



Issue: Support for Fire Services

Ambulance and police services are heavily funded by the provincial taxpayer, however, fire services are primarily supported by the municipal taxpayer. 90% of Ontario communities are serviced in whole or in part by volunteer firefighters; most of these communities outside the major metropolitan areas have small populations with limited tax bases.

The regime of regulations and standards imposed on the fire service both from standard setting organizations and provincial agencies has grown disproportionately to the ability of small communities to comply. Apparatus, equipment, and training are substandard in some cases due to lack of funding. To address these issues, we call on the Government to:

- Develop a **program** of long term financial support, possibly involving all orders of government that can meet the wide range of fire service needs from respirators and radios to Jaws of Life and aerial ladder trucks.
- Adopt a model to sustain a modern fleet for the **Northern Fire Protection Program** to ensure fire safety in the unorganized communities of Northern Ontario.
- Support **training innovations** that provide equitable access across the vastness of Ontario to ensure all fire fighters in Ontario are at the leading edge of the fire knowledge wave and providing the best and safest fire protection possible to Ontarians. There is an opportunity to utilize the new Fire Training Centre in Thunder Bay to reduce costs in training and to ensure easy access.

Issue: Drummond Report Recommendations re Upload and OMPF

We are concerned by the recommendations of the Drummond Report to delay the upload of provincial costs by two years to 2020 and to begin decreases to OMPF by \$25 million per year starting in 2013. We will be working with AMO on this issue as any delay in upload or decrease in OMPF will be keenly felt by the communities in Northern Ontario. Northwestern Ontario already has the highest municipal taxes in Canada - any delay in the upload or decrease in OMPF would drive our taxes even higher, restricting opportunity for growth and development.



Transportation & Infrastructure



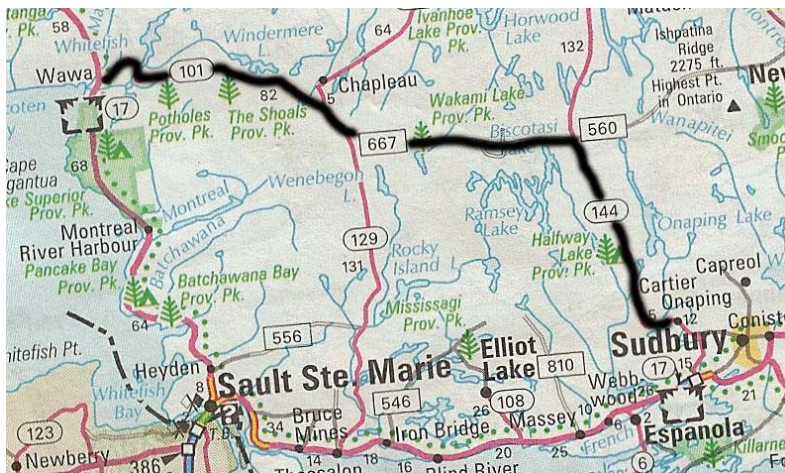
Transportation issues continue to be a high priority within Northwestern Ontario. Our roads and highways are vital arteries of commerce for the entire region.

We appreciate the significant investments that have been made and are planned to upgrade our Northern highways.

We take this opportunity to remind you once more of our desire to see further expansion of four-laning, passing lanes, pull-offs and rest facilities across the North.

Issue: Sultan Road Feasibility Study

As outlined in our letters in recent months to both the current and former Ministers, the Sultan Road is an alternate route between Sudbury and Wawa using secondary Highways 101, 667, 129 & 144 that reduces by over 100 kilometres the distance travelled (from 526 to 422) along what is a much flatter and more gas-efficient route.



At the 2011 NOMA AGM, a resolution was passed that calls on the Provincial government to undertake a feasibility study on the costs and benefits of improving the “Sultan Road” and Highways 144, 667, 129, and 101 to the same class as Highway 17. The Federation of Northern Ontario Municipalities (FONOM) has also endorsed this resolution. We know that the Growth Plan for Northern Ontario highlights transportation infrastructure as a vital component. We urge your ministry to review this



recommendation carefully as we believe there may be a significant economic and environmental benefit in this type of investment.



Issue: Responsibility for Bridges

Many of the roads and bridges that were downloaded by the Province to municipalities in the 1990's require significant maintenance, repair and in many cases replacement. The costs for these infrastructure needs are extremely high and are not affordable in rural and Northern communities with low population and shrinking tax bases.

An extreme example is the City of Kenora, with a total of 18 downloaded bridges of which 11 require immediate maintenance with their accumulated repair and replacement cost expected to reach nearly \$20 million within the next 5 years. That's a huge burden on a community of 15,000 residents and an annual operating budget of approximately \$25 million.

We encourage the Government to expedite its discussions with AMO on this issue with a view to creating a separate, new, predictable and permanent fund for municipal roads and bridges.

With that in mind, we highlight the Federal Gas Tax Program as one that has "got it right" by providing much needed sustained, year-over-year funding to municipalities for infrastructure needs but requires limited administrative effort by municipal staff.

Issue: Ring of Fire Infrastructure

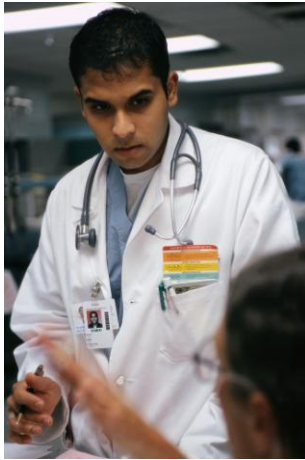
NOMA understands that the Ring of Fire Coordinator has spent upwards of 10 days before Treasury Board discussing the ring of fire development. This development is one of the biggest economic development initiatives that the Northwest has ever seen. We are therefore frustrated that there has been no consultation with NOMA, nor to our knowledge anyone else in the region, on the content of the plan. Just like we have not been consulted about the long term energy needs (not to mention short term) we are being ignored on the infrastructure needs for the ring of fire.



NOMA requests that the Provincial Government develop a 5 year strategic infrastructure plan to support the timely industrial development of the Ring of Fire and also that NOMA be engaged to the extent possible in discussions related to the development of the plan.



Health & Long Term Care



Issue: Physician & Health Care Professional Recruitment

The recruitment of healthcare professionals – particularly physicians – continues to be a significant challenge for communities across Northwestern Ontario. The positive effects of the Northern Ontario School of Medicine are beginning to materialize as graduates are starting to settle in the North; however, we recognize that this is a long-term solution to a decades old problem and it will take time to fully address the crisis.

Many communities continue to be under-served, having to depend on locums and medical students to fill in the gaps. Physician recruitment committees are looking at all available options but solutions are hard to find. We urge the Ministry of Health to put in place flexible programs to assist communities in dealing with physician shortages.

We bring to your attention Rainy River and Ear Falls – two communities that continue to be challenged by significant physician shortages. Rainy River has only been able to continue operating due to locums, who are greatly appreciated but do not represent a long term solution. Ear Falls is dependent on physicians in Red Lake to help share the load. Both communities are working extremely hard to ensure quality health care for their residents and we encourage the Minister to continue working with them to find creative solutions.

Issue: Non-Urgent Patient Transport

We again raise our concerns regarding non-urgent patient transportation. The provision of non-urgent transportation by EMS is not only highly inefficient and ineffective, but also unreliable and puts lives at risk, causing frustrations for communities where as much as 50% of their emergency service funds are being used to provide non-urgent transfers. This is unacceptable and unaffordable.

We have repeatedly raised this issue with the Minister. At this time, Superior North EMS is utilizing funding from the Northwest LHIN to examine and create an alternate system - the report will be complete by March 31st. We implore your Government to



finally recognize that non-urgent patient transport is a provincial responsibility and must be addressed through a fully-funded, separate system to ensure the health and safety of our citizens. It must be noted that this is not just an issue of the regulation of the service to be provided, but ensuring that the service is provided and appropriately funded at the provincial level.



Natural Resources



Issue: Endangered Species Act

We continue to be concerned with the negative impacts of the *Endangered Species Act, 2007* on our economy. NOMA supports the need for environmental protection and believes that any government initiative should be based on the three pillars of sustainability – social, economic and environmental.

We are particularly concerned with the Caribou Conservation Plan, which is already reducing available wood supply in both the Northwest and the Northeast. The Lac Seul Forest and the Kenogami Forest show reductions in harvest area or harvest volume of over 20% and initial draft caribou management direction for the Abitibi-River Forest shows a similar, immediate reduction in harvest volume of 25% with volume losses of up to 65% after 20 years.

We repeat our request for the government to implement a long term regulation under section 55(1)(b) of the *Endangered Species Act* which recognizes that the primary objectives of the ESA are met through the *Crown Forest Sustainability Act* and its required Forest Management Plans. We believe that implementation of this requested regulation would reduce red tape and provide some much needed stability for the Ontario forest industry and ensure economic growth.

We look forward to working with the Ministry to ensure that a balanced approach is reached which guarantees the continued success of our industries and communities while working towards the recovery of species at risk.

Issue: Far North Act

NOMA members remain unconvinced regarding the value of the Far North Act to encourage and support development across the Far North. We appreciate that the Minister will be meeting with us in early March to discuss this important legislation and we look forward to a productive dialogue.



Offer of assistance: Emerald Ash Borer

The Emerald Ash Borer (EAB) attacks and kills healthy ash trees. EAB arrived in North America from Asia nine years and has been rapidly spreading to new communities. There have been several detection studies done in Northwestern Ontario and it is believed that there is no EAB present in this region yet. Northwestern Ontario municipalities have been working with the MNR and other agencies to prepare for the insect's eventual arrival as it has been found as close as Sault Ste Marie Ontario and St. Paul, Minnesota. The greatest threat to the urban forests of Northwestern Ontario is the arrival of this insect through the movement of firewood from an infested area into our region. We are extremely concerned with the expected management costs, which include treatment or removal and replacement of all ash trees. The potential loss of all black and green ash to rural and urban areas in Northwestern Ontario could be quite devastating from both economic and environmental aspects.

We offer our support to MNR in its detection activities this summer and would be pleased to distribute traps to our members at our upcoming AGM in April.



Northern Development & Mines



NOMA is appreciative of the efforts of Northern Development & Mines across the Northwest.

Issue: Growth Plan for Northern Ontario

The release of the Growth Plan for Northern Ontario marked a significant step in the journey towards a stronger, more diversified region. We recognize that the document sets out a strategic framework for the next 25 years and we are pleased that a number of NOMA's recommendations were included in the plan. In particular we are very pleased with the announcement of the creation of the Northern Policy Institute, the Regional Economic Development Planning Zone Pilot Projects and the Multi-Modal Transportation Study – all of which will have the potential to be a major and positive impact on the Northwest.

As you know the Northwest was 'out of the gate' quickly in its development of the Pilot Project and expects to present its recommendations to the Ministry in March. We hope that the Ministry will move quickly to finalize the pilot so we can get on with the business of economic development for the region.

We continue to monitor the work of the Multi-modal transportation study as it moves through its two year plan. The results of this study will provide essential information that can inform the region as to how best to enhance its economy.

Issue: Northern Policy Institute

We are disappointed in the lack of progress in moving this project forward over the past 12 months. We understand that significant work has been done towards the development of the Northern Policy Institute that was announced in March 2011.

We again stress NOMA's support of the Mission Statement proposed by Common Voice Northwest, which states: "that the Northern Policy Institute conducts independent forward-looking research on business, economic and social issues and generates policy



advice that will improve Northern Ontario's standard of living through sound economic and social policies."

We would encourage the Minister to expedite the announcement of further details regarding the Northern Policy Institute, including structure and location, to ensure that this project can move forward.

As the original proponent of the concept, the Northwest believes that it would be appropriate to establish the headquarters of the Northern Policy Institute in the Northwest.



Energy



Energy concerns continue to be a top priority for NOMA members.

Issue: Energy Transmission & Distribution

When we met with then Minister Duguid at OGRA in February 2011, we made 5 distinct recommendations that are still relevant today:

Recommendation 1

We recommend that the Minister of Energy assign the OPA the responsibility for planning for ALL Transmission & Distribution (115 and 230 kv) in Northwestern Ontario. That way there will be one point of contact for the region and a seamless plan that speaks to the true needs of the region.

Recommendation 2

We recommend that a directive be issued to the OPA that a 20 year plan for Northwestern Ontario be included in the Integrated Power System Plan and that Plan include both Transmission and Distribution.

Recommendation 3

That the Government of Ontario issue a directive to the OEB to exempt the provision of security of supply from the business case requirements. Energy infrastructure is as vital today to both quality of life and economic development in the North as it was in Southern Ontario decades ago when massive investments were made to build the transmission network.

Recommendation 4

Give the OPA the authority to develop an electrical pricing system that will both sustain existing industries in the Northwest and enable us to attract new ones – whether they be value added forestry or new mines (and expanding mines). The price structure should reflect the cost of production in the Northwest.



Recommendation 5

That the Minister of Energy ensure that prior to the completion of the Integrated Power System Plan that you convene a meeting in Thunder Bay with our partners (including key First Nation and Metis organizations) and the Ministry of Energy, the Ontario Power Authority, Hydro One, Ontario Power Generation, the IESO and representatives of the Ontario Energy Board with the sole purpose of developing the Northwest's plan for the next twenty years and beyond.

Not one of our recommendations has been responded to by your government or any of your agencies. Our final recommendation – the convening of a meeting – would have been the easiest to agree to by your Government – yet no meeting has been held, and the OPA continues to do its own thing without any concern whatsoever about the Northwest.

While we are pleased that the need to provide a second source of power to the Pickle Lake Area has been recognized in the latest plans for the region, it is important to note that the need is now, not sometime in the future. The Township of Pickle Lake is serviced by a radial line that is maxed out, leaving the Musselwhite mine short 20 MW. NorOnt Resources is currently planning to build a 25 MW "DIESEL" powered generating station to supply their planned new mine in the ring of fire with power. An ability to connect to power from the grid would greatly reduce both their operating costs and environmental damage. This one mine of NorOnt will employ 1,000 people during construction and 400 to 500 during operating – clearly there is an economic case to be made for such an investment by Hydro One.

In addition, the community of Red Lake continues to struggle under an inefficient and unreliable radial line. None of the plans to date have recognized this even though the Northwest has continued to point out the benefits to the existing mines if this line is upgraded sooner rather than later.

Furthermore, there continues to be no planning from the OPA to enhance the service to the municipality of Greenstone, even though it too is served by a radial line and susceptible to long term outages, and even though it is another one of the possible jumping off points to the Ring of Fire. While the MNDM Ring of Fire Coordinator is speaking to the need for electrical transmission, the OPA remains silent.

It is also important to recognize that the Northwest Region (Wawa to the Manitoba border) is essentially an energy island with an excess capacity of some 700 to 800 MW.



This huge surplus of energy, which has a replacement value of \$3.5 – \$4 billion, should be used for economic development in the area and the enrichment of Provincial revenues. A significant amount of the overcapacity in the region is due to the coal fired plants located in Thunder Bay and Atikokan. These two facilities are in the process of conversion to natural gas and biofuel. It is vital that the conversion to natural gas in Thunder Bay maintain the current maximum generation capacity of 310 MW to provide opportunities for economic development.

Issue: Energy Pricing

While we recognize that the Ontario Government has dealt with the issue of energy pricing in the short term, we still are waiting for a long term solution that will encourage new industrial entrants – particularly mining – to invest in the Northwest. Short term rebates help the existing industries to survive and even reinvest. They do little to attract chromite processors that know it will be cheaper to locate in Manitoba or Quebec rather than here in Ontario where the ore is found.

