



February 2, 2016

The Honourable Charles Sousa  
Minister of Finance  
c/o Budget Secretariat  
Frost Building North, 3rd Floor  
95 Grosvenor Street  
Toronto, ON M7A 1Z1

Dear Minister Sousa,

The Federation of Northern Ontario Municipalities (FONOM) is pleased to have the opportunity to provide comments on the 2016 Budget.

FONOM is a membership based association that is the unified voice of Northeastern Ontario, representing and advocating on behalf of 110 cities, towns and municipalities. Our mission is to improve the economic and social quality of life for all Northerners and to ensure the future of our youth.

While our organization recognizes the fiscal circumstance that the provincial government is currently in, we also seek to ensure that the province takes into consideration the limited ability for municipalities to generate revenues, particularly in many Northern municipalities, where populations are declining and subsequent tax base decreasing. There needs to be an appropriate reflection of the unique circumstance of communities in Northern Ontario in the 2016 budget.

### **Ontario Municipal Partnership Fund (OMPF)**

FONOM appreciates the provincial government's commitment to upload social assistance benefit programs and court security and prisoner transportation costs from municipalities which was part of the 2008 Provincial-Municipal Fiscal Service Delivery Review. As part of this agreement, the province undertook a phasedown of the Ontario Municipal Partnership Fund (OMPF), which is expected to be reduced to \$505 million for 2016. The additional \$5 million for Northern municipalities which was over and above what had originally been forecasted for the 2015 budget was welcomed. However, it is important to note that \$5 million divided amongst more than 150 municipalities is a drop in the bucket to addressing real fiscal challenges.

We also remained concerned about municipalities' ability to adjust to the reduction in OMPF funding which has forced some municipalities to either raise property taxes or reduce services to their residents. Therefore, we respectfully request that there be no further reduction to the OMPF for 2016 in an effort not to create further challenges for communities to remain financially sustainable.

## **Infrastructure Funding**

Infrastructure funding continues to be a major request of municipalities as the infrastructure deficit continues to grow. It is evident that the Province recognizes this need, however, we want to ensure that the entire province benefits from the province's future infrastructure funding announcements, not just the GTHA region, where most of the investments are currently occurring. The discussion guide for *Moving Ontario Forward – Outside the GTHA*, provided an opportunity to submit feedback on how to disseminate the allotted \$15 billion in infrastructure dollars for outside of the Greater Toronto and Hamilton Area. However, only a portion of the \$15 billion has been allocated to date. While it is believed that the investments for within the GTHA have been determined for some time, we encourage the Province to allocate funding to shovel ready projects and programs for outside the GTHA within this budget.

As the province is well aware, municipal governments own approximately 67 percent of all public infrastructure in Ontario. With all the efforts being undertaken by municipalities to address the infrastructure deficit which stands in the billions of dollars, municipalities need greater investments by the province. Infrastructure such as roads, bridges, water, and wastewater, to name a few, have shown to be aging and badly in need of repairs and maintenance to remain functional and meet their life expectancy. In many areas, the need for funding to undertake new capital projects such as roads, transit and social housing are also prevalent.

With a renewed relationship between the province and a federal government who has also committed to investing in infrastructure, we are hopeful that partnerships can be made to tackle the infrastructure deficit and build new roads, social housing and other important capital needs.

## **Power Dam Special Payment Program**

The Power Dam Special Payment Program has remained a concern for FONOM as well as 110 municipal governments in Ontario for the last two years. In the 2014 budget, the province announced an unexpected cut of \$4.4 million over four years to the \$18.4 million program. While this cut would be a drop in the bucket to the overall provincial budget, it represented a large portion in many of individual municipal budgets. In the case of the Municipality of Wawa, it represented over 60 percent of their own purpose taxation. Furthermore, as demonstrated by the 2012 payments to municipalities, Northern Ontario municipalities were on average more negatively impacted than the rest of the province.

During the 2015 Budget, any cuts were deferred as the province examined options to restore municipal taxation of power dams. This process has demonstrated to be challenging and does not appear to be progressing. To that end, we respectfully request that the government abandon any plans to claw back this program. These payments, which are rightly owed to municipalities and not a source of government funding, should not continue to be deferred or remain uncertain in regards to their future status.

## **Public Health Units**

Front line health services, such as public health units, are vital to residents in addressing health care needs and improving quality of life. Particularly in Northern Ontario, where many communities do not have readily access to physicians, public health units play a large role in the continuing health of the community.

The Ministry of Health and Long-Term care released on September 4, 2015, the 2013 report of the Funding Review Working Group with respect to a public health funding model for Mandatory Programs which it has accepted for 2015 Budget year and beyond. However, based on current information, the model indicates that approximately 80 percent of public health units in Ontario are overfunded, which in and of itself calls into questions the validity of the model. FONOM is concerned that a new funding model will result in an inevitable and significant transfer of public

health resources to large urban settings and will cause reductions in public health services in rural and Northern areas of the Province where they are badly needed. For example, under the model outlined in the report, health units who have been identified as being overfunded may have many years of shrinking public health services in the face of higher costs.

Furthermore, funding for public health services in Unorganized Territories will not be allocated in the same manner which highlights the inequitable access to public health resources in the province. Since Northern health units are the only health units who have Unorganized Territory funding, and the Ministry of Health and Long-Term Care has indicated that there will only be a one-time adjustment to that funding, this model is particularly detrimental to those health units in the North.

Therefore, FONOM opposes the new funding model which would result in any long-term shifting of public health resources to wealthier, urban centres of the province at the expense of rural and Northern health units.

## **Support for Northern and Rural Hospitals**

Hospitals in rural and Northern Ontario face increasing challenges to providing healthcare as the population ages and communities face overall declining populations. Cuts to hospital funding has resulted in job losses which inevitably affect healthcare services in the short and long-term. In rural and Northern Ontario, providing quality healthcare is already at a disadvantage due to unique challenges such as its geography, which often requires transferring patients long distances to obtain critical or specialty care.

Support is needed for rural and Northern hospitals that are funded at zero or lower in comparison to the provincial average for labour contracts. In order for hospitals to remaining functioning and maintain standard levels of care for residents in the region, hospitals require appropriate levels of funding and deserve to be treated equitably.

The unique challenges that rural and Northern hospitals face need to be taken into consideration during labour contract negotiations and settlements to ensure the future health of those living in Northern and rural communities.

## **Joint and Several Liability**

Joint and several liability is an issue that FONOM has raised over the last few years with the province, requesting legislative changes that would ultimately save municipalities millions of dollars in insurance premiums at no cost to the province.

While we recognize the province's position to protect citizens and ensure that they receive appropriate compensation, it should not be at the expense of municipalities even if they are deemed to be only one percent responsible. Simply because municipalities are seen to have deep pockets in comparison to individuals, it does not justify shifting the financial burden on to municipalities to compensate individuals. In the end, it means raising property taxes or cutting services to residents.

We respectfully request that the government undertake a careful review and consider amending the legislation to shift the burden off of municipalities.

We hope that your Ministry takes FONOM's comments into consideration as the 2016 budget is being developed.

Yours sincerely,



Alan Spacek  
FONOM President