

FONOM

The Federation of Northern Ontario Municipalities

October 23, 2014

Hon. Ted McMeekin
Minister of Municipal Affairs and Housing
College Park, 17th Floor
777 Bay Street
Toronto, ON M5G 2E5

Dear Minister McMeekin,

Re: Power Dam Special Payment Program

The Federation of Northern Ontario Municipalities (FONOM) has been made aware of a recent arranged phone discussion on September 16 between the Ministry of Finance (MOF) and a working group of community representatives affected by the proposed cuts to the Power Dam Special Payment Program. There is great concern that the commitments made by the Premier were not heard by Ministry of Finance officials.

Following the AMO Conference in London in August of 2014, FONOM was pleased to hear that the Premier would request the Ministry of Finance to place the option of returning power dam taxation rights to municipalities back on the table for discussion. The Premier seemed sincere in her recognition that the government had not approached the Power Dam Special Payment Program phase down in a meaningful way.

However, there appears to be a disconnect between the commitment made by the Premier and the objectives of the MOF. The Ministry put forward two options for discussion, neither of which included returning the right to tax power dams back to municipalities. One option, the status quo, includes reducing the grant by an equal percentage to each community. The second option, which is a weighted option, would see less dependent municipalities losing a larger share of their payments, while more dependent municipalities would see a smaller proportion of their share being lost. FONOM believes that the status quo is not an option and neither is the second option, which would effectively pit one municipality against another.

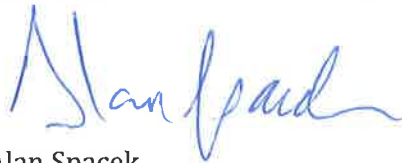
Another concern that FONOM has is the apparent lack of transparency on the part of the government. Several communities have submitted Requests for Information related to the amount of revenue that the Province receives from power dams and have been refused. We respectfully request that the government reverse these refusals.

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It is important to keep in mind that these payments are not a transfer payment of any sort but reflect the funds that each municipality has a right to receive. We look forward to working with you and your Ministry to correct this issue and ensure that northern municipalities are not left struggling to make up the difference for these proposed payment cuts.

Sincerely,



Alan Spacek
President

cc. Hon. Kathleen Wynne, Premier
Hon. Charles Sousa, Minister of Finance