

FONOM

The Federation of Northern Ontario Municipalities

ROMA Conference

January 2017

PRESENTED AT THE

ROMA CONFERENCE

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MINISTRY OF NORTHERN DEVELOPMENT AND MINES/MINISTRY OF TRANSPORTATION

Ontario Northland Transportation Commission (ONTC)

The Ontario Northland Transportation Commission (ONTC) is a vital crown agency within Northern Ontario, providing bus services, freight rail, rail refurbishment and the Polar Bear Express. Ensuring a sustainable system moving forward is of utmost importance to Northern Ontario.

The Province recently released the draft strategy of the Northern Ontario Multi-modal Transportation Strategy (NOMTS) which was undertaken jointly between the Ministry of Northern Development and Mines (MNDM) and the Ministry of Transportation (MTO). While FONOM is supportive of the overall content and the top areas for action as outlined, we are concerned with a lack of recognition of the ONTC within the future transportation plans for Northern Ontario. We also believe that the document lacked in its analysis of rail transportation in Northern Ontario. The information provided focused on historical and current rail use. There is a lack of forward thinking, particularly for passenger rail as an alternate transportation option.

We also believe the budget allocated to Ontario Northland is insufficient to effectively provide a sustainable public transportation system in Northern Ontario and believe it may be better served under the Ministry of Transportation rather than the Ministry of Northern Development and Mines. This would be similar to Metrolinx, which is the public transportation system for the Greater Toronto and Hamilton Area (GTHA) in Southern Ontario.

FONOM requests that the province work towards ensuring that Ontario Northland has the resources needed to provide reliable and sustainable transportation options for Northern Ontario.

MINISTRY OF FINANCE

Railway Rights-of-Way

Municipalities continue to advocate for increased opportunities to generate revenues and support much needed infrastructure renewal while maintaining services for residents. One area that municipalities have raised with the provincial government, is the need to overhaul the taxation structure for railway rights-of-way properties.

As you are aware, rates have not been updated since they were established in 1998 and are based on a fixed rate per acre approach. Many of the lower municipal tax rates per acre are found in Northern Ontario, with the Northwest region at \$35.26, the Districts of Cochrane, Nipissing, Parry Sound and Timiskaming at \$38.89 and the City of Greater Sudbury, Districts of Algoma, Manitoulin and Sudbury at \$75.56. The municipal tax rate per acre for the City of Toronto, Regional Municipalities of Durham, Halton, Peel and York is \$611.33. The vast regional differences are unfair to Northern Ontario, where the same impacts are felt regardless what region a train is travelling through.

There is a need for a more balanced approach across the province, particularly to address the much lower, outdated rates in Northern Ontario. The province has proposed various options to update the property tax system including implementing an indexed rate, which would maintain a rate per acre property tax but be updated regularly. Another proposed option was to implement a minimum rate per acre to address the lower rates and variances between regions. Lastly, the Province proposed an approach that is based on assessed value which could include tonnage. The municipal sector has stated it is not supportive of the first two options proposed.

One area that requires a different approach, is short line rail which needs to be protected. We recognize the important role they play in our economy and also recognize that they do not enjoy the same level of profitability as does long track, this includes Ontario Northland Railway.

Overall, we are pleased that the Province is consulting with stakeholders to review the Railway right-of-way property tax system. By addressing this issue, there is an opportunity to provide increased revenues to municipalities at no expense to the province.

We acknowledge the concerns relayed by the province from industry who are unfavourable to changing the current system, particularly to a tonnage based approach due to their belief that such a system would be administratively burdensome. However, it is important to take into consideration that provinces in Western Canada utilize this approach and that the railway companies such as CN and CP have a vested corporate interest in not changing the current system.

FONOM requests that the Ministry of Finance implement a new system of municipal property taxation for railway rights-of-way.

MINISTRY OF FINANCE

Unorganized Territories

After many years of advocating to the Province about the need to address the inequities between organized and unorganized territories through a review of the Provincial Land Tax (PLT), the Ministry of Finance consulted with stakeholders and committed to increasing the taxes of those living in unorganized territories pay to the Province to cover services.

While FONOM is appreciative of the increase in Provincial Land Tax which begins to address the inequities, the Province still does not operate on a full cost recovery model. This is unfair to municipalities, who are consistently being required to do more and more with less while the Province provides services to those in unorganized territories at a loss.

Not only is this unfair, but further recognition should be given to the fact that those living in unorganized territories place pressure on municipal infrastructure and services by those who are not part of the municipal tax base.

Municipalities, particularly in the north, are facing increasing fiscal pressures to provide services and maintain infrastructure in a region that is often subject to declining tax bases. It is imperative that those living in unorganized territory be responsible for sharing the cost of providing services that municipalities are responsible for.

Therefore, we request the Province continue to address this issue and move towards a full cost recovery model to ensure equity between municipalities and organized territories.

MINISTRY OF NATURAL RESOURCES AND FORESTRY

Forestry Industry

In January 2016, the Ministry of Natural Resources and Forestry (MNR) released the *Proposed Revisions to the Forest Management Planning Manual for Crown Forests in Ontario, Forest Information Manual and Forest Operations and Silviculture Manual*. FONOM remains concerned about the proposed changes to the Forest Management Planning Manual that would see an integration of the Endangered Species Act (ESA) and the Crown Forest Sustainability Act (CFSA). This direction signals that the protection of wildlife will outweigh ensuring the future sustainability of the forest industry - the economic driver in communities across the province.

In 2013, the government made a commitment to establish a panel to review the linkages between the ESA and the CFSA with members from Aboriginal communities, the forest industry, municipalities, and environmental organizations. FONOM, along with other stakeholders, have pressed the Ministry to ensure this commitment was seen through.

Minister, we must ensure that this does not become another example of a change to legislation or regulation that will have unintended consequences on municipalities and the forest industry. Inserting the ESA into the FMPM will force forestry companies to manage landscapes to suit species at risk, not by what's good for the landscape over time.

FONOM requests the removal of ESA language within the revisions to the FMPM and to ensure a continued consultation with stakeholders to establish workable solutions.

MINISTRY OF NATURAL RESOURCES AND FORESTRY

Bear Management

The Federation of Northern Ontario Municipalities (FONOM) was pleased with the government's announcement to extend the spring bear hunt for an additional five years and to expand to all Wildlife Management Units (WMUs) that currently have a fall hunt as well as including non-resident hunters. However, we are concerned with the Ministry's process for issuing non-resident bear hunt allocations and the lack of consultation with stakeholders.

The extension and expansion was in response to continued public safety concerns, to provide economic and tourism activity to the region as well as to allow for further data to be gathered and better assess the pilot project. However, in order to gain a fair and accurate assessment of the pilot project, the allocation process of licenses needs to be based on science rather than current practice, which appears to be arbitrary.

All non-resident hunters must hunt through a Bear Management Area (BMA) operator which generates significant tourism dollars and economic activity in the region. Since Ontario residents are not as interested in harvesting bears as non-residents, it is important that operators have enough Form 33s to ensure a sufficient number of bears are harvested.

A lack of consultation with stakeholders has resulted in miscommunication about how many Form 33s are available to each outfitter. By not consulting with local stakeholders and ensuring an allocation process that is based on science, the province risks the success of the pilot project and residents, outfitters and farmers will remain at the mercy of nuisance bears.

FONOM strongly encourages the Ministry to consult with affected stakeholders and local associations such as the Northeastern Ontario Bear Management Association (NOBMA), who have boots on the ground knowledge of bear populations and can assist with management.

MINISTRY OF ENERGY

Energy Costs

It is no surprise that energy costs are a major concern to FONOM just as they are across the province. Whether it be soaring electricity costs, increases on natural gas bills or fuel prices, energy costs continue to be one of the most pressing issues to municipalities, residents and businesses alike.

The Province is finally acknowledging the growing energy crisis in Ontario and as a result are taking steps to address the high costs. However, more needs to be done, as any reductions appear to be offset by increases as a result of the implementation of the Cap and Trade program which took effect on January 1, 2017.

Across Ontario, high electricity costs are hurting families, businesses and communities. Particularly in Northern Ontario, many communities are often economically dependent on industries that are high energy users, such as forestry and mining, which are struggling to remain competitive.

During the Speech from the Throne, the Premier announced reductions in electricity costs for residential, small businesses and farms, with additional supports for rural ratepayers and an expansion of the Industrial Conservation Initiative (ICI). While we support reducing electricity costs for residential, small businesses and farms, with additional supports for rural ratepayers and an expansion of the Industrial Conservation Initiative (ICI), we are concerned who will be responsible for funding these reductions.

We ask for a commitment that Local Distribution Companies (LDCs) will not bear the burden of paying for these reductions.

It appears there is no escaping rising energy costs in Ontario. As a result of the Cap and Trade program, natural gas bills and fuel prices have also increased.

High and volatile fuel prices have been a longstanding concern to residents and businesses, particularly in Northern Ontario, where fuel prices are often substantially higher than in Southern Ontario. It is argued that the difference in price does not accurately represent the difference in transportation costs. FONOM has previously requested that the Ontario Energy Board (OEB) be directed to implement some form of fuel price regulation to address volatile and unfair regional price differences.

It is unfair that Northern Ontario continues to see increases at the pumps. While the rationale to increase fuel prices as a way to incentivize drivers to use public transportation may work in Southern Ontario, it does not in Northern Ontario. Apart from the urban centres, the majority of Northern Ontario depend on the use of their vehicles to get to work, appointments, school and to travel between communities.

Finally, our membership continues to raise the issue of having a greater say in energy projects within their municipalities. This is of particular concern when prime agriculture lands are being used for energy projects such as solar and wind.

FONOM continues to request that the province address skyrocketing energy prices and ensure it is affordable for all users.

MINISTRY OF HEALTH AND LONG-TERM CARE

Emergency Services

FONOM recently provided feedback to the Ministry of Health and Long-Term Care in response to the *Patients First: Expanding Medical Responses Discussion Paper* and highlighted its strong opposition to any proposal that would expand medical responses for fire services. We are concerned that the proposal will move forward without a full understanding of the impacts to municipalities and the broader health care system.

There is no evidence that expanding medical responses by Primary Care Paramedics while on fire service would improve patient outcomes. It appears that there has been a lack of due diligence to examine the significant labour and risk management issues associated with the proposal.

The *Discussion Paper* indicates that any implementation of the proposal would be on a voluntary basis. However, it is evident based on past practice, that this will not be the case. The 24 hour shift pilot for fire services was initially voluntary, however, given the current interest arbitration system, the 24 hour shift was imposed throughout the province.

Furthermore, we are struggling to comprehend why the Ministry is focusing their efforts on expanding medical services to improve patient outcomes when there are other areas that require modernization and improvements that municipal governments have been asking for years to address, including land ambulance and ambulance dispatch issues.

FONOM has been advocating for a non-urgent patient transfer system in Northern Ontario for years and we are pleased that after successful pilot projects, a system is being phased in across Northeastern Ontario through the North East Local Health Integration Network (NE LHIN) and area partners.

FONOM maintains the position that municipalities should not be funding the health care system and that the province assume financial responsibility of non-urgent patient transfers. We also continue to request that an exemption be made to the Ambulance Act.

Currently, the province provides a grant for 50 percent of the cost for providing services required under legislated standards for Emergency Medical Services (EMS). However, under the Ambulance Act, only ambulatory services are eligible. Since the non-urgent patient transfers would not be completed by ambulances, they would not be eligible for grant funding. Not only would having that funding available for non-urgent patient transfers assist in ensuring that a model could be sustained across the Northeast, it is evident that it would be beneficial for the province as well through costs savings in ambulatory services.

Therefore, we request the Ministry of Health and Long-Term Care to not move forward with any proposal that would see expanded medical responses for firefighters who are Primary Care Paramedics and shift their focus onto addressing other healthcare concerns such as land ambulance and dispatch.

MINISTRY OF LABOUR

Interest Arbitration

The municipal sector continues to request that the province fix the interest arbitration system that results in substantial wage and benefit increases to emergency services including police and fire. The issue of ability to pay needs to be revisited and arbitrators must not be allowed to include property tax increases within their consideration of a municipality's ability to pay.

As you are aware, 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 cannot go on strike and like all workers, they deserve to receive fair increases over time. However, wage and benefit increases for emergency workers are growing faster than the rate of inflation and higher than any other public sector. FONOM is concerned about the fairness of this and its impact on other municipal programs and services.

Current legislation requires an arbitrator to take into consideration the employer's ability to pay. However, given recent settlements, it is evident that changes are needed to strengthen the interest arbitration process to accurately assess a municipality's fiscal health using clear fiscal health indicators.

Therefore, FONOM requests that action be taken to fix the interest arbitration system to ensure the cost of emergency services are affordable and sustainable.