

FONOM

The Federation of Northern Ontario Municipalities

2018 Pre-Budget Submission

Submission to the Standing Committee on Finance and Economic Affairs

By

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The Federation of Northern Ontario Municipalities (FONOM) is pleased to have the opportunity to provide comments on the 2018 Ontario Budget. We hope that our comments are taken into consideration.

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.

2018 is a pivotal year, with both provincial and municipal elections on the horizon; the Ontario government has an opportunity to give municipalities the tools they need without saddling them with additional burdens and financial responsibilities. This would send a clear message that they respect and appreciate the role that local governments play.

FONOM was pleased with the government's announcement to increase the Ontario Municipal Partnership Fund by \$5 million for 2018 and that there was recognition for the unique circumstances of rural and northern communities. FONOM was also pleased with the commitment to expand and enhance transportation options by announcing a reinstatement of bus service five days a week for those that previously had that level of service and developing the Community Transportation Grant Program.

Despite the commitments and contributions that the Ontario government has made, there is much left to do.

INFRASTRUCTURE

The Ontario government is well aware of the infrastructure deficit in the province, with estimates pegged at \$4.9 billion. This does not include inflation considerations and also assumes that all existing federal and provincial funding commitments are maintained.

FONOM appreciates the commitments made to address the infrastructure deficit through investments made under Moving Ontario Forward and the Ontario Community Infrastructure Fund. Yet despite these investments, the backlog of infrastructure needs in our communities are still underfunded.

FONOM supports the initiative taken by the Association of Municipalities of Ontario (AMO), calling on the provincial government to increase the Harmonized Sales Tax (HST) by 1 percent to be dedicated to municipal infrastructure. While this action may not address the infrastructure deficit in its entirety, it would allow for a consistent source of revenue that would be dedicated to municipalities and not shift based on upper levels of government's position of the day. Further, it would give more authority to local governments to invest in the projects that are most needed rather than being tied to programs. Municipal governments deserve their fair share.

In addition to the infrastructure funding programs previously mentioned, the provincial government also reintroduced the Connecting Links program in 2015 and committed to doubling the funding provided to \$30 million by 2018-2019. While this was appreciated, it is evident that \$30 million will not appropriately address the 352 kilometres of connecting links, with 70 bridges in 77 Ontario municipalities. There is a need to allow multi-year funding and develop partnerships for major projects that cannot be addressed by the \$3 million maximum per project. Further, given that there is a significant backlog from years with no Connecting Link funding, municipalities should be able to use capital funding from other application program if that project is deemed a priority.

Finally, FONOM maintains the position that the Ministry of Finance should reconsider its approach taken to address the system of municipal taxation for railway rights-of-way so that it is based on assessed value and tonnage. This would also include an exemption for short-line. We recognize the important role short-line plays in our economy and also recognize that they do not enjoy the same level of profitability as does long track. The province did take steps to address the significant variations, particularly the much lower, outdated rates in Northern Ontario. However, the discrepancy across the province remains significant. For example, previously rates per acre were as low as \$35 in Northern Ontario while the Greater Toronto Area was over \$600 per acre. With the adjusted rates, the lowest rate is now \$80. Comparing \$600 per acre to \$80 per acre in Northern Ontario remains quite unchanged. The same goods are travelling through our communities, whether you live in Hornepayne or Mississauga and this should be reflected.

POLICING

The provincial government introduced Bill 175, Safer Ontario Act, 2017 which was an extensive, all encompassing Bill that aims to replace the Police Services Act, 1990 and amend several other Acts. FONOM was supportive of the recommendations outlined in AMO's Policing Modernization Report and believes the government took the right approach on some of the recommendations however; there are significant concerns with respect to not enough action to reduce the rising costs of policing and the implementation of several new requirements.

It is well known that the cost of policing has continuously increased, beyond the point of sustainably managing. While we were hopeful that the legislation would help to address this issue, we believe it did not. Changes around civilianizing particular policing duties such as directing traffic around construction sites could have been taken. We are left wondering if the province intends to address the issue of reining in policing costs at all given the opportunity in this legislation that the province did not take.

This legislation outlines increased mandates and responsibilities for municipal governments without the financial support to develop and implement. For example, municipalities will be mandated to develop and implement Community Safety and Well Being (CSWB) plans. While we support the promotion of increased collaboration between municipalities, police and other sectors to benefit our communities we do not appreciate the additional mandate without any financial support. These plans will either require extensive human resource hours to develop or the hiring of a consultant, both of which will be added expenses. As part of the CSWB plans, all municipalities will be required to establish an advisory committee with a broad membership of community representatives. Should a municipality fail to comply with this requirement, the Ministry of Community Safety and Correctional Services has the authority to appoint a planner to develop one for the municipality. This would come at the expense of the municipality.

CANNABIS LEGALIZATION

While the Federal government maintains its position to legalize cannabis by July 1, 2018, provinces are pushing legislation through. Ontario has taken a government run approach to cannabis, which would see 49 stores open by July 1, 2018, and 150 by 2019.

The successful implementation of cannabis legalization will be as a result of the efforts of municipalities. Municipal governments will be responsible for enforcement and providing other resources such as community supports. Municipalities did not ask for or pass this legislation, yet will be the level of government burdened by it.

The province must commit to providing adequate resources and funding to municipalities for law enforcement and community support.

ENERGY

While the province has taken dramatic steps to reduce energy costs within the industrial, commercial and residential sector through a number programs and initiatives such as the Northern Industrial Electricity Rate (NIER) program and the 25 percent reduction in hydro bill costs, the province has yet to address electricity costs for the municipal sector.

Operating municipal facilities such as recreation centres and waster water facilities, particularly for communities that do not have access to natural gas, has become financially unsustainable. In some communities, this has resulted in reduced operations for non-essential services and higher user fees.

FONOM appreciates the government's recognition of the energy crisis in Ontario by taking steps to reduce high costs, however, more needs to be done, particularly for the municipal sector.

HEALTHCARE AND EMERGENCY SERVICES

Potential changes to public health units as outlined in the *Public Health Within an Integrated Health System*, which was a report released by the Minister of Health and Long-Term Care's Expert Panel on Public Health is a concern to FONOM. The recommendation to reduce the number of health units from 36 to 14 poses risks to local decision-making as it pertains to public health, regionalizing the system. We hope that the government ensures that the numbers of public health units are not reduced.

Finally, FONOM maintains its opposition to the pilot projects announced by the Ontario government to expand medical responses by firefighters who are Primary Care Paramedics while on fire duty. There is no evidence that this initiative would improve patient outcomes.

The province maintains the position that the pilot project is voluntary. However, it is evident based on past practice, that this will likely 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. The province must address the interest arbitration system so that arbitrators cannot replicate across the municipal sector.

CONCLUSION

The Ontario government has an opportunity to send a strong message in the 2018 Budget that communities matter, that local governments deserve their fair share and authority to make decisions that impact their residents. Strong municipal governments are essential to a prosperous and growing Ontario, working closest to the people by providing essential services and community supports.

While the provincial government has taken action on a number of asks from the municipal sector, there is still more that can be done – much of it would be at no cost to the province.

Once again, we appreciate having the opportunity to provide comments and hope that our requests and suggestions for a stronger Northern Ontario are taken into consideration.