



Via email: Helena.jaczek@ontario.ca

April 12th, 2017

Honourable Helena Jaczek
Minister of Community and Social Services
Hepburn Block 6th Floor
80 Grosvenor Street
Toronto, ON
M7A 1E9

Dear Honourable Minister:

As you are aware, the Cochrane District Social Services Administration Board (CDSSAB) has completed the process to change the default apportionment formula associated to payment for services by member municipalities. While the proposed formula seems to meet some of the requirements prescribed in the Act, we believe it fails to meet other requirements while being unfairly founded, and while expressly linking service usage to levies.

The proposed formula was developed by the City of Timmins and is the fourth attempt by the city, in a little over a year, to devise a formula that would primarily relieve it from much of its financial responsibility toward the CDSSAB's municipal share of costs. Of the thirteen member CDSSAB, the City of Timmins consists of about 65% of the respective population, and controls 50% of the votes on the Board.

The proposed formula is based on unsubstantiated, hand picked factors, chosen arbitrarily by the City of Timmins, that reduce all other member municipalities' share of costs except Cochrane, Kapuskasing and Hearst. It then pays for this rebate using assessment apportionment – in effect creating a double benefit for those municipalities that are positively impacted by it. The result is that while the proposed formula reduces the share of costs for all municipalities, including Timmins (who proportionally realize the lions share of the manufactured rebates), the cost of paying for this is forced upon the communities of Cochrane, Kapuskasing and Hearst – to the tune of \$350,000, \$1.2 million and \$450,000 respectively. If the roles were reversed, the reciprocal impact on the City of Timmins municipal budget, of such a forced demand, would be equivalent to just under \$20 million dollars.

In your letter to the CDSSAB on March 8, 2017, addressing the issue, you courteously identified the following key intentions of the DSSAB Act, along with your ministry's understandings as:

- With regard to the DSSAB Act setting out a default assessment formula for apportioning costs:
 - *“(the default formula) ... is aimed at supporting a fair approach to the sharing of costs...”;*
 - *“This approach expressly delinks levies from service usage, in recognition that sharing costs across a district with due regard to ability to pay is essential to support and sustain equitable access to social services in all communities”;*

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- With regard to the Act providing for an alternative to the default formula for apportionment:
 - *“... that any alternative should not create an untenable imbalance in costs among member area’s that could compromise (or destabilize) access to services for the people of Northern Ontario.”;*
- With regard to the province providing any monetary relief to support the outcome of an alternative method of apportioning costs:
 - *“... my ministry would not be in a position to provide additional funding ...”*

Another consideration is the Municipal Fiscal Circumstances Index (MFCI), used by the Ontario Ministry of Finance to assess a community’s ability to pay for taxable services. The MFCI includes not only weighted assessment per household but also average and low income measures, growth as evidenced by new assessment, and a dependency ratio which measures youth and seniors as a percentage of working age population, and also the local unemployment rate, to determine ability to pay. In the 2017 MFCI, the City of Timmins is at the top of this list, while Cochrane, Kapuskasing, and Hearst are near the bottom. As part of the proposed formula the outcome is that the City of Timmins, who by virtue of the MFCI has the greatest ability to pay, receives a \$1.1 million rebate, while Cochrane, Kapuskasing and Hearst (who have the least ability to pay) pay \$2 million dollars to subsidize the rebate.

For further perspective, since the inception of the CDSSAB in 1998, Timmins proportional share of costs has increased by 20%. The new outcome sees this drop to 10%. Alternatively, Cochrane’s costs have increased by 75% (almost four times that of Timmins, and more than any other member municipality) during the same period. The new outcome sees this increase to 120%.

Some more important perspective is that the new outcome requires the Town of Kapuskasing to double their contribution from \$1.2 million to \$2.4 million.

Minister, with this letter our three municipalities are formally identifying to you that the magnitude of the forced demand is beyond our reasonable means to pay. At the same time, the proposed formula circumvents all of the points brought forward in your letter, and by virtue of that clarity, it circumvents many key intentions and requirements of the DSSAB Act, including the intention of prescribing an opportunity for the Board to consider an alternative apportionment formula.

All considered, including our expressed inability to pay the forced demand in additional share of apportionment costs, coupled with your expressed inability to provide additional funding, the proposed model is not only unequivocally unfair, it creates many imbalances that lead to compromising the CDSSAB’s ability to provide the people of Northern Ontario of whom it is responsible for, the services they need and require. By virtue of this, it’s our sense that the proposed formula clearly destabilizes the provision of social services in the District.

In your letter you also made note of the DSSAB services review your ministry is undertaking and that *“...foregoing fundamental changes to the default apportionment may be the most prudent course of action ... ”*. The inference being to allow your ministry an opportunity to complete its process, which could bring fundamental change that could in turn facilitate foregoing any need for changes to the default apportionment.

To this, we respectfully ask you to use your powers as Minister to assist in re-establishing stability in the CDSSAB, by intervening in any way that you can to stop any changes to DSSAB default apportionment or governance, until the Ministry’s review is complete and recommendations are implemented.

As follow-up to this letter, our three municipalities would appreciate a meeting with you and your staff to constructively discuss the many possibilities now present, as a result of the proposed formula and it's ramifications to the CDSSAB's ability to provide the social services it is responsible for.

Thank you for your consideration and we remain...

Sincerely yours,



Mayor Peter Politis
Town of Cochrane



Mayor Alan Spacek
Town of Kapuskasing



Mayor Roger Sigouin
Town of Hearst

c.c.: Minister of Municipal Affairs and Housing;
Minister of Northern Development and Mines;
Minister of Finance;
Town of Hearst;
Town of Kapuskasing;
Town of Cochrane;
John Vanthof, MPP - Timiskaming - Cochrane
Gilles Bisson, MPP – Timmins – James Bay
Cochrane DSSAB