



---

ISSN 1181-6465

Legislative Assembly  
of Ontario  
Second Session, 37<sup>th</sup> Parliament

Assemblée législative  
de l'Ontario  
Deuxième session, 37<sup>e</sup> législature

## **Official Report of Debates (Hansard)**

**Wednesday 24 October 2001**

## **Journal des débats (Hansard)**

**Mercredi 24 octobre 2001**

**Standing committee on  
estimates**

Ministry of the Environment

Ministry of Energy, Science  
and Technology

**Comité permanent des  
budgets des dépenses**

Ministère de l'Environnement

Ministère de l'Énergie, des  
Sciences et de la Technologie

Chair: Gerard Kennedy  
Clerk: Susan Sourial

Président : Gerard Kennedy  
Greffière : Susan Sourial

---

### **Hansard on the Internet**

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

### **Index inquiries**

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

### **Copies of Hansard**

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

### **Le Journal des débats sur Internet**

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

### **Renseignements sur l'index**

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

### **Exemplaires du Journal**

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.

---

Hansard Reporting and Interpretation Services  
3330 Whitney Block, 99 Wellesley St W  
Toronto ON M7A 1A2  
Telephone 416-325-7400; fax 416-325-7430  
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation  
3330 Édifice Whitney ; 99, rue Wellesley ouest  
Toronto ON M7A 1A2  
Téléphone, 416-325-7400 ; télécopieur, 416-325-7430  
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON ESTIMATES

## COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Wednesday 24 October 2001

Mercredi 24 octobre 2001

*The committee met at 1614 in room 228.*

### MINISTRY OF THE ENVIRONMENT

**The Chair (Mr Gerard Kennedy):** We're going to call the meeting to order. Given that we have another ministry following, I'd like to get underway. We have a quorum. Oh, and here we have the members, so we're not faced with that position. Thank you all for being in attendance. We now turn to the government party. You have 14 minutes remaining in your rotation, and then we have half an hour, which will be split equally between each of the three parties, so approximately 10 minutes each.

**Mr Norm Miller (Parry Sound-Muskoka):** I'd like to ask a question about things we put down the drain in our houses: household products, pharmaceuticals. I think there are a lot of things in the average Ontario home that go down the drain that probably shouldn't be going down the drain. I'm just wondering whether the Ministry of the Environment has a plan to try to lessen the amount of chemicals etc that are going down the drain that shouldn't be going down the drain. Are there any plans or programs to do with that situation?

**Hon Elizabeth Witmer (Minister of the Environment):** In response to your question, Mr Miller, this actually is an issue that did come up for discussion this past spring when I was at the federal-provincial-territorial meeting in Winnipeg. Apparently there is information that demonstrates some grave concerns about what is being flushed down the sinks and down the toilets, and also where now we have some evidence that it's going into our drinking water. I would call on Keith West to speak to our system that we have in place to deal with those substances.

**Mr Keith West:** My name is Keith West. I'm the director of the waste management policy branch.

Ontario has a very substantial infrastructure already in place through the municipal system with municipal depots that collect many articles and materials that come out of households and which individual householders can take to these municipal depots to ensure that anything that might be harmful to the environment if it were put down the drain could be captured and managed effectively. We already have in place a very substantial infrastructure associated with many depots. There are a number of existing programs that municipalities run where citizens can have what is called a special waste

day when they can bring it into facilities where specialized equipment is there to ensure that the materials brought in are managed properly. So not only do we have an infrastructure, but we also have a series of programs that run throughout the year in many municipalities that try to capture these materials which could pose some harm to the environment, things like solvents that may be unused. A homeowner may have purchased some solvents and may not have been able to use them and doesn't want to dispose of them down the drain. So they can take them to these types of facilities. Used oil is another material that's captured within these programs, and paints, things of that nature.

We track annually, with our municipal partners and industry partners, how much material is actually being captured within these household special waste programs that municipalities run. I can say to you that the week before last, at the annual conference of the Recycling Council of Ontario, the minister released the results of the 2000 statistics that we achieved through municipalities submitting information to us about their programs. Between 1999 and 2000, there was a 41% increase in the amount of materials we were capturing. A lot of that credit has to go to the municipal programs in place. But there was an interim waste diversion organization that was set up in 1999, and one of the program areas it concentrated on was providing more depots here in Ontario and ensuring that more programs were able to be put in place by municipalities, and there was funding made available for those depots to be established and those programs to be run.

Not only do we have an extensive infrastructure in place and not only are we seeing substantial increases in the amount of materials being captured and managed properly within our system, but there is a new initiative afoot to very clearly address this issue as well. Under Bill 90, the proposed Waste Diversion Act, the minister is given the authority to prescribe materials for which she can require a waste diversion program to be developed. On the list of materials and on the list of programs to be developed under the Waste Diversion Act is a new entity to be called Waste Diversion Ontario, which is an arm's-length corporation that will be set up, a non-profit corporation, to develop and implement these programs. Very early on in the list is the requirement that the minister will have for Waste Diversion Ontario to develop a program for household special waste to allow for the funding of those programs that are currently being

administered at the municipal level, to ensure they are sustainable and to ensure that we continue to grow the capture that we're seeing within those programs.

Not only do we have the infrastructure and not only are we seeing substantial increases in our capture of materials that might be sensitive and need to be managed properly, but there is a new program that will be put in place—we hope in the very near future, if the bill is passed—that will require the Waste Diversion Ontario initiative to come up with a new program to fund municipal facilities and to increase the amounts of materials we are capturing.

**1620**

Also on that list of programs to be developed will be a used oil program. As you are aware, people change the oils in their cars at their homes. The intent is to have used oil listed as a material in which a new program would be developed, and therefore we see ourselves capturing even more used oil in that program as well.

There is a lot of opportunity, both today and in the future, to ensure we are increasing our capture rate and ensuring that these materials are dealt with and managed properly in the environment.

**Mr Miller:** It certainly sounds like we're making a lot of progress. I can't help but think that education must be a component of getting people to be conscious of what they put down the drain as well. Any education plans?

**Mr West:** Yes, absolutely. One of the things that is in Bill 90, the proposed Waste Diversion Act, is a requirement for Waste Diversion Ontario as they're developing these programs for implementation here in Ontario. One of the key ingredients of those programs is to have an educational component to it so that the public clearly understands that these facilities are available to them, and some of the impacts these materials can have on the environment if not managed properly. Education very much will be a component part of any program that gets developed.

Most municipalities already have information available to the public related to their programs, their ability to access those programs, when those depots are open and the types of materials that can be brought to those depots.

**Mr Miller:** Thank you very much. Mr O'Toole wanted me to say that unfortunately he wasn't able to be here today. That should allow some of the other members on this side to ask some questions.

**Mr Frank Klees (Oak Ridges):** It's the only way we would have an opportunity.

Minister, the Minister of Energy, Science and Technology today announced the lifting of the moratorium for coal-fired stations. I wonder if you might share with this committee the rationale for taking that step at this time and what effect the lifting of that moratorium, in your opinion, will have on Ontario's environment.

**Hon Mrs Witmer:** I'd be pleased to address that, Mr Klees. We actually made a series of announcements today. They all had to do with improving air quality in the province of Ontario. Maybe I will deal with the elec-

tricity caps that were put in place today. I think they're very significant. The stringent new emission limits that we did place and became a reality today mean that we're going to be reducing smog-causing emissions each year, which would be the equivalent of taking about one million cars off our roads.

As a result of the fact that we now have hard caps on the electricity sector, that we have an environmental framework for the electricity sector, we believe that we are in a position today to remove that moratorium and move forward, because the work has been done in order to ensure that the environment will be protected. I don't know, Mr Barnes, if you want to add to that. That's the short answer.

**Mr Doug Barnes:** Doug Barnes, assistant deputy minister, integrated environmental planning division.

The removal today of the coal moratorium is part of the commitment which was made in terms of coming forward with a new regulatory structure. Today Minister Witmer has announced a new regulatory structure. We believe that will work toward ensuring that those particular plants come down in terms of emission levels.

**Mr Klees:** By way of follow-up, what effect do you believe this new regulatory framework will have on projects like the Lakeview project, for example, where the expectation is the conversion from coal-fired to natural gas? Will this have any effect on that? Will there be the same level of motivation to engage in—how can I put this? Clearly, conversion to natural gas will have a very positive effect on the environment. If we're now relaxing the regulatory framework, will there still be the impetus to convert?

**Hon Mrs Witmer:** To convert?

**Mr Klees:** From coal-fired to natural gas.

**Hon Mrs Witmer:** Right. Today we finalized the regulation regarding Lakeview. So Lakeview, as of today, officially must cease burning coal by April 2005. There is no chance to move away from that. We've not specified what they must do. There may be new technology available by 2005. It's up to them to determine how they can ensure that they meet the appropriate standards and the strict emission caps that we've put in place.

**Mr Miller:** How do hazardous waste standards in Ontario compare to hazardous waste standards in surrounding jurisdictions like Quebec and New York state, the United States etc?

**Hon Mrs Witmer:** We've been taking a look at the whole issue of hazardous waste over the past few years. What we are trying to do is harmonize the standards that are in place in neighbouring jurisdictions, whether it's Quebec, Manitoba, the United States or elsewhere. I have indicated that we will be moving forward to impose some more stringent standards and ensure that we take a look at the pretreatment of hazardous waste as well.

I don't know, Mr West, if you want to respond further.

**Mr West:** I'd be pleased to. Keith West from the waste management policy branch.

I'll speak more directly to the United States Environmental Protection Agency and their requirements. Our

regulatory approach regarding hazardous waste was very much built in line with the type of approach the US has and their system. Over the last couple of years we have been very much focused on harmonization regarding our standards with their standards. If you look at the flow of waste between Ontario and the United States, most of our waste movements are between those two jurisdictions rather than across Canada. So most of our efforts are on harmonization.

**The Chair:** Mr West, sorry to interrupt, but the time has expired. You can return to that in the next round if you'd like. It feels like a game show. These are the brief rounds—not bonus rounds—10 minutes for each of the parties. We'll start with the official opposition.

**Mr James J. Bradley (St Catharines):** So little time and so much to cover. I will help with an answer to the last question. There was a press release that came out of the Ministry of the Environment, or at least somewhere in the government, that said, "We're finished. It's all done. Everything is complete in terms of the hazardous waste." Then the minister came out of the House into the hallway and said, "Not so." I was happy to see that the minister said that was not so and that now we're looking even further at the American standards. It seems to me that what happens is—the minister, I'm sure, would concur with this—that it's back and forth as to who's got the toughest standards, and that's one reason why the waste moves back and forth. We had the toughest standards for a while. The Americans got a lot of bad publicity and they got some tough standards in the mid-1990s and now we're catching up there.

But I want to ask a different question. I thought Mr Klees's questions were on a good subject and in fact were good questions. They didn't seem to be lob-ball questions. I may be fooled by that—I don't know—but I thought they were good questions.

1630

**Hon Mrs Witmer:** They were right out of the blue.

**Mr Bradley:** That's for sure. Everything Mr Klees does is right out of the blue—the deep blue.

Why would you allow Ontario Power Generation to start selling its coal-fired plants, as you said in the scum today, before the alternative fuels committee reported on the advisability of stipulating that they be gas-powered plants instead of coal-fired plants? Would it not have been more reasonable to await at least the recommendations of the alternative fuels committee, which are due early next year, before Mr Wilson gave the green light to start selling those plants? I'm sure, by the way, Ontario Power Generation was delighted to hear the news.

**Hon Mrs Witmer:** I'm going to ask Mr Rockingham to respond. He's been very involved in the consultations regarding the whole issue of emissions and what's happened today.

**Mr Tony Rockingham:** Thank you very much. Tony Rockingham, director, air policy and climate change, Ministry of the Environment.

I would just start by explaining what today's announcement covered, because it provides the environ-

mental framework for tough environmental protection in a competitive electricity market and also provides the context for how other sectors are going to be called on to ensure that Ontario's emissions targets are met.

The first part of the announcement today was the commitment to shorten the period over which reductions have to be made. The government has posted a proposal that the timeline for the 45% reduction in NO<sub>x</sub>, which has been our target for a number of years, be advanced from 2015 to 2010. The government has also posted a proposal to advance the timeline for SO<sub>2</sub> reductions. Again, the commitment is a 50% reduction, but the timeline which previously had been announced as 2015—

**Mr Bradley:** If I may be rude enough to interrupt, because there's so little time—you're answering as well as the minister does, I might say, in terms of skating or at least explaining the whole program; let me be kinder and say explaining the whole program. The question was, Minister, why didn't you await the recommendations of the alternative fuels committee before allowing Ontario Power Generation to sell its coal-fired plants?

**Hon Mrs Witmer:** We'll try to give you the short answer.

**Mr Rockingham:** A commitment was made when the coal moratorium was announced that that moratorium would be in place until the environmental protection framework for the competitive electricity market was in place. The announcement today completes the environmental protection framework that the government committed to.

**Mr Bradley:** So that—

**Mr Rockingham:** That framework, if I may, had three elements, and if I could just point out which—

**Mr Bradley:** Just because of time, I won't go there. So what happens now, Madam Minister, if the alternative fuels committee says you should convert from coal-fired to gas-fired plants as a condition of sale of any of those plants? What happens if the committee recommends that now? Are they just whistling in the dark, whistling in the pollution coming from the plants? What's happening now if the committee says that should be a condition of sale?

**Hon Mrs Witmer:** Obviously, any recommendations that are going to be made by the committee, Mr Bradley, would have to be considered by the government. That's what would happen. That would be the next step in the process.

**Mr Bradley:** But the horse will be out of the barn and not retrievable. The horse will be out on the racetrack by then, because you can't then—it looks like you can't retroactively say, "Oh, by the way, now we're saying a condition of sale is to convert to gas." You've now closed that option off as a condition of sale, haven't you?

**Mr Rockingham:** I would just remind the committee, and to the member, that what the government is doing now is finalizing a particular regulation. The government has processes in place to deal with other pollutants. Any buyer of the power station would be aware of those other processes. The government is fully committed to contributing a fair share to greenhouse gas emissions and is

participating actively in the national process on climate change.

**Mr Bradley:** Mr Brown now has a question.

**Mr Michael A. Brown (Algoma-Manitoulin):** I will be at the Algoma District Municipal Association meeting tomorrow night. A great number of the communities in Algoma—and for that matter the Sudbury and Manitoulin districts—are having a great deal of problems in upgrading their water systems, as you would know.

I want to ask you specifically about the town of Bruce Mines, which has been under a boil-water order since late May or early June of last year. This community has been very frustrated in dealing with the capital involved in ensuring that they can have the filtration in place and the proper treatment of their water to serve those people in Bruce Mines, in Plummer Additional township, who require water that is potable. I don't think that's unreasonable. They've asked you to expedite this process. They are still boiling the water, and the level of frustration from my constituents in this particular case is huge.

**Hon Mrs Witmer:** So what is your question, Mr Brown?

**Mr Brown:** My question is, when will you announce the funding? I should point out that this was your water system until you gave it to them, and they didn't want to take it. They've been actively working—

**Mr Gerretsen:** It was forced on them.

**Mr Brown:** They haven't even actually accepted it, but it's their problem and they don't have water. I was just trying to find out, when can they know they will have appropriate funding to get on with this so that my constituents, and their constituents in the town, will have potable water?

**Hon Mrs Witmer:** So they're looking for funding through which—

**Mr Brown:** They've applied to OSTAR and to SuperBuild, all the usual—in the good old days, the ministry used to have their own funding envelope which would expedite this process. They don't really understand where the Ministry of the Environment is here. Are you in there advocating at OSTAR that this is a priority and we've got to do this first?

**Hon Mrs Witmer:** We've been asked this question a number of times in estimates—

**Ms Marilyn Churley (Toronto-Danforth):** And you didn't give the answer.

**Hon Mrs Witmer:** Well, I think we've given you the answer. Part of the answer is that for all capital projects, once recommendations have been made by the respective ministries, whether it's health, environment, education or whatever, the recommendations go to SuperBuild, and SuperBuild and the Ministry of Finance make the final decisions as to what level of funding will be provided and when the announcements will be made. That's hospitals, schools, universities, and it also pertains, obviously, to the project—

**Mr Brown:** Has your ministry a priority list that you've submitted to SuperBuild or OSTAR saying,

“These are the ones at the top of the list”? These poor people can't drink the water coming out of their taps and haven't been able to for 16 or 17 months. Have you done that? Have you provided a priority list to SuperBuild and OSTAR?

**Hon Mrs Witmer:** I'll ask Mr Breeze, who has been working—

**The Chair:** I'm sorry. It's going to have to be a brief response. It can come from you or your staff, but we have just about run out of time.

**Mr Bob Breeze:** We are conducting a detailed review that is looking at the requests that are coming from the broadest range of municipalities to meet the requirements of the drinking water protection regulation. We're making sure that all due diligence is exercised so that when our recommendations come forward, the right systems are designed and put in place in the most cost-effective way.

*Interjections.*

**The Chair:** I have to move on to the next party.

**Mr John Gerretsen (Kingston and the Islands):** On a point of order, Mr Chair: The minister stated that a recommendation had already been made to SuperBuild, and the staff from the ministry is saying that they're still looking at it. Now, what's the answer?

**The Chair:** Unfortunately, the standing orders and the tradition of the committee are such that I'm not able to resolve any conflicts or whatever, but the members of the committee do have the freedom to do that and there is 10 minutes now for the third party.

**Ms Churley:** Perhaps I'll ask for clarification. I have other questions, so I need to be quick on this, but we do need clarification on the question. I won't repeat it, in the name of time, but the point of order: who's right on this?

**Hon Mrs Witmer:** I think Mr Breeze was describing the process that takes place.

**Ms Churley:** OK, so you were describing the process.

Minister, this is my last kick at the can in this area and this forum. The reason why you're getting so many repeated questions on this subject over and over again is because it's almost difficult to believe that there isn't a dedicated fund for sewer and water and that you have so little, if any, part of the process of determining who gets the money, and that this money is not enough anyway and is going to all kinds of other projects and you have no say in it.

1640

The message you're getting from this committee is loud and clear, particularly since you brought in your new regulations, which I have to say here again for the record are not nearly as good as my Safe Drinking Water Act, which would bring all this into law. Nonetheless, these are the regulations we have until my safe drinking water bill is passed, and it's astounding to us that you have these regulations in place without the funding to go with them and the fact that some of those communities are having to ask for an extension to meet the requirements and the deadline of the new regulations. That is just not acceptable. These messages are coming forward

from various members because, as you know, it's a real problem in the community.

I just wanted to reiterate that. I'm sure you will advocate for more money and a dedicated sewer and water project, but in the meantime speed up the process for those communities which are desperate right now for the money.

**Hon Mrs Witmer:** To respond, Ms Churley, you need to know that the initial projects in rounds 1 and 2 are focused on safety. There is \$240 million that has been set aside, and I know that staff are working together in a collegial manner to ensure that this information is provided to SuperBuild and that it would be released by the Ministry of Finance as quickly as possible.

**Ms Churley:** OK, thank you. Your ministry, though, should have a fund dedicated to safe drinking water and be completely in control of the allocation of that money. That's what we're saying here.

Your announcement today, I want to follow up briefly on that. As I understand it, the plan you announced would reduce NO<sub>x</sub> by 53% and SO<sub>x</sub> by 25%. You know as well as I do, Minister, that this falls well short of the rates that could be obtained by converting 83%, say, of Ontario's fossil fuel capacity to natural gas. You'd get a 77% reduction from NO<sub>x</sub> by doing that and an 83% reduction from SO<sub>x</sub>. As you know, Nanticoke is the single worst point source of air pollution in Ontario.

Mr Bradley from the Liberals mentioned earlier the alternative fuel committee, which is a committee I sit on, and I must say that from the meeting this morning I'm not so sure—it's supposed to be a non-partisan committee and we're all working hard to make it that way, but there were government members from the meeting this morning, for the record, who wanted to make sure that coal, the cleaner kinds of coal that they're looking at in the US, is on the agenda as one of the fuels to be looked at, while we're supposed to be looking at new alternative forms of green energy. So I got very concerned, I want you to know, when government members—and I'm not mentioning any particular names here, but one of them is here—

**Mr Bradley:** Surely not the member for Durham East.

**Ms Churley:** Seriously, I was quite alarmed to hear that. I don't think we should be looking at it, but due to the fact that it has now been suggested that we be looking at it, I'm not convinced that at the end of the day the committee will be recommending moving away from coal; it might be trying to recommend going to cleaner coal, which as far as I'm concerned is not an option.

I just want to ask the minister two things about that alternative fuel committee. First, that specific question: would you support a cleaner kind of coal as an alternative greener fuel as we move to alternatives? The second question I want to ask you is this: because of September 11 and because of concerns about our supply of energy, and because of air pollution, would you not agree with me that the alternative fuels committee should be suggesting some short-term things that we can do now as opposed to waiting until the end of 2002 when it comes

out—of course it will be studied—that given the problems we have and people dying from air pollution and all of the other problems associated with air pollution, including the tremendous costs to our health care system, which I know you are aware of as well from having been health minister, we should be looking at moving rather quickly on such things as conversion of all the coal plants to gas and looking at getting back into energy efficiency and conservation right away and better modes of transportation, those kinds of things? It's not high-tech, sexy technology, which we need to be looking at to bring in, but it's going to take economic instruments, it's going to take policy changes to make that happen.

In the meantime, we're not doing much of anything. I'm asking you, would you agree, given these problems, that we should be moving more quickly on those things? I also want to know whether you agree with me that it is wrong to be lifting the moratorium on those coal plants now when we have an opportunity to have them converted to gas. What is going to happen is that they will burn coal. They will be owned by private operators who will be burning coal at full capacity, selling to the States and wanting to make a profit; that's what the private sector does. In my humble opinion, the announcements today, and I only have time to go into part of it, I have to study it more closely, will actually possibly increase air pollution in Ontario. That's a major concern, and I think you're going to hear that from more people than me.

I don't know how much time is left, but these are very serious questions in terms of, I would say, the very serious problems we have with air pollution, and we have an opportunity to do some things quicker rather than later to start fixing these problems.

**Hon Mrs Witmer:** Thank you very much, Ms Churley. There were many questions contained within your statement, but I do want to first of all point out clearly that the announcements that were made today were very bold initiatives that will reduce air emissions. If we just take a look at the very stringent emission caps that have been put in place for the electricity sector, beginning next year the smog-causing emissions in this province will be reduced to a point where it's equivalent to taking one million cars off the road. I believe that is very, very significant.

Also, if we want to talk about closing Lakeview to coal or converting these coal plants to gas, I can tell you that there have been requests for this to happen for many, many years to other governments, because my colleagues have told me they have been asked of this, because the people around Lakeview told me they had asked other governments to ensure that there would be a conversion from coal. Our government is the one that has taken that action, and that action has been applauded by that particular community. So the announcement today is very good news.

The legislative committee on alternative fuels is going to continue to have a very good dialogue. One of the issues that you referred to is the fact that they are taking a look at the conversion to gas, but that is a very complex

decision, and if that was a recommendation, the government would have to look at it because they'd have to take a look at the whole impact on energy security, pollution, electrical prices. So that's a very complex decision that would be made.

**Ms Churley:** That will be too late because of the plants that got sold off.

**The Chair:** Thank you, Ms Churley, Minister. Thank you both. The time has expired, and we now turn to Mr Wettlaufer.

**Mr Bradley:** Be tough, Wayne.

**Mr Wayne Wettlaufer (Kitchener Centre):** I've got an interest in my riding. Minister, the Conestogo dam is one of the dams along the Grand River system that has some maintenance problems, and it can affect a number of the cities and municipalities downstream of the dam, including Kitchener and Waterloo, your riding. It can affect water quality; it could affect farm fields in the event that this dam ceases to operate properly. I am aware that, for capital, the SuperBuild fund is supposed to be looking after this, but I'm questioning now whether this is capital or whether it's maintenance, and is maintenance considered part of the capital element? I'm very concerned, because the Grand River Conservation Authority really doesn't have the resources to pay for the upgrade or the maintenance of this dam, and I was wondering what we could do on that.

1650

**Hon Mrs Witmer:** Thank you very much, Mr Wettlaufer. I think the issue of the dam is a very big concern for all of us who are a part of that particular watershed, but dams are actually the responsibility of the Ministry of Natural Resources, and so any request that we would make and concerns that we have are ones that we should share with the Minister of Natural Resources.

**Mr Wettlaufer:** Thank you, Minister. I'll make sure I pass that on.

**Mr Klees:** Minister, I would encourage you, contrary to Ms Churley's pleading, that you in fact look to the alternative fuels committee to give you some good input on not only the coal that is being used very successfully in the US but also the technology that's required to burn that coal. It's not just that it's a different coal, but there is a specific technology that relates to that. The information we have is that the result of that is that it actually burns cleaner than natural gas, so it would be wrong for us to avoid considering that alternative. But that's not what I want to speak to you about.

As the member for Oak Ridges, it would be remiss of me not to discuss the Oak Ridges moraine. As you're aware, the Minister of Municipal Affairs appointed a panel that's been reviewing the Oak Ridges moraine and has had consultations. Could you share with the committee the role that the environment ministry has played in the course of that consultation over the last number of months and what kind of input the Minister of the Environment has had into that process?

**Hon Mrs Witmer:** Our area of input, I guess, has been the whole issue of groundwater. That's where we

have had a major impact. I know that Brian Nixon has been involved on our behalf in making sure that that whole issue is adequately discovered, because there is some concern, obviously, about the future quality and the quantity of the water.

**Mr Brian Nixon:** Thank you, Minister. My name is Brian Nixon, director, water policy branch.

To the member, as you are aware, there was a process established when the initial announcement for a moratorium on the moraine was made in May of this year, and an advisory panel was struck. Our ministry, together with the Ministries of Municipal Affairs and Housing, Natural Resources, Agriculture, Food and Rural Affairs, and Finance, provided assistance throughout that advisory panel's work. Following the release of the minister's strategy for the moraine, members from the ministries, including our ministry, attended the public sessions and stakeholder forums that were held across the moraine in the months of August and September and served as resources both to the panel and in answering questions that were raised by the public on issues of water and the environment at that time.

So we've been fairly involved both in the public process and in working with the advisory panel that was appointed by the Minister of Municipal Affairs and Housing at the time. They're looking at the work of the advisory panel that has come to the government and determining what sort of plan or strategy should be put in place to protect the moraine.

**Mr Klees:** Could you tell me something about the degree of input that your ministry had? You refer to the fact that staff were there as resources. How proactive was your ministry in actually providing recommendations or cautions to the panel?

**Hon Mrs Witmer:** I can tell you that we were very proactive. I don't know if Mr Nixon would like to speak further to that, but certainly we had some recommendations that we felt should be given extremely serious consideration.

**Mr Klees:** Just one last question, then. I understand that the Minister of Municipal Affairs and Housing, who has the lead on this, is now in the process of finalizing legislation that we expect to see in the House soon. Can you share with us the degree of input that your ministry has had in actually crafting that legislation?

**Hon Mrs Witmer:** Again, I would hasten to add that we have attempted to be extremely proactive. Obviously we're very concerned that all steps necessary would be taken to protect water resources on the moraine and we would hope that at the end of the day the recommendations that we have indicated are necessary would be reflected in the outcomes, the final plan.

**Mr Klees:** I can't expect you to disclose what that legislation is right now, but can you tell us, based on what you've seen, that you're satisfied the legislation does in fact contain those recommendations?

**Hon Mrs Witmer:** I'll ask Mr Nixon to respond.

**Mr Nixon:** Just to go back for the benefit of the member, I think the Minister of Municipal Affairs was quite



public about the fact that this was a joint effort among the ministries and that the assistant deputy ministers and senior staff of each of the ministries, including the Ministry of the Environment, were put on the job and given the task of ensuring that there was a balanced approach to the strategy that was developed for the moraine.

That's certainly the case in terms of the environmental protection that will be offered by whatever the government comes up with and certainly true in terms of water protection because, as the member knows, that was a key issue that the public raised and it was raised by the advisory panel in the advice that they provided back to the minister and to the government.

**Mr John O'Toole (Durham):** Just a quick question. The brownfields interests me, rehabilitation in urban areas. I attended a little conference. I'm co-chair of the cement caucus, which is dealing with the use of cement as opposed to asphalt and other things. The presentation, I know, was attended by Ministry of the Environment people on cement solidification as part of containment. Could you just give me a quick response? I think it's an interesting technology that's been applied in some waterfront and other kinds of applications.

**Hon Mrs Witmer:** We'll try to find somebody who has the answer to that. I would just say, Mr O'Toole, that's a very technical area and I believe the individual who has the expertise is on staff and probably is not here.

**Mr O'Toole:** It's just a point I put on the record.

**Mr George Rocoski:** My name is George Rocoski. I'm with the hazardous waste policy section. Although I did not attend that particular session, I have had some discussions with the cement industry about some novel processes and ideas they have in using cement product in a variety of applications, one of which is in the redevelopment of brownfields. It's an emerging area that we're looking at in discussion with them at this point in time.

**Mr O'Toole:** That's sufficient.

**The Chair:** I'm afraid the time has expired, and with that, the time for estimates.

We now turn to the part of determining whether or not the ministry receives its money for the year. There are votes covering about \$233 million. I will now seek the pleasure of the committee: permission to collapse the votes?

**Interjection:** Agreed.

**The Chair:** Shall votes 1101 through to 1104 carry? Carried.

Shall the estimates of the Ministry of the Environment carry?

All those in favour, please say "aye."

Those opposed, please say "nay."

The ayes have it. I declare it carried.

Shall I report the estimates of the Ministry of the Environment to the House? Opposed? I declared it carried.

Thank you, Minister.

We will recess for about five minutes so that there are no injuries in exchanging between ministries, and we'll reconvene here in five minutes for the Ministry of Energy, Science and Technology.

*The committee recessed from 1700 to 1708.*

#### MINISTRY OF ENERGY, SCIENCE AND TECHNOLOGY

**The Vice-Chair (Mr Alvin Curling):** We'll resume the estimates committee. I'm going to call the Ministry of Energy, Science and Technology. It's vote 2901. We'll lead off with the minister. You have about 30 minutes, and you can always cut that shorter for us if you want, in which to make your remarks.

**Hon Jim Wilson (Minister of Energy, Science and Technology):** I appreciate the opportunity to appear before the standing committee on estimates. A little warning: I probably will take most of my time, unless somebody has something they absolutely need to ask me about. I wouldn't mind taking this opportunity, given that this ministry was created some four years ago and I'm the first Minister of Energy, Science and Technology for the province.

We hear a lot about the energy side of the portfolio from time to time in the media. The good news, in terms of supporting research in a massive way in this province, the programs we have to do that, and in creating an innovation culture in the province and creating the groundwork for jobs of today and tomorrow—we don't often read about that or see that in the media, because it hasn't been controversial, and I think it's one of the success stories of the government.

I'd like to begin by talking about the ministry's science and technology strategy and some of our key initiatives and activities in support of that strategy. We're just handing out an insert that appeared in the *Globe and Mail* last week, which was paid for by the advertisers. It outlines a number of the programs we've developed over the last four years. On the first page, I'll talk a little bit about that pyramid. It really is an illustration of our S&T, or science and technology, strategy in the province. It's the clearest illustration I think we've been able to come up with to show you what we mean in terms of supporting S&T in the province and supporting quality jobs now and in the future.

I will try to divide my time equally between the ministry's two core businesses, energy, and science and technology. First, though, I want to talk about the core business of science and technology.

The ability to develop and commercialize new technologies, products and services is the key to maintaining and strengthening Ontario's position in the new economy. To encourage and support science, technology and innovation, the ministry's science and technology strategy is focused on three key building blocks. I again refer you to the pyramid illustration: building a culture of innovation, investing in people and infrastructure and

developing incentives for the commercialization of research.

Our ultimate goal is to help create high-paying jobs and a higher quality of life for the people of Ontario, Canada and indeed the world. There is no doubt that we live in an era of rapid and continuous technological and economic change. More than ever before, our ability to adapt to the new global economy and to seize the opportunities it presents depends on our ability and willingness to embrace science, technology and innovation. Although the opportunities and challenges of the global economy are new, they are not without precedent. Throughout history, advances in science and technology have permitted a steady increase in our standard of living. But this long, gradual progression has been marked by occasional periods of truly spectacular growth.

For example, the Industrial Revolution built on the best science and technology of the day to produce a profound leap forward in human wealth, health and welfare. Since then, the world economy has continued to be propelled dramatically forward by repeated periods of breakthrough advances in basic science, followed by intense investment in new technologies and correspondingly rapid growth in the economy. In each period, entirely new businesses have emerged.

The economic expansion in North America prior to September 11 was due in large part to the latest period of scientific advance in biotechnology, information technology and telecommunications, to name just a few of the most important areas. If history is a guide, these new industries will likely become dominated by a relatively few multinational companies, built upon and still powered by intellectual property. What is equally important for any specific jurisdiction is that where those companies began, they will typically remain, in terms of their core competitive advantage. For example, the head offices and research base of the original Big Three North American auto companies are still in the state of Michigan.

How, then, does a jurisdiction become the home of the new growth industries of this century? Specifically, how can Ontario become the home of these industries? The Ministry of Energy, Science and Technology believes that success depends on the degree to which we develop our innovation process. To visualize that process and our strategy to develop it, I want you to look at the pyramid that's in the handout. At the base of the pyramid is a culture of innovation, a deeply embedded community belief that new scientific knowledge, coupled with entrepreneurial courage, tenacity and vision, will lead to a better quality of life for all. Our strategy to create a culture of innovation is simple. It is to develop local partnerships that will create a culture around science, technology and innovation.

For example, in 2000 we established the \$5-million, five-year Youth Science and Technology initiative, or YS 'n' T, as we call it. The primary objective of YS 'n' T is to help build the community infrastructure that will provide our young people with the opportunity to explore science in a creative and fun way.

In dollar terms this may be a rather modest program, but the ministry will continue to place the highest priority on working with and leveraging additional resources from our many partners to help build this culture of innovation. You're going to see that in every one of our programs. We require contributions from the private sector and we require partnership and contribution, either in kind or in cash, from public sector partners. We take every opportunity to encourage those who receive funding support from the government to engage in outreach programs, to embrace their broader opportunities and to build a foundation of understanding and support.

This brings us to the second layer of our pyramid, investing in science and technology infrastructure, and the researchers and innovators who make it all happen. Research is costly, but any jurisdiction intending to play a major role in the new economy must commit to these types of strategic investments. Our strategy at the ministry has been to help build a critical mass of infrastructure and talented researchers.

For example, the government established the Ontario research and development challenge fund in 1997 with an initial commitment of \$500 million. The purpose of the fund is to help build capacity by forging partnerships between government, research institutions and the private sector. To date, the challenge fund has invested \$374.2 million in 87 major research projects, which our partners' contributions have brought to a total of more than \$1.1 billion.

Last year I announced the establishment of the Ontario Cancer Research Network, in which the ministry will invest \$50 million over three years to increase and integrate applied cancer research in our public institutions. The Ontario Cancer Research Network will accelerate the discovery and development of promising new therapies, speed cancer research by linking researchers, physicians and patients and support ongoing laboratory-based research by establishing a cancer tissue banking network, or what we would call a cancer tissue bank.

Another initiative is the \$85-million Premier's Research Excellence Awards, or PREA. We're in our third year of PREA. PREA helps our best and brightest young researchers build top-notch research teams. One of the things we were determined to do was to reverse the brain drain and turn it into a brain gain for the province of Ontario. In my time as health minister and prior to that as health critic I spent a lot of time with researchers, particularly in the pharmaceutical area, but also with those at Mount Sinai, for instance, at the Samuel Lunenfeld Research Institution, with those at MDS in the private sector and with many of the federal government labs, where a tremendous amount of good research is going on, sponsored by both the public and private sectors.

One of the ways we felt we could help was to show these researchers, not always through monetary means or reward, that we feel their work is valued in this country and in this province. Part of encouraging them to stay here or to come back here is to create a culture in which research and our researchers are valued. I can remember

talking to Dr Tyrone David who, next to Dr Willie Keon, is probably North America's best heart surgeon. He always takes the difficult cases, and they come from around the world to be operated on at Toronto hospital. I remember asking him about seven years ago why he stayed here when he had multi-million dollar offers, particularly from the United States. He said, "Because this hospital makes me feel welcome, and this is my home country," at least his adopted home country. There was an atmosphere, at least in that hospital, and for him from time to time in our media because he would be celebrated, that made him feel like he was very much wanted in this country. He said, "Beyond the fact that I could make more money elsewhere, I feel that people want me, need me and I'm appreciated here."

I thought that for someone of his stature, if that had the sort of effect on him that keeps him here and keeps him motivated, then perhaps we could do that with those researchers that governments of all three stripes over the last 15 or 20 years, prior to the introduction of the new ministry, had simply starved at the bench level. We had to change that around in terms of dollars, but also in terms of making sure that our best and brightest felt appreciated here.

1720

The Premier's Research Excellence Awards are the first of their kind in Canada. I'm not aware of any similar awards in the United States either that are given out by state government. There may be, but they haven't come to my attention. Those researchers are given \$100,000 from the public purse, and \$50,000 comes from their sponsoring institution and/or the private sector through that sponsoring institution. To date, we've invested more than \$30 million in 305 researchers at 15 post-secondary institutions throughout the province.

I invite you to the awards ceremony, which is on November 24. It's a black-tie event. Actually, we joke every year that some of these researchers had to go out and buy a tie, and they seem to appreciate the humour. You'll see them, and many of their colleagues are able to come. We have a tremendous turnout. Again, this will be our third year. The first year, the Premier was able to attend himself. Last year we had the Honourable Ernie Eves, the Deputy Premier, and hopefully the Premier will be able to come this year to just pat these researchers on the back, to give them, yes, their monetary award, but also to let them know the province appreciates their work.

This year's budget brought a first again for Ontario, with the Premier's platinum medals for research excellence. They'll build upon the success of PREA to showcase the high-calibre researchers here in Ontario. We do have high-calibre researchers. You'll notice in the newspaper today that a study of the journals both in North America and in the western industrialized world shows that the best cancer researchers in the world are located in Canada, and most of them in Ontario. That's something that hit the mainstream media that you don't very often read about. It's something that we don't celebrate

and we need to celebrate more. So the platinum medals for research excellence are an opportunity. The Nobel Prize this year was just over US\$700,000. Each of these awards, of which there are two to be awarded each year, to two different researchers, is valued at \$1 million, so they're the largest awards of their kind in Canada and among the largest in the world. We're very, very proud of that.

Each year, as I said, under this six-year program—the platinum awards are a \$10-million initiative—two of Ontario's internationally recognized researchers will receive the million dollars. It's not for them to keep, like the Nobel Prize. You hope, and the rules are, that they will build and will continue to build around them a world-class research team so that they continue their good work, which is obviously being recognized by their peers.

I should mention too that politicians don't make the decision in this case. At the ministry we pride ourselves, and I'll talk a bit about that in a minute, on asking volunteers from the outside, experts in their field. We ask the best to judge the best and we don't make political decisions; we take the advice of their peers, who judge their worthiness for these awards and for many of the other granting programs that we have.

This is the first year, but again, in terms of trying to make sure the public also understands that they have world-class researchers in our midst here in Ontario, the platinum medals this year, because of the very large monetary value attached to them, will attract significant media interest. That can only help, again, pat these researchers on the back and recognize them for their important work here at home. It's a shame that you have to go to Europe to be recognized in science in Canada. It's time we recognized scientists in Canada, and that's what we're doing. These are the Nobel laureates of the future, and there are Nobel laureates of today in Canada and in Ontario.

To help support the considerable costs of the physical infrastructure required to support leading-edge research, meaning everything from buildings to test tubes to the most advanced diagnostic equipment, the government of Ontario established the Ontario Innovation Trust, or OIT, in 1999. After an initial endowment of \$250 million, the 2000 Ontario budget increased the OIT to \$750 million.

Since its inception, OIT has committed more than \$400 million to support 435 research projects at 33 of Ontario's colleges, universities and research hospitals. These investments have leveraged another staggering \$650 million from other sources, including the Canadian Foundation for Innovation and other partners, mainly in the private sector.

To help offset the indirect but necessary costs of research, such as paying the heating and lighting bills, the overhead, the library services, and to make sure that our publicly funded educational institutions don't have to rob funding from undergraduate programs to pay for research, we established the \$30-million research performance fund. It's the first of its kind in Ontario and it's to

pay the overhead. At the time we established that fund, we challenged the federal government to match what we're paying in terms of overhead. We found that with the hundreds of millions of dollars available and going out the door through the partnerships under the OIT and the other programs, the challenge fund, some of our institutions, while happy to get that money—we were draining their other resources and making them rob Peter to pay Paul in order to keep the lights on in the lab. They didn't want to say no to the government money, whether it be federal or provincial, but there needed to be a recognition, and we did recognize finally, that overhead had to be covered.

At a meeting just recently with science and technology ministers across Canada, a federal-provincial meeting just three weeks or so ago, Brian Tobin, the federal minister, indicated that the federal government is seriously now looking at also helping to pay the indirect costs of research at our research institutions. It's a bit of a wait-and-see. Certainly it was a request from all provinces, and I want to thank the province of Quebec for their very strong interjection at that point in our meeting.

Because research and development today depends so much on communication among researchers, the Ontario Research and Innovation Optical Network, or ORION, is providing another \$57 million over five years to connect the province's research institutions with high-speed fibre optic cable. This isn't just your regular high-speed fibre optic cable; this is, in layman's terms, my terms, super-high-speed fibre optic cable. Somebody described the pipe being this big today; this is a pipe like this. We're starting with connecting the research institutions so they can start to send large amounts of research data among themselves. We will, as money allows and as partnership allows, expand that program.

The ministry is not just involved in supporting this type of high-speed research infrastructure; we're also supporting more of your everyday high-speed infrastructure into homes and towns. Through the Connect Ontario initiative, the ministry supports private-public partnerships aimed at establishing a network of 50 connected smart communities across Ontario by 2005.

Connect Ontario builds upon the success of the program we had previously called TAP, the telecommunications access partnerships program. Connect Ontario helps Ontario communities attract new high-tech investment by improving access to community information and services. It will bring the benefits of e-government and e-commerce to our smaller communities through one-window on-line access.

In July of this year, I announced Connect Ontario investments of more than \$5.3 million and three infrastructure projects and 16 business plans to establish connected communities across Ontario. Just one point that may sound a little political, and perhaps it is: the federal government, John Manley, made the big announcement several months ago, when he was still minister, that the federal government was going to connect every home and every institution and every school, cer-

tainly every public facility, to the Internet by some projected date in the future. You'll note that we're the ones actually doing that; he's the one taking the credit for it. The only community that they have connected in Ontario was what? They chose one. Which one was the federal government actually—

**Interjection:** Upper Canada Networks.

**Hon Mr Wilson:** Upper Canada Networks. We, under the TAP program, actually did places like Sudbury and others, helped them through partnership with Bell or—I shouldn't get into all the private sector partners because I can't remember all of the people who have been involved; I don't want to leave anyone out. But I get angry, obviously, as a provincial politician, that the federal government sets these lofty goals but they actually don't have much of a program out there. It's up to towns, with the private sector and some help from us, to try to improve their infrastructure in terms of the information age. So we need to keep the pressure on them to actually come forward with some dollars and move forward with these programs. Brian Tobin, as you will see, is reportedly at this point in history asking his cabinet colleagues for some money, and we'll see whether he's successful probably in the next few days, if not weeks.

**1730**

The third layer of our strategic pyramid, commercialization, deals with how to successfully move new ideas and technological innovations from the lab to the marketplace. This is an area that we're going to concentrate on more and more as time goes on. Perhaps nothing is more important in this regard than the creation and protection of intellectual property rights, something that has been quite topical with respect to genomics, for example. We certainly have seen the beginning of that debate around the issue of the breast cancer tests that the Ministry of Health in all provinces and federally were involved in with a US company. Getting right this process of intellectual property rights is essential to all the rest. For example, our research funding agreements that we have in the province with our public and private partners clearly provide that the recipient institutions and their partners retain intellectual property rights.

Commercialization of invention, the completion of the last leg of the innovation process, is about building relationships and creating interlocking networks. It's about getting business people, financiers and researchers in touch with one another. We are trying to foster these kinds of relationships, for example, through the \$20-million Biotechnology Commercialization Centres that the government has supported, helped to establish, in London, Ottawa and Toronto. These centres will be part of the framework of initiatives that will help us achieve the government's goal of making Ontario one of the largest homes of the biotechnology industry in North America. On that note, I'm pleased to tell you that the first of these three centres, the Ottawa Biotechnology Incubation Centre, officially opened the first of its two sites on October 5 of this year. And we turned the sod on London not too many months ago, and it should be coming along shortly.

Our longest-standing initiative to bridge the gap between our research institutions and the marketplace is our four Ontario Centres of Excellence. The centres have for years connected researchers and entrepreneurs in creative, mutually beneficial partnerships that produce results. They have heightened the capabilities of our research institutions, led to marketable products from innovative Ontario companies, and fostered the creation of more knowledge-intensive jobs right here in the province.

For almost all of the initiatives I have just outlined, a large number of volunteers, as I said at the beginning, on our advisory groups provide guidance, advice, recommendations and program and project approvals. Those groups include the Ontario Science and Innovation Council, the advisory committee on the Ontario Centres of Excellence, the challenge fund board, the PREA board and the BIOCouncil, among others. I want to take this opportunity to recognize their dedication and contribution, without which our budgetary estimates would be considerably higher. In fact, the ministry won a public service award recognizing the fact that we've put to good use volunteers. Rather than the old days of hiring a bunch of civil servants to help make all these decisions and calling groups in just for half-hour meetings, we actually have full-time boards, which we don't pay. They're people like Dr Cal Stiller; Joe Rotman is head of our BIOCouncil; the Prime Minister's brother, Dr Michel Chrétien, is on our science and innovation council; Dr Suzanne Fortier, from Queen's, is the chair of that council; Dr Bill Winegard, a former science minister in Canada and former president of the University of Guelph, is president of the PREA awards.

I would invite you to look at some of the annual reports of the different boards; we'd be happy to make them available to the committee. It's virtually a who's who of research excellence in the province, of business expertise. Many of these people, I have to tell you, don't even put in for mileage to a meeting. It's amazing. They just do it out of the goodness of their heart, and they spend hundreds of hours a year. It was recognized on the national level. Deputy Minister Bryne Purchase, whom I should have introduced at the beginning, and Assistant Deputy Minister Judy Hubert are with me today, and they deserve a great deal of credit, as does Bryne's predecessor, Ken Knox, who was around to help establish the ministry.

I'm very proud of the approach we've taken too. We have very low administrative dollars, because we believe what dollars we are provided by the public purse should go to the researchers, to Connect Ontario, to the programs that we have in terms of front-line services and dollars so that the economy will benefit and the people of Ontario will benefit.

So I've outlined our pyramid, our basis for new investment and job growth in the 21st century, what the ministry is trying to do in the new economy and to make sure that we have those value-added jobs here in Ontario. Why do we do that? Why did the ministry establish it in

the first place? When the Premier asked me to do the job, he said, "Jim, I want you to help recession-proof our province." This was four years ago, because he knew there were ups and downs in the economy; there always has been. I said, "What do you mean by that?" He said, "Well, those economies that provide the new services, the new pharmaceutical drugs, the new therapies, the new inventions like the blackberry, those are the economies, in good times and in bad, from which the world will want to buy goods and services."

**The Vice-Chair:** About a minute more.

**Hon Mr Wilson:** It will help smooth out the traditional ups and downs that we've experienced in our economies in the industrialized world and indeed in the world.

Mr Chairman, I'm just about to begin on the energy sector, so I might just end there, and perhaps, if I'm fortunate, someone will ask me to continue, to just finish up my remarks, during their period of time.

**The Vice-Chair:** I'm sure they will give you time, but we have a lot of questions. I'm going to ask the Liberals, who have 30 minutes. Mr Gerretsen. We'll be leading off with the Liberals.

**Mr Gerretsen:** Good afternoon, Minister. In the absence of our critic, I will lead off with some of the questions that maybe are not as technical in nature as he undoubtedly would have asked if he were here but are more consumer-oriented.

Let me just ask you this right off the top—and this deals more with the energy sector rather than the science and technology sector. The average individual out there is awfully confused by deregulation, where they're getting their energy sources and all the questions that relate thereto. People are being visited on a frequent basis by individuals who are trying to sell them contracts—long-term, short-term, switch carriers—and everything that's associated therewith. What programs does your ministry have in place to educate the general public as far as what's going to happen to, particularly, the electricity market? I think the average person out there is tremendously confused about what may be around the corner for them.

**Hon Mr Wilson:** Absolutely, and it's an excellent question. Last year, we did provide through the LDCs, local distribution companies, mostly municipal utilities—I'll just give you some of the practical tools we've used and then tell you where we're going—a bill-stuffer. So a pamphlet did go in every utility bill in the province last year. I think almost all 4.1 million customers received that. I think we had participation from all of the local distribution companies, and it was good of them, because they believe where we're going, and it was good of them in terms of restructuring the industry to provide space and stuff that in their envelopes.

At the same time, that alerted people to our phone number at the ministry, where we have a call centre set up, inviting people to call in and ask any questions they might have. So far, we've spent \$3.7 million on the stuffers.

1740

But most of that money has been used—you'll note in the papers some weeks go by where you can't help but see in either one of the national papers or the big Toronto dailies, or we've done the weeklies, the community newspapers and the ethnic press, banner ads which have the Ontario crest or Ontario symbol on them and the toll-free line that customers can call for exactly that reason. We know marketers are coming to their door and we want to answer their questions in as balanced a way as we can. The Ontario Energy Board has also taken out a considerable amount of media space over the last year to inform people where they can complain, should they not understand something or not like the approach that was taken by a marketer at their door.

This year, we had another brochure, an updated one called Electricity Update 2001, to follow up last year's. These things are also in shopping malls. If you go into the Eaton's Centre there's a big display of them; you can't miss them.

I'll cushion my words by saying that people are only now starting to get interested. Doing this last year, I've got to admit, they must have wondered what this was in their bill. Part of the marketers going to the door themselves—while we've had some complaints, I think there have been nine million marketer visits by one company alone, and there are a few companies out there; consumer contacts, I guess you'd call them, where people haven't necessarily signed up but that choice has been brought to their door and they are given some information.

We have recently received approval from the government to do a more massive campaign. We know from other jurisdictions that if you do the campaign too many months ahead of time, by the time you get to market opening, people have forgotten. So the advice we got, right back to what we call the market design committee, which was a group of volunteers from the industry, from the Consumers' Association of Canada, from environment, who advised the government how to implement the white paper we did some four years ago—right from that time they said, "Your public education has to be focused, and it has to be focused close to market opening, or people won't pay a lot of attention and won't know what you're talking about." There's another pamphlet going out in the winter of next year and there are going to be radio ads. I'm not quite sure we have the money for TV ads, but we're working on that.

**Mr Gerretsen:** Well, you seem to have lots of money for lots of other government advertising. Maybe you can take some of the money from some of the other ministries.

**Hon Mr Wilson:** That's a good idea. I'm not going to disagree with you.

**Mr Gerretsen:** Put out some meaningful educational ads.

**Hon Mr Wilson:** Anyway, so we are doing something, but I know, you're absolutely right, we need to do more.

**Mr Gerretsen:** What guarantees can you give to the consumer that the rates won't go up?

**Hon Mr Wilson:** In a free market there are no guarantees. We've always said that the best guarantee of the lowest possible prices is competition. I can guarantee that we had no choice. I can guarantee that we could not go forward with the old monopoly system. To make sure we don't become a California, where they hadn't built a major plant in 13 years and nothing in the last eight years, where Silicon Valley moved in during that time and a few million people moved into the state—you're talking about a state with almost the same population as Canada, about 30 million people, and they hadn't built a new generation facility.

Lo and behold, they have a supply crunch. That's widely recognized as the basis of the problem, that and the peak in natural gas prices, because they're about 56% dependent on natural gas for the production of their electricity; we're about 4% or 5% in the province of Ontario. Between gas prices, but more importantly a lack of supply, and no competition, in California, during all the time that everybody's been asking me questions, there have only been three utilities, there have been three monopolies, in a state with essentially the same population as Canada, and they've had all kinds of problems. I'd like to say, whether it's politically correct or not, they've been half pregnant. Everyone is talking about competition, but they haven't really—and I've been to California on three occasions.

**Mr Gerretsen:** Aren't you really doing the same thing here in Ontario?

**Hon Mr Wilson:** No.

**Mr Gerretsen:** Hydro One is buying up an awful lot of the smaller municipal utilities.

**Hon Mr Wilson:** I can tell you about that, but it's not going to be your price driver. For the first time we're actually regulating the wires in this province. Electricity wasn't regulated in the past. It's not called deregulation in Ontario either, which the media does, I understand, because electricity wasn't regulated.

Just let me finish my Ontario Hydro. We couldn't keep going forward. Prices went up, between 1985 and 1995, 60% in this province, and the debt went up. So we weren't even paying our bills, plus the average consumer saw a 60% increase during that period.

Bob Rae actually recognized the problem in 1993 when he brought in the first price freeze. He realized that we were losing jobs in this province. One of the problems was, we went from having the best electricity prices, energy prices, back in the 1960s and 1970s, when Robarts and Davis were able to attract significant manufacturing jobs to this province. Not everyone is going to be a rocket scientist. Not everyone is going to be able to participate fully in the new economy. We have to gain back some of those traditional manufacturing jobs.

This is a jobs and economy government, a jobs and economy cabinet, and we believe fully that the best possible prices will come from competition, as is happening in California right now. You're not reading about California right now because, since they faced their demons and said, "You can't be half pregnant," they've

had four new plants built and prices are going down because there are more people supplying and they're competing with each other. The more plants they can build, the more competitors they have, the better price they'll have. That's what we need in Ontario.

**Mr Gerretsen:** Let me ask you this, then: why are you allowing Hydro One to buy up local municipal electric companies? Doesn't that go contrary to the notion of allowing competition when in effect Hydro One is buying up the municipal utilities?

**Hon Mr Wilson:** There are two separate issues. Now you're talking about Hydro One. It is a natural monopoly, so it doesn't matter whether Kingston owns it or Hydro One owns it. The rules are the same for everyone, and it's regulated by the Ontario Energy Board for the first time.

**Mr Gerretsen:** OK, so it's all right to have a monopoly in that area but not in the distribution, as far as you're concerned.

**Hon Mr Wilson:** It's a natural monopoly. Can I just explain, sir, in a friendly way?

**Mr Gerretsen:** Sure.

**Hon Mr Wilson:** We don't run six hydro lines across the field or in front of your house. It's like the telephone system. Bell owned the original lines but the federal government, in forcing competition in telecommunications, said, "You have to give access to those lines to AT&T or Sprint." By the way, telecommunications prices have fallen and all kinds of new services and programs have been put in place. We'd still be on the old dial black phone if it hadn't been for competition, because what incentive did Bell have to bring new phones to us, to bring "call waiting," which is technology, my department tells me, that was around in the 1940s? A lot of this stuff was wartime technology, or shortly after the war. Call forwarding, all those services—under the old monopoly, there was no incentive to bring those new services forward.

When you could buy a phone at Radio Shack, and we all lived through that, suddenly the old phone company smartened up. In fact, I've always stayed with my old phone company, and people can do that under electricity restructuring. You can stay with your local utility. We don't want people to get upset in any way. They don't have to do anything. They can stay. But we hope that competition, on the generation side, the natural competitive side—or what could be the natural competitive side in this industry—will drive prices down, even for those customers who stay with their current service provider.

I'll just say, in terms of Bell, I've always stayed with Bell because I don't have time, like I'm sure many parliamentarians and other busy people in the world, to respond to the marketers' calls. Bell calls me every once in a while and says, "I hope you'll stay with me. How do you like your service? Our competitor's at seven cents a minute; we're going to six." I think it's damn near zero cents a minute for a long-distance call, I've had so many calls.

So even the old monopoly—

**Mr Gerretsen:** We can learn about Bell some other day.

**Hon Mr Wilson:** So even the old monopoly has been forced, through competition, to provide greater services, a wider range of services, and lower competitive prices.

**Mr Gerretsen:** All right. What guarantees can you give that our power won't be sold to the highest bidder south of the border?

1750

**Hon Mr Wilson:** We've given a lot of thought to that question, because it's a good question and I think people naturally worry about that. I think they have to perhaps to a certain extent understand that there aren't a lot of electricity lines going into the US. There's a constraint there, the actual tie-lines. The amount of physical capacity you have to put electrons into the United States at the best of times exceeds no more than 20% of the installed capacity we have here in the province of Ontario. And the electrons have to go both ways, because we buy and sell from the US—

**Mr Gerretsen:** I realize all that. What guarantees are you building into this?

**Hon Mr Wilson:** This is part of the guarantee. Part of it is a physical guarantee. If you don't believe me, go look at the wires. The electrons have to go both ways, so that 20% isn't even always available because we're buying from and selling to the US. All governments did: yours did, the NDP did big time, and we do. There's a natural flow of power across the border as they need power and we need power. I can go into that a little further.

The other guarantee is in the actual legislation, the Energy Competition Act, 1998. We established a new regulator. Again, it's not deregulation; in some areas, like the wires business, there's more regulation than in the past. It's called the independent electricity market operator. It's headed by industry representatives, but the government also appoints five individuals to represent—

**Mr Gerretsen:** But there are no guarantees, other than the fiscal constraints of the wires—

**Hon Mr Wilson:** In the law itself, we've said that the regulator has to provide for domestic supply and has to look after the customers in Ontario.

The final guarantee is that we've lived under a system of the wires between us and the United States, the wires between us and Quebec, the wires between us and Manitoba for decades, and the lights have always stayed on in Ontario.

*Division bells ringing.*

**Mr Gerretsen:** How much more time do we have, Mr Chair?

**The Vice-Chair:** About 15 minutes.

**Mr Gerretsen:** Yes, but there's a bell ringing too.

**The Vice-Chair:** Yes, there's a 10-minute bell, and in five minutes we can leave.

**Mr Gerretsen:** OK. Well, let me just ask you, in a totally different area, about the innovation trust fund. You lauded that in your opening comments, that's it's a \$750-million dollar fund and \$400 million has so far been put into it. Are you prepared here today to answer

questions about how the money has been disbursed out of that fund?

**Hon Mr Wilson:** Sure, if you tell me what particular project—

**Mr Gerretsen:** Well, the question I have is, why weren't you prepared to do so in the House?

**Hon Mr Wilson:** When was that?

**Mr Gerretsen:** When you were asked that question some time ago—I believe it was in the last session—on the theory that this is an arm's-length body that has been set up and there really isn't a minister responsible for the innovation trust. I think even the auditor made comment on that in his latest report, the report he came out with last year.

**Hon Mr Wilson:** With all due respect, I don't—

**Mr Gerretsen:** So you are fully prepared to answer questions on how the money goes in and goes out of innovation trust. Is that correct?

**Hon Mr Wilson:** The way it's set up as a trust is that there's a board. Mike Gourley, the former Deputy Minister of Finance, is the chair of that board, and I think a person well respected by the people of Ontario. There are other citizens on that board, many coming from the research community and the business community, and under law they are accountable to the rules which establish the trust.

What the auditor said was that he would like to see, I think, a little more ministerial accountability there with the trust.

**Mr Gerretsen:** Exactly. So you're the minister responsible and you're prepared to answer questions about that.

**Hon Mr Wilson:** Yes. I do every time there's an announcement, by the way. We attend every announcement and we explain every announcement. In fact, I'm not only prepared to answer questions about the trust within its mandate, but the board I'm sure would be happy to appear before the estimates committee at any time and explain how they spend their money. Again—

**Mr Gerretsen:** Just so that you know where I'm coming from, I truly believe in a very accountable system and I believe that if public funds are being distributed,

either directly or indirectly through an agency or a board, there has to be some sort of government, and therefore ministerial, accountability. We're getting too far removed from that in a lot of cases, not only here but also federally.

I believe there should be accountability, and if I remember—I don't have the Hansard here in front of me, but I can remember asking this question in the House one day, and I was basically told, "No, we couldn't answer questions about that," because the board was sort of an independent, arm's-length board from government and therefore there was no ministerial accountability.

**Hon Mr Wilson:** I don't think I gave you that answer, but you may have gotten that answer from someone.

**Mr Gerretsen:** I'm very pleased to hear that.

Can I just ask a very technical question? It's on page 8. When we look at the total estimates for last year—and I realize we're in our last couple of minutes here—the estimate for your total ministry in operating and capital last year was \$744 million, and the actual expenditure was \$649 million. What accounts for the difference of \$95 million having been allocated but not been spent?

**Hon Mr Wilson:** The short answer would be that for programs like the Ontario research challenge fund, for example, we would have that money assigned to the ministry, but depending on who applies, how many rounds we're able to do that year—and again, depending on the volunteer board headed by Dr Cal Stiller—we may not be able, for example, to flow out all of the money that we've allocated that year during that year. I suspect that's the answer with all of the other types of programs we have. Again, I'm not driven by any quotas—

**Mr Gerretsen:** But \$95 million in a budget of \$750 million is a rather large amount.

**The Vice-Chair:** May I ask at this time, Mr Gerretsen, before we go on to this: we've got five more minutes. Let me adjourn now until Tuesday—I made it down to orders of the day—so we can go and have a vote.

We stand adjourned.

*The committee adjourned at 1756.*









# CONTENTS

Wednesday 24 October 2001

<b>Ministry of the Environment</b> .....	E-219
Hon Elizabeth Witmer, Minister of the Environment	
Mr Bob Breeze, associate deputy minister, implementation and transition secretariat	
Mr Doug Barnes, assistant deputy minister, integrated environmental planning division	
Mr Keith West, director, waste management policy branch	
Mr Tony Rockingham, director, air policy and climate change branch	
Mr Brian Nixon, director, water policy branch	
Mr George Rocoski, manager, hazardous waste policy section	
<b>Ministry of Energy, Science and Technology</b> .....	E-225
Hon Jim Wilson, Minister of Energy, Science and Technology	

## STANDING COMMITTEE ON ESTIMATES

### Chair / Président

Mr Gerard Kennedy (Parkdale-High Park L)

### Vice-Chair / Vice-Président

Mr Alvin Curling (Scarborough-Rouge River L)

Mr Gilles Bisson (Timmins-James Bay / Timmins-Baie James ND)

Mr Alvin Curling (Scarborough-Rouge River L)

Mr Gerard Kennedy (Parkdale-High Park L)

Mr Frank Mazzilli (London-Fanshawe PC)

Mr Norm Miller (Parry Sound-Muskoka PC)

Mr John O'Toole (Durham PC)

Mr Steve Peters (Elgin-Middlesex-London L)

Mr Wayne Wettlaufer (Kitchener PC)

### Substitutions / Membres remplaçants

Mr James J. Bradley (St Catharines L)

Ms Marilyn Churley (Toronto-Danforth ND)

Mr John Gerretsen (Kingston and the Islands L)

Mr Howard Hampton (Kenora-Rainy River ND)

Mr Frank Klees (Oak Ridges PC)

### Also taking part / Autres participants et participantes

Mr Michael A. Brown (Algoma-Manitoulin L)

### Clerk / Greffière

Ms Susan Sourial

### Staff / Personnel

Anne Marzalik, research officer,  
Research and Information Services