



ISSN 1180-4386

Legislative Assembly
of Ontario
Second Session, 38th Parliament

Assemblée législative
de l'Ontario
Deuxième session, 38^e législature

**Official Report
of Debates
(Hansard)**

Thursday 26 January 2006

**Journal
des débats
(Hansard)**

Jeudi 26 janvier 2006

**Standing committee on
finance and economic affairs**

Pre-budget consultations

**Comité permanent des finances
et des affaires économiques**

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Trevor Day

Président : Pat Hoy
Greffier : Trevor Day

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

Copies of Hansard can be purchased from Publications Ontario: 880 Bay Street, Toronto, Ontario, M7A 1N8. e-mail: webpubont@gov.on.ca

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

Des exemplaires du Journal sont en vente à Publications Ontario : 880, rue Bay Toronto (Ontario), M7A 1N8 courriel : webpubont@gov.on.ca

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
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
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Thursday 26 January 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 26 janvier 2006

The committee met at 0908 at the Cedar Meadows Resort, Timmins.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will please come to order.

Committee members, we have a bit of housekeeping that I'd like to address first thing this morning. Per an agreement of the House leaders, it is requested that the standing committee on finance and economic affairs authorize one staff person from each recognized party to travel with the committee, space permitting, for the purpose of pre-budget consultations, and that reasonable expenses incurred for travel, accommodation and meals be paid for by the committee upon receipt of a properly filed expense claim.

Could I have someone move that? Mr. Arthurs. All in favour? Carried.

Now we'll begin our regular order of business.

ONTARIO MINING ASSOCIATION

The Chair: The committee is pleased to be in Timmins, and I call on the Ontario Mining Association to come forward, please. You may have a seat anywhere you like. The staff will control the microphones. You have 10 minutes for your presentation. There may be up to 10 minutes of questions following that. I would ask you to state your name for the purposes of Hansard. Please begin.

Mr. Allen Hayward: My name is Allen Hayward. I'm the current chair of the Ontario Mining Association. I'd like to thank the members of this committee for allowing us to present our suggestions and concerns on behalf of the province's mining sector. It's particularly appropriate that we do this in Timmins, which has one of Ontario's and Canada's longest reputations in the mining industry.

At this time, we see mining humming along all around the world. Things are booming. Gold is now over \$550 an ounce, copper is more than \$2 a pound and we have very strong nickel and zinc prices to go with that. This has ignited mining activity everywhere. We see this situation continuing in the future, driven primarily by the economies of China and India.

There is also a lot of merger activity in the mining industry right now. My own company, Falconbridge, is quite heavily involved in this, as I'm sure you're all aware. I won't say more than that on that subject.

Just as a reminder, the contribution of mining to the province is significant. I'm going to read off a few statistics to demonstrate that:

—About \$6.4 million per year in claim-staking business at the front end of exploration and development;

—\$139 billion of market capitalization on the Toronto Stock Exchange and the Toronto Venture Exchange, which are probably the primary exchanges in the world for mining activity;

—197,000 people employed in the mining cluster, with an annual payroll of \$9.5 billion, which results in \$3.1 billion in value added to Ontario's economy;

—85% of the workforce uses some form of advanced technology, whether it's in materials, telecommunications or electronics;

—As a percentage of total employees, the mining industry has 50% more people with PhDs than the manufacturing sector;

—R&D investment in the higher education sector in Ontario in natural sciences and engineering has increased to over \$1 billion a year;

—Value added per employee in mining is \$239,000 per year, up 45% over the last 10 years, which is more than the chemical industry, the computer or electronics sectors and the average for all manufacturing.

—Mining productivity has grown 42% in the period between 1997 and 2003.

As I'm sure everyone here is aware, mining holds high potential for regional development. In Timmins, we know mineral production supports local industries. My own company is heavily involved here. Mining operations in Ontario spend about \$1.2 billion on goods and services every year. Of that, \$925 million, or 76%, is spent in Ontario, and of that, 45%, or \$543 million, is spent on purchases from suppliers within 80 kilometres, or 50 miles, of the operating mines.

Government support: what the industry is looking for from government. What specific actions can government take to support this modern, high-tech, environmentally responsible, wealth-creating industry for the greater benefit of the society and economy of Ontario? The Ministry of Northern Development and Mines consultation paper, A Mineral Development Strategy for On-

tario, is a forward-looking initiative and holds the potential to provide a framework for future mineral development in Ontario.

The mining industry noted with interest the Auditor General's report of 2005. While the OMA would support the Auditor General recognized initiatives to review auditing methods applied to claim-staking and assessment requirements and to address the abandoned mine site situation, the OMA would like to emphasize the need for improved geological mapping. The \$15-million commitment in this area over three years in the last provincial budget is helpful. However, more is needed, and advancing knowledge through geological mapping benefits the mining sector through increased possibilities for future exploration. Investments by the province in geological mapping could be enhanced if better coordinated with federal support of geoscientific programs.

I would also like to encourage the committee to look at the neighbouring province of Quebec. In the Quebec provincial budget of 2001, there was an announcement of a tax credit to provide initiatives for mineral exploration. This program has been extremely effective. Although there are variations based on the location of mineral exploration in Quebec, the essential element of the program is that a company can be reimbursed for 45% of its exploration costs.

Tied in with a need for more geological mapping and exploration incentives is the need for additional resources and support for First Nations and aboriginal communities for training and education. Supporting the greater involvement of First Nations residents in the economy through skills development is a just action from the perspective of societal development and something that we hope will better equip First Nations communities to take advantage of employment and entrepreneurial opportunities in the mining industry.

Mining in Ontario is a high-tech industry and needs to be supported as such. The Ontario Mineral Industry Cluster Council is playing a major role to enhance this cluster and the economic benefits it provides. One extremely important initiative of that cluster is CEMI, the Centre for Excellence in Mining Innovation. CEMI is a vital research effort providing a strong foundation for global competitiveness. R&D are needed to apply more intellectual rigour to mine planning and mine processing to ensure we extract long-term potential and sustainable value from our mineral resources.

While R&D has merit in itself, a spinoff benefit is that it trains the next generation of mining's skilled and innovative workers needed to close the job shortage gap, which I will mention in a moment. However, in government research funding programs, the mining industry is largely ignored. Mining industry needs are not well represented in current funding schemes and guidelines, which puts mining R&D groups at a disadvantage. Researchers supporting the mining industry have a difficult time leveraging funding from government research programs. The OMA would like to see current and future research programs give more consideration to the

research needs of mining so that mining is included as an important industrial sector in the research funding allocation process.

The shortfall in the projected mining skills crunch can be seen as an opportunity. MITAC, the Mining Industry Training and Adjustment Council, points out the need to fill 81,000 high-paying, highly skilled new jobs in the next 10 years. This is primarily due to the attrition of the current workforce. Schools like Northern College and the Haileybury School of Mines do a great job in helping to fill that gap. Northern College and Cambrian College in Sudbury are the founding partners in an initiative that now links them with Canadore College in North Bay, Confederation College in Thunder Bay and Collège Boréal and Laurentian University in Sudbury to create the new Federated School of Mines. The government should be helping more with the training and skills development of students to help better prepare them for opportunities in the mining sector.

One of the areas addressed by the Auditor General involved abandoned mines. The MOU between the Ontario Mining Association and the Ministry of Northern Development and Mines is a model to the world for addressing historic environmental mine site issues. However, Good Samaritan legislation would be a positive step in giving mining companies the green light to engage in a broader cleanup.

Energy remains one of the bigger issues for mining operations in Ontario. The OMA is part of a broadly based electricity consumer group that is advocating the need for a period of stable and predictable prices while working on a plan for reliable and affordable electricity in the future. We are recommending an extension of the revenue cap on Ontario Power Generation's unregulated generating stations for three years. Also, we'd like to see an expansion of the coverage to 100% of OPG's output from the current 85%.

If action is not taken by the government, all electricity customers could face another round of rate increases in May this year. Contributing to this perspective, along with electricity uncertainty, are permitting delays and added costs from Bill 133 and employment taxes.

Despite a safety record that has improved steadily for more than three decades, making Ontario the safest mining jurisdiction in the world, government-imposed workplace safety and insurance premiums continue to increase. There is a doubling of health care costs for workers, and WSIB's new model of fairness harms mining and other employees and employers in northern Ontario.

0920

Finally, the Ontario Mining Association sees mining as a solution provider. The mineral products the world needs—perhaps “demands” is a more accurate word—will come from somewhere, and Ontario wants to be part of that trend and benefit socially and economically from mining.

A recent survey by the OMA has shown that 85% of Canadians believe that mining is an innovative, high-tech

industry; 83% of Canadians believe it is important to have Canadian global champions in the mining industry; and 96% of Canadians believe it is important for mining companies to have head offices in Canada.

Again, thank you for the opportunity to present these ideas. I and my colleagues at the Ontario Mining Association would be pleased to discuss any of these issues further and provide more detailed information.

The Chair: Thank you. We'll begin this morning's questioning with the official opposition.

Mr. Norm Miller (Parry Sound–Muskoka): Thank you, Mr. Hayward, for your presentation this morning. You noted that you work for Falconbridge. I had the privilege of having a tour of your Nickel Rim project that you have going on now and was just amazed by the capital investment you're making in the Sudbury area. I was especially amazed looking around at all the investment and equipment that's going into that mine and noting how much of it is coming from southern Ontario.

It's largely unnoticed in southern Ontario. There are people in the south, as I was saying to you before this started—if a similar investment was being made by General Motors, it would be front page news in the Toronto Star, but mining, at least in the south, doesn't get the same sort of attention. I don't think it's recognized how important the industry is to all of Ontario, not just the north.

One of the things you're asking for, in terms of government action, is tax incentives to encourage more exploration. Would that be a program similar to the Operation Treasure Hunt that was in place a few years ago?

Mr. Hayward: I'm not familiar with the details of Operation Treasure Hunt, but what we're proposing is something similar to what's taking place in Quebec right now. I understand that that program cost the government of Quebec \$40 million last year.

Mr. Miller: Do you have some idea of the benefit that's come from it so far?

Mr. Hayward: I can only tell you that one of my areas of responsibility, and obviously an area that Falconbridge has, is Raglan, a mine in northern Quebec. We're spending a lot of our exploration dollars up there. Basically, we're taking advantage of the program to advance our exploration, which in turn, of course—if we're successful, and we have been there—will advance the development of more capital and expanding the operations there.

Mr. Miller: Certainly, I would encourage the government to look at a program such as that, because I think there is a huge benefit. I think the current De Beers mine likely happened as part of one of those programs that were put in place a few years ago. They likely wouldn't have taken on the risk of trying to develop a mine in such a remote location as west of Attawapiskat had there not been some fairly substantial incentives put in place by the government. I certainly think that makes sense.

I'll pass it on. I know Mr. Hudak wants to ask a question.

The Chair: Time has expired. Mr. Prue, of the NDP.

Mr. Michael Prue (Beaches–East York): When you were making your deputation, I noticed you left out a line. I just wondered whether it was time constraints or whether you don't want that idea or what. You said, "Also, we would like to see an expansion of the coverage to 100% of OPG's output from the current 85%," and then you left out "and the immediate return of OPG profits which are surplus to immediate needs to customers." Are you asking for that, or have you changed your mind?

Mr. Hayward: Yes. Actually, I thought I had 20 minutes to make the presentation, and when I sat down I was told I had 10, so I tried to kind of edit it as I was going along. If I missed any important parts, we have provided hard copy. It's all equally important. It was simply a judgment on my part on how to get from the start to the end in 10 minutes.

Mr. Prue: So you are looking for the return of OPG profits.

Mr. Hayward: Yes.

Mr. Prue: Okay. The second question I have is from the next page: You said, and I'm curious about this, that "the WSIB's new model of fairness harms mining and other employers and employees in northern Ontario."

How does it harm employees in northern Ontario?

Mr. Hayward: Obviously, anything that harms the business harms the employees of that business, as a general statement. They're both stakeholders in the business.

Mr. Prue: But if somebody is injured on the job, they're an employee and they're injured, how does the model of fairness—how is that hurting an injured worker?

Mr. Hayward: The issue here is, and I think we quite clearly illustrated that earlier on, that this industry has seen a tremendous improvement in safety results. In fact, for 2005 we finally got our lost-time injury rate below 1%; it was 0.9%. So we've made huge strides in the whole industry, and that includes our employees. Most of our safety initiatives, as you know, are bipartite. They're employee-management safety initiatives.

At the same time that the number of employees has been going down and the accident rate has been going down, the WSIB-mandated costs have been going up. That really is the point here, that there's really very little incentive from our relationship with the WSIB. We're not seeing the advantages that we expected to see from improving our safety results. People come from all over the world to see the safety systems that we use in Ontario. We say we're the safest mining jurisdiction in the world and we believe we are, and I can tell you from personal experience that the numbers of other people come here not to see how we drill and blast but how we handle our safety programs basically to me would vindicate that.

The Chair: Thank you. We'll move to the government.

Mr. John Wilkinson (Perth–Middlesex): Thank you, Allen, for coming in this morning and sharing with us what is truly a success story in Canada and around the world. In particular, in your testimony you said, “Investments by the province in geological mapping could be enhanced if better coordinated with federal support of geoscientific programs.”

I know there’s some new money that has gone into geoscience mapping in the far north, \$15 million over three years, and I guess we’ve put some money into revitalising our own geoscience laboratory. But if you could help us with your advice as to how we can better coordinate with the federal level of government—maybe to get some synergy and get even more results from that—those of us who don’t know much about geoscience mapping would appreciate something.

Mr. Hayward: I must admit, neither do I; that’s not my particular area of expertise. I’m a mining engineer, not a geologist, but I think we’d make the same comment where a lot of federal and provincial jurisdictions overlap. We’d like to see all those programs complement each other.

Mr. Wilkinson: Does the industry cluster council have a relationship with the federal government or is it something that we’re doing here in Ontario?

Mr. Hayward: Certainly it’s more of an Ontario initiative. What we’re trying to do there is model other clusters in other places that have successfully created some energy and some momentum. We think that we’ve got all the necessary ingredients here in the north to have a very successful mining cluster. One of the biggest outputs of those clusters is intellectual property or intellectual capacity. You get a lot of very clever people attracted to those kinds of models, and then they become available in the industry. It’s self-generating once it takes off.

Mr. Wilkinson: So really there isn’t a formal kind of linkage between our two levels of government. I notice that you said you’re happy that we seem to be engaging our First Nations, trying to have a co-operative relationship, so that’s one level of government we’re dealing with, in the municipalities, and that the feds are doing things. It’s maybe not at cross-purposes but just a better coordination.

Mr. Hayward: Yes.

Mr. Wilkinson: So one recommendation we can take to Minister Bartolucci is the need to do that.

Mr. Hayward: Yes, and we’ve had many conversations with Minister Bartolucci and other departments on all kinds of things, including the permitting process; how things could be better coordinated from an industry perspective by all of the different departments and the different levels of government.

The Chair: Thank you for your presentation.

The committee members would want to know that some research materials have been placed at each of your places this morning. You can look at them at your leisure.

0930

PORCUPINE PROSPECTORS AND DEVELOPERS ASSOCIATION

The Chair: I would now call on the Porcupine Prospectors and Developers Association to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Bill MacRae: Good morning, Mr. Chairman and committee members. I’m Bill MacRae, president of the Porcupine Prospectors and Developers Association, a local prospectors’ group. I’d like to thank you for this opportunity to speak with you today.

The things that are important to Ontario prospectors and explorationists in this area are, first and foremost, land access. Over the past several years we’ve seen that dwindling with Lands for Life and Living Legacy. Our access to exploration lands has diminished our opportunity to look in new areas.

A second issue would be what I call “good geological databases,” which is geological mapping by the OGS, something that previous speakers spoke on—support of things like the targeted geoscience initiative with the GSC, an operation where they’ve targeted base metal-type exploration in five centres across the country.

The other part of that is the co-operative geological mapping strategies that the Ontario government is supporting, working with Quebec, so that we eliminate the boundary faults between provinces, so that the same rocks go across the border, so that hopefully we can map them that way. I think that’s a good initiative but we need more and stronger funding in that.

With other data collection initiatives such as Discover Abitibi and discover Nipigon we were able to, here locally, get federal, provincial, municipal and industry together to fund and support a data collection process. We’ve spent close to \$14 million in real money and probably brought into the geological information well over \$150 million in historic data that was not available before.

These sorts of initiatives can be ongoing. We need support for the second phases of Discover Abitibi through government matching of funds and support.

Another issue we feel strongly about is the flow-through share program. The federal government in fact stopped the program as of December 31, but provincial governments have programs in place for each province. Quebec has roughly a 50% incentive on top of the federal incentive. Manitoba has 10%, with Ontario sitting at 5%. I’d like to see that increased to a much better value because I think the thing that has carried Ontario so far has been its abundance of good geological areas that attract people and good world-class mining camps like Timmins that get the junior companies here, and it’s the junior companies that take advantage of flow-through. If you look at the last eight or nine years, major companies

have been spending anywhere from \$300 million to \$450 million a year. The junior companies have been spending anywhere from \$150 million, up to \$600 million this year. So it's things like the flow-through program that support the junior companies. If we don't find mines through junior companies, the majors do not have a good history of finding mines.

Another issue is sustainability. We need to find new deposits; our reserves are depleting.

All of the previous issues address how we can find these new mines. We also need people, and the idea of training, specifically in the geosciences, for geologists and engineers to help us. If we don't have the people to do the exploration, then the exploration won't get done. So we'd like to see some encouragement or some financial incentives to get people into the geoscience projects or the geoscience education stream.

Another issue—it's more related to mining, but it's now becoming closer to the exploration side of things—is permitting. Normally, in a mine situation it takes two to three years of just simple permitting to get an operation going. We'd like to see that streamlined and maybe centralized into a one-window approach so that we don't have to spend money and duplicate projects and investigations to get these permits in place.

The final thing would be, with junior companies and explorations, dealing with native issues in the north. The government has generally stepped away from that and left it up to the responsibility of the companies, but we feel it's an issue that the government should take the lead in. A junior company can't afford the time and effort, and it's usually several years to be able to deal with these issues and do the work.

Those are the issues that I have this morning. Thank you for the opportunity.

The Chair: Thank you for the presentation. We'll begin this round of questioning with Mr. Prue of the NDP.

Mr. Prue: On the last point, I'm a little curious on this: government taking the initiative to go into traditional aboriginal lands to tell them what? To let people go in to explore? Usually, when you go to someone's house or home or property, you ask permission yourself; you don't have a third party. I'm just curious.

Mr. MacRae: If you approach it on a company-by-company basis, the larger companies tend to set a precedent, like the De Beers benefit impact. They'll set the precedent and then the native groups will want to have that same sort of benefit. For a junior company that is only doing some diamond drilling, it's just unrealistic. We would like to see the government facilitating these meetings and negotiations so that the junior companies don't take the full financial burden for a small program that a large company can manage quite easily.

Mr. Prue: So this is for the government to step in because some of the native communities have too high an expectation in terms of what they're going to get. If they don't get it, they tell you, "Don't come on our land." I guess that's what they say.

Mr. MacRae: That's right, yes.

Mr. Prue: This is a difficult one. I can understand where you're coming from, but this is treading on their traditional land without compensation that they feel is adequate. That's true of any property owner.

0940

Mr. MacRae: I'm not saying there's no compensation. I'm just saying that if the government takes the lead in negotiating, then there might be more consistency between these negotiations.

The Chair: We'll move to the government.

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge): I'd like to explore just a little bit more, if we could, the issue of land access for exploration. You made some comments about some decisions that have been made around Living Legacy and the like. My understanding is that that has restricted the capacity to get access. Can you take a little bit of time and tell me a little more about the constraints and the issues surrounding that?

Mr. MacRae: With the Living Legacy and Lands for Life, all those lands that were withdrawn into those areas are treated as parks and, as a park, there is no exploration within those boundaries. In my involvement with this association, they've gone from probably less than 5% of the province to well over 12%, I think it is now. That's a very large amount of land that has been withdrawn from us.

Mr. Arthurs: And much of that would be land that would traditionally have been within reach for the purpose of prospecting and mining, that could be accessed for that purpose, and product moved from the mine sites to wherever they had to go, if you had greater access to those lands?

Mr. MacRae: It's things like waterway parks. They're long and narrow. Sometimes the most cost-effective way to get to your land is across those parks. Now that access is denied. You have to go around or use much more expensive means to get to the other side of a park that may be less than a mile wide.

The Chair: Mrs. Mitchell, about a minute.

Mrs. Carol Mitchell (Huron–Bruce): I just have a quick question. One of the recommendations that was made by OMA—you were sitting here and you heard the presentation—referred to geological mapping. They're looking for enhancement and better coordination between the federal and provincial governments. With the nature of your business, how do you respond to that recommendation?

Mr. MacRae: I would like to see more funding into the OGS, the geological survey. I think the far north initiative is great but, in reality, \$15 million is nothing. We need much more than that to build what I call a good geological database and good mapping. Just because an area was looked at in 1950—ideas have changed; new theories have come along. It needs to be looked at again. We've always tried to get areas re-looked at on a systematic basis. Co-operation with the GSC is proposed. I don't know whether it's going to survive through this government change. There was a \$25-million program put in place and a project in the Abitibi defined. We hope

that's going to go ahead. That will help to get both Ontario and Quebec working together. That's the other issue I have, getting Quebec and Ontario to work together. They've started, but I think we need a lot more pressure on that.

The Chair: We'll move to Mr. Hudak.

Mr. Tim Hudak (Erie–Lincoln): Bill, thanks very much. It's great to see you again. I certainly appreciate all the advice I had from the Porcupine prospectors—and I know PDAC is on a bit later this morning—in my time as mines minister.

I have a couple of quick questions for you. You talked a bit about the Quebec program, and we had brought in the Ontario focused flow-through share program. Could you just refresh on how we're comparing in that respect to the other provinces and what level you think Ontario should achieve?

My second question: I've heard some concerns about electronic registry and electronic prospecting, and I'm wondering where that stands and your opinion on that.

Mr. MacRae: I think you're implying about map staking or alternate methods.

Mr. Hudak: Exactly.

Mr. MacRae: Locally, we do not support it. There is a very large industry locally in on-the-ground staking. It's a strong employment factor here. We do not support it in any way. We understand the problems, which are generated more in southern Ontario, and we have conditional support for map-staking south of the French River, but in this area we do not support it.

Mr. Hudak: And the focused flow-through share program?

Mr. MacRae: It's great. It just needs to be higher.

Mr. Hudak: To what level?

Mr. MacRae: Five per cent right now.

Mr. Hudak: And do you think we should get to Quebec's level or halfway or—

Mr. MacRae: I think we could probably get to 30%, which would be fantastic. The ability to raise junior monies—you won't see it this year, because people have raised their flow-through up to the end of December, but you'll see it next year when that money is spent.

Mr. Hudak: Is there still time?

The Chair: One minute.

Mr. Hudak: You mentioned too the importance of better provincial participation in furthering the dialogue between First Nations and prospectors and First Nations and mining companies so that we can mutually benefit from some of the resources we all know are under the ground. Is there any specific advice you'd give the committee in terms of how the province can move that along?

Mr. MacRae: I would like to see, maybe, a committee set up that deals specifically with those issues—

Mr. Hudak: Involving the province, PDAC—

Mr. MacRae: No, specifically a government committee that would deal with issues between natives and junior mining companies and prospectors.

The Chair: Thank you for your presentation.

TIMMINS AND DISTRICT HUMANE SOCIETY

The Chair: I call on the Timmins and District Humane Society to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I'd ask you to identify yourself for the purposes of Hansard.

Ms. Lynn Michaud: Thank you. My name is Lynn Michaud. I am the executive director for the Timmins and District Humane Society. I am also a cruelty agent and an animal control officer. I want to thank everybody for allowing us to present today. It's a good opportunity for us.

The Ontario SPCA is a non-profit charitable organization dedicated to the protection of animals. As the handout clearly indicates, that includes anything from birds to bats, rats to raccoons, dogs to deer and cats to cows. There's pretty much nothing we don't take care of. We actually have a lizard at our shelter right now.

The Ontario SPCA encompasses branches and affiliates. The Timmins and District Humane Society is an affiliate. We provide care and shelter to tens of thousands of abused or abandoned animals a year. The Ontario SPCA is mandated under the Ontario Society for the Prevention of Cruelty to Animals Act to enforce animal cruelty laws. Because of this, we have the powers of the police to lay criminal charges as well as charges under the OSPCA act. We have also been named as an agency to enforce the new Dog Owners' Liability Act, referred to by ourselves as DOLA but also known as the pit bull legislation. We are also called upon by various government ministries on a regular basis to perform services. These have been issues such as OMAFRA—sale barns and the Dead Animal Disposal Act—and the MNR for bear cases. We're called upon for services such as those.

The Timmins and District Humane Society is actually only responsible for the area between Timmins, Iroquois Falls and Raymore. However, we also cover all the way to Hearst and Cochrane, as well as assisting Sudbury with Chappleau and Foleyet because there is no branch or affiliate in the Kapuskasing area. There was one at one time, but because of various reasons, those services were withdrawn. Even though we're not expected to cover that area, we do so because there is a need for animal protection services in that area.

In regard to operating costs for the Timmins and District Humane Society, our operating costs are about \$220,000. Some of that is funded through animal control services, but the majority of it is through fundraising, donations and whatever grants we can apply for. We receive no government funding for our day-to-day operations, which are our adoption program, spay/neuter program, vaccination program and education, as well as the Investigation: Cruelty pieces that we do. Investigation isn't just the manpower of investigating; if we end up removing an animal, we have to pay for that animal's care, whatever process is required if we're going to lay charges or to ensure that that animal is seen to. Nine

times out of 10, we don't get that money back. People usually don't have the funds, or we never see it. So we don't get any money for that, and we lose a lot.

0950

Demands on animal welfare: In the past five years, the number of animals rescued by the Ontario SPCA has more than doubled and the number of animal cruelty charges laid by the Ontario SPCA under the Criminal Code as well as under the OSPCA act has increased sevenfold. If you look at the numbers, in 2000, a little over 3,000 animals were rescued, compared to 2004, when 7,267 animals were rescued. In regard to charges, in 2000 we laid 97; in 2004, 695.

I can speak to our area here. In the last month, I will be laying four criminal charges of animal cruelty. I'm going to have a total of eight in the last four months. That's eight charges of animal cruelty in the last four months, just in this area.

Search warrants have quadrupled, as far as their use and execution, as well as orders, which have tripled. When I speak of orders, for those who may not know what that is, it's when an animal is seen as requiring changes to its care or environment. We issue orders to those people, advising on those recommendations. That has tripled, as far as our role is concerned.

Going back a bit to the pit bull legislation: This is a service we provide, but again, we get no funding for it. If an animal contravenes DOLA, we take that animal in and have to hold it for five days. We get no funding for caring for that animal, feeding it, doing the investigation as to whether we have to apply for an appeal hearing to have the dog euthanized if it has bitten somebody—again, resources we don't have to implement that. We're not compensated for it.

Animal care and protection services have increased for a number of reasons. Just going back to 2001, the OSPCA spent \$6.4 million for animal care and protection; in 2004, it was \$8.1 million. That's an increase of 26.4%.

Going back to funding a little bit, we've got some good community support in Timmins. We've been fortunate to have what we call angel donors to assist us in doing our day-to-day work. One of our angel donors gave us a substantial amount of money to purchase our new shelter. It wasn't the best shelter, but we got a shelter, which was good, because we were close to having to close our old shelter; we didn't have the funds to get a new one. We've been fortunate that way, but that kind of support is very inconsistent and not something that can be relied upon. This year, because of the new shelter and the renovations, we're looking at a real financial crisis for the Timmins and District Humane Society.

Speaking to financial realities, again, a lot of the OSPCA's funding comes from legacy donors, donations, fundraising. They're not consistent and they're not reliable. For ourselves, we project a deficit of almost \$90,000 to \$100,000 for the Timmins humane society. We'll work our butts off to try to find that money, but that's what we're looking at and that's a reality. Part of

that is for renovations for the shelter. We don't have the funds right now to bring it up to speed. It is acceptable right now, but we're looking at a requirement of over \$17,000 over the next five years to provide the renovations required to sustain it.

As far as the increase of activity for cruelty investigations in Timmins alone, I believe that ours has increased dramatically. One, there was more presence of the OSPCA here, and so people are recognizing that and calling us more. Also, because our presence is felt more in Kapuskasing, Cochrane and Hearst, we're getting more calls there. We're getting almost as many calls from Kap, Cochrane and Hearst—more rural areas—as we are in Timmins.

The other reason we see an increase in our services here is that recently, in July, we took over animal control services. We're seeing much more animal cruelty now because we're in there for animal barking or other complaints. Two of the charges I spoke to that came in the last month came from animal control—two severe cases of neglect to dogs. We would never have gotten them if it hadn't been for animal control. So we're seeing a huge increase in our role as cruelty agents.

Just to speak to that, I am actually the only active agent in Timmins, Cochrane and Hearst to cover this whole area. So I'm kind of by myself, with the assistance of Sudbury and other agents when needed. Again, increased staffing would be a great thing.

Another reason that I think we're seeing an increased problem with cruelty and investigations is that there is a pet population problem throughout the province. I can speak for animal control. On average, if I was going to guess, we put down about 150 cats per month. We probably put down 30 dogs per month. We euthanize them, not because they're aggressive and not because they're sick; we have no homes for them. We get them by the dozens. We could get 17 cats in one day. This adds to the neglect and abuse that we see these animals going through. There are just too many of them. Something the OSPCA is firm about is the pet population and spay/neuter, and it's something we promote.

I've spoken already in regard to Hearst and Kap, and the problem that if we have to look at withdrawing our services from there—something we are seriously considering because of our financial constraints—you're looking at the police covering that area and the possibility of the municipality's having to start taking in abandoned or neglected animals, something that I'm sure they don't want to do, not that they're not interested. They were quite happy to give us animal control in this area, because they too needed a new building for their animal control services.

The Chair: You have about a minute left in your presentation.

Ms. Michaud: I'm almost done.

Basically, if you look here, there was a Grant Thornton report that was commissioned by the McGuinty government. It recommended that government must provide interim funding to facilitate the stable operations

of the Ontario SPCA and its branches until a long-term strategy is developed. It must develop this long-term strategy for the provision of animal welfare services. It recommended that this strategy should consider a review of the legislative and governance structure and the development and consideration of a capital funding plan by government, including building renewal and new technology.

The Grant Thornton report is very clear that animal welfare services need funding. We need it to continue, we need it to function, and there's a real need for us to be there. If we divest these services to the police, you're looking at an increase of about \$30 million plus \$10 million to \$20 million just for start-up costs. We do this job well. We're trained; we know what we're doing. I don't think the police forces and the municipalities have the funds or want to do what we do. The Grant Thornton report is very clear that funding is a necessity for the continued role of the Ontario SPCA. We do this because we love it and because we're committed. But do you know what? There's a financial piece, and it's a reality. We need that to sustain who we are.

The Chair: Thank you. We'll begin this round of questioning with the government.

Mrs. Mitchell: I just have a couple of quick questions. What would you say was the main contributing factor to the increase in cruelty to animals?

Ms. Michaud: There are some statistics that indicate that domestic violence contributes to animal cruelty. I don't know if there's an increase in animal cruelty. I think there's a twofold piece: There's the pet population issue—there are just so many pets—but it's mostly that there's just much more awareness that if you see this happening to an animal, it's not okay. Providing inadequate shelter for a dog outside, horses left without shelter—I think people are more educated about it and are being more active in calling and saying, "I see this happening, and it's not okay." So we're going out and investigating it. And because there are more agents now—we're increasing slowly—there's more of a presence. There are more bodies, mostly volunteers, who can go and enforce the OSPCA act. I think that's the rise we're seeing. I don't know if there's research to say there's an increase in cruelty. But I think that's probably mostly what we're seeing.

Mrs. Mitchell: But certainly first-hand—you're out there in the field—that's your understanding, and the numbers certainly support what you're saying.

Ms. Michaud: Yes.

1000

Mrs. Mitchell: One of the other questions that I have is with reference to Mike Colle's previous bill. Is there something that you want to make particular emphasis of within that bill that you feel needs to move forward?

Ms. Michaud: One of the big things that we're looking at is lifetime bans for people charged with cruelty. Right now, it's two years to five years, depending on the area. Lifetime bans, higher fines, things like that, are important because a person charged with animal cruelty has

two years without having an animal, and it starts all over again. That's one of the big things that we're looking at.

Mrs. Mitchell: That is a problem that you see: The two years are up and then it's back at it again; there's a repeated behavioural pattern.

Ms. Michaud: Yes.

The Chair: We'll move to the official opposition.

Mr. Miller: Thank you, Lynn, for your presentation. You mentioned that the recent pit bull legislation passed by the government is adding to your costs of operation. Locally, what sort of increased costs are you faced with because of that legislation?

Ms. Michaud: We had a recent case of a pit bull that bit a child, and we had to quarantine it. We had to provide that animal with care; we had to hold it. As well, we had to do an investigation with the police as to whether we were going to have the evidence to support putting forth an appeal for a hearing to have that animal euthanized. That takes time and manpower: holding a cage, food, kennel cleaning and time for that animal. That was just two weeks ago. We see pit bull issues coming through, if they're loose, as far as having to go and enforce the legislation.

Mr. Miller: Have you had to euthanize any pit bull puppies that have been born since the legislation came into effect?

Ms. Michaud: Strictly under DOLA or just because they come through our shelter?

Mr. Miller: Because of this new legislation.

Ms. Michaud: Not yet, no. We considered it for this pit bull, but we didn't have the evidence to support it.

Mr. Miller: I know one of the problems with the legislation is identifying a pit bull. Have you had challenges with that or situations where you had to step in and identify whether a dog is a pit bull or not?

Ms. Michaud: Not yet, but I certainly anticipate that as more time passes. But no, it has been fairly clear to us what has been a pit bull and what has not been.

Mr. Hudak: Thank you very much for the presentation. I know that the humane society, the SPCAs, had signed up across the province. They had registered across the province. I'm pleased that we're able to hear from you in Timmins.

I was going to ask specifically about the Grant Thornton report. You had worked with Minister Kwinter and his ministry to advance some issues of importance to the humane society, but it looks like you've had absolutely no progress for the last number of months; am I reading that correctly?

Ms. Michaud: Yes.

Mr. Hudak: So you've been told by the minister that it's all off, or is it gathering dust on a shelf?

Ms. Michaud: I can't speak directly because that comes more from the head office, but what I'm understanding is yes, it has basically been shelved and they've said, "Sorry," despite the report being very clear that this is what is required and having the support of MCSCS is vital for it to continue. But no, we've gotten nothing.

Mr. Hudak: One bullet point you have is, "Despite being told for months that a strategy was being developed

by MCSCS, it has finally been confirmed that no such strategy exists.” That’s on page 6. Is the SPCA saying that they were told that something was being developed but that wasn’t true?

Ms. Michaud: Yes, that’s my understanding.

The Chair: Now we’ll move to the NDP and Mr. Prue.

Mr. Prue: I’ve been trying hurriedly to read this Thornton report. It appears that your organization, the SPCA, gets a fair amount of money from legacy bequests. Is there something in the body of this that the Ontario government be asked to match those? If we can get some matching dollars or some mechanism to get more money—

Ms. Michaud: From what I’ve seen in the Thornton report, what I think is recommended is that there be a cap for legacy donor funds and if there’s anything above and beyond, it would be put towards capital funds for anything that would be required. So I don’t believe there’s anything in there that speaks to matching the donor legacies.

Mr. Prue: From what I’ve heard from you, the problem that you have is primarily a financial problem. You have the capability, the willingness, the community support, the structures and everything you need; there’s just not enough money to do the job right.

Ms. Michaud: There’s not enough money, and it’s inconsistent money. We rely heavily on—we call them angel donors; head office calls them legacy donors. It can change from year to year. One year we get \$23,000, and the next year we might get \$50,000. It’s hard to budget, and it’s hard to base our care of the animals on that inconsistent funding.

Mr. Prue: When you say “legacy donors,” these are people, I assume, who leave money in their will.

Ms. Michaud: Yes.

Mr. Prue: So it’s not ordinary fundraising. You never know when someone is going to die.

Ms. Michaud: Exactly. The other thing the Thornton report speaks to is that the legacy donors often have restrictions. So it will have to be used in a certain region or in a certain way that may not be feasible. So say someone in Kap says, “I’m leaving this to the humane society in Kap,” but there is no humane society and it has to be used in Kap. There are some restrictions, and that’s part of the problem with the legacy donors. It’s not just handed over to do with as you wish. Sometimes there are restrictions that limit our ability to access it.

Mr. Prue: Would legislation that would free it up help that?

Ms. Michaud: There’s a recommendation in the Thornton report that the OSPCA pursue removing those restrictions from those legacy donors.

The Chair: Thank you for your presentation.

PARENTS OF DORANS ROAD

The Chair: Parents of Dorans Road, would you please come forward? Good morning. You have 10 minutes for your presentation. There may be up to 10

minutes of questions following that. I’d ask you to identify yourself for the purposes of our recording Hansard.

Ms. Brenda Burey: My name is Brenda Burey. I live at 99 Dorans Road. That’s about seven kilometres on a rural route road, off Laforest Road, in Timmins.

I am here because I would like to tell you that since the spring bear hunt was cancelled in 1999, I have been trying to get the school boards to send buses down our road to the homes of the children of Dorans Road and all other rural route roads in Timmins. As of September 2005, a decision was made to cancel our school bus and make the children of Dorans Road walk over a kilometre to catch their school bus. That is at the corner of Dorans Road and Laforest highway.

There was always a bus coming down to our home and the other children’s homes on Dorans Road since we moved here in 1998. A small bus was sent for the children, and they were all picked up at the end of their driveway. I have provided a photo. Children of the French school boards had to walk, and the high school children were all made to walk the required distance set out by North East Tri-Board Student Transportation.

Since September 2005, all the children of the English school boards, from ages four and up, have had to walk to the highway. My son is 13. His bus stop is 0.5 kilometres up our road and down our highway, five houses away. His bus would pass Dorans Road, but they are making him walk. So that means someone came to the end of our driveway and drove down the highway; because of his age, he is required to walk that distance. But the child who lives at 645 Laforest is picked up at the end of his driveway and doesn’t have to walk. Changes were made because of a younger child catching the same bus as my son. He now has his bus stop at Dorans and Laforest. They changed that September 29. I believe that if there was no younger child catching the same bus as my son, then my son would have to walk that road and down the highway and no changes would have been made, because they have said it’s within their policy.

I have asked why, and time and time again I have had no valid reason ever given to me. Since the separation of the French and English school boards, our children are now made to walk. The French school board feels, for safety reasons, that their children should all be picked up at the end of their driveways.

I asked that I have a letter stating why this was changed in September 2005 and why our children now have to walk. A letter was finally sent to me on November 16, 2005. Reason number 1: “Our policy clearly states ‘there will be no stop on a hill, curve, dead end or any other location that could be considered hazardous.’”

So I called the Timmins engineering department and asked them if the school board had contacted them in 2001, as stated in my letter from the tri-board, and why it was deemed hazardous. They said no one from the school board has ever discussed Dorans Road with them and that the road was perfectly fine and there is no reason why a bus or buses cannot come down our road. He also stated that there have always been a bus down our road for

years and asked why they have stopped that now. I told him I am trying to find that out. After all, we have garbage and recycling pickup. We also have our mail and paper delivered every day. Our road is a public road and is maintained by the city of Timmins.

1010

Reason number 2: Our road is a dead end and, in their policy, no bus will go down a dead-end road. Our road is over a kilometre long, and there are plenty of other dead-end roads. The children on these roads all get picked up at the end of their driveways. The bus pulls in and turns around with no problems. All my children ride on these same buses. Why don't they get picked up at their driveways, they ask me, like all the other children? Their roads are no better than ours.

Reason number 3: Two buses on the same road might cause a possible problem. Well, they never had a problem in the past. The bus drivers have stated to me that they do not like this situation of dropping children off at the highway. They don't like it. It makes them nervous and they fear for the children from a possible bear attack. But they are all told, "Do not go down Dorans Road." They have told me that if they could, they would bring the children home for peace of mind, knowing that the child has arrived safely.

Remember that country-based children do not have the same advantages as city-based children. The tri-board policy must take this into consideration and safety provisions must be made and policies changed for all children of rural route roads in northern Ontario.

I have voiced my concerns to the tri-board, the principals and school boards. Trustees have even come to my home. I thought these concerns would be heard and policies would be changed. But despite my concerns on my web page, I have been sent a copy of a letter from Toronto to Yahoo!Geocities to have my website shut down. What a slap in the face. Instead of spending money to change the policies and keeping our children safe, they're spending money for a lawyer to shut me up.

This situation is an accident waiting to happen, and accidents can be prevented. Bears have powerful jaws for which a child is no match. We are told to walk with them to the highway. Well, an adult is still no match for the jaws of a bear, while the child is debating whether to help or run for help. I am told by the board that the bear issue is a provincial issue and not theirs.

On the Timmins Police website it states, "Do not let your children go out and play in the woods." But the tri-board is making our children walk over a kilometre in the woods to catch their school buses at 7:30 in the morning with a packsack full of food.

There are not many parents here because they are afraid that if they support me, their children will have to start walking like the children of Dorans Road. Because of my complaints, some children have now been forced to walk. Bus drivers are told to drop a child off at their bus drop, even if they are passing the child's home.

In the tri-board policy, page 4, point 2, it states—I have it here printed out—"If a pupil for whom walking poses a danger," they'll make an exception.

That children who live in the country have to walk up to and over a kilometre to catch their school buses poses many dangers. There are no sidewalks. The children have to walk on the road. Children have to walk with wild animals, and the bears are all over our country roads and on our properties, spring, summer and fall. Since the spring bear hunt was cancelled, there are over 200,000 bears roaming our countryside and entering our cities. As of September 9, 2005, there were 543 nuisance bear calls to the Timmins city police. The bears are more aggressive, and there has already been a death this summer only 70 kilometres from here.

We also live in blueberry country. We can pick blueberries for days up and down our roads.

There is also the danger of child abduction because children have to walk deserted country roads to catch their buses. But our children have to walk and wait, with the bears just inside the bushes. One of these days, a child is going to be killed by a bear and then there will be a law passed and all children of rural route roads will be picked up at the end of their driveways. If you can't see them get on the bus, then the bus stop is too far.

Bears have been at our patio doors, in our driveways and walking the highway. There has been a mother bear and her cubs at the corner of Dorans Road and Laforest all summer long. Our children's bus stop is at the corner of Dorans and Laforest. Despite this, we are told that policies will not change and we must walk with them.

There is Sabrina's Law, where all schools must be equipped with an EpiPen for allergic reactions and personnel must be trained to deal with this. But remember, Sabrina had to die to get this law passed. In Sabrina's memory they will ensure no other child suffers a similar, likely preventable, death. Are we waiting for the death of a child to change this? Well, I'm not. We drive our children to the bus stop every day at the highway, but it's unfortunate that our young neighbours have to walk over a kilometre to the highway because the parents work early and are unable to drive them. Our neighbours have picked up the little girl, who is 11, because there was a bear in their driveway five minutes before she left her door. Despite my concerns, there are still no changes. She is sometimes afraid to walk the half kilometre to the highway because there's always a bear around.

I have contacted the Premier of Ontario, the Ministry of Education, MPP Gilles Bisson, our Ombudsman's office, and Brian Peat of the Ontario Federation of Home and School Associations. They have all responded and told me they agree that something must be done and that this must be changed. They want our children to be safe, but despite their phone calls to the school board, there is still no change. Mayor Vic Power of Timmins has also e-mailed me and called. He states that he agrees with me that no child should have to walk, but there are still no changes.

That is why I'm here today, because who knows how many children have to walk these distances to catch their school buses out there in the country? One day, one of these children is not going to make it home. This needs to be acknowledged and it needs to be changed.

Walking on rural route roads poses great dangers to our children. I am asking that this be changed for all children of northern Ontario. Don't let our children walk in fear; keep them safe. Start sending buses to pick up all the children at their driveways if they live in the country.

The bear situation is not going to get any better; it's only going to get worse. If we have another dry summer, then the berries will be scarce. We don't grow vegetables any more in our backyards, and we no longer put out bird feeders. We put up a fence and don't let our children play outside without adult supervision. But we are still expected to make our children walk the country roads to catch a school bus.

Remember, country-based children do not have the same advantages as city-based children.

The Chair: Thank you. We'll begin the questioning with the official opposition.

Mr. Hudak: Thank you very much, Ms. Burey, for the presentation. Obviously, you are a passionate defender of your children and their safety, as you should be. I appreciate you bringing it forward to this forum.

There are two real issues that you have spoken about. One is the number of bears, and the other is the safety of students having to walk great distances to board the bus. I take it by your presentation, just on the bear issue, you'd be a supporter of a return to the spring bear hunt, or do you really have no opinion on that?

Ms. Burey: I really don't have an opinion. I support it both ways. My issue is, if you're going to change that law, change the law that everybody else is affected by.

Mr. Hudak: Right. So either way, despite whatever the policies are on bear hunting—

Ms. Burey: There are other things on the road besides bears. There are no sidewalks. The kids are in danger. I have had a child picked up for four months by a 40-year-old man at the highway and we didn't know it.

Mr. Hudak: Under the current school board policy, how long was it, did you say, that your children would have to walk to the bus?

Ms. Burey: How far or how long?

Mr. Hudak: How far would it be?

Ms. Burey: We live at 0.3. Our neighbour who is 11 lives at 0.5, half a kilometre. Our high school student lives at 1.1 kilometre.

Mr. Hudak: OK. How has the response been from other parents who live in—

Ms. Burey: Very good, but like I said before, I have driven around and on the other rural route roads their children are all getting picked up at the end of their driveways. As of right now, Dorans Road is the only road that I have found in Timmins that has to be walked.

Mr. Hudak: You gave some of the board's responses, and I think if you were kind enough to leave—

Ms. Burey: I gave the responses for the last five years.

Mr. Hudak: If you were kind enough to leave a copy of the report, we could—

Ms. Burey: I have copies for everybody. I have newspaper clippings we put in the newspaper December 30. I had the kids go out there and picket with signs, "Please

Keep us Safe" and "I Want Buses Down Our Road," and still no changes.

Mr. Hudak: Dorans Road is an unfinished road?

Ms. Burey: No, it's well maintained by the city of Timmins. That's why I called the engineering department and asked them why. We always got this bus, the little bus, from 1998 to 2005, sent to our homes. Now they're sending a 72-passenger bus for a handful of children who live on our road.

Mr. Hudak: I'm sorry. Which school board was it?

Ms. Burey: It's both school boards. Right now, it's the English—the Northeastern Catholic District School Board. This is what I put in the paper on December 30, because I had a process that I had to do first to get everybody to hear me, and I believe this may have been the last step.

I have all the letters from the tri-board making my children walk down our road and down the highway. I believe that if it wasn't for a four-year-old child that I have, he'd still be walking, despite—

The Chair: Thank you.

Ms. Burey: I also have a letter here that states all the excuses why they say they can't send a bus down our road.

The Chair: Thank you. We'll move to the NDP.

1020

Mr. Prue: I just want to be clear: I heard the excuses that the board has given but I didn't hear that they don't have the money to do it. Is there any issue about money, that they don't have enough money?

Ms. Burey: They have never raised the issue of money.

Mr. Prue: All right, so it's just that the road is a dead-end road and has some hills or valleys or curves or something on it.

Ms. Burey: No, nothing. It's straight.

Mr. Prue: Okay, but are they saying it has some hills?

Ms. Burey: They've stated in their policy to me that these are the reasons, and they said a bus will not stop on a dead-end road, curve or hill. We don't have a hill and we don't have a curve; it's straight. But it is a dead end but it's over two kilometres long.

Mr. Prue: The school board itself is a democratic institution that allows people to come forward, like you're coming forward today. You have been there and the parents have been there?

Ms. Burey: I have been.

Mr. Prue: And they just vote you down? Is that what happens?

Ms. Burey: They tell me, "If you're worried about the bears and the children, you walk to the highway like everybody else in the city walks with their children." I am told to walk with them. We don't walk with them. We put them in our van and we drive to the highway and wait for the bus. My children have to catch the bus at 7:30 in the morning, an hour and a half before school starts. I have complained about that.

Mr. Prue: Go ahead if you have some more.

Ms. Burey: I wanted to say that they were leaving it all up to the Tri-Board Student Transportation Services

officer, Catherine Verreault. Every time I have an issue, I call Mr. Toffanello and Mrs. Fleury. I have called the trustees, and they've said, "We'll send this to Catherine." I say, "You're Catherine's boss. Please do something."

The Chair: We'll move to the government.

Mr. Arthurs: If I can just understand, the broadest base of the issue you're raising is that children in northern Ontario who are being bused should be picked up universally at the ends of their driveways.

Ms. Burey: Who live on rural route roads.

Mr. Arthurs: Who live in northern communities in Ontario or whatever should be picked up at the end of their driveways as a universal policy position.

Ms. Burey: I would like to see that, because who knows who else has to walk out there? My little four-year-old has to walk to the highway to wait for her bus.

Mr. Wilkinson: I would just like to ask a question on background. You were saying that when there was a mother bear and a cub in your driveway—I think that was your testimony—you'd call the police to let them know. Do they respond or don't they?

Ms. Burey: Well, they don't in the country. In the immediate city there have been bears all over, on MacLean Drive and that. But they don't really. They have come out with an issue, but our bears are at our patio doors. My daughter says, "Daddy, what does a little bear look like?" My husband looks outside and says, "That's a big bear." My other son is sitting at the table, doing his homework, and he says, "Mom, look at the bear. It's right at the driveway. It's on its hind legs, growling at the dog." But we can't see our children get on the bus. That's my problem.

Mr. Wilkinson: One other quick question: In the schools here in the north, or in your own children's experience, is bear safety taught in the schools? I know that parents obviously will tell their children, like every other danger. But do you know whether that is happening?

Ms. Burey: I don't think so. No. They have a bear-wise program. I have a copy of it here. They put it in the paper: "Don't feed the bears." But we live in the country. We used to grow vegetables and stuff.

Mr. Wilkinson: But not particularly right in the schools. That bear-wise program is—

Ms. Burey: I don't think so. I haven't heard at all.

Mr. Wilkinson: You're doing a good job.

Ms. Burey: There has been a woman killed out here. I'm just afraid that one of the children is going to be killed, and then everybody is going to say, "Oops, something needs to be changed."

The Chair: Thank you for your presentation.

Ms. Burey: I have copies here that I'm leaving.

The Chair: The clerk will ensure that every committee member gets a copy of that.

PORCUPINE JOINT VENTURE

The Chair: I call on the Porcupine Joint Venture to come forward, please.

Mr. Dave Bucar: Good morning.

The Chair: Good morning. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

Mr. Bucar: All right. I'd like to thank you for the opportunity. My name is Dave Bucar. I'm the environmental superintendent for the Porcupine Joint Venture. Just to give you some background, Porcupine Joint Venture is managed by Placer Dome, which is a gold mine company in Canada. We have three operating mine sites here in Timmins, and we also have a number of abandoned sites that I manage. We employ over 600 people here in Timmins, as well as all the numerous spinoff jobs to help drive our economy.

What I'd like to do today is just bring up a few issues that we've come across over the last few years, from my perspective, on the environmental legislation and issues we've dealt with. We have had a lot of interaction with a number of the provincial government agencies, so I'd just like to discuss some of my experiences.

The first area I'd like to touch on is permitting for mining. We are just coming up to the end of a three-year process in permitting our Pamour open pit project. Initially, we started back in July 2002 with an abandoned mine we had picked up as part of the purchase of a number of properties. We went through feasibility studies for this project, and along the way, of course, we met with a number of provincial and federal regulators. Obviously, with mining a number of permits are required, environmental assessments. Due to the complexity of the work we're doing, it turned out that we needed two provincial environmental assessments and a federal environmental assessment, as well as a number of individual permits for construction and handling our water.

As a result, we've found there is a number of overlaps in this permitting process, especially in the environmental assessment. We've had some issues in terms of various agencies requiring similar information, or different but—in trying to work together with all the agencies on the provincial and the federal level, there have definitely been some challenges in that respect. As a result, we've found there have been numerous delays to our schedules and our timelines. One of the major issues is that due to the number of decisions that need to be made and approvals required with different ministries at the various levels, it's difficult to have one make a final decision. Everyone is waiting on each other to provide approvals, which ends up in a number of delays.

As a result, what I'd be looking for, and I know there has been a lot of discussion on this, is that there be a one-window approach to permitting, especially for mining, because we do cover a wide range of the various ministries: the Ministry of the Environment, Natural Resources, Northern Development and Mines, Transportation, Labour. We really deal with a lot of agencies, and to coordinate that has been a large effort, which ends up falling on the company. It's just very difficult to coordinate all of that to get timely results.

I know there has been the Mineral Exploration and Mining Ontario bundle website, which tries to provide a lot of information to the mining companies, which is definitely a good start. It does provide links to all the ministry websites. It talks about the legislation required. There has definitely been a lot of effort moving towards getting all the information at one point, but I think it would also be beneficial to have one agency, such as the Ministry of Northern Development and Mines, take that lead and help drive the process in helping the mining company. They definitely have had a lot of help from the various ministries, but I find the coordination has been a bit lacking in some cases.

We also need to have some input from the various ministries on First Nations consultation. We've found there is not a lot of guidance. I know, in talking to the various ministries, that there are not a lot of procedures in place in terms of working with the First Nations communities, especially in an area like Timmins, where there are no First Nations reserves directly in the city but there are numerous communities outside, within a 50- to 100-kilometre radius, and there's a tribal council within the community that tries to help manage their affairs. There doesn't seem to be a set process to work with the First Nations communities and to make a determination of whether or not there are land issues and what have you, so it would definitely be beneficial to get some clarification and guidance on how we can walk through the process. We definitely want to do that. We are very interested in making sure all the stakeholders are taken care of, but without guidance it's difficult to determine what is adequate for our permitting and consultation.

I'll have some recommendations that summarize at the end as well.

1030

The next area is the Ontario abandoned mines rehabilitation funding and, in conjunction, the national orphaned and abandoned mines initiative. I know Mr. Hudak was instrumental in the beginning. In 1999 and 2000, with all the subsidence activities happening here in our community as a result of some abandoned mine sites, there were a lot of issues around public safety. At the time, Kinross Gold bought a number of these abandoned mine sites. In conjunction with an agreement with the Ministry of Northern Development and Mines, we were able to get into a cost-sharing program where we could put funding, in conjunction with the government, into fixing some of these public hazards, so it was a very successful program. And there was the abandoned mines rehabilitation initiative, which provided funding not only in conjunction with ourselves, where there is a lot of public access to the mine sites, but also for some of the other larger abandoned sites such as Kam Kotia. There are a number of others today that are ongoing through rehab programs.

We formed a steering committee with the Ministry of Northern Development and Mines. We've been going through this process for five years, looking at priority areas for public safety, going through risk assessments to

determine where the money should be spent. To date, we've spent about \$7 million between ourselves and MNDM. So it has been a very valuable experience and we have had very good partnerships. We just want to ensure that long term, this is ongoing funding that is available not only to work within our agreement, especially in populated areas, but also for the numerous abandoned sites in Ontario and federally. We usually spend up to about \$1 million-plus a year and would like to see that continued into the future.

It has been very positive. It has shown the public that we are all being responsible. We do appreciate the work with the government. As a result, we're able to reduce the safety risks associated with mining. Ultimately, that will aid us in moving forward on any new projects in giving us social licence to operate in the future.

Also, on the national orphaned and abandoned mines initiative, we're putting together databases of some of these historic sites. We've been open to providing all the information we have available, but I know it is a daunting task. There are over 6,000 abandoned mines in Ontario, plus numerous others in Canada. So it would be good to see continued efforts in funding towards completing this database and putting prioritization on the higher-risk areas to be looked at and the money funnelled through the abandoned mines funding to help fix these problems.

I've also noted recently the brownfields development policy and legislation in place for fixing industrial sites. I'm not sure if there will be an opportunity to look at mine sites as well to be classified as these industrial sites, if they aren't already. I don't have clarification on that. But with the closure of a lot of these mine sites, there are vast areas of land that would become available, potentially, for other uses. We have worked with the city of Timmins to transfer some of this land for development. I know there's talk about a brownfield financial tax incentive program, where taxes can be removed from properties and that money used towards cleaning up some of the problem areas, and the land would then be available to be given to the community for future development, so there may be an opportunity there.

The Chair: You have about a minute left for your presentation.

Mr. Bucar: Okay. Also, recently passed was Bill 133, the environmental penalties bill, or, as it's known in the industry, the spill bill. There are potentially high consequences for mining companies. If there are spills which are uncontrolled, there are very high fines or penalties that can be levied against us. The mining industry and all industry has been focused on, and a number of other areas such as municipalities are being left out. I feel it is a bit unfair for the mining and forestry industry to be singled out with these large fines when, in some cases, we may not have the ability to deal with the enforcement agencies in determining whether or not spills are harmful to the environment. We'd like to see that we're able to work closely with the government in the upcoming months, and there are initiatives in place now to allow us to do that. We just want to make sure the funding is

available to allow industry to be involved when there is a potential for the enforcement penalties to be brought against us.

In terms of recommendations, I believe I've probably covered them all: permitting and working together with the various government agencies, both provincially and federally to try and streamline that process; continuing with the abandoned mines rehabilitation funding; and just working together as we move forward. In the future, I think that will allow us social licence to operate in our communities if we show that we're doing what we can to fix the problems of the past. Thank you.

The Chair: We'll begin the questioning with the NDP.

Mr. Prue: In terms of the funding, has the funding been adequate?

Mr. Bucar: To this point I believe the program has been very successful in terms of the abandoned mines rehab funding. With 6,000 abandoned sites, there's a lot more money required to do that. Without having the database in place to understand where everything is, it's probably not adequate at this point, because we don't have confidence in knowing where all the risks are. But in our case and working in the community, we've been very successful in securing all the abandoned mine sites, so it has been an adequate program.

Mr. Prue: I'm trying to understand. You're here before the budget committee. Usually people come seeking monies or changes in policy so that money is redirected in different ways, and I haven't heard that from you, so I'm trying to get my head around what you really want.

Mr. Bucar: What I'd like to see is the abandoned mines funding continue beyond. It really goes from a year-to-year basis and we're never sure the money is going to be available to continue programs. It's just ensuring that the existing program continues, whether it can be set so there's a set amount of money every year into the future. We just want to make sure it's not going to get cut off at some point before the problem is fixed.

The Chair: Thank you. We'll move to the government.

Ms. Judy Marsales (Hamilton West): Good morning. Thank you for your presentation. Brownfields redevelopment is something that I'm very interested in. You've just triggered a thought with respect to the mining industry and the correlation between these abandoned industrial sites and these abandoned mines. Notwithstanding the tax program that you referenced, have any other ideas or suggestions flowed out of some of your work in that field?

Mr. Bucar: At this point we've really been working toward securing the sites and getting the land back to the point where it is possible to provide back to the community. We've been working with the city of Timmins and the conservation authorities and looking at opportunities for this development, but at this point, being still fairly early on in our process of the rehabilitation works, we haven't gotten to that point yet. We'd like to develop that as we move forward.

Ms. Marsales: The second question: A couple of the other presenters this morning talked about the geological mapping. Could you speak to that as well? One individual suggested that it's very inadequate at the moment. Could you speak to that?

Mr. Bucar: I'm not sure I can talk a lot about the geological mapping, but in terms of information in the database of the abandoned mines, I believe it is at this point inadequate. There are a lot of proposals to move forward on collecting it, but it's going to take time and money to be spent on collecting all the information so these decisions can be made on either rehabilitating high-priority sites or high-risk areas.

1040

The Chair: Thank you. We'll move to Mr. Miller.

Mr. Miller: Thank you, Dave, for your presentation this morning. I guess the first point I'd like to ask about is, you've said that you need help in terms of consultation with First Nations and a set process to help with that. Can you give some suggestions as to how you think that might work: the role that government would play and what sort of process you think might help?

Mr. Bucar: We have been working with the Ministries of Natural Resources and Northern Development and Mines on this. I think everyone is struggling to determine what the process should be. By having one champion of the government to move it forward—if we had one process, whether it be someone in the government to be a liaison person with the various First Nation communities, it would help. I know there is some of that going on right now, but it would be important to have one person focused on that, to be able to interact between industry and the First Nations and set up these guidelines to properly walk through the process so that all the stakeholders' needs are met.

Mr. Miller: Is it mainly for exploration that you're speaking of?

Mr. Bucar: In our case, it may be exploration, but more on development of new mines.

Mr. Miller: Okay. You also mentioned Bill 133 and said you felt it is unfair to the mining sector because other sectors are not treated equally. Can you talk a bit about that, please?

Mr. Bucar: Currently, Bill 133 is focused on the MISA companies, the municipal-industrial strategy for abatement, the companies that are already regulated through the province for our discharges. It seems to be doubling up on the legislation in this case. All of these companies are already being monitored and we already have a lot of legislation in place. We feel that if the existing legislation was enforced—

Mr. Miller: So are you saying that Bill 133 was unnecessary because you already have enough rules?

Mr. Bucar: I believe there are enough. We are very heavily regulated. The mining industry historically has had a pretty poor image. We're definitely highly regulated.

Mr. Miller: Poor image or poor record?

Mr. Bucar: Probably both. But in today's day and age, with the regulations and the mining company under-

standing that we have to perform at a very high level to have the licence to operate in this province, I think we are regulated enough at this point. There isn't enough clarification in this new legislation on how we may be given these environmental penalties for spills which may be out of our control. The incentive not to spill may not be there even with these large fines. It's nice to say that with a fine, we'll do what we can not to spill, but in certain cases it can't be helped or it's not going to give the incentive, or it may drive others just not to report at all, which is against—

Mr. Miller: So the legislation would be counter-productive, is what you're saying, in terms of protecting the environment.

Mr. Bucar: We believe so, yes.

The Chair: Thank you for your presentation.

POVERTY ACTION COALITION OF TIMMINS

The Chair: Would the Poverty Action Coalition of Timmins please come forward? Good morning. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

Ms. Carol Wilton: Thank you. First of all, I'm here under false pretences. My name is not Carol Witton; it's Carol Wilton. I'm here representing PACT, the Poverty Action Coalition of Timmins. PACT was formed in April 2003. We're supported by many organizations in Timmins that are involved with low-income people. These include food banks, religious organizations and health care providers. Some low-income people also attend our meetings and support our efforts.

PACT's key goal is to help put poverty back on the political agenda. Five years ago, a tragedy in our province prompted reforms to our social assistance system. In August 2001, Kimberly Rogers died pregnant and alone in Sudbury. She had been under house arrest for welfare fraud. Then the present Liberal government was elected in 2003. They responded by reforming the system; for example, they ended the lifetime ban on social assistance for welfare fraud.

These changes are a good first step, but they don't go far enough. Our social assistance system remains in urgent need of reform. Today, I'm going to discuss two aspects of this: first, deplorably low social assistance rates, and second, the practice of clawing back the national child benefit supplement. On the first point, PACT supports an increase in social assistance rates to reflect the actual cost of living. On the second, we support an end to the NCBS clawback for people on social assistance.

As I'm sure other community groups have told you, welfare rates in Ontario were lowered by 22% in 1995, and the situation has worsened since then. The income of people on social assistance has decreased by almost 40%. This is thanks to increases in the costs of rent, food and

utilities. The result? People on welfare are living well below the poverty line; so are people on provincial disability pensions. They literally can't pay the rent and feed the kids.

The social costs of low welfare rates have been recognized within the ranks of the Liberal Party. One of the leading proponents of change is Deb Matthews, parliamentary assistant to the Minister of Community and Social Services. In December 2004 she released a report on social assistance in Ontario. Her view: "...inadequate social supports may result in increased demand on the health care system, the police and justice system, and children's aid societies." Sadly, these were prophetic words.

This was brought home to all of us in Ontario exactly one month ago today. Jane Creba, a 15-year-old student, was shot while shopping in Toronto on Boxing Day. She was the accidental victim of gang warfare. Her shooting has drawn attention to the plight of low-income children in Toronto. Gang warfare, it is said, is partly the product of welfare rates that are far too low. The young men now joining gangs in Toronto grew up after the vicious cuts to social assistance under the Harris government. As one commentator put it, "These are Harris's children."

Within two weeks of Jane Creba's death, Premier McGuinty responded. He announced a \$51-million package for more police, more officers on the street and more prosecutors. But the Premier also promised to go after the root causes of crime. He said, "We need to work, in the long run, to prevent kids from becoming criminals in the first place."

We all know that raising social assistance rates and ending the clawback are not just about crime prevention. It's also about a viable safety net for the most vulnerable in our society. It's about adequate nutrition for Ontario's poorest children. It's about safe and healthy housing for individuals and families. And it's about time.

Let me tell you something about poverty in the north. As you may have noticed this morning, it's colder here than in southern Ontario. This means that the higher costs for fuel and gas are a pressing concern, and with transportation costs, food is more expensive as well. This is especially true on the James Bay coast. In those remote communities, food costs 60% to 70% more than it does here in Timmins.

Another issue in the north is employment rates. In the northeastern region, where Timmins is, the employment rate in November 2005 was only 56%. That means that more than 40% of the population aged 15 and over isn't working. Part of the reason for this, no doubt, is trouble in the lumber industry. It's been hit by a so-called perfect storm of high energy costs, a relatively strong Canadian dollar and lumber export duties. It may be that provincial help for this sector will help things turn around. In the meantime, though, there is a desperate need for a raise in social assistance rates.

1050

By way of illustrating the situation here in the Cochrane district, let me draw your attention to the

handout I've given members of your committee. It's called PACT Facts. The sources are on the back, and the information I'll be talking to is on the front where the black heading is. This was compiled by Timmins nutritionist Craig Orrell, who is a very active supporter of PACT.

The handout examines the finances of a couple with two children, aged nine and 13. Welfare, the child tax benefit and the GST credit together produce an income of about \$1,556 a month, as you can see at the bottom of the income column. Now take a look at the expenses side. I think you'll agree that these expenses are very modest: clothing costs of \$100 a month for a family with two growing children, for example. The budget for food is based on calculations for the Cochrane district prepared by the Porcupine Health Unit.

Our imaginary family is living on about \$18,600 a year. This is approximately 38% below the poverty line in 2001 for families of four in smaller Canadian cities. This family obviously lives with great economy. Still, as the table shows, they fall behind by almost \$340 every month. This means that every year they have a negative balance of more than \$4,000. The result? As a social worker told me last week, "At least one of food, clothing or housing is seriously compromised. Sometimes all three." This situation must not be allowed to continue. It's time for a change.

The second problem I mentioned is the clawback of the national child benefit supplement, or NCBS, from families on social assistance. The NCBS was the idea of the federal government. In 1998, it introduced the NCBS as a way of helping the poorest families in the country. The purpose was to combat child poverty by putting extra money in the hands of parents with the lowest incomes.

In Ontario, if you're not on welfare or a provincial disability pension, the provincial government lets you keep the supplement; otherwise, you don't get it. So about \$200 a month is taken right off the cheques of those on social assistance. PACT thinks it's time to end this discrimination against the poorest and most vulnerable members of our society. The city of Timmins and the district of Cochrane have agreed. In the fall of 2003, PACT addressed both Timmins city council and the Cochrane District Social Services Administration Board. Both unanimously endorsed our resolution calling for an end to the clawback.

It's true that other worthwhile programs are funded from the clawback. Nevertheless, the money that is being clawed back was specifically intended for the benefit of low-income children. Every cent of it should go to them. In the meantime, we urge you to recommend that the province step in and find other sources of support for the programs now funded by the clawback.

People sometimes think that private charity is the answer to low social assistance rates, but food banks aren't the solution. Visitors to the food banks in Timmins get one bag of groceries for each adult once a month. That bag contains bread and whatever canned goods happen to be on hand. How long can anyone survive on

that? It's true that food banks do wonderful work. We wouldn't want to be without them. But they are not the solution to low social assistance rates or the continuation of the clawback.

It's often said that we can't afford to pay more to those on social assistance. But consider this: People on social assistance spend that money, and they spend it where they live. Individuals, families and the broader community are better off. And consider as well the long-run social cost of the present regime: children too hungry to benefit from school, children whose long-term health is in serious jeopardy, and families too demoralized to provide the necessary boost to the next generation. This means spiralling costs for re-education, for health and for crime control. The reality is that we can't afford not to change.

For more than 10 years, this province has radically underfunded the poorest members of society. We know the results: crime, violence and abject poverty. I urge you not to let this situation continue. In 2003, the Liberal Party of Ontario promised to raise social assistance rates. It's time to make good on that promise. In 2003, the Liberals also promised to end the clawback. It's time to make good on that promise too.

Thank you for your attention.

The Chair: Thank you. This round will go to the government first.

Mr. Arthurs: Carol, thank you for the presentation. I'm hoping personally that during the next three, four or five days that we're on the road our list of deputants will also address exactly the same issues so that it gets on the record in multiple communities that we visit throughout Ontario. It's going to be an important part of our deliberations and I hope an important part of the budget considerations that the minister has to consider at the end of the day.

I continue to be interested in learning about the special challenges that are faced in northern Ontario. Being from an urban centre next to Toronto, you have an understanding of your own living environment and not necessarily a full enough understanding of the living environment of those who are remote or those who are in northern Ontario, things like the cost of utilities and heating that are necessary, and more so in the north when it's 20 below, as opposed to zero in Toronto.

Can you just spend another minute or so in the time we have and comment a little more fully, if you could, on those unique challenges that you see for those in poverty in northern Ontario?

Ms. Wilton: I think some of those things I've already talked about in the speech. The fact of cold: Warm clothing is a priority. Fuel costs are very, very high. Costs for food are also high, and the James Bay coast has particular problems in the area of food because it's so remote and transportation costs are so high. Rents are lower here, it's true, but cumulatively these other issues tend to overwhelm people on social assistance in the north.

The Chair: We'll move now to Mr. Barrett.

Mr. Toby Barrett (Haldimand–Norfolk–Brant): Thank you, Carol. I appreciate your being here on behalf of PACT.

The Ontario budget will be tabled in the next several months. You indicated that the previous government had reduced welfare rates by 22%, and there is a linkage. Something like half a million people since then have been able to get off social assistance and welfare. That's separate from people who are on disability.

A number of promises were made by this government. Do you have an expectation that this government would increase the welfare rate by 22%? At present, they haven't. I just wondered if you would comment on that.

Ms. Wilton: I have a hope that the present government will raise social assistance rates, as I said, to reflect the true cost of living. It's true that many people have gotten off the welfare rolls, and some of that reflects people taking on new challenges in the job world. Some of it, of course, also reflects the difficulties of dealing with the social service system. That's something that Deb Matthews's report draws attention to, and that's another area that needs reform urgently. Deb Matthews speaks to employment assistance issues in relation to Ontario Works and the Ontario disability support program.

As I say, the hope of those of us who are interested in the problems of people on social assistance in this province is that the social assistance rates will be raised to reflect the true cost of living so that the poorest members of our society are not constantly overwhelmed by the struggle for adequate nutrition, housing security and a warm coat.

Mr. Barrett: I certainly appreciate your speaking on behalf of many people who cannot or would not feel comfortable speaking, and I also think of people on disability, who obviously have very special needs.

I think it's very important that you've come forward now, because with respect to any infusion of funds—and we've seen, I think, a 2% or 3% increase, certainly not 22%. In many parts of the province, in particular communities that we visit in northern Ontario, that doesn't meet the cost of living. So apart from various studies that are being done, the bottom line is that this is the finance committee and I would hope committee members are making recommendations with respect to funding, in addition to studies, which does roll around every year at budget time.

The Chair: We'll move to Mr. Prue of the NDP.

1100

Mr. Prue: We have heard these same sentiments in Toronto, and I'm sure we're going to hear them as we travel the province. The reality for the poor, for those on social assistance, is that things have got steadily worse. Even under this government, the first budget had a 3% increase, which more or less covered inflation for that year, and last year there was nothing. So they're actually worse off today than they were under the previous government. What do you think an adequate increase to get them back on track, to make up for those eight years, to make up for last year, would be? What kind of per

cent; a 10%, 15% increase? What are you looking for, to be realistic? I'm looking at them because they must be blanching over there.

Ms. Wilton: Well, 10% or 15% would be a very good start. We definitely need to get into the double digits in terms of an increase before we can begin to offer any hope to these people. I think the long-term goal should be higher to go back to restoring those social assistance payments to the point where people can afford a home, they have housing security; people can afford to eat nutritiously so that children aren't jeopardizing their future health; so that people are adequately clothed; so that children can flourish in this society. This is the future of Ontario, and we need a minimum, I would say, 10% to 15% raise as a start.

Mr. Prue: A 10% increase in welfare rates or in social assistance rates, according to the figures we were given today, would be about \$500 million. You're advocating that?

Ms. Wilton: Would you rather spend the money on police—

Mr. Prue: Not me.

Ms. Wilton: —on social services, on flailing around trying to educate people a second or a third or a fourth time, or would you rather get it right the first time?

Mr. Prue: In terms of the clawback, the government promised to end the clawback, but there has been no legislation to do any such thing. We had several groups in Toronto that said, "If you can only do one thing in this budget, end the clawback." Would you say that's the first place, or the welfare rates? I know you want both, and so do I. But if they can only do one thing, what should they do?

Ms. Wilton: They should do whatever is going to put the most money in the hands of people on social assistance. Ending the clawback would make a difference of about \$200 a month per family. If they can do better than that raising the social assistance rates, that's what they should do.

The Chair: Thank you for your presentation.

TEMISKAMING FEDERATION
OF AGRICULTURE

COCHRANE FEDERATION
OF AGRICULTURE

ONTARIO FEDERATION
OF AGRICULTURE

The Chair: I call on the Temiskaming and Cochrane federations of agriculture to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Frank Haasen: Good morning. My name is Frank Haasen. I'm a board member of the Cochrane Federation of Agriculture. This is Darlene Bowen. She is

our Ontario Federation of Agriculture member services representative.

My family and I own and operate a dairy farm here in Timmins. While agriculture in general in Canada and Ontario is experiencing extremely challenging times, those of us who fall under supply-managed commodities—dairy and poultry—enjoy a more stable business environment. Seeing as the Ontario Federation of Agriculture is a general farm organization and we are here on their behalf, my comments refer to agriculture in general and not necessarily reflective of my segment or personal operation.

As an organization that speaks for over 500 family farms in the Cochrane-Temiskaming district, I would like to begin by thanking you for the opportunity to provide input to the process of developing the 2006 budget. I would also like to thank our MPP, Gilles Bisson. Gilles extended a personal invitation to us to attend, and that was much appreciated. With assistance through support programs and infrastructure designed for northern Ontario, agriculture will remain sustainable, providing economic spinoff and much-needed jobs for the north.

Agriculture across this province is in a free fall. The issue is more than just the need for short-term cash. Agricultural production and primary processing add more than \$11 billion to Ontario's economy annually and 650,000 jobs, yet most farmers are in a battle for survival. The main reason for this crisis is that we do not have a long-term plan for agriculture at a provincial or national level. The often-chastised American farm bill and the agricultural revenue stabilization insurance program in Quebec are examples of long-term planning. These plans may not be fair or trade-compliant, but we cannot continue to cry foul and watch our farmers disappear because of them. The reality is that Americans, Europeans and Quebecers are going to do whatever it takes to protect their agricultural sectors for food security and the millions of jobs created by farming. We are going to have to step up to the plate or agriculture as we know it will disappear. It is often quoted that Canada's agricultural sectors can't afford to compete with other countries. It is the opinion of this federation that we cannot afford not to. In the short term, it might be cheaper to import our food and lose the jobs, but in the long term, it will be very costly. It's like renting a house for 30 years instead of buying it.

One of the main culprits is that there is no longer a connection between the value of food in the store and the value of the base product at the farm. The only exception has been supply-managed products. Dairy and poultry farmers still receive a fair share of the consumer dollar. It is time for the government to recognize this deficiency and create a system whereby all commodities receive fair prices for their products. One of the best examples of this problem is the recent BSE crisis. While the prices paid to farmers for beef plummeted to all-time lows, consumers continued to pay high prices for beef products.

We have been asked by our provincial body, the Ontario Federation of Agriculture, to make recommend-

ations that are local, and our definition of "local" is northern Ontario in nature. Following are the issues we'd like to see addressed.

Northern Ontario heritage fund: Although the heritage fund program was reinvented with a lot of fanfare, we have seen almost no benefit. It has not been for lack of trying, but the rigidity of the program seems to be the roadblock. As you are aware, under the old program, funds available to producers could be used at their own discretion, within very specific limits, as long as gross income was increased. In reviewing projects completed for agriculture in northern Ontario, in our estimation it was probably the most successful program ever launched for Temiskaming-Cochrane agriculture.

Recommendation: Review the heritage fund program and consider reallocating agriculture a stronger profile with easier funding access to encourage continued industry growth in agriculture in the north.

Energy costs in the north: One of the biggest hurdles for northern agriculture is the inequity of energy costs compared with southern agricultural regions. The easiest example is, if you drove through Timmins, you saw that gas is \$1.04 or \$1.05 a litre. What would you be paying in Toronto? Our prices for diesel fuel are reflected by the price of gas at the pumps. The problem is compounded by our colder climate, increased distance to markets and higher-than-normal transportation costs for supplies.

Recommendation: The heritage fund should have an accessible energy conservation component for northern business, including farmers. Farmers should identify the biggest energy savings on their operations and could be rebated for improvements that show energy savings. At the same time, the government should be considering programs that would promote energy creation on farms. Biodiesel, methane and wind power are all viable options for alternate energy sources for northern Ontario. None of these ideas are groundbreaking—they aren't even new—but they are feasible here if we had some outside assistance for implementation.

1110

Livestock agriculture in northern Ontario: Consideration needs to be given to the value of livestock agriculture in northern Ontario. The long-term benefits to society are numerous, including fewer odour issues with populated areas, a large rural land base for effective nutrient management, and a good supply of quality groundwater with no competition from urban areas. Unfortunately, high energy costs, high transportation costs and a lack of available markets create low margins for farmers in the north.

Recommendation: The federation believes Ontario needs northern agriculture, but in the short term we need a strong strategy and some assistance to make that strategy work. This is where government programs, not handouts or crisis management, can play a role in sustainability of agriculture in northern Ontario.

Assistance for northern abattoirs: The beef industry is a major player in agriculture throughout northern Ontario. There has been an alarming exodus of abattoirs in

the north over the past 10 years. Legislation and regulation coupled with narrow profit margins in the custom processing business have led to a situation that leaves many producers without a provincial plant to process on-farm product for resale or personal use. Many beef producers have realized increased profits from the family farm through farm-gate beef sales, and the lack of available processing space in local abattoirs is causing them financial hardship. While the federation believes that food safety is a top priority, small plants are being forced out of business by crippling regulations that are not necessarily food safety oriented.

Recommendation: We ask that the provincial government work with the Ontario Cattlemen's Association and the Ontario Independent Meat Packers and Processors to create programs that will assist small abattoir operators in the province, especially in the north. Low-interest loans or a one-time grant incentive need to be considered for operators that need to upgrade to meet regulations where our abattoir services are critical for public safety and animal welfare but are located in areas of low population density dispersed over a large geographic area, such as rural northern Ontario.

That, Mr. Chairman, is our presentation.

The Chair: Thank you. We begin with the official opposition.

Mr. Barrett: Thank you, Frank. I know you're a dairyman, but I'd like to raise the issue of BSE. On election day, the Canadian Food Inspection Agency announced the discovery of another case of BSE and clearly indicated that Canada's stringent testing program is working; that was captured. I think that was a six-year-old animal, and we've got, certainly across Canada, something like 900,000 older cull cows sitting around. We can't move them south. You had mentioned abattoirs, and there is, through the provincial government, money allocated to deal with the cull cow problem. I just wondered if you had any information on that. Is that working for farmers directly, or is it significantly redirected to help abattoirs? Certainly smaller abattoirs, there's nothing wrong with that. I was just wondering if you could comment on that.

Ms. Darlene Bowen: It has been redirected. The \$6 million has been channelled through the Ontario Cattlemen's Association, and I know they've done some work in that area. We didn't see as much coming into the north, because it was for abattoir upgrades, and we only have about five major—minor abattoirs here that are provincial. We have no federal plants whatsoever. North of Bracebridge there are only five plants all the way up. We have 28,000 head of cattle in the north. That's including everything from dairy right through to the year-old heifers and that type of thing. So it's not a lot of plant capacity, and unfortunately some of the money has not made its way north. It has been more centralized in the south, and the plant operators here—we have an aging population. We have a situation where they are renting and do not own the plants. They haven't had the ability to access that program because they don't own the plants,

so it hasn't come north the same as it has been utilized in the south.

Also, from our point of view, we would like to see a program in place or part of that money come out in the form of a one-time grant or a really low-interest loan for these plants or for other plants to start up. We have some young operators who are interested but don't have the capital to get started. The 900,000 older cows you spoke of could have been easily utilized. A lot of that meat could have been used, especially here in the north, had we had some capacity to process those animals. There is the market for it, because rural people have a tendency to buy in larger quantities; they have freezers and that type of thing. But because we didn't have the capacity, we weren't able to use that. So farmers did lose out on those older animals in terms of dollars.

The Chair: Thank you. The time is expired. We'll move to the NDP.

Mr. Prue: I'm interested in farmers making money from energy: from biodiesel, windmill farms, that kind of thing. Has there been much interest shown; as an example, people trying to put windmill farms on agricultural land in the north?

Ms. Bowen: No, there hasn't been a lot of interest.

Mr. Prue: I don't know of any. There could be some windmills or windmill farms or some development. I certainly don't know of any.

Ms. Bowen: I don't know of any either.

Mr. Prue: In southern Ontario, I am told by farm organizations that the amount of money that farmers in southern Ontario are being offered for their land to put up these windmills is among the lowest in the world, and the farmers are very upset about that. But you've not been offered anything at all, which is even lower than that.

Ms. Bowen: No.

Mr. Haasen: I guess if they can get all the inexpensive land they want close to the major market, the people promoting windmills won't be moving quickly to northern Ontario.

Mr. Prue: It is a very difficult occupation you have, in terms of sustainability in the long term and money, and people are leaving it. You put some recommendations down here. What more can we do than what we're doing?

Ms. Bowen: Develop a long-term strategy for agriculture in Ontario.

Mr. Prue: Is that to convince more and more people that farming is doable? Years ago there was a program, and a book called the Mid-Canada Development Corridor, trying to convince people that we didn't all have to live in southern Ontario, that we could move up and that things were really doable pretty far north. When I was a young man and I first went around Swastika and Haileybury, I was surprised that there were farms that looked that good that far north; I was absolutely shocked. I'm not shocked today, but that was 30 or 40 years ago. Is there land still available that could be developed for better agriculture?

Ms. Bowen: Yes.

Mr. Haasen: There is. On your point about people looking to come into agriculture: Agriculture is like all the primary industries. We're continually doing more with less; we're becoming much more efficient continually. I think agriculture has done as well as anybody, maybe better than anybody, with fewer people producing more food. So numbers aren't the problem. The problem is to make it profitable for the few of us who are left to continue to feed the cities. Farmers feed cities.

Mr. Prue: Absolutely.

1120

The Chair: Thank you. We'll move to the government.

Mrs. Mitchell: Thank you very much for making your presentation today. I just want to remind you that the Premier will be holding the ag summit on February 8. This is the second summit where the Premier himself has come and talked to all the commodities throughout the province. We clearly understand that you do have a few more hurdles to overcome in the north to remain successful, but you certainly have done a very good job to date.

One of the things I wanted to talk to you about was the work we have done on renewables, and will continue to do. I know you are aware that we have introduced the ethanol strategy: the 5% by 2007, moving toward 10%. We also will be coming forward shortly with a biodiesel strategy.

You mentioned methane and wind power. My question to you is, how far advanced is the north in taking a snapshot of the wind patterns? Are you there yet?

Ms. Bowen: We just began that. There's some preliminary work going on in the small community of Temagami. They're doing some work there, and I believe there's some going on just outside of Timmins somewhere. It was written in one of the smaller green magazines that they're doing a bit of wind patterning there, starting to calculate and gather data on it. I do know that Temagami has been up and running for about eight months.

Mrs. Mitchell: That's where we need to start: develop patterns on how wind moves throughout the province. One of the opportunities that I do think is very strong for the north is the creation of the biodiesel strategy. I see that the north can certainly go forward in that. In regard to the methane, we do have one pilot site now within the province.

I want to bring to your attention too the RED program, the rural economic development program. You've made reference to northern heritage, but there is also rural economic development. I believe \$15 million has been put in to help rural economies move forward. That's where the bio-anaerobic digester received part of its funding. I certainly encourage you to look to that as well. We look forward to increasing the capacities for our cattle industry in the north, south, east and west. We know there's much work to do, but we certainly have had some great success stories too, and will continue to work in the north.

The Chair: Thank you for your presentation.

PROSPECTORS AND DEVELOPERS ASSOCIATION OF CANADA

The Chair: I call on the Prospectors and Developers Association of Canada to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning. I would ask you to identify yourself for the purposes of Hansard.

Mr. Brian Polk: Thank you, Mr. Chair. My name is Brian Polk. I'm a prospector around town here. I represent the Prospectors and Developers Association of Canada, the Ontario Prospectors Association and also the Porcupine Prospectors and Developers Association, which I think you heard from this morning.

Thanks for the opportunity. As I said, I'm a prospector around town. I grew up in Timmins, for the most part, and I've seen a lot of changes in our industry over my short life. I have to speak to you about the significance of our industry and some severe challenges that we're facing right now.

Our sector is represented by several organizations: the Porcupine Prospectors and Developers Association, the Ontario Prospectors Association and the PDAC, or Prospectors and Developers Association of Canada. They all have websites, if you want to look for further information. As most of us know, mineral exploration is a global industry in which Canadians are recognized leaders, particularly in Ontario. However, we face competition on all fronts from any other country that has mineral wealth. These investment dollars are very transient and cross borders to wherever they can pull a return. Right now, economic growth in what used to be Third World countries is driving metal prices way up and things are actually quite good. This is expected to continue for a couple of decades, but in my experience we suffer from cycles that are much shorter than decades.

We're blessed with an abundance of mineral wealth. I don't know if you're aware of it, but we're within 10 miles of tens of billions of dollars here in northern Ontario, including the Hollinger mine, the McIntyre mine, the Dome mine and Kidd Creek, which is a world-class base metal producer. Most of those were found by prospectors, I might add. As well, right now diamonds are entering the picture, and they've become very important to the prospector around northern Ontario.

Unfortunately, however, our base metal reserves are being depleted dramatically over time, and we're not replenishing those reserves because we're not finding any new deposits. The goal is really to find some new deposits. These global markets are highly variable and highly cyclical, and we cannot depend on them. We cannot depend on good times every seven years to carry us through three or four bad years. In 1998 through 2000, I personally was starving as a prospector in northern Ontario: no heat, I wore a toque to bed, and so forth and so on. These trends are fickle and can leave local economies in a lurch. If we're going to depend on anybody, we've got to depend on the prospector. He's got the local knowledge. Cycle to cycle, he'll carry the burden of this.

There are lots of issues affecting prospectors. I'm going to get into what I call seed issues a bit later on, but with regard to budgets, we have to support things that support these prospectors. They find the mineral deposits that become the mines. If it's a mine, it makes money; it's a tree. If it's a seed, it can't make any money. That's what these prospectors are: They bring the seeds forth that can develop into trees that, hopefully, will bear some fruit. So we have to harbour these seeds. That's the way we look at it.

There are a lot of things the government can do: support mapping. This is fundamental. The Ontario geological survey provides basic information, basic geological maps. Prospectors use them, junior mining companies use them, senior mining companies use them, everybody uses them. All the associations are in favour of more mapping, more men on the ground making pictures of the rocks. The resident geologist offices are the same thing. They provide access to data, help with the data. We can't do without them.

We're facing a lot of land access issues right now. As it says here, when governments review or set new policies, we would certainly appreciate having input, because we need all the land we can get. We've got lots of issues with regard to land right now. First Nations issues are very prominent, and nobody is working to solve the First Nations issues, as far as we can see. They're thrown into our lap, at our expense, and we can't afford it. We cannot afford it.

Physical issues: In a shrinking world, with multi-use intentions for this land, we come up with the short end of the stick quite often. The MNR is pulling bridges. I know it's because of liability, but that's our access. That's how we get to the place that could host a mine. Who knows? Maybe it won't host a mine, but maybe it will.

Abandoned mines are a serious problem. These are a liability. I have personally written reports for companies. When you say there's an old shaft or an old working on the property, they walk right away. They don't want to have anything to do with it, simply because it's a liability. If you go out there, it might be two feet deep. There are no standards for how dangerous these things are; they haven't been listed as such. They're just a liability. Any support along those lines would definitely be appreciated.

Perhaps the most important thing I have to talk about is investment. Exploration is all risk. It says here "high-risk," but it's all risk. It's a seed. There's no revenue from production. There is no profit in exploration. Profit comes way down the line: That's a mine. Mines have profit, but exploration doesn't have profit, yet we're treated as profit-making entities. It's for this reason that the investment tax credit for exploration was developed, and this is a great thing. Flow-through shares have to be supported through the bad times, through the good times, continuously. I know it's a federal program, but perhaps Ontario could weigh in and help us out in this regard too.

1130

Expansion of the program to include First Nations consultation, environmental work, deep drilling and mine

site exploration are strongly encouraged. Most of these things are in support of mines, which is fine. We need to replenish our reserves in base metals.

Personally, I think Ontario should consider allowing consultation costs as a claim assessment under the Mining Act. At this point, we don't, so the prospector or the junior mining company have to shoulder the burden of these consultations, which can be very expensive. It cost me \$6,000 to fly to Attawapiskat with a couple of guys.

The PDAC has asked the federal government to continue this program, and we certainly would like the Ontario government's support along those lines too.

Those are really the budget issues we're concerned about. Beyond that, I think there are some serious foundational issues that have cropped up over time, and nobody is working to lessen them or even to deal with them. If we're going to survive the next downturn, we've got to do something. This industry is growing old very quickly. I'm in the lower 10th percentile with regard to age of the prospectors' association in Timmins. There might be four or five guys younger than me. The rest are all older, and they're all old-timers. They don't know how to argue, they just do their prospecting job, and they're dying off slowly and surely.

There are a lot of things we could do. We can't budget for this. I don't know why I'm even bringing them up, but somebody has to hear them. That's what I believe.

We've got manpower needs. There's not a person who is willing to go out into the bush any more. Why would you? It's sticks in the eye, it's soaking wet feet, all for no money, no opportunity. The prospector has to face this on a daily basis, only to lose out in the end. If he's the seed, we take it to the seedling stage, which is a junior mining company, and then on to the senior mining company. The prospector has to make a living along the way, yet he's entirely responsible for the risk. Once it's found, it's not a risk any more. It's profit. It's a mine. The prospector takes all the risk. Right now, the way it works is that the prospector brings a property to a junior mining company and the junior mining company is supposed to take on the risk of that property. To some degree it works, but it doesn't develop any new properties. Right now, we're working the same old properties again and again. Because a junior mining company is fiducially responsible to its shareholders, it can't take risks like that. It doesn't want to invest in finding anything new. It wants to invest in developing something that's been found. The prospector, therefore, takes all the risk. So he's stuck undefended, in my experience, and I do have lots of experience with this. I've been burned many times.

That's where we talk about opportunity. Why are prospectors not out on the land any more? Well, there's no opportunity. He takes all the risk. The junior mining company makes all the profits, or ultimately a senior mining company makes all the profit. The prospector is basically left out of it. This is important stuff for northern Ontario. It's obvious. I mean, we don't have a lot of

farms. We don't have a lot of culture. We don't have a lot of anything but mineral wealth, to tell you the truth, and lots of alders. We've got lots of alders.

The Chair: You have about half a minute left in your presentation.

Mr. Polk: OSC reform is a must too. We've got to look at the way that money is raised and money is spent. In my opinion, we get far too much administration and not enough activity on the ground. We've got to streamline these systems. When a company is listed, there are too many accountants and brokers and such a community of people making money off a seed. It's nothing yet. There is no profit there, yet people are harvesting it right from the get-go. There's too much administration in this industry. A prospector is treated like a junior mining company, and he doesn't have a clerical staff to fill out forms for the MNR and the MNDM. A prospector these days needs two briefcases for every packsack, and that's a bad thing.

Protection for the little guy: I just wanted to mention insurance. I heard it come up earlier. Insurance is outrageous. I'm a prospector. I have to equip myself to go out in any condition, so I have two Ski-Doos. I have two trucks, one big one for hauling stuff around. I have a variety of equipment. I can't afford to insure it. I can't afford to insure two Ski-Doos, when I might use one for three days and pay \$600 to insure it. That's just one of many things. There is no protection for the little guy—no protection for the little guy. As a prospector, I've been jilted by junior mining companies and senior mining companies. There are lots of good junior mining companies out there, but there are lots of bad ones too. There's no policing of anything. The Ontario Securities Commission has to offer some kind of policing to protect these prospectors.

In my recommendations, I say, and this is a fact, that true prospectors are endangered. By all the standards of the World Wildlife Federation, we're an endangered species.

These are seeds. The only way to have a viable economy up here is through mining. We have to harbour these seeds.

I think I'm almost out of time, so I'll skip the other paragraph. That's my presentation.

The Chair: Thank you very much. The first question will go to the NDP.

Mr. Prue: You have chosen an admirable, although it does not appear to be terribly profitable, career. Is there any other jurisdiction that you're aware of, any other country, any other place, that treats its prospectors better? Or is this just a worldwide career where you go out into the bush or the jungle or go into some inhabitable—

Mr. Polk: It is worldwide. You know what it depends on? Taxation. I honestly believe this. In other districts, there is not so much taxation, in many forms—physical taxation, income tax—but there's also the taxation of bureaucracy and administrative load.

I work with a world-class explorer, Dr. Charles Fipke. He's discovered diamonds. He can't believe Ontario, the

paperwork and the red tape involved in doing simple exploration. All we're doing is going out there and grabbing a bag of dirt. Really, it shouldn't entail three or four government ministries to do so. We shouldn't have to.

We want to do consultation. We want to do it by the book, but the administrative load is too much. It's killing the individual prospector, and it's certainly a strain on junior mining. Junior mining companies—like I say, Dr. Fipke. He runs a bare, lean machine for exploration, and he can't understand how come there's so much administration that has to be done just to get the job done.

Mr. Prue: Is there more administration here than, say, in the province of Quebec, which is not that far from here?

Mr. Polk: I'm not that familiar with Quebec, but with regard to the rest of Canada, yes, there is more. Ontario has a very mature mining culture here, and as such, I think there's a lot of profit in it. There is a lot of profit in it. I hate to use the term, but there's some degree of entitlement about these riches. If you apply that to the prospector, you're killing the seed. There are no riches at the prospector stage. It's all risk.

The Chair: Thank you. We'll move to the government.

Mr. Wilkinson: Thanks for coming in, Brian. Can I ask you a basic question? How do you make money? A junior pays you, or—

Mr. Polk: You know what? I'm not strictly a pure prospector. I have a geological education, so I work in the exploration industry to try and finance my own adventures. I've done this time and time again.

Even a failure brings a lot of money into the economy here. I started a diamond project up at Attawapiskat, and so far there's been \$17 million spent on those claims we staked. So it's huge money, and so far, it's a failure. But I make money off deals like that, making a deal with a mining company. You get stock for some of your efforts. These days, I've almost given up on prospecting, to tell you the truth. I've been burned in fundamental ways. I'm tempted to just work in the industry, which is a fleeting thing too, because there is going to be a downturn.

Mr. Wilkinson: What are the skill sets? You're saying it's really an aging avocation and that older guys are getting out of it, that there aren't young guys like you getting into it. Is there training?

Mr. Polk: Do you know what the number one skill set is? Being able to go out into the bush day after day and suffer the sticks in your eye and the soakers and the mosquitoes. It's incessant. If I had to do it all over again, I probably would have gone for an office job somewhere for the same money. Unfortunately, I have a passion for it, which is probably a curse, to some degree.

With regard to a skill set, really, we're desperate in this industry just to get guys who are willing to go out into the bush. It's such a variable skill set: small motor repair, bush craft, geology, geochemistry, geosciences in general. With regard to the prospector, not only does he have to be acute in the bush and know his mineralogy,

but now he has to be good at filling out forms. If you've got 100 guys who are great in the bush, maybe only 50 of them are good at filling out forms, so the other 50 are gone.

The Chair: We'll move to the opposition.

Mr. Miller: Thank you very much, Brian, for your presentation. Red tape seems to have come through fairly strongly as being a challenge. Have you got suggestions for how government can make it easier for you as a prospector in terms of lessening the burden of red tape?

Mr. Polk: I would say that securities reform has a lot to do with it. The red tape comes from all sides, but securities reform and a streamlining of these small companies or prospectors—like I say, the prospector is treated like a junior mining company. Because he holds claims—junior mining companies hold claims—he's held to the same responsibilities for those claims as a junior mining company. That entails filling out forms for all the claims, applying assessment on all the claims—lots and lots of paperwork. That's just the ministry side of things, dealing with the MNR work permits to go on the land and so forth. It should be streamlined. I think people just have to look at it as if we're a seed. We're not a tree. We don't have any fruit to give. All we have are high hopes, really, and you can't tax high hopes.

Mr. Miller: Your one point, "allow consultation costs as allowable mining expenses": Is that consultations with First Nations?

Mr. Polk: With First Nations, yes, absolutely. That's the crux of it. I've been very active in the James Bay lowlands and around Attawapiskat in the diamond fields up there. It costs a lot of money to consult with First Nations and you get no credit for it. It's not allowable under the federal program.

Mr. Miller: Just so I understand what you're speaking about, is this allowable mining expenses so that it helps you stake claims or bring them to patented status?

Mr. Polk: In order to work effectively up there, you have to consult with the First Nations just basically on a good neighbour policy. Those expenses, which can really add up, are not applicable to keeping the claims, and at this point, they're not applicable federally.

Mr. Miller: So that's a fairly simple change, then, that would really benefit you.

Mr. Polk: Absolutely, in a big way.

The Chair: Thank you for your presentation.

Mr. Polk: Thanks for your time.

The Chair: For the committee, our 11:40 presentation has cancelled. We will recess until 1:20.

The committee recessed from 1144 to 1320.

TIMMINS CHAMBER OF COMMERCE

The Chair: The standing committee on finance and economic affairs will please come to order. Our first presenter for the afternoon is the Timmins Chamber of Commerce. Please come forward. Good afternoon.

Mr. Tom Laughren: Good afternoon. On behalf of the Timmins Chamber of Commerce, I would like to

thank you people for coming to Timmins and doing this, for giving us the opportunity.

I have to apologize. My cohort, Keitha Robson, the chamber manager, should be here, but we had a meeting that I just snuck out of. She will be here shortly and I will have copies of our presentation for you. I apologize for that.

The Chair: I just remind you that you have 10 minutes for your presentation and there could be up to 10 minutes of questioning following that. You may begin.

Mr. Laughren: The Timmins Chamber of Commerce represents a broad spectrum of the Timmins business community—commercial, industrial and professional—representing over 535 large and small businesses in the city. Since its incorporation in 1949, the chamber has been recognized as the voice of business for this community. The chamber is proactive in voicing our members' concerns with respect to local, provincial and federal government policy while actively addressing educational, civic, social and economic issues. It is in that role that we wish to address you today.

This submission provides an overview of a number of areas of interest for the Timmins Chamber of Commerce and its membership. Some priorities of the Timmins Chamber are as follows: taxation and program spending; investment and infrastructure; energy plan; education and training.

I'll start with taxation and program spending. The Timmins chamber urges a continued balanced budget and deficit repayment plan. Any decisions regarding taxation and program spending must be made with this in mind. The chamber would prefer to see tax reductions rather than new programs putting dollars back into the hands of businesses. In many cases, the difficulty in accessing a program outweighs its benefits. An example of this would be the MEDT manufacturing incentive, that is, apply for 10% in less than 30 days. We contend that targeted tax reductions and incentives are much simpler, more efficient ways of achieving desired outcomes than creating new programs with their associated bureaucracy and overheads. Two examples of targeted tax incentives that we would support are flow-through shares or some alternative exploration initiative and a lower tax rate for businesses located in northern Ontario. We recommend that no new spending programs be introduced and that any new initiatives must be financed with a reallocation of current monies.

We support the recommendations in the Ontario Chamber's report *Fairness in Confederation—Fiscal Imbalance: A Roadmap to Recovery*, and encourage the provincial government to continue to pursue remedies to the fiscal imbalance.

We would remind the provincial government that an imbalance also exists between the provincial and municipal levels of government. Over the last number of years, one of the provincial strategies has been to down-load certain costs and responsibilities to the municipalities. Provincial taxes reduce while municipal taxes increase. As has been said many times, there is only one

taxpayer. Each level of government must have the capacity to deliver its responsibilities—no more; no less.

Investment and infrastructure: Living in northern Ontario, transportation and communications are an essential need. The Timmins chamber would like to thank the government for their proactive approach to highway safety and the addition of passing lanes on many of the highways that surround our city.

Increased truck traffic through downtown Timmins has demonstrated the need for an alternative route in our city. We need provincial assistance, in partnership with our municipality, in this effort. I'm sure that today you will more than likely hear that from the mayor.

As discussed in the taxation and program spending section, funding available to municipalities has not kept pace with their responsibilities. Of particular concern to the Timmins chamber are the increasing requirements for the cost of producing water. The local government simply does not have the funds to do what is required without substantial increases in municipal taxes or water rates. This community is a perfect example of that, with our tax increases over the last two years being an average of between 6% and 7% and our water rates having gone up \$150 per household.

The health status of people in this part of northeastern Ontario, in fact in all of northern Ontario, is very poor, based on research, and there are significant gaps in health services. An example would be primary care practitioners, family physicians and nurse practitioners, as well as medical and surgical specialists and other health care professionals to deal with an aging population at high risk for a number of diseases.

We understand that the Ontario Ministry of Health and Long-Term Care is restructuring and integrating health care through the new Northeast Local Health Integration Network. However, it is important that needed resources are invested now in underserved and geographically challenged north and not just provided to squeaky wheels in large urban areas in the south that have many health care provider alternatives and choices, who we in the north consider somewhat overserved when we compare how little we have in many of our communities to deal with significant health issues.

Some examples of this: The East End Health Clinic, which was started by Northern College in partnership with some government money in South Porcupine, is trying to stay afloat financially, and they care for 1,100 patients at this point in time; a shortage of community support services and long-term-care beds to support our elderly population in Timmins and referring communities; no cardiac rehabilitation program in Timmins, though we have a high incidence of cardiac disease; no rehabilitation beds in Timmins, though we have a high incidence of accidents and strokes.

Energy plan: Our local economy is dependent on mining and forestry. Both industries are high energy consumers. Current high energy costs relative to neighbouring provinces are putting these industries at a competitive disadvantage. We need reliable, affordable

and sustainable energy. While we recognize that this is a hugely complex issue, we have some recommendations.

The nuclear option has proven to be an expensive failure. A better alternative, in our opinion, would be to keep the coal-fired plants open and invest in better scrubbers and clean coal technology. Energy conservation programs are also an untapped opportunity that we believe have far better cost benefits than the nuclear option. We continue to support energy deregulation, which was brought in by the province.

Education and training: Employment opportunities exist in our region. However, without a university in our community our youth are migrating for their education and are not returning home. Industry needs training programs to work with the underemployed and those not in the existing workforce. How do we engage these people living in our community, train them and add to our available labour pool? The province needs to take an active role in supporting business to fill the skills and labour shortages. If I may very quickly, I can give you examples of that. We have a new Home Depot and Canadian Tire coming to our community that are going to create 500 new jobs. De Beers is going to be starting the construction of their mining operation up in Attawapiskat and will be looking for 600 people. We have an unemployment rate in this community right now of 5.9%, which tells me we're definitely going to have a skills shortage in this community. We need some help to address that.

In conclusion, the decisions made by government often tend to leave the north feeling left out, rejected and unaffected by change. Northern Ontario needs to have a larger voice and more consideration. Our contributions to the economic prosperity of this province are numerous, and we deserve to be consulted on the economic roadmap for the entire province.

The Timmins chamber appreciates this opportunity to present our recommendations to the standing committee on finance and economic affairs. It is the hope of the chamber that these recommendations will assist you in your pre-budget deliberations. Again, I thank you for the opportunity.

The Chair: Thank you. This rotation will begin with the government.

Ms. Marsales: Good afternoon. As the past president of the Hamilton and District Chamber of Commerce, I thank you for welcoming us to Timmins. It's wonderful to be here.

I'm very interested in a couple of the things you were saying, particularly around the downloading of services. Could you give me sort of an encapsulated version of how that's affected Timmins?

1330

Mr. Laughren: In my past life I was a councillor for 10 years here; I didn't run the last time. One of the big issues for Timmins, when you talk about downloading—there are a couple. One is that we were downloaded almost 90 kilometres of highway with very little capital money to do anything with. The municipality has never

had the ability to put money away for future capital on those highways. They've managed to build the maintenance of those highways—sanding, salting, regular maintenance—into their budgets. That's part of your increased tax costs.

The other big one that I would throw out at you today is the fact of the downloading of the ambulance service to the local DSSABs. The funding formula was supposed to be 50-50. It's probably more like 40-60. Wait times for money, dealing with the ministry, is very tough and it's going to put a major strain on the DSSAB's budget this year, which then reflects back to the local municipalities who are part of it. Those would be two that I would throw out to you.

Ms. Marsales: Thank you very much. I appreciate that.

The Chair: We'll move to the official opposition.

Mr. Miller: Thank you, Tom, for your presentation this morning. I'm going to share my time with Mr. Hudak, so I'll be brief. You first of all mentioned that you'd like to see continued balanced budgets. I'd like to correct that and say that currently we don't have a balanced budget in the province of Ontario, at least for the next year or two, depending on what the government does.

You stated that you'd like to see targeted tax reductions, and you gave the example of flow-through shares. We had a presenter earlier this morning who said that currently Ontario has a 5% rate. What sort of percentage would you like to see? We were told in Quebec it's 50%.

Mr. Laughren: To be honest, the mining industry in Ontario right now is probably on a high because of the price of base metals, the price of gold. But there are obvious expenses on the other side, such as the rising Canadian dollar against the American dollar. To be competitive, we at least have to look at what Quebec is offering their exploration companies. I believe it's an important business not only to northern Ontario but to the economy of the province, and with the feds kind of pulling out of the extra money they were throwing at free-flow shares for the junior mining companies and that, it's definitely going to be an issue.

Along with that, if I may, we have a Discover Abitibi project that was partnered by the province, different municipalities, the federal government and local mining businesses. We need money to be able to do the next phases of those projects. There has been a lot of success in the first two, but if we don't have the money to do the next two, the first set of money will be lost.

Mr. Miller: I'm probably using too much time, but do you have any particular ideas on how you would structure a lower tax rate for businesses in northern Ontario?

Mr. Laughren: You have four million people projected to come into the GTA over the next 20 years. I look at the opportunities and the land we have in northern Ontario, the infrastructure we have, and the decline in our population. The federal and provincial governments definitely have to look at that. I mean, you're talking

about four million extra people drinking water, sewage going into the same lakes that they're drinking water out of, you're eating up the best farmland we have in Canada. Somebody has to shake their head and say, "Hey, what's going on here?"

Mr. Miller: So the north can be the solution to a lot of the south's problems.

Mr. Laughren: Well, when you look at the mining operations and that here, you know.

Mr. Miller: Thank you.

The Chair: We'll move now to the NDP.

Mr. Prue: Thank you very much. You started off your presentation by talking about the need for tax reductions, and then you went from there and talked about a balanced budget, which it isn't; it's about \$1.4 billion in the hole. Then you went on to talk about the necessity of uploading services from the municipalities, which right now is about \$3 billion that has been unfairly downloaded. The way I look at it, they need \$1.4 billion. If they upload, it's another \$3 billion, which is \$4.4 billion, and you want a balanced budget and you want tax reductions. Can you tell me how we can accomplish that? You're asking all over the place.

Mr. Laughren: When we talked about the tax reductions, reference was made to the fact that the government does offer different types of programs. We used the MEDT as an example of that. We feel that the business community would be better served by a reduction in taxes versus those programs. We feel they're very hard to access. A lot of small businesses do not have the resources to be able to access those. So that's kind of the train we were coming on there. We're not saying reduce taxes—we're talking about reducing the incentives the government is giving. The grow bonds, as an example, for northern Ontario: I believe that was a failure because it was poorly, poorly advertised by the government. I know from the chamber it was something we had originally pushed for, but they're very difficult to access and they don't do business a lot of good at the end of the day.

The municipal downloading is something that—again, there's only one taxpayer. We can talk about downloading all we want, but at the end of the day, somebody's got to pay for that, and right now it's municipal taxpayers. If you look at the water situation as an example, for a plant here in Timmins it really never had any problems up to this point. When I was on council, we used to make money off our water here, at much lower rates, do capital work. Now it doesn't make enough money to cover the operational or the capital. So there are definitely some issues.

Mr. Prue: One of the things you said, about no new programs or program money: We had a woman here this morning, very spirited, talking about poverty in Timmins and the impossibility for people at the lower end to make ends meet, particularly those on welfare, with the clawback. Would you expect that those monies would stay the same; that is, continue—

Mr. Laughren: From a social assistance perspective?

Mr. Prue: Yes.

Mr. Laughren: Again, my experience in that has been that back when the Conservative government was in power, a lot of people fell off the map when it came to social assistance. Even though there were many, many gains—I believe the workfare program was a really excellent program and one I used in my capacity on other boards—there's definitely something missing there. I'm not sure what it is. I wouldn't be able to give you an answer on that. But the cost of living, hydro and everything else has gone up for these people too, so I think it's something that would definitely have to be looked at.

The Chair: Thank you for your presentation.

Mr. Laughren: I will make sure you people have copies, and we thank you.

The Chair: If you could give that to the clerk, we'd appreciate it.

UNITED STEELWORKERS

The Chair: United Steelworkers, Local 1-2995, would you please come forward. Good afternoon.

Mr. Roger Falconer: Good afternoon, Mr. Chairman. First of all, I am not Guy Bourgouin, the president of the local union.

Mr. Wilkinson: You don't sound like him.

Mr. Falconer: No. And I must apologize to the translators that I don't speak either official language of Canada.

The Chair: I would remind you that you have 10 minutes for your presentation, and there may be up to 10 minutes of questioning. You may begin.

Mr. Falconer: I would like to thank the standing committee on finance and economic affairs for the opportunity to present the Steelworkers' perspective on the budget challenges facing Ontario. I am going to focus my comments on the issues facing a particular sector: the forest industry.

My name is Roger Falconer. I head up the organizing and strategic campaigns department in our union's Canadian national office in Toronto. The Steelworkers is now the largest and most diverse union in the country. We represent Canadian workers from coast to coast and in every sector of the Canadian economy. Our union is made up of workers from forestry, lumber, pulp and paper, mining, trucking, health care, security, financial institutions like banks and credit unions, as well as from the steel and manufacturing industries, for which we are best known.

Since the Steelworkers merged in 2004 with the Industrial, Wood and Allied Workers, and in 2005 with the Paper, Allied-Industrial, Chemical and Energy Workers International Union, our union has become the largest and most powerful union for forestry, wood and paper workers in all of North America. We represent over 175,000 of those workers.

On February 2, this committee will hear from the United Steelworkers' Wayne Fraser, who is our union's director for Ontario and Atlantic Canada. He will be

addressing our union's perspective on a full range of issues facing this standing committee.

Today I want to focus my comments specifically on the crisis facing the forest industry in northern Ontario. Of most concern is the threat posed to the viability of northern Ontario communities. It's not just jobs that are at risk here; it is the future economic health of many of those communities.

1340

This crisis has clear causes. The province has the ability to affect the outcome, provided that the province has the political will to act, and to act immediately. In fact, the existence of this crisis is well known and has been much discussed. What we have been missing so far is action. I am here today to say that action is required, and is required now.

First, the forest industry crisis is in part an energy policy crisis. Until the province admits this, we aren't going to find effective solutions. Energy costs are skyrocketing in northern Ontario, and this is totally out of line with energy production costs and usage patterns here in northern Ontario. What I mean is that the price problem is not made in northern Ontario, although the effects are certainly felt here; the problem is made south of here and is a result, in part, of a provincial energy policy.

Second, there is the issue of increasing delivery costs of fibre. That is, the cost of getting wood from more and more distant forests to the sawmills and pulp and paper plants is increasingly becoming impractical. This is a transportation issue; it's about the cost of fuel and of building roads. Targeted fuel tax breaks for deliveries to mills and increased attention to the necessary road construction are just two of the ways that the government can intervene to offset this issue.

Third, we need to ensure that the natural resources of northern Ontario benefit the people of northern Ontario. This means local management, local job creation and local economic benefits. Too often, we see that large forest corporations care only about their bottom line and that they show little commitment towards the local communities from which they draw these resources. When times are tough, it's not unusual to see a forestry giant turn its back on workers and walk away from the community. We need to guarantee local involvement not only after the fact, but right from the start. It's important but insufficient to involve the community only after a large number of layoffs and ask them then about their retraining and retirement needs. The community needs to be empowered to take proactive responsibility for their own economic and social health, and the province can act to ensure that this is the case.

But we also want to say that this, importantly, is not strictly a capital problem. We find it odd that the province's response has been to treat the forest industry crisis as if it were simply a result of not enough investment capital. What's happening is that the costs are spiralling out of control for particular reasons. What the Ontario government needs to do is to address these

reasons. Instead, the Ontario government has offered loan guarantees to struggling forest companies, but the forest companies do not need more debt. That is only going to push them further into trouble and will do nothing to protect the workers and the community members in the long term.

The Ontario government states that its \$350-million loan guarantee program for the forest industry aims to provide a positive investment climate and to increase “competitiveness.” Well, if this is the goal, then the province just hasn’t figured it out yet. These loans are designed to fix the part that isn’t broken. In other words, it is not the best use of the provincial budget. The forest companies do not need a lecture in investing, in cogeneration or in striving to be competitive; these things are already understood. Ontario mills are some of the most modern mills in North America. The technology is already there; the productive workers are already there. It’s not our plants that can’t compete in Ontario; it’s the cost of electricity here that can’t compete.

Offering these loans and doing nothing else fails to go to the root of the problem. Sure, loans might benefit some particular company; they might even keep a place or two running longer than they would have without the loan. But the loans do absolutely nothing to address the rising costs of electricity and of delivering fibre to the mills. The loans just delay the inevitable.

One of our friends in the Ontario Parliament, Gilles Bisson from this riding, was right on the money when he explained the misguided nature of the government’s loan guarantee program solution. He said it was like going to the bank with a maxed-out Visa card, and the bank’s solution is to offer you MasterCard. This does nothing to address the problem of how you got into debt in the first place; it just throws you further into debt. The problem persists and you still end up going broke; it just takes a bit longer. But we cannot afford to just put off the problem.

The forest industry is vital not only to the future of northern Ontario workers and their communities, but also to the Ontario economy as a whole. It’s a \$19-billion-a-year industry. It is second only to the auto industry in terms of its province-wide economic impact. Forestry is behind \$8 billion worth of contributions to Ontario’s balance of trade. It is thought to support 275,000 good-paying jobs, directly and indirectly, throughout not just northern Ontario but southern Ontario as well when you include equipment and service suppliers, producers, planners and so on. Mill closures threaten to cut deep into the Ontario economy.

If this government wants to act, then it needs to take responsibility for the energy crisis. The previous Conservative government set the wheels of this crisis in motion by aggressively pursuing the privatization and deregulation of hydroelectricity. The problems we see now are the result of turning energy policy over to the rule of the market. Energy policy could work to target development, it could support industry, it could empower communities or provide competitive advantages. But

currently, in Ontario, it does not. Instead, the Conservative Party energy policy in Ontario insists that energy be priced and supplied at the whim of the market. The current combination of pool prices and peak power prices does not work for northern Ontario.

Even though we produce our own energy in the north, it has to serve the overall market, and southern Ontario drives that market. That means energy ends up costing us two or three times what it actually costs to produce here. You might have a mill just down the way from a generation facility, yet the increase in the number of smog days in Toronto means the province-wide price is marked up so high above production costs that the mill can no longer afford the locally generated power. This seems counterintuitive. But that’s how the province-wide market pricing scheme, which is so sensitive to supply issues, plays out for northern Ontario.

The energy problem is a Mike Harris legacy. What will this government do about it? Privatizing and deregulating hydroelectricity was a bad idea, and the resulting cost to Ontarians has been huge. It is time that industry—and the forestry industry is just a leading example—stops having to shoulder so much of the burden of the Conservatives’ misguided energy policies. We might not be having blackouts lately, but the new electricity market is breaking the back of northern Ontario industry. We are hoping that what the Liberals do now is finally admit that the energy policy is the problem and fix what is really broken.

The Chair: Excuse me, you have about a minute left in your presentation.

Mr. Falconer: Okay. Let me summarize, because it’s easy to summarize. We have two issues. The two issues are power—the cost of power, not the supply of power—and the cost of fibre that’s delivered to the mills.

What we need the government to do is to act now. We need some action right away. So far, the government has misdiagnosed the problem. The real root of the problem is the provincial electricity policy.

The loan guarantees and other programs that talk about enhancing forest industry competitiveness are off base and inadequate. This province needs a plan to bring back fair energy pricing to northern Ontario industry and to find meaningful ways to tie forestry wealth to forestry communities.

Thank you for this opportunity to speak to you on behalf of the Steelworkers union.

You will also find attached to this the seven-point program that we’ve put out as a response to the 26 recommendations that were given by the province. There was a minister’s committee on competitiveness. They had 26 recommendations, and this is our counter-proposal to those.

The Chair: This round of questioning will begin with the official opposition.

Mr. Barrett: Very briefly, over the last two days we’ve certainly heard about the problems with the cost of, more specifically, electricity with respect to energy-intensive manufacturing. Next year, other than one plant,

the coal-burning generating stations will be shut down, including Thunder Bay and Atikokan. Any comments on that? Does that play at all in your concerns with the increasing price of electricity?

1350

Mr. Falconer: If there was an easy solution to this problem, I'm sure somebody would have come up with it by now. Quite frankly, our position on Atikokan is that it should remain open. It doesn't substantially contribute to the emissions problem in southern Ontario. The smog days and stuff like that are not affected at all by the Atikokan plant. Our position is to keep it open until some alternative is found to replenish that system.

Let me just talk about northwestern Ontario very, very briefly. The problem in northwestern Ontario is that they actually have a surplus of energy. That energy could be used in southern Ontario to reduce the supply problem. The problem is that there's no bridge between northwestern Ontario and the southern users. If there were something that this government would look at—expand the bridge there to allow energy that's produced at no cost, which goes unused, in some instances, in northwestern Ontario, to be used in southern Ontario to reduce the impact of pricing overall.

The other thing is that there may be some way of splitting the system up to provide for regional, community-based power companies that would have some way of producing power locally, as opposed to what it is in the province right now.

Mr. Hudak: Thanks for the presentation. Hopefully it's not true, but we're just getting potentially disturbing news out of Thunder Bay that Bowater had announced it's closing its plant—

Mr. Falconer: And Tembec is meeting today.

Mr. Hudak: Tembec is meeting today?

Mr. Falconer: Tembec has their annual general meeting today in Montreal, and the word around is that there's going to be more consolidation of pulp mills, which means that there will be closures.

Mr. Hudak: So that's terrible news about Bowater, and potentially bad news about Tembec. How many more mills in the north are currently in jeopardy?

Mr. Falconer: Our estimation is that there are about 13 mills on the brink of closure if the government doesn't act quickly to do something about this crisis.

Mr. Hudak: How soon is too late? The budget will probably be sometime in the spring.

Mr. Falconer: We would prefer to have action now, if this budget committee can have some influence in the government's overall program. We've had many, many meetings with the minister responsible for the forest industry, for natural resources. We've expressed to him our desire to have something done immediately, and I mean next week. We're not talking about something that's going to last a long time. Thank you very much.

The Chair: No, we—

Interjection: You haven't got away yet.

Mr. Falconer: Unfortunately.

The Chair: We go to Mr. Prue of the NDP.

Mr. Prue: I just had a chance to look at the seven-point counterproposal, because we have heard from others what you said today. The regionally based timber allocation system was sort of the policy and the law in Ontario up until very recently. I understand that that policy has been sidestepped and that some of the timber is going to mills in Quebec, even. How and why should we bring it back? I think it's self-evident, because local people should have access to local products and to local jobs in it, but how do we bring it back?

Mr. Falconer: There was a system in place where there was trade between mills, because in one community you have one mill, and in another community you have another mill. What we're not looking at is putting one mill out of business simply because of the other one.

There used to be a trading system that if this mill ran a certain species of tree better than this mill, this mill would sell its allocation to there, and they would trade so as to balance it out, so that both communities benefited from the forest itself. There was a change in policy. What has ultimately taken place is that the forestry companies make those determinations about where the wood will go, and the Minister of Natural Resources has the responsibility to oversee that.

It has become evident that they don't take the community's needs into consideration when they do this analysis. It's basically taking the company saying, "We need the production, we need the wood there, so we're going to sell the fibre to this plant." The case that you used was that there's much more wood sent to Quebec now than there was previously. That's because the forestry companies can get from the government, through the Minister of Natural Resources, permission to do that.

Mr. Prue: You also talk about the effective mill closure review process. I understand your position, and I think it's everybody's in this room, that we not close them.

Mr. Falconer: Absolutely.

Mr. Prue: But you have said that the company should discuss alternatives to shutdowns with local community leaders. I don't remember a single company ever having sat down with the community and talked about this before we heard the bad news on the airwaves or saw it in the paper. I think about Tembec, Bowater and other announcements that are going to be made. Should companies be forced to give advance notice before shutting down a mill?

Mr. Falconer: Absolutely. We're looking for ways to keep the mill open. We want to find alternative buyers. I'll give you a classic example of this. In northwestern Ontario, in the town of Kenora, there is a pulp mill that is owned by Abitibi. The Whiskey Jack forest up there is one of the richest in North America, never mind Ontario. It's incredibly rich. They have the timber rights for that forest. Originally the timber rights were tied to that mill. They're no longer tied to that mill. The company just wants to have its way. They want to be able to have the same amount of fibre that they had the licence for when they were running the mill so they can take that fibre and ship it somewhere else.

We know that mill is a viable mill. It has a very good workforce; it has a very good customer base. There are a whole bunch of reasons why it should stay open. We want Abitibi to sell it, but Abitibi says they're not going to sell it. There's no process in place where the workers and the community can go to the company and discuss these things prior to the company making a corporate decision in Montreal that effectively guts a community like Kenora. That's our problem. We want the communities and the workers in those communities to have an opportunity to discuss alternatives to closure, and if there is no alternative but to close that mill, then what can we do to make sure the community survives, what can we do to make sure the community is going to be using those resources in another way that benefits the people of those communities? That's what we're talking about when we say that.

The Chair: We'll move to the government.

Mr. Wilkinson: Thanks, Roger. It's good seeing you again. I want to have a discussion with you about some testimony we got yesterday. One forestry company, Weyerhaeuser, came to see us. We've heard consistently from a lot of different deputants that the energy price is the problem and that's what the government should focus on. Their testimony was—I think they used the analogy of the mining industry, which of course has the same resource base but is at the top of the cycle right now in regard to its commodity price, and is faced with the same challenges in energy. Of course, it's not a problem because they have a high commodity price. It's affecting their profit, but it's not affecting their viability.

Mr. Dedo's testimony was that fundamentally their problem is not energy; it's the fibre cost because of added regulation. He said they used to have forest management programs that were this big and now are 14 binders, and the downloading of the roads, which used to be paid for but are now their responsibility. All those things are making them uncompetitive. They have the resources—excellent, world leading forestry resources—just like the mines have minerals here, but they can't get at them. He said that if they could get at them and you dealt with that problem, then they would be profitable and energy would be something they could invest in for conservation and cogeneration. But he said that, fundamentally, if they can't get fibre at a good cost, they can't deal with this other thing. You've really focused on energy, but could you give us your take on that fundamental economic problem?

Mr. Falconer: Having the opportunity to talk to the committee, you've only got 10 minutes to get the message out. So the message we wanted to give you was that if there's one thing you can fix, if there's one thing you should take a look at that will have an immediate impact on these 13 mills that are on the brink, if there's one way to save them, it would be the energy costs.

Mr. Wilkinson: In the short term.

Mr. Falconer: In the short term.

But let me be absolutely blunt that delivered fibre costs in Ontario are the highest in North America—no

question about it—and that's something this government has to think about. The 26 recommendations that are referred to talk about taking back the cost of building roads and taking back some of the things that were downloaded on companies to try to help them. I understand that's one of the issues.

The other issues are outside of provincial jurisdiction. One of the main ones is currency rates between the US and Canada, a big problem for these companies. When there was a 60-cent dollar, they were making money and could offset some of these other costs we're talking about now. That's a federal problem that we have to talk to the federal government about. The federal government has to wrap its head around its dollar policy, because it really affects resource-based industries.

1400

The other thing that's hitting hard is the trade regime between Canada and the US. We sell primarily to the United States, and in one instance, softwood lumber, which everybody talks about, we've been taking a real hit because of the duties. Again, it's a federal matter; it's not a matter for the provincial government. But when it comes to talking about delivered wood costs, there's no question that that's one of the issues that has to be addressed by this government.

The message we're trying to get to the government of Ontario is that the crisis is so deep that something has to happen immediately. We need to have discussions on roads and delivered fibre costs, but if we don't do something immediately about the high cost of electricity that's being paid by these companies, they won't be around to have the other discussions.

The Chair: Thank you for your presentation.

TIMMINS ECONOMIC DEVELOPMENT CORP.

The Chair: Would the Timmins Economic Development Corp. please come forward? You have 10 minutes for your presentation, and there could be up to 10 minutes of questioning following that. You may begin.

Mr. Victor Power: My name is Vic Power. I'm the mayor of the city of Timmins and a member of the board of the Timmins Economic Development Corp.

On behalf of the council of the corporation of the city of Timmins, I would like to thank you for the opportunity to provide this committee with information during pre-budget consultations, especially about the concerns and issues facing the city of Timmins.

One thing I'm not going to talk about today is the energy issue. I've just returned from Sault Ste. Marie, where the mayors of Thunder Bay, Sudbury, Sault Ste. Marie, North Bay and Timmins had a meeting regarding hydro rates and how they are impacting on our industries in northern Ontario. I'm sure you're going to be hearing a lot more from us on that in the coming weeks, so today's presentation will be confined to predictable and stable revenue for municipalities, the financial impact of transferred provincial highways to the city, the need for long-

term-care beds, the Ontario municipal partnership fund and land ambulance services.

The city of Timmins believes Ontario's municipalities must have adequate, predictable and stable revenue that reflects the true cost of funding local municipal priorities. All municipalities, regardless of their size or location, face fiscal challenges. New funding plans must be implemented through co-operation with the federal and provincial governments to provide political autonomy and revenue-raising flexibility. Municipalities are left far too reliant on property tax, a poor alternative since it tends to lag population growth and has only an indirect connection to economic activity.

Municipal revenues are not keeping up with the cost of living, let alone service responsibilities. The city of Timmins understands the province's fiscal challenges, but Timmins has been facing similar pressures for years. Sustainable solutions must be found to address the growing fiscal imbalance. We've been hearing about that fiscal imbalance at the federal-provincial level, and of course we're hearing it here as well. Limited municipal revenues are proving inadequate for municipalities to meet the burgeoning local responsibilities for such areas as health services, social services, public transportation, waste management, water purification, public safety and roads.

In terms of health and social service programs, AMO has identified a \$3-billion municipal fiscal gap, which we agree needs to be addressed. We urge the province to reduce its reliance on \$3 billion a year of municipal property tax revenue. We also urge the provincial government to work with the federal government to ensure that Ontario's municipalities have the authority, autonomy and revenue necessary to fix their infrastructure.

Northern communities require the resources to build, renew and enhance their basic infrastructure. This would maintain the quality of life that is necessary to generate jobs and investment in local economies. A guarantee of provincial government funding for infrastructure for years to come will allow municipalities to make long-term plans to upgrade the existing infrastructure within their cities. A commitment by the federal government for continued funding will be a huge step toward achieving sustainability for the city of Timmins. In addition, the city of Timmins would not want to see any federal funding provided to municipalities offset by reduced provincial transfers. These new federal initiatives should not proceed without provincial agreements that there will be no clawbacks on provincial funds that help municipalities.

Municipalities have been downloaded the responsibility to maintain former provincial highways. The cost of maintaining local roadways and former provincial highways and bridges is now funded through property taxes. The city of Timmins believes there is a need to study the ability of municipalities to fund and manage responsibilities that have been downloaded to them, such as provincial highways.

We're providing here a summary of the provincial highways that were transferred to the city of Timmins.

On the next page, you'll see that the total cost of snow-plowing, sanding and salting the transferred highways was \$1.4 million in 2002, \$1.1 million in 2003, \$1.2 million in 2004 and \$1.4 million in 2005. For comparison, the following table indicates what was transferred to the five largest municipalities in northern Ontario. As you can see, Timmins received the lion's share. The city of Timmins is currently maintaining these highways but cannot afford to assume the annual estimated \$4 million for capital construction, upgrading and maintenance costs without major increases in municipal taxes.

The situation is compounded by the fact that for the past seven years no capital construction improvements have been completed on the 87 kilometres of transferred provincial highways, other than those on the connecting link highways. The condition of some of the transferred highways is reaching a level of critical concern to the city. We are particularly concerned about the safety of our residents as well as of visitors to the city travelling on these transferred provincial highways. As a matter of fact, we've had fatalities recently, and that's not a pretty picture.

The city of Timmins does not have the financial resources required to reconstruct the transferred provincial highways to a level that would ensure the continued safety of the public. For example, MTO provided \$1 million in 1997 for the maintenance of transferred highways for a period of three years. By the end of 1998, these funds were expended. Since then, all road maintenance has been completed and paid for by the city of Timmins. The same issue applies to the bridges that are located on the transferred highways.

The city of Timmins is also requesting financial support from the Ministry of Health for an additional 32 long-term-care beds at the Golden Manor, our long-term-care facility. The Cochrane district has 635 long-term-care beds scattered among 10 facilities located in seven communities dispersed in a land area of 141,000 square kilometres. Not only is the population scattered, but there are additional factors which affect seniors, such as lack of community-based supports or alternate affordable housing options. These factors include and provide rationale for the extreme demand for long-term-care facilities within the city.

The distance between long-term-care facilities poses a unique challenge to the placement of residents across the vast catchment area of the district of Cochrane. The community care access centre must balance bed availability from a systems perspective, while keeping in mind the human aspect of ensuring that residents are placed in close proximity to family and friends. At times, loved ones are placed at a considerable distance from their community, and this has been especially evident in the city of Timmins within the last number of months. To put that in perspective, just imagine that you were living in Timmins and you had parents who were placed in a long-term-care facility in Iroquois Falls or Kapuskasing. Do you really think that that's a realistic way of looking after our seniors? I think we all know the answer to that.

1410

The city of Timmins has been actively pursuing the provincial government to increase the number of long-term-care beds at Golden Manor. Our city is still in crisis, and it's time to take a long look at the needs of our aging and vulnerable citizens. We must address funding shortfalls, not only in the provision of additional long-term-care beds, but also community resources to allow seniors to remain in their own homes for as long a period as possible, thereby reducing the current pressures on our local hospital and community services.

In addition, many of our seniors do not have family doctors, and there is no mechanism in place when someone enters the emergency ward and is discharged into the community. Follow-up with respect to the frail elderly is virtually non-existent.

There is no doubt that the lack of human and physical resources for long-term care has created a crisis in Timmins. The need for rehab beds at our district hospital is essential, and it is inappropriate to have an acute care facility providing long-term-care crisis beds. The demand for some long-term-care facilities far exceeds that of others. Golden Manor is the facility of first choice for 70% of clients awaiting placement within the district. There is an inequity in the ratio of beds to population within the district. The city of Timmins accounts for 51% of the total district population and for 46.0% of the long-term-care bed complement for the entire district. Equity in bed-to-population ratios for the communities in the Cochrane district would necessitate a 32-bed increase to the current complement for the city of Timmins. Presently, Golden Manor home for the aged has a waiting list of 90 people, and this has been the average over the last number of years.

The city of Timmins is also requesting that the provincial government ensure the stability of the Ontario municipal partnership fund. This new funding mechanism, which was introduced in March 2005, includes a phase-in strategy to ensure stability in municipal revenues. However, the recent October update of the 2005 OMPF allocation notice appears to indicate that the phase-in strategy does not apply to adjusted 2005 OMPF allocations. We would respectfully suggest that annual OMPF allocations should all be subject to a reasonable phase-in strategy.

In addition, in order to reduce the provincial reliance on municipal property tax revenues to fund health and social services, we would suggest that the social program grant portions of the partnership formula be adjusted annually in order to reduce the reliance on property tax revenues. Specifically, we would suggest a phase-out over five years of the 0.2% tax rate used to fund social program costs.

The province of Ontario should also consider, during its pre-budget consultation, the financial pressures exerted on municipalities through the provision of land ambulance services. It is recognized that land ambulance services are essential and an integral part of the province's health care delivery system. In addition, the cost of

land ambulance is directly related to unilateral decisions made by the Ministry of Health and Long-Term Care as related to educational requirements, service standards and health care delivery strategy. Since land ambulance services were downloaded to the district social services administration boards in the year 2000, the cost sharing of land ambulance has changed dramatically. Originally, land ambulance services were funded at a 50-50 split, but provincial funding levels have been drastically reduced whereby the cost-sharing arrangement of 50-50 is no longer applicable. At the present time, land ambulance services are split 61% municipal, 39% provincial. The refusal of the Ministry of Health and Long-Term Care to fund—

The Chair: You have about a minute left.

Mr. Power: Okay, very good—50% of the program by ignoring obvious cost pressures in the program, particularly in wages, has changed the funding dynamics to the cost-sharing agreement, with the municipalities paying the larger share.

The rest of that section relates to the same topic.

I would like to thank the members of the committee for providing this opportunity to present our issues and concerns during these pre-budget consultations, which we feel are of the utmost importance to the city of Timmins.

I neglected to introduce our city treasurer, Mr. Ross Troop, who has joined me for this presentation. I would be pleased to answer any questions that members of the committee may have.

The Chair: Thank you. We begin this round of questioning with the NDP and Mr. Prue.

Mr. Prue: Thank you very much. You've spent a great deal of time on this, but the downloaded services to municipalities across the province—and these do not even include the highways. The big ones are: child care, social assistance, social housing, ambulance service and public health. They run some \$3 billion, and that's all of the municipalities. Have you given any thought to what would be best for your municipality if they were to be uploaded, in what order you might do, because I doubt very much they're going to take on \$3 billion in one budget?

Mr. Power: I don't quite get what you mean.

Mr. Prue: If some of these services are to be uploaded, which ones should be taken off the municipal tax burden first?

Mr. Power: Certainly land ambulance, for starters.

Mr. Prue: That's one of the small ones, though.

Mr. Power: What were the other ones you mentioned?

Mr. Prue: There's childcare, which costs the municipalities \$193 million; social assistance, which is \$1.3 billion; social housing, which is nearly a billion; ambulance, \$312 million; public health, \$266 million.

Mr. Power: If you could get social assistance and land ambulance off our backs, we'd be in much better shape. But our problem is—I referred in the presentation to revenues. As you know, all we really have is the property tax from our own end.

But you know, at the end of 2004—and I'm not talking about base metals now, and I'm not talking about forestry products—the city of Timmins had produced 66 million ounces of gold. Multiply that by \$560, and that's a lot of loonies. What I'm saying is, we should get a slice. I'm not saying it should be added to, but whatever mineral taxes are paid by the large companies in northern Ontario, we should be getting a slice of that, because to produce that kind of wealth and then go through the financial tribulations that we go through just doesn't seem right.

Mr. Prue: Absolutely. I don't have a question, but I did promise that I would do this. For those who were expecting Gilles Bisson, he cannot attend. Unfortunately his mother was called in to surgery in Toronto, and he has had to fly there. He sends his regrets, and he wishes he could be here but obviously cannot.

The Chair: Thank you. Now we'll move to the government.

Mr. Arthurs: Your Worship, thank you for the hospitality that Timmins has extended to us during our stay. As a former municipal politician—I was the mayor of Pickering for quite a while—I can share the pain that's occurred over a number of years.

I'm pleased to hear you comment on the land ambulance issue. Do you know offhand, or does your treasurer know offhand, what your land ambulance costs currently are, roughly, and what the cost might be to get back to the 50-50 agreement that was struck initially? Any idea?

Mr. Power: The city of Timmins pays 55% of the local DSSAB because we have 55% of the assessment. I know we were going over those figures just recently. I don't know the exact figure, but I know we're paying \$700,000 more than we had ever dreamed of paying, and \$700,000 is almost a 2% tax rate increase at the municipal level.

Mr. Arthurs: All right. That certainly drives home, when you're asked to prioritize which item, if you had to pick—where you would start is one that one can readily identify as well.

Mr. Power: The reason for that, Mr. Arthurs, is something a lot of people wouldn't realize if they don't live here. Land ambulance in a district the size of the district of Cochrane is a very expensive proposition. People in the small communities deserve an ambulance when required, but you can realize that it's very expensive to provide ambulance services not just to every small municipality but to remote locations in the bush. That's what's driving up our land ambulance costs, and we pay 55% of that.

Mr. Arthurs: I was noting as well that when the new Ontario municipal partnership fund came into play, Timmins was a benefactor compared to the old CRF funding.

Mr. Powers: Yes.

1420

Mr. Arthurs: I think if one added in the provincial portion of the gas tax to this point, it would be about a \$2-million enhancement over the old program, so I

presume, from that standpoint at least, you are happy with the OMPF funding, as compared to the former CRF funding.

Mr. Powers: We did very well in 2005, but as our treasurer can tell you, we're being reduced by an amount of \$1.2 million for 2006. They think they overpaid us. Mind you, they didn't take it back, but there's \$1.2 million that we're not getting in 2006.

Mr. Arthurs: On the go-forward plan that exists, then—and I don't have those numbers—as you look forward to the 2008-09 time frame, will your numbers be reduced, or is it stable?

Mr. Powers: I would defer to the treasurer on that one. Would the numbers be reduced in 2008-09?

Mr. Ross Troop: Ultimately, it depends on what our costs are in 2008-09, specifically in terms of the social program costs. If they increase, our funding is going to go up; if they decrease, our funding will go down. One of our concerns, and the reason for the suggestion in the document that future OMPF reductions be phased out, is the fact that we were a beneficiary of the new OMPF fund, we did receive a substantial increase, but again, it's based on incorrect information in the provincial formula. It was a windfall for one year, but if it disappears entirely next year, then we'll have the problem that we've relied on that funding in 2005 and it will be gone for the 2006 budget issue.

Mr. Arthurs: I think you also recommended that the social-service-related costs at the very least, in the OMPH funding, be tied to inflationary factors as well, at least that portion?

Mr. Power: Yes, certainly.

Mr. Arthurs: Thank you.

Mr. Barrett: Thank you, Mayor Power, for the presentation on behalf of the city of Timmins. You were describing the need for another 32 long-term-care beds at Golden Manor, and obviously there's quite a bit of pressure. It sounds like most people want to go there, out of the 10 facilities across a very, very broad region.

Mr. Power: That's right.

Mr. Barrett: Certainly in 2003, across Ontario, we saw a major request for proposal and expansion of long-term-care beds, many of them opening right now. The buildings, the new facilities, have been constructed.

Mr. Power: Yes.

Mr. Barrett: How did the region do during that time?

Mr. Power: To my knowledge, the region hasn't gained any long-term-care beds over quite a number of years now. Timmins is the place that's looking for them—

Mr. Barrett: It didn't get any in 2003?

Mr. Power: —because we're actually sending them, as I say, to distant communities, because they can accommodate them. But it's a very awkward situation when you have a city in the centre of the district sending to municipalities quite a distance away. It's hard to explain that to bean counters.

Mr. Barrett: You explained it here. I just wondered, during that request-for-proposal period, did the area not apply for any long-term—

Mr. Power: Look, I'm not telling any tales out of school. We've been trying to get meetings with the Minister of Health for I can't tell you how long on this issue. We just can't even get a meeting right now.

Mr. Barrett: So the whole area missed that opportunity.

Mr. Power: I wasn't in office in 2001, 2002, 2003, so I don't know what they did in 2003, but I know that in 2004, 2005 and 2006, we've been pressing this.

Mr. Barrett: Yes, because certainly so much of Ontario is cutting ribbons and opening brand new 32-unit—

Mr. Power: They can do that ceremony with us any time. We'd be pleased to help them out.

Mr. Barrett: That's regrettable, if you did miss the boat on that opportunity.

Mr. Power: To my knowledge, we didn't miss the boat on that, because I know that in 2004, 2005 and even in 2006, we've been trying to get meetings with the Minister of Health on this issue. Frankly, it doesn't seem to be going anywhere.

The Chair: Thank you for your presentation this afternoon.

Mr. Power: Thank you, Mr. Hoy. We appreciate your coming to Timmins.

STROVAN ENTERPRISES

The Chair: Now I would call on Strovan Enterprises to come forward.

A request has been made by the next deputant requesting privacy. In order to do that, we would have to go into closed session. In that we are a public hearing, we would require—

Mr. Arthurs: I move to go into closed session.

The Chair: Any discussion?

Mr. Prue: I don't want to be difficult, but this was intended to be a public session. I don't know what is going to be said that requires it to go into closed session, but it has to be strong, it has to be compelling and it has to meet the requirements of making government secret. It's just not normally done. Without knowing what it is, I just can't vote for it without knowing that it meets all of those requirements.

Mr. Hudak: Chair, correct me if I'm wrong, but I think the request was for a non-media session. Am I mistaken?

Ms. Laura Laraman: I'm fine with non-media.

Mr. Hudak: With no media, but are you okay with people who are in the back?

Ms. Laraman: That's fine.

The Chair: Yes, that was originally the request; however, under our rules, we would have to go into closed session, I am advised. We can't exclude one group from another.

Mr. Hudak: Maybe voluntarily—the issue we're dealing with is one of victim's rights. I think we all understand that if somebody has gone through the traumatizing experience that our next deputant has gone

through, I think we would respect her request to do so without media in the room. Maybe that will just work itself out.

Mr. Prue: I do not see any media in the room.

The Chair: Further debate?

Mrs. Mitchell: In my opinion, if you are going to exclude the media, then you have to go into a closed session. You take your chances that the media doesn't show up, but just excluding the media does not negate that it is a public meeting, and therefore the media would be privy to the information that was discussed.

The Chair: Further debate?

Mr. Prue: I still have no explanation why this needs to go into private session. Before any government board, body or hearing goes into private session, there has to be a statement of why, and I have not heard that.

The Chair: Further debate?

Mr. Arthurs: I'm going to support, obviously, the motion I put forward. Might I suggest that we move to closed session and that the deputant would then have the opportunity very briefly to provide us with an explanation as to why she has made the request. If the committee didn't feel that it was substantive enough, a motion to move back into open session, I presume, would be in order at that point in time. Mr. Prue's queries, then, could be responded to, although it would be done after we'd moved into closed session.

Mr. Prue: I don't mind hearing in closed session what the reasons are.

The Chair: So you're calling for a closed session for an explanation, to be clear.

Mr. Arthurs: And then if there is a subsequent motion, I think we'd have to entertain that. If we were satisfied, then we would just proceed in closed session, obviously.

The Chair: Further debate?

Mr. Barrett: I am concerned, though, that these have been advertised as public hearings. I've been explaining to people to come forward. These are public hearings and we are dealing with taxpayers' money. That's my concern.

Mr. Hudak: Maybe, Chair, if we could have the vote on Mr. Arthurs's motion to go into closed session to discuss closed session.

Mrs. Mitchell: When was the request made to go into closed session?

The Chair: Just in the last few moments. Well, no, to be clear and fair, the request was made that the press not be here, but I'm advised by the clerk that under our rules, in order to do that, we have to go into closed session. Now Mr. Arthurs is moving that we go into closed session only to ascertain a reason for the request.

Ms. Mitchell: So there was no request made at the time this date was agreed upon by the presenters.

The Chair: Not that I'm aware of.

Interruption.

The Chair: I'm sorry; you can't be part of the debate. Further debate?

Mr. Hudak: My understanding is that the individual who is about to present has a story of a victimization from a crime and wanted to make a presentation to the committee about the importance of supporting victims. I wasn't aware that there would be press in the room while making the presentation, and that's where the concern is. We could further discuss this if Mr. Arthurs's motion passes a vote.

Mrs. Mitchell: My concern is that when we vote on whether to go into closed session or not—time will tell; we'll see how the vote goes. But it's my understanding that if that vote is carried, they will be allowed to speak and then we vote again—or we just continue on?

Mr. Arthurs: It would be my view that if the motion carries and the explanation is satisfactory to committee, there wouldn't be a motion to move out of the closed session. If any member felt it wasn't satisfactory, they would probably want to move a motion that we move back into open session.

The Chair: Are the members ready to vote? All in favour? Opposed? Carried. Now, the committee will move into closed session.

The committee continued in closed session from 1432 to 1438.

TIMMINS POLICE SERVICE

The Chair: I call the next witness to come forward. I'll just remind you that you have 10 minutes for your presentation and there may be up to 10 minutes of questioning following that. I'd ask you to identify yourself for the purposes of Hansard.

Mr. Richard Laperriere: It's a pleasure to be here. My name is Richard Laperriere. I'm chief of police for the city of Timmins.

Pressures in policing are mounting. Changing government values, debt, expenditures, expanding demands and rising policing costs are impacting policing in the city of Timmins. The issues on service delivery, ability to pay and ongoing downloading of traditional provincial responsibilities have had a real impact on how we do business.

The passage of regulation 3/99 under the Police Services Act clearly establishes minimum service standards for all police services across Ontario, including standards in areas such as crime prevention, law enforcement and the implementation of public order. In 1997, the Police Services Act was amended and municipalities are now responsible for providing court security in those premises located in the municipalities. This has created a situation whereby the citizens of this municipality are paying the full cost, thus subsidizing those municipalities in our catchment area.

The cost of prisoner transportation is an ongoing issue. We are required to transport prisoners to facilities outside of our jurisdiction. These facilities are dispersed in key community areas hundreds of kilometres away. Witness/accused statements are now required to be videotaped. Many of these statements are required to be sworn

to and transcribed. Special investigation practices, disclosure and charter issues, search warrants, FOI inquiries, trials and case law are again areas that are labour-intensive, and they do tie up a great deal of resources.

That's the challenge that was placed in policing in the province of Ontario. I can tell you, the Timmins Police Service came forward in regard to meeting those challenges and in being cost-effective and efficient. When I say that, we had to find solutions to it. I am proud to say that we have created some partnerships that were in fact cost-effective and efficient, and I'll give you some examples of those.

We created a partnership with the Ministry of Health. We think it's a good partnership. We now dispatch fire and police for the city of Timmins, and we dispatch ambulance for the Highway 11 corridor. There were some efficiencies there, so that is a good thing.

We also created a partnership with the fire department in the city of Timmins, again for dispatching of fire calls. I can tell you that we're rather unique. We now dispatch fire calls for the municipality of Iroquois Falls. We did that to save costs and try to meet the demands that were placed on us by the government of the day. I think we are moving forward.

Some of the demands that were placed by the government are very positive, and I'm proud of them. But I can tell you, some of them have to be reviewed. You have to question yourselves with regard to some of the demands being placed on policing.

We've met most of them. The area where we have a major problem is infrastructure. When I say that, we have a responsibility to provide services not only to victims but also to complainants. They have to be safe and secure when they come into our facility. You expect that, and you demand that. That's the challenge that I've been facing for the last 20 years. When the regulations came out, I was mandated to do certain things, but to be honest with you, I don't have the space, I don't have the facilities to meet that challenge. It's been very, very difficult to get funding.

At this present time, there's really no funding for police when it comes to infrastructure. That has to be addressed. I'm not saying here today that I expect the government of the day to pay the full cost of that, but let's be a partner in relationship to that problem, because it can be addressed. It will be a structure that will be up there for the next 25 to 30 years. It'll give me the tools to provide those services to the citizens and the taxpayers of this city. I think that's being efficient and cost-effective.

We've done our part. We've created as many partnerships as we could. The one I'm looking forward to creating is the one with the government in regard to how we address infrastructure. I know it's a real challenge, but I think it can be addressed. That's why we're bringing this forward. I thank you for the time.

The Chair: Thank you. We begin this round of questioning with the government.

Mr. Arthurs: Chief, welcome. Talk to me just a little bit more, if you would, about the challenges of prisoner

security, court security and/or prisoner transport. I think you referenced that in some cases you're transporting prisoners hundreds of kilometres. I'm not familiar with the physical infrastructure to deal with prisoners, deal with the courts. What kind of distance are we talking about? What locations are we talking about? I know it's a big issue where I come from in Durham region, but Durham region is not northern Ontario either.

Mr. Laperriere: No, it's not, but I can tell you that all we have in the city of Timmins is a holding facility. We have nothing in place at the present time in regard to young offenders or adults. We transport prisoners to southern Ontario. We transport them to Sudbury. We do it on a regular basis. I have some real concerns and issues in regard to the winter months. We are the ones travelling Highway 144 on a regular basis. That concerns me. I have some real concerns in regard to my staff when they're on that piece of highway in the wintertime. We go throughout the province. We go to Sault Ste. Marie.

What I can tell you, though, is that there have been some partnerships created in southern Ontario whereby the Ontario Provincial Police and London Police Service have gotten together. They've pooled their resources. They've gotten some assistance from the government whereby they've identified special constables to do all prisoner transportation. I think that is a viable option. But we've got to create those partnerships, and we've got to get some direction in regard to going down that road, because there are some efficiencies. We are not the only police service in northern Ontario. The OPP is here also. We've got to get some direction and some guidance in regard to what can be provided and what can be shared. As far as I'm concerned, I think we can do that with special constables. They are doing it in southern Ontario. It's just to move it forward.

Mr. Arthurs: What kind of demands are there if you have to transport to either the Soo or somewhere in southern Ontario? What's the staff complement you have to send with a prisoner or prisoners, and what kind of time frame, then, would those folks be away from Timmins, where they would otherwise be providing service? Would it require them in some instances to even stay overnight simply because of the distances, or is it generally a one-day turnaround trip for them?

Mr. Laperriere: I can tell you that Sudbury is one day. Sault Ste. Marie is two days. It has to be in reference to our collective agreement. Anything over 325 kilometres, basically it's a stay over. Southern Ontario is more than one day. The only one that's one day is Sudbury.

Mr. Arthurs: You normally send how many officers?

Mr. Laperriere: Two officers. Again, it's depending on the number of prisoners you're dealing with. It also depends on whether you're dealing with adult prisoners, young offenders or female prisoners. That's also in the mix. You may have two officers going to southern Ontario. You may have two going to North Bay, depending on the circumstances. I can tell you that each and every day we are on the highway.

The Chair: Thank you. We'll move now to the official opposition.

Mr. Hudak: Chief, thank you very much for your presentation. Some of the issues that have dominated the media and often, therefore, government policy have been gun violence, drug trade and biker gangs. To what extent are they manifesting themselves in the Timmins area, and do you get the provincial support that you need in those areas?

Mr. Laperriere: I can tell you that the 1,000 police officers were a godsend. It was great news for the city of Timmins. We were fortunate enough to get five officers. One was clearly identified for the drug unit.

Do we have issues in regard to biker gangs? Yes, we do. Is Hells Angels here? Yes. They do not reside here, but this is the corridor for northeastern Ontario. I'm being very honest here. That was a serious issue. I can also tell you that we were part of a major project last year. It was Project Calvet out of QPP and the RCMP in Quebec. Some of those drugs were clearly identified as being from Timmins, to be moved out through the Highway 11 corridor. So there is that presence. They're not here on a regular basis, but it is a real concern for the citizens of Timmins, and we did get some funding in regard to an officer to try to address that.

We also got two officers for community patrols, and that's important to me and to our organization. So there has been some assistance there. That's why I said in my opening remarks that there have been some things put in place that are very positive, good news.

I can also tell you that the chiefs of police for northern Ontario did in fact make a presentation to the government in regard to the 1,000 police officers. We truly believe that we were unique. Our challenges were somewhat different than southern Ontario. They saw merit in that and the funding formula was a little bit different. That was a very positive thing.

1450

Mr. Hudak: The province of Quebec, as I recall, made some changes to their laws in order to combat biker gangs and crime that relate to that. Do Ontario laws need to be changed to facilitate police activity in shutting down the biker gangs, or are you satisfied with the legal framework?

Mr. Laperriere: I would think we need more teeth in regard to the proceeds of crime. We need more flexibility there. I can tell you that when we deal with wiretaps, private interceptions, we need a little more authority in reference to the new technology. So I think you have to look at that and bring something forward in regard to that.

The Chair: We'll move to Mr. Prue of the NDP.

Mr. Prue: My questions are all financial. You appear at this point to be on the juncture, at least, of having sufficient officers and staff.

Mr. Laperriere: Correct.

Mr. Prue: What you were talking about was a little obtuse and I can understand the reasons, but you require, I would assume, additional funding in order to do the

long-haul transfers of prisoners and safety issues. Are you asking that this committee recommend to the finance minister that there be additional funding in the budget for police forces for those, or are you saying that we should perhaps direct the municipality that they should find the funding? I'm not sure where that asking is going.

Mr. Laperriere: I'm asking that the provincial government has to find funding in regard to infrastructure. When I say that, we have some challenges in regard to what we're mandated to do. I'll give you an example: victim referral services. They do have a budget, but they're the first one to ask us, "We need space in your office." I don't have the space. I don't have the money for it. They don't have the money for it. It's a funding issue.

All I'm saying is that there is a possibility to create another partnership there with them, and it is a good fit for us. We can do things together. They do provide a valuable service, but their budget is limited. I think we have to create those partnerships. We have to look at those and say, is it viable? Does it work for the police agency? Does it work for victims? If it does, yes, they should be housed in our building. That's one example. But I don't have the infrastructure to do it. I don't have the money to do it. I can do it. The regulations, our core competencies, our core police functions, to meet those demands—I don't have the office space to do it. We're doing it, we're meeting it, but we're sharing office space. There's no privacy. That has to be addressed somehow. To be very honest with you, I see no way of going to the taxpayer and saying, "We need more money for this." Costs are rising.

I think the only solution is, we have to create these partnerships and there has to be some mechanism in place where, if the government feels that it is viable and a good option and it has merit in the partnerships that we've created, there should be some funding there for it.

Give me the opportunity to present a business case to you. If you see merit in it, I'm saying let's create that partnership and help me out. That's all I'm saying here. Let's be a full partner.

The Chair: Thank you for your presentation.

ONTARIO ENDOVASCULAR ANEURYSM WORKING GROUP

The Chair: Will the Ontario Endovascular Aneurysm Working Group please come forward. Good afternoon. You have 10 minutes for your presentation—I think you've been in the room for some time now—and there could be up to 10 minutes of questioning. I would ask you to identify yourself for the purposes of Hansard.

Dr. Rod Willoughby: Thank you. My name is Dr. Willoughby. I'm a vascular surgeon from Sudbury. I'm here today to reinforce to you the importance of endovascular aneurysm repair for the citizens of Ontario.

I'd like to preface my talk by first stating that endovascular aneurysm repair, or EVAR, has been on the government radar for a number of years now. In 2002, the

Ministry of Health, through a health technology assessment, concluded that endovascular aneurysm repair is likely to be a very important treatment option for high-risk patients with aortic aneurysmal disease.

Accordingly, the Ontario Health Technology Advisory Committee initiated a two-year field clinical study through the London Health Sciences Centre that began in 2003, and patient enrolment was completed in the spring of 2005. In July 2005, an interim report was prepared and some of the information on my talk comes from this interim report. Obviously, it is readily available to all of you on your own website.

As we go through my talk, I will touch upon four things: I will review the importance of aortic aneurysmal disease; discuss the role EVAR plays in the treatment of this disease; I will touch upon the economics of EVAR; and finally conclude with the importance of government support for this worthwhile endeavour.

The aorta is the largest artery in the body. It arises from the heart. After it delivers branches to the head and the arms, it travels down the back of the thorax or chest. After it crosses through the diaphragm, it delivers branches to the bowels and kidneys and, after that, continues for another 15 centimetres before dividing into the major arteries for the legs.

An aneurysm is defined as a diseased, weakened, dilated segment of artery. Its cause is multifactorial, but includes things such as advancing age, genetics, smoking and high blood pressure. This is a common disease after the age of 50, afflicting a significant proportion of males and a smaller proportion of females.

1500

Aneurysms may occur either in the thoracic segment of the aorta or, much more commonly, in the abdominal segment of the aorta. With time, the diameter of these aneurysms increases and, untreated, the aneurysm ultimately bursts or ruptures. Aneurysmal disease presently represents the 10th leading cause of death amongst males and is truly a preventable cause of death in most.

The best long-term survival opportunity for patients with aneurysmal disease is to repair the aneurysms electively before they break. There are two means of doing that: either open surgical repair or by using endovascular techniques.

Concerning open surgical repair for abdominal aneurysms, this was first conducted successfully in 1951. It involves and requires a long abdominal incision. Blood flow through the aorta must be temporarily stopped with the use of clamps. We then replace the diseased artery by sewing in a fabric graft. This operation delivers significant stress to cardiac, pulmonary and renal, or kidney, function.

There is an associated death rate with this operation, or perioperative mortality. This really relates to the underlying health of the individual. Perioperative mortality can be expected to be less than 2% in low-risk people, about 5% in moderate-risk individuals and 10% to 15%, or even greater, in high-risk individuals. Regarding open surgical repair for thoracic aneurysms, this

is an even larger operation and delivers enormous stress to the cardiac, pulmonary and renal systems, such that perioperative mortality in the best-risk individuals is 10% to 15%. In addition, there is a significant incidence of paralysis with open repair of thoracic aneurysms.

Endovascular aneurysm repair was first conducted in 1991. This procedure requires considerable training and surgical expertise to deliver safely to patients. It has been available in Canada since 1997, and here in Ontario is delivered through five centres, including London, Sudbury, Ottawa, Toronto and, most recently, Hamilton. This technology involves delivery of a stent graft, or a metal-supported fabric graft, to the aneurysm through the femoral arteries at the top of the leg. These stent grafts attach to the blood vessel above and below the aneurysm, acting as a conduit for the blood flow, excluding blood flow into the aneurysm itself.

This is a minimally invasive procedure. It avoids long abdominal or thoracic incisions. It obviates the need to interrupt blood flow by clamping the aorta and therefore delivers significantly less stress to the cardiac, pulmonary and renal systems. The chief advantage of this endovascular technique is that mortality is substantially reduced in a high-risk individual to less than 2%. Compare this with the risk with open surgical repair—between 10% and 15%—and the advantage is obvious.

In addition, perioperative morbidity is substantially reduced. Many of these patients don't need to be put to sleep to have their surgery. They don't need incisions in their abdomen and chest. They avoid the ICU, for the most part. Perioperative complication rates, including heart attack, pneumonia and kidney failure, are all substantially reduced. Their hospitalization is accordingly shorter, and all of this together means reduced utilization of hospital resources. Because of the advantage that endovascular aneurysm repair offers, this has become the standard of care around the world for high-risk patients with abdominal aortic aneurysm and for most patients with thoracic aortic pathology.

To show you what we're talking about, this is a poster of one of the products. These are various stent grafts. You can see the metal struts supporting this fabric.

This is a cartoon of how the stent attaches above and below the aneurysm, so all the blood goes through the stent graft and not at all in the aneurysm.

These are intraoperative angiograms from a patient that we treated in Sudbury five years ago. On the left is a pre-deployment angiogram. This is the abdominal aorta—branches to the kidney, branches to the legs—and clearly, this is the aneurysm. This is our post-deployment angiogram, after the stent graft has been delivered. You can see that all the blood goes through the stent, and the aneurysm is excluded.

Regarding the economics of EVAR, the 2005 interim report in fact found EVAR, in high-risk patients, to be cost-effective compared with open surgical repair. That effectiveness was based on a significantly reduced incidence of perioperative complications and reduced utilization of hospital resources. That said, this is none-

theless an expensive technology, and to date the endovascular programs in Ontario have been funded through the individual hospital budgets. This means it's an ongoing struggle to maintain these programs. Case in point: Toronto General Hospital ceased delivery of this therapy for approximately two years and has just recently started offering the therapy again. Truth be told, we are unable to treat all the patients in Ontario who should get this therapy.

The government, recognizing the importance of EVAR and recognizing it's the right thing to do, for the first time delivered, for lack of a better term, bridge funding to the five centres in Ontario in October so that we could continue to deliver endovascular repair uninterrupted. Going forward, what we obviously require is dedicated, protected priority funding for endovascular surgery directly from the ministry, not from the individual hospital budgets. This funding should come at the beginning of each fiscal year so that we can deliver the therapy throughout the year uninterrupted.

Finally, given the facts that considerable training and expertise is required and that this is an expensive technology, it makes sense to fund on the basis of a regional model through the five centres that currently exist.

What sort of numbers are we talking about? Well, based on this interim report, I understand from the previous fiscal year that roughly 1,850 patients had their aneurysms repaired, most of them elective, and of these about 200 received the endovascular technique. It is projected that probably over 600 patients annually in Ontario should or could receive this therapy.

In conclusion, then, endovascular aneurysm repair in the high-risk individuals reduces mortality, reduces morbidity, is cost-effective and is the accepted standard of care around the world. Endovascular aneurysm repair truly requires dedicated regional funding so that Ontario citizens have access to this life-saving therapy.

Thank you for your time.

The Vice-Chair (Mr. Phil McNeely): Thank you, Dr. Willoughby. We'll now go to the official opposition for questions.

Mr. Hudak: Thank you very much for the presentation. Typically, how do you go about ensuring the long-term funding for such a program? Is it typically a bridge for a short period of time and you demonstrate—and the hospital then releases monies for the budget? Is this a typical process?

Dr. Willoughby: I can speak primarily about Sudbury, because that's where I work. This bridge funding is the first time it was actually offered province-wide. At our own centre, we've been doing it now almost six years and, to our administration's credit, they've maintained the program. On a couple of occasions, it was nearly discontinued because of cost. But we've lobbied our own administration, and they recognize the value of this therapy. To date—well, we're doing two cases today, so that will put us at 131 cases over the course of about five and a half years. In our own program, we were able to complete about 25 cases per year. Because of the bridge

funding, we can now do 35 to the end of March. We actually ran out of money for the first time in October, and that leaves us with five or six months. For the first time in our five and a half years has it been that bad, where we didn't know what we were going to do. But I can tell you that over the course of the five years it has been a juggling act. These cases get done and then, as you run out of money, you sort of put them off because you know on April 1 the hospital's fiscal year starts again, and then you do a bunch in April and May. So you're really juggling. To date, nobody has ruptured waiting for their stent graft, but it will happen.

Mr. Hudak: What kind of feedback have you had from the ministry about potentially continuing the funding? Did they say, "No, not at all"; they're waiting for results, possibly?

Dr. Willoughby: No, we hear that the ministry is looking favourably upon EVAR, and it's anticipated that province-wide regional funding is coming. It's obviously already there in Alberta; they've got loads of money. But in the last 12 or 18 months the BC provincial government now funds five centres in its own province. So it's the right thing to do, and it's coming. This is Canada; it's not the USA, and we all realize that. There aren't unlimited funds. But this is here to stay, and it's the right thing to do.

Mr. Hudak: How about other countries like Canada? In Australia, the UK or the European countries, is EVAR typically available to families there?

1510

Dr. Willoughby: Absolutely. My understanding of Australia is that they have a private and public health care system, so it's easier for them to deliver this therapy. Actually, Australia is one of the leading countries in the world. The picture I showed you up there was Medtronic but the other company is Cook, and they're based out of Australia. They're one of the world leaders. In Europe, it's the same thing, and obviously the United States. But like all new technology, it's expensive, and Canada is always a little bit slower than the rest, for obvious reasons, and we understand that. It's coming.

The Vice-Chair: That's the three minutes. Now we go to Mr. Prue of the NDP.

Mr. Prue: I really don't have too many questions other than, is there any sort of ballpark, has anybody given any thought to how much this will add to the budget?

Dr. Willoughby: Oh, yes. I'm not an economist but on that interim report from July, on the website, they talk about these economic models, which I don't understand or pretend to understand. Although there is some cost-effectiveness with the endovascular technique, it's nonetheless going to cost more money if the province funds 635 cases per year. Clearly, it is going to cost more; nobody would sit here and tell you it isn't.

The range is between, plus or minus, something like \$1.5 million to \$9 million more, depending on the final analysis, which is due in April 2006. So I don't think the government really knows exactly how much more it's

going to cost yet, and it puts a cautionary note that the July report was an interim report and all the patients hadn't been looked at yet. It will cost more, though.

Mr. Prue: But it could be a fairly small amount of money. In a province of 13 million people—

Dr. Willoughby: When you put it in that context, it is a small proportion.

Mr. Prue: —it's like 50 cents each or a quarter each.

Dr. Willoughby: That's right. What isn't looked at in this report is, when somebody ruptures their aneurysm and undergoes emergency repair, they're in hospital for weeks, if they survive, and it costs tens of tens—\$100,000. That isn't necessarily in this report. They didn't look at ruptures.

The only way to save money is not to treat anybody, I guess, but you can't do that.

The Vice-Chair: It's time now to go to the government.

Ms. Marsales: Thank you, Dr. Willoughby. I was very pleased to see Hamilton added to that list. I'm from Hamilton. Hamilton Health Sciences is the number one employer in the Hamilton area and over the past few years has been developing as a centre of excellence for the delivery of health care. I guess I was surprised, with the demographics of an aging population, that this type of therapy would be deemed to be expensive relative to what I imagine is the current therapy, which is the surgery and the delivery of all the attendant care after that fact. I suppose this sort of leaves off where Mr. Prue was heading. Could you perhaps address that a little bit?

Dr. Willoughby: Yes, in general terms. It's all in that report. They looked at the cost of the device, the cost of hospitalization, ICU—everything, from nursing salaries, cost of complications—and up to one year follow-up. CAT scans are required to follow these particular patients whereas they are not required for standard open surgical care. This is still a surgery, but it's just minimally invasive.

To give you some idea, up front it looks like this is tremendously more expensive because a fabric graft for the old repair is about \$500 or \$600. This stent graft costs \$10,000 to \$15,000, depending on how many components you put in. So that's a tremendous increase in cost when you just look at the device. But if you look at the high-risk individuals and add up all the costs of ICU, how long they're in hospital, myocardial infarctions, pneumonia, blah, blah, blah, and add all that up, at least in the interim report, there was a cost saving for the group of patients with the endovascular technique. They came up with numbers—I'm sorry I don't have them here. I'll just make them up a little bit. It might have been, for a low-risk individual, \$13,000 to \$14,000 to do the open repair. To do an endovascular repair costs, say, \$23,000. But to do a high-risk patient the old way costs \$32,000, for example. So there was a cost saving with this technology in the right individuals.

Ms. Marsales: Again, extending that concept a little further, with the aging population and the increase in the number of incidents relative to the ability to deal with

them, is there a time element to this? In other words, the physician's time in dealing with it would be less under this particular therapy than in the previous therapies?

Dr. Willoughby: Does this take less of our time?

Ms. Marsales: Correct.

Dr. Willoughby: No, there's no difference in that regard. I thought maybe you were going to ask over time. Our population is aging. That number, 600, I don't know exactly where that number is from, but they're projections. You could imagine that over the next 10 years that number will continue to grow—aging population. The technology is getting better all the time, which means it will conceivably become more applicable, over time, maybe to do the intermediate-risk individuals. Right now there's no advantage at all to doing it in the good-risk patients; you should still have it done the old way. But 20 years from now, who knows?

The Vice-Chair: Thank you, Dr. Willoughby, for that presentation.

DISCOVER ABITIBI

The Vice-Chair: We'll now hear from Robert Calhoun, project manager, Discover Abitibi. You have 10 minutes for your presentation. For the purposes of Hansard, would you please state your name. You may proceed.

Mr. Robert Calhoun: Robert Calhoun, project manager, Discover Abitibi Initiative.

Good afternoon, Mr. Chair and committee members. Let me begin by thanking you for the opportunity to make this presentation. I would like to thank my colleagues at the Timmins Economic Development Corp. and the management team of Discover Abitibi for allowing me to volunteer to give this presentation this afternoon.

Today I want to discuss two topics. It would require much more time than we have today to fully go into aspects of either, but I will briefly discuss these topics.

The first topic is flow-through shares. The flow-through share program has been the mainstay of exploration financing for three decades and has been responsible for funding the discovery of numerous mineral occurrences and mineral deposits in Canada and in Ontario. Two local examples are the Lake Shore project and the McFaulds Lake project. These deposits have resulted in economic growth and stability and the general well-being of several northern and rural communities across Canada and in Ontario.

The junior mining sector has been the recipient of a large percentage of this funding and has been the initial discoverer of the deposits mentioned. The role of the junior exploration sector has become increasingly important in mineral exploration. In 2004, junior company spending on exploration in Canada overtook senior mining company spending. There is evidence too that the junior sector is shifting its focus from gold to base metals and uranium targets due to the strong demand and continuing strength in commodity prices. On the bottom of the first page you will see a breakdown of the

distribution of funds spent on exploration by junior and senior companies.

Unless you have been living in a bubble for the last couple of years, you will know that the demand for base metals and mining products has increased dramatically due to China, India and Brazil. Together they had average economic growth of about 5.53% between 2000 and 2004. This is substantially higher than even the United States, at 1.78%.

The demand for commodities has centred principally around base metals—copper, lead, zinc and nickel—and there is increasing demand for virtually all mineral products, including coal, iron ore, titanium, platinum and palladium. Demand for commodities has, of course, benefited the mining industry. In its review of global trends in the mining industry, PricewaterhouseCoopers reports that “the mining industry had a spectacular year in 2004” and that “profits have doubled for the second year in a row.” As a major supplier of mineral products, Canada has been one of the principal beneficiaries of this upswing. Expectations that the demand for commodities will continue at a high level for at least the next two to three decades mean that Canada and Ontario, and its economy, could be in an excellent position to reap further significant economic benefits. To be able to achieve this, we have to ensure that our key reserves of base metal commodities are replenished.

1520

This, unfortunately, is not the case. Natural Resources Canada shows a steep decline in proven and probable reserves of base metals over the past 26 years. The actual declines have been 63% for copper, 44% for nickel and 92% for lead. Zinc has fallen by 77% and molybdenum by 79%. This is an alarming trend. The decline in base metal reserves could have far-reaching consequences. When the demand is high, we should be able to take full advantage of high metal prices to sustain the economies of northern communities, the province and the country. A continuation of this decline will have a negative ripple effect on our country's northern communities, their local economies and on the country's smelting and refining infrastructure.

In Timmins we have approximately 3,000 people working directly for the mining industry. That equates to about \$180 million in wages every year. Of that, \$90 million goes back to one government or another in taxes. So the loss to the province and the loss to Timmins—Sudbury is even higher than that because they have approximately 6,000 working in the mining industry, and that's about \$390 million in wages. That doesn't include the consumables and other products the mines have to use.

At the top of the third page you will see a graphic representation of the decline in mineral reserves that I mentioned earlier.

The role of the government in attracting exploration investment: The ability of companies to raise capital for exploration depends on a number of factors. Some of these can be influenced by government; some of them

cannot. The state of capital markets, the demand for products and so forth are things you can't control. On the other hand, government policies and programs can contribute significantly to a country's attractiveness as a target for exploration spending. The authors of the 2004-05 Fraser Institute mining survey confirm this: "While geologic and economic evaluations are always requirements for exploration, in today's globally competitive economy where mining companies may be examining properties located on different continents, a region's policy climate has taken on increased importance in attracting and winning investment." A fair regulatory regime, an up-to-date geoscience database, a skilled pool of geoscientists and policies that promote the generation of exploration capital—features that can enhance a country's investment climate—can be effected and influenced at the policy level.

Revenue Canada has recently dropped the 15% tax credit on exploration expenditures. Manitoba and Quebec, the provinces immediately west and east of us, have respective flow-through markups of 10% and 50%. Presently, Ontario's focused flow-through tax credit stands at about 5%. In addition, both Manitoba and Quebec share in the risk of exploration by providing direct funding for selected activities. This places companies exploring in Ontario at a disadvantage, and with the geological potential being equal, the flow of funding will shift toward other jurisdictions.

So we propose that with the high metal prices at the present time, the Ontario government increase the Ontario focused flow-through tax credit to a level that would shift the advantage back to Ontario. This measure would send a clear signal to the exploration industry that Ontario is definitely open for business and the government is committed to providing the industry with the means to sustain one of the pillars of the economy. This would help ensure that there will be employment for our youth, especially in northern and rural areas, stemming the tide of out-migration from our smaller northern communities.

The Vice-Chair: Mr. Calhoun, you have one minute left.

Mr. Calhoun: Okay. A good speaker always leaves them wanting more, so I won't be able to get into the second topic very deeply.

The Ontario Geological Survey has historically been the provider of baseline data for explorers and prospectors in the province. Over the last three years, the Ontario government has been a partner with the local community here in Timmins and the community in Kirkland Lake on a project known as the Discover Abitibi Initiative. This was funded by the Ontario government through the northern Ontario heritage fund, Industry Canada through FedNor, the local municipalities and private sector companies.

We have completed a number of projects in the area. These have resulted in increased investment and an increase in the number of claims being staked, and has helped us evaluate areas where we previously did not know the potential. The advantages of this project model

have been: Search areas have been chosen by the mining industry and the government; non-partisan participation of local experts increased our chances of success—those people volunteered their time and weren't paid by their companies to participate; companies have shared proprietary data on the order of \$140 million; the new data was made public through the Ministry of Northern Development and Mines with no advantage given to anyone who had been a contributor—the data came out, and everyone was able to get the data, all on the same day. Further advantages are: The Ontario geoscience database has increased, knowledge of provincial resources is being marketed globally and funding for the OGS can be directed into other areas of research.

The Vice-Chair: Thank you. We'll now go to questions.

Mr. Prue: I think what you're saying is all worthwhile, and we've heard other speakers talk about flow-through. I'm curious as to the steep decline in Canada's proven and probable base metal reserves. Is this because a number of large mines that once existed had gone out of service? It looks pretty precipitous to me. Copper is down 63% and nickel 44%, and yet Inco seems to be expanding. Lead is down 92%; zinc is down 77%. Why is this?

Mr. Calhoun: At the present time, if you take the Sudbury Basin out of the mix, there are two base metal mines in Ontario: the Kidd Creek deposit here and a smaller nickel mine, the Montcalm mine, west of town. Over the last 26 years we have seen at least eight other base metal mines deplete their reserves. There has been some expansion of nickel and copper in Sudbury, but at the rate of mining, we are in no way replenishing those reserves. It just isn't happening.

Mr. Prue: We won't know, of course, until they're found, but is there some geological reason to expect there are other lodes out there, really good places like Timmins and Sudbury?

Mr. Calhoun: Yes. A number of companies have worked in Red Lake, as an example, and in Kirkland Lake. It was not base metals they were looking for, it was gold, and they actually found deposits that were larger than the deposit that was being depleted right beside that deposit. The search techniques are deeper. The way we do exploration now has gone to the world of technology, and we have a much better chance of finding ore deposits at the present time than we have ever had.

The Vice-Chair: Mr. Arthurs.

Mr. Arthurs: I have some questions in regard to skilled trades. We've obviously heard, during the past couple of days, about the capacity to continue to provide new skilled tradespeople, specialists, geologists. We see in the north a declining population, out-migration. We've got to commit this government at this point to invest in post-secondary and training and apprenticeship programs. What can we be doing that will support the industry from the standpoint of providing the necessary skill sets to take advantage of what's seen as two or three decades yet of opportunity, on the premise that new resources also can be sourced?

1530

Mr. Calhoun: The government obviously could provide some additional funding for students to get into geoscience studies. Because of the major decline in the mining industry between probably the late 1980s and into the 2000s, we have basically lost a generation of geoscientists. They looked at going into geology, engineering and so forth, which would have supported the mining industry, and at the end of four years they couldn't see that there were any jobs out there for them to have, so they shifted into other areas. When they went south, they got into technology, because that was the wave of the future.

At the present time, we need immigration, for that matter, to get people into the country. The government needs to allow these people to enter the country and work in the mining industry. That would be one way to help. Basically, right now we call the mining industry a grey industry because of what you can see on top of my head. A lot of the people who are working in the industry now are older. We foresee that we probably will need in the order of between 40,000 and 80,000 people to get into the mining industry in this country because of the fact that guys like me are hopefully going to retire sometime—not at freedom 55; that's not going to happen, but hopefully at freedom 65. So just encouraging students and so forth to get back into the mining industry is one way to help.

The Vice-Chair: Thank you. That's the time. Now to the official opposition.

Mr. Hudak: Bob, thanks very much for the presentation, and thanks for all the advice that I had the benefit to get from you when I was the mines minister. It's nice to be back in Timmins at a better time than we faced a few years ago in the industry. The advice you gave me then still stands today, and you just want to see it go a bit farther. The focused flow-through share program you want to see expanded from 5%.

Mr. Calhoun: Yes.

Mr. Hudak: I was a little worried, and your presentation seemed to be a hint: Is there concern that the federal government may cancel or not extend their tax credit, or are you confident?

Mr. Calhoun: The flow-through funding at 100% with the federal government stands. The 15% that they called the super-flow-through stopped at the end of December 2005, so it is gone now. If Ontario wanted to affect the number of people coming to Ontario to explore, they could take on that 15%. I have no way of calculating what the loss in revenue of the taxes would be for the province. I would expect it to be probably in the \$3-million to \$4-million range. But if it finds one mine, they get their money back in the first year easily, and after that everything would be paid for.

Mr. Hudak: The other important point you made was making sure that the OGS stays on its main mandate. It has had some other jobs to do. We had Operation Treasure Hunt, and I was very pleased with that. It looks like there's a bit more of a focus now on the far north for the OGS.

Mr. Calhoun: Yes.

Mr. Hudak: How far ahead now has the province budgeted to continue to invest in the survey, or is that funding running out in the near future?

Mr. Calhoun: The far north initiative is a three-year initiative. It's in the order of \$5 million a year for the next three years, and then it's the core funding for the OGS that we hope doesn't get eroded even further. The Discover Abitibi Initiative cost the province \$5 million. We completed 19 projects. We have one technical success. I can only call it a technical success at the moment, because they haven't proven that it's an ore deposit, something that they can mine.

Tres-Or has found a diamond discovery down at Kirkland Lake. The body in which they found the diamonds is bigger than the Victor deposit, which will have an investment of about \$900 million, so you would expect this one to be somewhere in about the same thing. It won't be quite as bad, because they don't have the far north to deal with. If that one deposit came to life as a mine, the benefits to the province, to Kirkland Lake, the Timmins area, this region alone—mining companies have a bad case of what I like to call “close-itis,” that if somebody has a success, I want to have the property that sits right next door to it. That alone has brought three new companies into that area. Between September and December of last year, they staked over 3,000 claim units in and around where that deposit is.

As part of the Discover Abitibi project, we went out and did some diamond research of our own. We found six locations that had diamonds. Those were immediately taken up. Companies have announced that they are going to investigate the diamond possibilities on their properties, because some of them were on staked property. Even the Discover Abitibi Initiative has made a discovery that has caused people to invest immediately in diamonds. We didn't expect diamonds to be the one that was going to be the first. We were hoping for a base metal or gold. That's what we expected, but we have a diamond discovery, and we'll take it.

The Vice-Chair: It's hard to interrupt when we're talking about diamonds, but that's the end of the time. Thank you very much for your presentation.

Mr. Calhoun: Okay. Thank you.

ONTARIO SECONDARY SCHOOL
TEACHERS' FEDERATION,
DISTRICT 1

The Vice-Chair: We now have a presentation from the Ontario Secondary School Teachers' Federation, district 1: Tony Sawinski, president, teachers' bargaining unit. Please come up to the table. You have 10 minutes for your presentation. If you could start off by giving your name for the purpose of our recording Hansard, and you may begin.

Mr. Tony Sawinski: Tony Sawinski. I'm the teacher-president of district 1, Ontario North East, Ontario Secondary School Teachers' Federation. On behalf of the

teachers and educational workers of OSSTF, district 1, Ontario North East, I welcome the opportunity to speak to you this afternoon and provide input to the government's pre-budget consultations.

It is widely known that the most important priority of this government is education. I would be remiss if I did not recognize the government's effort to date in education by the increased funding that was and continues to be required. Your efforts to include more funding for additional teachers, support staff, textbooks and resource materials are to be commended. However, in order to fully repair the past damage and shortcomings plus prevent the same problems from arising again, the funding for public education in general, and the funding formula in particular, still need to be addressed.

In the past, I've had the opportunity to provide input to a previous committee, where I identified areas of concern. The government has addressed some of these concerns. Other concerns are still relevant today, as they were then. Proper funding of public education will address these concerns. I maintain that the suggestions I provide today will build on the good work that has already been done. Continued improvements in our public education system will not only be a beacon for others to follow worldwide but will bring Ontario's economy into the future.

Adjustments and new funding requirements: Number 1, responding to inflationary pressures:

Recommendation 1: that the government should establish a realistic inflationary adjustment factor to the funding benchmarks that will continue to cover anticipated cost-of-living increases for school boards.

Recommendation 2: that the government fund benefits in terms of real costs and account for the fact that benefits increase at a higher rate than overall inflation.

Several years ago, the Rozanski task force recommended that the benchmark costs affecting salaries, benefits, learning resources, school operations and construction should be increased to reflect real costs. The issue of properly funding benchmarks in some ways is central to the smooth operation of the whole funding formula and to ensure that school boards get sufficient funding. The underfunding of the benchmarks causes undue strain for money in other areas, which in many cases forces school boards to cut services to students. For example, the inflationary pressures on the cost of employee benefit plans need to be addressed in this budget. Currently, the benefit plan funding is directly pegged as a percentage of the benchmark salaries. Moreover, when it is applied to a chronically undervalued benchmark, a funding shortfall results, which in turn puts pressure on vital benefit and wellness plans. Locally, our benefit costs have risen by over 30% during the past five years. Our benefit plans have experienced an erosion of benefits over that same time period. If the government is going to use the funding formula as the sole source of revenue for school boards, it must consider incorporating a method for updating the benchmark values.

1540

Number 2, pay equity funding:

Recommendation 3: that the 2006 budget include funding to school boards and universities and colleges to allow them to meet their obligations under the Pay Equity Act.

The Pay Equity Act was implemented in 1990. The purpose of this legislation is to ensure that women are paid fairly for the value of the work they perform. At the school board level, there is no direct funding available to address the retroactive requirements of pay equity. Although pay equity was negotiated in many school boards in the period between 1990 and 1998, the amalgamation of school boards made it necessary to revisit this issue. As a result, some seven years later, many school boards and support staff bargaining units have not completed this statutory requirement and many, by their own admission, are facing a growing financial liability. The government needs to ensure that appropriate funding to address the pay equity costs of school boards is in place over and above the funding formula and that the Pay Equity Commission, for its part, has the personnel and resources needed to facilitate agreements between school boards and applicable bargaining units.

The college and university sector is also facing financial strain due to negotiated or anticipated pay equity settlements. This really needs to be recognized by the government, which should provide assistance to enable universities and colleges to meet their legal obligations under the Pay Equity Act.

Number 3, underfunding of student credits:

Recommendation 4: that the government fund actual high school credits instead of an average of 7.5 credits per student.

As of 2005, the government moved the funding for additional credits from the teacher compensation grant, where a board could apply for up to 7.5 average credits—the base funding prior to 2005 was at 7.2 credits per student—to the foundation grant, but kept the average number of credits that are funded at a maximum of 7.5. For most school boards, this does not address the funding shortfall. The real funding problem is that the average number of credits taken by students each year is greater than 7.5.

The government's mandate of increasing the number of students achieving a diploma will have a more defined impact on this particular weakness in the funding formula. Successful graduation will still require accumulating credits from traditional classrooms or through new programs yet to be developed. This accumulation of credits in the four- to five-year time frame will create a funding shortage.

Many district school boards, for a number of reasons, have designed the school day so that students may take more than four courses per semester and possibly more than eight courses per school year. Many school boards have music and other programs that provide credits for work done outside of the traditional instructional class time. In addition, the shortening of the secondary pro-

gram to four years has caused the average credit totals in school boards to steadily increase, because shortened years mean more credits needed to be taken each year, resulting in a higher than 7.5 average. Many school boards are reporting an average of at least 7.6 credits per student. The main non-funded expense for these extra credits is teacher cost. The only alternative to hiring additional teachers would be to raise class sizes. For example, in our board, where there are 4,000 full-time-equivalent students, at an average of 0.1 unfunded credits per student, there would be 400 credits with no funding. Therefore, our small-sized board with a secondary enrolment of approximately 4,000 students would experience an underfunding of students' normal credit classes of more than \$186,000.

Number 4, adult education:

Recommendation 5: that the government re-establish the funding level to students in credit courses over the age of 21 to the same level as high school students in regular day schools.

The rationale for this: The previous government slashed funding for students over the age of 21 by 75%. As a result, the number of students taking adult education courses fell from more than 80,000 to under 8,000 in eight years. Prior to this, students who dropped out of secondary school often returned to take courses at adult day schools to complete their diploma.

I have included an excerpt from a budget presentation that I made in 2000:

“Drastic funding cuts for adult education programs came into effect in September 1996, before amalgamation and the new funding formula for the whole public school system. At that time the funding for an adult student over the age of 21 was dropped from \$5,800 to \$2,257 a year, a cut of approximately 60%. It has remained at \$2,257 under the new funding formula.

“The immediate effect on the PACE centre, our local adult education facility, in September 1996 was the loss of two full-time teachers. Within a year the equivalent of one full-time teacher was lost, two part-time teachers, two periods of ESL and one period of mathematics. We now have just four full-time teachers remaining, including the coordinator/guidance counsellor/teacher, who are still trying to offer a viable program, grades 10 to 12, leading to graduation.

“Because of the limited staff available, most teaching sections are combined classes.” One teacher, in our most extreme example, in one class handled students taking MTB3G, MTB4G, MTT3G, MTT4G, MAT3A and MAT4A. “This situation results in a much heavier and more stressful workload for the teacher” than the same course in a normal secondary school class. “It also means less help is available for the students in each course since the teacher’s focus is so divided. Only three sections out of 10 this semester are single-coded classes.”

That was going back to 2000. The current situation has further deteriorated. The site mentioned earlier now has only two teachers. Last year, one teacher was responsible for the following courses—I won’t list them all. It is sad

to state that the best way to describe our adult education is FUBAR, and I apologize if I offend anyone.

With the government’s commitment to providing students with the choices they need to be successful, it only makes sense that the government would commit to making additional expenditures in this area to offer students over 18, and not just those under 18 years of age, the opportunity to obtain their secondary school diploma. The opportunities to take cooperative education programs, OYAP, and other school-to-work transition programs are equally viable for students over 21 as they are for students struggling with secondary school who are under 18 years of age.

The Chair: You have about a minute left in your presentation.

Mr. Sawinski: Thank you.

Number 5, health and safety:

Recommendation 6: that the 2006 budget include funding to school boards to allow them to meet their obligations under the Occupational Health and Safety Act.

The government, under the auspices of the Ministry of Labour, has understood the importance of occupational health and safety in our workplaces. The hiring of more inspectors and recognizing that violence is an occupational safety hazard are two examples of the government’s commitment to occupational health and safety in the workplace.

The Ministry of Labour and their inspectors are strong proponents of the internal responsibility system and encourage the workplace parties to work jointly to make the workplace healthier and safer. In order for the system to work, the workplace parties must meet on a regular basis. Local health and safety inspectors must be trained and be released from their regular duties. The school boards must pay for any cost attributed to running a health and safety program.

Currently, the funding formula does not provide for any direct funding for school boards to meet their obligations under the Occupational Health and Safety Act. The government needs to ensure that appropriate funding to address the occupational health and safety costs of school boards is in place.

I have, obviously, another recommendation, and I’ve outlined areas of potential savings. One that might be of interest to you would be the last one, on a confederated school board model, which I don’t have time to put forward.

The Chair: Thank you. We’ll begin this round of questioning with the government.

Mr. Wilkinson: Just one question, Tony. Is number 8 your idea or is that the OSSTF? Is that the position of the entire Ontario Secondary School Teachers’ Federation or is that from your local?

Mr. Sawinski: When you say number 8, I didn’t number the pages; I apologize.

Mr. Wilkinson: The confederated school board.

Mr. Sawinski: The confederated school board is an OSSTF initiative. It's been around for several years—about 15 years ago.

Mr. Wilkinson: But for the whole province?

Mr. Sawinski: It is for the whole province, yes.

Mr. Wilkinson: And that's the stated position right now?

Mr. Sawinski: Yes. We just did a study on it that was released last Friday.

Mr. Wilkinson: Okay, thanks. I just wanted to get some clarity on that.

We appreciate the fact that you're acknowledging that we're trying to improve things. I know the parents are telling us that. If you were to prioritize these things, because it takes a while to get these things fixed—it took a while to get it the way it was and it's going to take us a while to change it—what would you think were, say, one or two things that we could emphasize to the Minister of Finance that you thought were most important here in this part of Ontario for public education?

1550

Mr. Sawinski: That's a difficult question to answer in terms of one or two things. I would guess that—

Mr. Wilkinson: But particularly here in the north, because since we're here, it's important for us to get a sense of the priorities and how they fit right across the province.

Mr. Sawinski: I would suspect that the first two recommendations that were made, in terms of the real costs—taking into account the anticipated inflation and benefit costing that's higher than inflation—would probably be at the upper end of the priorities.

Mr. Wilkinson: And that would do a better job of reflecting actual costs in the north, I would think, where you have some cost drivers that are higher than they are in southern Ontario.

Mr. Sawinski: Correct. And for some reason, the benefit costs tend to be a lot higher in the north.

Mr. Wilkinson: Really?

Mr. Sawinski: Yes. Life insurance, for example: We get charged 25 cents per \$1,000 of coverage where our counterparts, say, in the Kawartha-Pine Ridge area pay about 13 cents per \$1,000.

The Chair: Thank you. We'll move to the official opposition.

Mr. Barrett: Thank you, Tony. I've followed this presentation from OSSTF with interest. Recommendations 1 and 2 with respect to underfunding of benchmark costs: You mentioned salaries and benefits, and you've indicated that in many cases it forces school boards to cut services to students. What would be some of the services that are being cut?

Mr. Sawinski: I think I highlighted a few earlier in terms of adult education. Our adult education program is almost non-existent. We used to run—

Mr. Barrett: That was a number of years ago; that was pretty well eliminated. But under the present government, it's still continuing to be cut back?

Mr. Sawinski: They're not cutting back, but they're not putting in more money to restore the funding that was there previously.

Mr. Barrett: But what other cuts do students, at present—in your brief you indicated that 75% of that was cut a number of years ago.

Here may be one example: Are there any schools closing in northern Ontario?

Mr. Sawinski: No. In fact, I think a couple of years ago, they closed one small school in the Larder Lake area.

Mr. Barrett: High school or—

Mr. Sawinski: Elementary. But now they're building schools. Where they were actually housed by, say, English and French, both sectors are now building their own schools. It's the confederated school board model that I didn't get a chance to speak about. There would be a cost saving because they would all be under the same umbrella and you could be sharing facilities much more readily.

Mr. Barrett: So the new schools, then, do accommodate students from several boards?

Mr. Sawinski: I can give you some specific examples. Cochrane High School used to house both English and French at the high school level. Now what has happened is that the French have built their own school; they've built an addition to the high school to house grade 7s all the way to 12. They're going to be building a new high school in Kirkland Lake. They're going to close an elementary school there and it's going to be from grade 7 to 12. There was French in that school as well; the French are building their own school.

Mr. Barrett: So they are closing schools as well, then, it sounds like.

Mr. Sawinski: Well, they're merging. They're closing an elementary school and housing the 7s and 8s with the high school students. The same thing will be happening in Hearst.

The Chair: Thank you. We'll move to Mr. Prue of the NDP.

Mr. Prue: I'd like to get to the part you didn't get to: the confederated school board. Obviously, this is an OSSTF position, or at least has been in the past—15 years ago. It seems to be resurrected now. What about the other teachers' unions? What about OECTA or the French Catholic or the Protestant boards? What are their positions? Have they sat down? Do they agree with this? Do they disagree? Have they not seen it? Where are they?

Mr. Sawinski: They have seen the former version of it. I don't know how much has changed, because this was just published last Friday, as I indicated. This has nothing to do with affecting the affiliates; this is more in terms of streamlining the costs of administration, so that you'd only have one director of education in a school board, one set of superintendents. It's to streamline the administrative services that are offered; not to affect, say, the affiliates. It's a way of saving monies. For example, in Timmins there are four directors of education. Why

would that be? You could probably just have one. You can still offer each of the umbrella schools. You can still offer the French public; they still have their own trustees. You can still offer the English public, the English separate etc.

Mr. Prue: But I do know that in some of the larger cities like Hamilton, Ottawa and Toronto when the school boards were amalgamated it didn't save any money at all, because all that happened was the bureaucracy inside of them just got even bigger and there were more directors and more sub-directors. The costs went out the window. Don't you think that that might happen? It has certainly been the history.

Mr. Sawinski: I can't speak for Hamilton, but I can speak for the north. I can tell you that the amalgamation of the north may have even cost more money, because you have a lot more travelling. They've purchased expensive equipment in terms of videoconferencing. Hundreds of thousands of dollars went into that.

This confederated school board model: If you just looked at, say, Timmins, instead of our board running from Hearst to Temagami, it could be one school board covering the Timmins area, one for the north, one for the southern part of the area, and there would be significant savings because you won't have so many administrators running the system.

The Chair: Thank you for your presentation this afternoon.

ONTARIO FOREST INDUSTRIES ASSOCIATION

The Chair: Now I call on the Ontario Forest Industries Association to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Jamie Lim: Good afternoon, Chair and panel members. Welcome to my hometown. It's always a pleasure to be meeting with all of you here in Timmins as opposed to where I work in downtown Toronto.

I've given you quite extensive packages, but I really like supporting my paper members as often as I can. So I don't apologize—

Interjections.

Ms. Lim: No, definitely never double-sided. Are there people who still do that? That's just wrong.

I'll try to run you through it very quickly if I have a little bit of time at the end, because I think it's very important that you look at all of the information that's in the package.

Having said that, I'd like to start with the devastating news we received this morning. I know all of you have been quite engaged in your panel hearing today, but this morning Bowater in Thunder Bay announced the closing of its kraft A mill and with it the reduction of its 1,300-person workforce by about 20%. That was this morning's announcement.

How many mills is it going to take, how many mills are going to have to close, how many jobs are going to have to be lost before we start working together to restore Ontario's competitiveness for the forest sector? And how long can we afford to wait in addressing the critical core competitive issues of this province for the sector? Quite frankly, with this morning's announcement, I can assure you that time is a luxury that none of us as citizens of Ontario have on our side.

Last year, when we met with you, we created our pre-budget submission and called it "Forest Industry in Crisis." I want you to know that it took us a week to decide whether or not we would put that one word, "crisis," in our pre-budget submission, because we have shareholders, we have public, we have employees, we have families, and creating anxiety is not anything that any of my members want to do recklessly. It was after a week's discussion with my members that we said we have to call it what it is. So last year our pre-budget submission was called "Forest Industry in Crisis," and this year I'm sad that I'm sitting here in front of you to tell you that it is still in crisis. I had hoped that 2005 would be what we would look back on and say it was the year. That's what I hoped for. Unfortunately, I think we're going to look back on 2005 and say, "I wish we could have had a year like that," because we're looking at 2006 being even worse.

1600

I want to make it absolutely clear that this is not about a dying sunset industry. This is about my members. My members are investing money right now, today. They're investing money in jurisdictions across North America; they're investing money in other jurisdictions in Canada. So this isn't a sunset industry; this isn't an industry with no opportunity left in it. This industry has plenty of opportunity, and our members are making investments. Unfortunately, Ontario isn't reaping the benefits of any of that.

It is a real crisis. I don't know how many of you maybe grew up in the north and have migrated to southern Ontario, like so many of us have to do, but this is about communities. I know you were in Atikokan yesterday. I spoke to many of the people who attended that meeting. I was in Montreal last night or I would have been up in Atikokan. This is about people who have spent 20, 25 years working for a company, paying off a mortgage on their \$100,000 bungalow, and when that mill closes they're lucky if they can get \$10,000 for their house; they're lucky if they can get \$5,000 for their home. That's a crisis. Those are real people; those are Ontario citizens. I think we have to move to act on it.

Last year, the warning flag went up, and that's why Minister Ramsay started his Minister's Council on Forest Sector Competitiveness. Seventeen diverse stakeholders came out with 26 recommendations that we thought were fantastic. I think Minister Ramsay did an incredible job selecting who sat on that council. I think he did a good job in giving them the latitude to bring forward recommendations that really, truly would address the com-

petitiveness of the province—not whether or not we could keep every mill open, because that’s never been what this is about. This has never been about keeping every mill open in Ontario, keeping every job in place in Ontario. This is about restoring the competitiveness of this province, something we had just three years ago. That’s what this is about.

Last year the minister’s council report predicted 12 mill closures, and I’m sad to say that we’ve realized, if not 12, I would say more—it’s in appendix 4 in your brochures, I believe. The closure of just 12 of those mills that were indicated in the minister’s council report would result in a \$340-million loss in provincial taxes, \$555 million in federal taxes and \$75 million in municipal taxes. I can tell you that in 2005, we had double the mills close in our province and we lost double the jobs—twice as many—as any other jurisdiction, any other province, in Canada. That’s not something any of us should be proud of. It’s wrong, and we need to change it. We need to change it fast.

It is really critical that we recognize that this isn’t about northern Ontario; this is clearly about Ontario’s prosperity. My staff who work with me in Toronto are on the GO trains; they’re all over the place. I don’t say no to any speaking engagement I get in southern Ontario. I don’t care how small it is; I don’t care what the group is. But I want you to know that it doesn’t matter where you live. All of you in this room right now—we checked out your ridings—have 88 forest operations in your collective ridings. Eighty-eight. So this isn’t about northern Ontario. This is about our prosperity; this is about the money that we generate for this province, the labour income, so that we can keep enjoying the health services, the educational services that we all demand as citizens of not only Ontario but of Canada.

Make no mistake about it: Southern Ontario is beginning to understand that the forest industry is not something that happens “up there.” I can remember interviews I used to do a year ago with the *Globe and Mail* or the *Toronto Star*. They would say, “Well, what’s happening up there?” This isn’t about where you are today. This is about our province as a whole. Last Sunday, the *Toronto Star* op-ed board put together on their commentary page a piece called “Forest Crisis Poses Threat to All Ontarians.” They’re talking about this on the GO train, they’re talking about this in southern Ontario, and we’re going to make sure they keep talking about it because we can’t afford this crisis in our province.

Toronto alone—we sat with Mayor Miller and explained this to him. I have one company that operates in Ontario and spends \$600 million a year on goods and services. They purchase \$201 million of those goods and services from the city of Toronto. That’s what they spend annually in Mayor Miller’s city. If that company were to close, Toronto would lose more from its economy within a span of five years than what was taken by the SARS epidemic. That’s how critical this crisis is. That statistic is from the Conference Board of Canada.

You’ve had recent closures right across Ontario. You’re going to Cornwall tomorrow. We lost 910 em-

ployees there when Domtar announced the closure of their mill. I think you’ll find appendix 3 in the package interesting. We spent a lot of time putting together the forest sector impact on southern Ontario. We have there the operations in southern Ontario cities. We’ve shared that with mayors across southern Ontario. They were quite surprised to see that information. You have a copy of it, and I won’t go through it with you here.

In December, when we put together the pre-budget submission you have in front of you—we had it in to Minister Duncan on December 17—the number of job losses was 2,600 in that initial report. On Monday, when I put it together for this panel hearing, it was upgraded to 3,100, and this morning that number is already wrong because with the impact of Bowater’s closure we’re probably going to be looking at 3,400 or thereabout.

I’ve also included in your package a CIBC chart that shows job losses and mill closures from other provinces in Canada so that you can see that when I say to you that we have double here in Ontario, again that isn’t our statistic; it’s from CIBC. You have to remember too that these jobs are well above the provincial average. They pay, on average, \$68,000. The jobs we have in southern Ontario are mostly head office jobs, on average \$90,000 and up, so we can’t forget that.

I also think it’s critical to note that while we talk about a perfect storm in Canada and how there are challenges facing the entire Canadian forest industry, you’re absolutely right when you say that. We have the softwood lumber dispute, we have the appreciating Canadian dollar, we have globalization and we have a decreased demand for some products, and that’s facing all the operations across Canada. It’s a perfect storm. Unfortunately, here in Ontario, we’re being hit by a tsunami, and I think people have to wake up and realize that. We have made-in-Ontario issues that go far beyond being hit by an appreciating Canadian dollar, far beyond being hit with the softwood lumber dispute. We have soaring energy costs, which you have heard over and over from presenters in the last two days.

I’ve given you a report called “Reducing Impediments to Pulp and Paper Mill Biomass.” On pages 34 and 36, they specifically talk about alternative energy sources. I think what is critical to note, on page 34, is a survey of Canadian industrial electricity bills, and of course Hydro One Networks and Toronto Hydro rank right up there as the highest in Canada. On page 36, they talk about the significant barrier to cogeneration within the pulp and paper industry being the lack of capital. When we talk about all these great projects that we can have in Ontario—cogeneration and all these exciting things that could happen—you have to remember one fundamental rule: Businesses invest in low-cost jurisdictions; businesses invest in jurisdictions where they can get a return on capital employed. Until the core competitive issues in Ontario are addressed, you will not see projects of any significant magnitude go ahead because, quite frankly, no one is willing to put capital into projects they can’t get a return on. That is a critical thing for all of us to keep in mind.

1610

The Chair: Your time is nearly expired. You have 30 seconds.

Ms. Lim: Thirty seconds? You were supposed to give me a one-minute warning. You gave everyone a one-minute warning.

The Chair: The one-minute warning was two minutes ago.

Ms. Lim: Thank God I'm the last one today.

I'd like to also point out that you have in your packages something from C.D. Howe called "Perverse Taxes Threaten Canadian Investment and Job Creation." Table 1 on page 12 in that document points out that in Ontario—again when we're talking about made-in-Ontario issues—we have the unenviable position of having the highest effective tax rates on capital in forestry for 2005. Again, these are made-in-Ontario issues. I've put them all into your packages.

I'll just try to sum up. The recommendations that I have in your pamphlets are very simple. They're what we delivered to Minister Ramsay on November 1, with our coalition partners, mayors and chambers of commerce from across Ontario. They specifically speak to having to lower delivered wood costs. We put together recommendations that we felt you could deliver in the short term, because everyone would like to come to you and talk about their Christmas wish list or what they have to have if Santa was actually dishing out this year. We tried to be very realistic.

We're looking for you, in the 2006 budget, to implement in its totality the roads recommendation that was in Minister Ramsay's council report. So we need another \$60 million in the 2006 budget. I hear a lot of people saying, "Will it make a difference?" You've heard from I don't know how many companies, and the Premier has heard from how many individual companies, saying that they need to close the gap on delivered wood costs, and \$5 will at least make boardrooms think twice before they decide on where they're going to rationalize next. We should all want to make those boardroom discussions difficult. Right now, ladies and gentlemen, that's not a difficult discussion. If you're in South Carolina and you're looking at what mill you're going to close—bear in mind that the Bowater mill that closed today is not an antiquated mill. This isn't some 100-year-old mill that needed to go by the wayside. This is perhaps one of the most modern mills you have operating in Canada, and it's closed because it can't make money operating in this jurisdiction.

You should all be proud of the fact—

The Chair: We should move to questions now. We'll begin with the official opposition.

Ms. Lim: If I may—sorry, Norm.

Mr. Miller: Go ahead.

Ms. Lim: I have with me today the mill manager from our Tembec mill here in Timmins, as well as the mill manager from Kapuskasing, Terry Skiffington, who runs Tembec's Spruce Falls operation up in that community. If you don't mind, I'd like to call them here in case you'd

like to get into any specifics. They're prepared to answer your questions if you want to go into more specifics.

Mr. Miller: Thank you for your presentation. I've had the opportunity to talk with Terry before by telephone, but it's the first time to actually meet him face to face.

At the beginning of your presentation, you were talking about a crisis. Interestingly enough, I received an e-mail from a small operation in my riding of Parry Sound—Muskoka as you were speaking. It says:

"Dear Mr. Miller:

"Our industry is in crisis. What will it take for someone to notice? My husband and I operate a small forestry company in Huntsville. We have had concerns for a while now, and as these concerns become reality, we wonder what is going to happen in an industry that is largely being ignored." So I think the term "crisis" that you're using is probably right.

When I've asked questions of the Minister of Natural Resources to do with forestry, he says it's a global problem and that forces beyond the boundaries of Ontario are causing the crisis. I think you've clearly said that we're suffering more than other areas. Can you elaborate on that for me, please?

Ms. Lim: Across Canada, you can look at a province like British Columbia, which is obviously working in the same global market as we are, and they're faced with the same appreciating Canadian dollar, but they started addressing their BC factor issues about five years ago probably, and they've turned things around. They worked with their industry, and they're still working with their industry to turn those things around.

Globalization is something that we have always had at our door. It's not something that just happened this year. We have some of the most efficient and modern mills. I think, Terry, you always say that you're operating one of the most modern mills in the world; unfortunately, it's in the wrong jurisdiction.

I was going to say, Weyerhaeuser just spent \$350 million building a brand new mill in Kenora, a Trus Joist facility, the largest value-added mill in North America. That's huge. If you have the opportunity to tour it, you'd be blown away. It is so incredible, and yet they can't make money.

Mr. Miller: What about the minister's response to the forest sector competitiveness report? I ask questions, and the first part of his answer would be, "I think it's \$650 million we've invested." That's his response to the crisis.

Ms. Lim: Norm, I've got to be honest with you. In a crisis I've got to ask one thing of the three parties: You need to pull together. I need a single hymn page from government that's going to get us out of this crisis. When you look at a crisis, and I'm sorry that I used the term "tsunami," but, my God, when you have as many families as we do that are out of work, you have to wonder what it is.

We've worked very closely with Minister Ramsay. He has gone to bat for us. He has been a champion. He got us the first stage of funding announcements in September. Premier McGuinty, in a rhetorical question to himself, said, "Is there more to be done? Absolutely."

Mr. Miller: Are roads the number one thing?

Ms. Lim: Roads are number one. Roads are an immediate influx of cash that will help bring down delivered wood costs so that boardrooms can start seeing Ontario as getting back towards being competitive.

The second recommendation that you have in your packages is around red tape, streamlining red tape and process. But you have to understand, streamlining red tape and process—and I know I've heard from some MNR people that that's going to save us five to six bucks. I don't have one member company, I don't have one woodlands committee member who agrees with that number. You might realistically see a \$1 or \$1.50 saving and that'll be at the end of maybe 18 months, two years, but the immediate way to address core competitive issues like delivered wood costs is by uploading the roads, which was a recommendation in Minister Ramsay's report. Financial analysts sat in on that council—

The Chair: We'll have to move to Mr. Prue of the NDP now for his questioning.

Mr. Prue: I hate to waste your two guests here, although you're quite—

Ms. Lim: No, no, please.

Mr. Prue: Can you tell me about the mills in Timmins? I'd just like to hear a little bit about them. They're still open, so that's a good thing. How are profits? How are the numbers of workers? Have you had to lay any off? What's happening here?

Mr. Blair Sullivan: I'm from Tembec. Tembec, Domtar and Grant Forest Products are the predominant mills here in Timmins. All three are running. The two softwood ones are struggling because of the softwood lumber dispute. All of them are struggling under the high cost of fibre. Ontario is the highest-cost jurisdiction. I've worked in four different provinces and we can acclaim to that. The mills are struggling and we need to invest in them and modernize them to compete. Right now, we can't. We need to make a \$5-million investment in this mill in Timmins, which is small. That's minor. We cannot find that money.

The Chair: Sir, would you introduce yourself for Hansard?

Mr. Sullivan: Yes, Blair Sullivan with Tembec.

The Chair: Thank you.

Mr. Prue: Sir, yours?

Mr. Terry Skiffington: Terry Skiffington, vice-president and general manager for the Spruce Falls operations for Tembec.

Mr. Prue: In your mill, are you struggling too—same things?

1620

Mr. Skiffington: The Kapuskasing facility is a large newsprint facility and a softwood stud mill. The newsprint facility is absolutely struggling. We are at break-even levels, and we are singularly at break-even levels because of the price of electricity in Ontario. If we were in any of our competitive jurisdictions in Canada, we would be a solid, performing asset that would attract in-

vestment. It's a singular issue for us, and that's electricity price.

Mr. Prue: So yours is different from the others. Yours is electricity. The others were more the roads and how the money could be—

Ms. Lim: Delivered wood costs.

Mr. Skiffington: Exactly. We are a newsprint facility, so we are a consumer of residual chips from sawmills. So the primary wood cost issue flows through to the sawmills. We see a secondary impact because it drives up the cost of the residual chips in an attempt to recapture some of the cost back. We have a sawmill attached to our facility, so we get some efficiency there.

We also, in the newsprint sector, are very efficient in the consumption of wood. We use the least amount of wood to make our product in the sector in Ontario, but unfortunately the nature of the process is that it's very electricity-intensive. We have the most modern, state-of-the-art pulping operations in the world. The nature of those operations is, they use a lot of electricity. Electricity costs far overwhelm the efficiencies that we get out of our state-of-the-art assets.

The Chair: We'll move to the government.

Mr. Wilkinson: Jamie, you gave a compelling argument both personally and economically. We appreciate that.

Just getting to the specifics, because we're the people who have to talk to Minister Duncan—all of us. If the roads were uploaded, as proposed, I see that this idea about the high cost of fibre—I think you're showing road costs about \$80. The only place higher is northwest Russia. Is that \$80, given what we've already done?

Ms. Lim: No. Those charts, you should know, come from Minister Ramsay's council report, just so you have a reference.

Mr. Wilkinson: Right. I'm trying to get a reference, though, in my own head. If that's fully implemented, where does that \$80 go? In other words, to send a signal to the rest of the world, because that's your argument; you need to send that signal.

Ms. Lim: We use \$55 delivered-wood costs. The global average is \$35. We've been using an average in Ontario of \$55, depending on fuel—

Mr. Wilkinson: Okay, that's good, because Weyerhaeuser was here yesterday talking about \$55.

Ms. Lim: So if you upload the road recommendation in its totality, you put forward \$28 million in September and that \$28 million resulted in \$1.27 saving. If we use \$55 for the sake of the argument, it brought it down below \$54; right? If you bring forward the \$60 million more, for a total of \$88 million in uploading road costs, we will realize an additional saving of about \$2.70, I believe. It would bring us to almost a \$4 saving. Then the forest resource inventory that you took back in your September announcement resulted in about a 45-cent saving. So we're almost at that \$5 target.

There has been a lot of discussion in the halls at Queen's Park and in the offices about, "Is it \$90 million? We heard it was \$140 million and then we heard it was

\$120 million.” We have done all the asking we can, and the number we come up with for that recommendation—100% primary roads and 50% secondary—is \$90 million. If you need to cap it, if you say, “It’s two years and we’ll review it,” or once we get the red tape streamlined and if we do realize the \$5 to \$6 savings, then maybe we download again a portion of the roads, but we need to get past this time.

Mr. Wilkinson: A tipping point going the other way.

Ms. Lim: Yes, exactly.

Mr. Wilkinson: So that is really the core thing that we can recommend to the minister right away.

Ms. Lim: For the delivered wood costs.

Mr. Wilkinson: That is the issue, and provide that change, because it’s not going to solve all those other problems that you have.

Ms. Lim: And we’re not asking you to.

Mr. Wilkinson: We understand, and we appreciate that. So that’s the key point there, and then we have to deal with the other things. Particularly, the industry is so efficient; they’re really embracing a lot of the bio-energy and all of the potential that’s there in this province, if we can move to that. Okay, that helps us a great deal.

The Chair: Thank you for your presentation.

Ms. Lim: You can check out our website, www.forestrycoalition.com. We try to keep it as up to date as possible. Then there’s always OFIA, and also, you have my contacts. I work in Toronto Monday to Thursday, and if any of you ever want to meet with me—I know; we all have the same kind of work schedule—just give me a call. I don’t mind meeting with any one of you one on one. Please remember, this is about all of Ontario; it’s not about where you are today.

The Chair: This meeting is adjourned.

The committee adjourned at 1625.

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Président

Mr. Pat Hoy (Chatham–Kent Essex L)

Vice-Chair / Vice-Président

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge L)

Mr. Toby Barrett (Haldimand–Norfolk–Brant PC)

Mr. Pat Hoy (Chatham–Kent Essex L)

Ms. Judy Marsales (Hamilton West / Hamilton-Ouest L)

Mr. Phil McNeely (Ottawa–Orléans L)

Mrs. Carol Mitchell (Huron–Bruce L)

Mr. John O'Toole (Durham PC)

Mr. Michael Prue (Beaches–East York / Beaches–York-Est ND)

Mr. John Wilkinson (Perth–Middlesex L)

Substitutions / Membres remplaçants

Mr. Tim Hudak (Erie–Lincoln PC)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Clerk / Greffier

Mr. Trevor Day

Staff / Personnel

Mr. Larry Johnston, research officer,
Research and Information Services

CONTENTS

Thursday 26 January 2006

Pre-budget consultations	F-105
Ontario Mining Association	F-105
Mr. Allen Hayward	
Porcupine Prospectors and Developers Association.....	F-108
Mr. Bill MacRae	
Timmins and District Humane Society	F-110
Ms. Lynn Michaud	
Parents of Dorans Road.....	F-113
Ms. Brenda Burey	
Porcupine Joint Venture	F-116
Mr. Dave Bucar	
Poverty Action Coalition of Timmins	F-119
Ms. Carol Wilton	
Temiskaming Federation of Agriculture	F-121
Cochrane Federation of Agriculture	
Ontario Federation of Agriculture	
Mr. Frank Haasen; Ms. Darlene Bowen	
Prospectors and Developers Association of Canada	F-124
Mr. Brian Polk	
Timmins Chamber of Commerce.....	F-127
Mr. Tom Laughren	
United Steelworkers	F-130
Mr. Roger Falconer	
Timmins Economic Development Corp.....	F-133
Mr. Victor Power; Mr. Ross Troop	
Strovan Enterprises	F-137
Ms. Laura Laraman	
Timmins Police Service	F-138
Mr. Richard Laperriere	
Ontario Endovascular Aneurysm Working Group.....	F-140
Dr. Rod Willoughby	
Discover Abitibi	F-143
Mr. Robert Calhoun	
Ontario Secondary School Teachers' Federation, district 1.....	F-145
Mr. Tony Sawinski	
Ontario Forest Industries Association.....	F-149
Ms. Jamie Lim; Mr. Blair Sullivan; Mr. Terry Skiffington	