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

**Wednesday 24 January 2007**

**Standing committee on  
finance and economic affairs**

Pre-budget consultations

## **Journal des débats (Hansard)**

**Mercredi 24 janvier 2007**

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

Consultations prébudgétaires

Chair: Pat Hoy  
Clerk: Douglas Arnott

Président : Pat Hoy  
Greffier : Douglas Arnott

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

## COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Wednesday 24 January 2007

Mercredi 24 janvier 2007

*The committee met at 0907 in Clarion Resort Pinewood Park, North Bay.*

### PRE-BUDGET CONSULTATIONS

RICHARD TAFEL

**The Chair (Mr. Pat Hoy):** The committee is pleased to be in North Bay this morning. Our first presentation will be by Richard Tafel, if you'd please come forward.

**Mr. Richard Tafel:** Would you like me to make the presentation from here?

**The Chair:** Any one of those chairs is fine, sir.

**Mr. Tafel:** I would stand, but maybe you would prefer I sit.

**The Chair:** It would be better for our recording if you sat.

You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard, and then you can begin.

**Mr. Tafel:** My name is Dick Tafel. All I am is a citizen—a citizen of North Bay, of course. To start off my presentation, I want to thank you very much. We appreciate your coming up here. Welcome to our city. It is a great thing when an important group like yours is able to come up to a community such as ours and hear simple people like us try to get our points across.

You have a brief from me; I've given it out. Hopefully, you may have it in front of you. It speaks for itself pretty well. I'm not going to go over it in detail. But I do hope that during what I have to say, you will interrupt when you think I'm not being clear.

I'm going to talk about a rather, perhaps in some respects, unusual subject: democracy. It's a simple word, and an issue about which we fight our wars—and are so involved in thinking is such an important part of our life—but which, I would submit to you, is mostly illusory. In Ontario, we don't really have it. Of course, you would say to me, "Well, we do have a committee studying the matter of elections right now." Elections are one thing, but direct democracy is an issue that I wish to get you to listen to. I would, as I say, submit that insofar as issues are concerned—and deciding on issues is really the important aspect of what you people do—we the common people of the north of Ontario have no say whatsoever.

Just think of two recent issues—you can think of many more than I—about which the citizens of Ontario had absolutely no input whatsoever. The first is related to the idea of a four-year term for municipal councillors. Is that a good thing or not? Well, certainly the citizens had absolutely nothing whatsoever to say about that detail. Secondly, and I know this is not a nice thing to say, but a 25% increase in pay? I mean, come on. Did the people of Ontario have anything whatsoever to say about that? No, and you know it.

I'm not saying that if those issues, or many others, were given to the people to decide, they wouldn't decide the same way; they might, and let's hope they would. But we don't know because they've not been given any opportunity.

The idea of voting on issues comes under the general heading of "direct democracy." Those are the words we use to attempt to explain the way people can vote on issues: through direct democracy. How can we do that?

First of all, there are two basic types of direct democracy—forms of it—that I describe and that are generally understood. One is citizens' initiatives. We often hear about these initiatives in the United States, in 27 states. What the heck are they voting on every two years or four years? We don't do that. We don't have any right whatsoever to vote on citizens' initiatives. You might suggest that it's very difficult to manage it, and I'm going to describe how it's done well in one particular country.

The other area that's even more important, I submit to you, is called referenda. In some parts of the world, before a law is a law, there are some 60 days or 90 days permitted, depending on the jurisdiction, wherein if a certain number of people sign a petition, that law has to be put to a vote before the public. Isn't that amazing? Yet in the countries where it's done, it works. I'm submitting to you that a committee should be set up, and you supply the money for it, to study and look into manners and means of establishing citizens' initiatives and referenda within the province of Ontario.

Just how does it work? Insofar as referenda, let's think about it for a minute. If you come up with an issue that enough people don't like, and they sign a petition over a period of, say, 90 days, then that issue has to be put to a vote. How is that done? It's communicated to the public. The pros and cons are submitted through the mail. They're given a week or so to vote. They can vote by e-mail nowadays or by whatever means they wish—or

whatever you, in the enabling legislation, permit—and the vote is taken.

Switzerland is the most obvious example of where this works. If you haven't been there, go there, whether by committee or privately, and study it. See how the heck it works. It's an amazing thing how easily it's done and how often it's used. But they still have representatives. They elect their representatives the same as here, they have a house of representatives the same as here, they actually have a Senate as well—which, by the way, is elected—and they pass laws the same way you do. About 4% of the laws passed are such that enough of the public thinks that they should be put to a vote of the people; of that, maybe 20% don't get through. So it doesn't create any big problems insofar as the representatives; it's still vitally important that good people like you get elected. But it does permit the public to get involved, it increases their sense of responsibility, and it greatly reduces cynicism. And you can't help but appreciate the cynicism that at times afflicts even old people like me about what goes on, but especially young people, who wonder what difference their darn vote makes, because they don't know what's going to happen as a result of it.

Citizens' initiatives and referenda are aspects of direct democracy, and I would suggest to you that you should set aside—you could do it—some money to establish a committee to effect the implementation of them. There was a committee four or five years ago that looked into aspects of citizens' initiatives that didn't have the nerve, it seems, to enact any legislation following up on it. I can give you the reference to that committee, if you'd like.

The Economist magazine—all of you know about it; a very prestigious magazine—had a 20-page report just a few years ago suggesting that 20th-century democracy got developed and now it's time for the 21st century to get fully formed. They presented various ways and means other countries and jurisdictions in the world have done this and are doing it. Ontario is not doing anything in respect to it, nothing.

To keep up to the world and to overcome that cynicism and to improve the functioning of our democracy, I would submit to you that you as a committee could, should, put forward a proposal to establish a committee. I'm suggesting in my brief a certain amount of money; I don't know much it should be. A few hundred thousand dollars seems like a lot, but the way I know government works—if you're going to, as you should, have people travel to the areas where it does work to find out how it works, it's going to cost a bit of money to implement this. So I submit to you that you should put aside some money, a sufficient sum, for an implementation committee for that purpose.

In my brief I simply conclude by saying that without adopting the improvements to democratic principles that other jurisdictions have implemented, as I've detailed, this province is kidding itself. It cannot pretend to be truly democratic. Direct democracy's time has come, at least in communities of literate people, and I suggest to you that Ontarians are. Surely our province has reached

the level where such a process would be popular and, more importantly, useful. As the Economist magazine concluded in its excellent article, "Full democracy means government by the people," and we all are the people.

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

**Mr. Tafel:** You on this committee could assist in this very important progress. Do it. You'd be long remembered as initiators of major improvements of a fundamental principle that should make our province work.

Thanks very much. You may have some questions, although this isn't the kind of thing you anticipated before you came to this city.

**The Chair:** Thank you. This round of questioning will go to the official opposition.

**Mr. Tim Hudak (Erie-Lincoln):** Mr. Tafel, thank you very much for making the presentation. I might suggest that your presentation could also be forwarded on to the Democratic Renewal Secretariat, which does some work in this area, in addition to your finance committee presentation.

A number of questions: I find your proposals intriguing. I remember being part of the public consultations when Tony Clement at the time—now federal Minister of Health—brought forward notions that support many of the principles that you have in your document under "Your Ontario, Your Choice."

My colleague Norm Miller actually just had a good suggestion for a question. Norm pointed out that often there's a view, rightly so, that northern issues get lost when they come down to Toronto and often decisions are made at Queen's Park that simply don't fit northern Ontario. What do you think about a regional referendum that would decide issues in different parts of the province like the north?

**Mr. Tafel:** There should be and there could be, and that's an important point; there especially ought to be municipal. Rossland, British Columbia, is the only jurisdiction in Canada that has referenda within its constraints; 82% of the people voted in favour of it. This is something people like. They do it, and they sometimes have some pretty difficult issues that come before the people that you wouldn't have thought they would be smart enough to answer well, but they do, and we should do the same, and regional issues could be decided the same way.

**Mr. Hudak:** For referenda to work, you need both sides to have a chance to get their message directly to the public—right?—so you have a well-educated public. You set out an example. You say that a letter is sent out, or a document, with pros and cons on both sides. Is that the method you like? Do you think there should be financing of both sides in an argument, or just done through their own private resources?

**0920**

**Mr. Tafel:** Those are excellent questions too. Certainly, we have freedom of speech; that's important. We have the Charter of Rights. These are things that aren't easily altered and ought not to be altered through the

referenda process. There should be an ombudsman or some such person established who would ensure that whatever is done is done carefully and well. Insofar as the initiatives are concerned, we can't just have somebody come up and say, "Here, let's have a vote on this." Even if you get enough people signing the petition, it has to be within the jurisdiction. It has to be worded in a way that people will understand it. Within that ombudsman's office, there would be supposedly relatively unbiased people who would put both sides of the issue with the ballot that is disseminated to the public.

Now, what about promoters of those issues? Sure, that'll happen, and you get promoters right now who are lobbying you guys. We know, and it's surely harder for the lobbyists to lobby a large number of people than a few. So we'll have freedom of speech on some issues. We'll have some groups try hard to promote their position, but I would submit to you that the public is just as capable. The wisdom of crowds—you've heard about that idea—is such that the public would be able, more often than even the individual leaders, to come to the right conclusions.

So, yes, there should definitely be opportunity to send points of view. There could be limits on the amount of money spent, if you wish, but I doubt if it would be necessary. The public, I submit to you, is smart enough to appreciate that sometimes things that are sold too much have some reason why somebody has to spend all that money and it might not be the right one.

**Mr. Hudak:** And you're generally quite open to different voting mechanisms. You support referenda. For example, you mentioned e-mail ballots and mail-in ballots.

**Mr. Tafel:** Why not? I mean, wow, look around here. I can't believe it. Guys are doing stuff right in our backyard here. I don't know what they're doing, but they've got stuff and they're sending it out to some place. This fellow in here is doing a great job trying to translate, I don't know how, my poor English. Why can't we do that? And this reduces the expense. There's not a lot of expense to this method, sending ballots out by mail, sending these pros and cons. You don't get a lot of issues, there aren't going to be a lot of issues, but the two I mentioned might have been such that somebody might have signed a big enough petition to warrant those issues being decided by the people.

How many people should sign such petitions? I don't know: 100,000, maybe a lot. We don't want it just easily done. But in other jurisdictions—8% of the people in Michigan who voted in the previous election for the governor is how they decide whether enough people have signed a petition. The different states in the US—there are 27 of them—have different rules. We should have our own rules. This is why you need a committee, because these issues—I'm just giving my opinions. A committee would have to work at it and see.

But the best thing is that it's done elsewhere. My goodness, just go ask. Go to the city clerks, the town clerks. There's an ombudsman in Berne. Go ask him,

"How does it work?" He'll tell you. He's got a little, wee office. He had three people in it. It's not expensive. You don't need a big office just to look at a few petitions and see that they're worded right and tell the people who bring it in, "Look, this was asked last month. We can't have another one this month." You can have simple rules to enable such efforts to be done effectively and well. We're smart enough to do it. We're just as smart as the Swiss, who have many, many more problems to contend with than we do.

**The Chair:** Thank you. We appreciate your comments this morning.

**Mr. Tafel:** How's that for an answer?

**Mr. Hudak:** Very good.

**Mr. Tafel:** Thank you very much, everybody, for listening.

#### NORTH BAY NETWORK FOR SOCIAL ACTION

**The Chair:** Now I would call on the North Bay Network for Social Action to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

**Rev. Terry O'Connor:** Okay, thank you: Terry O'Connor, chair of the North Bay Network for Social Action. First of all, I'll just reiterate what Dick said and thank you for coming here to North Bay. If you'd asked us, we might have suggested that July and August are a little more temperate. Anyhow, thank you for coming to North Bay. It's good to see you. We've seen some of you before. There was somebody here talking about poverty in North Bay a year or two ago and some of your different committees have been here. We're glad to have you.

I'm going to be brief. I won't take all my time, I'm sure. What I want to talk about is poverty. I'm sure you've heard all the arguments about poverty. I've got four suggestions for the budget and I'm sure you've heard all the arguments supporting these suggestions, so I haven't prepared a lot of statistics or a brief to support them. I presume you've heard them.

I'm deacon with the Sault Ste. Marie Roman Catholic diocese and associate pastor at St. Rita's parish here in North Bay. Through the diocese, we're affiliated with the Interfaith Social Assistance Reform Coalition, which you've probably heard talking about poverty before. We're also affiliated with the North Bay and District Labour Council, which is affiliated with the Ontario Federation of Labour, which is affiliated with Campaign 2000, and you've probably heard from them, talking about poverty.

I don't think I've got anything new to say, but we feel that it's important that when you come to North Bay, you don't go away and say, "Well, nobody raised the issue of poverty. Nobody said anything about those issues." Somebody's got to raise these issues. The people who are

affected most by them can't speak for themselves and won't be making presentations, so that's why we're here.

There are four issues that need to be dealt with and addressed in your budget. First of all, the Ontario Works allowance needs to be increased. It needs to be hugely increased. When the previous Conservative government cut the welfare rates in 1995 by 21.6%, it was appalling, and the Liberals in the Legislature at that time said that: that it was appalling and it was shameful that a government would attack the poorest citizens in the province by cutting their subsistence welfare rates.

Unfortunately, the welfare rates haven't increased; a couple of per cent is not an increase. In fact, the cut of 21.6% is now about 40%, with inflation and everything. The Ontario Works rates need to be increased substantially. I still have difficulty calling it "Ontario Works," since the previous Conservative government changed the name of social services to "Ontario Works" with the idea, "We're going to starve people into going to work. If people would just go out and work, they wouldn't have to be on welfare. If people were just a little motivated"—which is a lot of balderdash. That's not why people are having to collect social assistance. The Ontario Works allowances have to be increased substantially.

Ontario disability support program: The allowances have to be increased substantially. It's appalling how low the rates are here in Ontario, the richest province in the country.

The clawback of the child tax credit supplement: When the previous provincial government, the Conservative government, introduced the clawback, the Liberals at that time said, "This is terrible. As soon as we're elected, we're going to get rid of that clawback." Well, it's been four years and the clawback is still there, from the poorest citizens of Ontario. The people on welfare and people on disability allowances are having a clawback. The income that they would receive from the federal government is taken away from them. Those are three things: the Ontario Works allowance, the ODSP allowance and the clawback.

The fourth issue is minimum wage. I understand that that's not a budget item. That's not within the purview of this committee, I suppose, since you're dealing with issues for the budget. But the minimum wage desperately needs to be increased here in Ontario. You are all in the Legislature and get to vote on issues like the minimum wage. Here in North Bay, a little over 50% of our workforce—51%—works for the minimum wage.

**0930**

I was down in Oshawa just the other day over the weekend—I was driving around—a thriving community where the going wage is around \$24 an hour. Then you come up here to North Bay where the going wage is \$7.75, soon to be increased to \$8 an hour. No wonder we're so poor. Can you think of the massive input into the economy of North Bay if that minimum wage was increased to \$10 an hour? People who are today having to go to the food bank to do their shopping would be able to go to the grocery store and buy groceries. People who

today are having to go to Catholic charities to get free clothing for their kids would be able to go to Value Village or the Salvation Army and buy used clothing. It would be a massive infusion of money into the economy if the minimum wage were increased to \$10 an hour.

Those are the four issues that need to be addressed: Ontario Works allowance, ODSP allowance, the clawback and the minimum wage. I wouldn't want you to go home and think, "Well, nobody in North Bay has raised those issues."

One final thing I want to refer to is the MPPs' raise. Let me make it absolutely clear: I'm not here to criticize the raise that the MPPs got; I'm not saying one word of criticism about that, so relax about that. Except I'm saying that fair is fair. If it's fair for the MPPs to get a raise so they have a decent living, then it's fair for the poorest people in our community to have a raise so they can have a decent living. There's got to be something for the poor people. A raise is a raise and the poorest people in the province need a raise desperately. That's what I want you to take back to Toronto, to remember that somebody here in North Bay spoke up on behalf of the poor people and said, "For God's sake, let's be fair and give our poorest citizens a bit of a hand up."

**The Chair:** Thank you. This round of questioning will go to the NDP.

**Mr. Michael Prue (Beaches–East York):** Thank you very much for raising it. You are absolutely correct: We have heard this before. We've been hearing this for three and a half years, but it seems to have fallen completely on deaf ears, at least as far as the Premier is concerned. What do you think we can or should be doing that we're not doing to get this message across? I ask every day that I get a chance in the Legislature, and every day I get the same answers, or non-answers. What can we do that's different? What can I start to do that's different? What can society do that's different? What pressure can we bring to bear?

**Rev. O'Connor:** The only thing I can think of is that when you go around the province, listen, and you will probably hear somebody like myself saying these things. For God's sake, listen to them. We're not talking through our hat; we're talking genuinely that it's absolutely unfair and unjust that people in Ontario are so poor. The gap between the rich and poor is just unconscionable.

**Mr. Prue:** The first budget the Liberals brought forward had a 3% increase for Ontario Works; the second budget had zero. The third budget had 2%, but it was not implemented for seven months, which meant, in fact, that it was less than 1%. What kind of numbers are you looking at this year? What would you suggest this committee should say: 10%, 15%, 3%? What number would you suggest we should go to?

**Rev. O'Connor:** The only figure I gave you was the figure of 40%. That 21.6% cut that was implemented in 1995 has grown, with inflation, to a 40% cut below what the welfare allowances were in 1995. Even 10% is just a drop in the bucket. I know it's falling on deaf ears to say anything like that, but it's got to be. Three per cent is

nonsense; 2% is nonsense. It's got to be at least 10%. But I would think that 40%, in conscience, is the kind of figure we ought to be looking at.

**Mr. Prue:** The number of children in poverty has actually increased in Ontario in the last four years. There are more kids in poverty today than during the Harris government. Should this be a priority for this budget? I woke up this morning, I turned on the news and I saw what I think is a welcome initiative from the health minister: \$200 million for colorectal cancer screening. Should we be spending the \$200 million that would wipe out the clawback? Should that be our priority? Should the children be our priority?

**Rev. O'Connor:** Yes, absolutely.

**Mr. Prue:** In terms of the minimum wage, that was a very good point, that in North Bay 51% of the people exist on minimum wage.

**Rev. O'Connor:** Some 51% of the workforce is working for the minimum wage.

**Mr. Prue:** And that's the entire town?

**Rev. O'Connor:** Those are Statistics Canada figures.

**Mr. Prue:** What about the areas around North Bay, the smaller communities that ring North Bay? Are they the same?

**Rev. O'Connor:** Probably the same.

**Mr. Prue:** You made a very good point, I think, in terms of what people would do with that money: They would spend the money locally. They would buy in the stores; they would buy in the Salvation Army, in Value Village. You used the examples of the stores rather than the food banks. How are the food banks doing?

**Rev. O'Connor:** There's one main food bank, and then every church in town has a small food bank. They have a schedule: On Monday morning, St. Andrew's food bank is open; on Monday afternoon, the Baptist food bank is open; on Tuesday morning, the Pro-Cathedral food bank is open. But the main food bank, which is city-wide, gets financial help from Toronto. The people here couldn't sustain the food bank by themselves, but we get help from other municipalities in the south.

**The Chair:** Thank you for your presentation.

#### ONTARIO FOREST INDUSTRIES ASSOCIATION

**The Chair:** I now call on the Ontario Forest Industries Association to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Jamie Lim:** Good morning, ladies and gentlemen. My name is Jamie Lim, and I'm president and CEO of the Ontario Forest Industries Association.

Since 2002, Ontario has lost over 8,800 direct, high-paying forestry jobs and an additional 35,000 indirect jobs, with over half of those losses occurring in the past 18 months. And more jobs remain at risk every day.

As of December 2006, this Ontario job loss is as much or more than any other province. Ontario cannot afford this job loss and loss of prosperity, nor can we afford the economic and social devastation of our communities and our province, especially when you consider RBC's 2007 provincial economic forecast—which you have in appendix 2—which predicts that Ontario's economy, while barely escaping a recession, will slip to last place on the provincial growth outlook.

The critical question right now is, how are we going to move ourselves out of last place? In today's global marketplace, a competitive business environment guarantees investment, jobs and prosperity. Industries seek out low-cost jurisdictions. Right now, there are jurisdictions in North America and around the world that have vast forests coupled with low-cost operating environments, and it is those jurisdictions that are attracting the investment. Our collective goal in 2007 must be to continue working to successfully resolve the key competitiveness issues that are threatening our sector's survival here.

A Chinese proverb states, "Every great journey begins with a single step." We are very grateful that in 2006 the Premier took that first step. We need to recognize that this journey does not have a destination; competitiveness is a constant journey. It will be those governments, those jurisdictions, that learn to adapt quickly to today's constantly changing business environment that will secure investment.

#### 0940

By continuing to work together we can create an environment in Ontario where emerging competitiveness issues can be predicted, prioritized and resolved before they become threats to business success, as has been the case over the past five years.

In September 2005, the provincial government announced a forest sector prosperity fund of \$150 million. To date, the government has received 40 applications that could leverage \$1.2 billion in investment. Think about this: We have an opportunity to see \$1.2 billion invested in our province. We have an opportunity to keep people working in Ontario. But as of 2006, only \$15 million in funding had been disbursed, and this should be a red flag to each and every one of us. This should certainly be viewed as an indicator of the potential opportunity that is being missed. With these programs undersubscribed, the evidence is growing that until key competitiveness issues are addressed, companies cannot build a business case for significant investment in Ontario.

For 200 years, Ontario's forest industry has been transforming itself. Whether or not this transformation takes place this time depends on the business climate set by government.

The industry has taken action. FPAC reports that productivity growth for the past six years in all segments of the forest industry has exceeded that of the Canadian economy as a whole and of the manufacturing sector. OFIA's member companies have taken aggressive action to improve productivity, restructure their operations and

create transformation strategies. And I'll tell you something: When you're fighting for your survival, you have no choice. Industry can adapt, but the government that sells us the trees, manages the electricity rates and creates process has to adapt to the fact that we are now doing business in a global market.

The crisis facing Canada's forest sector has been described as a perfect storm of unprecedented challenges, but when you add made-in-Ontario challenges to this perfect storm, you have a tsunami hitting the Ontario forest sector: made-in-Ontario challenges like having the highest industrial electricity rates in Canada and second-highest in North America; made-in-Ontario challenges like business-killing red tape.

One member company of mine called me last year to give me a heads-up that they would be closing their mill. The mill manager, who has worked in this province for two decades, said to me, "The forest sector is being regulated to death. We're being run out of Ontario."

For 200 years, we've provided the province of Ontario with a wealth of revenue. But in today's global reality, the forest industry can no longer be considered a bank where all three orders of government can make regular withdrawals. Today, all orders of government need to be asking, "What can we do to restore competitiveness to this sector, reduce the regulatory burden, keep mills open and keep people working?"

Although the provincial government made bold steps in 2006, much still remains to be done if we're going to maximize the forest sector's opportunities and minimize the loss. The forest industry is requesting action in the following areas: stumpage, red tape and electricity.

With made-in-Ontario challenges continuing to hamper recovery of the forest sector, we are urging the government to maintain the 2006 stumpage adjustment of \$70 million for 2007. Considering the closures we've had, this will be more like a \$60-million adjustment. If you keep just three mills open by doing that, you will recoup that investment—just by keeping three mills open—through taxes and by keeping people working.

Burdensome, business-killing red tape unnecessarily drives up delivered wood costs and mill operating costs, and it's delaying the transformation of the industry. It leaves CEOs asking themselves, "Are you sure Ontario really wants the forest sector operating in their province?"

In addition to the cost-reducing red tape measures outlined in appendix 1 of your packages, the government must be diligent in ensuring that the development of any new policies does not needlessly counteract the gains made over the past year. Our industry is at a critical juncture, and initiatives such as the development of a new provincial species-at-risk act have the potential to negatively impact the forest industry.

The new proposed framework for a revised species-at-risk act will pose a significant risk to both supply and wood cost in Ontario. The proof is contained in a recent impact assessment conducted by an OFIA member who modelled the impacts on their harvest volumes using the

proposed framework's definition of habitat. For just one company alone, the revised species-at-risk act, if passed as written, would reduce their potential harvest by a whopping 1.1 million cubic metres. This loss translates into a loss of 3,477 jobs and an economic impact of \$570 million annually, so you need to consider the message that this sends to boardrooms right now. If you were a board member, would you seriously consider investing hundreds of millions of dollars into a province that's actively considering a moratorium on industrial activity in vast areas of the province? I don't think so.

According to a 2006 report entitled *An Economic Impact Analysis of the Northwestern Ontario Forest Sector*, "There is significant evidence that low energy prices can spur economic growth and could result in significant investment." The report gives several examples of communities in North America that have changed their fortunes with aggressive economic development policies that include low industrial energy costs.

Navigant, in their 2006 report, stated that Ontario has experienced a serious erosion of its competitive price advantage in industrial electricity over the last five years. It is becoming a price disadvantage for industrial operations in the province. In order to compete, Ontario must have affordable, competitive and reliable energy.

In 2007, we are asking our provincial leaders to think outside the box and recognize that by investing in a set industrial rate, they can actually create wealth by restoring competitiveness, by keeping Ontario industries open and by keeping people working. This is why the Ontario Forest Industries Association continues to ask for an all-in delivered industrial electricity rate of \$45 a megawatt hour.

In closing, I would like to remind you that there remain over 230,000 families, down from 275,000 families in 2003, living in over 250 communities in Ontario. This is not a northern Ontario issue. This is an issue for each and every one of you, wherever you're living right now in this province, who rely on us, the forest sector, for your well-being and livelihood; 230,000 families who are counting on us, industry and government, to be persistent, to be bold, to do whatever must be done to ensure that we restore Ontario's competitiveness, because everyone knows that a competitive business environment guarantees investment, jobs and prosperity.

By maintaining the 2006 stumpage adjustment, reducing business-killing red tape and implementing an industrial electricity rate of \$45, we can keep people working in the province of Ontario. Quite frankly, we can't afford the alternative right now.

We have five actions under red tape; two actions under electricity. Although they're in your 18-page version that I've handed out to each of you in your packages, they were not in my 10-page verbal presentation to you. I would most certainly be pleased to walk you through those actions in the Q&A session. Thank you.

**The Chair:** Thank you very much. This round of questioning will go to the government.



**Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge):** Thank you for the presentation this morning. We certainly heard, yesterday in particular in Kenora, and we anticipate we'll be hearing today, not only from yourself but from others, about the forest industry. We welcome those inputs. A couple of quick comments, and then I do want to take you up on your offer in the context of your appendix.

First, I'm pleased to have you recognize the efforts that have been made to this point in time. It is a journey, and the Premier and the government have made the first steps on a continuous journey. And there's no end point to this particular journey, because it is one that needs to continue. We're pleased to be able to have started down that journey, which we know is a productive way, but nonetheless there are challenges, some of which we control and probably some of which we don't control—directly, anyway.

Yesterday, we had the opportunity to talk a little bit about the issue of red tape. Certainly, there are other areas that are more explicit, but the red tape one—in asking questions, it was hard for us to get a good grasp of and get on the record what some of those red tape issues are that we need to be addressing to make the industry work better. Do you want to take the next couple of minutes of the time we have—probably about three and a half, I suspect—and highlight some of the red tape issues that you see as most significant for us, or the types that we could be undertaking as government to make the industry work better?

**0950**

**Ms. Lim:** Absolutely, thank you. In the packages that you received this morning from us, appendix 1 has 10 specific red tape items that need to be addressed. I think what's more important, if you look in on page 14 of my presentation that you have in your package, is that we have the five actions that we believe need to happen. Government and industry met last spring with a task force to look at business-killing red tape and what could be done, and they came up with a process streamlining test which involves four questions that need to be asked when you're creating new process, revising process. I think it's critical, now that you have this process streamlining test, that each and every ministry adopt it. In appendix 1 you have the outline of that process streamlining test. So, first, we think all ministries within government need to commit to this way of thinking. It can no longer be about building more and more process. You've got to look inward in each and every one of your ministries and say, "My God, how do we start cutting some of this bureaucracy?" because you are precluding industry from even wanting to entertain coming to this province because of what they have to go through in order to do business here. So that's first. You've got to walk the walk. I'm pleased that we got this done, this task force completed, in 2006. Now, in 2007, for God's sake, we need to start implementing it and living by it. We need all the governments to work together.

We need accountability. We need the MOE and we need the MNR. When they're doing a permitting for

some of those 10 items that we have in appendix 1, we need accountability. We need the same accountability that you gave to the citizens of Ontario for birth certificates: "You ask us for a birth certificate; we'll get it to you in 15 days or it's free." Do you know what? You need to make the same commitment to my guys, because when they've got their equipment out on a road and they've got all their men and ladies out on the road waiting to do business and they're waiting months for a permit, that's a huge cost. So you need to say, "If we can't get you that permit in 30 days, then we're paying for the cost you're incurring." I think you'd see a lot more accountability. But we have huge issues with the time that it's taking in this province for permitting.

If you want to go specifically to your appendix, you can see that the committee that worked together is aware of these 10 issues. These were sort of the priority issues. They revolve around land bridge management. There was a revision done there that created, for example, new regulations that were requiring pedestrian walkways on bridges in the middle of nowhere that were, in some cases, raising the cost of a bridge by 10 times. Industry guys are not going to put up with that. They're going to go somewhere else because, as I said in my presentation, there are many jurisdictions with trees that want to do business with the forest industry and they're rolling out red carpets. My guys get packages every month from jurisdictions around North America saying, "If you come to our state, this is what we're willing to do for you." Case in point: You have Grant Forest Products making a presentation here. They just built two of the world's largest value-added mills in South Carolina, and they built those two mills in one year. They went through all the environmental agency permitting requests and everything. In one year they had their first mill up and running. You can't get a permit to store wood in the middle of the bush in less than a year here in Ontario. It's broken. We need to fix it, and we need to fix it now.

So the 10 items are there in your appendix. Did you really want me to read them in?

**Mr. Arthurs:** For my purposes, no, not to read them in, but we wanted to have on the record some examples that would be helpful and you've done that.

**Ms. Lim:** There are 10 specific areas that we needed addressed and they're in appendix 1.

On electricity, the two actions that we're looking at—

**The Chair:** The time for questioning has expired. We thank you for your—

**Ms. Lim:** Two actions under electricity, and you don't want to hear what they are and put them into the record?

*Interjections.*

**Ms. Lim:** I always fight with your Chair. We fought last year in Timmins in a very cordial way. When you're coming to northern Ontario, we walk to a different clock. We have a different time up here. We make concessions.

**Mr. Hudak:** On a point of order, Mr. Chair: Surely the two points on one of the biggest issues in the northern Ontario electricity file could be added to the record.

**The Chair:** Do we have agreement? Agreed.

**Ms. Lim:** Thank you. Seriously, considering the people who are here and what's happened to our province, not just in northern Ontario, with this industry, I thank you.

Under "Electricity," we're asking the government of Ontario in the immediate term to ensure that the decisions they make by the Ministry of the Environment, the Independent Electricity System Operator, the Ontario Power Authority and the OEB do not increase any electricity prices or decrease the reliability of electricity to the industrial consumers in 2007. We're asking for that assurance in an immediate way.

In the 2007 budget, the Ontario government needs to establish an industrial electricity rate of \$45 all-in delivered power that can be used as an economic development tool. I can assure you that this is not a request that's just coming from the forest sector. In the last two months I have spoken with the Association of Major Power Consumers of Ontario, AMPCO, and mining and all the other large industrial users of electricity, who feel that the time has come for a set industrial electricity rate in this province. I know that you'll be hearing more about this issue, not just from our sector.

Thank you very much, Chair. I appreciate that and I look forward to seeing you again.

**The Chair:** Thank you.

#### ONTARIO WHEAT PRODUCERS' MARKETING BOARD

**The Chair:** Now I call on the Ontario Wheat Producers' Marketing Board to come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that, perhaps more. I would ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Peter Tuinema:** My name is Peter Tuinema. I am the past chair of the Ontario Wheat Producers' Marketing Board. I am also past chair of the Ontario Grain and Oilseed Safety Net Committee. It may seem a little strange that someone from the wheat board is coming to North Bay to give a presentation, but I actually live around here. I live in Timiskaming, north of here. Actually, there are about a million acres of farmland in northern Ontario that are currently being farmed by about 2,600 producers. So agriculture in northern Ontario is fairly significant.

I'm going to talk today a little bit about who we are, what the problem is, what the proposed solution is, what the cost is and also a vision for the future for grains and oilseeds in Ontario.

The Ontario Grain and Oilseed Safety Net Committee represents 25,000 grain and oilseed producers across Ontario. These producers generally live in small-town Ontario and contribute to the economic viability of these small towns. We're a coalition of seven organizations, which includes corn, wheat, soy, canola, seed corn and coloured and white beans.

The problem is that our commodities generally are used in Ontario—very few of them are exported, with the exception of wheat and some of the coloured beans—but what's happening is that the price in Ontario for these products is gravely affected by the policies of foreign countries, mainly the United States and the European Union, by their subsidies. What happens is that it drives down the prices of these products in Ontario and makes the growing of them not very viable. There's a long-term decline in prices that is affecting producers.

The government programs that are there to support producers when they're in a time of need don't really address this. There are two programs: production insurance, which deals with weather-related issues—that works very well; then there's the Canadian agricultural income stabilization program, that's based on margins. When you're in an industry that has declining margins due to trade injury, this program won't work for grains and oilseeds. So what has happened is that just over a year ago producers in Ontario got together and said, "Okay, if this program is not working, let's come up with a solution." They came up with a solution called the risk management program. There are different components of this program. It's meant to make sure the producer is responsible for his actions. It's made so that everyone needs to contribute to the program financially. There's a premium. The producer has to pay. There's an expectation that we would need funds from the provincial government and also an expectation that we would get funds from the federal government. Producers put this together. Another thing they took into consideration was trade compliance. It's a regional program, most of our products aren't exported, and so it would be trade compliant if applied in Ontario.

#### 1000

So we put together this program. We got buy-in from producers. We're working with the government right now on some of the technical issues of it, but what we need for this program is funding. We need funding from the provincial government to make this work. Producers have committed to pay premiums. That's their share of the funding. It's a considerable amount, almost \$100 million a year if the program is implemented. What we're looking for from the Ontario government is, on average, about \$150 million a year for the provincial portion of this.

In different crop years, this would fluctuate, because if there are years when there are good prices, producers are getting the dollars from the marketplace—and this is what they want—it would not be necessary to make payments and those dollars would bank up for other years.

It comes down to: Why do this? Those 25,000 grain farmers across small-town Ontario are big contributors to the economic viability of those small towns. They buy cars, trucks and services; their farms or industries buy things. The spinoff effect in rural Ontario is really very vast. We really feel that this committee needs to consider what this could do for producers in Ontario but also what

it could do for the economic viability of rural Ontario. Thank you.

**The Chair:** Thank you for your presentation. This round of questioning goes to the official opposition.

**Mr. Toby Barrett (Haldimand–Norfolk–Brant):** Thank you, Peter. I normally see you down in Haldimand county, which is about as far south as you can go in the province. It's good to see you up here. You probably got down to the Haldimand meeting; I missed it this year, being on committee.

You make reference to the fact that corn and wheat prices have had a bit of an uptake. That, in my view, is no reason for either the provincial or the federal government to become complacent at all with respect to fixing CAIS and bringing in a program. RMP has been on the table for, gosh, a year and a half now or longer, perhaps. Everyone is pretty familiar with the workings of that. You make mention of a ballpark cost of \$150 million. I guess my one question would be, given the increasing price of corn and wheat, which doesn't make up for the disastrous prices certainly in the last three years and the pressure on all cash crops, if the government were able to snap its fingers and bring in the RMP today with the current price of corn and wheat—and I know soybeans less so; I sold beans in 1980 for \$10 a bushel, and they're not even close to that today—the RMP this year would actually be a relatively small amount of money, wouldn't it, for the government to come forward with?

**Mr. Tuinema:** The 2006 crop year or the 2007 crop year?

**Mr. Barrett:** Let's say a projection of the coming 2007 year.

**Mr. Tuinema:** For the coming crop year in wheat, a payment wouldn't likely be triggered; maybe a payment in corn, depending on where that goes; and for soybeans, there would be a slight payment there. So there may be payments.

You don't know where we're going to go. We're in a three-month price spike in a long-term, five-year decline, more or less. A three-month spike really doesn't make a trend; it's a spike. If that continues, then we really don't need any money for the program; but if it doesn't continue, then producers are in trouble again.

**Mr. Barrett:** But it's not going to help you with lost equity in the last three years, and it's not going to help those farmers who—maybe they didn't necessarily go bankrupt; they just kind of disappeared and rented their land to their neighbour and maybe took an early retirement or got a job in town or a part-time job. We know we can't predict the future, particularly with commodity prices, but with the North American demand for ethanol—and I'm thinking of corn prices specifically—I would like to think, as an optimist, that we would see, at minimum, stable prices for corn. I mean, nobody tells the Chicago Board of Trade what to do. But if we had a good run of, say, eight years of relatively half-decent corn prices, I don't see where it would cost the government that much money to bring in the RMP or some version of a risk management program. I know it's difficult to ask

you to foretell the future, but do you have any comments on what—

**Mr. Tuinema:** So actually, if you go back through the last 10 years, in the document it shows a range of costs to the provincial government; it ranges from \$40 million to, I think, \$250 million. That's the kind of range. So yes, if you had 10 years of better prices—there would still be dips and stuff—then you're looking at the low end of that number that it would cost to go through the next 10 years. The issue is—so you have corn, which is being turned into ethanol but also a by-product, which is a feed stock. What hasn't been measured too much is what that feed stock is going to do to displace any feed corn going into the industry. The other wild card is what the US government is going to do in three or four years as far as policy is concerned, because that's what has created a lot of our problems; it's not necessarily the marketplace, but it's the policy that has created the problems.

**The Chair:** Thank you for your presentation.

**Mr. Tuinema:** Thanks for your time.

#### TOWN OF COBALT

**The Chair:** Now I call on the town of Cobalt to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Steph Palmateer:** Good morning, and thank you for seeing me. My name is Steph Palmateer. I'm the chief administrative officer for the town of Cobalt. I'd like to send regrets this morning from Mayor André Bélanger. Unfortunately, there was an emergency at work that he had to attend to.

I won't bore you with reading the actual submission that's here; I'll just touch on the main points of it. I'm not sure how familiar the committee is with the economic indicators that municipal affairs uses, but the town of Cobalt had a very distressing meeting with the ministry in 2005 where they advised us that they flagged a number of indicators that put Cobalt in a critical status. The layout of the submission is basically some of the areas that they touched on and really wanted the town to work to address.

The first one is that they felt the town of Cobalt should borrow more money, that we had borrowing capacity. The town has in fact done so through the OSIFA lending program. The problem this creates for the town of Cobalt—you'll see that we have one of the highest tax rates, if not the highest tax rate, in the province of Ontario, at 2.5% for just the residential tax levy last year. That yields a total tax levy of about \$440,000 residential levy, with a total tax levy of \$540,000 for the municipality. Borrowing an amount of \$370,000 at a cost of borrowing to the municipality of \$30,000—you can see that represents almost a 6% impact on the levy. So although the ministry may feel that borrowing is a way to solve a financial burden on a municipality, it in fact creates a severe burden for the town of Cobalt, and I'm

assuming it does so for many small northern communities. The other problem borrowing leads to is that it impacts on our total reserves. If we have to spend money financing the cost to borrow money, it severely hinders the town of Cobalt's ability to budget to put money into reserves. If it costs us \$30,000 to borrow the money, that's \$30,000 that could have been earmarked in the budget to go to reserves, and now it can't. It's an expense.

#### 1010

Briefly, the ministry also flagged tax arrears as an issue. The town has, since 2002, undertaken a very aggressive campaign of recouping our tax arrears. We've made significant strides in that area. Unfortunately, with small mining communities like ours, businesses and people are leaving town and abandoning buildings, and that's left us with a burden. We're doing our best to clean it up.

The other thing that's unfortunate about the ministry flagging our tax rate issue is that they don't actually look at the overall implications. The main reason Cobalt's tax rate is so high is that it's based on the fact that our assessed values are so low. The average residential assessment in the town of Cobalt for the last return roll was \$32,500—insignificant, basically, especially when you compare that to our neighbours in the city of Temiskaming Shores, which is 71% lower on similar-sized properties. And then—I can't remember which municipality it was—last year I remember receiving a resolution from AMO requesting support for a municipality that was complaining that their average assessed value had gone up 18%. From a financial perspective, that's a good problem to have. It's certainly not one that we see in northern Ontario.

As I mentioned earlier, we have one of the highest tax rates in the province, which only yields a tax levy of \$540,000. I don't know what the ministry can expect us to do with such a high tax rate with so little wiggle room, and yielding such a low tax levy.

Last year, the ministry introduced one-time funding for roads and bridges. The town of Cobalt received a little over \$130,000. This money was badly needed in Cobalt, and I'm sure that holds true across the rest of the north. It allowed Cobalt to fix some road infrastructure that we otherwise would not have been able to.

The town of Cobalt operates with its municipal partnership funding representing almost 50% of our total operating budget. You'll see in the document provided that one of the issues we have with the partnership funding is that it shows that the province actually should be allocating over \$1 million to the town of Cobalt, when in fact they're only giving us \$830,000. They're showing the town of Cobalt, "We're clawing back \$222,000 from you." Given the circumstances, we desperately need this money. As far as Ontario is concerned, I don't really think \$220,000 is going to break the province, but it would certainly improve the situation in the town of Cobalt dramatically.

That is everything I have to say. Thank you very much for seeing me this morning.

**The Chair:** Thank you for your presentation. The questioning will go to the NDP.

**Mr. Prue:** Before I ask any questions, I would just like to thank the town of Cobalt for sharing your anniversary with the Legislature last year. It was quite the event.

**Mr. Palmateer:** You're welcome.

**Mr. Prue:** I don't know where you found the money to do it, having heard what I heard today.

How many people live in Cobalt today? Is the population continuing to decline?

**Mr. Palmateer:** Yes, it is declining. The Statistics Canada population is 1,229.

**Mr. Prue:** That's 1,229 people?

**Mr. Palmateer:** Yes.

**Mr. Prue:** What was the population of Cobalt, say, 10 years ago? How much has it gone down?

**Mr. Palmateer:** It would have been about 1,275.

**Mr. Prue:** So it's not declined very much in the last—

**Mr. Palmateer:** No, its big decline came probably in the late 1980s. Its first big decline came after the major fire in the 1970s, and when the last few mining companies closed down in the late 1980s it had a big, severe drop, from over 2,000 to 1,500.

**Mr. Prue:** What industry is left in Cobalt? I have not been there for many years now. What do people do for a living?

**Mr. Palmateer:** Within the town proper, there really isn't any significant industry. There are some mining companies in operation in the surrounding community, but basically the town of Cobalt, as a corporate entity, is the largest employer.

**Mr. Prue:** We had a deputation earlier today talking about 51% of the people in North Bay earning minimum wage. What are the wages in Cobalt? Would that be a similar circumstance?

**Mr. Palmateer:** It's probably actually higher than that. I think we've got an unemployment rate of close to 20% in the town of Cobalt.

**Mr. Prue:** And those who do have a job work for minimum wage?

**Mr. Palmateer:** Yes, and the ones who do actually work outside of the town. The majority work outside of the town of Cobalt.

**Mr. Prue:** In terms of housing, the average assessed value of a house in Cobalt, as you said, is \$32,000.

**Mr. Palmateer:** Yes.

**Mr. Prue:** Now, I just tried to do some fast mathematics. That would be a municipal assessment rate of about \$800 a year for taxes.

**Mr. Palmateer:** Yes.

**Mr. Prue:** So it's not that it's exorbitant; the 2.5% is the selling point. But I would think that in most municipalities the amount of taxes actually paid—\$800—is not considered large.

**Mr. Palmateer:** No, certainly not.

**Mr. Prue:** What I don't understand is that on the fairly small taxation that you're charging, some \$800 a year, you have a tax arrears problem that seems to be out of control, or at least was out of control. Why is that?

**Mr. Palmateer:** The tax arrears problem is significant—it's not as bad as it looks, because it really relates to three properties. One is a former high school that was purchased by a private individual to open a business. He opened his business and MPAC unwittingly assessed it at over \$1 million or something like that. With such a high tax rate, the tax burden on him for his first two years of operation was incredible. So it represents on its own probably 20% of the tax arrears situation. The others are similar industrial properties—they were, at one time, operating businesses—that are no longer operating, that have sat vacant. The town now has begun the process of—unfortunately, we have to recoup them under tax sale to get them off our tax arrears roll.

**Mr. Prue:** You are now in the process of doing tax sales.

**Mr. Palmateer:** Yes. Unfortunately, the town is going to be left with a building that's not sellable, because the tax arrears on it are so high that nobody's going to be interested in it. The fact that the building may have sat vacant now for five or six years makes it even more difficult.

**The Chair:** Thank you for your presentation.

#### ONTARIO LONG TERM CARE ASSOCIATION

**The Chair:** I now call on the Ontario Long Term Care Association to please come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Vala Monestime Belter:** Good morning. I'm Vala Monestime Belter. I'm a registered nurse, and administrator and owner of Algonquin Nursing Home in Mattawa. I'm here today to request your support for more time to provide the care, programs and services that enhance the quality of care and quality of life for the residents of Algonquin Nursing Home. I'm also here as one of the many homes that are part of the Ontario Long Term Care Association. I'm speaking on behalf of 73 residents, their families, 75 employees, and over 200 volunteers from almost every service or church group in our area.

Let me begin by telling you a little bit about our home and its role in the small, beautiful and bilingual community of the Mattawa area. My father, the late Dr. Monestime, then mayor of Mattawa, mortgaged our family assets in 1976 to build a long-term-care home for the people of east Nipissing. My mother, Zena Monestime, worked as administrator of our home until her death last year. She was also a resident for two years, so I can speak to you as a family member as well. Our home is nationally accredited, provincially licensed and designated under the French Language Services Act.

#### 1020

Many of our staff have family members who live in our home. It is a home that you would not hesitate to live in yourself, and may I suggest, as you deliberate and make recommendations to the budget, that you selflessly consider your outcomes as applicable to you individually in the near future or far future.

Last spring, on behalf of our residents, we supported a petition requesting funding for more time for resident care. We did this because, although our residents and their families see staff doing their best, they also see that they are run off their feet just to do the minimum that residents require.

Let me give you an example of this. Many residents would like to get up early in the morning and be washed and dressed at a certain time. But because of limited staffing, even though their basic needs are met, people have to wait up to an hour to get ready for the day. Many of our residents would like to have a bath in the morning and not at 1 or 2 or 3 p.m., but there simply is not enough staff to give people a bath at the time they desire.

Residents need more, they deserve more, and we want to do more. In fact, we believe we should be doing more to help hospitals with their waiting lists, but we cannot. The reason why we cannot do more for residents is simple: Our operating funding has not kept pace with the trend of increasing care needs.

Last year alone, provincial resident acuity levels increased by 3.15%. Cumulatively, since 1992, this increase has been over 27%. In our home, since 2001, our case mix measure, or CMM, has increased by 14%. A case mix measure is sort of the average of what different levels of care are documented as being done.

The last significant base funding increase was the \$116 million announced in the 2004 budget. With the base funding adjustments since then, we have not even been able to maintain what we used to be able to do. We struggle to meet care needs. Our staff go home exhausted, feeling guilty, angry and frustrated. This is not fair to them, let alone to the residents, who are to be respected.

Government has provided other targeted funding which has allowed us to purchase new lifts, pressure relief mattresses and new blood pressure equipment. We are part of the RAI MDS 2.0 early adopters and have received very helpful PIECES and other educational training thanks to the government. These are valuable initiatives, but they do not enable us to add any more staff to provide more resident care, nor any time to apply the new ideas and best practices.

With current resident acuity levels, homes should be providing three hours of care per day per resident. With current government funding, homes are only able to provide, on average, 2.5 hours per resident per day. If our home was in Manitoba or Saskatchewan, residents would be getting three hours of daily care. In Alberta or New Brunswick, they would be reassured by a government commitment to get 3.5 hours of care.

Today, I am asking for your support in requesting government to commit the funding in the 2007 and 2008

budgets that is required to address what is a 30-minute gap. This would mean providing \$390 million, or \$14.27 per resident per day, to fund an additional 20 minutes of care in 2007, and \$214 million, or \$7.81 per resident per day, to fund 10 more minutes in 2008. The details of this request were outlined in a submission by our association, the OLTCA, to your committee in December. With 20 minutes more resident care per day, we estimate we could hire four more full-time direct care personal support workers.

Secondly, along with the need for more time to care for residents, there is a need to ensure that our residents receive nutritionally healthy food. Within this total increase asked for, the raw food funding should be increased from \$5.46 to \$7 per resident per day. I asked my food service supervisor to give me an example of how this would change the food she shops for. She said to tell you that it would enable our residents to eat almost as well as Ontario prisoners.

I'm stopping because I really want you to hear that.

With \$7 per resident per day, we could buy higher-quality supplements to boost nutritive care. We could buy better-quality food. Do you realize that with \$5.46, we now provide three meals and three snacks for each resident each day, and that these meals have to meet the Canada Food Guide standards? Did you also know that with that \$5.46, we have to provide two fully prepared, completely different choices, different textures, and specialized diets for each resident to choose from at each meal? Do you know that with the same \$5.46, you won't even get a Big Mac meal combo at McDonald's?

As you may know, our funding either comes directly from the government for nursing, programs and food, or it is directly controlled by the government through setting the rates for the resident copayment. We use the residents' funding for accommodation services such as administration, housekeeping, laundry and dietary staff, utilities and general building maintenance. When funding in this envelope does not keep pace with our operating costs, the services we pay for out of this envelope suffer. We used to have a rainy day fund for when our roof needed repairs or when we needed new dining room chairs or if a SARS-type illness showed up. There is no more rainy day fund. To combat communicable disease, a proactive and diligent housekeeping service is necessary, not only nursing. We have been successful in keeping a lot of illness out of our home, but the cost of these illness-fighting methods has increased our housekeeping supplies by 160% since 2001.

Over the past three years, our revenue-cost gap in this envelope has been widening. For example, our utility costs have increased from \$54,000 in 2000 to \$75,000 in 2006. That's a 39% jump, and they are expected to grow by another 10% annually over the next two years.

Since SARS, we have started preparing for a pandemic. The government has in no way assisted with this funding. We are expected to become knowledgeable, be trained, and have supplies and equipment. There is no magic wand. We need the funding support. The ministry

has started excellent information-sharing and education in order to fight influenza and other communicable diseases, but we are expected to be "armed and ready" with zero dollars in assistance.

If this revenue-cost gap is not addressed now, it will affect resident services. We are not asking government to raise copayment rates beyond the annual inflationary adjustment. Instead, with the total funding request, we're asking government to allocate \$2.75 per resident per day to help us maintain our laundry, housekeeping and other services, services which I can assure you are very important to the residents and their families.

The upcoming budget will play a pivotal role in determining whether we are able to make gains towards the care our residents need or whether we will begin to slip back from where we are now. Another year of maintenance-level funding is just not good enough. A substantial funding increase that adds 20 minutes more of care this year and 10 minutes more next year is required to provide the care residents need, expect and deserve.

This is without even considering our increased costs to implement the additional paperwork and processes required to meet the requirements currently outlined in your proposed Long-Term Care Homes Act. As a B home, it was encouraging to see the unanimous support you gave to Elizabeth Witmer's recent motion calling on government to commit to a capital renewal program for B and C homes. Thank you very much for that. Our 73 residents are among the 35,000 residents living in B and C homes throughout Ontario who do not have access to the same levels of physical comfort, privacy and dignity as the government is helping fund for residents in new and recently redeveloped homes. We still have four-bed ward rooms, while basic accommodation in new homes is maximum two to a room. With an aging population, increasing resident and family expectations, and research that shows physical design impacts a home's ability to provide care for residents with dementia, the time has come to address this double standard. All residents pay the same fee; about half get less value for their money.

We understand that this cannot be accomplished overnight. However, we need to get started with a commitment from government to provide \$9.5 million in this budget to support the renewal of the first 2,500 B and C beds and to continue this process in a planned and rational manner annually until the job is done.

Again, I thank you for your time. I'll be pleased to answer any questions.

**The Chair:** Thank you for the presentation. This round of questioning goes to the government.

**Mr. Arthurs:** Thank you for your presentation this morning. As you know, it's not the first one we've heard on the issue of long-term care, but from my listening, it's the best one I've heard.

**Ms. Monestime Belter:** Thank you.

**Mr. Arthurs:** I'm sure you've heard this before, but I'd like to take the opportunity on behalf of this committee to commend you and your family, your late parents, for taking the move, as early as 1976, of com-

mitting their own family resources and assets to address the needs in their community, particularly in a role as an elected official in Mattawa. That was an achievement that I'm sure your community has extended thanks for for a great number of years and should continue to do so. You're obviously doing an excellent job in continuing in their footsteps.

**1030**

This has been precise, and it's much appreciated. Tell me, if you would, just a little bit more about the environment that you're finding in your home, still having four-bed ward rooms, the nature of the support facilities that go with that and what you would like to see available to you in that type of environment to be able to move the standard forward. What would be the kinds of things that would be most important in redeveloping or in adding to the facilities that you have in your particular facility?

**Ms. Monestime Belter:** Our home is 30 years old and twice now we've invested. In 1984 dollars it was \$840,000; in 1997 it was \$1.3 million. We've invested. We put the money back into our home. Our home looks great. It is a good home. Everything but the bedrooms is first class—I would say, A-level. But four people share a room. Today, with the different kinds of care needs, the different kinds of personalities, the different kinds of expectations, to come in—if you're a quiet, shy person who has always been independent, you may have someone in your bedroom, three feet away, who has dementia, calls out at night and cries a lot, or you may be in a lot of pain and you might have a gregarious person right next door. That's extremely difficult to adjust to when you're old and frail. I would love to see a study about how that really affects the quality and length of your life. It's difficult for anybody to deal with, let alone that resident. It's difficult for the family. Their guilt increases tremendously. They're angry with the staff. The staff have to deal with it. They're frustrated. They are run off their feet.

The registered nurses and administration spend time with paperwork. I used to be able to go on the floor and sit with people, do care, help the staff if they needed something. I stay at work until 6 or 7 or 8 at night and the families and residents are frustrated that I don't come out of my office. It's only going to increase. The front-level staff, the people who actually do the hands-on work, don't have time to do it and are, I think, guilty and frustrated by what they see that they can't do.

**Mr. Arthurs:** The privacy of care in the ward structure—

**Ms. Monestime Belter:** When you do care, you have privacy curtains so people's privacy is respected. But when the care is done, you lie there beside your neighbour, whom you've never met, and have to deal with his problems, his illnesses, his family visiting while you are in your little corner. Maybe in a Third World country that's great; in Ontario, it's not acceptable.

**Mr. Arthurs:** Thank you, from the standpoint both as an administrator and as a family member, for your presentation.

**The Chair:** Thank you for your presentation before the committee.

#### ONTARIO FEDERATION OF ANGLERS AND HUNTERS

**The Chair:** Now, the Ontario Federation of Anglers and Hunters, if you would please come forward.

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

**Mr. Andy Houser:** My name's Andy Houser. I'm a special adviser to the Ontario Federation of Anglers and Hunters. I'm here today representing the federation and its 80,000 members and 650 clubs province-wide, but I'm also here representing all people who truly care about fish and wildlife in this province. I have given you a handout which has the longer talk as well as some background information, financial information. I will only touch on the highlights of that, obviously, in the limited time we have.

In the fiscal year 2006-07, the financial problems of the fish and wildlife program of the Ministry of Natural Resources in this province truly reached crisis proportions. This is truly a grave concern. The fish and wildlife resources of this province are immensely valuable and they provide very significant economic, social and environmental benefits, not just to people who hunt and fish but to all Ontarians. I cannot overstate that point.

Just to give a few examples, Ontario waters support upwards of 100,000 fish communities. Those fish communities, combined with the management that the ministry provides, provide 47% of all of the angling days and 49% of all of the fish caught by anglers in Canada. Over 80% of all visits to Canada associated with fishing are to Ontario. Some two million Ontarians and half a million visitors to Ontario a year fish. From a wildlife standpoint, 40% of the gross domestic product associated with wildlife in Canada is here in Ontario. There are some 800,000 people who have taken the hunter education course, some 400,000 hunt each year, there are another 1.5 million people who very actively participate in activities like birdwatching, and there are millions of others who enjoy more passive forms of wildlife recreation. Using the government's own figures, some 6.7 million of Ontario's residents participate in some form of fish-and-wildlife-related activity annually. The economic contribution is in the order of \$6.2 billion, sustaining some 77,000 jobs.

The value goes far beyond economic, though. Many of the values you can't put a figure on, and those values include such things as culture, quality of life and peace of mind. In order to continue to have those benefits, you need sound resource management. A sound resource management program for fish and wildlife in the province of Ontario would cost about \$120 million a year in 2006 dollars. That is not a large amount of money for a province of a million square kilometres with 250,000

lakes and tens of thousands of miles of stream, river, marine and Great Lakes shorelines with the ecological diversity and the kinds of benefits that we have.

When we were in 2005-06, a year ago, the fish and wildlife program of the ministry did not have \$120 million; it had base program funding of about \$74 million. When we learned that, moving into the 2006-07 fiscal year, the budget was going to be flatlined, the federation of anglers and hunters made a presentation to this committee on January 27 of last year at Cornwall expressing our concern about the implications of a flatlined budget. As we moved into 2006-07, despite the fact that publicly and within the ministry there was an understanding that the budgets were still flatlined, in actual fact, funding for the fish and wildlife program in 2006-07—the fiscal year we are in—suffered a major cutback. In fact, it was cut back by a total of 6%, from \$74 million to about \$70 million. Of that cutback, there was a 7% cutback in direct operational funding. That's the money that staff use to actually deliver programs and to develop partnerships. After the ministry pays its fixed costs, including contractual obligations, the actual money available for districts and regions was substantially less: Average regions and districts in this province had 25% less operational dollars in its program this year than it did last year. The Great Lakes and hatchery program had 20% less operating dollars this year than it did last year. And special funding, a little bit of extra that comes in from the CRF for special projects, such as inventory and assessment, was cut back 49% as we entered this fiscal year.

The net impact of that is that as we move through 2006-07, there is less funding for the fish and wildlife program than there was in 2002-03. The reduction has come solely from a reduction in the amount of money coming from the consolidated revenue fund. The contribution to the fish and wildlife program from the consolidated revenue fund has decreased by 30% over the last four years. The contribution from the special purpose account, monies coming from anglers and hunters' licence revenues, has increased during that time. Whereas it provided 77% of the funding back in 2002-03, it now provides 87.5% of base operational program funding and, even including the special program, is 70% of that funding.

That reduction in the CRF contribution comes despite increasing public concern over the state of the environment and the state of our natural resources. It comes despite the fact that the some five million people who participate in wildlife-and-fishing-related activities but do not hunt and fish, make no direct contribution to the special purpose account and special funding—their contribution is through the CRF, and the only way that their concerns are met is by providing dollars from that. It comes despite the government's commitment to try to improve Ontario's economic advantage and its recognition that a healthy lifestyle involves being able to work in the outdoors. It flies in the face of the Premier's commitment in May 2003 that he would ensure that adequate funding was once again restored to the fish and wildlife program.

#### 1040

The numbers that I gave—the 25% reduction to the districts and the regions—seem large in and of themselves, but what gets hidden in that is the fact that the program must find within that base the money to meet inflationary cost increases, such as salary awards, such as increasing energy costs. When you do inventory and assessment, the energy costs can be very high because you're using boats, because you're using aircraft. They have to meet it within.

If the program budget continues to be flatlined into next year, in the average district, in the average region, the Great Lakes program, as it enters 2007-08, will have a delivery capability that is less than 50% of what it was two years ago. The consequences are immense.

When we look at some of the changes that are going on, there are some good directions as staff and the government have tried to deal with reduced dollars. Dollars, not ecological considerations, drove the number of new fisheries management zones. Dollars, not ecosystem considerations, are driving similar thinking related to wildlife.

Absolutely essential inventory assessment and science on type and representative systems, if you're going to work with the new ecological zone, is not being done and cannot be done. Special inventories to deal with special situations cannot be done. Rehabilitation and restoration programs are being compromised. Inadequate enforcement is taking place.

At the same time, the government is looking at a new species-at-risk program. It's admirable, but it has significant manpower and dollar implications. They are going to need to implement that on the back of a bankrupt ministry, where the infrastructure is being paced by licence fees and where inadequate funds are going back in to ensure that those licence fees and those revenues can be maintained.

The government is the custodian of a phenomenal public trust: a trust that provides economic, social and environmental benefits; a trust that is essential to the wellness of people and of communities; a trust that's the foundation of a major sector of the economy, of communities, of ways of life. That trust is being betrayed.

Our recommendation is that funding for the fish and wildlife program needs to be restored to an adequate level.

Back in the early 1990s, after monies were available through the introduction of the resident sport fishing licence, Ontario was poised to be the premier natural resource agency, the premier fish and wildlife organization, in North America. Today we stand at the opposite extreme, but with an infusion of some dollars we can be back in that premier situation.

Our recommendation is that the program be re-established at a \$120-million level. That's a \$35-million net increase over 2006-07. It effectively means that the government commit to matching funds; that for every dollar that's provided to the program from angling and fishing, commercial fishing and trapping licences and



royalties, a dollar come in from the CRF. That's not a bad contribution from each, given the significant benefits that come to the province for activities that aren't just related to hunting and fishing.

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

**Mr. Houser:** Thank you.

When we spoke with you last year, we put forward two proposals. One was a biodiversity endowment fund, based on adding a small surcharge of about \$3 to vehicle licence fees. The OFAH commissioned a poll this year and in fact found that 69% of the people polled said that they would be willing to pay \$3 extra on their vehicle licence fee if that money was specifically dedicated to fish and wildlife. We also suggested monies, perhaps in the form of a scratch-and-win lottery, if that's needed to offset the money from the CRF.

We encourage you to adequately fund an important program and ensure that we continue to enjoy our legacy into the future.

**The Chair:** This round of questions goes to the official opposition.

**Mr. Norm Miller (Parry Sound–Muskoka):** Thank you very much, Mr. Houser, for your presentation today. Certainly, as the MNR critic for the PC Party, I hear stories from around the province about challenges being faced in this area. Most of them are anecdotal. I hear about conservation officers who don't have enough gas to drive their trucks so they have to stay in their office. I've heard the same story from various locations around the province, so perhaps you can tell me whether that's in fact true, because that's something I've heard from around the province. Certainly it's a fact that MNR seems to be getting out of fish hatcheries. Most recently in my own riding, a small volunteer-based fish hatchery in Magnetawan was not able to do their work because MNR couldn't supply one person for one day to go and supervise the work that this largely volunteer group was involved with.

In the short time I have available, you state that there are 25% less dollars available for regional programs this year versus last year. That's a pretty substantial decrease in one year. Could you expand a bit on that, first of all?

**Mr. Houser:** The program entered the year with an overall 6% reduction in funding from 2005-06. That included a portion of salary, about a 4% reduction in salary, which in and of itself is extremely critical because the program had to eat salary awards, which were anticipated to increase program costs up to 5% a year because of the new collective agreement. But not only did they have to meet those increasing costs within, there was a 4% reduction in salary, which meant there was no ability to manage vacancies on the part of local managers, so they were going to have to look to find money out of operations to assist them in that area as well. The other aspect is that their actual operating dollars overall in the program decreased by 7%, but the ministry has fixed costs like any business does. Some of those are contractual obligations. Certain parts of the program are

delivered by, for example, the Ontario Fish Producers' Association, the Ontario Trappers Association. The outdoor card has a very clear, fixed-cost overhead, and by the time you pay those, the actual dollars for operations that are left mean that the average district and region has 25% less funding.

**Mr. Miller:** Again, what was the Premier's commitment in the 2003 election?

**Mr. Houser:** He committed that he would restore fish and wildlife program funding to a level that was adequate.

**Mr. Miller:** Did he make this commitment verbally?

**Mr. Houser:** It was in writing to the federation of anglers and hunters. It was a pre-election questionnaire.

**Mr. Miller:** So I think it's safe to say he has not kept that commitment. You don't have to respond to that if you don't want to.

On a more positive note, what economic benefits would there be to the province of Ontario from properly funding the fish and wildlife program?

**Mr. Houser:** The benefits that we see from fish and wildlife are \$6.2 billion a year. That's wholly attributable, where they haven't looked at if somebody buys a boat, a portion of that is used for something else. This is a wholly attributable portion of that boat that they bought or leased because, for example, they were fishing. That \$6.2 billion and the other substantial benefits depend on continuing to manage the resource. Right now, we are putting inadequate funds in.

We happen to be lucky. We are riding a wave of some high populations—with deer, for example—but if you look at our fisheries, our fisheries are deteriorating. We've gone from the superlative to the mediocre. We're effectively, in many ways, mining the resource, and if we don't put the money back in, that \$6.2 billion is going to decrease. The number of jobs is going to decrease. In fact, 77,000 jobs, the number the ministry uses now, is 30,000 less jobs than we were using 10 years ago in our figures. So the problem with fish and wildlife is it's not like something where you spend the dollar today, you see the benefit immediately. It's like forest management. It sometimes takes a generation to see the full benefit. But we're on a downward cycle; we're mining the resource. If you don't put the money in, two years from now, five years from now we're going to say, "What happened?"

**Mr. Miller:** You mentioned that fishing zones were—I think the government would say their change in fishing regulations and fishing zones is to better protect the fish stock. You made a comment that it's driven by lack of dollars so they're going to bigger zones. I think that's what you said.

**Mr. Houser:** Yes, I did. But the concept behind ecological management, the new zones that are being looked at, is absolutely correct. The ministry is in fact dealing with the right principles. The problem is that how it got implemented became driven by dollars, so the end product was compromised, became driven by dollars rather than ecological consideration. But it didn't mean the initial effort and what the government wanted to do was

misguided. It was a case that it couldn't be accomplished properly because dollars became the driving force.

**The Chair:** Thank you for your presentation before the committee.

1050

#### TOWNSHIP OF BLACK RIVER-MATHESON

**The Chair:** I would ask the township of Black River-Matheson to come forward, please.

**Mr. Mike Milinkovich:** I've developed a bit of a cold, so I apologize. I just want to get prepared here.

**The Chair:** That's fine. You have 10 minutes, as you've likely heard over and over this morning, for your presentation. There may be up to five minutes for questioning. I would ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Milinkovich:** Good morning, Mr. Chairman and members of the committee. My name is Mike Milinkovich, and I am the mayor of the township of Black River-Matheson.

Our community is comprised of four major urban town sites: Matheson, Holtyre, Ramore and Val Gagné. We also have many rural residents who live along Highways 11 and 101, and the 560 kilometres of gravel roads that we maintain.

Black River-Matheson, with a population of 2,565, is in the district of Cochrane approximately 300 kilometres north of North Bay. It is the keystone community within northeastern Ontario because of its central location that is almost equidistant from Timmins, Kirkland Lake, Cochrane and the Quebec border. Our community straddles Highways 11 and 101, and our largest town, Matheson, is also located at the junction of these two highways.

Industry within our township is very much resource-based in forestry, mining and farming. We also have a variety of service industries that caters to the population. We have few secondary manufacturing or other types of industry. Our tax revenue is therefore based primarily on individual wage earners, who, I may add, are not big wage earners.

With these brief statistics of our community in mind, I would now like to bring to your attention our concern with some serious financial, health and environmental problems our community is facing. I will speak today about three specific issues that affect our township directly and briefly highlight three recommendations that, if implemented, I believe can result in benefits and savings to everyone in the province of Ontario.

We maintain four water and waste treatment facilities, one in each urban centre. I draw your attention to the last page, attachment 1, of my presentation, which documents some related statistics about the facilities.

Like many small rural communities in Ontario, we are severely impacted financially by provincial legislation introduced following the Walkerton water crisis. This legislation is designed to protect us all. I am not here to criticize the Clean Water Act, but I am here today to

bring to your attention a problem that is creating severe financial hardship for our urban citizens because of this act.

The high cost of our potable water has already resulted in the closure of our only hotel, two motels and at least one apartment building in the town of Val Gagné. Another apartment owner, a retired person who rents three units and lives in the fourth, told me that he can't raise his rent, he can't sell the apartment and he can't afford to live in it because of the high cost of water. Our taxes are reasonable; it's the high cost of water that is destroying our community.

I could describe to you many stories about the hardship faced by blind widows—yes, there really is a blind, very old widow, who spoke to me personally, in tears, because she could no longer pay her water bill—by young families, struggling small business owners, our many retirees on fixed incomes and so on. But I think you may already understand that our water situation is not a joke. It is not something that is happening in a Third World country; it is happening right here in what is still the richest province in Canada.

I implore you, even beg you, to please consider my plea for help in your budget deliberations. May I suggest that you consider a clean water cost assistance program that could bring relief to small northern and rural communities like ours with populations below 3,000?

There are two abandoned mine sites in our community that give us cause for concern. One, the former Ross mine, has left a mountain of tailings on the outskirts of and directly adjacent to the town of Holtyre. This is a former gold mine site with tailings that are suspected to contain arsenic, although a very cursory study by the MOE in 1999-2000 claims not to have found any arsenic.

During the hot, windy days of summer, these tailings are blown across the entire community and some of the surrounding farms and rural residences. During most of the summer, every unprotected surface is covered with tailings dust.

Additionally, the mineshaft at the Ross mine has filled with water. When this mine was abandoned years ago, many large transformers were left behind. As with all large power transformers in those days, they were filled with PCBs. There is a fear that now PCBs may be leaching into the water table.

The second abandoned mine site is the former Johns-Manville asbestos mine in Munro township. Munro township is an unorganized township, but the mine in question is very near to our township and to some of our residents. Here, as well, a mountain of tailings has been left behind. These tailings are also being spread by wind and other natural means across many parts of our township. These tailings contain a known carcinogen: asbestos.

There is a road leading to the abandoned mine site from Highway 101 near the town of Holtyre. Years ago, this road was paved with asphalt impregnated with asbestos fibres as a showcase experiment to promote the use of asbestos fibre on roads. That road remains open to

the public, still impregnated with asbestos fibres. I am told that there is a further problem in that the mine cap over the mine shaft has fallen in, leaving an open hole hundreds of feet deep that an unwary person on a snow machine or a four-wheeler can fall into. It is quite likely that this site, as with the Ross mine site, is also leaching unwanted, environmentally dangerous substances into the water table.

Our township does not have the financial wherewithal to deal with these problems. We need financial help with studies by consultants on how best to deal with both these issues, and we need financial help to implement solutions. I know there may be many similar situations throughout the north, but our problem is immediate, urgent and can be life-threatening.

Our community is extremely fortunate to have one of the best hospitals in northeastern Ontario and two doctors who should be candidates for the Order of Canada for their long years of dedication and service to this community. The problem we have, one that I hope this committee will identify with toward defining a solution, is the need for both a dentist and an optometrist for our community. It is vital for our township to have both services available. We have many young children and older people who are unable to access these services out of town. This lack of service is causing much distress to the patients in extended care at the Rosedale Centre attached to the Bingham Memorial Hospital in Matheson. The Bingham Memorial Hospital does not have the room, nor do they have the costly equipment required, for these medical specialties. We have been addressing this challenge for over six years now and have exhausted all avenues. I am bringing this to your attention today so that a reasonable solution could be the result.

I have three other general issues which I hope I have time to read. Some or perhaps all three of the issues I am about to describe have likely been heard by all of you before and hopefully are already the subject of studies within the finance ministry at this time.

Harmonizing the GST and PST would bring about incredible savings in administration for the province and for business owners, large and small. All municipalities in Ontario would reap the benefits, as they would no longer incur PST expenses.

Remove education taxes from municipal tax bills. Municipalities could then increase their taxes to the same level as municipal and educational taxes combined and the Ontario municipal partnership fund grant to municipalities could be reduced by the corresponding education tax base now paid by the municipalities. This would be revenue-neutral for municipalities, school boards and the province, yet all would save administration time and expense.

Policing costs: Set a flat tax rate to be applied to assessment to cover municipal OPP policing and have it remitted twice a year to the province. This would eliminate monthly billing payments for both the province and the municipality, save huge accounting costs related to allocation of policing costs to municipalities and sub-

sequent reconciliation of these costs and billing adjustments. The Ontario municipal partnership fund could be correspondingly adjusted to be revenue-neutral to municipalities and the provinces, but with big administrative savings.

This ends my presentation. Thank you, Mr. Chairman and this committee, for giving me the opportunity to speak to you today about our challenges.

**The Chair:** Thank you. The questioning will go to the NDP.

**Mr. Prue:** Let's start with the problem that you have with water. It appears that your town has been able to accommodate the necessary upgrades and that people have decent water. Is that correct, perhaps with the exception of the one town?

**1100**

**Mr. Milinkovich:** Yes, that is correct, sir, with the exception of the town of Holtvre. I did not have enough time, but we have a specific problem in the town of Holtvre that was, unfortunately, allowed to be left unattended for over a year at least. If you go to any home in that town—any home—and turn the tap on, you will get a glass of water that is the colour of dark tea. This has been allowed to be like that for well over a year now. The one that I, during the election—I just got elected as mayor. I'm not a politician, sorry—but I got elected as mayor, so I guess I am one now. But anyhow, I made a promise to that town that that would be my number one priority. I should have brought it to the attention of this committee. It will be addressed. That is a problem in that one town that has to be fixed.

**Mr. Prue:** I take it the reason you're here is because the town does not have the money to fix it.

**Mr. Milinkovich:** That's part of the issue there with that particular problem, but what I'm saying is that we have an opportunity, for example, to bring more residents into our community. We have people who would like to invest, for example, in apartments. We're closing apartments because the way we're structured to recover or recoup the cost of water is by—for example, if a person owns an apartment building, every apartment is taxed. We impose a bill for the water, regardless if there's someone living in it or not. So if I own four apartments, I have to pay water for four apartments, even though it might be only one person in the apartment building. As a result, we're finding that people are not investing in our town. They won't buy properties for rent because the water costs are too high—just way too high. The residents cannot afford the high cost of water on a monthly basis.

**Mr. Prue:** You have given a very good solution, but I too have limited time, so I'd like to go to the abandoned mines. Has anybody given any indication of what it would cost to clean these mines up, and are the original mining companies on the hook for any of it?

**Mr. Milinkovich:** To answer your first question, there have been some attempts to look at it, but to my knowledge there never has been a solution proposed and an estimated cost. I spoke to the mayor of Timmins and

some people in Timmins. As you know, they have quite a substantial program where they have done the same thing. If you drive into Timmins now, you'll find that, where you used to have open tailings, it's now grass and trees growing there, because they have been able to cover it with some kind of material that will allow grass to grow but keep the tailings down; they don't blow away, as they used to. I don't know what the cost of that is, no; I'm sorry.

**Mr. Prue:** The mines that are in Timmins are all going concerns and, from what I hear, are making a profit, so one would expect that they would reinvest.

Johns-Manville—does that company still exist? I don't know.

**Mr. Milinkovich:** That company pulled out of Matheson 30 or 40 years ago. It was before the legislation came into effect where mining companies that were opening a new mine had to in fact put forth some sort of bond that would allow for closure of a mine and bringing it back to some semblance of the original.

**Mr. Prue:** In terms of the former Ross mine, which was left directly adjacent to the town of Holtyre, have you requested a further, in-depth MOE assessment? I cannot believe that a gold mine would not have traces of arsenic. I don't know any other way that gold is extracted. I find this bizarre, that there would be no trace found.

**Mr. Milinkovich:** I agree. When I spoke to the citizens, apparently when MOE did come in there six or seven years ago, they did put up panels which were supposed to capture this dust, but they didn't inquire as to the prevailing winds. They didn't talk to the residents; they just put these things up. The people in the town claim that what they got was not the normal kinds of dust that they normally see blowing over their town. They feel that the testing they did was not sufficient and was not done in a proper manner.

**Mr. Prue:** So all you are in fact asking is that the MOE go back in and conduct a proper test.

**Mr. Milinkovich:** No; I'm asking for more than that. Like you, I'd like to find out exactly—is there arsenic? MOE could perhaps determine that. But how do we mitigate the problem? How do we find a solution that would bring that property—when I say “mountains,” I'm talking yards high. How do we cover that in a way that will not blow that dust over the town site? The same thing with the Johns-Manville mine.

**The Chair:** Thank you for your presentation.

**Mr. Milinkovich:** Thank you.

#### CITY OF NORTH BAY

**The Chair:** Now I would ask the city of North Bay to come forward.

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

**Mr. Peter Chirico:** Thank you. My name is Peter Chirico. I'm the deputy mayor and budget chief for the city of North Bay. I'd like to first of all thank you for the opportunity to present before you today and welcome you to North Bay. Yesterday was a little bit mild, so we ordered this weather in for you specifically so you'd have that true northern experience. Welcome.

First of all, I hope everybody has the presentation in front of them that we've prepared. Today, I'm going to concentrate on the single most important and immediate issue facing the city of North Bay and the taxpayers of North Bay. I do have a few other suggestions at the end of my presentation that I will address. We'll follow up this presentation with a more detailed briefing to the committee.

On page 3, you'll find that this chart was presented to our first public budget meeting on January 11 to demonstrate the impact that the flatlining of unconditional block grants from the province is having on our tax levy and our taxpayers. You can see on the very first line how much municipal expenditures have increased over the past six years. The increases have largely occurred in areas we have little or no control over, specifically legislated health and social services administered by boards and commissions and levied by them. We have no option but to pay.

During the same period, the unconditional block grants, CRF and now OMPF, from the province have not increased. There was a one-time amount received during that period, in 2004. Assuming even the average provincial share could be re-established, that would mean an additional \$2.4 million for the city. That translates to a 4.2% increase in tax rates without those funds. If provincial funding had remained at the 2001 level of 21.7%, this impact increases to in excess of \$5 million, or 6.7%.

Page 4: This pie chart presentation further demonstrates the impact of the provincial unconditional block grants being flatlined for so long. It also demonstrates that council has tried to manage the local taxpayers' share by increasing user fees at the same levels as expenditure increases. The real impact has been tax levy and corresponding tax rate increases that are bringing local tax levels up to levels that our citizens and businesses can no longer afford. The city cannot be expected to continue to pass the increasing tax burden on to the local taxpayers.

You're all well aware, I'm sure, of that \$3-billion provincial-municipal fiscal gap initiative being championed by AMO. For the city of North Bay, we have identified that 25% of every taxpayer's tax bill includes the net cost that the city must contribute towards provincial health and social programs. This includes public health; social assistance, including administration; ODSP, including administration; ambulance services; child care services; social housing; and long-term senior health care. We, as a city, are forced to reduce municipal services that we have some control over to offset increases in mandated provincial services that we have little or no control over.

The chart on page 6 shows the province-wide funding levels for the components of the Ontario municipal partnership fund since it was introduced in March 2005. The transition from the community reinvestment fund to the new OMPF resulted in winners and losers. It has been encouraging to see that the province has addressed some of the impacts on those who saw funding reductions.

There were program changes in January 2006, March 2006 and just recently, which have increased the provincial allocation by \$168 million, or 25.6%, from \$656 million to \$824 million. Unfortunately, the city of North Bay has still not seen any increase. We are thankful that planned reductions have been put off for now, but we are worried about those planned reductions and we need stable funding. These changes provided considerably more for rural municipalities with upper-tier government. The city of Chatham-Kent had to rely on a stable funding guarantee of about \$10 million for 2005. With these changes, their reliance on the stable funding dropped by \$7.8 million to \$2.2 million.

The new social program grant has provided an additional \$93 million more than the first OMPF allocation announcement in March 2005. That's over 55% of the total \$168-million increase since March 2005. Most of the increases have gone to the city of Toronto and other large cities throughout the province of Ontario.

#### 1110

Slides numbers 9 and 10 just show some of the differences and what the OMPF pie is divided up for. The pie chart on number 10 shows that it is very important to recognize that the OMPF fund is really several separate funds, with their own calculations to divvy up that share of the pie to municipalities.

Slide 11 is probably the most telling for the city of North Bay. We receive total funding for 2007 of \$16,611,000. We have high social program costs and we therefore receive a relatively high level of funding from two of the three programs that address this issue, and we're thankful for that. This represents about 54% of the total OMPF we receive, now compared to the provincial average of 38%.

The northern communities per household grant is critical to northern municipalities and we are very happy to see that this amount has been increasing by an inflationary allowance in the last two years. However, we are not eligible for allocations from the farmlands and managed forest grants, the rural communities grants or the police services grants, which, as you can see on the pie chart on the left, make up a portion of the OMPF. Our major concern, and one we have addressed over and over again, is with the assessment equalization grant component.

Number 12 is probably the most telling slide. This comparison is to our northern city counterparts, which demonstrates very clearly why we have concentrated on this particular grant calculation. Equalization grants should target funding to municipalities most in need. We're not questioning the need for this level of funding in other northern cities; that's not the case. We have

questioned whether the formula misses the point that we do not consider ourselves to be that much richer and less in need of funding than other northern municipalities. Something is wrong.

Slide 14 just provides some comments regarding that. We're not just throwing out problems, we're providing solutions for these. We have brought this type of solution to the province but they have rejected it as being too complicated and difficult to administer or control.

Slide 15: We won't spend much time going through this data, as I only have limited time, but it was prepared last year to justify our claim that we are not a rich municipality. We've compared ourselves to other northern cities and the smaller municipalities in this region.

Slide 16 on page 16 is the background of facts regarding the OMPF funding and why our concern is the phase-in protection and what that's going to do to the city of North Bay.

Slide 17: potential solutions. This is regarding the phase-in protection that we need and where we need it to be from the \$17,591,000.

We have a few suggestions that this committee may be able to present on our behalf on slide 18.

Suggestions for the long term: The city of North Bay has suggestions to address the municipal-provincial fiscal issues, but we are satisfied to work with the province and AMO on the current initiative.

Slide 20 shows the impact on the city of North Bay and that we do not have the economic strength to be able to afford these types of cuts. We need stable funding for our taxpayers; we need stable funding for our budgets. We're all in budget process at this time and it's tough. We're sitting at a 7.25% increase right now, with everything that we know in front of us. That includes our down-loaded services through our agencies, boards and commissions, plus our equalization grant, where we know what we're going to receive. It is not enough. It represents almost 4.2% of that 7.25% increase. So when we take a look at that, that is the impact of these down-loaded costs that are not being absorbed, only through a formula that raises our overall assessment to above the threshold and so disqualifies us from that equalization grant. That is where the formula is wrong. We've pointed to it time and time, because North Bay and Nipissing, this district, does not have a rural component within our city of North Bay, unlike other cities in the north where that is addressed through that and brings their overall weighted assessment down.

The impact: We'll have to consider options and, this year, serious service cuts, such as closing arenas, cutting off bus routes, that will have major impact and that will bring us down to an acceptable level of tax increases. This council and previous councils have fought to control our costs and make sure that they're equitable for the taxpayers. We feel that we have a disservice right now because of how we fit into the formula for the equalization grant.

I'll mention two other provincial budget considerations, just before I finish.

The ongoing funding to address the infrastructure gap is very important; obviously you've heard that time and time again. Another Move Ontario initiative, in time for the 2007 construction season, would be wonderful to see. Last year's was greatly appreciated, and we put that money to good work in replacing infrastructure in the city of North Bay.

We urge the province to make this a municipal budget, for this upcoming budget season, as a show of good faith during provincial-municipal fiscal and service reviews that are currently under way.

That is the formal portion of my presentation. I thank you for listening to my ramblings, rather passionate. I've been on these for five years now, and we have not had them addressed. We've met many times with Minister Sorbara to discuss these and with our MPP to discuss these, and to date there is no solution.

**The Chair:** This round of questioning will go to the government.

**Mrs. Carol Mitchell (Huron-Bruce):** Thank you very much for taking the time today to come forward to make the presentation to the committee.

I wanted to give you the opportunity to talk about the infrastructure gap and where you see that the dollars should be focused. While we have been on tour, there have been a number of presentations talking about how infrastructure programs should be developed differently. We just had a presentation from another mayor that talked about focusing on rural communities. You talked about how you don't quite fit into certain categories. So how do you see that infrastructure should go forward, where do you see the highest need, and how do you feel the formulas are working today?

**Mr. Chirico:** We're going through a process right now, and every municipality in the province of Ontario is going through the same process, to take a look at our infrastructure, our replacement costs, over the next 30, 50 or 100 years and how we're going to address that as municipalities, because it has been sadly lacking. There has been very little funding from the upper levels of government to municipalities, and it has basically landed on our shoulders.

We believe that the Move Ontario initiative of last year, where the allocation of funding for infrastructure was left in the municipalities' hands, is a very good thing, where we get to determine what it's going to be, and it's not earmarked specifically for this project because it may not be applicable. We may have done that project two years ago.

We believe that it has to be addressed, obviously. It's going to be addressed, especially over the next two years probably, when we have to inventory our municipal services under the new accounting rules; we have to account for them under generally accepted accounting principles, GAAP, or municipal accounting. So that's going to give us a better handle on what it's going to cost us to replace these infrastructures.

I think that the key point of this is not so much the municipal infrastructure but the fair funding on social

programs, with the equalization grant that we, as a municipality, are faced with and the shortfall.

The slide on page 12, if I could refer back to it, where we look at the equalization grant per household, is a telling slide when we look at municipalities such as Timmins—and I'm not saying that they're in any less need than we are. But they receive \$320 per household, whereas North Bay is receiving \$75 per household under that equalization grant. There's a huge disparity in that. That's our biggest concern right at this point.

**Mrs. Mitchell:** Do you feel that the infrastructure requirements can be met through your asset management programs, then, so they can be funded through your on-going operating costs, or do you feel that it should be separate? If the gap is identified, about which negotiations are going on right now, which you made reference to in your presentation—my specific question was about infrastructure and how you see it being managed. Do you see it being managed by the asset management program?

**Mr. Chirico:** I think we'll get a better handle on what that gap is, and that's going to be the key. For many years, because of the way everything has gone, funding formulas etc., a lot of infrastructure programs were dropped within the municipalities because they just didn't have the funds to do them. So once we get a better handle on that, I think that is going to be telling, and that is going to show the true gap that there is between what we get and what we need.

**The Chair:** Thank you for your presentation before the committee.

1120

## GRANT FOREST PRODUCTS

**The Chair:** Would Grant Forest Products please come forward.

**Ms. Faye Johnson:** I have 10 minutes, five minutes for questions, and you want me to identify myself.

**The Chair:** You saved me an opportunity there, perhaps. If you would identify yourself for the purposes of Hansard, and you can begin.

**Ms. Johnson:** After listening to all these topics today, I can honestly say I'm totally depressed now. I can imagine how you feel after two days of them. I find it really odd that our senior citizens would be fed worse than our prisoners, and that people in Matheson are drinking water that looks like this and we aren't a Third World country. I'm sorry to say that I will be the icing on the cake and I'm probably not going to make you feel any better.

My name is Faye Johnson. I am a forester working for Grant Forest Products in Englehart. Englehart is 200 kilometres north of here. It is a small town that used to be a railway town, but it has now grown around an oriented strand board mill.

I appreciate that the standing committee on finance and economic affairs came and visited us in the north. My understanding is that you visited Kenora as well as

North Bay. Visiting all the towns in the north is not realistic. North Bay and Kenora are important centres. Many of us travel to these centres for specialized health care, regional meetings and shopping. However, they only represent a very small part of northern Ontario. Many other small communities exist in the north that were built around sawmills, pulp mills and veneer mills, communities dependent on natural resources for their livelihood and that are used to living the boom and bust of their business cycles, communities like Geraldton, Smooth Rock Falls, Ignace, Red Lake and Gogama. Although we only make up 2% of the population of Ontario, we do make up 80% of the land mass.

For 30 years after moving north from Toronto, I have lived in an assortment of these small communities and have watched them die death by 1,000 nicks and cuts. Airports closed, schools amalgamated, health services deteriorated, and soon it was difficult to find professionals who would move to them. Northern communities that were thriving 20 years ago are all but ghost towns now.

To me, it has become apparent that Ontario's competitiveness is in jeopardy. This is not just a northern Ontario problem. However, because we live in more isolated situations, it is more obvious in the north. We, the forest industry, are simply the canary in the coal mine with respect to Ontario's competitiveness. It only makes sense that business seeks out low-cost jurisdictions to invest capital. In Ontario, we are no longer such a jurisdiction. We have become a small fish in a very big pond. Yes, there are many things we cannot do anything about or want to compromise on. We certainly don't want to decrease our environmental standards to make them comparable to Third World countries, nor do we want to start paying our people \$10-a-day wages. What we need in Ontario is to regain our competitiveness, if not globally, then at least in North America.

One of the top priorities for politicians should be to become engaged in the restructuring of the forest industry. We all know that this is inevitable, but what we don't want is the social devastation that happens when isolated communities lose their main source of income and revenue due to a combination of events. We are now at the crossroads of such a situation. The map I handed out is the reality of what we are facing. Each community displayed by a red dot has lost its main source of livelihood. Think about that for a minute. Imagine waking up one morning and finding that the mill your town has been built around is shut down forever. Your house value has instantly plummeted. You can't even give it away. There certainly aren't enough jobs with wages and benefits available in town to take care of all those laid off. Since neighbouring communities are in the same peril, they are not an option either. How about moving to southern Ontario? Well, that would mean that at about 50 years, the average age of the workers, you would be starting all over from absolutely nothing. That is the financial reality that these people are facing. The social reality is that many don't have the skills needed to diversify, nor will they easily assimilate into the lifestyles of the city.

There are a number of things that government can do to help northern Ontario from continuing its downhill spiral. First we need to get the electricity rate for the industry competitive with the rates of other provinces and the US. This means getting a \$45-a-megawatt-hour, all-inclusive industrial rate for electricity. This is necessary because we, Ontario, are still among the highest-cost jurisdictions in North America and energy costs are a key factor. We need to do this today as an interim measure while we focus on making the sustainable cost of electricity lower than \$45. Although the government has assisted a few northern companies with electricity, casting a wider net will help other sectors in forestry and put us all on a level playing field with respect to this issue.

Second, it would be beneficial if the government maintained the 2006 stumpage adjustment. The \$60 million would go a long way in slowing down the rate of closures of facilities in the north.

The third request is a simple one: Please, please, please urge your bureaucrats to remove the red tape involved in every aspect of government today. Although the members of your committee are not familiar with the details of the red tape specific to natural resource management, I think you all inherently dislike red tape. Year upon year of additions to policies, procedures and guidelines without review of the old has created a huge, unmanageable policy onion that the forest industry must deal with. Did you know it takes three full years for a sustainable forest licence holder to write a plan outlining how they will manage a forest for five years? This would be money well spent if the document produced was actually read by members of the public. Considering that each plan makes up 10 binders—that's without supplementary documentation—I doubt the public gets past the introduction. If you'd like to see this for yourself, visit any office of the Ministry of Natural Resources and ask to see the forest management plan. If you have insomnia, these plans are better than drugs for putting you to sleep.

Another example of red tape is the time it takes to obtain permits and approvals in this jurisdiction, compared to others. Grant Forest Products is presently building two state-of-the-art oriented strand board mills in the United States. It took us nine months to receive the permits, the approvals, as well as financial contributions to allow us to start building. In Ontario it took us 12 months to receive the required permits to create a log storage area in the middle of nowhere. There is no infrastructure associated with a log storage area; it's simply a clearing in the forest.

In summary, I'd like to reiterate Jamie Lim's message: Industry can adapt, but the government that sells us its trees, manages the electricity rates and creates process has to adapt to the fact that we're doing business in a global environment.

What are the consequences of ignoring these economic development opportunities? Companies like mine will continue to look elsewhere for economic prospects. Grant Forest Products, a company that is very, very proud of its northern roots—the owner and establisher of

this company still lives in the Englehart area—will continue to move south of the border to keep competitive. Forestry is not a dying industry; Ontario is a dying province.

Ontario will continue its downward spiral, building on the 8,800 direct forestry jobs already lost since 2001, and soon any opportunities for economic growth and job creation will disappear altogether. Yes, in the north we will continue to try to promote investment opportunities such as call centres and seasonal tourism jobs, but they will fail. Why? The forest industry, with its high-paying wages that pay mortgages and raise families, will be marginalized to the point of non-existence. Northern Ontario will be a welfare state. The canary will have died and we will ask ourselves, “How did we become so uncompetitive?”

Ontario, and especially the north, needs to regain its reputation as a low-cost jurisdiction. We understand all too well that the forest industry needs to restructure and that the sectors that represented the north in the past will not carry us through this century. However, at the same time, we must all work together to build the new industry. There are 230,000 families, like mine and the other presenters today, who are counting on it in 250 communities.

I think I have some time left, so in order to put it into perspective I'd like you to take a close look at that map. I have to tell you that it's out of date. Since I created it in December, two more mills have shut down. But since my staff member who puts these maps together was laid off with the 40% we had to lay off, and I'm not a GIS person; I couldn't update it. If you look at that map and you see all the dots, each dot represents many, many primary jobs, jobs like mine. Think about it: Without those primary jobs to generate wealth that pays for social services, that pays for schools, that pays for the trade agency or that pays for the 25% raises for politicians, I don't think we have much hope.

Thank you very much for the time to speak to you.

1130

**The Chair:** Thank you for the presentation. This round of questioning goes to the official opposition.

**Mr. Miller:** Thank you very much for your presentation this morning, Faye. So Grant has just opened a new OSB value-added plant in South Carolina.

**Ms. Johnson:** Yes, and the second one is being built.

**Mr. Miller:** And a second one is being built. I assume it's because of competitiveness issues that you can do your business there and make money and you're not able to do that currently in Ontario.

**Ms. Johnson:** There are a whole bunch of factors as to why we went south. Before we actually went south of the border we did build another mill in Canada.

**Mr. Miller:** Specifically on the red tape issue, I think you gave a good example, saying it takes three years to make the five-year plan. Maybe that's the solution the government is trying to create for the pulp and paper part of the industry, anyway, to just keep making up paper. What can we learn from other jurisdictions? Without

being an expert on it, I understand that BC used to be very expensive in terms of the cost of getting fibre out of the forest and it was very process-oriented. They now have more of a sort of goal-oriented system. Are you familiar with that or other jurisdictions?

**Ms. Johnson:** I'm familiar with what happened in BC, and you're quite correct. They became so process oriented it just became too laborious and impossible, so they've started to pull back on that a little. Now, I hear from people who come from BC to Ontario that we have gone way past that.

**Mr. Miller:** Way past in terms of worse here than they were?

**Ms. Johnson:** Worse, yes.

**Mr. Miller:** I get the feeling from what you're saying that in forestry management it's all about just making the reports. It's not necessarily—

**Ms. Johnson:** We're process-oriented instead of results-oriented. It doesn't matter if you get to the wrong result, as long as, in my view, you follow the process. I would rather be measured on my results than on following the process.

**Mr. Miller:** You also mentioned that in South Carolina it took you nine months to get through all the permits down there. Do you feel that there are any compromises in that process? What do they do better than we do that they were able to get through the process if there weren't any compromises?

**Ms. Johnson:** This may be rather harsh, but in South Carolina they still understand who their customers are. We're the customer. We had a number of jurisdictions and people were fighting for us to put our mills in their jurisdiction. I hate to say it, but we still have a proposal that we started five or six years ago for a mill in Ontario, that we started here in Ontario, and lo and behold, we have been able to get the process going in South Carolina and two mills built before this process has even been completed. My understanding is, if you want to build a new mill in any jurisdiction in Ontario, you're looking at an eight-year process.

**Mr. Miller:** So have you any suggestions for how you change the direction we're going in Ontario?

**Ms. Johnson:** I think people have to have the courage to manage. We have government agencies that are too afraid to make a decision because of the criticism that they will take.

**Mr. Miller:** Okay. On your other major cost consideration, you're asking for an industrial rate of electricity. I know that the Ontario Forest Industries Association has said other jurisdictions do have an industrial rate of electricity. Any suggestions on how you implement that?

**Ms. Johnson:** How the government would implement that?

**Mr. Miller:** Yes.

**Ms. Johnson:** Just do it.

**Mr. Miller:** Just do it.

**Ms. Johnson:** How's that?

**Mr. Miller:** Lastly, what do you see as being the future of forestry in Ontario, the long-term future?



**Ms. Johnson:** I think we have a lot of challenges. I think government has to realize that they are part of finding solutions to those challenges and that our competitor is no longer the mill next door or in the next town. Our true competitors are the companies that are being built in other jurisdictions like South America. Apparently, in the next eight years there will be \$52 billion invested in capital in South American pulp and paper mills.

**Mr. Miller:** Do you think there needs to be a major change at MNR? Do they need to become more of an advocate for the forestry sector or need to be working more with them or change their mindset somehow?

**Ms. Johnson:** I think we should just go right back to people understanding the fact that we need industry, especially in northern Ontario, so that we can do all those other neat things like having higher environmental standards etc. Without industry, there is no northern Ontario. We don't have anything else up here. You've seen North Bay, but North Bay is not one of the 200 small communities that are specifically built around one industry; they are truly one-industry towns.

There are people out there who are now living in places like Smooth Rock Falls who have houses that are worth nothing. I'm sure you can't even imagine that. Imagine going home today and finding out that your house is worth zero. For most of us, that's our main equity, and this is what these people are facing.

**The Chair:** Thank you for your presentation.

#### VILLAGE OF BURK'S FALLS

**The Chair:** Now I would call on the village of Burk's Falls to come forward, please. Good morning. You have 10 minutes for your presentation—I should maybe ask the last person to come back and do this for me—and five minutes of questioning may follow that. I'd ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Bruce Campbell:** My name is Bruce Campbell. I'm a councillor in the village of Burk's Falls. I've only heard three submissions, but I don't envy you people your job.

The village of Burk's Falls is a municipality of 840 residents, about 80 kilometres south of North Bay. We'd like to draw your attention to a program which we believe should be changed in order to save both the province and municipalities money and provide a cheaper, more efficient means of conveying funds to municipalities.

We believe the present program of funding municipal projects through grants is fundamentally flawed and needs to be replaced. Failing that, we believe it needs to be given a major overhaul. These are the problems the village of Burk's Falls sees in the present grant structure:

(1) At present and in the immediate past, it seems the only major funding available for infrastructure projects is through grants. While this form of funding provides a lot of money to a few municipalities, it unfortunately creates a list of winners and a list of losers. The winners are able to fund designated infrastructure projects, while the

losers either mortgage their community to fund these projects or are forced to let the infrastructure deteriorate even further. Neither the winners nor the losers can make any long-range plans.

(2) Communities that have managed to keep their infrastructure in good shape are penalized for this, it seems to us, by being unable to access provincial or federal infrastructure funds.

(3) Millions of dollars are spent hiring consultants to write up proposals or, in the case of larger centres, hiring a person specifically to write proposals and lobby for grant money. This money could be put to far better use if it went towards the completion of infrastructure projects.

(4) Smaller municipalities are at a distinct disadvantage because they really can't afford to hire consultants, but they have to bite the bullet and do so or hope that a staff member has the expertise and time available to write proposals or that a volunteer is available to do the work.

(5) Municipalities are often required to have engineering studies done as part of these proposals. Many times an engineering study makes sense, but they often aren't needed, especially in small municipalities where the village foreman often knows far more about the geology and topography of the centre than an engineer learns in the course of the few days he's on-site. The other problem with engineering studies is that the cost estimate they give is often under the actual cost of the project. After a village or town, for that matter, has applied for a grant of \$1.2 million based on an engineering report, or has funded a project on its own, what do you do when the project comes in at \$1.7 million? You're either back trying to re-fund it through taxes or going back for another grant or looking to have your grant upgraded.

(6) The present grant structure doesn't seem to allow anyone to make long-range plans to repair and upgrade infrastructure unless it can be done with municipal funds. This is extremely difficult to do as municipalities don't have access to a lot of funding sources and they are constantly being presented with provincially initiated programs and regulations which they have to fund. Examples are water and waste water regulations, municipal inventories, which are coming up, and emergency measures, among others.

In order to make plans beyond the next few months, municipalities need a long-term commitment by senior levels of government to help us make those plans. The funds needed could be disbursed on a household or per capita basis, or some other method which is as close to being fair as possible. That way everybody would at least get some money to help with the work that has to be done. This money needs to be provided with a minimum of strings attached and reports to be written.

Every municipality in the province needs stable and dependable long-term infrastructure funding. While the grant structure has helped some, we don't believe it's a viable long-term solution. Thank you.

**The Chair:** Thank you. The questioning will go to the NDP.

**Mr. Prue:** You've given some good suggestions, but I'd just like to expand on them a bit. What do you see the government of Ontario doing? There have been some suggestions made by AMO that 1% of the sales tax that is collected be given directly to the municipalities in lieu of grants. Is that a solution for Burk's Falls?

**Mr. Campbell:** I think anything is helpful. What I was basically commenting on today is the amount of money per year—for instance, we've had COMRIF, we have the northern Ontario heritage fund, we have FedNor; we have all these different granting agencies out there. If all that money was put into one pot and then divvied up in some way which is deemed to be fair, whether it's the way the gas tax is or whatever—I think there would be a number of ways to do it; that would be my suggestion.

**Mr. Prue:** Okay. I can understand that it is cost-prohibitive for a small town to go out and hire consultants, lawyers, engineers and everything else you need to do a grant. You would just as soon just take the money and have the municipality do what is right by the people of the town.

**Mr. Campbell:** Do what needs to be done, and that way you can make some long-range plans. For instance, in Burk's Falls right now, where I've been in the water job for three years, all we've been doing is fighting fires. You have a problem perhaps up here, and then you apply for grants. If you don't get the grants, as I said earlier, then you either have to make a decision to go ahead with the project and fund it through the bank or through

OSIFA. Then, of course, you have that much less money to do other projects. You can't make long-range plans because you're always just taking care of the things that come up immediately.

**Mr. Prue:** Is your town a growing town, or is it, like many northern Ontario towns, seeming to lose population?

**Mr. Campbell:** Our population has dropped in the last 10 years, yes.

**Mr. Prue:** How much has it dropped?

**Mr. Campbell:** From about 1,000 to 840, where it is now, which is close to 20%.

**Mr. Prue:** That must be causing problems all on its own in terms of infrastructure and the ability to pay for it.

**Mr. Campbell:** Yes.

**Mr. Prue:** Is there anything else the government can do other than make the grant process simpler and give you direct funds?

**Mr. Campbell:** Well, as Ms. Johnson, who was just in here, stated, stop with the regulations. We get regulation after regulation—she was saying the same thing—things that have to be done. All they do is take time and money, and some of them are counterproductive.

**Mr. Prue:** Thank you very much.

**The Chair:** Thank you for your presentation before the committee.

That concludes our hearings here in North Bay. We are adjourned.

*The committee adjourned at 1143.*

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