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

**Wednesday 29 September 2010**

## **Journal des débats (Hansard)**

**Mercredi 29 septembre 2010**

**Standing Committee on  
Estimates**

Ministry of Northern Development,  
Mines and Forestry

**Comité permanent des  
budgets des dépenses**

Ministère du Développement  
du Nord, des Mines et des Forêts

Chair: Garfield Dunlop  
Clerk: Douglas Arnott

Président : Garfield Dunlop  
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Hansard Reporting and Interpretation Services  
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Salle 500, aile ouest, Édifice du Parlement  
111, rue Wellesley ouest, Queen's Park  
Toronto ON M7A 1A2  
Téléphone, 416-325-7400; télécopieur, 416-325-7430  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 29 September 2010

Mercredi 29 septembre 2010

*The committee met at 1543 in room 151.*

MINISTRY OF NORTHERN  
DEVELOPMENT, MINES AND FORESTRY

**The Chair (Mr. Garfield Dunlop):** We'll call the meeting to order. We are here today for the consideration of estimates of the Ministry of Northern Development, Mines and Forestry for a total of seven and a half hours.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly.

If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer.

Are there any questions before we start here today? Okay.

I'll now call vote 2201. We will again begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party, and you can use your time, of course, to ask questions. Then the minister will have another 30 minutes to reply to the concerns brought up. If you don't want to use that 30 minutes, we would start immediately into the official opposition in 20-minute rotations until we finish the total of the seven and a half hours.

First of all, Minister, I want to welcome you here today and welcome your staff and all the people from the ministry as well.

With that, you can start your first 30 minutes.

**Hon. Michael Gravelle:** Thanks very much, Chair. It's great to be here, members of the committee. It's good to be here. I'm pleased today to speak to the 2010-11 estimates committee on behalf of the Ministry of Northern Development, Mines and Forestry.

Joining me here at the table, to my left, is our deputy minister, David O'Toole. With us as well in terms of having some assistance, perhaps, in terms of answering some of the questions, we have Don Ignacy, our CAO and assistant deputy minister of the corporate management division; and assistant deputy ministers Bill Thornton for the forestry division, Cal McDonald for the northern development division and Christine Kaszycki for the mines and minerals division.

Certainly our goal, Mr. Chair and members, is to be as helpful as possible to the committee members in terms of answering your questions. If I'm not able to, I certainly will be calling on my ministry staff, who I'm sure will be able to give you the information you're looking for.

It has been just about two years since I last met with this committee. However, in that two-year time period, we have seen a very deep global economic recession. While Canada and Ontario clearly weathered it better than most jurisdictions, northern Ontario and the province's forestry and mineral sectors certainly face significant challenges.

For example, when I last spoke to this committee at the beginning of September 2008, I reported quite happily at that time that the value of Ontario's mineral production for 2007 had reached a new record: \$10.7 billion. I think we need to compare that figure to preliminary estimates for 2009, which indicate the total value of Ontario's mineral production to be \$6.3 billion—still, obviously, a very significant amount but a decrease of somewhere close to \$4.4 billion, which was primarily due to a drop in nickel prices and production during the recession.

Forestry as well is a sector that has been hard hit by global economic forces. In 2007, the value of Ontario's forestry sector products was \$15.3 billion, the majority of which was pulp and paper products at \$8.3 billion. Just one year later, in 2008, the value of Ontario's forestry sector products has dropped to \$14 billion, of which pulp and paper products dropped to \$8 billion.

So it's fair to say, I think, that it has been a rough ride, certainly in large parts of northern Ontario, even for a region that has a well-earned reputation for innovation and resiliency in the face of the cyclical nature of the fortunes of primary resource industries.

However, northern Ontario is also a region of abundant natural and human resources. More than a century of mining activity has clearly proven this.

Ontario is Canada's largest producer of non-fuel minerals and one of the world's major players. Ontario stands out globally for its strengths in all areas of mining: exploration, mine development and rehabilitation, environmental technology, engineering, consulting and project management services, as well as health and safety.

In fact, I recall very well, when I was first appointed Minister of Northern Development and Mines back in late 2007, that the first mine I went to was the Hemlo

gold mine. What I was struck by during my tour of it was what a priority health and safety were at every level of the mining sequence and operation. It's as true today as it was then, and has been for some time.

**1550**

Ontario's position as a world leader in the mineral sector led, for example, to the recently signed memorandum of understanding between the government of Ontario and the Republic of India's Ministry of Mines to help promote opportunities for mineral development and investment between the two jurisdictions. In fact, I had an opportunity to speak at an India-Canada mining seminar and forum yesterday. We are continuing to work very closely with the country in terms of opportunities to share expertise.

Certainly, Ontario is also a leader when it comes to forestry. The province's forest asset, which is really almost the size of France, is ranked as one of the very best in the world. It's matched by one of the best forest management systems in the world. Our well-managed forests have brought tremendous prosperity to many of our communities and our province for more than 100 years.

Economic development organizations, industry, aboriginal people, academia and municipal groups, among others, have been hard at work for many years to diversify and stabilize the region's economy. Increasingly, these groups are joining forces to find new ways to combine the strengths of the north's resource base with the emerging opportunities of a knowledge-based economy. They're seeking out and are developing new opportunities, and they've made significant advances in achieving shared goals.

I'm very proud to say that our government is working alongside northerners to help them achieve their goals. In fact, under the Open Ontario plan, which was announced in the 2010 budget, the government's commitment to jobs and growth for northern Ontario in 2011 is truly unprecedented. Our government is acutely aware of the need to strive for balance in meeting diverse and often opposing interests from a variety of groups for both short- and long-term benefits. We are also ever-mindful of our fiscal responsibility and the need for prudent management of our tax dollars. But make no mistake, we are very determined to govern and take bold actions when necessary and in the interests of all Ontarians, individuals and families.

I certainly welcome this opportunity to start these proceedings with the estimates committee to have a chance to highlight our government's commitments and actions when it comes to strengthening the northern economy and the provincial forestry and mineral sectors.

Let me just begin with a ministry overview, if I may. I think most members here are conscious of this, particularly members from the north: The Ministry of Northern Development, Mines and Forestry is the only regional ministry in the Ontario government. Our ministry advocates on behalf of Ontario's northern region. We provide a northern perspective to help address unique

regional circumstances that arise when, for example, you have about 6% of the province's citizens living in an area that is really close to 90% of the province's land mass.

Importantly, as well, we also advocate on behalf of the province's minerals and forestry industries. In the minerals area, our geological initiatives are a very important investment attraction catalyst for all of Ontario. They inform planning and economic development decisions for the Far North and near north municipalities. Our groundwater and energy geoscience initiatives touch the lives of many people who live in southern Ontario. Since the transfer of the business and economic functions of forestry from the Ministry of Natural Resources last year—I think it was in June 2009—we have been advocating on behalf of the province's forest sector industry on many fronts. Finally, we deliver government programs and services in northern Ontario that are aimed very directly at strengthening the north's economy.

In essence, we carry out our mandate in three main ways. First, we foster a competitive business environment, and we support economic and community development in northern Ontario. Second, we provide leadership on initiatives to revitalize and transform the provincial forestry sector. Third, we support strong, sustainable minerals, energy and groundwater industries. During these opening remarks, I'll try very hard to highlight our government's actions and major initiatives through our ministry to address the economic challenges of recent years in each of these three areas.

Looking first at northern economic development: As our ministry's primary mandate is economic development, and we continually remind people of that, we do have a northern development division that leads and coordinates government programs aimed at strengthening the northern Ontario economy, building strong northern communities and creating job opportunities in the north. Through a network of offices and strategic program and policy development, we ensure that northerners have access to the government's programs and services, and we ensure that northerners have a say in government decisions affecting the north.

We also work with the Ministry of Economic Development and Trade to attract new investors to northern Ontario and we help northern businesses explore Canadian and international business opportunities. One of those vehicles that we have is the Northern Ontario Heritage Fund Corp., and nowhere is the business of economic development more evident in our ministry than in the work of the Northern Ontario Heritage Fund Corp., which I also chair. When it comes to building a stronger, more competitive northern economy, the heritage fund remains one of our government's key tools.

I'm extremely proud that the government's commitment to the north has been demonstrated through an additional \$10 million allocated annually to the heritage fund since 2008. The fund's total allocation for this fiscal year is \$90 million, used to invest in new projects across the north that will stimulate growth, attract investment and, indeed, create many jobs. I certainly think it's fair to

point out that our government is the first to provide this unprecedented level of funding to northern Ontario through the Northern Ontario Heritage Fund Corp.

Currently, the heritage fund has seven programs designed to foster job creation and strengthen the economies of northern communities. The programs are geared to entrepreneurs and to the private, public and not-for-profit sectors.

The results are pretty impressive, if I may say so. Since October 2003, the NOHFC has approved more than \$566 million toward 3,403 projects, leveraging more than \$1.9 billion—about four times the investment, which is helping to create or sustain some 14,000 jobs across the north, and every single one of those jobs is absolutely vital. These are meaningful jobs that have directly benefited and provided hope to individuals, families and communities in the north.

Our government did revamp the heritage fund's mandate early in our first term to include private sector job creation, youth, emerging technologies, telecommunications and energy conservation opportunities while we continue to support vital infrastructure and community development projects.

To better serve the unique needs of northern clients, there was a new program we put in place called the northern Ontario entrepreneur program. It was launched in May 2009. That program provides conditional grants of up to \$125,000 to help entrepreneurs start their own businesses in northern Ontario. This is one of the programs, I think, that we're particularly proud of. We certainly are very excited about the fact that our young entrepreneur program, which I look forward to telling you more about, has helped hundreds of young people 29 and under open up new businesses in northern Ontario.

What became very apparent, particularly, may I say, with the challenges that were being faced with the downturn in the economy, was that there were people with some very significant business ideas, who had business plans and were looking for an opportunity to open up a business. Some of these people had perhaps lost their jobs and had some idea for businesses. We recognized that one of the barriers was that many of them were over 29 years old, so with some great work and some very strong advice that, may I say, came directly from the board members themselves, we moved towards creating this program, which has been a real success. So I'm very pleased at the success of the northern entrepreneur program, and the number of new businesses we've helped is very impressive.

The challenge, again, was that these entrepreneurs had a great business idea, a very good business plan, but needed to leverage some cash to be able to move forward with their project, and we were able to match those dollars up to \$125,000. It's a terrific program and it has been a real success.

#### 1600

I'm also pleased to say that significant enhancements to the current Enterprises North job creation and private sector emerging technology programs are certainly further benefiting businesses in the north.

Since NOHFC programs were reprofiled—and that took place in January 2005—the following strategic investments have been made through the fund.

There has been more than \$215 million invested in local community infrastructure development and enhancement projects through the infrastructure and community development program.

There has been more than \$100 million approved through the Enterprises North job creation program toward 188 business expansion or start-up projects that support private sector job creation across northern Ontario.

Approximately \$9 million has been approved through the northern energy program. This funding has helped northern businesses and not-for-profit organizations with 173 projects. This specific assistance allowed these organizations to reduce their demand on external energy sources and develop new renewable energy projects that will generate energy for sale to the electrical grid.

More than \$7 million has been approved through the northern Ontario entrepreneur program, which I was speaking about moments ago. That's a significant investment and has, again, opened up business opportunities for many people. Through this new program, the Northern Ontario Heritage Fund Corp. has so far supported 147 new business start-ups across northern Ontario.

Another program that we're very proud of is the youth internship and co-op program. This is a remarkable program. More than \$33 million has been approved through that particular program, and this has helped create some 1,800 internships and co-op placements across the north, including a number of remote communities in the Far North of Ontario.

Approximately \$7 million has been invested under the other program that I was speaking about earlier, the young entrepreneur program. This has been able to help young business people—again, 29 or under—in 310 business ventures across the north. Again, when you talk about these programs, I don't think there's one riding in northern Ontario, and you'd have a hard time finding one community, where you're not seeing the results of the heritage fund in terms of either the young entrepreneurship program, the northern entrepreneurship program or others as well where there's been a real impact that has been extremely helpful.

Also, very significantly, more than \$100 million has been invested through the emerging technology program. These investments have provided key support for the emerging film, animation and biotechnology sectors, and have helped expand broadband and cellular service capacity in the north. Again, for those who understand the challenges in northern Ontario, to be able to make significant investments to expand broadband and cellular service makes a huge difference in terms of making northern Ontario truly an attractive destination for business from anywhere else in the world. It's very, very important.

Since 2003, the government, through NOHFC programs, has also invested—this is again something we're

very pleased with—more than \$45 million in aboriginal communities, including Telehealth service expansion, waterfront developments, and a number of multipurpose community centres that make such a difference in many of our First Nation communities.

The contribution that the heritage fund is making to the economies and to the quality of life in northern communities in a myriad of ways cannot be overstated. I could spend my entire time giving you example upon example of what a difference this has made. It moves from helping a community college in Sudbury develop a new trades training centre to helping North Bay develop its waterfront; from supporting a cultural centre for youth in Sioux Lookout to supporting a state-of-the-art semiconductor research laboratory at Lakehead University; from helping a joint First Nation industry/business partnership in Kenora begin manufacturing modular homes—and I'm sure my colleague from Kenora is very familiar with that particular company—to helping a cheese manufacturer expand its plant in Thornloe. These are all extraordinary examples, and there are many, many more.

These are truly just a few of the projects for which the heritage fund has provided support in the past several months. These are, indeed, renewing our communities, creating new jobs and new economic opportunities. Whenever I get an opportunity, as minister, to visit the communities and to be there to make the announcements, which I'm not able to do as often as I'd like, you can just see what a difference this is making to the community to provide these businesses and the communities themselves with these opportunities for advancement.

Another very important part of our ministry, of course, is the northern highways program. Certainly I don't think anybody would argue that what's very critical to Ontario's economy and to our quality of life is the provincial highway system. I think this is especially the case in northern Ontario, where nearly 11,000 kilometres of highway are truly and quite literally social and economic lifelines, linking communities separated by great distances. Our ministry is responsible for establishing and managing the annual budget for the northern highways program. We do work very closely with the Ministry of Transportation to identify program priorities, but this is a huge responsibility that we embrace.

We have allocated, in this year's budget, \$773 million for northern highways in our 2010-11 budget, which is an increase—it's an unprecedented level—of almost 20% over the previous record allocation for highways in 2009-10, which I believe was \$648 million. Obviously, to have such a significant increase is making a real difference.

Since 2003, we have rehabilitated 2,560 kilometres of highway and 185 bridges—we all know how important it is in terms of the rehabilitation of bridges—and we have constructed 105 kilometres of new four-lane highway along with 115 new bridges.

Certainly our government understands that every single cent invested in safe, efficient, modern highway infrastructure is an investment in the future prosperity of

the north. Let me give you some examples of some of the major highway projects that have been achieved in recent years through that investment.

Since 2003, 10 contracts have been initiated on Highway 11 south of North Bay, with a value of \$540 million. All of the remaining 41 kilometres of highway are now under construction. Since 2003, 11 contracts have been initiated on Highway 69 south of Sudbury, with a total value of over \$580 million, and 20 kilometres of new four-lane highway were opened to traffic in the fall of 2009. Construction is under way on another 30 kilometres, and engineering and property acquisition are proceeding over the remaining 132 kilometres. This is a true priority project.

We also accelerated the completion of the \$150-million four-laning of Highway 17 east of Sault Ste. Marie from 2008 to 2007. Construction of the \$35-million section of Highway 11/17 west of Thunder Bay was completed in August 2007.

We did receive additional funding in the 2007 and 2008 provincial budgets for a very important initiative; it was in fact a safety initiative program along Highway 17 from Kenora to White River, along Highway 17 east and west of North Bay, and on Highway 11 north of New Liskeard. Planned expenditures amount to almost \$190 million over five years. This program was reconfirmed in the 2010 provincial budget.

Also of real significance is that in the 2008 budget our ministry received \$79 million in funding over five years for a major rehabilitation of the Noden Causeway on Highway 11 over Rainy Lake, an extraordinarily important project. Two of those projects have been completed, with two more under way.

Ongoing major investments include the widening to four lanes of Highway 69 to Sudbury, as I mentioned, where we are continuing on a very aggressive schedule; Highway 11 to North Bay, which is on schedule to be completed by 2012; and Highway 11/17 between Thunder Bay and Nipigon. We just announced two tenders for work relating to the four-laning between Thunder Bay and Nipigon, a five-kilometre stretch between Hodder Avenue and Highway 527, or Spruce River Road, as it's known to many, which is also where the Terry Fox lookout is located. That's a major project: \$41.9 million.

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Just last week we were able to announce a tender for \$62 million for a 14-kilometre stretch between Mackenzie Station Road and Birch Beach Road between Thunder Bay and Nipigon, which I believe will be slated for completion in 2013.

I can say very strongly that our government will continue investing in northern highway infrastructure. Priority number one is safety, but this is also very significant in terms of spurring business development. It creates jobs, and obviously we need to keep our people and our goods moving, so this is a very significant part of our ministry's priorities.

Let me speak, if I may, also a bit now about the Ontario Northland—

**The Chair (Mr. Garfield Dunlop):** You have five minutes on this 30 minutes, Minister.

**Hon. Michael Gravelle:** Are you serious? I won't make it through the next 30 minutes. Well, I'll keep going. May I?

**The Chair (Mr. Garfield Dunlop):** You covered a lot of territory, Minister. You get another 30 minutes after this.

**Hon. Michael Gravelle:** Okay. I want to tell you about the Ontario Northland Transportation Commission.

In addition to highway investments, our government supports the Ontario Northland Transportation Commission, which does provide valuable telecommunications and transportation services to northeastern Ontario. The past five years have been extremely productive ones for the ONTC. Highlights include the following:

The ONTC has implemented a new Northlander train schedule that has resulted in an increase in passengers and has improved the trains' performance.

They have replaced approximately 168,000 railway ties on more than 1,100 kilometres of rail network.

They've undertaken an \$81-million contract to refurbish 121 GO Transit commuter railcars and retool the shops.

They were able to build a new, \$2.3-million bus garage in North Bay which provides state-of-the-art maintenance facilities, reduces costs and improves working conditions while allowing Ontario Northland to pursue some new business opportunities.

They've added eight new motor coaches to the fleet since 2005, which provide safe, reliable and comfortable transportation solutions to their passengers.

They did build a new, \$4-million state-of-the-art paint facility to support the railcar refurbishment business, which is a great part of the work of the ONTC. Certainly the facility in North Bay is capable of painting the largest railcars in North America.

They were also able to introduce a new tour train, which has been a great success: the Dream Catcher Express, which promotes the fall colours between North Bay and Temagami.

I began with the good news. The fact is, the ONTC has not, of course, been immune to the economic challenges that I referred to earlier in my remarks. As a result of the downturn in its freight transportation business, very much associated with the downturn in the forestry and mining sectors, the ONTC, like many other prudent organizations, has had to make some difficult decisions, and that has included, unfortunately, a number of job reductions across these operations.

While the ONTC has been seriously affected by the downturn in the resource industries, we are looking forward to continued recovery in these sectors and new business opportunities for this important purveyor of transportation services in northeastern Ontario.

Do I have time to go on to my next little piece, Chair? I'm going to try.

**The Chair (Mr. Garfield Dunlop):** You've got about another two minutes and 30 seconds.

**Hon. Michael Gravelle:** Before we leave the topic of transportation—I'll just speed up on my second part, Deputy, in order to get it all in here—I do want to add that the Ontario government is following through on its commitment in the budget—we were talking about it this morning in question period, in fact—to provide up to \$15 million to support the continued operations of the Huron Central Railway. That \$15 million will be used to upgrade the line from Sault Ste. Marie to Sudbury by repairing and replacing rail ties, anchors and bridges and by generally improving the rail lines so that the service can be profitable while maintaining long-term operations for local businesses.

This was just one of the several major initiatives to enhance job creation and economic growth in northern Ontario that came out in our 2010 budget, and I do think our commitment of that \$15 million that came out of the budget was helpful in securing the matching federal dollars that were so important to this project.

Previously, we had provided, through the Northern Ontario Heritage Fund Corp., the year before, when it became clear there was a real challenge with maintaining the shortline railway, \$1.5 million, which was also matched by the federal government. What that did was allow the people involved in trying to preserve the Huron Central Railway with the time and opportunity to put a plan together, which obviously they've been successful with, and we're very pleased that we can make that kind of a commitment to northern Ontario. This is an extraordinarily important one.

I'll try and get started a little bit on the forestry sector. I'm just now getting to the forestry sector. We know a number of things about the forestry sector, one of them being that this is a key component of the province's economy and absolutely vital to the north. But may I say that one of the first lessons I learned as minister, being a fellow from northern Ontario, was that it goes beyond northern Ontario. The forestry industry is very important in large sections of the province and there's some tremendous work done.

In 2008, the provincial forestry sector supported almost 200,000 direct and indirect jobs and had annual sales of approximately \$14 billion.

**The Chair (Mr. Garfield Dunlop):** I think that's a good point right there to conclude your opening 30 minutes.

**Hon. Michael Gravelle:** I'll stop there.

**The Chair (Mr. Garfield Dunlop):** You can continue on after. Thank you, Minister. You've covered a lot of territory there.

We'll now go to the official opposition. Mr. Hillier, you have 30 minutes for comments, or you can ask a combination of questions and make comments as well.

**Mr. Randy Hillier:** It's a pleasure, of course, to have the Minister of Northern Development here at estimates today.

That was quite a laundry list of expenditures the minister was reiterating during his 30 minutes. I don't know if anybody kept track of all the millions that he was

talking about—those were significant numbers. But I understand that it is the minister and the Ministry of Northern Development—economic development is what the minister said was their priority, their mandate, their objective. Really, all we heard was the minister of expenditures; we didn't hear too much about economic development. But we have this briefing book called the results-based briefing book, and I think it's important that we actually look at economic development under your watch and under your government's watch.

First, with mining, we are now producing and extracting less minerals in 2009 than we were in 2004. In 2004, it was \$7.2 billion worth of economic activity in mining, and in 2009, we're estimating it at \$6.3 billion. So we are in a worse position, or mining is not contributing as much as it was in 2004. That is not what I would call economic development, when six years later we're doing less even though we're spending more.

Although the minister didn't get into forestry in a significant fashion—but I'm sure he will in the next 30-minute round—we have now lost 60 mills in northern Ontario. We've lost 45,000 forestry jobs. We are harvesting approximately half of the available fibre that we used to harvest out of our forests. That, again, is not economic development, when we're doing less than we once were.

It must be devastating and demoralizing for both the minister and the ministry to be presiding over this lack of economic development, when their mandate is economic development.

I think those are the real results we are facing today on economic development in the north. Our towns have been devastated. Going to Kapuskasing or many towns up north, you see the businesses that are closed up, boarded up, the loss of population, the loss of communities, and it's continuing today, although the ministry seems to be spending more and more to be getting less and less in the field of economic development in northern Ontario.

1620

I want to start off with this first question, and it's referred to on page 29 of your briefing book. This is for clarification, if we can make this brief on this clarification. You show on page 29 a column—it's throughout the book but I'll just refer to this one page right now—"Services." This is a summary of your expenditures: 54.9% of your total budget goes to services, \$234 million. Can you explain briefly what that encapsulates? We have salaries and wages; we have benefits; we have transfer payments. What are the services that are so expensive?

**Hon. Michael Gravelle:** I'll be happy to—certainly, I'll ask my ministry staff, the deputy, to respond to that very specifically, but, if I may, let me respond to your opening comments.

Certainly, I think that you are—

**Mr. Randy Hillier:** Minister, those are just facts that I was reiterating. They're not really up for debate.

**Hon. Michael Gravelle:** You don't want me to respond to your rather negative portrayal of the economic development—

**Mr. Randy Hillier:** No, I don't. Those are just facts. They're not subject to debate. We have lost mills, we have lost our economic activity in the north. What I would like to know is about the \$234 million that is being spent out of your ministry under the title "services." That's what I'd like to know.

**Hon. Michael Gravelle:** Absolutely, and I'll make sure that we get a specific response to that, but I do think you need to—because I know you care about this. I also do think you need to understand and recognize that indeed we are seeing very much an upswing in the mining sector once again. There is no doubt about the global economic reality having an impact on our mineral production. There is also, as you well know, a significant and long strike at one of the mining operations in Sudbury. The fact is, we now are seeing a complete turnaround, let alone some of the opportunities that we will be seeing with the Ring of Fire.

When you look at the dollars, we are still, for example—

**Mr. Randy Hillier:** We'll get into the mining stuff shortly, after we get into the services.

**Hon. Michael Gravelle:** You want an answer to that question.

**Mr. Randy Hillier:** Yes.

**Hon. Michael Gravelle:** Deputy?

**Mr. David O'Toole:** Thanks, Minister.

Mr. Hillier, you're looking at the results-based plan?

**Mr. Randy Hillier:** Yes.

**Mr. David O'Toole:** I'm going to turn it over to Don Ignacy, our CAO, who can speak to this in some detail.

**Mr. Don Ignacy:** The largest amount of that line is related to the announced northern industrial electricity rate reduction program, which is in the order of \$140 million this year.

**Mr. Randy Hillier:** Forty million dollars?

**Mr. Don Ignacy:** One hundred and forty.

**Mr. Randy Hillier:** You call it "services." On that northern industrial rate, the Ministry of Northern Development and Mines will be cutting the cheque, if I might say?

**Mr. Don Ignacy:** That's correct.

**Mr. Randy Hillier:** Okay, and that's \$140 million out of the \$234 million that's shown on page 29.

**Mr. Don Ignacy:** Yes.

**Hon. Michael Gravelle:** So that's good news.

**Mr. Randy Hillier:** It's good news, absolutely.

**Hon. Michael Gravelle:** It's very good news.

**Mr. Randy Hillier:** I didn't hear that in all the other millions that you were talking—

*Interjection.*

**Mr. Randy Hillier:** We now still have about \$90 million in that category. What other things would "services" compose?

**Mr. Don Ignacy:** The balance we're pulling right now, sir. We'll get back to you in half a minute.

**Mr. Randy Hillier:** Okay. Maybe I'll move on as we wait for that answer.

Another question that arose out of your initial comments—if I've got this correct, you said the Ministry of Northern Development invested \$773 million in roads in northern Ontario last year.

**Hon. Michael Gravelle:** That was allocated in this year's budget for the roads.

**Mr. Randy Hillier:** Through your ministry?

**Hon. Michael Gravelle:** I'm sorry?

**Mr. Randy Hillier:** Not through your ministry.

**Hon. Michael Gravelle:** We administer it for the north. It's the Ministry of Transportation, but we administer the northern highways budget.

**Mr. Randy Hillier:** I didn't see it anywhere in your results-based planning brief—\$773 million in roads.

**Hon. Michael Gravelle:** This was allocated—it was \$648 million last year, of course. That's correct, isn't it, Don?

**Mr. Don Ignacy:** Yes.

**Hon. Michael Gravelle:** Yes; \$648 million last year. I was certainly taking advantage of the opportunity to talk about the \$773 million that's allocated in this year's budget as well.

**Mr. David O'Toole:** Would it be helpful if Don described the relationship between us and MTO with respect to the management of money in the capital budget for highways and roads, and how the northern program gets developed and how money gets allocated?

**Mr. Randy Hillier:** Sure. Like I said, the \$730 million—

**Hon. Michael Gravelle:** It's \$773 million.

**Mr. Randy Hillier:** If I'm correct, that money is expended through other ministries but with your oversight and/or your influence in where it's spent?

**Mr. David O'Toole:** That's a fair assessment, yes. Don will speak to the details of how the capital allocation takes place.

**Mr. Randy Hillier:** That's okay. We don't need to get into—as long as we have an understanding. So that \$700 million is not part of your direct control and administration. It doesn't show up in the book.

**Hon. Michael Gravelle:** It's our responsibility to administer it, and we're excited to do that. But obviously, we work very closely with the Ministry of Transportation.

Again, Don can explain the exact relationship, if that is useful to you.

**Mr. Randy Hillier:** I'm sure he could explain significantly, and I'm sure your ministries work in conjunction.

**Hon. Michael Gravelle:** We're very proud of the northern highways program.

**Mr. Randy Hillier:** We know that there have been significant challenges—even though I hate using that phrase—in our economy and in northern Ontario. The minister has used that as a reason why we're extracting less value in minerals in northern Ontario. But maybe you can see how this fits in with the package. The Fraser Institute used to rank Ontario as the number one jurisdiction for mining in 2001. I believe, in last year's

Fraser Institute, we are now ranked 20th in favourability for mining in the world.

I guess I'll phrase the question this way. Your job, your mandate, is to ensure there is greater access to minerals, greater access to economic activity. Why, Minister, are we now 20th, as compared to 2001, when we were first? What are you guys doing in the ministry? And I know you've spent a significant amount of time making amendments to the Mining Act, but we are now 20th in the world instead of first.

**Hon. Michael Gravelle:** Quite frankly—and I'm not particularly shy about this—I take issue with and argued that that ranking is an inaccurate reflection of how attractive Ontario is in terms of the mining sector. The evidence that I used for that is the exploration dollars. We do have the most significant exploration dollars, which continually increase, year upon year.

Now, unquestionably, much like the actual mineral production, they did go down, but at a time when, indeed, mineral exploration was dropping. Right now, for example, 28% of all mineral exploration in Canada is happening in the province of Ontario. I also think that when the Fraser report came out last year, it came out, quite frankly, before the excitement began to develop about the potential for the Ring of Fire development. We are all very conscious that this economic development opportunity may be one of the greatest we've seen in the past 100 years. The discovery of chromite and many other metals that are in the ground in the Far North are obviously ones that people are finding very exciting. So we're seeing tremendous excitement, certainly at the exploration level but also at the mineral production level.

We're seeing new mines opening up. That's the story that I really want to be able to tell. On September 10, a couple of weeks ago, I was up in Matachewan near Kirkland Lake with David Ramsay doing the sod-turning for the Northgate mine, the Young-Davidson gold mine. We're seeing excitement about the Lake Shore Gold operation, the Detour Gold mine, which may be the biggest in North America. So the long and the short of it is that I think the rankings are wrong.

#### 1630

The note that's being passed to me, and I certainly was going to get to it, too—it was also before the completion of our modernization of the Mining Act.

One of the goals of our Mining Act, the key goal, was, basically speaking, to modernize the Mining Act; to, quite frankly, put 21st century values into it as much as we could in terms of requiring very clear consultation requirements all along the mining sequence in terms of our aboriginal leadership and communities, while we brought about a real certainty in terms of investment opportunities—a real clarity in the act. We worked really closely with not just the Ontario Mining Association, but they were very real partners in this. I know that if you talk to Chris Hodgson or you talk to most people within the mining sector, they will tell you that our modernized Mining Act has brought about a great deal of certainty.

So I question those rankings and I think you're going to see an improvement.

**Mr. Randy Hillier:** I'm glad you raised the Mining Act. There were significant consultations on the Mining Act, Minister. I believe we had in total about 14 days of committee hearings and consultations on the amendments to the Mining Act. Clearly, you believe that the Mining Act is a great improvement over what we had previously. I think that nod was in the affirmative.

**Hon. Michael Gravelle:** We have modernized the act, I think, to far more accurately reflect 21st century values. I think it was important that we did that—

**Mr. Randy Hillier:** The question I want—

**Hon. Michael Gravelle:** —plus provide certainty.

**The Chair (Mr. Garfield Dunlop):** Let him finish up, Minister.

**Hon. Michael Gravelle:** Excuse me.

**Mr. Randy Hillier:** The question I was going to ask there was, do you think those 14 days of consultation added, contributed to and improved the Mining Act amendments?

**Hon. Michael Gravelle:** Well, again, I've got our assistant deputy minister here, Christine Kaszycki, who can speak on some of the details—

**Mr. Randy Hillier:** No, but the consultation—

**Hon. Michael Gravelle:** I'd be happy to tell you about consultation. The consultation that we got through on the Mining Act was lengthy—

**Mr. Randy Hillier:** Was it a benefit?

**Hon. Michael Gravelle:** It was unprecedented. We began our consultations on the Mining Act before we brought the act forward. We did extensive consultations once we brought it forward for first reading. We had a consultation process that I think was certainly virtually unprecedented and I'm very proud to say that. We recognize how important it was to make sure that we did bring people into the process at every level.

**Mr. Randy Hillier:** Okay, so it was important and there was a benefit to those significant and lengthy consultations.

I guess my next question to you, Minister, is—and I can understand that lengthy consultations provide benefit; they're important. Why, then, has your government cancelled the consultations on a new bill, which is now law, which will significantly impact not only your ministry and the jurisdiction of your ministry but the lives of everybody in northern Ontario? If you believe that consultations are necessary, beneficial, and important, why has your government not allowed the same process to happen on a brand new bill which will impact negatively on your jurisdiction?

**Hon. Michael Gravelle:** Well, I think it's fair to say that the minister responsible for that legislation would not agree with your interpretation, and I'm certainly not—

**Mr. Randy Hillier:** Well, the facts are clear: They didn't have 14 days of consultations on the Far North Act.

**Hon. Michael Gravelle:** Again, this is not a piece of legislation that's part of our ministry's responsibility, so I'm not in a position to comment, but I do think it's probably fair to say—

**Mr. Randy Hillier:** Well, you commented on the MTO's, so—

**Hon. Michael Gravelle:** We have a very specific relationship which we're happy to tell you about in terms of MTO.

**Mr. Randy Hillier:** You don't have a significant relationship with MNR?

**Hon. Michael Gravelle:** We work very closely together. But the fact is that piece of legislation, I think the minister would argue—and I'm not going to speak on her behalf—that indeed your interpretation is not accurate. The fact is that, in terms of the Mining Act, we had an opportunity to bring forward a piece of legislation that we thought needed to be modernized, and indeed I think we did a good job of bringing forward the opportunity for as many people as possible to take part in those discussions. It was, again, clear to us that we always had to find a balance. The challenge, I think, all the time, with issues such as the legislation is to find that balance. Indeed, we felt very strongly that was what we were able to achieve with the modernized Mining Act.

**Mr. Randy Hillier:** Well, Minister, we had eight days of consultations on the Far North Act, compared to 14 days on the amendments to the Mining Act—a significant difference.

We just had another minister up in Sudbury yesterday who declared—we've got a new Algonquin park up in the north now with the Far North Act, except far more substantive in size, now composing 40% of Ontario instead of the minuscule amount that Algonquin park is in relation to that. But that's what Minister Duncan said—the Far North Act is the creation of a provincial park. That's what it accomplishes.

This clearly impacts your ministry. It clearly impacts economic development in the north. I guess, maybe, this one question: Your government has said it is an economic development bill, even though they're calling it a park. If it's an economic development bill for northern Ontario, why isn't your ministry the author of it and holding jurisdiction with that?

**Hon. Michael Gravelle:** We're very pleased that we are moving—

**Mr. Randy Hillier:** Because you did say that you are the advocate for northern Ontario.

**Hon. Michael Gravelle:** We are the economic development ministry for northern Ontario, and that's why we are so pleased to be able to focus on opportunities such as the Ring of Fire. That's why we are working as closely as we are with the First Nations directly in the Ring of Fire, which are communities in the Far North. A couple of weeks ago—

**Mr. Randy Hillier:** Is that the name of the new park? The Ring of Fire park?

**Hon. Michael Gravelle:** I'm sorry?

**Mr. Randy Hillier:** Is that the name of the new park up there? The Ring of Fire park?

**Hon. Michael Gravelle:** The Ring of Fire is a development, I trust, you would also support. This is going to be one of the greatest economic development opportunities in our province within the last century, and it's going to be an opportunity for jobs and for some benefits for all those who are involved in this process.

The truth is that a couple of weeks ago, as you may know, but if not I'll tell you, I was very pleased, along with my colleague the Minister of Natural Resources, to sign a letter of intent with—

**Mr. Randy Hillier:** But my question though—

**Hon. Michael Gravelle:**—Marten Falls First Nation and Webeque First Nation to work towards our mineral exploration agreement and land use planning. So we're focused on the economic development—

**Mr. Randy Hillier:** My question was, why doesn't your ministry have jurisdiction on that bill?

**Hon. Michael Gravelle:** Our ministry has responsibility for economic development in northern Ontario, and that's what we're focused on.

**Mr. Randy Hillier:** Is the Far North Act an economic development bill for northern Ontario?

**Hon. Michael Gravelle:** It's a piece of legislation that—

**Mr. Randy Hillier:** Does it impact economic development?

**Hon. Michael Gravelle:** It's a piece of legislation that indeed is very much focused on First Nations being able to have significant say in decisions related to conservation and economic opportunities.

**Mr. Randy Hillier:** Only First Nations?

**Hon. Michael Gravelle:** No. This is where the opportunities—this is why we are focused, as our ministry should be, I believe, on the economic development opportunities in northern Ontario.

**Mr. Randy Hillier:** But they're all opposed. All the First Nations are opposed to this bill in northern Ontario.

**Hon. Michael Gravelle:** As I said, we have been working very closely with a number of First Nations. I was up at four First Nations this past March: Marten Falls, Webeque, Eabametoong and Neskantaga. I was working with each of the chiefs about some of the opportunities that we have. I can tell you that those discussions that I've had with them, and may I say with other First Nation leaders as well—there's a desire to move forward on the economic development opportunities.

The challenge, we believe, is to get this right and to manage it. I won't in any way suggest that this isn't a challenging, complicated process. Quite frankly, what I'm perhaps most proud of is that our government is committed to it as part of our Open Ontario plan, and in fact, we're committed to, under our ministry, having a Ring of Fire coordinator, who will be helping lead that process. I think that's a role that is appropriate for our ministry. We are looking forward to making an announcement very soon in that regard.

**Mr. Randy Hillier:** Have you hired that Ring of Fire coordinator?

**Hon. Michael Gravelle:** We're pretty close to making an announcement in that regard.

**Mr. Randy Hillier:** Any time frame, other than "pretty close"?

**Hon. Michael Gravelle:** Soon.

**Mr. Randy Hillier:** This year, next year?

**Hon. Michael Gravelle:** Very soon. I think it's fair to say that it's very soon. I don't mean to be cute, but we haven't announced it yet, but we will be announcing it very soon.

That's a very important part of making sure that this extraordinarily exciting economic development opportunity, which must benefit all—I mean, that's one of the key elements of this. It has to benefit the communities that are close to the development, those opportunities, which is why our ministry's relationship with the First Nation communities, particularly up in the Far North, is so important. That's why I was so pleased to sign that letter of intent with Chief Eli Moonias—

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**Mr. Randy Hillier:** The Ring of Fire coordinator: Will he be coordinating economic development or park activities with the Far North Act now in place? Is this another MOU, memorandum of understanding, with the MNR on the Ring of Fire coordinator?

**Hon. Michael Gravelle:** I'm a little surprised by your approach in this. Clearly the Ring of Fire coordinator is going to be working to help manage the process of bringing forward this very exciting economic development opportunity, and it's one that does need to be managed in the right way and a very sensitive way. It is going to require bringing together a number of ministries; it's certainly going to require working with First Nations in a very sensitive and always fair manner, and it will be important to work with the company. So it is certainly a commitment. It's part of our Open Ontario plan to move forward on the Ring of Fire.

We've put together a \$45-million skills training program because, again, we want to be ready. The \$45-million skills training program is very much a project-based program; there are applications that are out there now. So we're trying to—not trying; we are focusing on making sure that when this project moves forward, people are poised to be able to take advantage of some of the really great jobs that will be there. Our ministry is focused very strongly on that. We spend a fair amount of our time focusing on the opportunities that are there in terms of the mining sector. That's part of it.

The Ring of Fire coordinator is an extremely important position. There was a great deal of interest in the job itself, I understand, and, again, we're looking forward to making the announcement soon.

**The Chair (Mr. Garfield Dunlop):** We're down to four minutes in this round.

**Mr. Randy Hillier:** We'll move to forestry just for a short period of time, because the minister only got to forestry for a short period of time.

You said Ontario has some of the best-managed forests. We're down to approximately 10 million to 12 million cubic metres being harvested now, from a high of over 20 million—23 million, I believe. One of the interesting facts that I've seen is that we harvest very little per acre of crown land, our crown forests, relative to other countries.

Typically, we've seen in the Nordic countries that they will harvest up to 10 times as much fibre per acre of land as we do here. Of course, it should be clear to anybody that productivity is greater there in Sweden and Finland than here. Their forest lots, just like our forest trees, are sustainable and renewable.

So this question—and we'll get a lot more into forestry, because you know not everybody has been happy with your forest tenure review and a host of other environmental constraints being placed on forestry. What is your ministry doing to actually increase the probability of greater productivity on our crown forests?

**Hon. Michael Gravelle:** Well, we certainly are proud of the fact that we have one of the best forest management systems—

**Mr. Randy Hillier:** Well, our productivity isn't—

**Hon. Michael Gravelle:** We have our forestry ADM here, who will happily speak about that.

What I would like to have an opportunity to talk about is the fact that we do see some real opportunities to revitalize the forestry sector and we've taken a number of measures to try and do that through some of the programs and incentives that we've brought forward in the past four or five years and certainly with some of the decisions we've made. You made reference to the amount of wood that was harvested in the last year, and what we have been able to do as an interim measure is open up a wood supply competition for a very significant amount, I think somewhere close to 10 million cubic metres of wood, and we had a competition. We are very keen to see our wood put back to work. The wood supply competition is something that we think will make a real difference, and there has been significant interest in that wood supply competition. I think there were 115 applicants with proposals.

It's a process that is complicated and is being overseen by a fairness commissioner, because we want to make sure that we are doing everything in a very fair way, but we're moving through that process and hoping to have some recommendations coming forward sometime in the fall so we can do that.

So that's one of the ways that we certainly want to see wood that is actually not being used, that is ultimately not being harvested—that we can do this. That's one of the short-term measures that we put in place to see our wood put back to work.

You did speak about our reform or our modernization of the tenure system, and I certainly look forward to talking about that. Any time you bring forward what can be a significant change in how you manage the system, it really can be met with some resistance. We've had some pretty significant—

**Mr. Randy Hillier:** Like the Far North Act—

**Hon. Michael Gravelle:** Sorry?

**Mr. Randy Hillier:** Like the Far North Act, as well, I guess.

**The Chair (Mr. Garfield Dunlop):** That pretty well winds up Mr. Hillier's time. We're a few seconds over.

We'll now go to the third party. Mr. Hampton, you have the floor for 30 minutes.

**Mr. Howard Hampton:** I intend to use the floor for 30 minutes.

When I told a number of people that I was going to have a chance at the Northern Development, Mines and Forestry estimates, I received a flood of emails raising a number of issues. I said that I would raise the issues that people have sent to me. Hopefully, later on in this process, I'll have an opportunity to actually ask some questions about them, but I want to take the time now to raise the issues.

The first issue that was raised with me—and it was raised literally by dozens of communities, especially across northwestern Ontario: They can all go to a computer website, they can read maps, and increasingly they are disturbed by what they are seeing. Over the last seven years, they've watched three paper machines disappear from Kenora; two paper machines disappear from Dryden; one from Fort Frances; two from the large Bowater complex in Thunder Bay; one from the Abitibi Mission mill in Thunder Bay, which is no longer—I think it has been reduced to scrap metal; three from the Cascades mill in Thunder Bay; one from the Stone packaging mill in Thunder Bay; two from the Red Rock mill in Red Rock; and three from the St. Marys Paper mill in Sault Ste. Marie. So they have watched 18 paper machines leave the province, from Sault Ste. Marie west.

The same people, if they go to AbitibiBowater's website, will see that AbitibiBowater is still operating 12 paper machines in Quebec. They'll see that Domtar is still operating three paper machines in Quebec; that Kruger, as I understand it, is operating six; that Tembec is operating four; that there are 20-plus paper machines operating in Quebec.

If they look to the south of northwestern Ontario, if they go over to International Falls, Minnesota, which is directly across the border from where I live, two paper machines are operating; if they go down to Grand Rapids, Minnesota, two paper machines are operating; if they go down to Duluth, Minnesota, a paper machine is operating. If they turn to Manitoba—yes, Manitoba has a small forest industry, but the pulp mill in The Pas is operating, the OSB mill in Swan River is operating, and the Manitoba government is actively considering a worker buyout of the Pine Falls mill to keep it operating.

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So people say to me all the time, "We're left in northwestern Ontario with only three paper machines still operating; 18 have left our jurisdiction. Yet if we look over to Quebec, we look down to Minnesota or we look out to Manitoba"—in other words, look to the east, look to the west, look the south—"machines are still oper-

ating.” They’re trying to figure out: How could so many paper machines be shut down in northern Ontario? How could so many thousands of people be put out of work? Yet we look to the jurisdictions around us, and there still seems to be a very viable pulp and paper industry operating. I want to explore those in some detail as we go from here.

It doesn’t end there because, as we all know, paper machines also have an implication for sawmills. For sawmills to be economically viable, they have to be able to sell the lumber they produce, but they also have to be able to sell the residuals—their chips.

I think everyone knows that when you lose 18 paper machines and you lose the hardwood pulp mill at Bowater in Thunder Bay, and the hardwood and softwood pulp mills in Terrace Bay are currently shut down, and the softwood pulp mill in Marathon and the softwood pulp mill in Smooth Rock Falls—when you lose that many pulp machines and that many paper machines, the viability of sawmills is very much in question because there won’t be the paper machines and pulp machines around to use the residual chips.

So, if we go from the Manitoba border east—and we’ll have an opportunity to fine-tune and check these—as I understand it, the sawmill in Kenora is shut down, the sawmill in Ear Falls has shut down, the sawmill in Hudson has been shut down again, the sawmill in Atikokan Sapawe is shut down, Northern Hardwoods in Thunder Bay is shut down, Great West Timber in Thunder Bay is shut down, Northern Wood Preservers in Thunder Bay is shut down, Nakina is shut down, Longlac is shut down, White River is shut down, and Dubreuilville is shut down. I’m not sure about Hornepayne, because, as you know, they have to do some reconstruction work there, but the last I’m told is that it’s still shut down and not producing.

That’s 12 sawmills. When I talk to people who are knowledgeable about the industry, they say, “If we’ve lost 18 paper machines, not all of those 12 sawmills will be able to open up.” Even if Obama suddenly starts subsidizing housing like never before in the United States and the lumber market in the United States returns, those sawmills won’t be able to open up because they will not have a place to put their residuals.

There is another piece to this too, because when I talk to the manager of what is now just a pulp mill in Dryden—seven years ago, the Dryden pulp mill/paper mill/sawmill complex employed 1,100 people and another 1,100 people in the forests and trucking. Today, on a good day, you’re lucky to find 300 people in the pulp mill. The sawmill and paper machines are completely shut down and you’re lucky if you can find 400 people working in the bush and in transportation.

But what even the mill manager finds disturbing is that what that mill is doing now—it is still using all kinds of really good Ontario wood fibre; it’s turning it into semi-processed pulp and it is shipping it to Domtar’s mills in the United States where the really high-end jobs, the skilled jobs, are now located, producing high-quality

paper. The instrument mechanic jobs, the electrician jobs, the millwright, the machinist, the welder, all the good-paying jobs that involve skill, increasingly are located in the United States.

We provide the high-quality fibre. We harvest it, we semi-process it and now we ship it to the United States, where it’s processed into high-quality finished products. But with that shipping of the semi-processed resources have gone thousands of good jobs.

It’s not just the pulp mill in Dryden. The pulp mill in my hometown, in Fort Frances—while they’ve shut down one of the paper machines, the pulp mill is operating 24 hours a day every day that they can run it. If they can run it July 1 to Labour Day, they do. If they can get an agreement to run it Christmas Day, Boxing Day and New Year’s Day, they do. And what do they do with the pulp? They ship it to AbitibiBowater’s mills in the United States in semi-processed form, and the good jobs producing high-quality paper are now in the United States.

When I call my friends in your city, Thunder Bay, and ask about the Bowater kraft mill in Thunder Bay and I say, “How’s it going?” “Oh, we’re pumping out kraft to beat the band. We’re taking good, Ontario wood fibre, turning it into semi-processed pulp at the AbitibiBowater kraft pulp mill in Thunder Bay, and we’re shipping it to the United States, where that pulp is then mixed with rather inferior fibre from the United States and is used to produce a high-quality product.” The good jobs—the instrument mechanic, the computer technician, the electrician, the millwright, the machinist, the pipefitter—have all gone. And the story goes on.

Increasingly, our forest sector now seems to be that we harvest wood fibre that is second to none in the world, we semi-process it and we ship it out of the country, largely to the United States. People are saying, “How could this happen in five or six short years, that we could lose all of this?” Yet when we look at the jurisdictions around us—we look at Quebec—there are still very viable paper mills and good jobs. When we look at northern Minnesota, there are still very viable paper mills. When we even look over to Manitoba: viable pulp and paper mills. I want to return to that issue because it seems to me that somebody has to answer some questions.

The other issue I want to raise is, your officials have talked a lot about forest tenure change, and yet when I talk to people about what’s being proposed—I actually went to the meeting in Dryden. I didn’t announce I was there. I sat very quietly at the back of the room and listened to the not very warm response that your officials received. In fact, I would say that the response was more or less akin to “Get out of town, because we’re not interested in your proposal.” I want you to know that I didn’t have anything to do with that. I wanted, purposely, to be the fly on the wall listening to what was going on.

When I talk with people in Kenora, they’re not very receptive. When I talk to people in my area immediately along the Minnesota border, they’re not very receptive. When I ask my colleague Mr. Bisson, who has, over the

years, raised the issue several times about wood fibre that is harvested in northeastern Ontario and then goes across the border to Quebec where it's processed, where it generates good jobs, sustainable jobs, good-paying jobs, trades jobs, skills jobs, he's not happy either, and he says that people in his part of the province won't be happy. This is what folks in my part of the province are saying too.

We see this all the time. We see wood buyers come up from northern Minnesota and they go up and down the roads, the highways, the side roads from Rainy River all the way over to Atikokan—I think there's even some of this in Thunder Bay, too—and they look for wood that they can buy to take down to Minnesota to generate jobs there.

In the past, crown wood was not up for bid, but what your ministry is now proposing is even to put the crown wood up for bid. And I can tell you that what people see happening is, they see a plethora of American wood buyers coming up—in one case, from Minnesota—and putting bids on crown wood, not to generate jobs in Ontario but to take the wood fibre down to Minnesota and generate jobs there.

I did some comparison, for example, of industrial hydro rates in Manitoba and industrial hydro rates in northwestern Ontario. You might want to go to Manitoba Hydro's website, because they give you the monthly hydro bill comparison between a sawmill in Manitoba and a sawmill in northwestern Ontario, a pulp mill in Manitoba and a pulp mill in northwestern Ontario, a paper mill in Manitoba and a paper mill in northwestern Ontario. Maybe you shouldn't go to that website because the comparison might make you ill.

The operations in Manitoba are now paying, in terms of the monthly hydro bill—and the bill's the only thing that counts. The term "hydro rate" means less and less all the time now in Ontario because you've got the global adjustment factor, which is not part of the rate, and the global adjustment factor is what is causing paper mills and pulp mills to have massive indigestion, because that number adds so much money to the hydro bill.

#### 1700

If you looked, somebody with a sharp pencil would say, "You know what? I'm going to locate my sawmill in Manitoba, close to the northwestern Ontario border so I'll have low operating costs—in terms of hydroelectricity and other things—and I'll just go across to Kenora and Vermilion Bay and Ear Falls and Dryden and buy the wood and bring it to Manitoba and process it. It'll be a lot cheaper."

You know what else? There's another not very nice comparison: If you own a truck and a trailer, and you're trucking wood in Manitoba, your insurance costs are about one third of owning a truck and trailer and trucking wood in Ontario. It's the benefit of public auto insurance over this private disaster we have in Ontario. It costs a lot less.

People look at this and they say, "My God. This is a recipe to export all kinds of jobs into Manitoba com-

munities along the Manitoba-Ontario border." When I talk with my colleague Mr. Bisson, he says the same thing. He says, "We put up the wood in the Ottawa Valley, North Bay, New Liskeard, Kirkland Lake, Timmins, Iroquois Falls, Cochrane, Hearst; we put that wood up for bid and you'll have wood buyers coming from Quebec, only too happy to bid on Ontario wood and take it over to Quebec to generate jobs and prosperity there."

People look at this proposal and say, "How does this benefit Ontario? How does this benefit Ontario workers? How does this benefit Ontario communities? How would it benefit Ontario's economy?" They can't see a way; they can't figure it out. What they see happening is, we provide the good wood fibre, we harvest it, and somebody takes it to another jurisdiction to process it, where all of the good jobs—the high-end jobs, the high-skills jobs—are, and we're left basically—what's the old description?—hewing wood and drawing water.

But it doesn't end there. Some really nasty things have happened on the forest sector side. I did this calculation a few weeks ago. I think your government has given—I'll just single out one company, because I think it may be the worst of the worst—about \$180 million in loans, grants and financial benefits to the Buchanan Group of Companies in about the last three or four years. The number may even be higher now, because I haven't been able to check all the websites lately and go through the fine print. But I think it's \$180 million.

At the same time that those companies have received \$180 million of government money, taxpayers' money, there are over 2,000 Buchanan workers—most of them have been out of work now for two years; some of them, three years—who have not received their vacation pay, have not received their severance pay, have not received their notice pay, and some of them are owed literally tens of thousands of dollars by the Buchanan Group of Companies. I suppose you get emails from some of these people. I get them all the time. Some of them are now 59, 60, 61 years old. Even if the Buchanan mills start up again—and many of them doubt that they ever will—they say, "I won't be going back to work. I was trying to make it to age 60, age 61. I'm now 62, 63 years old and I won't be going back to work but I would like what's owed to me. I did put in 35 years of service, and I would like what's owed to me under Ontario law."

What they have a hard time figuring out is, when the government was giving \$180 million to the Buchanan companies in the form of grants and loans and loan guarantees and other financial benefits, how come no one said, "Some of this money should go to the workers who, under Ontario law, are owed tens of thousands of dollars"? I'm going to want to explore that issue too.

But there's another piece of this that people find disturbing. There are some people—believe it or not—in this province who care very much about the issues of forest renewal. They understand that if we're going to have a viable forest industry, yes, you will have to harvest trees; you'll have to harvest wood fibre. But they

recognize that the harvesting of trees does not create a desert, that if you pay attention to issues like forest renewal, you can not only renew that forest, but you may actually be able to, I think as my colleague alluded to, even improve the quality of that forest. That's, to a large degree, what has happened in Scandinavia. They spend a lot of time and effort focusing on the productivity of the forest.

But I'm being told by people that the forest renewal trust fund is in terrible shape, that the forestry futures trust fund is in terrible shape, that all kinds of companies have not been paying—even though they've harvested timber, they have not paid what they are by law required to pay into the forestry futures trust fund and the forest renewal trust fund.

I wonder who has not been enforcing Ontario law, because the law says that when you harvest a certain volume of timber, you have to pay a set amount of money into those two trust funds. I wonder who hasn't been enforcing Ontario's laws. We'll have a chance to get into that as well.

There are many other forestry issues I look forward to getting into, but you have to share our time between forestry and mining.

*Interjection.*

**Mr. Howard Hampton:** Randy, you do fine on that. I think you'll handle that quite well.

Over the last four years, not only have we seen a flight of good-quality forest sector jobs from northern Ontario—something which I think is a travesty, because I think a different strategy would have enabled us to sustain many of those jobs. Not only has it been the forest sector, it's also been the smelting and refining part of mining.

First was the decision by what was called Vale Inco—now they just want to call themselves Vale—to shut down the copper smelter in Sudbury. They continue to mine copper in Sudbury; as I'm told, Vale Inco mines a lot of copper in Sudbury. But they don't smelt it and refine it in Sudbury anymore; they ship it to Quebec and they smelt and refine it there. The net, I'm told, in Sudbury, was 250 good jobs. Some of the jobs were actually in the plant and some of them were contracting jobs, because some of the maintenance and things like information technology had been contracted to outside firms. But it was at least 250 good-quality, high-end jobs, involving a lot of skill—gone.

Then there was the decision this spring—well, the decision wasn't made this spring, the decision was made a year ago by Xstrata—to shut down the metallurgical centre in Timmins. I remember Xstrata coming to the Bill 100 hearings when your government outlined its blueprint for electricity in Ontario, back in the summer of 2004. Xstrata was very pointed. They said, "This is going to drive industrial hydro rates through the roof. We are the largest industrial customer of electricity in Ontario," because the metallurgical centre in Timmins is almost totally driven by electricity. They said, "If you do this, it's going to make it very difficult for us to stay in Ontario."

Here we are in 2010 and they're gone. With them, I am told—when I talk to people in Timmins, they say the overall impact is the loss of 2,000 good jobs in Timmins, not just the 700 or so jobs in the plant. Again, these are really good jobs: instrument mechanics, computer technicians, electricians, welders, pipefitters, millwrights, metallurgical technicians. It's not just those jobs, it's all of the other service jobs and contracting jobs of small companies in Timmins that were also part of the operation—2,000-plus good jobs.

**1710**

Again, it's disturbingly like the forest sector. We will now mine the resource in Ontario, we'll take the resource out of the ground, but the resource will be shipped to another jurisdiction to provide the good-quality jobs. I'm trying to figure out, and believe me, hundreds of thousands of people across northern Ontario are trying to figure out, how this is a recipe for success, because it doesn't seem to be a recipe for success. It seems like we're setting ourselves up to go back to the condition we were in 50 or 60 years ago, where the resource was taken and shipped to another jurisdiction to provide good-quality jobs. I can tell you, the tens of thousands of people who have lost their jobs and lost their homes—and some of them have lost their families, and some of them, sad to say, have lost their lives—want an explanation about how this is a path to a better future, because they sure don't see it.

I was asked by a number of First Nations chiefs to raise some issues, and I'll want to raise the specific questions later. For example, Chief Donny Morris of Kitchenuhmaykoosib Inninuwug First Nation: Chief Morris is a very interesting fellow. He's very quiet spoken, he's very thoughtful. Oftentimes, when you have a meeting with him, he will sit for 15 or 20 minutes and just listen, and then he'll ask a very polite question. He's one of the most decent people I've ever met. But Chief Morris spent over two months in a provincial jail, in part thanks to your government, so he has some issues he wants raised.

One of them is that he can't figure out—he cannot figure it out for the life of him—

**The Chair (Mr. Garfield Dunlop):** Five minutes, Mr. Hampton.

**Mr. Howard Hampton:** —why the government of Ontario joined with Platinex Inc. in a lawsuit that attempted to sue a poor First Nation to the tune of \$11 billion, a First Nation where 85% of the people in that community live in poverty, as you and I would describe it, in terms of their incomes. He can't figure out why the lawyer representing the government of Ontario actually went to the hearing of the case and asked for a penalty against the First Nation that would "hurt" the First Nation—I quote. Your lawyer, the government's lawyer, asked for a penalty that would hurt the First Nation. The judge obliged. He put Chief Donny Morris and I believe it was four of the councillors in jail, and they stayed in jail for more than two months, until the court of appeal had a chance to hear the appeal.

I went down to the appeal. I went down to Queen Street and heard the three-judge panel, and it was

embarrassing to listen to, because frankly, Ontario didn't have a leg to stand on. They completely voided the decision to jail the chief and to jail the other councillors. I went to see Donny Morris in jail and I went to see the other councillors. I also went to see the 65-year-old grandmother who spent two and a half months in jail because the government of Ontario wanted a penalty that would hurt the First Nation. And I'm trying to figure out, what is a 65-year-old grandmother doing spending two and a half months in a provincial jail when all the First Nation did was to say politely, diplomatically, but very consistently, "We are not ready for mining activity in the territory surrounding our first nation"? They didn't say, "We're never prepared to consider mining." They didn't say that. They didn't say, "We are philosophically opposed to mining." What they said is, "Given the social conditions in our First Nation, given the economic conditions in our First Nation, we are not ready. We could not handle this. This would create real social problems in our community."

I'm still trying to figure out why your government would go and ask for a penalty to hurt people who are just being that honest and that upfront, and then put a 65-year-old grandmother in jail for two and a half months for doing what my grandmother might do or I might do. But it doesn't end there, because after the court of appeal voided the decision and said it was wrong to put the chief and council and a 65-year-old grandmother in jail for two and a half months, your government went to Platinex—and as far as I can figure out, I think the tally is now \$25 million and counting. You provided Platinex with \$25 million of compensation—

**The Chair (Mr. Garfield Dunlop):** Just a minute to go, Mr. Hampton.

**Mr. Howard Hampton:** Thank you.

It may amount to more than that, but the First Nation had to use money out of their housing budget, their health budget, their education budget and their sports and recreation budget just to hire lawyers to go defend them. When they asked your government for compensation, they were told no, and this all goes out of a mining claim, something that your ministry is responsible for.

The chief of Neskantaga wants me to ask you how it is that a mining exploration company could set up an illegal airstrip on crown land—all right?—an illegal airstrip. God, I look forward to the day where somebody says, "I'm just going to build an airstrip 20 miles outside of Toronto," and just do it and see what the hell happens.

But your ministry and the Ministry of Natural Resources did not say boo when an illegal airstrip was set up. He finally had to write to you, to the Minister of Natural Resources and the Premier and say, "Isn't anybody enforcing Ontario's laws when it comes to mining exploration?" Because, from his perspective, it doesn't seem so.

**The Chair (Mr. Garfield Dunlop):** I think that's your time, Mr. Hampton. Thank you very much. You'll have more opportunity after. That concludes the third party's time.

Now, Minister, you have another 30 minutes in which you can respond and add whatever you need to the comments you've heard or to your own comments.

**Hon. Michael Gravelle:** I appreciate the comments and the discussion that has already taken place. In fact, I think we're going to have a very interesting discussion in which we may not always, obviously, be exactly on the same page. I want to take the opportunity, particularly with the member for Kenora, to say that we indeed will be—

**Mr. Howard Hampton:** Kenora–Rainy River.

**Hon. Michael Gravelle:** Sorry, Howard. I'm not supposed to call you that, am I? The member for Kenora–Rainy River. These are all issues that we'll look forward to providing some more detailed responses on.

Let me say something, though, in a general sense. I do want to try to complete some more of my remarks—maybe I won't get them all in. Certainly in terms of the forestry sector, we are determined and we believe that we can play a significant role in revitalizing the forestry sector in the province of Ontario. There is no shortage of challenges. Decisions that were made in terms of providing even some of the incentives, some of them worked better than others. I sure won't argue the toss on that. In fact, before I was a minister, I was one of the members of the backbench and I was working very hard to fight for a number of things that I thought were right as well.

But we believe that, indeed, the measures that we're taking now, some of the measures specifically related to the forest tenure system and certainly the wood supply competition, are going to make a significant difference in terms of how the forestry sector is revitalized.

It's interesting hearing your comments. I appreciate the fact that you went to the forest tenure session in Dryden. I was at several of them myself. You're right. There certainly was a great deal of interest—and again, I think I referenced it in my earlier remarks that whenever there's a significant change, there's resistance, but there's resistance frequently—or perhaps we need to have a longer discussion so that each of us understands what direction we're going in. I think that, in some ways, that's what has happened here. I really do feel that, quite frankly, from our consultations with the public, from which came the recommendations in terms of the proposal to move forward with the modernization of the tenure process—the frustrations that have been expressed by yourself and other members of the Legislature over the years about how the system works now in terms of the licensing, the allocation and the pricing have been expressed over a number of years. I think there's no doubt that the modernized tenure proposal that's put forward now, which we are in the midst of discussing and consulting on as we speak with industry and with our aboriginal communities, with northern municipalities—we want to make sure that we get it right. We believe that indeed this is a reflection of what we're hearing needs to happen.

1720

I've had discussions with a number of people who misunderstood even the timing and the goals of what we

were doing with the forest tenure process. I believe that we have an opportunity to get this right with little changes, which is why we're focusing so significantly on testing the principles of that tenure model. I don't mean 10-year; I mean tenure. If we can test those principles in a couple of pilot projects, I think that's going to be a very important part of the process, so I appreciate that.

In terms of your general description, I know you also know—I would never be so rude as to suggest you were being remotely simplistic, because I know you wouldn't do that and I appreciate your understanding of the industry—clearly there has been a real sea change in terms of the realities of the forestry sector. There's no question. I remember when the dollar was 62 cents, not that long ago. When it rose up beyond that, obviously that made a huge difference. We certainly all know that there's a difference in terms of the industry. We believe that the industry is in a transformation, and indeed it is.

It's not to say that we aren't looking for some recommendations on how we can do it better, but I think the incentive programs that we've put in place were the best effort to find something that worked for industry and worked for the workers as well. The goal is to try to have as much opportunity as possible to get companies back up and running, and that's really been my focus.

I will certainly sit here and tell you that I am pleased that the Terrace Bay pulp operation is back up and running. It means that we're going to have 340 people who—this is an operation in Terrace Bay that you know well, that was pretty close to just being sold for scrap. You made references to the implications of a mill in terms of how it affects the sawmills, and you're quite right. The fact that we were able to position it under—with very strict conditions, the company was able to seek other financing and get out of CCAA responsibility. The fact is that they were able to get out of that and the operation is opening up. It's good news, and I'm sure you wouldn't argue with that; you're glad to see the workers getting back to work. Again, I appreciate you want to have a larger discussion about that, and that's fair game. Our ministry's focus is to make the best decisions we can to help the industry itself.

I want to make a reference, if I may, to Chief Donny Morris and to all the other First Nations chiefs I've worked with. I have a great deal of respect for Chief Morris, as well, and share your affection for him. He's a remarkable man. Again, our goal, particularly as we've worked our way through the modernization of the Mining Act, was to be working as closely as we could in a consultation process that was virtually unprecedented. I think we managed to do that. Certainly, that is taking place. There is no question that when you're moving through a piece of legislation that needs a significant adjustment, it's more challenging.

My perspective as minister is that it's important for me to have an honest, sincere relationship with the other people I'm working with. I certainly have that respect and trust for all the community leaders, including our First Nations, Métis and Inuit leaders in the province of Ontario.

I appreciate that we are going to have an interesting discussion over the next couple of days as we continue the rest of our discussion. As I say, we will be doing some work to try and get some responses to some of the issues that you've raised, and I appreciate that.

I probably won't get through the—I'm going to do my best. Maybe I'll talk faster.

**The Chair (Mr. Garfield Dunlop):** You can always let Mr. Delaney—he'll cover your stuff in his time as well.

**Hon. Michael Gravelle:** Thank you very much for your patience. Certainly, Mr. Hampton, member for Kenora–Rainy River, and certainly Mr. Hillier—I've forgotten your riding: Lanark—

**Mr. Randy Hillier:** Frontenac–Lennox and Addington.

**Hon. Michael Gravelle:** Both made reference to the importance of the forestry sector. Indeed they're right that in 2008 the provincial forestry sector did support almost 200,000 direct and indirect jobs and it did have annual sales of I think about \$14 billion. The tax contributions have been significant; historically, about \$2.3 billion, including \$800 million which goes to the province of Ontario.

There's no question that a very large number of communities in the province rely on the forestry sector. More than 260 communities do rely on the forestry sector to sustain their economies. Of those 260, more than 40% are considered pretty highly or very much dependent on the forest sector to survive. So when the sector is in trouble, it truly has a devastating effect.

I'm the MPP for the riding of Thunder Bay–Superior North and I've been working directly with and personally know a number of people who've been very impacted by the downturn in the sector and the impact on some of the operations. Again, I reference the fact that the opening of the Terrace Bay pulp mill is a good piece of news for 340 workers and their families, and it may have an impact on many more as we see this move forward. Pulp is at a pretty good price right now, and that's good news. I certainly have been through the downtimes as well.

Our goal—my goal, personally, but my ministry's goal—is to restore the competitiveness of the forestry sector. That's what I think you would expect us to do and expect me to say, and I mean it very sincerely. We want to support the communities in northern Ontario that depend on this sector. We've actually tried very hard through some of the other opportunities we have in our ministry, like through the northern Ontario heritage fund, to make some adjustments.

The member for Kenora–Rainy River made reference to the Xstrata situation. We were very involved in that very difficult discussion period of time. The Premier himself got very directly involved, and through the heritage fund we were trying to be extremely supportive of the community as well.

I think it's important for me to have the opportunity at this time to highlight what the mandate of our forestry division is and to give you some details on some of the

incentives that we have brought forward as one of our goals to help the sector. Our mandate of our forestry division is to provide leadership on initiatives to revitalize and to transform the forest products sector. We do have the responsibility, we believe, to advance industrial strategies, competitiveness measures and international trade to support a strong, prosperous and healthy industry. So we have made available about \$1 billion worth of programs to help the industry and others transform and diversify the products and the markets.

I made reference to the fact that, since 2005, we've put a number of programs in place. I'll outline some of the programs. The forest sector prosperity fund is a good example. About \$207.2 million has been offered through that fund. About \$127.9 million of that has been committed, and a number of mills have received a total of \$34.4 million. Our loan guarantee program: About \$141.4 million has been offered through that program. About \$104.9 million has been committed to 13 mills, and about \$28.7 million has been drawn. Those two programs have leveraged a total of just over \$887 million in new private sector investments, and each one of those successful ventures is obviously good news.

#### 1730

There was a reference made, actually, as a result of one of the questions from my colleague Mr. Hillier about the northern pulp and paper electricity transition program. This is a great program: \$113 million has been disbursed in nine mills through that program.

One of the really good stories, and one that, I suspect, all members here would acknowledge was a good one, is the uploading of road construction and maintenance costs, which had been downloaded by a previous government. This is one that has been extremely well received by industry. Again, I don't think there would be any argument from any of us. About \$329.7 million has been disbursed in road construction and maintenance—that's very important—and \$93 million in stumpage relief. I'm glad you're pleased by that amount—

**Mr. Randy Hillier:** That laundry list just keeps getting longer and longer.

**Hon. Michael Gravelle:** Again, I appreciate it. These are important programs that are making a significant difference for a sector that truly has been going through very challenging times.

I must admit that the uploading of the costs to the province of road construction and maintenance has been hugely helpful to the industry at a very, very difficult time; also, \$4.1 million in wood promotion and \$46.5 million in forest inventory funding for, obviously, better forest management planning.

I might reference, just because the member for Kenora-Rainy River brought it up, that there was a \$20-million loan in 2006 for the purchase of Terrace Bay Pulp, which was subsequently repaid, and, of course, the conditional \$25-million loan for the re-start of Terrace Bay Pulp. Again, we are pleased that indeed the operation is opening.

In essence, all those measures have flowed more than \$711 million in assistance to the forestry sector.

Another piece of good news that was in our 2009 budget, which all members—certainly in northern Ontario but certainly all our government members—were happy about was that the province committed \$25 million in the 2009 budget to support the creation of a centre in Thunder Bay for research and innovation in the bio-economy, with a focus on forestry. CRIBE, as it is known, the Centre for Research and Innovation in the Bio-Economy, is up and running.

It might be useful for me to provide at least one note of clarification about the disbursement of funds from the forest sector prosperity fund. To ensure appropriate accountability and appropriate diligence with public funds, we do have to ensure that legal agreements are in place. There has been some question about what money has actually been offered and what money has been taken up. The work on a project has to be completed before we reimburse the companies for their expenses. I think that's an appropriate way to do it.

In some cases, I think very much due to the unprecedented economic downturn, including the rather dramatic and continuing collapse of the US housing market, coupled with the global financial crisis, some of the companies have not been able to complete their projects and therefore draw on the funds for which they had been approved.

I made reference at the top of my remarks to the two issues of wood supply—the wood supply competitive process—and our forest tenure and pricing system review. These are two that we feel very strongly about. I think everybody in this room knows, but I'll repeat it, just to clarify: Tenure refers to the licensing, the allocation and pricing policy for forest resources. Certainly, tenure policy plays a major role in determining how forest resources are made available and to whom, and how those resources will be used.

It's relatively clear that the current forest tenure system is not working for everyone. The current system is one that makes it difficult for new players. One of our goals is to even the playing field. It makes it difficult for new players to enter the market and it leaves, I think, communities pretty vulnerable during economic downturns.

I referenced earlier in my remarks in this segment that during the consultations that we really began last fall, before we brought forward our preferred model, we heard from a significant number of individuals and organizations that were very much supporting change. Part of what they confirmed too, and we knew this, was that a significant part of Ontario's wood supply was simply not being used. Our wood supply competitive process, which we're now engaged in, was very much announced as a bridge to the tenure and pricing system. In that case, we are pleased with the number of applications that have come forward. About 115 have come in all; that's a lot of applications. It's been a tremendous amount of work to work through this process.

It's my understanding that ministry staff are very nearly finished evaluating the proposals against the criteria that were pre-established. Certainly, this is a

meticulous and complicated process. I think it's important to note that we are conducting both the evaluation and the selection process under the watchful eye of an independent fairness commissioner. That's obviously a very important way to go about this process.

The truth is, my ministry officials will confirm to you that I've been pressing them to move forward as quickly as possible, and, at the same time, they've been reminding me that this is a complicated process, but that's our goal. Our goal is to announce successful applicants as soon as we can, and I think it's probably fair to say publicly that we expect to announce successful applicants beginning in November. If it can be any sooner than that, that would be great. Are they wincing behind me?

The very fact that we need to hold a wood supply competition really demonstrates why we need a new tenure system. Holding a fair and transparent wood supply competition does take time, but meanwhile, mills are standing idle and jobs are going wanting. I think that's a good reason why we should have a system that makes wood available in a more timely manner. We want a system that I believe we'd all agree is more market-responsive to keep wood working. If mills close, the wood they were using should be available to someone else who can use it. It certainly should not be hoarded. That seems like common sense to most people and that is, indeed, why we want to establish a marketplace for crown wood.

The preferred framework that we have brought forward contains many of the suggestions we received through our public consultations, and that includes the recommendation to separate forest management operations from the mills themselves. It includes having more involvement by local and aboriginal communities. We've heard that strongly. Again, I've heard that in the Legislature over the years. Of course, like everything else, it's difficult if not impossible to incorporate all the suggestions because some of the interests are literally conflicting.

I believe strongly—and I know this is something that my colleagues in the northern caucus and many of my colleagues in my party support. They believe that this is the key to building a strong forest economy in Ontario. It's going to take us a while to get there. By basically making sure we have more local involvement, by leveling the playing field, so to speak, so we can allow new entrants into the field, and at the same time maintaining support for the existing industry—I mean, there's no doubt this is a challenging task, but I think those are the key priorities. I think we can make that work and we're doing our very best to do that.

The member from Kenora—Rainy River referenced the fact that in the public consultation he was at some people expressed pretty strong concerns, and that is no secret to us. We expect that kind of an open discussion. I can tell you that we are having very constructive discussions with industry to understand their concerns and jointly find solutions. I can say, without being very specific, we're making some really significant progress in terms of understanding what our goals are. I think it's important

from our perspective that we have a model that will substantially change the way we're doing things.

**1740**

As I mentioned earlier, we do think it's incredibly important to test elements of that framework in specific areas before we implement them on a broader scale. This is unquestionably an important step. It's going to take some time. We need to make sure that we do it right. I can tell you that, particularly in terms of testing the principles—I hope to be able to have something more to say about this publicly. In fact, I plan to have something more to say about it this fall.

In essence—

**Mr. Randy Hillier:** Tomorrow, in Thunder Bay.

**Hon. Michael Gravelle:** Well, there's an announcement soon; I think I told you earlier about it. It's very soon.

But certainly, together, may I say that I think the wood supply competition and the forest tenure and pricing modernization are key short-term and long-term initiatives in promoting the fullest and, we believe, the most innovative use of Ontario's wood so that we can continue to build a new forest economy.

Mr. Chair, I do want to ask you how much time I have left.

**The Chair (Mr. Garfield Dunlop):** You've got six minutes.

**Hon. Michael Gravelle:** Let me make some reference to the mining industry, particularly as there were some questions about that. I think some of the industry highlights would be useful.

Ontario is the leading jurisdiction for the production of non-fuel minerals in Canada. We are a major player in the world and we're on the way up. I know that's what my colleagues are wanting to happen. In 2009, Ontario accounted for 23% of Canada's non-fuel mineral production. There are about 23,000 people employed directly and another 50,000 indirectly in the processing of minerals in Ontario. It's not secret, exactly, but one of the great stories of the mining sector is the mining equipment supply and services sector. It employs at least another 25,000, and it's a huge part of the economy in the province, certainly in northern Ontario. I think that is a story that needs to be told even better.

Another very significant part about the mineral sector is that the mineral sector is the largest private sector employer of aboriginal people in Canada. There are some extraordinary opportunities that we are working very closely with our aboriginal communities and leadership on. There are some great opportunities, and that's where I make some reference to the Ring of Fire.

When the question was asked to me about the province's ranking—I believe very strongly that one of the really significant ways to look at Ontario as a leading jurisdiction is to talk about exploration. Ontario has led the country in exploration expenditures since 1995. We absolutely expect the province to be out in front once more in 2010, with estimated exploration expenditures of somewhere in the area of \$608 million. That is 28% of the country's total expenditures.

One of the things that I remember well, particularly when we were going through some announcements related to operations that were shutting down for a period of time—when the North American Palladium Lac des Iles operation near Thunder Bay, which produces platinum, shut down, the one thing that they made very clear was that they were going to continue in their exploration activities. They recognized how important that was. That's where some of the really good stories are coming from when we look at the opportunities for mines that have a life—and I know they're always very careful and small-c conservative about the projections in terms of mining life, but by the continual explorations, there are obviously significant opportunities to extend those.

Speaking of the North American Palladium Lac des Iles mine, it has reopened. It resumed production in April of this year. In fact, I think there's going to be sort of a celebration of that sometime in October. That's great news.

I think I made reference earlier to the Northgate Minerals Young-Davidson mine near Matachewan. That's a \$339-million project that is going to create 600 construction jobs, about 275 full-time mining jobs, once the mill is up. That's just positive news—plus an impact benefit agreement that has been signed between Matachewan First Nation and the company. It's just a great example of how there are so many things happening that are positive. I know it's often difficult, perhaps particularly for the opposition members, to focus on the positive things that are happening, but there are, and that's why it's great.

Another great story, of course, is Detour Gold's mine just north of Cochrane. This is an \$850-million project. We're talking, again, about 800 construction jobs, 400 permanent jobs to some degree. There's no question there that these opportunities are real and they're happening. I know, with Detour, they're looking forward to having an official sod-turning or ground-turning some time this year; I think that's their goal.

The long and the short is that our ministry continues to work incredibly closely. I may not get a chance to do this, so maybe I'll do it now. We are blessed in our ministry with remarkable public servants—Deputy—and I'm so grateful for the hard work they do. They are so very, very dedicated. There are many challenges in our ministry as well, but we've got people who are very dedicated.

When I was talking earlier, may I say, about our ministry staff all across the north, one of the great pleasures of being the Minister of Northern Development, Mines and Forestry is that when you go into any one of those communities and talk to the municipal leaders and business leaders, you cannot go to that community without them telling you how much they appreciate the staff work being done by the northern development officer in the community. It's wonderful; it's great. These are people who are connected to the north and connected to their communities. It means a great deal to them to work to see the greatest possible benefits. So I certainly want to thank all of our ministry staff at every level for their strong dedication.

**The Chair (Mr. Garfield Dunlop):** That's your time, Minister, for this—

**Hon. Michael Gravelle:** That's not a bad way to wrap it up, then, because I did want to have that opportunity to thank the dedicated staff.

**The Chair (Mr. Garfield Dunlop):** Okay. We'll go, now, to the official opposition for 10 minutes today, and then we'll adjourn and start again next Tuesday. Mr. Hillier, you have 10 minutes.

**Mr. Randy Hillier:** First off, I just want to reiterate and make sure—previously, I asked for a list of those expenditures out of the services column. So if you can get that for me, preferably before we meet next time.

**Mr. David O'Toole:** Could I just clarify, actually, Mr. Hillier? There were three questions that you had that we're pursuing answers for. One was on services, one was on the roles and responsibilities with respect to the roads capital budget, and one was on what's being done with respect to productivity in the forestry sector—

**Mr. Randy Hillier:** Right.

**Mr. David O'Toole:** Those are the three that I captured that we're endeavouring to get to you quickly.

**Mr. Randy Hillier:** Thank you very much.

The minister said that the current tenure system is not working for some, but of course, it's not working for fewer and fewer, because we have fewer and fewer people in the forestry business.

**Hon. Michael Gravelle:** You're just too pessimistic.

**Mr. Randy Hillier:** I'm going to say this—I was speaking to Phil Ito and Sandy Grella. They're a small operation in my riding. It wouldn't even show up on the radar of northern development, but they own a little outfit called Lanark Cedar. I think their problems encapsulate what's happening in the greater field.

I was talking to them last week. They no longer saw logs at Lanark Cedar. They purchase sawn lumber from others, but they no longer purchase sawn lumber in Ontario. They source their lumber from Quebec, New Brunswick, Maine and New Hampshire. They don't get it here anymore. Their operations have contracted and reduced in size. The cost of doing business in this province is putting them out of business. However, they can still get their material from others, and even the lumber they're getting that's sawn in Quebec may be coming from Ontario, but we're not sawing it here, and pretty soon we're not even going to be doing the value-added that Lanark Cedar does as well.

As the member from Kenora–Rainy River mentioned, he sees these mills open in the United States and other jurisdictions. I, too, drove around this summer, and went down to New Brunswick, and guess what? The pulp and paper mills are all still open in the St. John River Valley. From Edmundson and Woodstock to Saint John, they're all still operating, and ours are closed up. This is not just the worldwide economic downturn. We are doing things specifically in this province that are harming our forestry industry and, indeed, all industries.

**1750**

As I heard the minister go through his laundry list of millions of dollars being spent in programs, the one thing

I didn't hear was any concrete or tangible efforts, regulations or removal of obstructions and obstacles for people like Phil Ito and Sandy Grella. What are you doing so that they can remain competitive? What are you doing to eliminate those things that are making it too costly to do business in this province—not just stroking out cheques, but actually doing things? I want the minister to maybe contemplate that. I only have 10 minutes for today but maybe we'll follow up on that next week.

There's one other subject that I wanted to put on the record for the minister to consider. Every municipality in northern Ontario for decades now has been saying that economic development in northern Ontario is reliant on crown land. For decades now, they've been asking the government to facilitate a process that crown land can be used for economic development. Here's one that was sent to the MNR—I'm sure you've got a copy of it as well, Minister—from February 2008 from Garry Parkes, president of Kenora District Municipal Association. It's a document of how crown land could be sold to improve economic development and, indeed, it's required. To have economic development in northern Ontario, we need to use our crown lands better, and we're not doing it.

I think it's important—and maybe this is a question for you. I'm sure your ministry recognizes crown land. To realize some value out of crown land, there needs to be some mechanism to sell it to private people. In this document are crown lands within municipalities. Is your ministry looking at facilitating the disposition of crown land within municipalities in northern Ontario to give them that leg-up, to give them those opportunities for economic development? They have it all listed in here how they could benefit if they had ownership of the crown land within their municipalities. Are you doing anything about it? And if not, why not?

**Hon. Michael Gravelle:** If I could respond to your—

**The Chair (Mr. Garfield Dunlop):** You're down to six minutes now. Sorry, down to four minutes.

**Hon. Michael Gravelle:** Four minutes?

**Mr. Randy Hillier:** Cut him off at three.

**Hon. Michael Gravelle:** You'll find a way.

If I could respond to the first point you made, you're right. We'll get into some further discussions as we have more time next week. One of the real goals of our tenure reform process was indeed to—I've used the expression a couple of times—level the playing field; obviously, access for some of the smaller operators who have been disadvantaged by the fact that the vast majority of the forests in the province of Ontario are being controlled by very few larger companies. That's generally how it's been operated in the past. So that's one of our key goals with the modernization of the tenure system and that's something that we are very keen to make happen.

There have been some discussions related to a cooperative model which have been actually moving things forward in a positive way. But certainly, I'll be very happy to discuss that in more detail with you next week.

**Mr. Randy Hillier:** My question, though, is about this crown land. Are you working with municipalities to

move the sale of crown land within municipalities over to their jurisdiction? And if not, why not?

**Hon. Michael Gravelle:** I'm not sure I've seen that document. In essence, I believe that is the responsibility of the Ministry of Natural Resources. I can tell you that I've had a number of discussions, certainly as an MPP, with a number of my own municipalities which were interested and have had those discussions. I know that there have been a number of discussions related to crown land, particularly cottage lot development in terms of crown land and efforts being made to move that forward, as well.

Again, one of the things I've always found most interesting, particularly since I've had the privilege of being the minister, is that while we have a very clear focus and very clear responsibilities, to some degree there is an expectation—and you're showing it, and I think the member for Kenora-Rainy River is as well. Regardless of whether it's our ministry's responsibility or not, there's an expectation that if it relates to economic development in the north, we have some involvement in it, and indeed we do. That's why, to some degree, when I'm meeting with municipal leaders at the AMO annual meeting—the Association of Municipalities of Ontario—we're not always just discussing issues related to my ministry. We're discussing issues such as that. So we can be a liaison, in many ways, between ministries, particularly if it relates to economic development, so that's one of the things that we do.

**Mr. Randy Hillier:** Minister, at the outset, you said the MNDMF was the only regional ministry—

**Hon. Michael Gravelle:** Correct.

**Mr. Randy Hillier:** —in this Ontario government—

**Hon. Michael Gravelle:** That's right.

**Mr. Randy Hillier:** —and that your job was to be the advocate for that region.

**Hon. Michael Gravelle:** Absolutely.

**Mr. Randy Hillier:** Those are your words. This document has been around for some time. People in the north, all our municipal leaders in the north, recognize that their economic development requires access to the crown lands within their municipal boundaries. Nothing is being done. Are you advocating for crown lands within municipalities—that the municipalities have access to them in a fair and timely fashion? And if not, if you're not advocating for that, why aren't you?

**Hon. Michael Gravelle:** As I was—

**The Chair (Mr. Garfield Dunlop):** You know what, gentlemen? I think that's a question we'd better start answering at the beginning of the next round, next Tuesday morning, because the 10 minutes are half up and we're approaching 6 o'clock quickly.

*Interjection.*

**Hon. Michael Gravelle:** No, I was ready.

**Mr. Randy Hillier:** We've still got five minutes on the clock.

**The Chair (Mr. Garfield Dunlop):** Yes, but that clock's a bit slow. Sincerely, it is.

**Hon. Michael Gravelle:** Thank you.

**The Chair (Mr. Garfield Dunlop):** With that, ladies and gentlemen, we'll adjourn today's meeting. I want to thank the minister once again, and I want to thank the staff of the ministry for being here as well.

**Hon. Michael Gravelle:** Thank you.

**The Chair (Mr. Garfield Dunlop):** The meeting is adjourned until next Tuesday morning at 9 o'clock.

*The committee adjourned at 1756.*



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