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

**Tuesday 5 October 2010**

## **Journal des débats (Hansard)**

**Mardi 5 octobre 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  
Greffier: Douglas Arnott

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON ESTIMATES

## COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Tuesday 5 October 2010

Mardi 5 octobre 2010

*The committee met at 0902 in room 151.*

### MINISTRY OF NORTHERN DEVELOPMENT, MINES AND FORESTRY

**The Chair (Mr. Garfield Dunlop):** Good morning, everyone. We'll call the meeting to order. We are now resuming consideration of the estimates of the Ministry of Northern Development, Mines and Forestry, vote 2201. There's a total of five hours and 19 minutes remaining. When the committee last adjourned, the official opposition had completed 10 minutes of its first round of questioning. There are 10 minutes remaining in the round. I now recognize the official opposition. Mr. Hillier, you have up to 10 minutes.

Minister, I welcome you again here this morning, and all the folks from your office at the Ministry of Northern Development and Mines.

Mr. Hillier, the floor is yours.

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

**Hon. Michael Gravelle:** Good morning.

**Mr. Randy Hillier:** Thank you, Minister. I wanted to first start off on some questions about your recent announcement on the Ring of Fire. What I understand is that the new Ring of Fire coordinator is the old ADM for minerals and mines. Is that correct?

**Hon. Michael Gravelle:** Sorry?

**Mr. Randy Hillier:** She previously was the ADM for mines and minerals?

**Hon. Michael Gravelle:** Yes, indeed.

**Mr. Randy Hillier:** In her role as ADM for mines and minerals, surely that position had significant involvement with the Ring of Fire. Is that correct?

**Hon. Michael Gravelle:** Yes, I think that's fair to say.

**Mr. Randy Hillier:** This new position for a previous employee, the ADM, really isn't a new position for this person, is it? She's doing essentially the same role as what her position was as ADM for mines and minerals.

**Hon. Michael Gravelle:** Well, there's a substantial difference. Certainly, I was very pleased that in the 2010 budget, the government announced that, indeed, the Ring of Fire was part of our Open Ontario plan and that we are viewing this as one of our priorities in terms of economic development in northern Ontario, but also that we would be appointing a permanent position as a Ring of Fire coordinator. We felt that—

**Mr. Randy Hillier:** What is the salary range for this position?

**Hon. Michael Gravelle:** I'll ask the deputy for that response.

**Mr. David O'Toole:** The high end of an ADM's salary in the public service of Ontario is about \$167,000. That's what a senior ADM makes.

**Mr. Randy Hillier:** No, but as the Ring of Fire co-ordinator—the same salary range?

**Mr. David O'Toole:** This is a public service appointment with the rank of ADM, assistant deputy minister, so that's the salary range for that position.

**Mr. Randy Hillier:** Okay, so—

**Hon. Michael Gravelle:** Anyway, obviously we were very pleased that, indeed, there would be a permanent position in terms of the Ring of Fire coordinator. We recognize that this is a very exciting development, obviously, in terms of future economic development opportunities for so many communities, so many First Nations and so many municipalities. But we recognize that this is a process that certainly has to be managed in a very careful and proper fashion.

There are lots of factors at play, but when we had the opportunity to seek a permanent public service position with the Ring of Fire coordinator, there was a great deal of interest in the position, and there were a number of people who applied. As it turned out, one of them was a present ADM, Dr. Kaszycki. She was successful, and I think we're very fortunate to have her in that position.

**Mr. Randy Hillier:** I guess we'll go back. In my first question, we talked about the lack of consultations on the Far North Act, the cancelled consultations. Now we see, once again, members of the First Nations in northern Ontario being very critical of lack of consultations on your part with the appointment of the coordinator for the Ring of Fire. There's been significant discussion out there. Grand Chief Stan Beardy was very clear that there was no consultation by MNDMF with NAN on the appointment of this Ring of Fire coordinator.

This coordinator is supposed to bring diverse people, groups and interests together and see through the development of the Ring of Fire, and you've started off in the same way it was left off with Bill 191: no consultations again with a significant group, the First Nations in northern Ontario. Minister, why did you not brief and include NAN in the discussions of the Ring of Fire coordinator?

**Hon. Michael Gravelle:** Well, I do think there's significant support for Dr. Kaszycki's appointment, and I can tell you that in terms of—

**Mr. Randy Hillier:** But why did you not consult? Why did you not discuss?

**Hon. Michael Gravelle:** This is a public service position. It was clearly stated at the time that it was a public service position, as the deputy pointed out, at the assistant deputy minister level. Certainly, we could not have been more conscious of the need to—and I speak as somebody who obviously wasn't involved in the hiring process at all. But clearly what was important from all of our perspectives was that we were able to choose somebody who could work very closely with the First Nations, and obviously work with the companies—

**Mr. Randy Hillier:** But you've already hampered her. You're talking about having her working very close. You've already tripped it up by not having a significant part—the First Nations—being involved and having some level of influence. That's put the new Ring of Fire coordinator in a very difficult position to begin with. Don't you agree?

0910

**Hon. Michael Gravelle:** I think the position as it will now be taken over by Dr. Kaszycki will be one where she, in many ways, is in an extremely positive position to work with all the organizations, groups, stakeholders, municipalities and First Nations as a result of her experience. Again, I can't speak to the reason why the decision was made by the hiring committee. It was clearly a complicated process but it was a process run by the public service.

In terms of the experience that Dr. Kaszycki has with First Nations, it's a very positive relationship that she has built up, and that we have built up over the years. I think we're fortunate to have somebody with her particular skill set and her relationships that she has built up with the companies that are involved in the Ring of Fire, with the First Nations, with the Métis Nation of Ontario, with municipal leaders. I do believe that with her skill set, particularly her background as well, she will be able to work in a very positive way.

**Mr. Randy Hillier:** I guess that's what comes to the crux of the question here. She has a long history of being involved with First Nations, being involved with companies, prospectors, developers and municipal governments. She has, in effect, had the responsibility, as part of her previous job, as being a coordinator, of being a person who would facilitate development of mining in northern Ontario.

We have seen that our rankings have dropped considerably as a mining jurisdiction. Where other provinces have increased their favorability as mining jurisdictions, we have gone the other way. This person had been part and parcel of the failed mining policies in northern Ontario and now she has become elevated to the same position. She has moved from one desk in MNDMF to another desk in MNDMF with the same mandate, the same responsibilities, the same stakeholders, and we're expecting a different result?

**The Chair (Mr. Garfield Dunlop):** Two minutes to wrap up here, guys.

**Hon. Michael Gravelle:** You know, we discussed this during our last session, Mr. Hillier. The fact is that—

**Mr. Randy Hillier:** But that's true; she has all the same stakeholders—

**Hon. Michael Gravelle:** Mining in Ontario, the investment climate in Ontario, is very positive. We are very excited, certainly—

**Mr. Randy Hillier:** We're down to below—

**Hon. Michael Gravelle:** You referenced a report that was brought out last fall that does not recognize the modernizing of the Mining Act, which has made a significant difference as well in terms of providing clarity to the mining sector and also building and consultation about the mining sequence in terms of providing some stability, let alone the fact that the Ring of Fire development itself wasn't part of that.

There are examples upon examples of positive mining developments in northern Ontario, in particular, but certainly in the province of Ontario, which I think belie what you're saying. The fact is that we are excited about the opportunities that are there—

**Mr. Randy Hillier:** Minister, the question is, we've got the same person doing the same job at a different desk, and you're expecting the same results.

**Hon. Michael Gravelle:** It's not the same job at all. This is a very significant position, as I think you'd recognize. This is probably one of the greatest economic development opportunities we've had in the province of Ontario for the past 100 years—

**Mr. Randy Hillier:** I'm sure it's a great opportunity, and we're going to lose it if we continue with the same actions.

**Hon. Michael Gravelle:** I think we're very fortunate to have Dr. Kaszycki. You know, I can tell you that there's a great deal of support. People like Chris Hodgson from the OMA are also working with us very closely on a number of mining development opportunities, and many others as well—

**Mr. Randy Hillier:** We'll have another 20-minute go to explore this.

**Hon. Michael Gravelle:** Yes, I'm sure we will.

**The Chair (Mr. Garfield Dunlop):** All right, that wraps that up. We'll go on to the third party for 20 minutes. Mr. Bisson?

**Mr. Gilles Bisson:** Good morning.

**Hon. Michael Gravelle:** Good morning. How are you doing?

**Mr. Gilles Bisson:** Not so bad.

**Hon. Michael Gravelle:** Good.

**Mr. Gilles Bisson:** Just to pick up on a comment that was made earlier by yourself in regards to how great things are in mining, I just can say, "Thank God for \$1,300 gold," because anybody can make money on \$1,300 gold, and certainly what you're doing is not helpful, let me say.

Let me ask you this question directly: Are you trying to force First Nations into a confrontation in northern

Ontario when it comes to the Ring of Fire? Is that the intent here?

**Hon. Michael Gravelle:** We are working very closely with First Nations. I think you are, I'm sure, well aware of the letter of intent that myself and Minister Jeffrey signed with Webequie First Nation and Marten Falls First Nation a couple of weeks ago.

**Mr. Gilles Bisson:** So you really don't have a clue about what you're doing? Minister, if I seem a little bit irritated now, this is the sense that we have in northern Ontario. There's a consensus that has been built in northern Ontario for probably the first time—you're from the north and you know this as well as I do. People want development. Both non-aboriginals and aboriginals want development of the Ring of Fire, or anywhere else in northern Ontario for that fact, but if there is to be development, it has to be done in some kind of way that protects our environment—that we don't throw the baby out with the bathwater, as they say. But the key is that everybody agrees that First Nations have to benefit.

I'm asking you the question: Considering what you've done around Bill 191, considering what you've done about appointing the czar of the Ring of Fire without any consultation with First Nations, and considering what you've done in negotiating an agreement with Webequie and Marten Falls, knowing that other First Nations are offside, are you trying to set up a confrontation around the Ring of Fire? Is that what your end policy is here?

**Hon. Michael Gravelle:** We are working closely, and certainly I am, as minister, and our ministry is in particular working very closely with all the First Nations who are directly, if not indirectly, impacted by the opportunities in the Ring of Fire development. Our priorities are very much the same priorities, which are to see that the greatest benefits come to all. This is certainly something that we are focused very strongly on. That's why we were so pleased to obviously have a Ring of Fire coordinator position provided for us in the budget and that's why we're so pleased to have who we think is a very first-class coordinator who can bring all the elements together.

I am working with the First Nations, with the Métis Nation, with the communities, with the companies to try to bring the people together. I think that is certainly the challenge and the opportunity at the same time.

My relations and our ministry's relations with First Nations related to the Ring of Fire, let alone other opportunities in the mining sector, are very positive—

**Mr. Gilles Bisson:** They're not positive, Minister. Why, then, would the chief of Nishnawbe Aski Nation come down to Queen's Park as he did two weeks ago, along with chiefs from various communities, along with Grand Chief Stan Louttit from Mushkegowuk, and why would Grand Chief Stan Beardy say in the media that your government, quite frankly, doesn't have a good relationship with them? Why do you try to say one thing when completely the opposite is true?

My point to you is—and I ask you again—are you purposely trying to create a confrontation in northern Ontario when it comes to development?

**Hon. Michael Gravelle:** We are determined to maintain and to build on the positive relationships that we—

**Mr. Gilles Bisson:** There isn't a positive relationship, Minister. They're mad at you.

**Hon. Michael Gravelle:** Listen, I can tell you that, obviously, as you would know, I know and respect Grand Chief Stan Beardy greatly. We have worked together and continue to work together on a number of positive initiatives. There's some work going on right now that I can't discuss at this point because we're not yet in a position to announce it, but it is extremely positive in terms of future development in northern Ontario.

There's no question that this is a delicate process; I won't deny that. But I can tell you that my relationship with Grand Chief Beardy, as it is with all the chiefs, is a respectful one. I recognize it's important to build on trust. I think, as you know, I was up in four First Nation communities this past March in the Ring of Fire area, and we are working on memorandums of co-operation with a number of those communities. That's the kind of work that we know needs to be done.

So it's important, from my perspective as minister, as it is for our ministry—and I'm sure I can speak on behalf of the deputy and our coordinator, Christine Kaszycki, that indeed we recognize that this is a process that needs to be managed well and managed correctly. I believe that we have a great opportunity here, and if we work together, as I know we can and we will, we can move this extraordinary project forward. That's the goal.

**Mr. Gilles Bisson:** Can I ask you the question again, Minister. Just yes or no: Are you trying to create a confrontation? Yes or no?

**Hon. Michael Gravelle:** As I said, what I can tell you is that we are determined to work in a positive fashion with our First Nations, and we are doing so. I am certainly doing so. I can speak for myself, I can speak for our ministry. We recognize that indeed this is a very, very tough—

**Mr. Gilles Bisson:** It isn't tough, Minister.

0920

**Hon. Michael Gravelle:** Tough in the sense of pulling all these elements together, with a recognition of what the priorities are.

**Mr. Gilles Bisson:** With all due respect, you've had an opportunity to give a fairly lengthy answer to a question where I asked for a yes or no.

It isn't very tough. There is a consensus out there that if we move forward with development, First Nations need to benefit.

**Hon. Michael Gravelle:** Absolutely.

**Mr. Gilles Bisson:** And when I talk to them—I don't care if it's the chambers of commerce, if it's municipalities, or I talk to the mining industry or I talk to First Nations—everybody is on the same page when it comes to that issue. They're left scratching their heads and wondering where the heck you are. We're starting to think your job is the minister of spin; it's not the Minister of Northern Development and Mines trying to create development in northern Ontario. Your job is to put a best

face on what is a pretty inept policy when it comes to dealing with First Nations.

Now, my point is—

**Hon. Michael Gravelle:** Well, I disagree.

**Mr. Gilles Bisson:** I'm going to get back to my question.

**Hon. Michael Gravelle:** Well, I do disagree.

**Mr. Gilles Bisson:** Okay, that's fine. So I'm asking you the question: Is it, yes or no, your intent as a policy of this government to create a confrontation on the Ring of Fire development? Yes or no?

**Hon. Michael Gravelle:** What I think needs to be said is that there is clear evidence from our perspective, in terms of our ministry, that we are building positive relationships with our First Nations communities and with the Métis Nation of Ontario as well, and the positive evidence is there by the number of agreements that are in place and that we're working on. We are working on, as I said, the letter of intent with Webequie and Marten Falls. We are working on a memorandum of co-operation with Eabametoong. We're working on other memorandums of co-operation, as well.

The fact is that the evidence is—actually, perhaps I shouldn't say "evidence." The point that I need to make as strongly as I possibly can is that I believe very strongly we have a very positive relationship—certainly our ministry does—with the First Nations, and while there are sometimes disagreements over the approach, the fact is that we are moving forward, and that's how I am determined to do so. This is an extraordinarily exciting opportunity. It does need to be managed in a proper fashion. We are determined to do that. That's why we have a Ring of Fire coordinator put in place, to pull those elements together, and I am very confident that indeed we will continue to move forward, as we have been.

**Mr. Gilles Bisson:** Well, listen. You talk about a great relationship. A press release put out last week by Stan Beardy, grand chief of Nishnawbe Aski Nation, in regard to the Ring of Fire coordinator, says, "The Premier of Ontario continuously talks about this so-called 'new relationship'"—I underlined the words "so-called" for a reason—"with First Nations and yet again he unilaterally makes a decision without consultation with NAN First Nations. We are disturbed that the Premier can express his willingness to create a true partnership and yet leaves us" out in the cold on a critical process.

This might be a little bit strong, but how many times are you going to slap them in the face? You know they're upset over Bill 191, you know that they're upset in regard to the appointment that you just recently made—not that it's not a good idea; having a coordinator makes some sense, and the individual might very well be the right person to have there. That's not my argument. But certainly to God we understand that if there's going to be development in the Ring of Fire, there has to be a buy-in on the part of First Nations.

What I'm really left wondering is, where the heck is the government's head at? De Beers, when they started their process of developing their mines up in Attawapiskat,

understood this point quite well, and they said right at the beginning, in order to deal with it, "There will be no development unless the First Nation says yes"—period. Then it took eight years, or six years, whatever it was, for us to go and negotiate the IBAs that made that mine possible.

But the point is, if De Beers Canada, of all people, can understand that they couldn't move forward without the buy-in of First Nations, and more importantly, they understood that they needed to have a positive relationship with First Nations, why can't the government of Ontario do the same? Why are you slapping them every time you get a chance?

**Hon. Michael Gravelle:** Certainly, you used the De Beers Victor diamond mine as a good example, and it's a great example. There is no question—

**Mr. Gilles Bisson:** Well, then, why don't you use what has been learned out of De Beers?

**Hon. Michael Gravelle:** Let me use the example of the modernization of the Mining Act. We certainly used the model that was put in place by De Beers as the basis on which we provided for consultation all the way through the mining sequence. We have worked very, very closely with the First Nations and the Métis Nation of Ontario in terms of the modernization of the Mining Act. I'm sure you're familiar with that. We had a process by which we worked closely with the political confederacy, which included Grand Chief Beardy.

**Mr. Gilles Bisson:** Minister, we're running out of time. How much time do I have, Chair?

**The Chair (Mr. Garfield Dunlop):** Ten minutes.

**Mr. Gilles Bisson:** Oh, we have lots of time. Carry on, and I'll make my point—

**The Chair (Mr. Garfield Dunlop):** You get this afternoon, too.

**Mr. Gilles Bisson:** Yes. Carry on, Minister. Sorry, I thought we were out of time.

**Hon. Michael Gravelle:** There has been a history, certainly with our ministry, of working closely with First Nations. When we look at the example of the modernization of the Mining Act, I think it's a good example of how we were able to work closely with them.

The fact is that the Ontario public service hiring process is exactly what it is: It's the Ontario public service hiring process. The deputy can probably speak to that in a more specific way, if that's helpful to you, but the fact is that we recognize that indeed this coordinator position is one that's incredibly important in terms of working with all the partners involved in this process. The challenge clearly was to find someone who would be able to work with everyone. I believe that we have built up very good relations in a number of areas, certainly with Grand Chief Beardy and other First Nation leaders. We're going to continue to do so, and I think Dr. Kaszycki will be an excellent person to do that job.

**Mr. Gilles Bisson:** Minister, I can bring before committee all of the First Nation leaders you talk about and they'll tell you quite a different story under oath. They're not having a good time with you.

My argument is not with your ministry. You've got some really competent people who work in your ministry. My fight is not with them, because I know them to give good advice. My question becomes, why is the government not taking the advice? Why has it decided that it knows best what to do in northern Ontario when it comes to the development of the Ring of Fire? It's not listening to the very people who are going to be affected—first of all, the First Nations and northerners who live there, but just as importantly, the people who work within the ministry, who I know are certainly not giving you advice to do some of the things that you've done up to now in regard to how you have stickhandled some of these issues.

I want to be quite clear. There's nobody—I shouldn't say "nobody"—there's hardly anybody in northern Ontario who doesn't want the development of the Ring of Fire. We can all agree.

**Hon. Michael Gravelle:** I believe that's true.

**Mr. Gilles Bisson:** And as I travel and I as talk to people in various communities, as you do, from Thunder Bay to Red Lake to Timmins to Kirkland Lake, and people in the First Nations communities across the north, we're all on-side in the sense that we want this development to go forward. But we've built a consensus and we've learned from the experiences of De Beers, we've learned from the experiences of OPG, we've learned from the experience of Musselwhite and others before, who have had to go out and figure out how to develop these projects in such a way to give First Nations comfort.

I'm just, quite frankly, shocked that where we're at now is further behind than we were when this government took office when it comes to dealing with the issues of First Nations. Here's the danger, and I'm sure there are a lot of people who will bear this out in the north: What we have going on now in the Ring of Fire is that we have some really interesting activity, as far as advanced exploration. We haven't got a mine yet, but we probably will, at the end of this process, end up with some mining activity. So we know that's going to happen, but we've got a provincial government that says, "Well, what we need to do is sign a deal with Marten Falls and Webequie, and everything will be fine."

There's going to be a road, a winter road, a rail; there's going to be something that gets you to the Ring of Fire development, which means you're going to have to go through other First Nations territories. And those other First Nations are saying, "No, there's not going to be any development because we don't agree with what you did under Bill 191." So what we could end up with is First Nation fighting First Nation over the process of development on the Ring of Fire, and then—hopefully not, but it could happen—we'd end up, non-aboriginals to aboriginals, fighting over the development. I don't see who wins in that particular scenario, especially when there is a consensus at the front that we should do this right.

I just say to you again, Minister, is it the intent of this government to have this confrontation? Is that what you

want? Do you want a political fight in northern Ontario that, at the end of the day, will pit First Nation against First Nation, non-aboriginal against aboriginal? And if so, why would you want that? Why are you doing what you're doing?

**Hon. Michael Gravelle:** I'm sorry that you view it that way, in a somewhat negative way. I do know, from the time we've worked together over the years, that you also want to see that development move forward. I appreciate your question. We understand that this is a complicated process. I'm not pointing to the letter of intent signed between Marten Falls and Webequie as the end of the story; it's part of the process. We are working with all First Nations. We need to do that. I have a far more optimistic point of view than you do, obviously, about how we can achieve that. Certainly, that letter of intent was significant. There's no question we're going to keep working together. But there are many other communities that are involved—

**Mr. Gilles Bisson:** Who are off-side, at this point.

**Hon. Michael Gravelle:** —and I'm committed to continuing to work with them closely.

**0930**

I believe that the appointment of our Ring of Fire coordinator is going to move things forward in an extremely positive way, and I believe that we can make this process move forward.

The goals are, as we agree, to see benefits go to everyone, particularly, may I say—perhaps first and foremost the First Nations, who are most directly impacted by this. There's an opportunity for them, their community and their younger people to see opportunities. We've put measures in place—the skills training program—and now there are other measures in place to try to make sure that we are prepared for this opportunity.

I have a more optimistic point of view about the process. I'm not in any way suggesting that there aren't going to be some real challenges, but the fact is that we are committed to working with the communities, with the First Nations and with the leadership to try and pull this together

I recognize all the pieces that you've described as being actually relevant, and we're going to keep working together.

**Mr. Gilles Bisson:** Minister, just to—

**The Chair (Mr. Garfield Dunlop):** Four minutes, guys.

**Mr. Gilles Bisson:** Thank you.

Let me just finish with these comments. I look at the experience that we went through with De Beers Canada, and it wasn't just a question of Attawapiskat saying yes to the project. Every other community along that corridor had to say yes. Why? Because there needed to be a winter road. There needed to be power lines and telecommunications lines brought through the territory of various First Nations. The only reason it happened, in my view, is because De Beers made a decision at the very beginning that was essential to the development of that project, and that was that it would only happen when the First Nations

said, by majority, in a referendum in their community, “Yes, this project is going to go forward.” They weren’t going to do it without the consent of First Nations. That provided the backdrop necessary for De Beers then, in a very long process—and I agree with you, not an easy one—to negotiate what eventually became IBAs, and not just with Attawapiskat—IBAs being impact benefit agreements, for those who don’t know. But they had to do that with Kashechewan. They had to do that with Fort Albany. They had to do that with Moose Cree.

My point is, De Beers Canada understood right at the beginning that they had to find a way to raise the comfort level of First Nations to be able to get to the table to negotiate those agreements that eventually allowed the mine to go forward.

What you’ve essentially created here is that we’re already seeing the division within NAN territory, where some are pretty upset—and we know that there are communities that are going to be affected by whatever right-of-way passage we do for either rail or road or whatever we decide to do to service that site. So what we’ve done is, we’re starting from a point of conflict, where at De Beers we didn’t start from a point of conflict; we started from a point of, “Okay, let’s acknowledge that you live here and you’ve got to benefit, and we’re not going to go forward unless you like this.” That’s not what we’re doing in this case.

In the case of De Beers—and it’s my four minutes. You’ve taken most of my time in speaking, and that’s what good ministers should do, and I commend you for that. You understand how this works.

The point is that you need to start from a point of comfort for everybody, and at the end of the day I fear that, because we’re already starting to hear it from those people who are pretty knowledgeable about what’s going on within the First Nations and within the business community, we may very well end up, as a result of all of this—and I’m hoping this isn’t the case, because God, I don’t want to be in that position—in a conflict between First Nations over development among themselves and a conflict with non-aboriginal communities as a result of the development being held up because other First Nations aren’t comfortable in the process that you set out.

I just want to say at this committee that if that happens, it’s on the feet of this government, because you have been warned I don’t know how many times that there is a consensus in northern Ontario to go forward, and for whatever reason, you chose not to accept it.

**Hon. Michael Gravelle:** If I can respond to that, the fact is that we are seeing a greater and greater understanding that indeed, the example of De Beers with the Victor diamond project is one that’s being used very much as a model. We’re seeing example upon example of companies coming in and recognizing the need to work very closely at the very front end with the First Nations, and and putting those into play.

You know the example of the Young-Davidson mine, the Northgate Minerals project in Matachewan. It was great to be at that opening on September 10. Again, it

was an example of an impact benefit agreement being signed with Matachewan First Nation, which is allowing this project to go forward in a very co-operative fashion. I can tell you that I think it’s clear to all of us that this is a model.

That’s why we are pleased with the modernization of the Mining Act, because it’s built in—aboriginal and treaty rights are certainly recognized in the preamble of the legislation, as you know. We built in consultation all the way along the mining sequence. There was a much greater understanding that in order for projects to move forward, there needs to be this relationship that’s developed. So that’s something that we are looking to help coordinate. That’s where the Ring of Fire coordinator position is a vital one. Again, I think it’s one that will be crucial to this project moving forward.

There are lots of pieces to this project, and we want to be able to move forward in a highly co-operative fashion. That’s certainly our commitment as a ministry, and I’m looking forward to the work that’s going to go into it in the next short while.

**The Chair (Mr. Garfield Dunlop):** We’ll now go to the government members for the next 20 minutes. Mr. Johnson.

**Mr. Rick Johnson:** Minister, thank you for being here. You represent a great area of this province, and it’s extremely important to the future of this province—the whole northern development part of it.

I grew up in Manitoba and had the chance to witness the hydro development and everything going on in Manitoba in the 1960s and 1970s. I have spent time in northern Alberta as well. I would also just say, on a family note, that my mother was born in Fort Frances. When my grandparents emigrated from Sweden, they ended up in Red Lake for a period of time. I have family in Thunder Bay, Sault Ste. Marie, North Bay—and a personal favourite spot in this province is Rosspport, Ontario.

**Hon. Michael Gravelle:** It’s beautiful, isn’t it?

**Mr. Rick Johnson:** It’s one of the most gorgeous spots.

Minister, northern Ontario is known for its resource development, especially for its mining. I know mining does occur in southern Ontario. I’ve been to many of those areas, as well. I think, though, for the most part, when many people in southern Ontario think of mining, they think of Sudbury or Timmins, and they may not know about some of the other mining developments that are in northern Ontario. We don’t hear about those projects that often. Would you please talk about some of the newer mining developments that are occurring in the north, and if there are new developments, where are they and how many jobs are expected to be created?

**Hon. Michael Gravelle:** Thank you very much for the question. It certainly is a great opportunity to talk about a large number of positive developments that are happening in the north.

I want to thank you for your reference to Rosspport. It happens to be in my riding. It’s a beautiful community. I



probably shouldn't be promoting particular places, but I'll mention both the Rosspoint Inn and the Serendipity café. They're amazing places I'd recommend if anybody wants to drop by one of the most beautiful spots.

There are all kinds of examples. I was making some reference to some of them with Mr. Bisson earlier. I think we all acknowledge that so much is happening in northern Ontario that it's truly exciting.

There's the example of Marathon PGM. It's quite an exciting potential project in the Marathon area.

We have the Barrick Gold ownership of the Hemlo gold mines, which is incredible. I was able to be at the 25th anniversary of the Hemlo discovery and the production of gold from there this past June, and it was amazing. I think they had pegged it as a 15-year lifespan; it has now gone 25 years. Exploration has continued, and it employs hundreds of people from Marathon, Manitowadge and around those areas.

There is a very real excitement about Marathon PGM, with the platinum opportunity there, which is about 10 kilometres just north of Highway 17, near Marathon. Our ministry has been working closely with them. They've recently been bought out by Stillwater Mining, which is an indication that this project is moving forward. Again, one of the positive things about that is that very early on, the consultations with the First Nations in the community took place. There were mutual letters of support, and a consultation protocol with Pic River First Nation was signed in 2008. This is really exciting. The estimated capital costs are about \$400 million. Those are big dollars, and this is just one operation. It's not that far from the Hemlo site. We're looking at somewhere between 400 and 600 jobs during construction, which is pretty exciting. Then there will be about 300 permanent jobs that will be brought in place when the operation is up and running.

Certainly, that's exciting. We're at the permitting stage of that operation. I'm working with them closely.

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Another really good example—it's almost like I won't have enough time to tell you all the examples—is the Rubicon Minerals Corp., which is the Phoenix Gold project in Red Lake. This is at the advanced exploration stage. In January, the company signed an exploration accommodation agreement with the Lac Seul First Nation, an indication, I think, that all exploration companies and everybody who's moving forward with these projects recognizes how crucial it is to develop that relationship at the earliest possible stage with the First Nations and the Métis Nation.

The agreement with Lac Seul First Nation covers Rubicon's exploration properties within the lands considered by Lac Seul First Nation to be their traditional territory. It's my understanding that Lac Seul First Nation has agreed to support Rubicon's exploration work within that traditional territory. I think, in turn, Rubicon has agreed to respect the First Nation's concerns over land usage. They are going to be, I think, working very hard to make sure they provide business opportunities to the

band members and other benefits that should be going to the community.

They're doing the scoping study this year, that's under way; and about \$60 million in exploration. That's one of the untold stories, too. When other people suggest that the mining industry in the province is not moving forward full swing, I always point to the exploration dollars that are there. It's remarkable in terms of the fact that Ontario leads the country in terms of exploration dollars and investments.

I use the example of the Lac des Iles mine, a North American Palladium mine. It's relatively near Thunder Bay, just up the Armstrong highway, as we call it, Highway 527. This was an operation that shut down when the commodity prices went down for platinum and palladium. Even when they shut it down, they decided they were going to continue to spend their dollars on exploration. They recognized that indeed it was an opportunity. This one has recently reopened; 180 people back to work.

Again, we're pleased that there has been an agreement in place with the First Nation. That is pretty vital to this project moving forward positively. Again, considerable dollars are being spent to bring this project forward, and we're pretty excited about that.

There's example upon example, some of which will be of great interest to my colleague, Mr. Bisson, as well. Certainly, the Lake Shore Gold project, which is near Timmins, is one that we're very excited about. We're expecting there to be about \$150 million spent in 2010. Right now, at this very time, they're in the advanced exploration stage. There are, I think, 114 employees on this site at our last check. This will be rising to about 150 permanent jobs. That's a pretty—more than pretty; it's a very positive development.

Another very exciting development is Detour Gold resources. This will potentially be the largest gold mine in North America, which is pretty exciting. It's near the Cochrane area and very much at the permitting stage. I know the company; I've had an opportunity to meet with Gerald Panneton, the president of Detour Gold, who's working very hard on completing the impact benefit agreement to have it in place by the second half of this year and working very diligently on that. It's expected to be close to \$1 billion to reach the commercial production level, but there's some great excitement about the possibility of breaking ground by the end of the year. We are working closely with them. This is a project that is going to be a huge employer, we think about 430 employees at peak production. That's pretty exciting.

I mentioned earlier in my discussions with Mr. Bisson about the Northgate Minerals project, the Young-Davidson gold project in Matachewan. This is a tremendous story.

September 10—I remember the date well because it's my father's birthday—I was up in Matachewan to basically do the sod-turning for the construction of this very exciting gold mine. There are going to be 600 jobs during construction. These are big numbers in northern Ontario.

Listen, there is no question that all of us in the province, but those of us who represent northern Ontario, and certainly our ministry, recognize that this has been a very, very tough five, six, seven years in terms of northern Ontario, in the forestry and even in the mining sector. To see things turning around in the mining sector is very, very exciting, which is why I tend to disagree with my colleagues who suggest things aren't moving forward in a really positive way in terms of the investment climate.

The Young-Davidson project: It was amazing to be there. An IBA has been signed with Matachewan First Nation. It was great to be there with everyone. I even got into an excavator, and actually it was terrifying, Deputy, because I'm not that kind of a technical guy, but I managed to pull sod out of the earth. It was quite the experience.

But 275 permanent jobs once the operation is up and running, and—

*Interjection.*

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

**The Chair (Mr. Garfield Dunlop):** You never had any Tonkas when you were younger?

*Laughter.*

**Hon. Michael Gravelle:** This is great. This is a lot of jobs, this is exciting, and it bodes well for the future.

There are many other great examples. You look at Gold Corp., which is obviously a huge operation in northern Ontario, and they are moving forward on a number of exciting projects. The Red Lake mine, which obviously they're operating, recognized an opportunity to train local First Nation residents as potential candidates for mining-related employment, and a partnership has been formed with the Red Lake Indian Friendship Centre, the Northern Chiefs tribal council and Confederation College in that regard. That's perhaps how I speak to those who suggest that we are not working in a co-operative fashion with our First Nations and with the Métis Nation of Ontario, because indeed we are. This kind of a partnership that I'm talking about now will help develop 80 new underground miners over a three-year period. That's just good news, and we're excited about those opportunities.

I'll just give you one more example, if I may. Rainy River Resources at the Rainy River gold project—again, this is a new project, and they're at the exploration stage—has signed a memorandum of understanding with the Fort Frances Chiefs Secretariat, which represents seven First Nations communities. That was done in May 2010. Certainly they are working in an extraordinarily co-operative fashion. They have hired a First Nation coordinator. They are employing an aboriginal-owned contracting firm. This is, again, an example of what I think we'll continue to use as proof that indeed there is a very great understanding, as my colleagues have pointed out, that in order for projects like this to move forward, there needs to be this respectful, co-operative and trusting relationship built up with our First Nations. I see these opportunities moving forward. There are many, many other examples of projects that are coming forward. We

are hopeful, of course, of our diamond mine having a lifespan continuing beyond what it is.

That's where the exploration becomes so crucial. I think that's why I used the example of Lac des Iles, North American Palladium, that when they were forced to shut down for a period of time, they carried on with their exploration work, with the recognition that the deposit was greater than was first seen. That's really what this is all about.

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Certainly, in northern Ontario, the mining sector is back. I look at the opportunities that are happening up in the Greenstone area, in Beardmore, Geraldton and Longlac; the work that Premier Gold is doing with the communities and the First Nations. These are more examples we're seeing.

I think what has begun to turn things around in terms of people's perceptions has been the fact that people are seeing the work on the ground and then seeing the co-operation with our college system—I'm most familiar with Confederation College in northwestern Ontario—all across the north in terms of providing those training opportunities.

These are very exciting opportunities. It's very clear to me that there is a great understanding with our companies themselves moving forward with these opportunities, that they don't just understand but appreciate and enjoy developing this relationship with the First Nations and Métis Nation of Ontario communities. They are recognizing that this is how they can move forward. These are, I think, probably the best possible examples of how that can happen. We're going to be seeing more of this.

Certainly, our ministry has an obligation to work very closely with the companies. We are very much involved, obviously, in the permitting process. The fact is that we are an economic development ministry and we want to see things moving forward. We're pretty excited about those opportunities; so some pretty good stories.

**Mr. Rick Johnson:** Thank you.

**The Chair (Mr. Garfield Dunlop):** Four minutes, guys.

**Mr. Rick Johnson:** My experience with digging was that they let me on a simulator and it didn't end well.

**Hon. Michael Gravelle:** It was actually shaking and there was some fear that I was going to topple this massive machine, but I hung on.

**Mr. Rick Johnson:** The alarms went off with me.

Minister, with all the buzz around the Ring of Fire development, everybody's wondering what the development will look like and which companies will benefit from the new-found deposit. Many people are wondering what the Ring of Fire development will mean to the communities that are close. Specifically, how do we co-ordinate all these competing interests in the north and ensure that the development, which is so important to the north and also to this province for the future, goes forward smoothly?

**Hon. Michael Gravelle:** It's certainly the right question. Obviously, our exchange today, in large measure,

has been about that. There's no question—and again, I don't think we'll have any argument about this from anyone—that the McFaulds Lake project, or the Ring of Fire project, as it is more commonly known, is one of the most promising development opportunities in northern Ontario in, we think, perhaps a century. That's why I'm so pleased that this is part of our Open Ontario plan to build a strong economy and create jobs in northern Ontario. The potential is enormous.

By any measure, the development is still very much in its early days. We are absolutely committed, as a government, to ensuring that the development occurs in a sustainable manner that certainly addresses the environmental concerns, because that's one of the issues there, but we want to make sure that social and economic development opportunities are very much realized across northern Ontario.

I do think that we've made reference in earlier discussions to how important it is to see that benefits come to the communities that are most directly impacted. That is something that we will continue to treat as a real priority.

I do see opportunities all across the north. Clearly, as this moves forward, the mining supply and services sector can be a real beneficiary. One of the most amazing parts of our economy in northern Ontario is the mining supply and services sector.

We are certainly very committed to the Ring of Fire project, and that is why we are pleased about the hiring of Dr. Christine Kaszycki, our former ADM of the mines and minerals division. It's so important to pull all the players together, so to speak, to make sure that this works. It's going to be a bit challenging but it's more than anything else a great opportunity, which is why we want to get it right.

I referenced earlier the fact that we have also made a commitment in our 2010 budget of \$45 million to a new project-based skills training program, which will certainly help aboriginal peoples and other northerners benefit from emerging opportunities like the Ring of Fire. Also, we've committed \$10 million in funding for First Nations communities that are working with the province on land use planning.

So there are a number of initiatives related to the Ring of Fire, and I can't help but be pretty excited about it, recognizing that we have to manage this right. It has to be done right.

I recall when we were going through the process of the modernization of the Mining Act, which was no easy task, in the sense of trying to bring all the interests together. To me, it was always about finding a balance. The balance was that we wanted to maintain a positive investment climate in terms of the mining sector in the province of Ontario—that was vital—while we brought the Mining Act into a reflection of our 21st-century values, while we recognized how important it was to bring consultation into the process and provide clarity to the industry. I think we've been successful. I referenced Chris Hodgson, the president of the Ontario Mining

Association, somebody who worked with us very closely in terms of that process. Whenever you're going to change anything, there's a tendency, if not to resist it, to have concerns about any changes. The Mining Act was one where we worked very hard and very closely with all our communities, our First Nations leaders, the Métis Nation and companies to try to find that balance.

I think even the Ring of Fire is ultimately—

**The Chair (Mr. Garfield Dunlop):** You're quite a bit over your time, Minister. We'll go over to the official opposition.

**Mr. Randy Hillier:** There was such in-depth information there that we were just riveted.

**Hon. Michael Gravelle:** Well, I'm glad. Thank you very much.

**Mr. Randy Hillier:** This question, Minister, will probably be more for some of your officials, as they're experts in the legislation. On lands that were patented other than specifically for mining purposes, is a mining tax applicable if they're also subject to municipal taxation?

**Hon. Michael Gravelle:** I'm not sure of the answer to that. Deputy, have you got it?

**Mr. David O'Toole:** I don't know the answer to that question, but we'll endeavour to get it very quickly.

**Mr. Randy Hillier:** Regarding the earlier questions from last week, will we have the responses today?

**Hon. Michael Gravelle:** Yes. If you want, I can read them to you.

**Mr. Randy Hillier:** No, I would much rather just have them—

**Hon. Michael Gravelle:** I would love to read them. We worked very hard to get these for you.

**Mr. Randy Hillier:** So you'll find out about that question: Are properties that were not patented specifically for mining and that are now subject to municipal tax also subject to a mining tax—or acreage tax; whichever tax you want.

**Mr. David O'Toole:** So, are they being taxed under both regimes?

**Mr. Randy Hillier:** Yes.

**Hon. Michael Gravelle:** We'll absolutely get that for you.

**Mr. Randy Hillier:** Minister, have there been any applications made for exemption from the mining tax under section 189 of the revised Mining Act, and if so, how many?

**Hon. Michael Gravelle:** I say yes. I think I want some help on this, too. Deputy?

**Mr. David O'Toole:** We'll endeavour to find that.

**Mr. Randy Hillier:** Okay.

**Hon. Michael Gravelle:** I probably shouldn't have said yes so quickly because I don't actually know. We'll find out for you.

**Mr. Randy Hillier:** In your time as minister, and maybe in the time that your officials have been at the MNDMF, have you or your ministry offered compensation or offered to repay any mining taxes that were levied without statutory authority, falsely? That's mining taxes

that were levied without legitimacy. Have you offered to repay any of those? Have you offered to repay or pay compensation?

**Hon. Michael Gravelle:** We'll find that out, as well. We'll do our best to find out.

**1000**

**Mr. David O'Toole:** If I could repeat that, Mr. Hillier: Has the government or the ministry or the minister offered to repay mining taxes that were levied without authority?

**Mr. Randy Hillier:** Yeah. Mining taxes or compensation.

**Mr. David O'Toole:** Okay. If we can't get these before the conclusion of this morning's activities, we'll have them for the first of the afternoon.

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

Are you, Minister, or your ministry, aware of any properties that you are levying a mining tax on improperly or without legitimate authority?

**Hon. Michael Gravelle:** Again, I'm not aware, but we'll try and get an answer to that question as well.

**Mr. Randy Hillier:** How about this one: In your tenure—or maybe I'll go back to 2004, if you don't have the answer for this—how many properties have reverted or been returned to the crown for failure to pay mining taxes?

**Hon. Michael Gravelle:** Again, I can't give you that answer. It's a fair question, Mr. Hillier, and we'll try and get you the answer. I don't have that information with me.

**Mr. Randy Hillier:** There are a lot of questions without many answers right at the moment.

**Hon. Michael Gravelle:** Well, they're technical, they're detailed, and I'm not sure you'd expect the minister, or even our ministry, to have those things at our fingertips, but we'll certainly do our best to get them for you.

**Mr. Randy Hillier:** Okay. I wonder if it would be appropriate—these are some significant and important questions that I would like to have answered—if I asked for an adjournment or a recess on this committee—

**Hon. Michael Gravelle:** I think, to be fair, Mr. Hillier, we're not going to be able to get the answers by 10:15.

**Mr. Randy Hillier:** No, but this afternoon possibly, and then I'll have time to refer to the responses from last week.

**Hon. Michael Gravelle:** Do you want to move on? We should use our time, it seems to me.

**The Chair (Mr. Garfield Dunlop):** I'd prefer to use the time, because we need to—

**Mr. Randy Hillier:** Okay. Is there any mechanism that we can use to change the speaking order until I get some more of those responses?

**The Chair (Mr. Garfield Dunlop):** I don't have a problem with that. You've got 14 minutes remaining. Is there any problem for the other members of the committee with adding this time later on?

**Hon. Michael Gravelle:** I could offer to respond to Mr. Hillier's questions in the time period left for Mr. Hillier.

**Mr. Randy Hillier:** No, no. You don't have the answers. I've asked for the answers.

**Hon. Michael Gravelle:** No, but I meant answer the questions you had last week.

**The Chair (Mr. Garfield Dunlop):** What Mr. Hillier is asking for is, can he use the rest of his time at a later time? Have we got the support of the committee to do that? I do want the committee to agree with this.

**Mr. Rick Johnson:** The minister said he can answer the questions that Mr. Hillier had from last week. He can do that now.

**Mr. Randy Hillier:** Those were technical questions as well. I'd like to read them. He has them written down, and I would like to read those.

**Hon. Michael Gravelle:** You asked me questions last week.

**Mr. Randy Hillier:** Yeah.

**Hon. Michael Gravelle:** You don't want to hear the responses to them?

**Mr. Randy Hillier:** I'd prefer to read them.

**Mr. Gilles Bisson:** Not on his 14 minutes.

**Mr. Randy Hillier:** Yeah. I don't mind listening to them on your 14 minutes. Can I ask that motion?

**The Chair (Mr. Garfield Dunlop):** Mr. Hillier has asked for support for that. Do you agree to that or not?

**Mr. Gilles Bisson:** Agreed.

*Interjection.*

**Mr. Gilles Bisson:** It's quite easy—

**The Chair (Mr. Garfield Dunlop):** Well, we don't have agreement, Mr.—

**Mr. Gilles Bisson:** No, no. It's quite easy. Just move the rotation. He'll be back in and he'll get a chance to get his 14 minutes that way.

**The Chair (Mr. Garfield Dunlop):** I'm asking the—

**Mr. Randy Hillier:** Move the rotation to Mr. Bisson.

**Mr. Gilles Bisson:** Yeah, and just stack his time up.

**Hon. Michael Gravelle:** If there are no other questions—

*Interjection.*

**The Chair (Mr. Garfield Dunlop):** Pardon me?

**Mr. Bob Delaney:** Chair, the procedures are very clearly set out in the standing orders. Mr. Hillier was going to have another rotation later on in this round. I'm sure he can go on to some other matter that he'd like to ask. He's free to table his questions to the minister and, during his next rotation, is free to discuss them with the minister.

**The Chair (Mr. Garfield Dunlop):** They are in 20-minute rotations. I agree with Mr. Delaney. If I don't have permission from the committee to stack the time, I'd prefer Mr. Hillier go on to another topic or just give up the remaining time he has right now.

**Mr. Gilles Bisson:** Well, first of all, for members of the government, estimates is an opposition forum. It's not one for the government. It's an opportunity for opposition to hold accountable the minister and his or her ministry

on various issues, number one. So the onus normally goes to the opposition. That's why we have to have the Chair as an opposition member on a committee such as this. It's considered an oversight committee.

Number two, it's not like we don't do this on a regular basis. For those people who've sat on estimates, it is not uncommon for a member to ask and say, "Listen, I need time to read what the minister has provided me. Can you move the rotation and stack my time till later?" At the end of the day, it doesn't lengthen the estimate. It allows him to do his job as an opposition member. Normally, that's granted by the committee and by the government side.

I would be more than prepared to move that we just move the rotation and stack Mr. Hillier's 14 minutes on his next rotation.

**The Chair (Mr. Garfield Dunlop):** You have no other topics—

**Mr. Gilles Bisson:** I just moved a motion.

**Mr. Randy Hillier:** Mr. Bisson has just moved a motion to do that.

**Mr. Gilles Bisson:** Let me try it again. I just moved a motion that—it's not going to lengthen the time that the committee sits here in any way, shape or form. I'm moving a motion that allows the rotation to move to us and, when it gets back to Mr. Hillier, adds the 14 minutes to his 20.

**The Chair (Mr. Garfield Dunlop):** Okay. I thought that's what I said—

**Mr. Gilles Bisson:** I'm trying again, because I think members of the government might have been inclined, in haste, to—

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** Mr. Bisson has a motion on the floor. Do we have agreement on that?

*Interjection.*

**Mr. Gilles Bisson:** Don't stir the hornets' nest.

**Mr. Bob Delaney:** Chair, would the clerk kindly read the applicable portions of the standing orders that apply to these committee hearings?

**Mr. Gilles Bisson:** If you took out the standing orders, Mr. Delaney, and read them, you'd understand what it means. I'm perfectly within my right to move the motion.

**The Chair (Mr. Garfield Dunlop):** The clock is running while we're doing this, by the way.

**Mr. Gilles Bisson:** There's a motion on the floor.

**Mr. Randy Hillier:** I'd like to read the responses from the minister that I asked for last week, okay? I've given him another number of technical questions that he hasn't been able to respond to. I'd like to be informed of the responses before I continue. That may not be important to some people. It is important to me that I'm knowledgeable and informed of the responses.

**Mr. Bob Delaney:** I think the first thing that the member may wish to do is leave the personal invective out of it and consider that we are discussing a motion.

**Mr. Gilles Bisson:** There's a motion.

**Hon. Michael Gravelle:** Mr. Chair, can I say something? I know it's not unusual in estimates to have ques-

tions asked by a member of the opposition that we need to find some time to respond to. In almost all cases—and I know Mr. Bisson is very experienced in this—there's an agreement that we'll get the answer as soon as possible and you carry on with your period of time when you have other questions you may want to ask. That's why this seems a bit unusual to me. I'm not in any way going to suggest how we should handle this other than to say that that seems to me to have been the pattern. We'll get the answers for Mr. Hillier. We know they're important to him. But for him to suggest that would stop him from asking any other questions—it seems a little bit strange to me, Randy.

**Mr. Randy Hillier:** If I'd had those responses that I'd asked for last week—if I'd had those earlier today, then I would have been able to develop from that.

**The Chair (Mr. Garfield Dunlop):** I will allow you to stack the time, because I want to get this thing going.

**Hon. Michael Gravelle:** We've used some time up, have we not, Mr. Chair?

**The Chair (Mr. Garfield Dunlop):** We'll move that.

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

**The Chair (Mr. Garfield Dunlop):** We'll now go to Mr. Bisson. You have 20 minutes.

**Mr. Gilles Bisson:** Thank you very much, Mr. Speaker. That's the easy way to deal with it.

On the Ring of Fire but on the other side now, in regard to the actual development—I'll just let you finish conferring with your deputy.

*Interjection.*

**Mr. Gilles Bisson:** No, no, please. I don't want to hold you up. Was there something?

**Mr. David O'Toole:** He was just asking for clarification.

**Mr. Gilles Bisson:** Oh, okay. I just didn't want to get in the way of whatever it is that you were trying to do.

Just in regard to the Ring of Fire itself, what kind of assurances do you have from the mining sector, those companies that are involved in the Ring of Fire, that the processing of metals is going to be done on-site or at least in Ontario? Has there been any discussion about that, and what agreement or what understandings do you have?

**Hon. Michael Gravelle:** Certainly, we believe very strongly that it's very important. One of the reasons why we have taken on—the Ring of Fire is a very strong commitment by the government. It's part of our Open Ontario plan. We want to see the greatest possible value-added opportunities, and that certainly includes processing within the province of Ontario. We certainly indicated that to the companies that we're dealing with, very strongly, that we'd like to see that happen.

We know that at least one of the companies that would be interested is looking at, I think, a variety of sites in terms of communities in northern Ontario for the processing. Obviously, no determination has been made.

As you know, we're still at a relatively early stage in terms of the entire project. But there is, I think, an

understanding that indeed this is certainly a priority of our government.

As I said, I'm not sure how public this is—but here I am talking about it, so I don't mind doing that—but it's my understanding there is some work being done, looking at the feasibility of a number of locations in northern Ontario for processing. It's important.

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**Mr. Gilles Bisson:** If I'm a little skeptical, as is, I think, most of northern Ontario—your record on this has not exactly been exemplary. We know that the only copper refinery smelter—Falconbridge, or Xstrata now—was allowed to be closed in Timmins, which was value added to ores that are mined in Ontario.

There's a very strong belief—and I think that was confirmed at the chamber of commerce annual meeting this Wednesday night when one of the heads of Noront was there speaking—that in fact there isn't going to be any processing of anything of significance in Ontario as a result of what their mining activities will be.

I'm asking you the question: What agreements have you signed with the First Nations, or what cabinet decree have you issued that would ensure that there is a value-added process put to the mining that's going to happen in the Ring of Fire?

**Hon. Michael Gravelle:** We are determined to see the greatest value-added opportunity for this project, this—

**Mr. Gilles Bisson:** Well, “determined” doesn't mean anything. My question—

**Hon. Michael Gravelle:** We working, as I said—

**Mr. Gilles Bisson:** You want to have a great relationship with First Nations, a new relationship, and they don't see it as that and that's not what's happening. So I'm asking, what concrete steps have you taken? Do you have an order of cabinet? Is there an order in council of some type that is being worked on or is going to be issued that ensures there's going to be some value added to the mining activities that are going on in the Ring of Fire? Do you have some agreements that you're working on or have signed with the mining companies in question?

**Hon. Michael Gravelle:** We have had—our ministry has had and certainly I have as well—a number of discussions with the companies, and obviously with the First Nations, regarding a number of elements. Again, this is early, but we are certainly making it clear that we want to see—the way I phrase it is quite deliberate—the greatest value-added benefit to the communities, and that certainly includes processing.

The Premier was in Thunder Bay last week announcing the Ring of Fire coordinator—

**Mr. Gilles Bisson:** That went over really well.

**Hon. Michael Gravelle:** —and he made the same reference to the fact that our vision for this is to see a processing facility here in the province. We think this is obviously important, but we're at a stage where there's a lot of work to be done. That's why we wanted to have the Ring of Fire coordinator put in place. I'm certainly very pleased—

**Mr. Gilles Bisson:** I'm listening to your answer very intently, and I'm not hearing any way that you have an agreement that's negotiated or one that's being negotiated with the private sector and/or there's some cabinet decree coming down, so I ask you again: Is there something concrete as far as an agreement and/or order in council or law that this government is contemplating enacting in order to ensure that there will be processing of ore in Ontario as a result of the mining activities in the Ring of Fire? Yes or no?

**Hon. Michael Gravelle:** Again, as you know—I mean, there are decisions to be made about the entire project in terms of the feasibility of the project, decisions to be made relating to the transportation infrastructure, work that needs to be done with the First Nations, let alone—

**Mr. Gilles Bisson:** Well, transportation. We know they're going to have to build a road, and you can't—

**Hon. Michael Gravelle:** We also know—

**Mr. Gilles Bisson:** God almighty, you haven't figured out how to outsource that one yet. Let's not put smoke.

There is going to be ore extracted from the ground in the Ring of Fire, and the question is, what happens to that ore? Is there going to be value added in the province of Ontario, and if so, have you signed an agreement or are you contemplating signing agreements or having some sort of government edict in order to make sure that happens?

**Hon. Michael Gravelle:** We're committed to seeing that happen, and—

**Mr. Gilles Bisson:** Committed, all right, so we're partly there. Is there a legislative approach that you're taking? Is there an order in council? Are there agreements with the private sector? Which of the three?

**Hon. Michael Gravelle:** There is much work to be done. That's why we are keen to continue to move forward in a positive way. That's why we've hired a Ring of Fire coordinator, in fact, why the province, in the budgetary process, announced there would be a permanent Ring of Fire coordinator. There are many elements to this. We've talked about doing this, managing this right. This is an important part of that process. We are committed to seeing a processing facility, and there is still much work to be done in that regard.

**Mr. Gilles Bisson:** Minister, dem's are a lot of words, as they say back home—dem's are a lot of words, but they don't add up to any kind of assuredness that there are going to be value-added jobs as a result of the processing of minerals that are extracted from the Ring of Fire.

So I'm going to ask you again: Is there an order in council, is there a government law or is there a private sector agreement to deal with the issue of making sure that we add value to those minerals that are extracted from the Ring of Fire?

**Hon. Michael Gravelle:** We are committed to doing a lot of work to make sure that happens. That's something that—there's certainly more work to be done.

**Mr. Gilles Bisson:** Do you contemplate—

**Hon. Michael Gravelle:** I'm not in a position to tell you that we've got that locked in place, because there are many elements to this. But, look, we know how important this is. You certainly feel strongly about it, and we agree. That's why we want to put things in place—

**Mr. Gilles Bisson:** Well, not just myself; every business person in northern Ontario realizes how important this is. You just had to be at the chamber of commerce meeting.

But my point is—let me try it the other way. Is it the intent of this government to pass an order in council, pass a law, development a government policy or negotiate agreements with the private sector to ensure that there is value added to the ores that are extracted from the Ring of Fire?

**Hon. Michael Gravelle:** Listen, I'm not in a position to speak in those terms at this time, other than to say that this is something that we consider one of the real priorities as well—to have the greatest value-added benefit to the Ring of Fire project.

**Mr. Gilles Bisson:** Are you prepared to suggest to the private sector that you will have an order in council, that you will have some sort of private sector agreement? Are you willing to whisper in their ear? Are you willing to do anything in order to make sure there is a signal clearly sent out that the development of the Ring of Fire is also about making sure that we have value-added jobs out of the minerals?

**Mr. Bob Delaney:** Chair, on a point of order: The member for Timmins–James Bay, as much as I respect the passion that he brings to this, is asking the minister to speculate on legislation that hasn't been tabled here, which is, in fact, outside the scope of the estimates committee.

**Mr. Gilles Bisson:** No, it's not, if you've read your standing orders.

Now back to my question. Are you prepared—

**The Chair (Mr. Garfield Dunlop):** I want you to clean this up in two minutes, then you'll still have 10 minutes this afternoon, okay?

**Mr. Gilles Bisson:** I use my 10 minutes in whatever way I want, Chair, with all due respect.

What I'm asking, and I'm about to conclude, is—we're trying to ascertain, and I'll get to the reason why in a second, if the government intends, in any way, shape or form, to use its power either legislatively or by way of negotiations with the private sector, to ensure that there are value-added jobs on the ore that comes out of the Ring of Fire.

So far, all I've heard, quite frankly, Minister, is that it's your intent. Well, you know, I hope I have a nice Christmas and I hope Santa Claus comes, but I don't think Santa Claus is going to come to my house this year, right? It's just a lot of words.

And the reason I raise this is the following. We had at the chamber of commerce in the city of Timmins, on Wednesday night of last week, a full house. People were there from the business community, not only from Timmins but from all around—from Hearst and various

communities—because they're looking at the Ring of Fire like everybody else. It's a great opportunity. I agree with everything you've said up until now when it comes to the opportunity that it presents.

They were there to listen to one of the principals at Noront talk about what this project would be. His answer was, "This will be a Fort McMurray." It's going to be a fly-in camp to which there is going to be people coming in from all over Canada to work on this project, and not a heck of a lot of it is going to be value added; that's pretty well what he left people with the impression of.

So it leads me to this question, because we've certainly gone through the fight in the city of Timmins and the surrounding area when it came to Xstrata and the refinery and smelter. You know; you were part of those discussions. What I'm speaking to is a concern within the private sector—those small businesses and those medium-sized businesses in the north that are trying to figure out what they do in order to benefit from contracts that may come out of the Ring of Fire, as well as First Nations and workers who are in northern Ontario looking for work.

I've got to say, people at the end of the chamber of commerce dinner last Wednesday were certainly glad that the principal from Noront was there to make the presentation he did, and I think a lot of people appreciated the information that was put forward. But people weren't left with a warm, fuzzy feeling. We didn't get a sense that, in fact, there are going to be value-added jobs. What they talked about doing is building a mine in regards to copper-zinc, at least at this point, in their case. It's an interesting process. Doing their milling underground is what they're looking at doing, which is the first time I've seen that. I've been in the mining business for years. It's certainly an intriguing process. But at the end of the day, all we're going to have is copper-zinc and it's going to be shipped somewhere outside of Ontario.

So I ask you again. These are natural resources, and before I ask you, I just want to make the point that these are the natural resources of Ontario. It seems to most citizens—First Nations or non-First Nations—that if there's going to be extraction of those natural resources from the ground of Ontario, Ontario should benefit. That means the citizens, that means the small businesses, that means the First Nations, and that means, yes, you, the minister, and the government of Ontario.

We look at what's going on in places like Newfoundland when it comes to offshore oil, where the Premier there has decided to make sure that he gets benefits for his province. We look at Newfoundland in regard to what happened with the mine in Labrador, where he said there will be no mining unless there's processing, refining and smelting that happens in that province.

Why I'm asking you the question is because there is, on the part of First Nations, on the part of small businesses across the north and certainly the workers who are eyeing possibly getting a job in the Ring of Fire—that basically this is going to be a mining operation. It's really not a big smelting or processing operation, it's a mining

operation, and I'm asking you the question again: Is the government contemplating having some sort of a law, some sort of a government policy or some sort of an agreement with the private sector that we're not just going to mine the mineral out of the ground and ship it to China, but we're going to actually add value to it before we let it leave our province?

**Hon. Michael Gravelle:** Well—

**The Chair (Mr. Garfield Dunlop):** And with that, you'll have to answer that this afternoon.

**Hon. Michael Gravelle:** Okay.

**The Chair (Mr. Garfield Dunlop):** We're already past our time to adjourn.

**Hon. Michael Gravelle:** Are we? Okay, thanks.

**The Chair (Mr. Garfield Dunlop):** So we'll recess until 3:45 or after routine proceedings. Thanks very much, committee.

*The committee recessed from 1019 to 1603.*

**The Chair (Mr. Garfield Dunlop):** We'll call the meeting back to order. Thank you very much, everyone, for being here after the slight delay. We had a large number of ministerial statements today.

We are dealing with vote 2201. I wanted to point out that I probably made an error when Mr. Bisson made a motion. We are dealing with vote 2201, so we can't have any motions during that period, but we can have agreements, of course. I have a couple of agreements to ask you about.

One point I want to put on the record is that when the minister can possibly answer a question like he does on a regular basis, that's fine, and we get the answers right on time. Quite often, like today, we've got a number of answers from last week as well. But there are times when the minister can't respond immediately. Historically, with the previous Chairman, we've asked for 30 days as a reasonable amount of time. So, for some of those longer-type questions or more complex ones, you'd have around 30 days to respond.

I'd also ask the committee—we have a young man from the PC caucus here today who's filming some of this. I need agreement from the committee to allow him to be in the room to film part of the estimates committee. Is there anybody—

**Mr. Gilles Bisson:** Sorry, I wasn't listening.

**The Chair (Mr. Garfield Dunlop):** This gentleman is from the PC caucus and he's filming this for—

**Mr. Gilles Bisson:** Oh, I'm fine.

**The Chair (Mr. Garfield Dunlop):** Okay. Any problem—

**Mr. Gilles Bisson:** As long as they give me some good billing. That's all I care about..

**Mr. Bob Delaney:** Do we get credits?

**The Chair (Mr. Garfield Dunlop):** I don't know. I don't think so.

**Mr. Kim Craitor:** Do we get paid?

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** Okay, I take it that there's no disagreement.

With that, we will now move to the third party, which has seven minutes and 40 seconds left in its rotation.

**Mr. Gilles Bisson:** I still have time left? I was expecting I was done. Boy, you're putting me on the spot, Chair.

Let's go back to where we ended earlier this morning and ask you the question. I was trying to get a sense from you, Minister, in regard to the Ring of Fire and the development that will come out of that particular operation.

I was at the chamber of commerce meetings last Wednesday in the city of Timmins, where people from across northeastern Ontario attended in pretty large numbers, actually. The McIntyre ballroom was full, which is always a good thing when it comes to events.

What was interesting was that you had contractors and various small business people from not only within the city of Timmins but from areas outside the city of Timmins, from Hearst, Kirkland Lake and different places. They were interested to hear what was being put forward by Noront in regard to the possibilities that their businesses would get as a result of possible developments in the Ring of Fire.

What became somewhat clear was that there was an expectation, I think, on the part of a lot of people in the north that the development in the Ring of Fire would include value-added jobs. Specifically, what we're talking about is milling, going beyond crushing and concentrate and being able to mill some of the materials in northern Ontario—specifically, what value-added opportunities would come from that project.

What was said by the company representative at the time was that essentially this was a fly-in camp. This was going to be another Fort McMurray, where people from across Canada would fly into the Ring of Fire, would work for two or three weeks and go home for a week or whatever the rotation is. Essentially, what you had was a fly-in-type camp similar to what you have up in Fort McMurray.

To a lot of people in northern Ontario—not that they're opposed to the Ring of Fire, but that's not the best way to see economic activity come out of that project when it comes to workers across northern Ontario, in your riding and mine and others, and also specifically to businesses.

It was fairly clear from the presentation that was made that what essentially we had going on there was the possible development of a copper-zinc operation on the part of this particular company that would, at most, process the minerals into concentrate, and the concentrate would be shipped out to be processed somewhere else.

As you know, we've gone through this fight in the city of Timmins. We've seen our smelter and refinery shut down in the city of Timmins. For those people who don't understand what that means, once you mine ore out of the ground, you crush it. When it's crushed, you run it through a concentrator in order to turn it into concentrate. Then the question becomes how you process it from there. What Timmins was doing in their refinery and smelter was smelting the material in the smelter, then



refining it, so that they were adding value to the ore that was being taken out of the ground.

**1610**

That particular facility has been shut down, and that's now going into Quebec, and I would argue—probably within five years—it's probably going to China. I think Quebec will find itself much in the same position that we did. We're going to be fighting after that about where the ore is going to go, and it will probably end up in China, where most of the demand is, which is a whole other debate.

People have clued in, as a result of the closure of Xstrata's refinery/smelter, to, what do we do as a province to ensure that, whatever values come out of the ore that's in the ground in the Ring of Fire, we in Ontario get a net benefit from it so that we add value to it? There is a sense, not just because of what Noront said but because of the experience that we went through with Xstrata and the fight that we had last year over that issue, that there is a very strong possibility—probably 99% sure—that what we're going to see at most is concentrate, and from there that'll be shipped out to wherever for processing.

My questions to you were pretty simple. I'm just going to repeat them again and ask you if you can give me a yes or a no. Is the provincial government of Ontario intending on, by way of an agreement with the private sector, by way of a law or by way of an order from cabinet, insisting that it's not just a mining operation but that actually we're going to be looking at adding value to those minerals that they're taking out of the ground so that we can do the value-added operations here in the province of Ontario?

**Hon. Michael Gravelle:** I appreciate the question, and I'm glad to have an opportunity to respond to it again.

Certainly, we've been very, very clear about the fact that, obviously, this is a hugely exciting development. We all know that. It's very important, from our perspective, and I've not only been clear about this; the Premier has also been clear about this. Indeed, we are committed to seeing that the greatest value-added benefit comes from this project, which obviously includes a processing facility somewhere in the north as well.

The question really ultimately is, by what measure do we make sure that happens? I think, essentially, that's where you're going. We are certainly, as I say, committed to seeing that that happens. It's a priority for us.

You used the term “by agreement with the companies.” It was one where I thought that's certainly more the basis on which we'd like to move forward.” As always, when one is working on a major project such as this where the private sector plays such a very significant role, you want to be able to have a relationship that will be one that works.

There are certainly good reasons why processing will obviously be of huge benefit to everyone in not just the north but in the province itself. The Premier has been clear about it. He spoke about it last week, in fact, when he was in Thunder Bay announcing the Ring of Fire co-

ordinator, how that was his vision for the Ring of Fire development, and certainly that's the priority for our ministry as well.

I am reluctant to start talking about forcing measures in place when I believe we will hopefully not need to do that. I understand where your skepticism—or concerns, at least—would come from. We are committed to making this happen and making it happen in the most fully value-added way. We are working very much in that direction. This is something that we are very committed to.

**Mr. Gilles Bisson:** But, Minister, my skepticism is this: We're at the beginning of this process, and if we don't say to the mining industry what it is that we expect from them when it comes to value-added, it's not going to be factored into the cost. The reluctance of the government to do so, I think, is to the detriment of all of us in northern Ontario.

We know there are examples such as Danny Williams in Newfoundland, who said, “You ain't developing a mine in my province unless I get the value-added jobs, period.” The mining company went back and said, “Let's factor that into our costs, and we either have a mine or we don't.” They concluded that, in fact, they had a mine when they costed it in, and as a result, the value-added jobs are being done in Newfoundland.

What I'm saying is that in Ontario, if we don't take the position that we want value-added jobs coming out of these mining operations that are going to be taking place in the Ring of Fire probably five or 10 years from now, at best what we'll end up being is a mining operation; we will not be a smelting, refining or value-added operation.

**Hon. Michael Gravelle:** Can I answer this?

**The Chair (Mr. Garfield Dunlop):** Go ahead. That concludes your time.

**Hon. Michael Gravelle:** As I think you know, companies are actually looking at specific sites. They are factoring in these calculations. In fact, they're looking at, I believe—I'm not sure of the number of locations—a number of northern communities as possible sites for that kind of processing facility. That is being done. That message has been sent. It's important for us to work with them. I can assure you that that is something that we have made clear is important to the government of Ontario, and they indeed are doing those feasibility studies in a number of communities in the north.

The message is getting across strongly. I think what you're suggesting is that it needs to be getting across more strongly and maybe more firmly. If that point comes, then that point comes, but the truth is that I believe we can make this happen on the basis of saying that this is something that we clearly see as part of our vision and part of this project moving forward. I think that message has been sent in a rather clear way. As I say, the companies are looking at facilities and looking at communities for that purpose precisely that you're talking about.

Before I start talking about taking the kinds of actions that you're talking about, we want to have an agreement; we want to make it happen. It's going to happen.

**Mr. Gilles Bisson:** It's not going to happen, Minister. It won't happen unless you make it happen.

**The Chair (Mr. Garfield Dunlop):** Okay. Let's go to the government members.

**Mr. Gilles Bisson:** Thank you, Chair. That was very helpful.

**The Chair (Mr. Garfield Dunlop):** Mr. Brownell?

**Mr. Jim Brownell:** Good afternoon, Minister. It's great to see you here. This is my first opportunity to ask a question and I'm glad to do so.

As I reflect on my own riding of Stormont–Dundas–South Glengarry—and this relates to the forestry sector—as you know, in 2006 we lost perhaps the last of the icons in Cornwall with the closure of the Domtar fine paper mill. Certainly, that was a hit to the forestry sector. In my community, as all across the province, we're working very hard. We worked very hard then as a government to give some supports to the community. In 2007, we brought in the eastern Ontario development fund to assist. Really, Cornwall has never looked back from there. We can see, right throughout the city, all kinds of opportunities. Just today, I received a message that the city has sold 141 acres of property to a business that's going to come in, creating 700-plus jobs. Those are the kinds of things that communities like.

In the north, when we talk about the forestry sector—I heard it from the opposition—there have been hits; I've read it in the paper; pressures on the forestry sector with the economic downturn and certainly with the housing-related need for wood and wood product.

I'm wondering, with all that in mind and the hits that have happened in the forestry sector, if you could let us know what the government and your ministry are doing to alleviate the strain on the forestry sector with, perhaps, some programs. I have no idea what—I'm in eastern Ontario. When I was a teacher, I taught a lot about forestry in grade 5 social studies, and in grades 7 and 8 about the geography of the north. I'd just like you to give a snapshot and a bird's-eye view of what's going on with regard to the forestry sector and the supports. How are we, as a government, assisting in helping out and encouraging opportunity with forestry-based industry and business?

**Hon. Michael Gravelle:** I very much appreciate that question. Certainly, it's great to have an opportunity to talk about some of the incentive programs that we've put in place. Also, I hope that at some point I get a chance to talk about the Northern Ontario Heritage Fund Corp., which has been of extraordinary benefit to so many communities across northern Ontario. I don't think there's one community in northern Ontario that has not benefited from that remarkable fund.

Certainly, there's no question that the challenge that we face in northern Ontario related to the forestry sector is one that we really started having in about 2003. When we talk about the recession, and the global recession in particular, hitting in about 2008, those of us who live in northern Ontario—I think my colleague here beside me will support this—will recognize that we started seeing

some real challenges to the forestry sector in a very dramatic way at the start of 2003 and 2004. The minister at the time was David Ramsay, and he set up a system; he wanted to take a look and see what could be done to respond to some of those challenges. One of those was a committee he set up with people from the north, the banking industry and others. He set up a process where recommendations were made to him. This was about 2005 when that happened.

**1620**

As a result of that, a number of incentive programs were put in place, the first one being a loan guarantee program. That was followed by the forest sector prosperity fund. In each of those cases, there were a number of companies and industries that were able to access that and be able to be very helped out by that as well, although there were many challenges in terms of some of the companies being able to access the capital to be able to use that as well as they could.

Certainly one of the programs that came about that was probably the most useful was a recommendation that came forward and has been extraordinarily well received: the decision to upload the cost for road maintenance in terms of the forestry access roads and the resource-based roads that the companies are using. This is something that actually a previous government had downloaded to the forestry sector. Indeed, the costs are substantial. We were able to put in place a fund for about \$75 million a year. We were able to provide that back to the companies to upload those costs of the forestry access roads. That's a program that has probably been one of the most welcomed by the forestry sector because they get to do their work and they actually get to see the funds coming to them for doing the work that they're able to do. So that has been huge.

Ultimately, when you put together all the programs that were put in place, it was really up to almost \$1 billion that was available to the forestry sector. Some of them were more effective than others, and there's no question that it was difficult for some of the companies to access some of the funds. It did require them to meet some conditions as well that became more difficult, particularly when we got to the stage in 2008 when the global recession hit.

There's no question that access to capital did dry up and became a real challenge. What we saw ultimately was, where once we were harvesting 20-plus-million cubic metres of wood a year, we were down to virtually half of that. It became clear to our government and the ministries involved that we needed to take some action to be able to revitalize the sector.

We were looking at the opportunities related to the bio-economy in the 2008 budget. We set up the Centre for Research and Innovation in the Bioeconomy—\$25-million support for that, which has been something that's again helping us with the transformation of the industry.

But what became really clear to us was that we needed to look at just what was the best way to make sure that Ontario's wood was really being put to work. It was clear

that the forest tenure and pricing system in the province of Ontario needed to have a serious re-evaluation. A year or so ago, we brought the option forward of really doing a modernization of that system, recognizing that ultimately the system that was in place, as much as it had worked relatively well in the good times, when we were in the bad times, in the tough times, as we were, there were a number of companies that were holders of sustainable forest licences who basically were sitting on the wood. The wood was not being harvested. What was also happening was, there was real difficulty for companies or new entrants in particular that had some really good ideas and business plans for how they could use wood; they were having difficulty accessing the wood because, in essence, the wood was being held by a relatively small number of companies that had sustainable forest licences and they were not accessing the wood.

So we set up this process by which we consulted with the public, looking at a way to take a really good, strong look at how we could change the forest tenure system so that indeed we could make sure that our wood was being put to work. So we began the consultations about a year and a bit ago and we went to a number of communities and had opportunities for people to give us their opinions on it. It was clear that people felt that there needed to be a change in the way it was done. I certainly learned, as minister, a great deal about the forestry system all across the province. It's not just in northern Ontario, as you would point out. There are obviously other parts of the province that are very involved in the forestry sector. But what we determined was that indeed there was not just an appetite for change, but it was a good idea to maybe move forward on it. So we brought forward a proposed modernization of the tenure system. A model was brought forward and that was put out in draft form I think it was on April 30 of this year. We followed that with further consultations.

Ultimately, we are looking at a model that will, as we move it forward, change the way that we basically allocate and price our crown wood in the province of Ontario. There have been many discussions about it, lots of strong feelings about it. It's probably fair to say there have been some concerns expressed, particularly by those who were working under the former system; they don't particularly want to change it. But I've got to tell you, the more discussions that we have, the more optimistic I am that we can effect a change whereby there's much more local involvement, there's much more connection in terms of some of our aboriginal communities.

One of the recommendations is that we set up local forest management corporations that would have a board of directors, be allocated a specific amount of fibre, and they would be in a position where they could, by a variety of different means, including testing the market forces, make the wood available to all those who had good business plans. This has been a fascinating process, because, as I say, there's been some controversy attached to it. But in essence, I think we're getting a much better understanding that, in order for us to perhaps avoid

what's happened in the past, this new tenure model needs to be put in place.

We're working very much on the basis that we want to test those principles, test that model. We're working hard to determine a couple of pilots—perhaps one in the northwest, one in the northeast of the province—and to test that model to see whether or not this can indeed be successful, to see, with the principles being tested, whether or not we can get a new tenure system in place that will work. This is going to take some time, but we think it's one that makes a great deal of sense.

This ties into some of the other good things that we're doing. In our last budget, one of the most exciting things is that northern industrial energy rate program, which is going to be able to reduce costs for the forestry sector and the mining sector. That's been one way we've actually brought some real assistance to the industry. We had it previously for the forestry sector, and it was certainly well received. It was another one of the benefits of our incentive programs, and they're still of benefit to the industry. But to have this northern industrial energy rate program put in place was very, very exciting. It's one that's been well received by industry in general and we've expanded it.

One other piece I will just tell you about is that as we work our way towards a reframing or a modernization of the tenure and pricing system in the province of Ontario, as we take the time we need to get it right, and as we work with our industry partners and with some of the new entrants to try and move this forward, we also recognize that we need to put an interim measure in place. I mentioned earlier about the fact that there was a significant amount of Ontario's crown wood that was not being harvested. One of the things that we determined was important was to look at which of that wood could actually be put into a wood supply competition. We identified somewhere close to 11 million cubic metres. It ended up being a smaller amount that we were able to have made available in that wood supply competition, and we have got a competition process under way right now. I think we've had 115 proposals for that wood supply competition.

**1630**

We're now moving into a phase of the competition—this is something that is, by the way, being done under the watchful eye of a fairness commissioner to make sure that it's done in certainly the most fair way possible. I think it's important that it be done that way. There are criteria that were put in place to again make this available to potentially new entrants. It's a lot of wood. It's the biggest wood supply competition certainly in the history of the province. We're hopeful that we can have some recommendations coming forward—I think “relatively soon” would be a way that I'd phrase it. Certainly, I'm hoping sometime in November; I'm not sure if my officials are cringing while I speak, but I think that's a pretty accurate way of looking at our timing. We want to get this out, because this again is about taking unused wood, some merchantable and some unmerchantable, and

making it available for use amongst our forestry sector businesses in the province of Ontario. So this is something else that was in essence, as I say, an interim measure.

What we ultimately felt was that it was important to take some measures that would respond to clearly something that was—I'm reluctant to say "a large problem," but there's no question that we need to look at a system that obviously has not worked as well as it should, particularly in the bad times. So the incentive programs have been extremely helpful.

I'm just returning from a great experience yesterday. I was in Terrace Bay, Ontario. The pulp mill there, the only pulp mill between Thunder Bay and Sault Ste. Marie, reopened yesterday. It was a pretty remarkable experience to be standing on the plant floor knowing that there are 340 people going back to work. I'm glad that we were able to be part of helping that company get back into business—a very, very good asset—and produce pulp again.

There are many examples of the work that we've done with a number of other companies as well in terms of the incentive programs, and there is work we're continuing to do with them. But there's no question that when I was given the responsibilities of dealing with forestry by the Premier, which was a great honour, obviously—it's a big task. There's no question about it. We have been and we are going through really challenging times, but I believe that the measures that we're taking are going to make a real difference. I continue to be very committed to seeing some of these positive moves continue to take place. I'm looking forward to providing an update on the tenure system—our tenure review in the fall. And certainly, as I say, we're looking forward to making some announcements related to our wood supply competition.

**The Chair (Mr. Garfield Dunlop):** You've got two minutes left in this round.

**Mr. Jim Brownell:** Okay. Well—

**Hon. Michael Gravelle:** I could carry on for two more minutes without blinking.

**The Chair (Mr. Garfield Dunlop):** It's pretty clear you could do that.

**Hon. Michael Gravelle:** Is that pretty clear?

**The Chair (Mr. Garfield Dunlop):** That's clear you could do that. Go ahead.

**Mr. Jim Brownell:** Go ahead. If you would.

**Hon. Michael Gravelle:** Ultimately, I think there's no question. This is something that we have been very, very conscious of as a government. I am the member for Thunder Bay–Superior North, and certainly when I was very fortunately re-elected in 2003, I recall—this is not the entire problem, but I do recall, as I think many of us do, that the dollar was at 62 cents. That became a really interesting factor in things changing very, very quickly.

I remember things changing rather quickly as the dollar rose, and listening to and going to many of the companies that were in my communities. I'm an MPP who represents communities where the mills, at this stage, are not operating. That's perhaps one of the reasons why

I was so pleased about Terrace Bay reopening. There are a number that aren't. But we're working with them.

I was really pleased at the time that Minister Ramsay set up that—I can't recall the right phrasing for it, but it was the competitiveness or whatever—my ministry officials are probably conscious that I'm not getting the words right, but in terms of setting up the group that was making recommendations. What he brought forward was a clear recognition by our government that we needed to take some measures to provide some incentives. To some degree, the challenge was finding the right way to make those incentives work. I made reference to a number of them that have been extremely successful. There was also significant relief given related to stumpage fees, for example, which made a huge difference at a very significant time in the industry.

When we were given the opportunity in our ministry to take on the business side of forestry, that's when we very much embraced the opportunity to take on the rather daunting task of looking at the tenure and pricing system in the province of Ontario. These things are difficult to do, but we are embracing them, as we are the wood supply competition, which is on the base of putting in place a forest tenure system in a forestry sector that is hopefully not going to be dealing with the cyclical highs and lows in quite the same way as they have in the past.

**Mr. Jim Brownell:** I do have a supplementary, but I'll—

**The Chair (Mr. Garfield Dunlop):** You'll have another round.

We'll now go to the official opposition, and we'll clean up your time, as well.

**Mr. Randy Hillier:** First off, I would like to thank the minister and his staff for being so expeditious with those responses to the questions last week.

Just briefly on that, as well, I did notice, in reference to the services line item in your results-based planning brief, that you have a little over \$20 million out of that \$234 million that is spent on various consulting and professional services, including communications and external consultants. I was wondering if the ministry could provide me with a breakdown of the various consulting firms that you employ at MNDMF.

**Hon. Michael Gravelle:** You're dealing with the general ministry and operations—

**Mr. Randy Hillier:** The operating services budget breakdown.

**Hon. Michael Gravelle:** Right.

**Mr. Randy Hillier:** The question I asked was about that \$234-million line item.

**Hon. Michael Gravelle:** This is the one that includes communications, external consulting, staff development—

**Mr. Randy Hillier:** Yes. You'll see there's an item there for \$17.1 million—and then professional services, due diligence services, legal services.

Can you give me a list of all the external consultants who are employed by the ministry?

**Mr. David O'Toole:** That would be a retroactive look at the previous years we've awarded contracts through tendering competition. So you'd like—

**Mr. Randy Hillier:** For this year. We're talking about this year's budget.

**Mr. David O'Toole:** This is the forward-looking budget, right?

**Mr. Randy Hillier:** Yes, but you've already engaged a number of them.

**Mr. David O'Toole:** We budgeted that amount of money going forward in the event that these are required, so—

**Mr. Randy Hillier:** For the previous year.

**Mr. David O'Toole:** Okay.

**Hon. Michael Gravelle:** Mr. Hillier, I don't want to interrupt you, but we also have the responses to your questions from this morning.

**Mr. Randy Hillier:** It would be an absolute pleasure to have those tabled, as well. I'll have to thank you twice.

**Hon. Michael Gravelle:** Hey, we'll take it.

I think you asked four different questions, and if I may, I'll read them. The first question was, "On lands not patented for mining purposes, are landowners in municipalities subject to both mining land tax and municipal tax?"

In general, on lands for which the mineral rights are patented, i.e. privately held, there are three circumstances under which the patent and mineral rights are subject to mining land tax: (1) where the original crown grant—

**Mr. Randy Hillier:** That's straight out of the legislation. I've read the legislation.

The question was, couldn't lands be subject to both municipal taxation and the mining tax where that land was not patented specifically for mining purposes?

**Hon. Michael Gravelle:** There are three conditions. Within municipal boundaries, where any of these three conditions apply, the landowner is subject to mining land tax for the mineral rights and municipal taxes for the surface rights.

**Mr. Randy Hillier:** I'll read through your response after, when you table it.

**Hon. Michael Gravelle:** You also asked whether we received any applications for exemption from the mining land tax. We have introduced a new provision under the Mining Act, section 199(3), to allow private mineral rights holders to apply for an exemption from mining land tax if their mineral rights were originally granted for mining purposes but are not used for mining purposes. This provision has not yet been proclaimed. We do anticipate—

**Mr. Randy Hillier:** So you haven't received any applications, obviously, then?

1640

**Hon. Michael Gravelle:** We're consulting on the exemption criteria, so we haven't received any applications, exactly. That is the long and short of that.

Your third question: Have we ever refunded mining land taxes or provided compensation? It's been done only in very, very rare circumstances. Section 202 of the

Mining Act, which applies to anyone liable to pay mining tax, does provide for the ability to refund mining land tax when a doubt arises as to liability and the taxes have been paid under protest. As I said, this has been done in very rare circumstances.

You asked about whether we ever taxed mineral rights holders inappropriately. I think it's fair to say, and I trust you'll understand, that the history of mining land grants in Ontario is a long and complicated one. There have been a few cases where, due to administrative errors, we may have inadvertently charged someone tax when they should not have been, or they may have been charged too much—or for that matter, they may have been charged too little. Certainly, as you would hope and expect, once these errors are discovered corrective measures are taken. It's an extremely rare occurrence.

In addition, section 202 of the Mining Act, which applies to anyone liable to pay mining tax, of course, provides for the ability to refund mining land tax where a doubt has arisen as to liability and the taxes have been paid under protest. Again, this has been done only in extremely rare circumstances.

Under the Mining Act, there is also a provision, which is subsection 195(1), that provides the right to apply to the Mining and Lands Commissioner if there is a dispute regarding whether lands are subject to mining land tax and/or the amount of tax levied. Again, very few such cases have been filed with the Mining and Lands Commissioner over the years.

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

**Hon. Michael Gravelle:** You asked one more question. I may as well—this won't take long.

Since 2004, how many properties have reverted to the crown for failure to pay the mining land tax? Our records indicate that since 2004, roughly 200 properties a year revert to the crown for failure to pay mining land tax.

**Mr. Randy Hillier:** Thank you very much. I look forward to going through those in a little bit more detail this evening.

**Hon. Michael Gravelle:** We want to be helpful.

**Mr. Randy Hillier:** Minister, may we just ask a couple of quick questions? Is Eric McGoey still your chief of staff?

**Hon. Michael Gravelle:** He certainly is.

**Mr. Randy Hillier:** And what position does Kevin Costante—are you familiar with that name?

**Hon. Michael Gravelle:** Sorry?

**Mr. Randy Hillier:** Costante? Kevin Costante?

**Hon. Michael Gravelle:** He was my deputy minister and now is a deputy minister in another ministry.

**Mr. Randy Hillier:** Okay; so he was the deputy minister.

**Hon. Michael Gravelle:** Yes.

**Mr. Randy Hillier:** I'm going to ask you a number of questions regarding mining taxes on properties that are not subjected to mining taxes, but they are indeed being paid. I guess the first thing: When you are made aware—I guess you would expect your staff in the ministry to make you aware if they were indeed imposing taxation

on properties that they ought not to. That would probably be a fair statement, that you would expect to be aware of that?

**Hon. Michael Gravelle:** My minister's office staff and the deputy minister's staff keep me informed of issues that they think are important for me to be kept aware of. As you can imagine, there's lots that's happening in our ministry.

**Mr. Randy Hillier:** Absolutely. There are many things going on.

There are a number of people in this province who are paying taxes on their properties where it certainly does not appear that the ministry has the authority to impose that mining tax. I'd like to start off by saying—and it's been acknowledged by members of your staff that this is indeed happening, but it continues.

Anyway, I'll just start off—in a phone conversation between your chief of staff, Eric McGoey, and one of these people who were being taxed inappropriately, your chief of staff was explicit in acknowledging the financial and legal liability faced by your ministry as a result of the illegal taxation and compensation. He confirmed that the tax had been improperly applied. This was on March 4, 2009. "There's an agreement in principle that you were not taxed properly." This is to a gentleman named Charles Ficner. I'm sure you're familiar with his name, or members of your staff are. He went on to say—your chief of staff—that he was skeptical of the likelihood of Charles Ficner receiving either an apology or a formal admission from government that they are wrong. Again, that skepticism stems from nothing other than your chief of staff's belief that organizations protect themselves.

So I want to ask, Minister: Here's a case where your chief of staff knows that this property is being taxed improperly. It's been admitted to in conversations. There's evidence of it. But that gentleman is still forced to face this taxation under threat that his property will be like one of those 200 others per year that revert back to the crown if he does not pay this tax, even though you have no statutory authority to actually impose that tax.

**Hon. Michael Gravelle:** Well, as I think I referenced in some of the earlier questions you asked, and I tried to respond as best I could, we certainly have had circumstances where clients have disputed their liability for mining land tax. There is a complicated history of mining taxes administered under different acts and even by different ministers.

Certainly, we always are careful, particularly under those kinds of circumstances, and we take appropriate review of the situation. We do our best to suggest appropriate recourse under the Mining Act, including the right to appeal to the mining commissioner. Every effort is made to follow that course—

**Mr. Randy Hillier:** But here we have a case where there is an admission by your chief of staff that this tax is inappropriate and it's still being imposed.

There was one other comment made by your chief of staff. This one was on March 4, 2009, and I'll quote it. This was in describing the comments, excuses and ex-

planations of the ministry in trying to cover up this taxation. He said to Mr. Ficner: "The same resistance and baffle-gab that you have been dealing with for the last 20 years"—this had been an ongoing case. He has indeed been protesting this taxation for over 20 years. He has been met with, as your chief of staff said, nothing but resistance and baffle-gab. And the unfairness continues.

This gentleman is paying a tax, against his will, to a ministry that has no authority to impose that tax. If he does not pay the tax, the crown will seize his property.

I'd like, Minister, for you—and I know that you are aware of this, because you sent him a letter yourself, back in July 2009, regarding this, but it still continues. I'd like you to answer: Why are people in this province being subjected to illegitimate taxation on their properties under the threat of losing their lands?

I don't know how many of these 200 properties per year that are reverting back to the crown are illegitimate like Mr. Ficner's, who is facing that threat, but even if there's one—and I certainly do believe there are significantly more than one. Even if there was only one, that's atrocious, and it's shameful that the ministry is continuing to do this, even though there has been a long admission that they know that they're imposing this taxation illegitimately.

1650

**The Chair (Mr. Garfield Dunlop):** Is this before the courts?

**Mr. Randy Hillier:** No.

**The Chair (Mr. Garfield Dunlop):** Okay. I was just curious. I just wanted to make sure that it's not something that—

**Mr. Randy Hillier:** No, just this court.

**The Chair (Mr. Garfield Dunlop):** Okay. I just wanted to clarify.

**Hon. Michael Gravelle:** Let me just clarify one thing: The 200 properties a year that I referenced earlier have their mineral rights revert to the crown.

**Mr. Randy Hillier:** Yes, but we understand that when the mineral rights revert back to the crown, in essence, in practical terms, the crown has taken ownership. There is no physical defining line between the mineral and the land. If the crown has ownership of the minerals, they indeed have ownership of the property. You may not have title, but you have ownership and control. That's a powerful, powerful thing—a threat—to have hanging over someone, that they either pay this illegal or illegitimate tax or they lose ownership and control of their lands.

*Interjection.*

**Hon. Michael Gravelle:** We may be treading on legal territory here, and I would ask Catherine Wyatt of our legal branch to perhaps join us.

**The Chair (Mr. Garfield Dunlop):** Sorry. Your name again, please?

**Ms. Catherine Wyatt:** It's Catherine Wyatt. I have a card if someone needs to spell that.

**The Chair (Mr. Garfield Dunlop):** Oh, okay. It's just for Hansard. Thank you.

**Mr. David O'Toole:** What I asked Catherine to come up for was specifically to address the issue of the reversion of mineral rights to the crown and the implications for that with respect to service rights. If she could walk us through that in response to the question.

**Mr. Randy Hillier:** Well, no. I was saying that there has been a reversion of 200 properties back to the crown for failure to pay a tax. We have evidence that the ministry is imposing taxation on properties where they have no authority to do so. People are losing ownership and control of land. I don't know how many out of those 200 per year are in the same position as Charles Ficner, but I know a few others like Charles Ficner, and they're continuing to pay those taxes even though they ought not to have to. Others probably don't have the financial wherewithal to continue paying, and they lose their properties back to the ministry.

You're aware of this, because the previous deputy, Kevin Costante, offered up, on January 30, 2009—he made an offer of compensation of \$5,000 and the return of the illegal taxes. However, there were clauses attached to that offer which would have prevented Mr. Ficner from exposing this to others, so he did not accept.

I think it's atrocious that people in this province are facing that heavy-handed approach by your ministry.

**Hon. Michael Gravelle:** Are you after a legal—

**Mr. Randy Hillier:** No, no. This is in the operations of the ministry.

**Hon. Michael Gravelle:** But may I say, as I pointed out in one of the earlier responses, we have got a new provision under the Mining Act to allow private mineral rights holders to apply for an exemption from the mining land tax if their mineral rights were originally granted for mining purposes but they're not being used for mining purposes. In southern Ontario, part of the Mining Act modernization—actually, it was very important. We had a relatively controversial issue in terms of southern Ontario, and we moved to make sure that people with separate service rights and mining rights, that the actual mineral rights were withdrawn from staking as part of changes to the Mining Act, in order to deal with that issue. So in that sense, I think we've responded to that as sensitively and as carefully as we can.

**Mr. Randy Hillier:** Well, I can see you're spending millions of dollars on due diligence and professional services every year, and this problem remains. This problem continues. With Mr. Ficner, it has been going on since 1991, and there have been others as well that have been going on for some time. I think that your staff are aware of it. Your chief of staff is aware of it. The ministry is aware of it. It still is not addressed, other than, "Take some money; don't tell anybody else what we're doing so we can continue those wrongdoings with others," as was indicated to Mr. Ficner back in January 2009. He is still paying that tax on those properties—that illegitimate tax.

I'd like some confirmation from the minister that you'll look into the revenue that your ministry is deriving from these taxes and correct the errors that are there. Clearly there are a number of errors, and your ministry is aware of it.

**Hon. Michael Gravelle:** I am going to ask the deputy to respond to one piece of what you referenced, particularly the former deputy's letter, Deputy Costante's letter.

**Mr. David O'Toole:** I just want to make sure that the characterization of the settlement that was in the letter, the contents of the letter, is accurate as far as we know it. So, Catherine, I'd ask you to speak to that, please.

**Ms. Catherine Wyatt:** Yes, thank you. I have the January 30 letter. It was not conditional on any sort of a gag order, silence or confidentiality. There was an offer to refund tax on a without-prejudice basis, without admitting liability, because the ministry's position had been that it was properly assessed and collected.

In addition, there was an offer of a \$5,000 payment, again without condition; "ex gratia," it says in the letter. It does refer to the fact of that being the same amount that was the ministry's share in a previous Ombudsman's offer to settle that had been made, by which \$5,000 was offered on behalf of the Ombudsman, MNR and MNDM at that time.

**Mr. Randy Hillier:** Can you repeat—I didn't hear you at all. Just prior to the Ombudsman, you were mentioning?

**Ms. Catherine Wyatt:** It was \$5,000 ex gratia payment without condition.

**Mr. Randy Hillier:** Without. And "extrat"?

**Ms. Catherine Wyatt:** Ex gratia, meaning—

**Mr. Randy Hillier:** Oh, ex gratia, okay.

**Ms. Catherine Wyatt:**—out of the goodness of our hearts.

**The Chair (Mr. Garfield Dunlop):** You have four minutes in this round, by the way.

**Mr. Randy Hillier:** Maybe we'll get into some more of this in the next round as well.

But I do want to just move off-subject a little bit. I want to follow up a little on what the member from Timmins—James Bay was talking about: processing.

This summer, I had the opportunity to listen to a vice president from OPA at the Midwestern state legislators' conference. I'm not sure if you were there. His comments were very enlightening. He spoke about the green energy program that this government has undertaken. When questioned by a legislator from Nebraska, "How is this affecting the manufacturing and industry in Ontario, this green energy policy?", the gentleman replied, "We have made a conscious decision in Ontario"—this Liberal government—"that if your business requires energy, this is not the place to set up business." That is what the vice-president from hydro said to all the legislators: "If your business requires a significant component of energy, Ontario is not the place to be."

You realize that as well, Minister. You're quite in tune with the policies of this government. That's why we saw Xstrata leave Timmins: the cost of energy. How can you possibly suggest to people that we are going to have value-added processing out of the Ring of Fire when your government has made a conscious decision that if your

business requires energy, you can't be competitive and you won't set up here?

1700

**The Chair (Mr. Garfield Dunlop):** Two minutes to finish this round.

**Hon. Michael Gravelle:** Thanks. I certainly question the quote you're referencing, but perhaps more importantly, what is very clear with the Ring of Fire development is that this is a huge, exciting economic development opportunity that, managed well—

**Mr. Randy Hillier:** I agree.

**Hon. Michael Gravelle:**—as we are determined to do—and to play the significant role we know we can in terms of managing this process. In terms of all our relations that we are building either with First Nations or the companies themselves, we are determined to actually make this happen. This is a commitment by our government in terms of the Open Ontario plan—

**Mr. Randy Hillier:** Are you going to lower the cost of energy, then?

**Hon. Michael Gravelle:** We recognize the challenges that are there, but this is a priority for our government and certainly one that the Premier again has spoken about himself. We are confident that we will be able to not just move forward with the development of the mine sites themselves but also the processing facility.

**Mr. Randy Hillier:** Minister, you know the energy is a significant cost of mineral processing.

**Hon. Michael Gravelle:** Sure.

**Mr. Randy Hillier:** Absolutely, and you know that our costs are way out of line with our neighbouring jurisdictions. How can you honestly say to people that you're expecting processors to set up here when you know the energy cost is prohibitive and that your Green Energy Act is increasing the cost of energy, not decreasing. It's increasing it. It's putting them into an even worse position.

What are you going to do to make your statements legitimate? Are you looking at lowering the cost of energy in northern Ontario to a position where they will be competitive?

**The Chair (Mr. Garfield Dunlop):** That concludes the time. You'll have to get back to him with the question in the next round.

We'll have to now go to the third party. Mr. Bisson.

**M. Gilles Bisson:** Ma question est pour le ministre et fait affaire avec la situation de la ville d'Opatatika qu'on connaît très bien. Le village d'Opatatika, comme vous le savez, avait déjà un moulin—une opération forestière qui était là qui appartenait à Tembec et qui était la seule industrie dans la communauté. Ils se sont fermés, comme vous le savez, il y a au moins six ou sept ans. La communauté, depuis ce temps-là, et notre préfet, M. Nolet, son conseil, l'administration de la ville d'Opatatika, les citoyens et des autres travaillent très fort—ça fait beaucoup d'années—pour trouver la relève pour cette communauté.

Quoi faire quand ton industrie ferme, et quoi faire pour faire le suivi sur les emplois qui ont besoin d'être créés pour être capable de renouveler l'économie locale?

Donc, le préfet, M. Nolet, et son conseil, l'administration et des autres travaillent très fortement dans les dernières années pour être capables de faire cette relève—quelqu'un qui vient en avant et qui dit : « On est préparé à faire quelque chose qui est intéressant pour la communauté, un projet qui, à la fin de la journée, pourrait amener non pas tous les emplois qu'on a perdus, mais une bonne partie, pour être capable de mettre en place un programme de biomasse pour la communauté d'Opatatika. »

Vous le savez, j'en ai parlé directement avec vous à la Chambre à une couple d'occasions—même plusieurs occasions—la dernière année, faisant affaire avec ce projet. Ce qui est frustrant pour la communauté—puis j'arrive à ma question—c'est que la communauté d'Opatatika a fait ce qu'il y avait à faire. Quand l'usine s'est fermée, le gouvernement provincial et notre Premier Ministre ont dit : « Vous avez besoin de faire la relève. Vous avez besoin de trouver une manière d'aller de l'avant avec quelque chose qui est différent de ce qui était là avant. »

Donc, la communauté, qui a travaillé très fort, a trouvé un entrepreneur et des investisseurs qui étaient intéressés à aller de l'avant avec un projet de biomasse. Ils ont fessé le mur—comme on dit en anglais, « the wall »—quand ils sont arrivés à nos locations pour le bois.

Dans le temps—ce n'était pas vous le ministre; c'était M. Ramsay—ils se sont fait dire : « Écoutez, allez faire une entente avec les entreprises locales forestières qui sont dans votre coin. Allez parler à Tembec ou aux autres qui ont des licences dans le bois et essayez de vous organiser avec une entente avec eux pour avoir accès au produit dont vous avez besoin pour être capables de transformer ça dans vos usines de biomasse à Opatatika. »

La communauté, qui était en avant—l'entrepreneur qui était en avant avec ses investisseurs, qui ont fait ces ententes avec Hearst Forest Management où ils ont négocié une entente pour environ 100 000 mètres cubes de bois—je pense que c'est peut-être même plus que ça, mais au moins 100 000 mètres cubes—ce qui a alloué ce projet d'aller de l'avant.

Le gouvernement, l'année après, a fait une annonce qui disait : « On commence un nouveau processus. » C'était un processus que j'avais demandé il n'y a pas longtemps qui disait de mettre à la disposition de ceux qui en ont besoin le bois qui n'est pas utilisé par les autres entrepreneurs qui sont là présentement—les compagnies forestières telles que Tembec. Le gouvernement a annoncé une manière qui n'a pas répondu à mes préoccupations et à mes demandes, mais néanmoins, on était en avant. Et qu'est-ce qui est arrivé? Le bois qui a été négocié entre Hearst FMA, qui est du bois de Tembec et d'autres, a été mis en jeu et retiré, ce qui veut dire que toutes les négociations qui ont été mises en place pour faire la relève à Opatatika ont été perdues avec votre nouveau processus de demande—RFP, « request for proposals », en français?

*Interjection.*

**M. Gilles Bisson:** Demande d'appel d'offres. C'est beau quand on a des traducteurs ici qui veulent nous donner ces mots.



Les demandes d'offres ont nui à la communauté d'Opasatika parce qu'eux autres ont perdu ce bois.

Donc, où est-ce que les affaires se sont rendues avec votre ministère, présentement, envers la demande d'Opasatika et des entrepreneurs d'aller de l'avant avec ce projet-là? Est-ce qu'eux autres vont avoir le bois dont ils ont besoin pour aller de l'avant avec ce projet?

**Hon. Michael Gravelle:** I know you understand that I can't speak in specifics about applicants for the wood supply competition that we brought forward, so I can't talk about whether or not an application has been brought forward or not in terms of the community.

I do recall our discussions very, very well. In many ways, that was an example of why we recognize that we need to make some changes in terms of how we allocate wood in the province of Ontario, related to the forest tenure system.

In terms of the wood supply competition, you certainly did, as did many others, call on us to provide those opportunities. That's why we brought forward the wood supply process, as well.

The fact is, the community was given an opportunity to resubmit their application.

Actually, one of the most difficult things for me has been how important it is for me not to be able to, obviously, in any way influence the wood supply competition. I'm very keen to get to the point where we can announce some successful proposals, but what I can't speak about is who has applied, who has not applied and who is successful at this point.

I hope you understand. I want to work with you and with every member in northern Ontario, related to some of the challenges and opportunities we have there. That has been a difficult situation. There are other communities in your riding—and you could give other examples of where opportunities, perhaps, have been missed. Again, my goal as minister is to try to find ways to make the kinds of changes that will mean that in the future we're able to have some real successes in terms of these opportunities.

It's been tough. I've got my own situation in my riding and you've got them in yours, in the northern community—and there are other communities, may I say, in the province where that happens.

I know you also know that if a community wishes to get together with me, I never turn it down. I meet with them, and I will meet with them on your behalf, as I would any other.

1710

In terms of the wood supply competition specifically, again, I spoke about it a little bit earlier when I was asked about it by the government party. We're keen to get some—we're going to have some answers, I'm hoping, sometime early in November. I can't speak to specifics, but I know how important this project is.

**M. Gilles Bisson:** Ce que je peux vous dire, monsieur le Ministre, c'est que justement la semaine passée, j'ai eu la chance de parler au préfet, M. Nolet, et à d'autres

membres de la communauté, et ils sont extrêmement—je répète—extrêmement frustrés par le processus.

Ils ont été demandés d'aller d'une certaine ligne. Ils ont été demandés : « Allez négocier avec le secteur privé, allez trouver une entente avec le secteur privé, puis une fois que vous avez fait ça, vous serez capables possiblement d'aller de l'avant avec votre projet. »

Comme vous savez, ce n'est jamais facile de négocier avec le secteur privé quand ça vient au bois, parce que les compagnies ne sont pas nécessairement toujours d'accord pour donner ce bois dont ils n'ont pas besoin à quelqu'un d'autre. C'est une partie du problème.

Donc, ils ont finalement eu une entente avec Hearst FMA pour aller de l'avant, et c'était retirée. La communauté se sent très frustrée parce qu'ils ont fait ce qu'ils ont été demandés de faire par ce gouvernement et par M. Ramsay, quand il était le ministre, et là on se trouve dans une situation où ils ne sont pas plus en avant qu'ils étaient au début du processus.

Je comprends très bien le préfet Nolet et les autres—qu'il y a un nouveau processus en ville—« a new sheriff in town », jusqu'à un certain point, comme on dit, Sheriff Gravelle—et qu'ils ont besoin de passer ce nouveau processus.

Ma question devient : pourquoi est-ce qu'on a inclus dans le nouveau processus le bois qui était déjà négocié entre les compagnies privées? Dans un point les compagnies, telles que les projets d'Opasatika, allaient négocier avec le secteur privé. Elles allaient faire ce qu'il a été demandé par le gouvernement provincial, et elles arrivaient à une entente. Pourquoi est-ce que ces ententes-là sont retirées et le bois est remis dans le processus directement au début encore? Pourquoi est-ce qu'on a fait ça?

**Hon. Michael Gravelle:** I'm not sure whether there's anybody from my ministry who might want to respond to that.

**Mr. Gilles Bisson:** Come on, Bill.

**Hon. Michael Gravelle:** I'm not sure—I'm looking at Bill Thornton, our ADM—whether or not you can talk about this, Bill.

**M. Gilles Bisson:** Bill, tu parles le français.

**Mr. Bill Thornton:** I can speak to it in general terms—

**Hon. Michael Gravelle:** Will you join us?

**Mr. Gilles Bisson:** Please. Bill, you speak French, eh?

**Mr. Bill Thornton:** No.

**Mr. Gilles Bisson:** Oh, I thought you did.

**Mr. Bill Thornton:** Sorry.

**Mr. Gilles Bisson:** Okay. I always thought you did.

**Mr. Bill Thornton:** I think I have the gist of the issue, Mr. Bisson. I believe you're asking a question with respect to why, after having been directed by the ministry to negotiate business-to-business arrangements for a particular company that was interested in using forest biomass—and I understand that those were difficult discussions that took place, that may or may not have been concluded—the biomass in question was subsequently

included in the wood supply competition, and what gave rise to that. Is that the correct—

**M. Gilles Bisson:** C'est la question.

**Mr. Bill Thornton:** Okay. The standard we used to determine whether or not wood was placed in this competition was a very basic one: It was whether or not mills were operating at a certain point in time and, in doing so, using wood that was licensed to them. That was the test. So, we went back to a particular point in time—I believe it was March 2009—and asked ourselves whether or not they met those criteria.

The reason we did that was because we were very concerned to see the huge amount of wood in the province that was committed to mills but wasn't being used by those mills, and at the same time, those mills were saying, "No, you shouldn't make this wood available to other proponents, because it's licensed to us." That was the standard that was used.

I can't speak to the very specifics of that situation, but if the mills in question were operating at the time, then the wood was not placed in the competition. If they were not operating, the wood was placed in the competition that has given rise to the circumstances we see today.

**M. Gilles Bisson:** L'affaire que j'ai un problème à comprendre—je vais vous laisser brancher votre écouteur.

I'll sing in the meantime, until you get that plugged in. Frère Jacques, frère Jacques—there we are.

L'affaire qui est frustrante avec le processus—moi, je suis le premier à dire que si un bois n'est pas utilisé par une compagnie forestière, ce bois-là doit revenir à la Couronne. J'ai toujours maintenu cette position; je la maintiens encore.

L'affaire qui est frustrante avec ce qui est arrivé avec Opasatika, c'est que, eux autres ont été demandés de négocier avec le secteur privé l'allocation de bois. Ils l'ont fait—et oui, c'est vrai qu'ils n'étaient pas en production dans le temps de mars 2009, quand vous avez fait cette politique. Mais dans le moins des moins, pourquoi est-ce qu'on n'a pas dit : « OK, on vous donne un an, 16 mois, 18 mois. Si ce bois n'est pas utilisé dans un certain temps, vous allez le perdre » ? Pourquoi est-ce qu'on n'a pas au moins fait ça ?

Au moins, là, la pression aurait été sur les individus qui sont les investisseurs de dire : « It's time to ... or get off the pot », et puis faire quelque chose avec ce bois ou il aurait été retourné à la Couronne. Pourquoi est-ce qu'on n'a pas fait la distinction de dire : « Si vous avez fait une entente, on vous donne 12, 16, 18 mois, et à la fin de la journée, si vous ne vous en servez pas, on va retourner le bois à la Couronne » ?

Pourquoi est-ce que, au moins, on n'a pas pris cette position? Cela aurait été bien mieux, quant à moi.

**Mr. Bill Thornton:** Thank you for the question. It's a good point: Why do we not put measures in place that would result in companies losing timber that they haven't used and be more specific? There are situations where that is the case.

The backdrop to this is understanding the nature by which the province makes commitments of crown timber

to various mills. It is a complicated backdrop and it is one that's steeped in history in terms of historical commitments that have been made through many different forums—in some cases, through express licences, in other cases, more indirectly through amendments to licences, and in other cases, through an instrument we call a supply agreement.

Depending on which of those instruments you consider, we have very explicit or not very explicit authority to do exactly what you're describing. I can consider some supply agreements, for example—

**Mr. Gilles Bisson:** And that was the case here.

**Mr. Bill Thornton:** Again, I don't know the specific instruments of commitment that are involved in this individual case.

**M. Gilles Bisson:** Mais l'affaire que je ne comprends pas est—et je vais essayer de faire la question plus simple—si c'est une question où il n'y avait pas d'entente entre ceux qui voulaient aller de l'avant avec le projet d'Opasatika et Hearst FMA, là, je le comprends très bien; la Couronne reprend le bois. Moi, je vais être le premier—vous savez, Bill, dans le nord de l'Ontario, j'ai toujours été vu comme quelqu'un qui dit : « Si tu ne te sers pas du bois, tu vas le perdre. » Parce que ce n'est pas utile à personne si on ne s'en sert pas.

Mais dans ce cas-ci, il y avait une entente entre ces deux compagnies-là, et je ne comprends pas pourquoi on n'a pas fait une distinction et dit : « OK, il y a une entente. Combien de temps vous avez besoin pour concrétiser cette entente-là pour aller de l'avant avec un projet? », et dit : « OK, on vous donne 12, 16, 18 mois, quelque chose de raisonnable » pour aller de l'avant. Pourquoi est-ce qu'on n'a pas fait la distinction? C'est la question que je vous demande.

**Mr. Bill Thornton:** Again, I can't speak to the specifics of that situation. I don't know the nature of the private deals that may or may not have been arrived at between this biomass enterprise and the other licensees in the area.

But on the broader public policy issue, I think we are in agreement. There needs to be some incentive to ensure that mills that don't use wood have to surrender it or at least give us a convincing business plan that they are planning to use it. That's the essence, as Minister Gravelle has said, of the rationale for the wood supply competition, and on a broader public policy perspective, that goes, in large measure, to our thinking around the need to reform our tenure system. It's a frustrating situation that we face currently where mills can idle themselves. There is no market per se to sell crown timber, and as a result of that, wood that could employ people lays idle. So part of our tenure reform discussions is not only about tenure; we've also talked about the need to establish more market mechanisms that influence not only the allocation of crown timber but how it can be priced as well.

1720

**Mr. Gilles Bisson:** I guess, you know—

**The Chair (Mr. Garfield Dunlop):** Two minutes left.

**Mr. Gilles Bisson:** Two minutes, thanks, Mr. Speaker—Mr. Chair, excuse me. I'm in the wrong venue.

The frustrating part is that I've been advocating for years that if wood is not utilized, we take it back. It is my view that that right exists currently under legislation. We don't need to do anything new to take wood back because the Crown Forest Sustainability Act—I was there when it was authored and put together—allows that to happen.

The frustrating part with Opatatika was, they were told, "Go negotiate an agreement business to business with Hearst FMA." They did it. They got the allocation of timber through the business-to-business process, and then, when the ministry decided to say, "Let's make available by way of RFP all unutilized wood," they scooped up the wood that there was an agreement on and said, "This has now gone back to the crown. Start back from square one."

The effect of that is that the investors walked away, and now we're scrambling trying to figure out how to move forward with what could have been a very interesting project in that part of the province.

So I'm just saying, well intended, but, God, the effect of what you've done is to effectively scare away the investment that could have helped Opatatika today. We might be in a position further down the road to make something happen because, as the minister said, we know that they're still in the process; that come November or December of this year, we should have a decision on the allocation of timber. But I want to make a plug here: Opatatika—there's no employer in town. We need to recognize that they were hard done by when it comes to the original decision and we should allow an allocation of some type.

**Hon. Michael Gravelle:** I certainly hear what you're saying—

**The Chair (Mr. Garfield Dunlop):** Just a quick answer here, Minister.

**Hon. Michael Gravelle:** I appreciate the way you actually ended this particular discussion, because certainly if they have a good proposal, there's a good chance they'll be successful in terms of that. Obviously, I can't get involved, nor should I, in the specific applications, but—

**Mr. Gilles Bisson:** I think you should.

**Hon. Michael Gravelle:** This is ultimately about making sure we put our wood to work. I know that in many ways you do agree with some of the measures we're taking. You don't agree with everything we're doing it or how we're doing it, but in a general sense—

**Mr. Gilles Bisson:** In the principal, yes, but not in the details.

**Hon. Michael Gravelle:** There was certainly some support for it. But that's the way to look at it, I think. Despite the frustration, understandable as it is, if they have a proposal that's in that mix and the recommendation is made, they have a chance of being successful. It's all about who has the best proposal. We want to make sure the wood gets to work.

**The Chair (Mr. Garfield Dunlop):** Okay, thank you, Minister. We'll now move to the government members.

**Mr. Jim Brownell:** Thank you, Chair.

Certainly, Minister, in the first round that we had this afternoon you gave an excellent outline of the programs and the supports that this government has provided to the north in the forestry sector. I'd like to now look at being a little more specific. For example, I know in eastern Ontario—and I can relate to eastern Ontario a little more than the north because we, as a government, have given supports to both areas. In eastern Ontario, we have the eastern Ontario development fund and rural economic development to assist companies in all our ridings in eastern Ontario. You've outlined those opportunities in the north. I could go even around my riding and know of specific companies that have been the beneficiaries of the help from the government of Ontario. I could go around eastern Ontario, from Peterborough to the Quebec border in my riding, up to Pembroke, I could go around all that area and know that we've given a lot of supports.

I'm just wondering if you could be a little more specific. The north is a large, large area—massive. It doesn't even compare to what I'm talking about in eastern Ontario. I'm wondering if you could give us an outline and more specifics of how in different areas—this is support that the government is giving. Does it support all the areas? Is it more focused in one? Just be a little more specific.

**Hon. Michael Gravelle:** Thank you very much. I appreciate the question. Certainly the Northern Ontario Heritage Fund Corp. is the great economic development tool for us in northern Ontario. It's a remarkable program. It began back in the late 1980s when René Fontaine was the Minister of Northern Development and Mines, the great minister, who is still living in Hearst. Actually, one of the more interesting—I think interesting, anyway, because it's about me—elements is that I'm a former employee of the Ministry of Northern Development and Mines. I worked in the late 1980s to 1993 as a coordinator of the northern development councils and worked with Minister Fontaine.

The northern Ontario heritage fund got started, and last year we were celebrating our full 20 years of the fund. This is something that our government is extremely proud of. We made a commitment during the last election campaign that we would increase the fund from the \$60 million that it was at in 2007 to \$100 million. We have every year increased that along by \$10 million. We now have a Northern Ontario Heritage Fund Corp. program of \$90 million which invests in projects all across the north.

I must admit, I've never actually looked at everything all at once, but I think we would be hard-pressed to find a community in northern Ontario that has not benefited from the heritage fund corporation. I think it was put in place with a recognition of some of the economic challenges.

You mentioned the size of the north. We brag about this, but it's also daunting. We're talking about a part of the province where we have about 6% of the population and close to 90% of the land mass. That tells you a great deal about the challenges but also, may I say, some of the great opportunities particularly when we're talking about opportunities like the Ring of Fire.

But in terms of the Northern Ontario Heritage Fund Corp., since we came into office in 2003, we've approved over \$570 million in that period of time towards—I may as well just read the numbers. They're quite strong. They keep changing as we have meetings; we meet seven or eight times a year. There are 3,435 projects, leveraging over \$1.9 billion, which has helped to create or sustain more than 14,000 jobs.

I know that in every one of your communities in the riding you represent, every job is important; every job makes a difference. In northern Ontario, if you get a heritage fund proposal that will bring 10 new jobs to the community, it's an enormously exciting opportunity. We certainly are very proud of it and the fact that it's gone from \$60 million to \$70 million to \$80 million to \$90 million. It's a program that certainly is embraced by all northerners.

One of the things that we did, though, when we came into office in 2003, was decide we had to look at the program to revamp it, to look at the criteria. We revamped it to basically bring the private sector job creation back into it. The previous government had taken that opportunity away, and we thought it was a mistake. We revamped it to include private sector job creation, youth, emerging technologies—it was clear that we needed to be open to those opportunities—telecommunication and energy conservation opportunities, while we maintained our very critical support for infrastructure and other community development projects.

There's a number of programs. I'll just try, in the time I've got, to give you a breakdown of them. One of the programs that I'm most excited about—well, the youth entrepreneur program is remarkable. This is basically a program whereby we provide up to \$25,000 to young entrepreneurs. They do define young as 29 or under—or is it actually under 29? I'm not entirely sure.

*Interjection.*

**Hon. Michael Gravelle:** Twenty-nine or under. This is an amazing program. We've created 147 new business start-ups across the north for people who have got business ideas but the one thing they just couldn't quite get was the financing to do it, so we provided them with that.

One thing we discovered with that program—may I say perhaps particularly so when we went through some of our difficult economic times—was that there are a lot of people who have wonderful ideas for business start-ups in the north but they're older than 29. They may have worked, and perhaps they lost their position at one of the mills while we went through our really difficult time. There's lots of examples. They could be 35, they could be 40 years old—whatever.

The heritage fund board members, who are a remarkable bunch of northerners, by the way, who are absolutely dedicated to this job, do this work with a great deal of passion. Our board is a remarkably democratic board, too. We work together very, very closely and make our decisions as a board. They were talking about the fact that we needed to change this program. We needed to at least adjust it, so what we did was we started up a program called the northern entrepreneur program—not a

youth entrepreneur program—which was launched pretty close to a year and a half ago. That is actually providing conditional grants of up to \$125,000 to assist entrepreneurs over the age of 29, although, may I say, we've got some interesting examples of people who have actually been able to qualify for the young entrepreneurship program as well as the northern entrepreneur program.

**1730**

Again, the priority for the Northern Ontario Heritage Fund Corp. is absolutely job creation. To have been able to create or retain so many jobs has made a huge difference in northern Ontario. I can tell you that our northern development officers, who are working up in so many communities in northern Ontario, are absolute experts at working with individuals and with the communities in terms of putting their applications forward.

The exciting thing is that once we were able to get our new programs in place, the investments that we've made have been nothing short of remarkable. There has been over \$200 million, of the dollars I mentioned earlier, that has been invested in local community infrastructure development and other enhancement projects through that infrastructure and community development work. The fact is that that has made a huge difference in so many communities. I can give example upon example. Certainly over \$100 million has been approved through the Enterprises North job creation program, which has helped with 191 business expansions or start-up projects across northern Ontario.

Another program that has been remarkably successful that's part of the heritage fund suite of programs is the northern energy program. This funding has assisted, I think, over 180 projects with northern businesses and not-for-profit organizations. What it did was it allowed these organizations to reduce their demand on external energy sources and develop new renewable energy projects that can generate sales to the electrical grid. In many cases, it has been northern tourist outfitters who have been able to get into some solar energy projects which have been really, really great. It gets them off diesel, which is pretty exciting.

The other program that I haven't mentioned as much, and it's again remarkably successful, is our youth internship and the co-op program. This has helped create over 1,800 internships and co-op placements, and they again span the entire north. The exciting thing about that is—those of us who are northern members, and certainly Mr. Bisson, would be familiar with this—this has led to full-time positions for many people. It's a great program in terms of incenting the employers, both private sector and public sector, to employ young people who are just graduating from university and getting them into a position where the job can be made permanent. In many cases, it has done so. So it's remarkably successful; it's just great.

In fact, we had an event, maybe six months ago, where we brought in all the interns and the co-op placement people to one big event. It was remarkable in terms of what a difference they were making in all the communities. It was not just—certainly in my case it was Thunder

Bay, but it was bringing people in from all across the region. It was so exciting, the enthusiasm and the belief in this program, you just wish you could find a better way to talk about it more often, because it's so successful. I did reference the entrepreneur program earlier, and that's over \$7 million over the past years that has been spent investing in that program. It has been tremendous.

The emerging technology program is a very exciting one. This has been providing key support to actually build a new film and animation industry in northern Ontario. It has been just tremendous to see the jobs that have been created in that regard, that we can do things in northern Ontario that can be done elsewhere. But also, a very significant aspect of that has been expanding the broadband and cellular service capacity in northern Ontario. This is obviously absolutely vital in terms of us being able to make our communities truly open for business opportunities and economic development opportunities. That is an aspect of our funding programs that has been remarkably successful.

There has been a very significant investment in our aboriginal communities—over \$45 million through the NOHFC programs and including very significant telehealth service expansion, waterfront development and a number of cultural attractions in a number of the First Nation communities. We've been really pleased to be able to support community centres which could make such a difference, particularly, may I say, in a remote First Nation community.

One of the wonderful things about being minister—it's wonderful, obviously, to have the privilege of being an MPP—is to meet so many of the community leaders all across northern Ontario, and that certainly includes a number of the First Nation leaders in many of the communities. They certainly make me understand so much better how important it is to have community centres that can actually bring their youth forward, let alone some of the small business enterprises that they've been able to open up in their communities as well, which again the heritage fund has been able to really make a difference.

There's no question that this is a program that I am very proud of. I'm very proud of the fact that I was actually an employee of the ministry when the program first came into place, and it has been wonderful. I'm certainly in a position where I can tell you a lot more about how some of the programs work, about how one becomes eligible for them.

I spoke earlier about the youth internship and co-op program. This is just so neat. Generally it provides up to 50% of the wages, to a maximum of \$6 an hour, so they can hire post-secondary students from northern Ontario. The rules are pretty clear. Eligible students must be northern Ontario secondary school graduates—again, that matching age of 29 or under and currently attending an accredited college or university. The internship program generally provides up to 50% of the wages, to a maximum of \$27,500 annually, to private sector employers. Public sector employers can receive up to 90% of the wages, to a maximum of \$27,500 annually. The program does provide first-time employment in a related field to

recent university or college graduates from northern Ontario who are 29 years of age or under.

You can see that this is really helpful, particularly in terms of the public sector—well, actually to both. The private sector people have just taken us up on this amazingly, but in terms of the public sector, where you can pay up to 90% of \$27,500, it does provide certainly a pretty reasonable salary, which needs to be topped up by a certain amount.

One of the big issues in northern Ontario has been and always will be the issue of youth out-migration. I can speak from some personal history. As a young man from Thunder Bay, I absolutely loved the north but felt somehow that, like so many others, I needed to leave in order to build the career that I wanted. I ended up completely changing my mind. I ended up working down in Toronto and being so relentlessly homesick that I just simply had to go back, and that's where, may I say, I got the job with the Ministry of Northern Development and Mines.

We do recognize that we need to provide the opportunities. There were so many things happening in northern Ontario in terms of the new knowledge-based economy and in terms of the bio-economy. We are becoming truly a research centre in terms of northern Ontario and the province. There are so many opportunities. But it's important for us, we believe, in terms of the northern Ontario heritage fund to provide reasons that people can stay. That, I think, probably is one of the most attractive things.

Perhaps the youth entrepreneur program is one of the best examples. You're a young person, you love where you live, whether it's Thunder Bay, Sudbury, Timmins, North Bay, Red Lake, Kenora or Sioux Lookout, you absolutely want to stay and you've got an idea for a business, but you feel like, unless you get some support—we are able to keep people in the north—

**The Chair (Mr. Garfield Dunlop):** Two minutes, Minister.

1740

**Hon. Michael Gravelle:** How much time?

**The Chair (Mr. Garfield Dunlop):** Two minutes.

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

It's a tremendously attractive way of keeping people in the north and allowing them to do so. We are very proud of the Northern Ontario Heritage Fund Corp.

One of the things that I maybe will use to wrap up—and I appreciate the deputy reminding me. This past summer we had been doing a search for our new executive director for the northern Ontario heritage fund. We announced today that we have appointed a northerner from Sault Ste. Marie, Bruce Strapp. Many people from northern Ontario will know Bruce well. He will be our new executive director of the northern Ontario heritage fund. He will be leading our organization. This is an incredibly important position for everyone in northern Ontario, being based in Sault Ste. Marie. We're excited about that.

Tell me what Bruce's position is right now. Could someone help me with that?

**Mr. David O'Toole:** He's the executive in charge of economic development for the city of Sault Ste. Marie. He's well known in the economic development community throughout the north.

**Hon. Michael Gravelle:** I knew Bruce back in my days when I was the coordinator of the northern development councils; he was a member of the northern development councils back in the late 1980s.

Anyway, we're very excited about the appointment of Bruce Strapp to the executive director position. He will do a tremendous job, and we're all very excited about that.

Thank you very much for the question and the opportunity to wrap it up with the announcement about Mr. Strapp taking over that very important position.

**The Chair (Mr. Garfield Dunlop):** A pretty good question and supplementary answers, too, I'd say. Forty minutes, you used up.

We'll finish off today with the official opposition. You have 20 minutes, Mr. Hillier.

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

I think it's clear to everybody that the Green Energy Act and northern development have conflicts between them: the high cost of energy and how it's affecting northern Ontario. That's evident. That's not a political statement, Minister. I think everybody is clear that the high cost of energy is putting our businesses in an uncompetitive position in northern Ontario.

I'm wondering: Has your ministry done any analysis, any evaluation, of how the high cost of energy, the increasing cost of energy, is going to impact development in northern Ontario?

**Hon. Michael Gravelle:** We continue to be very optimistic about the economic development opportunities in the north that are moving forward; there's no question. One thing we haven't had a chance to talk about is the northern Ontario growth plan, which we will be unveiling—

**Mr. Randy Hillier:** But have you done an analysis, an evaluation of how this increase in energy cost is going to either constrain or prevent these economic development opportunities in forestry and specifically mining and processing?

**Hon. Michael Gravelle:** I think the evidence you can see of what's happening in the north in terms of the mining sector makes it abundantly clear that the industry has made a decision. Quite frankly, they express it with their decisions in terms of what they're doing. The mining developments that are opening up in northern Ontario—I had an opportunity to speak about them earlier—are just incredible. I referenced earlier the opening of the Young-Davidson mine in Matachewan. They're coming forward. They're moving—

**Mr. Randy Hillier:** But Minister, have you done a business case? Have you done an analysis of how high energy is going to impact, or are you suggesting that there will not be any impact from the energy policies?

**Hon. Michael Gravelle:** What I'm saying is that industry is continuing to move into northern Ontario.

We're seeing the northern industrial energy rate—we recognize that energy costs are a challenge. That's why it was so important that it was recognized by our government—

**Mr. Randy Hillier:** It's not just a challenge.

**Hon. Michael Gravelle:** The northern industrial energy rate program will bring a reduction of 25% in costs to major industries. That's something that is very welcomed by industry; there's no question.

We know that industry is moving, certainly in terms of the mining sector, into northern Ontario. We know that there are challenges in the forestry sector, and we know that one of the challenges is energy costs. That's why our government made the decision in terms of the northern industrial energy program, which we announced in our budget in 2010. That's also why there were some adjustments made relating to the global adjustment and the impact that has on major industry.

So certainly there are some challenges in terms of the costs, but they're being responded to in a positive way by industry.

**Mr. Randy Hillier:** Just a minute. So we do know that the mining sector is performing in a smaller fashion economically now than it was as far back as 2004. There is less economic activity in the mining sector now than in 2004. I have asked a couple of times, and I guess the answer is, no, you haven't done an evaluation and analysis on how energy costs are going to prevent you from implementing your other programs to create greater economic development in northern Ontario.

**Hon. Michael Gravelle:** We work very closely with industry, obviously not just the mining industry but the forestry industry. We work very closely with industry, so we are conscious of what their challenges are, and we're working with them. That's why we were very pleased that we were able to have some items in the budget that were helpful to the industry. We are very keen to move forward with those developments, and we're working closely with industry to see that that happens, and the evidence is there that it is happening.

**Mr. Randy Hillier:** Well, when we have less activity in mining now than we've had since 2004, when we have 60 fewer mills in the province in forestry than we once had and 45,000 fewer employees in the industry, I think the evidence is there, and everyone I've spoken to in the north—

**Hon. Michael Gravelle:** Well, the evidence also is that the industry, particularly mining, is coming back in a very strong way. We do lead the country in terms of exploration dollars. We have the examples that I used of other mines that are opening up, which are incredible. We're going to have the largest gold mine in North America, Detour Gold. We're working closely with them. That's a very exciting operation. We have the Lake Shore Gold project, we have the Young-Davidson mine. There is example upon example of mines. I'm sure Mr. Bisson is very happy about these developments. I'm sure he is.

It's about jobs, not only construction jobs, but permanent, long-term jobs in a sector that is very much moving in an extremely positive direction, and the

decisions and support coming from our government have obviously been welcomed by that industry.

I'm very bullish about the future for the mining sector, and I think you should be as well. Things are happening, and that's also why we continue to be so excited about the Ring of Fire.

**Mr. Randy Hillier:** Well, I know there are lots of bears in northern Ontario as well.

I want to refer you back to your results-based book, to page 64, and I want to ask a couple of questions. This is out of your mineral sector competitiveness branch. First off, we can see your salaries and wages are now over \$20 million in this branch. Services is another close to \$20 million, \$19.6 million. And all we seem to be doing in this sector is—you've got in here another \$2.2 million for mining consultations, \$500,000 for mapping Ontario's geological opportunities and \$85,000 in reporting on mining activity. I wonder if you could speak to this for a minute. We know—we've got your information from last week, that services include communications, external consulting, staff development etc.

So we have over \$42 million or so in expenses to achieve half a million dollars in mapping of Ontario's resources or geological opportunities, and some additional mining consultation and reporting on mining activity. It seems to be a very significant amount of administrative costs and very little output out of your mineral sector competitiveness branch.

1750

**Hon. Michael Gravelle:** I think the deputy may be able to respond to some of the details.

**Mr. David O'Toole:** I think that Mr. Hillier's actually referring to a subset of information that's contained in the RBP, which has to do with the breakdown of financial expenditures or forecast for an individual branch within the mine and minerals division. I don't have that before me. I'll have to take a look at it.

**Mr. Randy Hillier:** You don't have this—

**Mr. David O'Toole:** Not with me, no.

**Hon. Michael Gravelle:** So you're looking at more detail—

**Mr. David O'Toole:** He's looking at the results-based plan.

**Hon. Michael Gravelle:** Oh, okay.

**Mr. Randy Hillier:** That's quite surprising to me, that you don't have a copy of this with you.

**Mr. David O'Toole:** Well, that would be my mistake, not the minister's.

**Mr. Randy Hillier:** We can see on that there has been a very significant increase in salaries and wages in that branch. In 2008-09, you were at \$13.4 million, and now it's estimated at \$19.8 million for 2010-11. I guess you wouldn't be able to describe to me what the increase in employment is in this branch of MNDMF.

**Hon. Michael Gravelle:** Again, I'm not sure of the details—

**Mr. David O'Toole:** I'll look into the details. If you're speaking about the specific branch or the division, this is also the period of time in which we embarked upon the Mining Act modernization effort, which has

required the hiring of some folks, who are on time-limited work contracts, in order to execute all the work associated with implementing that particular piece of legislation. Whether or not this has to do with that in this particular branch I'll go back and check, but that, perhaps, may be an explanation for the temporary bump in numbers.

**Mr. Randy Hillier:** The three functions that are described in here are reporting on Ontario's mining activities—these are the three outcomes of this branch—mining consultations and mapping Ontario's geological opportunities. It's a fairly significant administrative cost: over \$40 million, and increasing significantly. This year, the increase in salary and wages expected is 23.9%.

**Mr. David O'Toole:** I think, on the mapping one in particular, it's important to note that the mapping activity undertaken by the ministry makes available high-grade information to the mining companies across the province in a public way, which then, in a sense, saves them the cost of undertaking much of that activity on their own and levels the playing field to a great extent for small and medium-sized players in the industry, who would not otherwise have the opportunity to make business cases based on the value of the information.

**Mr. Randy Hillier:** Yes. Listen, I think that's a valuable undertaking, to map our geological opportunities, don't get me wrong. But it seems to be a very, very small component for an output of this branch, especially in relation to the huge expense.

**Mr. David O'Toole:** In order to be able to answer the question, Mr. Hillier, what do you mean by the "output" for the branch?

**Mr. Randy Hillier:** Those are the three activities that are identified here, which this mineral sector competitiveness branch, under their operating expenses, is doing for the people of Ontario.

**Mr. David O'Toole:** But I'm not sure that what would be captured in that characterization is the beneficial outcome to individual firms that go out and make money, establish jobs and make a profit based on the information that's being aggregated, filtered and provided to them, at no cost to them, for the economy in general up north. So I don't know how that gets factored into your characterization.

If, in fact, mining activity is increasing in particular spheres of the mining sector as a result of the money that the government is investing in resources and technology to provide ore mapping in a more reliable fashion and make it available to the small and mid-sized firms, I don't think that—while your observation is fair about the increase in human resources, how that gets balanced off against job creation and value production in the rest of the economy as a result of that activity—

**Mr. Randy Hillier:** Nobody can answer that question because it's not provided. You would be the only one who would be able to provide how that gets balanced out. Are we achieving—

**Mr. David O'Toole:** But then to—

**Mr. Randy Hillier:** I'm just looking at the numbers here, and it looks like we have a very exceptional ad-

ministrative cost and overhead cost to achieve very little output.

**Mr. David O'Toole:** If job creation and value creation in the sector is part of the output and we take a look at activity that is the direct result of the work that's been put into that, that hasn't been factored into your equation.

**Mr. Randy Hillier:** That's right. We don't know. I'm not sure—how much have you mapped of Ontario's geological opportunities? Have you mapped at all? I don't think so. That's one of the line items here. I guess with this we're going to have to let you guys take a look at that so I can—

**Mr. David O'Toole:** Don Ignacy, my CAO, has a contribution to make to this specific question as well.

**Mr. Randy Hillier:** Okay, sure.

**Mr. Don Ignacy:** The numbers you are referencing are not output or outcome numbers; they are actual transfer payments. It's a financial categorization of spending. When it comes to, say, mapping Ontario's geological opportunities, those transfer payments particularly go to First Nations so they can highlight some areas of special significance to them that are not on for geological staking—they can actually remove those lands. But there's a transfer payment of monies to First Nations. Similarly, around mining consultations, those are transfer payments to organizations and communities for them to host the dialogues around the regulations that are now under development under the new Mining Act.

**Mr. Randy Hillier:** Okay.

**Mr. Don Ignacy:** In answer to your question about salaries in that area, we put out an organizational design to deliver the new Mining Act requirements, and we got an increase of 44 staff, which should equate to the dollar differences you're referring to. There was an increase in budget and 44 staff so that we can administer the new regulations under the Mining Act, which has an additional regulatory staff of permitting, compared to the old system, and there are other things in there that the government has to undertake in order to deliver on the new regulatory regime—

**Mr. Randy Hillier:** So, how many staff would you have in that branch? Do you have that number offhand? I know you just gave the—

**Mr. Don Ignacy:** Around 200 or 230.

**The Chair (Mr. Garfield Dunlop):** We're down to four minutes, Mr. Hillier.

**Mr. Randy Hillier:** Okay. Going back to 2008, we had salaries and wages at \$13.4 million—I'm just reading right off here; that's your actuals. It then went up to \$16 million and is now approaching \$20 million. I can understand that 24% increase if you're adding another 44 employees because of these changes to the Mining Act, but the changes to the Mining Act weren't back in 2008 as well. There seems to be a fairly steady increase in salaries and wages under that branch.

**Mr. Don Ignacy:** If you're speaking between 2008 and 2009—

**Mr. Randy Hillier:** Were there more employees hired at that time as well, in anticipation of the Mining Act changes?

**Mr. Don Ignacy:** Not in relation to the Mining Act. That was in relation to more fieldwork by our geologists, and there was a special program we put in and got more fieldwork for mapping.

In relation to your question on mapping, we've got a target of mapping the whole province on a 20-year cycle.

**Mr. Randy Hillier:** Okay. So, every 20 years the complete province will be mapped for geological opportunities?

**Mr. Don Ignacy:** Yes.

**Mr. Randy Hillier:** Okay.

**The Chair (Mr. Garfield Dunlop):** Just a couple of minutes left.

**Mr. Randy Hillier:** Okay. I was going through that whole sector, and there seem to be a few gaps, but hopefully we'll have those books in place for everybody for the next opportunity, I guess, tomorrow.

Going back on this, everybody we speak to in the north knows that energy and access to resources are the key for these investments, and we have seen the loss of investment in forestry, especially, but in mining as well.

You mentioned that there have been changes made to the global adjustment fund for northern industry. Maybe you can explain that to me, Minister.

**Hon. Michael Gravelle:** I won't pretend to be an expert on it, but it basically is allowing the companies to use their energy at off-peak times in order to reduce their costs in an overall way, and at the same time not have any specific impact on residential rates. Minister Duguid made an announcement in that relation. It's another piece of help to the industry.

But I just need to reaffirm that there is a tremendous sense of excitement in northern Ontario—you know this, because I saw you in Thunder Bay last week—about the opportunities that are coming at us. And it's not just the Ring of Fire; there are many other opportunities that are coming before us. The Ring of Fire is obviously the one that has the greatest level of intensity and discussion, but there are so many other opportunities in the mining sector.

Forestry: As you know and I'm sure you'll understand, there's also a myriad of reasons why that became extremely challenging in a number of ways. But we've been working closely with them as well, and there are some good-news stories. Certainly I used the example of Terrace Bay Pulp earlier—the grand reopening yesterday.

I think it's important to note that there is a tremendous sense of optimism in northern Ontario, and our government has played a very significant role in bringing about that level of excitement, understanding what the challenges are and being able to help move some of them forward in a very significant way.

**Mr. Randy Hillier:** I had a number of people tell me that they should have brought eggs and tomatoes to that conference, and that's why they were excited.

**The Chair (Mr. Garfield Dunlop):** Okay, that concludes our time today. Thank you very much, everyone. As long as we can start at a decent time after routine proceedings tomorrow, we should be able to clean everything up by 6 tomorrow afternoon.



I thank the minister for being here today again, and all the staff from the Ministry of Northern Development, Mines and Forestry, and the committee as well.

With that, the meeting is adjourned until tomorrow at 3:45 or after routine proceedings.

*The committee adjourned at 1800.*





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