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(Hansard)**

**Thursday 27 January 2011**

**Journal  
des débats  
(Hansard)**

**Jeudi 27 janvier 2011**

**Standing Committee on  
Finance and Economic Affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Pat Hoy  
Clerk: Sylwia Przedziecki

Président : Pat Hoy  
Greffière : Sylwia Przedziecki

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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRS

Thursday 27 January 2011

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 27 janvier 2011

*The committee met at 0904 in the Cedar Meadows Resort, Timmins.*

## PRE-BUDGET CONSULTATIONS

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. We're pleased to be in Timmins this morning.

**Mr. Gilles Bisson:** Thank you, Mr. Chair, and thank you, members of the committee. I want to officially, on behalf of the people of Timmins—James Bay and specifically the city of Timmins, welcome you to the city with a heart of gold. The price of gold is \$1,300 an ounce. We're happy; it's good for the gold mining industry. I just want to say to all of you that we appreciate that the committee has taken the time to come to this city to hear what people have to say in regard to the pre-budget consultations. I wish you well in your deliberations. Unfortunately, I can't stay with you all morning. I've got a constituency office with people waiting to see me, so I'm going to stick around for maybe the first presentation or two, but if I leave, it's not because of your presence.

**The Chair (Mr. Pat Hoy):** Thank you.

**M. Gilles Bisson:** Merci; on se verra encore.

**The Chair (Mr. Pat Hoy):** For the committee, if you would operate your own mikes this morning, it would be appreciated. When you're completed, do remember to shut them off.

## NORTHERN COLLEGE

**The Chair (Mr. Pat Hoy):** I would ask for our first presenter of the morning, the Northern College of Applied Arts and Technology, to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this round, it'll come from the official opposition. I'd just ask you to state your name for the purposes of our recording Hansard, and you can begin.

**Mr. Fred Gibbons:** Good morning. My name is Fred Gibbons and I am the president of Northern College.

I want to thank you for the opportunity to appear before you today for the 2011 pre-budget consultations. Northern College is comprised of four campuses, in Timmins, Kirkland Lake, Haileybury and, on the tip of James Bay, Moosonee. We have approximately 1,900 full-time students and a further 9,200 part-time students

studying with us. We're a composite college offering one-year certificates, two- and three-year diplomas and a four-year nursing degree. Those programs constitute approximately 54% of our business. The other 46% of our business is what the average person in the community, around the province, does not see. People tend to equate colleges with graduation days, convocation ceremonies and students who cross the stage to pick up their diplomas or certificates. That's the 54% of the business. The other 46% is comprised of literacy and basic skills or upgrading programs, apprenticeship programs and contract training.

We're preparing students and the employees of area businesses to meet the ever-changing and evolving needs of employers today and for the emerging knowledge and green economies. Nowhere is this more evident than in the aboriginal communities along the James Bay coast. Promising new economic development opportunities are centred on mining. However, for aboriginal people to engage in those employment opportunities, literacy and basic numeracy skills training will be fundamental for that population to be able to access and participate in those new jobs.

Firstly, I'd like to commend the government on their recent announcement on the credit transfer system. As many of you know, colleges have been advocating for a robust credit transfer system for many years and we're pleased that the government has taken this good first step. My main message today—I'd refer you to the handout that was provided to you—appears on page 3. The main message is that it's critical that the government remain focused on investing in education and the skills development of the people of the province of Ontario in order to provide solutions to the many challenges facing us in the coming years. The most important concerns, in our opinion, of Ontario's residents today are jobs and the economy. Addressing those concerns requires a strong focus on post-secondary attainment. If the government is to reach its attainment goal of 70% post-secondary attainment, investment in colleges is necessary.

I refer you to page 4. In my community, like others across the province, we're facing a serious labour market crisis. Area communities have benefited from two natural resource pillars to form the backbone of our economy, those being forestry and mining. The forestry sector has all but collapsed, making some communities who are wholly dependent upon this sector now seek new opportunities for economic diversification. Those words sort of

roll off your lips, don't they? "Economic diversification." In fact, success is elusive.

**0910**

Fortunately, mining has been strong in the north, and notwithstanding the loss of almost 700 permanent jobs with the closure of the Xstrata metallurgical site, the city of Timmins has a robust economy.

The Second Career program has made a difference in my community, and the success of the program can be attributed to the work that the colleges and the province have done together to create a new program and options that help to prepare people for good jobs.

There is, however, much more work to be done. While we have unemployment, many of the unemployed cannot move into employment because the emerging knowledge economy and the skills gap that exists between the unemployed and the skills required today in emerging sectors is a real gap.

A recent report by Rick Miner, entitled *People Without Jobs, Jobs Without People*, predicts that Ontario faces a long-term unemployment crisis as many people won't have the education and the training needed to fill vacant positions. In fact, based upon government of Ontario data, his research points out that in 2021, we'll have approximately 700,000 people unemployed while we have 1.3 million jobs going unfilled. We all know that education is an economic issue that requires immediate action. I submit to you on page 5 that colleges are a solution to these problems.

Reaching Higher investments allowed colleges to improve access, quality and accountability. An investment in colleges is an excellent return on investment. A college education is still one of the most affordable educations that a student can obtain. It's also the best route—and this has statistically been proven—out of poverty. More under-represented groups turn to college to earn their post-secondary credential than any other alternative.

Colleges deliver excellent value for money, and if we look at the key performance indicators of Northern College, perhaps that will stand as a testimony to itself. In the year 2009-10, the graduation rate of Northern College was 61%. So of all the students who started college, 61% completed. Provincially, it's 65%. So we're comparing northern Ontario statistics with provincial statistics. The graduate employment rate—those students who found work within six months of graduation—from our college is 82%; provincially, it's 85%. The employer satisfaction rate of our graduates, as measured directly by employers by an independent third party source, is 93%, on par with the provincial average.

College graduates are in great demand because colleges train people in the practical skills they need for the jobs of the new economy. Our graduates at Northern College and throughout Ontario's colleges are job-ready.

More than 500 new programs have been established to respond to the shifting labour market needs of our province, including programs in green technology. One of the new programs that we've created just in this last year alone is a two-year alternative energy technician diploma

program. We've also created, in response to the Second Career program, programs in underground hard rock miner, common core, and surface diamond drilling, in response to the needs and the pressures of our local mining industry.

Colleges have helped small businesses with their innovation and commercialization projects through conducting applied research. The government must continue to build on these improvements and satisfy and realize its objectives through the Reaching Higher plan.

On page 6: While we have made gains, we cannot rest on our laurels. We agree with the Premier when he says that today 62% of Ontario students have completed post-secondary education. That's one of the best rates anywhere. But we also know that 70% of all new jobs will demand post-secondary education, so we have a gap, and we have to reach higher yet.

The government has rightly set a goal of attaining 70% attainment throughout post-secondary education, but this commitment is in jeopardy without adequate funding for colleges. By 2020, 70% of jobs will require a post-secondary education. We also know that an estimated 40% of high school students—40%—don't go on to post-secondary education. We cannot let these people drift off into poverty. The Canadian Council on Learning said, "The highest labour market demand between now and 2015 will be for trades," which is a college program.

Colleges are challenged to increase access, to maintain high quality and to improve graduation rates without adequate funding for new enrolments. My college, in the past two years, has experienced a 51% increase in first-year enrolment, and we expect this trend to continue. Our challenge is that funding has not kept pace with the rate of enrolment increase. Colleges collectively throughout Ontario are requesting \$108 million to help address enrolment pressures and to provide quality job-ready programs.

Ontario's colleges—

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Mr. Fred Gibbons:** Thank you.

Ontario's colleges recognize the fiscal challenges that the government faces, and we're doing our part to achieve savings. An example of what our college has done to achieve savings includes an investment in video conferencing technology, so we can deliver more programs intra-campus.

The government is to be commended for its investments through Reaching Higher. The challenge is that colleges' ability to provide quality and access are in jeopardy because the funding has not kept pace with the enrolment increases in Ontario's colleges. Ontario colleges are currently funded 10th out of 10 provinces across Canada. That's to say, in other words, we're the lowest-funded jurisdiction in Canada.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation. The questioning will be from the official opposition. Mr. Miller?

**Mr. Norm Miller:** Thank you very much, Mr. Gibbons, for your presentation. I guess I'll start up where you left off, and that was to do with funding. Certainly, I'm a great believer in colleges, and you gave lots of reasons why they're doing good work in our province.

You were talking about funding, and you pointed out that Ontario is last in terms of funding for colleges. It's my perception that colleges are also funded, on a per student level, less than universities or primary or secondary education. Am I correct in that?

**Mr. Fred Gibbons:** That's correct. In fact, it's correct on both fronts: We're funded less through the base operating grant that we receive relative to universities and our tuitions are also regulated by the provincial government. College tuitions are less than half that of university.

**Mr. Norm Miller:** And you pointed out in your presentation that there's this great need for skilled labourers. I think you said at one point that there are going to be 1.3 million people who we're going to need to be skilled, and yet 700,000 unskilled people won't be able to get jobs.

**Mr. Fred Gibbons:** Won't be employed; that's correct.

**Mr. Norm Miller:** So, logic seems to me to be that colleges should be getting funded. Is there any logical reason why colleges are funded at a lesser level than primary, secondary or university?

**Mr. Fred Gibbons:** Sorry, sir. You'd have to dig into the annals of the Legislature to understand the logic there. I don't understand. I fail to see the logic. I can't explain it to you.

**Mr. Norm Miller:** For your college itself, you're doing a fair amount of literacy training?

**Mr. Fred Gibbons:** We are, and that's primarily, but not exclusively, focused upon the First Nations communities in our area.

**Mr. Norm Miller:** What would be the percentage of First Nation students you have?

**Mr. Fred Gibbons:** It's 18%.

**Mr. Norm Miller:** With the closure of Xstrata last year, where 700 people lost their jobs—what happened to those people who lost their jobs? Did they stay in the area, or did they look for training?

**Mr. Fred Gibbons:** Anecdotally, I would suggest to you that those who were licensed tradespeople, because of the growth within the mining sector generally, many of them had very transportable skills and found alternate employment. A significant portion of the labour force opted for early retirement. Then there was another group of people who had skill sets that didn't fit readily into the available job market, and part of the growth in our enrolment, assisted through the coincidental funding of the Second Career program, allowed many of those individuals to return to college to pick up new skills, to pursue a new vocation.

**Mr. Norm Miller:** In terms of traditional trade programs, do you offer many of those at your college?

**Mr. Fred Gibbons:** We have been approved by the provincial government to offer the electrical apprentice-

ship program, all three levels, and then recently, with the expansion of our centre of excellence for trades and technology, we were approved by the provincial government for three new apprenticeships: a carpentry apprenticeship program, which started Monday of last week, in fact; and a millwright and heavy-duty equipment apprenticeship program, which started in September.

**Mr. Norm Miller:** Do you actually place them in the apprenticeship, or is it up to the student to find a business or to find a place for themselves?

**0920**

**Mr. Fred Gibbons:** The apprenticeship system in Ontario currently requires people to be employed to be able to then register as an apprentice who then, working with the Ministry of Training, Colleges and Universities, is slotted into their mandatory theory programs at the colleges.

**Mr. Norm Miller:** I guess the point I was getting at is that Ontario has quite a restrictive apprenticeship ratio. I think for an electrician you have to have three journeymen to one apprentice, which I think is a limiting factor in terms of the number of apprentices who can get training. Does that affect you at your college at all?

**Mr. Fred Gibbons:** It absolutely does. It does not make apprenticeship training particularly attractive in northern Ontario, where you do not have large employers where you would have those types of ratios available. The reality is—in fact, I heard a story related to me this past fall. Although we don't offer plumbing, the example was plumbing. An apprentice plumber was working for a local plumbing company and one of the journey people retired. The ratio fell below what was prescribed and the apprentice was laid off.

**Mr. Norm Miller:** As a college, would you support—most of the other provinces have a one-to-one ratio. That would assist in getting more placements for electricians, in your case.

**Mr. Fred Gibbons:** We would support lower ratios and significant reforms to the apprenticeship act that the trades college is now examining.

**Mr. Norm Miller:** Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### TIMMINS AND DISTRICT HOSPITAL

**The Chair (Mr. Pat Hoy):** Now I call on the Timmins and District Hospital to come forward, please. You can be seated anywhere.

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this case it will come from the NDP. I ask you to identify yourself for the purposes of our recording Hansard and then you can begin.

**Mr. Roger Walker:** Thank you, Mr. Chair. My name is Roger Walker. I'm the president and CEO of the Timmins and District Hospital. I very much appreciate the opportunity to make a presentation to you today.

This presentation will be visual, in the form of PowerPoint. We will be making a written submission that

will parallel this and add additional information, and that will be submitted by the deadline next week.

I very much, again, appreciate the opportunity to be here. The Timmins and District Hospital has been in existence for about 20 years; 23 years. The pre-existing organizations were St. Mary's General Hospital, located here in Timmins, and the Porcupine General Hospital, just to the east of us. A new building was constructed to house them, and for some 20 years we have been in that building.

I have to look up the regulations to know what level C means, but we are a level C referral hospital. Basically it means that we have a full range of hospital services and 24-hour emergency coverage. We have advanced diagnostics and treatment capacity and a broad set of specialty services. This hospital has 162 beds in operation at this point in time.

Our service area is the 105,000 people in the city of Timmins, the Cochrane district and adjoining areas of the Timiskaming, Sudbury and Algoma districts. We reach as far west as an overlapping area with the Thunder Bay Regional hospital jurisdiction and go east, actually, to the border; perhaps to some degree across the border, into Quebec. We cover the Hudson Bay and the James Bay coast and we go down into areas that overlap on the catchment areas or service areas of Sudbury, Sault Ste. Marie and North Bay. You'll see from the stars that are indicated on the map that there are five regional referral centres in northern Ontario. We are one of them, albeit the smallest of the five.

Our clear focus is on being patient-centred in what we do. We have roughly 1,250 to 1,300 people who work with us in the work that we do: 850-plus employees, 75 to 80 physicians and between 275 and 300 volunteers.

Our annual budget is \$90 million. The significant majority of that, of course, is derived from revenue from the province. Some \$69 million of that covers compensation and benefits for the staff. We spend about \$20 million a year on supply purchases. We currently have a \$10-million capital project, largely provincially funded, under way. We also spend approximately \$4 million a year on annual capital equipment replacement.

In terms of the activity that we have: a service population of 105,000; we actually touch about 140,000 to 150,000 people a year. On the average, everybody who lives in this area is at the hospital one to one and a half times a year. We make significant contributions to the area. We certainly are a health service leader and work actively with the LHIN, the CCAC and the three other larger hub hospitals in the area to make sure that the range of services available is appropriate and well delivered.

We make major contributions to the economy of the area and to the community. We also contribute significantly, because of the nature of our workforce, to both the social and the cultural fabric of this part of northern Ontario.

A few features that I wanted to point out before we get into some of the issues: We operate very economically.

The primary measure that's used in the province for determining the efficiency and the economy of hospitals is the hospital-based allocation methodology. You'll see from this table that in three of the five areas that we're measured on, we actually generate the results that we have at a significantly lower value, a lower cost per unit delivered, than other hospitals that we would compare with in the province. There are two of the five areas where we're higher, and in those two areas, there is a serious lack of community-based services, which then puts the responsibility on the hospital to provide those kinds of services that would not normally be added into the cost of delivering service.

We're very efficient, and I've picked one example. This area of the province, of course, has very significant issues with energy costs, heating in the wintertime in particular. I've got the electrical figures up here. We've engaged in an energy efficiency retrofit of our building. Even though it's only 20 years old, we felt we needed to update it significantly. The upper curve shows the volume of electricity that we have used typically, the red curve in the middle is the target we're aiming for, and the blue curve at the bottom shows what we've actually been able to deliver. We have received awards within the province for energy efficiency. This would be an example of the kinds of things that we try to do to be an efficient operation.

We also have been very effective. There are some real priorities in the province. One of them, obviously, is emergency department wait times. You'll see the base of somewhere between 50% and 60% of cases coming into our emergency department being delivered on a timely basis. The provincial standard is within eight hours for the type of case we're looking at here. We've been able to increase our throughput from 75% to 80% and are continuing to work on that.

We also, from a quality perspective, have been very productive. The standard in the province is a measurement of patient satisfaction using something called the NRC Picker scale. The methodology has shown in our most recent quarter that we increased patient satisfaction in seven of eight of the dimensions that are measured, and we exceed the average Ontario hospital score on all eight dimensions of patient care.

In terms of access, which is a very critical issue for Ontarians no matter where they live and doubly so because of some of the challenges of being in a northern setting here, we've been able to provide more service over the last three years continuously to people in communities away from Timmins. I think that's a significant issue in this area.

#### **0930**

We're also very productive in terms of some of our outcomes. Another thing that we hear about continuously is the alternate-level-of-care problem that faces most hospitals. The standard in the province is a 17% target. In our recent measures, we have all periods below 17%, with the exception of two. We have been able to trend downward. We are targeting a 10% level and hope that we'll be able to accomplish that.

We are the most productive hospital in this part of the province in terms of alternate level of care. While it's not shown on this graph, I also want to indicate that a year and a half ago, we were at 35% ALC occupancy in our hospital, so we've been able to reduce that substantially, to less than half.

In terms of priority programs, things such as hip and knee surgery, cataract surgery and, in this area, dialysis programs, we've been able to increase our throughput consistently over recent years and, as a consequence, are working on shortening our wait-lists. We have very long wait-lists in a couple of these areas, and there are some issues with funding and how that works, how funding and volume allocations are made. We're working collaboratively with the LHIN and other providers in the area to try to get a more equitable distribution.

Our key issues as we go forward that I wanted to just summarize for you here today are our challenges with chronic underfunding. Looking back, I've been here for just slightly over a year at this hospital, I've been in Ontario for 10 years and I have 30 years' experience working in hospitals in the country as a senior administrator. We have major challenges with being able to balance the needs and the demands of people with the ability of governments to finance and hospitals to deliver services effectively. I've tried to show that we have done a tremendous amount of work to deliver an efficient, economical and effective service, but we continue to find that we're behind the eight ball. Of course, over time, as with many of the hospitals in the province, that has generated a significant working capital issue for us. At this point in time, we're certainly more than \$10 million behind as an accumulated operating deficit.

**The Chair (Mr. Pat Hoy):** You have about a minute left in your presentation.

**Mr. Roger Walker:** Aging infrastructure: The HIRF program, which is being looked at right now, is very, very important to us. Our master plan calls for continued investment in the building. We have capital equipment issues. We also have issues that come from some of the programs that were set up that don't work the way they should. The reduction in ALC has taken revenue away from us and it has impacted our occupancy, which means that our cost per unit delivered is going up.

Critical mass issues and a number of issues that are very important: demographics in the area and the changes that we see; health human resources' impact us; and the northern factor is very important here as well.

Over the next five years, certainly, and beyond that, we're looking to enhance the patient-centred care that we deliver, strengthen our core and specialized programs, contribute on a continuing basis to best practices in health services in the province, embrace clinical and technological advances—we're well known for that throughout the province—and work to make sure that we continue an important role within the region.

Thank you very much for the opportunity of presenting to you this morning. If you have questions, I'd be happy to try to answer them.

**The Chair (Mr. Pat Hoy):** Thank you, and the questioning will come from the NDP. Mr. Tabuns.

**Mr. Peter Tabuns:** Mr. Walker, thanks very much for coming this morning and making that presentation. A few things came to mind as you were making your presentation. You were able to reduce the number of people in ALC beds.

**Mr. Roger Walker:** Yes.

**Mr. Peter Tabuns:** How did you do that?

**Mr. Roger Walker:** The primary things that we did were to rationalize the flow of patients through the hospital and work closely with community-based agencies, and laterally now with the CCAC, to make sure that there were more appropriate services and a broader scope of services available in the community.

I think that's a very critical piece of it. The hospitals obviously have to look, first of all in-house, at what they do, but beyond that, it becomes very important to make sure that there are support services for people in the community, that they're appropriate, that they're well-staffed and -resourced, and that they function on a collaborative basis. We've spent a lot of time doing that.

**Mr. Peter Tabuns:** You mentioned in your presentation that there is a shortfall in community-based services that limits your ability to move people out of ALC beds.

**Mr. Roger Walker:** Yes.

**Mr. Peter Tabuns:** Can you give us a sense of how deep that shortfall is? Is it that you have only half the services that are there that would allow you to deal with this problem? Can you quantify for us?

**Mr. Roger Walker:** I'd have difficulty putting a specific number on it, but let me give you a couple of specific examples which may help Mr. Tabuns in that regard. The CCAC, when we initially set out two years ago to deal aggressively with the ALC problem, had a number of case workers but did not have a lot of in-home support workers who could assist people with the activities of daily living and other things that they would need help with at home if they were to return to their homes.

The current strategy is a home-first strategy. It's being championed by the CCAC. Those resources are now coming into play. What we had to do was go and actually purchase those services from the Victorian Order of Nurses. Instead of paying the money to our staff to staff beds and keep people in the hospital, we paid staff in the community to look after people in their homes. That allowed us to put 15 to 20 people back into the community in much more appropriate settings than the hospital.

**Mr. Peter Tabuns:** The other thing that you mentioned was that as you've had people move out of the ALC beds, it has increased your costs because you aren't able to spread the overall cost of the hospital to as many beds. Did I understand you correctly?

**Mr. Roger Walker:** The short answer is yes.

**Mr. Peter Tabuns:** Oh, good. Sometimes that happens.

**Mr. Roger Walker:** It does happen.

The per diems that come with long-term-care patients—ALC patients—staying in a hospital disappear,

obviously, when they go back into their homes. We've lost in the order of a third of a million dollars of revenue, and in addition to that, no longer have the same age-band numbers that I'm showing you there. I've given you the most recent we have in the system, but I know that the next set that comes out will show that the cost of those remaining in hospital care is higher on a per-unit basis.

**Mr. Peter Tabuns:** That would make sense. They would be more complex, more difficult to place.

You talked about the ongoing underfunding, and you appear to have dealt with it by increasing your deficit. You're carrying a debt. Is that correct?

**Mr. Roger Walker:** Yes. We're working to decrease the deficit. We understand very clearly the requirement in the province to have a balanced budget, and we're working in that direction. I've been working very closely with the LHIN to try to do that.

The challenge we have is twofold: that if we reduce to a balanced situation at this point too quickly, it means that there are people who will go without very necessary services, and if we transfer the work to other agencies, presumably a portion of our budget would have to go with those patients for that care to be provided in the other setting, which just compounds the problem. It becomes a downward spiral in that setting.

The answer in my mind is that we need to continue to build capacity in the other agencies and in the communities in particular—supportive housing etc.—to be able to make sure that these programs work. At the appropriate time, we continue to, through that period, shift work into the community and onto other agencies. It will eventually—over a period of three to five years, I believe—put us in a balanced position.

We've been very aggressive. You saw that in the efficiency numbers in terms of looking at our staffing levels, looking at how we do things, the way we purchase etc. I think we've got some very good practices that have allowed us to reduce the deficit quite dramatically. For example, last year to this year, we've been able to go from a \$3-million deficit last year, which is the level we were at when I came, to a \$2-million deficit projection this year. We expect, despite some of the increases that are coming at us that will be unfunded, to be able to continue to keep that curve going down.

Last year, the buzzword was “bending the cost curve”; we've almost broken it here.

**Mr. Peter Tabuns:** Thank you. That was a very good presentation.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### REGISTERED NURSES' ASSOCIATION OF ONTARIO

**The Chair (Mr. Pat Hoy):** I'd ask the Registered Nurses' Association of Ontario to come forward, please. Good morning. Your presentation can be up to 10 minutes. There will be an opportunity for up to five minutes of questioning, from the government in this case. Just simply state your name before you begin.

**Mr. David McNeil:** Good morning, and thank you very much. My name is David McNeil and I am the president of the Registered Nurses' Association of Ontario. It's our pleasure to be here.

The Registered Nurses' Association of Ontario is a professional association for registered nurses who practise in all roles and sectors in the province of Ontario. Our mandate is to advocate for healthy public policy and the role of registered nurses in enhancing the health of Ontarians. We are gratified that the standing committee has come to northeastern Ontario, as we in the north face a unique set of health challenges.

**0940**

But first, I want to speak to you about health care in general. It's a big-ticket item; it occupies a growing share of the government's budget and it faces growing and changing demands. Registered nurses have fought for a not-for-profit, publicly funded health care system because we believe that access to health care is a basic right.

Studies conducted in jurisdictions throughout the world have shown that publicly funded and publicly delivered health care systems are more cost-effective and, at the end of the day, deliver a better quality of care. Nurses want to deliver service on the basis of need, not the ability to pay.

Registered nurses have a huge stake in the health care system. We are concerned about its financial sustainability and we want to make it work. We believe that the shifting focus has to be upstream, and this is a large part of our solution.

We need to put more resources in keeping people well. There are far too many people with avoidable chronic illnesses who are needlessly suffering and burdening the health care system. Some are dealt with through programs that address lifestyle, like smoking cessation programs, but the social and environmental factors must receive far more attention than they have so far.

Nurses know that social and environmental determinants have a direct impact on our health. We know the literature is clear on the link between health and social inequity, but nobody needs to tell us, because we see it in our practice every day: People without money have more health problems and they don't live as long.

The McGuinty government has shown leadership in creating a poverty reduction strategy. The modest increases in social assistance rates are a good start, but we require substantial action. That is why we are recommending the following:

Stay on track and increase the minimum wage to \$11 per hour from the current \$10.25 per hour in March 2011.

Act on the upcoming comprehensive review of Ontario's social assistance programs, to be led by Frances Lankin and Munir Sheikh. It is critical that the system be transformed from a punitive, complicated system of contradictory rules and regulations to a person- and family-centred system that treats everyone with dignity and enables people to have what they need to be healthy.

Immediately increase rates by \$100 per month for every adult as a healthy food supplement. This is a down

payment toward addressing the gap between the dangerously low social assistance rates and nutritional requirements.

Build on the long-term affordable housing strategy announced in November 2010 by investing in the safe, affordable housing that is so essential to good health.

Fully implement all of the recommendations on child care and early education in Charles Pascal's *With Our Best Future in Mind*.

Like most Ontarians, registered nurses are very concerned about global warming for environmental and health reasons. To this end, we urge: Close the coal-fired power plants ahead of the planned 2014 date. This is very feasible with current energy demand and supply. Set more aggressive targets and make investments to increase conservation, energy efficiency and green energy, and promptly implement the government's mass transit commitments.

We also urge the government to follow through on its commitments to reduce toxins in the environment. Ontario has made significant progress in reducing the cosmetic use of pesticides, and it's moving forward with toxin reductions and regulations.

Far too many Ontarians lack access to a primary care provider and these people either go without or end up in hospital emergency departments. We know this is a major issue in northern Ontario. Additionally, chronic underfunding of long-term care, and home and community care means we see people staying in expensive, inappropriate acute hospital settings when they would be better off living in their homes and their communities. But there is a significant lack of alternative capacity. It's time to provide adequate funding to support age-appropriate care in-home and community care, including services such as homemaking and professional services.

Most importantly, there needs to be an immediate capital investment in assisted living and supportive housing arrangements so older persons and those with chronic conditions can continue to remain active and vibrant members of our communities.

A very positive step forward is the approval of the promised 25 new nurse-practitioner-led clinics. Several are now open and accepting previously unattached patients. These clinics are modelled on a successful nurse-practitioner-led clinic in Sudbury, which opened its doors in the summer of 2007 and already provides access to 3,000 people who previously didn't have access to a primary care provider. We urge the government to open all remaining approved clinics this fiscal year.

An essential component of keeping people healthy and caring for them when they're ill is securing access to nursing services. There's clear evidence linking the care provided by registered nurses with better patient health outcomes in hospitals, long-term-care homes and the community at large. Full-time registered nurses are also associated with lower mortality rates, better care for patients and improved workplace morale.

Nurses in this province are proud of their education, skills and expertise, but nurses are growing weary under an increasing workload. The one statistic that best

illustrates the problems associated with nursing workload is the registered-nurse-to-population ratio. Ontario's registered nursing workforce is failing to keep pace with the province's growing and aging population. The latest figures tell us that there are 71 registered nurses for every 10,000 people in the province, which is down from 80 registered nurses in 1989. The government had made good initial progress on its commitment to hire 9,000 additional nurses—5,579 were added in the first two years of its mandate—but recent decisions to delay hiring nurses put at risk the target. Ontario is lagging behind in nurse-per-population ratios as compared to the national average; thus, even meeting the full 9,000 commitment will leave Ontario behind the rest of Canada.

There is good news in the increase in the share of registered nurses working full-time, from 50% in 1998 to 65.7% in 2000. That puts our goal of 70% of registered nurses working full-time within reach. However, nurses employed in community hospitals in rural Ontario and here in northern Ontario are less likely to have full-time employment than urban nurses employed in larger hospitals. It is common to find almost half the nursing hours in rural and northern hospitals worked by part-time nurses, many of whom are forced to hold more than two jobs. Nurses everywhere in the province want to see that we reach 67% full-time employment in 2011 and the full 70% by 2012.

Finally, we know the health status of northern Ontario residents is poorer than in the rest of the province on almost all health indicators. However, our First Nations people are particularly vulnerable, and this is a result of the profound impact of generations of colonization. Canada is signatory to the United Nations Declaration on the Rights of Indigenous Peoples. Self-determination of First Nations people is an important right recognized under the United Nations declaration. Investing in our First Nations communities and asking them how best they can use additional health care resources to improve their health status and their well-being is their right, and it is our obligation.

The Registered Nurses' Association of Ontario has long advocated for the government to build the fiscal capacity necessary to deliver services for a healthy and vibrant society. However, it also recognizes that there are times when governments must spend more than they take in to counter the effects of recession. Based on the advice of economists, Ontario ran a sizable but manageable deficit to help turn around the economy in the recent world financial crisis. History has shown that economies like Ontario's grow out of deficits in the recovery process, and already the deficit-to-GDP ratio is declining. The government must resist the temptation to slash spending in a counterproductive and premature attempt to reduce the deficit. Now is not the time. When so many people are still out of work, particularly here in northern Ontario where unemployment remains over 10% and where the economy is so dependent on the government to maintain demand, it is far better to make beneficial investments now and continue to build.

Thank you for giving us the opportunity to present the views of the Registered Nurses' Association of Ontario.

**0950**

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the government and Mr. Flynn.

**Mr. Kevin Daniel Flynn:** Thank you, David, for being here today and thank you to your membership for what you do here in northern Ontario and throughout the province.

What we've been hearing a lot of lately as a committee, and I think all of us have been hearing in our own communities, is the impact of mental health and addictions on the health care system. I know that when the select committee was touring the province we heard a lot from nurses and from the nursing profession. You haven't touched on it in your presentation today. I just wondered if there was anything you might want to expand on.

**Mr. David McNeil:** Sure. We know that access to mental health affects many people in the province of Ontario and access to mental health services is particularly challenging. When we look at it here within the northern Ontario context, I can tell you that there is even a subpopulation where mental health access is very difficult, and that's with children. We know that throughout the province access to mental health services for children remains a significant challenge. I think the statistic is that one in five children with a mental health problem goes diagnosed only. And of the one in five children who actually ends up with a diagnosis of a mental health problem, only one in five of those actually gets the treatment and care they need.

For patients, particularly as the population ages and the demands on the mental health system grow, it is an area of investment, again, that is linked to a substantive need within the system.

**Mr. Kevin Daniel Flynn:** Thank you, David.

One brief question and then I'm going to pass it on to my colleague, Ms. Albanese. You mentioned that full-time opportunities in the nursing profession seem to be scarcer in the north than they are in the south. Could you expand on that?

**Mr. David McNeil:** Yes. When we've seen the application of the new graduate promise within northern Ontario and small community hospitals, there seems to be a reluctance for organizations, particularly small organizations, to invest in that initiative. Smaller organizations also face the challenge of the risk of overstaffing, so what they do is they do it the other way: they understaff. Understaffing, of course, leads to significant challenges.

There has to be the courage and the commitment to move forward and to say that even in small organizations, where there are diseconomies of scale, particularly in the north where you're dealing with small institutions. There needs to be the push forward to say that we recognize those diseconomies.

We also recognize the commitment to full-time nurses and what that does for patient care in particular. The outcome literature is clear internationally on the impact

and it's just a decision that we have to make in recognizing those particular challenges.

**Mrs. Laura Albanese:** I too wanted to ask a question. In regard to the community-based services that are available, I know that all throughout the province we have more new nurse-practitioner-led clinics. In Toronto, for example—that's the area I represent—we also have community health centres that are making a difference. Would those play an important role here in the north? Do you see them playing a bigger role in the future?

**Mr. David McNeil:** Throughout the province, nurse-practitioner-led clinics, community health centres, group practice settings are really going to be essential for the health system to move forward in an interdisciplinary way. That's particularly in the north, where we face significant human health resource challenges. So yes, they would play a significant role as we move this forward.

**Mrs. Laura Albanese:** Thank you for all the work that you do. I want to say that the nursing profession is really to be commended for all that you do throughout the province.

You mentioned the increased workload. Do you have any suggestions on ratios that should be met? What's your suggestion in that regard?

**Mr. David McNeil:** When you start to look at nursing ratios, that's a complex undertaking. It's a complex undertaking because there are very different types of nursing that are provided. So it's a way that we can manage it.

Nursing workload is driven by policy, in particular around—we've seen efficiency targets. Efficiency targets drive the profession down to the bottom line, and there's a constant benchmarking process that occurs within our profession. Unfortunately, because of the fiscal climate, it says, "You need to move and get the unit price to the lowest cost." That drives some of the workload.

Overcrowding, as was mentioned in our previous presentation, within the hospital sector in particular throughout the province, where we have hallway nursing and significant in-patient demands within emergency departments, also drives the nursing workload.

So it's a complex undertaking, but those are the policy directions that drive, unfortunately, front-line nurses' workload. We need to be able to provide the appropriate hours of care, and there are many models, depending on the sector, around what's appropriate.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### TIMMINS CHAMBER OF COMMERCE

**The Chair (Mr. Pat Hoy):** Now I'd ask the Timmins Chamber of Commerce to come forward, please. Good morning. In this round, the questioning will come from the official opposition. You have 10 minutes for your presentation. If you'd just state your name before you begin for our recording Hansard?

**Mr. Gary Marriott:** Sure. Gary Marriott, Timmins Chamber of Commerce president.

I'd like to welcome each of you to Timmins and express our appreciation to the standing committee for holding a public input session in Timmins. We welcome the opportunity to provide input into the budget-setting process.

It is my intent to provide you with the northeastern Ontario perspective by sharing some of the economic challenges, some unique and some not so unique, facing the business community in our region.

As of today, the Timmins Chamber of Commerce represents more than 810 business members from Timmins. Our organization has been around since 1949, and we take our role as the voice of business very seriously.

Today, I'm going to speak about key areas we as the chamber are concerned about and are calling on Ontario's government to take action and a leadership position on by addressing, in order to help northeastern Ontario promote northern development.

Energy as an economic development tool: According to the Canadian Chamber of Commerce, access to affordable, reliable energy is Canada's most important competitive edge in the global economy. I ask you to consider if the same statement can currently be applied to the province of Ontario, and I'm afraid the answer is no. Energy costs are quickly becoming inhibitive to doing business in Ontario.

Here in Timmins, we were once home to Ontario's largest single-site electricity consumer: the Xstrata metallurgical site. In the years leading up to its closure, they often cited energy costs as one of their greatest challenges to doing business in Ontario. The ore that comes out of the ground in Timmins is now being processed in a province with significantly lower energy costs.

According to two April 2010 reports from Hydro Quebec and Manitoba Hydro respectively, a large power user in Toronto will pay an average of almost two times more for the exact same power as a business in Winnipeg, Manitoba, and 1.6 times more than a business in Montreal, Quebec. Those rates are even higher when you look at other small communities in northern Ontario, and the comparison charts are included.

With Ontario energy rates forecast to increase in the coming years, the pressure on large power consumers is increasingly tremendous, and our neighbouring provinces are looking more and more attractive to businesses that generate economic activity within our province. We are all feeling the results of the expensive power in Ontario. Until this is addressed in a very serious way, Ontario will continue to lose manufacturing and refining operations and potentially set itself up to miss out on some lucrative opportunities, including some of those that will result from the Ring of Fire.

An energy strategy must be developed to implement and ensure northern Ontario's competitiveness by creating a more sustainable environment for industry and overall community development. Short-term subsidies are good, but will not solve the issue entirely. The northern industrial electricity program was welcomed in last year's budget; however, we believe that more can be

done in order to retain manufacturing and refining operations in Ontario.

#### 1000

Far North development and the Ring of Fire: Development in the Far North will be dependent upon a number of factors. As I mentioned, making Ontario competitive in pricing for electricity and other resources will be key to the Ring of Fire development. If we are serious as a province about wanting chromite and other Ring of Fire minerals refined in Ontario, we need to get serious about making energy affordable for business.

Connectivities will also play a very big role in the development of the Far North. To that extent, we encourage the government to invest in the economic development tool that already exists: the Ontario Northland Transportation Commission. There has been a lot of talk about the rail and what it can do to connect our communities and our First Nations, while creating jobs and investing in much-needed infrastructure to facilitate economic growth in the near future in the Far North. Infrastructure investment in rail and roads in the north and Far North would undoubtedly have tangible economic and socio-economic benefits for Ontario to enjoy.

Land use planning: With respect to land use planning in the Far North, we recognize that this is a sensitive issue for many of our First Nation neighbours. We also recognize and respect that much of the development in the Far North will be driven by First Nation communities. We support land use planning that is occurring with the First Nations, welcome the process and encourage the government to provide significant resources to such processes.

We can see from the demographic trends that First Nation populations are increasing. Today, First Nations represent almost 13% of northern Ontario's population. Many businesses are facing workforce challenges. We believe that public investment in infrastructure in northern Ontario—roads, rail, access to Internet and education opportunities—is vital to ensuring that this segment of the population is able to participate in Ontario's workforce.

Alignment of provincial and federal economic assessment processes: Businesses are still subject to duplicate requirements under federal and provincial environmental assessments. We understand that the Ring of Fire coordinator position was created with the intent to provide assistance to the mining companies navigating the legislative requirements necessary under the current regulation. While this will indeed help development to proceed in that region, it highlights the present issues of duplicate requirements and the red tape burden that businesses face. We encourage the provincial government to work with the federal government to harmonize the provincial and federal environmental assessment process to eliminate duplication and encourage economic development in our region without the needless delays.

How the government develops regulation: New regulations invoked by the Ontario government can be unnecessarily costly and place many businesses in jeopardy of survival. Further, some regulations imposed are

precautionary rather than science- and evidence-based. The cost of implementing and enforcing the resulting regulations can often outweigh the intended benefits. As a result, unnecessary financial and physical burden is placed on businesses, as well as on the public to address problems that may not even exist. Discussion with industry and use of science-based cost-benefit analysis in developing regulations can minimize the unnecessary costs to both businesses and government. We strongly encourage the province to continue to work towards fully evaluating the impacts of new regulations on all businesses and industries in all the areas of the province before putting them in place.

The Mining Act: Mining is a mainstay of our northern economy. Consider these figures from the Ministry of Northern Development, Mines and Forestry website—they are from 2006; however, the most recent are not available: In 2006, mining in northern Ontario produced approximately \$7 billion worth of minerals; mining in northern Ontario employs approximately 14,000 people; mining exploration activities employ approximately 1,800 people; northern Ontario is home to all of Ontario's 28 mines and an estimated 400 mining service and supply companies. The importance of the mining industry in the economy of northern Ontario cannot be overstated.

At this point in time, we are concerned that the implementation of the mining regulations, while well intended, will impede the ability of junior exploration companies to operate in Ontario. Many of these independent operations will lack the resources and manpower necessary to comply with all of the regulations and requirements of the Mining Act.

Continued reinvestment in northern Ontario through the heritage fund: This is vital assistance from the government that enables government revenues to return to the north to support the growth of the economy. We applaud the government's establishment of the new northern Ontario entrepreneur program and accelerated business education tax rate cuts for northern businesses which resulted in savings totalling more than \$17 million. We support the continued investment of existing and new NOHFC programs to help northern Ontario innovation and economic development.

Northern Ontario has a unique economy prone to boom and bust cycles. Our economy largely depends on non-renewable natural resources. As a chamber, we advocate the government policies whose impacts are thoroughly evaluated before they're set in place: for a competitive, affordable energy strategy, not one that will prevent further investment in our province; and for government investment in factors that are critical to our region's future, including transportation, infrastructure, education, innovation and First Nations development.

On behalf of the Timmins Chamber of Commerce, I would like to thank you for giving me the opportunity to present our perspective and look forward to further tools launched in our next budget to support unique business opportunities in northern Ontario.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the official opposition. Mr. Hillier.

**Mr. Randy Hillier:** Thank you very much, Gary, for that wonderful presentation. It's great to see you putting out with clarity what the challenges and the difficulties are facing industry and therefore facing prosperity and jobs in northern Ontario. There's a lot of subject matter in there. I think I'd like to focus in on maybe a couple of aspects.

The first would be on the energy side. The graphs that you've got really show that as you use more energy, your uncompetitiveness becomes exacerbated under the system we have. It was interesting: This past summer, I met with a number of state and provincial legislators in Toronto at a conference. The VP for Ontario Hydro was there, and in the discussion about the Green Energy Act and how we're doing things, he made the comment that we've made a conscious decision in Ontario that if your business requires power, Ontario is not the place to set up business.

I'm just wondering, have you had that sort of message? I don't remember having that discussion in the Legislature. I'm wondering if that's been communicated in any way to the chamber here and the mining companies that you deal with.

**Mr. Gary Marriott:** I don't really recall that the message has been communicated that way, but I would certainly hate to think that that is the message. If we think about the Far North and the Ring of Fire and all the talk that's going on about the Ring of Fire, dedicating the position to the Ring of Fire, if that ore is to stay in Ontario, and if Ontario is going to gain from the benefits of producing that ore, it's going to take 740 megawatts of power to have a chromite facility. When Xstrata was here, their energy requirements were about 130 megawatts of energy. At that time, they were the single largest in Ontario.

If we want that facility and all the benefits from the Ring of Fire to remain in Ontario, then we're going to have to have energy costs that are going to allow them to do business. Otherwise, they're going to go looking.

**Mr. Randy Hillier:** Absolutely. That's clearly the way we've set it up. If we are to see any real value, any long-term added value out of the Ring of Fire, we're going to have to have a complete 180-degree shift on our energy policy, or else we're not even going to let—there won't be future Xstratas because they just won't set up here in the first place. They'll be shipped out.

**1010**

**Mr. Gary Marriott:** The thing I don't understand, Mr. Hillier, is that we just had four dams do expansions here in northern Ontario. Those dams produce energy at a rate of about three cents per megawatt. There is now expansion taking place further in northern Ontario of an additional four dams. They're a great source of energy.

**Mr. Randy Hillier:** They're the cleanest and greenest energy I've ever seen, and also the cheapest.

Also, to just keep on the mining, though: We know that in 2001, when actually Tim Hudak was minister of

mines, Ontario was the number one jurisdiction in the world for mining investment. I believe in 2007 we slipped to 15th. I heard last night from some of the prospectors and developers here that they believe, in the most current numbers, we'll be down to 27th, with places like the Congo and Tanzania being more desirable than Ontario for investment in mining.

We know that energy has an impact on that, but what other things are you seeing that are diminishing Ontario's position in mining—things like the Far North Act, the regulatory burdens? You mentioned a number of those. I think that was very clear, that we have more social-based regulations than science-based regulations these days.

**Mr. Gary Marriott:** Certainly, permitting between the provincial and federal governments—if those policies don't become aligned and less complicated, then the mines are going to look at places where it's easier to set up.

**Mr. Randy Hillier:** It was interesting: During the stimulus spending, if you recall, the Ontario government and the federal government agreed to harmonize all the environmental assessment processes in order to get government projects under way, but we have not seen any impetus or any motivation at all to harmonize those regulations for our mining, our forestry or any other businesses.

**Mr. Gary Marriott:** Our concern definitely is—we strongly believe in making sure that all the environmental due diligence is done, but to have it as a duplicate process just extends the amount of time that it takes these companies to get set up.

**Mr. Randy Hillier:** We understand that it's about 10 or 15 years to get through the process, and that's 10 or 15 years where we're preventing people from actually working.

**Mr. Gary Marriott:** Exactly.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

#### EACOM TIMBER CORP.

**The Chair (Mr. Pat Hoy):** I would call on Eacom Timber to come forward, please. Good morning.

**Mr. Brian Nicks:** Good morning.

**The Chair (Mr. Pat Hoy):** The questioning in this round will come from the NDP and Mr. Tabuns. You have 10 minutes for your presentation. And if you would just state your name for our recording Hansard before you begin.

**Mr. Brian Nicks:** Sure. My name is Brian Nicks. I'm the director of forestry with Eacom Timber.

Mr. Chair and members of the standing committee, thank you once again for holding pre-budget consultations here in northeastern Ontario and for granting me the opportunity to address your committee.

As I've said, my name is Brian Nicks. I am Eacom Timber Corporation's director of forestry for Ontario. I'm based in the Sudbury area. I also serve as the current chairman of the board of the Ontario Forest Industries Association. In these capacities, I would like to describe

the current economic challenges facing our company and the larger forest industry and also the future opportunities that Ontario can assist us in capitalizing upon through sound public policy.

By way of introduction, Eacom Timber Corp. is a publicly traded manufacturer of softwood lumber and engineered wood products that acquired the forest products division of Domtar Inc. in June 2010. As such, Eacom has interests in six Ontario solid wood mills, five of which are in full operation, including a random-length sawmill right here in Timmins.

Although originally based in British Columbia, Eacom has decided to invest in Ontario for one simple reason: the potential for a strong and sustained recovery of Ontario's softwood lumber industry, relative to western Canada, for example. This faith is, in turn, rooted in two undeniable trends: the rapid decline in volume and quality of BC interior pine timber due to the massive mountain pine beetle epidemic; and the emergence of wood as an environmentally friendly and structurally sound building material in North America, Europe and the Middle East. Adding to future opportunities for Ontario lumber producers is the rapidly growing demand from China for lumber from BC that is diverting increasing amounts of western lumber away from traditional Ontario markets in the US.

Another positive development that occurred just last Friday is the London Court of International Arbitration's decision with respect to US-alleged subsidization of Ontario's softwood lumber industry by the Ontario government. Rather than the 20% additional export tax originally sought by the US, the LCIA panel will require only a 0.1% additional export tax on Ontario softwood lumber shipped to the US. So while Ontario producers will continue to pay up to a 15% export tax until August of this year, rates immediately after will be one third or less of that.

Despite the increasingly positive outlook for the future, however, a recovery will take time. As many of you know, much of Ontario's lumber industry has been decimated by the 2008 collapse of the US housing market, a 15% export tax under the softwood lumber agreement, a high Canadian dollar and, in some cases, excessive debt. As an illustration, Ontario's softwood lumber exports to the US are currently running at about 20% of the levels reached in 2006, which was the peak of the US housing market and the beginning of softwood lumber agreement quotas and export taxes. US housing starts remains stubbornly low at about 600,000 per year, less than 30% of the 2.4-million peak that was reached in 2006. Tight mortgage credit remains the norm in the US. Mortgage delinquencies and foreclosures continue while unemployment is expected to remain at or above 10% in 2011. As a result, the long-awaited housing market recovery will not gain significant traction until 2012, when up to one million total housing starts are forecast.

What are we to conclude about the future of Ontario's softwood lumber industry from all of these facts and figures? First, we can and should believe in the strong potential of Ontario to become a leading softwood-lum-

ber-producing jurisdiction in North America. Our forests are vast, sustainably managed, independently third party certified, and strategically located next to northeast US and, of course, southern Ontario markets.

Second, we should conclude that investment interest, under the conditions of secure and affordable wood supply, sensible public policy and reasonable input cost, does exist. Forest industry capital is increasingly mobile and gravitates towards politically stable jurisdictions offering favourable returns and minimal risks. Ontario can make even further progress in this regard.

Third, we should be aware that the Ontario softwood lumber sector, while emerging from intensive care, very much remains in the recovery room. The average selling price of two-by-four lumber in 2010 US dollars is only slightly more than half of the peak level last reached in 1994. With our production costs paid for in strong Canadian dollars and our exported goods paid back in weaker US dollars, our 30% currency premium has long disappeared. Fuel, energy and insurance costs continue their upward spirals, affecting service providers to the softwood sector as much as the sector itself. Many challenges remain.

What can the Ontario government do to assist its still-vital softwood lumber industry in its convalescence through 2011? There are in fact many things, some of which you heard yesterday in Thunder Bay from Jamie Lim, president of the OFIA. Let me confirm a few of those policy measures in the context of the softwood lumber sector.

First and foremost, and in the interest of short-term survival, our sector continues to require government's help in controlling its wood costs. To a typical softwood lumber mill, raw logs represent nearly two thirds of total input costs. Since over 90% of such supply originates on crown land, the Ontario government can continue to play a helpful role here by maintaining the \$75-million-per-year Ontario forest access roads construction and maintenance program, in existence since 2005. The sudden rise of up to 10% in delivered-wood costs that would occur without such a program can be prevented. Just last Friday, the LCIA determined that this road-cost reimbursement program is indeed consistent with the 2006 softwood lumber agreement and confers no injury upon US softwood lumber producers, so again, we respectfully ask for its extension on a long-term basis.

A second beneficial cost measure that the Ontario government could approve is the extension of industrial electricity rates and programs enjoyed by larger consumers to the smaller mills operated by the lumber sector. In the short term, the global adjustment allocation and northern industrial electricity rate program thresholds, if reduced, could capture many of Ontario's most vulnerable facilities. In the longer term, special electricity rates, which would often naturally occur in the hydraulic power generation zones of northern Ontario, would provide real incentives for further investment, as they do in New York state.

Thirdly, we need secure long-term access to predictable and affordable supplies of crown timber. Such

access provides a compelling incentive for boards of directors to invest scarce capital in Ontario. In this regard, the Ontario government can materially assist through two critically important steps.

#### 1020

The first is the timely completion of the wood supply competitive process, aimed at reallocating up to 7 million cubic metres per year of merchantable but unused fibre. This is absolutely key to filling future gaps in wood supplies to viable operating mills, as well as attracting new investment. In reaching these wood allocation decisions, we believe that the needs of established operating mills that have developed the internal cost controls necessary to survive this great recession deserve first consideration. In the words of the Roman poet Virgil, "Trust one who has gone through it."

The second important wood supply step will be to follow through on the modified forest tenure reforms announced on January 13 by Minister Gravelle in Thunder Bay, and in particular the development of enhanced cooperative sustainable forest licences that honour both existing crown wood commitments and those that will arise from the wood supply competitive process over the coming weeks.

Finally, we join with the rest of Ontario's forest industry in reminding the current government of its 2007 commitment to recognize the Crown Forest Sustainability Act and its associated forest management plans in providing for the needs of species at risk in Ontario crown forests. An associated exemption from the Endangered Species Act is both legally possible and practically justifiable.

As an example, protective measures within approved forest management plans covering the forest-dwelling woodland caribou range in northwestern Ontario already remove about 30% of the total annual softwood allowable cut from industrial use. These approaches have been determined by MNR biologists to be effective, as evidenced by the persistence of caribou within forests managed under these guidelines since 1994.

In summary, Eacom Timber Corp. is both pleased and proud to be operating in the province of Ontario. Our executive team and our investors see great business potential for softwood lumber production here over the long term. To realize that future potential, however, we require the active collaboration and support of an Ontario government fully attuned to our own imperatives of secure long-term wood supply, affordable delivered fibre, competitive power rates and a predictable forest policy environment. We hope that we can count on the government's support for our company's efforts to restore a portion of Ontario's softwood lumber industry and associated communities to the health and prosperity that can and should be theirs.

Thank you for this opportunity today, and best wishes for productive consultations and safe travels.

**The Chair (Mr. Pat Hoy):** Thank you. Now we'll hear from Mr. Tabuns of the NDP.

**Mr. Peter Tabuns:** Mr. Nicks, thank you very much for coming in this morning and making this presentation.

Who are your biggest competitors? Which jurisdictions are we competing with, now that BC is facing the profound problems that you've outlined in your presentation?

**Mr. Brian Nicks:** Thank you for the question. BC remains a significant competitor. While their allowable harvest levels are declining, they are still producing at relatively high rates and still capturing a reasonable percentage of the US market. Alberta, increasingly, as well, as they utilize more of their forest in advance of mountain pine beetle infestation. So within Canada, the West is still a substantial competitor.

In the southern US market, there is significant lumber production—there always has been—in the southeastern US states. That remains a substantial competitor.

Europe is having difficulties producing lumber at the moment because of tariffs on Russian logs. The volume that is exported to European sawmills is going down because of those tariffs, so at the moment there is less of a threat. However, if Russia ever develops its infrastructure and sends more encouraging political signals in terms of stability to investors, they will become a force to be reckoned with, because they hold the single largest softwood forest in the world. A bit of an outlook there. But I'd say, for the moment, beginning in the next two years and probably extending for five years after that, Ontario will be very well placed to compete.

**Mr. Peter Tabuns:** You didn't mention Quebec. Are they a substantial competitor of ours?

**Mr. Brian Nicks:** Yes. Their lumber production remains above our own. Their forests are larger, their quota allocation into the US market is larger than Ontario's by approximately 50% and they are utilizing more of their quota. So they remain, in fact, a significant competitor.

Of course, in the case of Eacom, we own mills in Quebec; fewer than we do in Ontario. I must admit Quebec has its challenges as well: maybe not so much on electricity rates, but in wood supply, where there have been substantial reductions in the allowable cut. Ontario has not endured those because we have been operating at a more sustainable level, quite frankly, over the last period of years.

**Mr. Peter Tabuns:** Just going back to British Columbia and Alberta, what is it that they do that gives them a competitive edge in dealing with the world market—and I guess more particularly, the American market? Because that's where the bulk of our production goes.

**Mr. Brian Nicks:** Great question. What they have done, in the interior of BC in particular, is to scale up the size of their mills. Canfor, for example, has, I think, three mills that are about three times larger than our typical Ontario mill, so they have been able to gain economies of scale through three-shift operations and the like.

However, it's also the case, and the recent US filing to the London Court of International Arbitration would suggest, that they have had significant benefit from grade 4 logs' stumpage price: 25 cents a cubic metre, which is in contrast to Ontario at about \$9 a cubic metre. The allegation from the US is that that confers a subsidy upon

the BC interior producers. I'll take no position on that. The London Court of International Arbitration will decide and award BC or the US, as the case may be.

Scale is really what BC has achieved.

**Mr. Peter Tabuns:** Okay. Do you see the potential for us to sell into the Chinese market in the future, or will America continue to be our primary market?

**Mr. Brian Nicks:** Excellent question. We are somewhat at a disadvantage in Ontario with respect to the Chinese market because of the freight costs to get from Ontario to a Vancouver port. We are in a somewhat better position to ship to Europe—the UK, as our company is doing—and perhaps the Middle East through Montreal, for example. But the US is our natural market, and unfortunately, it's the auto states of Ohio and Michigan that have really taken it during this recession.

So we are shipping farther afield. I think Ontario has to go a little deeper to the south, a little more towards the eastern seaboard. But there's no doubt that the Toronto market, the GTA—it's absolutely critical that we grow Ontario's wood market. We're taking some measures there to do that and to develop the northeast US market. It is our natural market, and Europe is the key area.

**Mr. Peter Tabuns:** We had testimony yesterday that, in fact, a very significant proportion of the construction lumber used in the GTA doesn't come from Ontario. Why?

**Mr. Brian Nicks:** Again, it has been in the past because of the efficiency of BC mills: their ability to produce at a lower cost, to absorb the freight differential and still ship profitably into the Ontario market. But that is waning now, and the opportunity is rising for Ontario producers to capture more of the Ontario market. I think with the right domestic provincial policy to encourage consumption, whether it's six-storey buildings or just consumer awareness about the quality and sustainability of Ontario lumber—we have a good-news story to tell, and I think that the consumer should be aware of that.

**Mr. Peter Tabuns:** Thank you very much.

**The Chair (Mr. Pat Hoy):** And thank you for the presentation.

#### CANADIAN RED CROSS, TIMMINS BRANCH

**The Chair (Mr. Pat Hoy):** For the committee, I understand our next presenter has cancelled, but I understand that the Canadian Red Cross, Timmins branch, is present. If you'd come forward, please?

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning coming from the government this round. I'd ask you to identify yourself for our recording Hansard, and then you can begin.

**Ms. Carolyn Hendry:** Thank you. Good morning. I'm Carolyn Hendry. I am the manager of community health services for both the Timmins branch and the North Bay branch of the Canadian Red Cross. I am speaking this morning about the Timmins branch.

I'd like to thank you for the opportunity to appear before the standing committee and to be part of its preparations for pre-budget for 2011. I'd like to provide the perspective of a not-for-profit home and community health sector and the Canadian Red Cross, Timmins branch, in the district of Cochrane and the James Bay region.

**1030**

The Red Cross is a member of the Ontario Community Support Association, a network of agencies providing home and community care to 750,000 Ontarians each year. For those of you not as familiar with the Canadian Red Cross, allow me to tell you a little bit about us. Our branch is here in Timmins, with satellite offices in Iroquois Falls, Cochrane, Kapuskasing and Hearst. We provide community health services and community support services throughout the district.

Some of the services that we provide include personal support and homemaking, transportation, Meals on Wheels, supportive housing and adult day programs. In addition to that, we do provide telephone assurance; diner's club; friendly visiting; student nourishment; abuse and bullying prevention, called RespectED; the Winter Warmth program; disaster and safety services; injury prevention, including standard first aid and CPR; On Board, which is for boating licences; and water and ice safety.

Locally, our organization has 20 staff, 140 community support workers and about 300 volunteers. We provide service to nearly 1,000 clients on behalf of the North East Community Care Access Centre and the local health integration network, as well as local social service boards and through donations.

We're very conscious of the government's health care objectives to contain spending, reduce hospital wait times and create a culture of health prevention and better disease management. A progressive, modern health care system keeps people healthy and connected in their homes and communities, not sick and alone at institutions. We believe home and community support works because it offers local, flexible solutions.

The key message that I would like to share with you today is this: Keeping people living independently in the community and out of hospital is a more cost-effective means of health delivery than institutional care. Investing in home and community care frees up hospital beds and reduces alternate-level-of-care rates. There are also decreases in long-term-care home placements and long-stay hospitalizations, both at lower cost to the health care system. It is our position, then, that modest, targeted funding for community-based health services in the 2011 budget is a justified long-term investment.

Some specific strategic investments that could be made to enhance our capacity to provide more service to more people, thus helping to reduce hospital admissions or readmissions, include the following: serving high-needs seniors by providing expanded services, to move into evenings and weekends; supporting family caregivers by investing in adult day programs and respite care; and funding to increase services for people with

physical disabilities to address the long wait-list for these services and to keep people out of ALC beds, rehab hospitals and long-term-care homes.

An ongoing challenge for the Red Cross and many other community organizations is the current health human resource shortage. Wage disparity between the community and acute or long-term-care sectors and travel within the community have contributed to our recruitment and retention issues. The Canadian Red Cross delivers PSW diploma programs in the Timmins branch, and we continue with ongoing recruitment and retention of qualified workers. We find this very challenging.

There also continue to be, in the absence of standardized training and accreditation processes, concerns for the quality of the training provided to personal support workers, undermining the confidence of employers and the general public. We therefore recommend appropriate resources to support the development and monitoring of training criteria. I want to emphasize that the Canadian Red Cross is an accredited agency, and we do value the importance of quality and risk management.

Community Health Ontario has an innovative proposal for a community health and social services infrastructure fund which would see the creation of community hubs to improve the quality and accessibility of community-based services provided to Ontarians. The Canadian Red Cross is well positioned to be an active team member for community health and support services in hub locations across Ontario.

I would refer you to a few papers that are part of the reference package. They include the Home and Community Support 1% Solution, Increasing Access to Home Help and Homemaking Services, Unleashing Attendant Services for People with Physical Disabilities, and Hub Holistic Care.

Finally, I would like to tell you a little about the challenges we face locally. Our geography is large, and it depends on the ability to deliver our services both economically and efficiently. We continue to lack human resources, especially regulated and unregulated staff. Communication is also a difficulty. With our satellite offices and district fieldworkers, we depend on telephone and a lot of travel for face-to-face contact. The cost to do our work is often greater because of the distances involved. With even a small increase in funds, our organization could develop and deliver increased direct services to the increasingly aging and frail populations in the Cochrane district and James Bay coast.

In closing, we encourage MPPs to think strategically; invest in home and community services. Doing that now will save the government money in the near future, and it will improve the health of Ontarians.

Thank you for your attention today, and I'd be pleased to answer any questions that you may have.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Ms. Hendry. The questioning this time goes to the government. Ms. Pendergast.

**Ms. Leeanna Pendergast:** Thank you, Carolyn, for being here this morning—

**Ms. Carolyn Hendry:** You're quite welcome.

**Ms. Leeanna Pendergast:** —and thank you for the work that you do on behalf of the Canadian Red Cross, Timmins branch. This is the first we've heard from the Red Cross, so it's wonderful that you're here this morning.

What an amazing list you gave of the services that you provide in the community. It's overwhelming. I mean, I only caught Meals on Wheels and the anti-bullying because that's what I'm involved in in my community of Kitchener-Conestoga in the Southwest. But what a great effect you have on our communities. Thank you for that.

You had some really interesting comments about the alternative levels of care and moving people out of hospital. We heard just this morning from the hospital saying that that is a great thing. The hospitals support that and support the government's investment in alternative levels of care, but at the same time, it's a financial strain on the hospital. Of course, that's why the McGuinty government is so committed to this fine balance.

It's an interesting dialogue. Do you have any comments about the perspective of the hospital saying, "Well, it's tough for us now, although we're fine with it and we'll work together," and yet the alternative level of care that is moving patients out of hospital? Do you have any comments on that fine balance and its ongoing struggle?

**Ms. Carolyn Hendry:** It is definitely a fine balance. I have worked in both long-term care and in acute care and in the community as a registered nurse and as a manager, and I know that there are a lot of factors that come into play in terms of someone maintaining their home, not being admitted and also going home and not returning. I know it's a very difficult issue to try to address. I know the home-first strategy, of course—that whole initiative was designed to try to ensure that the care would be in the right place with the right people. We certainly have met with the Timmins and District Hospital and the North East CCAC around this particular initiative and are very committed to assisting as we can to hopefully help people remain in their homes. Again, it's always a fine balance.

Where we find the cut-off really is when people do require service that is overnight, on weekends, and that seems to be the biggest issue that probably contributes to them not returning to their own homes. Again, we have a population in northeast Ontario with many risk factors for chronic disease, and certainly some of the issues have to be addressed from the prevention end as well as looking at the appropriate area to treat and to support.

1040

**Ms. Leeanna Pendergast:** That's an excellent perspective. Thank you. Do you mind if I make one or two more little points? You looked like you were getting up.

**Ms. Carolyn Hendry:** That's all right.

**Ms. Leeanna Pendergast:** You're supporting families and caregivers for respite care. We've heard that consistently. I'm really interested in the training criteria and the idea of more support for development and training. How does that look for the Canadian Red Cross? We've heard it from colleges and post-secondary institutions. Is

that something you do in partnership with them, or is this something that would be isolated to the Red Cross?

**Ms. Carolyn Hendry:** Again, the Canadian Red Cross has a working relationship with triOS College, so that is where the diplomas come from. However, we do depend very much on the local colleges and universities as well. I'm on the advisory board for Northern College.

Also, we want to ensure that we have the right people in place when we need them—and often, it's a waiting period—so that we do deliver. Just this last winter, we delivered two programs that would bridge from what is called a "personal attendant plus 2" module to the full PSW. We did this out of the Timmins branch, and it included some workers from the Kapuskasing area as well. We are currently working in conjunction with the North East CCAC to look at hopefully being able to deliver another program. In addition to that, in the North Bay branch, we just did an initial PA plus 2, which is to get people to have the basic criteria to be working in the community.

These are college-accredited. Definitely, when colleges and universities can deliver programs, then we don't have to. But we certainly are very much committed to ongoing education and training.

**Ms. Leeanna Pendergast:** So that funding stream, whichever way it goes—

**Ms. Carolyn Hendry:** Primarily through the Ministry of Health and Long-Term Care.

**Ms. Leeanna Pendergast:** Excellent. Thank you.

How much time, Chair?

**The Acting Chair (Mr. Kevin Daniel Flynn):** You don't have any more time.

**Ms. Leeanna Pendergast:** But I had more questions.

**The Acting Chair (Mr. Kevin Daniel Flynn):** They were such wonderful answers.

**Ms. Carolyn Hendry:** Thank you so much for the opportunity.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you for coming today.

#### GP NORTH WOODS LP

**The Acting Chair (Mr. Kevin Daniel Flynn):** Our next delegation this morning is GP North Woods. Tammy Mazzetti, if you'd like to come forward. Each delegation has been given 10 minutes to make their presentation. That will be followed by five minutes of questions, this time from the official opposition. Welcome.

**Ms. Tammy Mazzetti:** My name is Tammy Mazzetti. I am the manager of sustainable forestry and compliance for Georgia-Pacific, the Englehart division. I'd like to thank you guys for all coming to northern Ontario, especially in January. I'd like to take a little bit of time to introduce our company, since we're relatively new to Ontario, and to identify some key areas that will influence our business.

With more than 40,000 people at approximately 300 locations in North America, South America and Europe, Georgia-Pacific is one of the world's leading manu-

facturers of tissue, packaging, paper, pulp, building products and related chemicals. Georgia-Pacific is an independently managed and operated company of Koch Industries. They're a privately held company, headquartered in Wichita, Kansas.

In the spring of 2010, Georgia-Pacific acquired the oriented strand board business in Englehart, Ontario, as well as the value-added facility in the neighbouring community of Earlton. The Englehart OSB mill is one of the largest and most competitive mills of its kind in North America, and it's important to note that this investment was completed during a time of unprecedented downturn in the building products business. Combined, the Englehart and Earlton facilities employ approximately 200 people, predominantly in the manufacture of oriented strand board panels. Another 800 people in the region are indirectly involved in harvesting and delivery of fibre related to our forest products. This acquisition has been a really positive experience for GP, and GP is excited about the opportunities that Ontario has to offer. However, our business needs assurance that the primary inputs of fibre, power and people remain competitive.

We are members of the Ontario Forest Industries Association and support the principles that were presented yesterday.

Today I'd like to focus in on three key principles that have a direct impact on our business, the first being tenure. Georgia-Pacific requests that the government promptly complete the wood supply competitive process and, working with the industry, accelerate the movement towards co-operative, enhanced, sustainable forest licences.

The government's January announcement regarding a measured approach to tenure and pricing reform was a positive development for the forest industry. A competitively priced, secure and reliable fibre supply is a fundamental cornerstone to GP's business in Ontario. In fact, competitively priced, secure and reliable fibre was one of the most important due diligence factors taken into consideration when GP acquired its assets in Ontario.

The current tenure system, which has been in place for many years, does require some adjustments from time to time but in essence provides Ontario mills an advantage in terms of wood supply security. From a corporate perspective, secure, cost-competitive tenure managed under a world-class forest management standard gives made-in-Ontario appeal in a global marketplace.

It is our view that the tenure reform model initially posed by the government, where the mills were disconnected from the supply, creates uncertainty and risk. The system where crown corporations, known as local forest management corporations, essentially manage the land base will most likely reduce the security of supply and increase our delivered wood cost. This experiment would pose a great risk during fragile economic times.

The building products mills that are currently operating have survived one of the most dramatic prolonged slowdowns in North American housing starts. The housing starts, as reported by the forecasters, were three and a half times greater in 2006 than in 2010. There is no

doubt that the surviving mills are top-quartile facilities and the most competitive in North America. This is due to disciplined reinvestment, process improvement and cost-reduction strategies.

The challenge for the government is to develop policies that eliminate barriers to accessing the current, unused fibre in Ontario without negatively impacting the existing forest products facilities.

The Coalition for Putting Ontario's Wood Back to Work, which represents approximately 200 forest companies, has proposed the same alternative to tenure reform: Finish the wood supply competition and transform the existing SFLs to co-operative licences, which, by their very nature, are more inclusive of all stakeholders. This dual initiative will allow innovative entrepreneurs access to unused fibre to expand into diverse alternative markets. Together, they address the issues at hand while not negatively impacting the existing mills that have worked hard over the last few years to maintain operations and consume crown fibre, as in the case of Englehart.

The co-operative SFL model is a proven system from a cost and supply perspective that has been evolving over the past decade. Currently, 70% of the crown fibre directed to Englehart comes from co-operative SFLs. The management charges on fibre delivered from a co-operative SFL are in some cases almost 60% lower than some single-entity SFLs. Georgia-Pacific strongly supports and encourages the government of Ontario to continue with this initiative.

The second item, which we've heard a couple of times already today, is competitive electricity rates. Georgia-Pacific operates in a highly competitive marketplace and it is imperative that we have a level playing field in relation to electricity rates across jurisdictions.

GP requests that the Ontario government develop more tools to provide the forest industry with a long-term, industry-wide, all-in delivered price of \$45 per megawatt hour of electricity. At \$85 per megawatt hour, Ontario has the third-highest electricity rate in all of Canada. The neighbouring province of Manitoba is at \$35, representing the lowest in the country. These rates have great potential to drive high-energy-using businesses out of Ontario to search for jurisdictions with lower rates. In many instances, legislative policy and political agenda drive electricity rates.

If the same facility making the same product shipped to the same markets was operating in Manitoba, their cost for energy would be approximately two and a half times that which is experienced in Ontario. This represents a significant cost disadvantage as electricity, along with fibre and resin, is one of the key inputs to our process.

The most recent legislation, the Green Energy Act, enables companies using the feed-in tariff program to produce electricity for sale back to the grid. However, this comes not without potential transmission challenges, extensive capital requirements and corporate commitments.

Again, Georgia-Pacific recommends that the government level the playing field for all industrial electricity

users without subsidizing specific sectors. It is proven by history that government subsidies and bailouts prohibit the free market system from achieving its true potential.

**1050**

Finally the third, stumpage: Georgia-Pacific recommends that the government of Ontario maintain the crown dues rate for poplar and white birch no greater than \$1.07 per cubic metre for the next three years. This is important to ensure that Ontario is competitively aligned with other jurisdictions. Over the past several years, the government has worked diligently to realign the stumpage paid for white birch and poplar so that it is competitive. Prior to the realignment, white birch and poplar dues were 800% higher in some jurisdictions.

This realignment assisted the Englehart facility in our efforts to reduce costs and was integral in maintaining the 200 jobs created by the largest OSB mill. This realignment of stumpage rates applied to all composite poplar and birch users in the province. The stumpage reduction has successfully met the government mandate and created and maintained local forest industry jobs. Georgia-Pacific respectfully requests that the stumpage dues for white birch and poplar remain at \$1.07 per cubic metre for at least three years. Maintenance of these rates is directly influenced by the government and it will result in environmental and economic benefits for the province of Ontario.

The town of Englehart, with a population of 1,500 people, is a forest-products-dependent town relying on the employment at our mill for its tax base and indirect and spinoff jobs. The 200 steady, well-paying jobs at our plant support municipal infrastructure, local schools, hospitals and child care centres. The plant further enhances the town's economy with the approximate 800 indirect jobs created to serve its needs. These are jobs that support and grow families in a small northern community.

Georgia-Pacific has a long history of being a sustainable company, making products that improve people's lives and doing so in a responsible manner. Our products are an essential part of everyday life, providing shelter and improved hygiene. Georgia-Pacific believes that long-term success comes from creating real, sustainable value for customers and has strong ties to the communities where we operate. We create long-term value for society by using resources efficiently, protecting the environment, applying good science and employing market-based management, all with a focus on health and safety. Together these contribute to the overall quality of life.

In conclusion, the three key points that we talked about today—the completion of the wood supply, a competitive process and co-operative SFLs; competitive electricity rates; and maintenance of the stumpage rates—will all help align Ontario with its competing jurisdictions and facilitate a free-market environment. This will enable Georgia-Pacific to harness its true growth potential and foster greater prosperity, not only for Englehart, but northern Ontario and the province as a whole.

On behalf of Georgia-Pacific, thank you for giving me the opportunity to present today.

**The Chair (Mr. Pat Hoy):** Thank you. We'll go to the official opposition. Mr. Hillier.

**Mr. Randy Hillier:** Thank you very much, Tammy, for being here, and I guess we should welcome Georgia-Pacific to northeastern Ontario. It's great to see those mills back up and operational.

There are a couple of things. I guess first off, regarding the minister's announcement—you brought it up—about the LFMCs and the forest tenure program: We know that was a year-and-a-half process where we didn't get any new fibre into the system. It sounds very much like the minister has stepped down from that proposed model and Georgia-Pacific is happy with the stepping down from the proposed model, but we do need to get some certainty into the system as to what is going to be made available and how it's going to be made available.

You mentioned one thing that I'd like you to expand on a little bit, that the challenge is for the Ontario government to eliminate those policies that are barriers to the forestry industry. If you want to expand on that, I imagine you are talking somewhat about the Endangered Species Act. We've seen that be a very uncertain piece of legislation where yesterday it's Blanding's turtle that's affecting the wood supply, today it's the caribou, and who knows what it's going to be tomorrow. Maybe you can expand a little bit on what are significant barriers to Georgia-Pacific.

**Ms. Tammy Mazzetti:** As I wrote this, that's what came first and foremost to my mind, the Endangered Species Act, and how the province of Ontario really needs to maintain its industrial wood supply to create the economic development and jobs that we can and use our resources in this province to become a have province again. The Endangered Species Act reduces wood supply in an area of the undertaking that, quite frankly, will reduce jobs and reduce facilities and forest products production in northern Ontario.

**Mr. Randy Hillier:** But we've also seen the forestry industry working in our crown forests for decades. Our wildlife, we've been having that in consideration; that's taken into consideration in your forestry management plans and also within the Crown Forest Sustainability Act. Do you see any—I don't see anything in the Endangered Species Act or protecting the endangered species that can't be accomplished as well as harvesting our crown forests.

**Ms. Tammy Mazzetti:** That's absolutely correct. The Crown Forest Sustainability Act is a world-class forest management standard. I've had the opportunity to go to other jurisdictions, and every time I leave this province, I come home and realize what a great job we do of managing the forest in Ontario. Our process is well defined, it's rigorous, it's followed up with monitoring and it has provisions to protect all those species that are endangered in Ontario. And it depends on the jurisdiction that they're in; it's different depending on the jurisdiction.

**Mr. Randy Hillier:** However, from day to day, you don't know what's going to be thrown at you next.

But I also want to talk about the stumpage fee. You're looking to maintain that \$1.07 stumpage fee. We heard from a previous presenter that in BC they're seeing stumpage fees as low as 25 cents a cubic metre, and also that in some jurisdictions in Ontario there's a wide range, or there has been. Do you see the mechanism there for the government to price that stumpage competitively? Do you see a lot of give and take, a lot of influence from the forestry industry on setting those fees, or is it more that those fees are set because of other extraneous factors?

**Ms. Tammy Mazzetti:** There was influence by the forest industry. I believe it was in 2008 that the stumpage fees were taken a really hard look at in this province. The forest industry was able to influence, I believe, the government to bring those fees down to a competitive level. There was work and research done finding out the fees in all the other provinces in Canada. The industry did have some influence there.

We're asking that during the economic trouble that we're having right now if we can just maintain those stumpage fees at \$1.07 for the next few years, that will really help the industry out.

**Mr. Randy Hillier:** You were also saying that the energy is at \$85 a megawatt now and Manitoba is at \$35 a megawatt?

**Ms. Tammy Mazzetti:** That was the research that I found, yes.

**Mr. Randy Hillier:** And at \$45 a megawatt, you guys could be competitive?

**Ms. Tammy Mazzetti:** At \$45, we can be competitive, yes.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### CITY OF TIMMINS

**The Chair (Mr. Pat Hoy):** Now I call on the city of Timmins to come forward, please.

**Mr. Tom Laughren:** Good morning. First of all, I'd like to take this opportunity to thank the finance committee for coming in to Timmins. This is something that is very, very important to not only our community but also the outlying area, so we really, really thank you for making this opportunity possible.

I've got a fairly lengthy brief that we have put together for you. There's no way that I'm going to be able to go through that in 10 minutes, so my hope will be that you people will definitely take the time—we put a lot of hard work, time and effort into it. There's some very, very important issues as it relates to Timmins and region in that document.

I'm going to try to condense it, and even though there's many, many issues facing Timmins and northern Ontario, I'm going to try to focus on five areas: the northern Ontario growth plan, the need for predictable and stable revenue for municipalities, infrastructure, energy and transportation.

#### 1100

The northern growth plan: I'm going to condense it to say that this something that northern Ontario has been waiting for for almost four years now. We know that there's a budget and a provincial election coming up, and this is something that we believe, from a Timmins perspective, we have been very, very supportive of, but we need to see the results. When we see those results, there's also got to be a similar type of opportunity as was offered in southern Ontario as it relates to financing. This can't be just recycling the same money. There's lots of opportunity in northern Ontario, but we need your help to be able to make that happen.

The one area that I really want to focus on here today and I really need your attention on is the need for predictable and stable revenues for municipalities.

If you think of Timmins right now, Timmins is in a perfect storm. We've lost the forest industry to a great extent over the past 10 years. Mining—even though there's a lot of exploration going on in a community like Timmins, I look at where Ontario has slid over the past years, from being a number one jurisdiction for many years; now, depending on the information you're looking at, we continue to slip.

For us to move forward, we need some sustainability as it relates to regulations and rules that pertain to that industry. I know that other people have spoken about that this morning—forestry, with some of the crown wood forest allocation and endangered species. Again, there's many people who have made a presentation on that here this morning. I urge you to go back with that message to your peers.

I want to speak specifically about Timmins and the perfect storm. Back in 2008, when reassessment took place in this province, Timmins was increased 28%, which some people may think is great news. At the same time, we now have Xstrata, which shut down their doors and will be demolishing their site starting very shortly. We're going to lose \$4 million of direct taxes. We have Grant Forest Products; their building here in town was never picked up as part of the assets. We are going to lose \$2 million of direct taxes. The Ontario municipal partnership fund and the uploading is going to cost us in Timmins \$1 million. So if you start adding all that up, we are \$7 million short.

If I look at just the mining industry, northern Ontario has witnessed a decline in the share of property tax paid by the resource sector for the last several years. The last five years have seen a 77.6% increase in the federal tax revenue from the Ontario mining industry, and the province has seen a 109.8% increase. Municipalities, however, have seen their property tax revenue from the mining industry decline by 4.5% during this time frame.

In Timmins, over and above those challenges that I talked about which add up to \$7 million, we also have many of our large industrial and commercial businesses who are now appealing their assessment. They can't do anything about hydro in their minds, they can't do anything about the price of gas and they can't do anything about the provincial or federal taxes. They have

an opportunity, through MPAC, to appeal their assessment. If they were successful—worst-case scenario—we would lose over and above that \$7 million; we would lose \$8 million in tax revenue.

Put all that together and we would be down 25%. If you start to look at a community the size of Timmins, when you're talking about running everything from police forces to long-term care, I don't know where we're going to start, other than by decimating the services that we provide.

The city of Timmins believes that Ontario municipalities must have adequate, predictable and stable revenues that reflect the true cost of funding local municipal priorities. All municipalities, regardless of their size or location, face physical challenges. New funding plans must be implemented through co-operation with the federal and provincial governments to provide political autonomy and revenue-raising flexibility. Municipalities are left far too reliant on property tax—a poor alternative, since it tends to lag population growth and it only has an indirect connection to economic activity. Financial assistance must be made available to communities like Timmins, which are experiencing a serious reduction in revenue.

From Timmins' perspective, which is going into budgets, this is the number one priority. I have to tell you that I have been on this since last August and I can honestly say that I almost feel like we are out on our own. The city of Timmins, through its industries—forestry, mining, commercial—has put billions of dollars back into the Ontario and Canadian economies, and it's time that the province and the feds look back and say, "Timmins needs a hand for a couple of years," until we can get our house in order. You take the kind of money that I'm talking about out of our budgets and we will have nothing left that we can call ourselves a community. I'm very serious. We can't go back to the taxpayer and say, "We're going to raise your taxes by 14% or 15% to be able to keep the services," and that's what we're looking at.

Infrastructure: Again, you probably heard this morning—I know you know it from Ontario Good Roads, AMO; it doesn't matter who talks about the infrastructure deficit that we have. Just as an example, over the next 15 years, the city of Timmins will have to spend approximately \$100 million to meet government regulatory changes and maintain its infrastructure system. The \$100-million expenditure will only have a minimal effect on reducing our long-term infrastructure deficit. We are very proud that the province, over the past four years, has given Timmins dollars for its water plant and helped us with some of our water infrastructure. But again, we have a \$60-million project that we have to build here in Timmins to meet regulatory requirements; we have to come up with our \$20 million. When you look at the previous situation that I just discussed, again, it's another daunting challenge. Unless we all work together, I don't know how we're going to make it happen.

What we are recommending is that provincial funding needs to be put on a long-term track to allow for long-

term planning, especially given the time spans involved in planning and building major infrastructure projects. As an interim measure, I urge the minister to consider an immediate increase in the northern communities grant component of the Ontario municipal partnership fund for 2011. This grant has remained constant per household for some time, and not indexing this grant shifts more of the burden of increasing costs to our property taxpayers.

Energy is another important component. I know some of the forestry companies have talked about it this morning. We are very appreciative of what the government did last March in its budget as it relates to energy costs and the opportunity for not only the forestry companies but the mining companies to be able to access that. Had we had that two or three years ago when we were yelling and screaming, we may still have Xstrata here and the tax base that we had.

Again, northern Ontario, and Timmins specifically, is a basket of wealth. The natural resources that we have here are untapped. But again, in order to be able to untap that, we need energy prices that are consistent. We maybe need to look at energy for northern Ontario as an economic development tool. We cannot continue to sustain where energy prices are going as it relates to industry, specifically mining and forestry.

You know, the one thing I want to say very clearly is that when governments looked at bailing out the auto industry, you never heard a peep from municipalities like Timmins, which was not in support of that. We realize the importance of that to our Canadian economy and specifically to our Ontario economy, but I think it's time that the government recognizes the importance of mining and forestry in that same light.

Transportation: We have made this pitch not only to the Ministry of Northern Development and Mines but we've also pitched it to the Ministry of Transportation. Again, our rail infrastructure, as it comes through the Northeast, if you're looking for an opportunity like the Ring of Fire, specifically if you're looking at forestry and mining opportunities—Ontario Northland is in dire need of an upgrade. They are working with tracks that in some instances have the speed down to five and 10 miles per hour for long stretches. They are working with locomotives that are eight or 10 years behind where they should be refurbished. They've got cars that are back 30, 40 and 50 years ago. We definitely need an upgrade and some support for Ontario Northland.

It was developed in 1903 to open up the north. The Ring of Fire is another one of those opportunities, and we believe Ontario Northland needs to play a huge role in the Ring of Fire. We believe that the ideal location for Ontario Northland to come out of, as a government agency, is through the Ministry of Transportation. When you look at infrastructure and when you look at budgets, they have the expertise to be able to do that. When you look at the Ministry of Northern Development, Mines and Forestry, their budget is much too small for the challenges that Ontario Northland has.

Over and above that, you've heard the northern mayors speak of four-laning and better highways in the

north. We respect what the government has done with the four-laning down to North Bay and the four-laning down to Sudbury, but again, we have to start looking at our TransCanada and the safety of that, and the goods that are being carried on those highways because of the lack of development in rail.

I went through this very quickly. Again, I want to urge you to go through our package, because there's a lot more detail than what I have provided verbally here today.

In closing, we are at a crossroads in northern Ontario. The northern Ontario growth plan is something that we are very much looking forward to, and I know there are many people, whether they're in education, mining, forestry or municipalities, who have very high expectations of that.

In the city of Timmins, we definitely need to work with the Ministry of Finance to overcome some of our challenges over the next couple of years. We're not saying forever; we know we have a balancing act here, and there's some responsibility that we have as a municipality as well, but if we don't start opening up that dialogue between at least the two levels of government, we're going to be in dire straits.

So with that, again, I thank you for the opportunity and I'm willing to take any questions.

**The Chair (Mr. Pat Hoy):** Thank you, and we'll go to Mr. Tabuns of the NDP.

**Mr. Peter Tabuns:** Mayor Laughren, thank you very much for that presentation today. It was quite sobering.

If you don't receive the assistance that you've outlined, what will the consequences be for Timmins and, really, the municipalities around Timmins that depend on you in the northeast region?

**Mr. Tom Laughren:** The first impact is going to be in your soft services. Soft services such as recreation and tourism are probably something that a lot of your community takes for granted. There are always pros and cons to the money that you're spending on them, but obviously, those would be the first places we look.

If you're talking the numbers that I'm talking about, we would have to affect everything from policing to our long-term-care facility.

**Mr. Peter Tabuns:** On the loss of Xstrata: You noted that, in fact, federal and provincial revenues from mining and forestry have been increasing while your assessment revenue has been dropping. If, in fact, companies were profitable and operating and paying those taxes, can you tell me why the payments to you dropped?

**Mr. Tom Laughren:** I alluded in my little spiel to the fact that we had many appeals by much of our large industry. Xstrata and others have been very successful at getting their assessments dropped over the past 10 years. I don't know how else to say it: It's been dropped with no thought of who is going to pick up the difference in that burden, which in 99% of the cases has been the residential. Going forward, I think they see an opportunity to be able to do that, even though the price of gold is at record heights.

**Mr. Peter Tabuns:** Yes.

**Mr. Tom Laughren:** They see an opportunity; that is one area they feel they can challenge, where in other areas, such as gas and hydro, they can't.

**Mr. Peter Tabuns:** And are there any central points you want us to take away today?

**Mr. Tom Laughren:** The central point for Timmins is that we need to have an opportunity to sit down with the Minister of Municipal Affairs and Housing seriously, and the Minister of Finance, to come up with a two- or three-year plan that we could work with the government on to get us by this perfect storm that we are now in.

Some of the other legislation that government is working on, as it relates to the forest industry, is very important for the survival of many of our forest companies that are left in Timmins. The Endangered Species Act: I'm here to tell you that people in northern Ontario respect their environment. We've been here for well over 100 years. We believe that we do a great job in comparison to all kinds of other jurisdictions. But again, those kinds of policies—the Far North Act—have to be put in place so that there's an opportunity for economic development for us in the North.

There has to be some thought by government that really—municipal politicians are really tired of coming hat in hand all the time asking for dollars. We believe that we have the resources in the ground here that are needed throughout the world. We just need an opportunity to have some input into how those resources are handled so that some of those revenues stay within our communities.

**Mr. Peter Tabuns:** Okay. Thank you very much.

**Mr. Tom Laughren:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation. We enjoyed the wonderful backdrop behind me. As a rural resident, I really appreciated it.

We are adjourned.

*The committee adjourned at 1114.*



## CONTENTS

Thursday 27 January 2011

Pre-budget consultations.....	F-413
Northern College.....	F-413
Mr. Fred Gibbons	
Timmins and District Hospital.....	F-415
Mr. Roger Walker	
Registered Nurses' Association of Ontario.....	F-418
Mr. David McNeil	
Timmins Chamber of Commerce.....	F-420
Mr. Gary Marriott	
Eacom Timber Corp.....	F-423
Mr. Brian Nicks	
Canadian Red Cross, Timmins branch.....	F-425
Ms. Carolyn Hendry	
GP North Woods LP.....	F-427
Ms. Tammy Mazzetti	
City of Timmins.....	F-430
Mr. Tom Laughren	

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