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Monday 12 December 2016

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Lundi 12 décembre 2016

**Standing Committee on
Finance and Economic Affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Peter Z. Milczyn
Clerk: Eric Rennie

Président : Peter Z. Milczyn
Greffier : Eric Rennie

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CONTENTS

Monday 12 December 2016

Pre-budget consultations	F-183
Resolute Forest Products.....	F-183
Mr. Steve Watson	
Dr. Stephen Viherjoki	F-185
Confederation College	F-187
Dr. Jim Madder	
Ms. Angelina Anderson	
Domtar	F-190
Ms. Bonny Skene	
Mr. Jack Harrison	
Weyerhaeuser-Kenora/Ontario Timberlands Division.....	F-192
Mr. Erik Holmstrom	
Mr. Matt Wilkie	
City of Dryden	F-194
Mr. Greg Wilson	
Mr. Steven Lansdell-Roll	

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Monday 12 December 2016

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Lundi 12 décembre 2016

The committee met at 0900 in the Best Western Plus Dryden Hotel & Conference Centre, Dryden.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Peter Z. Milczyn): Good morning, everybody. The Standing Committee on Finance and Economic Affairs is conducting its pre-budget consultations in the beautiful city of Dryden this morning. This session will also be live-streaming on the Ontario Legislature's website, so people across the province, if they're so inclined, could actually be watching the presentations this morning.

For each presenter, there will be 10 minutes for their presentation, followed by five minutes of questions from one of the caucuses. We'll start the questioning with the Conservative caucus this morning.

RESOLUTE FOREST PRODUCTS

The Chair (Mr. Peter Z. Milczyn): Our first presenter is Resolute Forest Products. Good morning, sir.

Mr. Steve Watson: Good morning.

The Chair (Mr. Peter Z. Milczyn): As you begin your presentation, please state your name for the official record.

Mr. Steve Watson: Good morning. My name is Steve Watson, and I'm the forestry manager for Resolute Forest Products in Ontario. I'd like to make this submission today. Thank you for the opportunity. I'll give you a little bit of background on our company, and then I'm going to talk about what we see as the five economic priorities for the 2017 budget and moving forward.

Right off the beginning, I'd like to remind everybody that forests are a sustainable, renewable resource, and I think that that can be extremely important, moving forward, for the province of Ontario. I think we can have a significant economic contribution moving forward.

Resolute Forest Products has a significant presence in the forest economy in the province of Ontario. We have a pulp and paper mill, a sawmill, a pellet facility and a cogeneration facility in Thunder Bay. We have a newsprint mill in Thorold, and we have sawmills in Ignace and Atikokan.

We've recently invested \$200 million in Ontario, and our operations are responsible for 1,800 jobs in our manufacturing facilities and woodlands, including haul-

ing. In 2014, we had an economic impact of \$365 million in payroll, benefits, taxes and investment.

It's important to note that in 2016, we have \$100 million in contracts with aboriginal contractors, and we've really focused on trying to provide economic opportunities to First Nations and Métis communities.

Right now, we're responsible for managing over six million hectares of crown land in northwestern Ontario under a sustainable forest licence, which is a pretty big area. If you look at the presentation, this is essentially a map of all of the sustainable forest licences in northwestern Ontario. The areas that Resolute is managing are shown in green, and the areas in yellow are areas where we've got wood supply commitments. We're essentially going from Beardmore all the way over to Lake of the Woods and up to Sioux Lookout, so it's a considerable area.

In terms of priorities, what we've identified as a first priority is maintaining fibre supply. The success of our company is dependent on reliable access to affordable fibre. Consistent with the Crown Forest Sustainability Act, we think it's important to strike a balance in forest management between competing objectives like protecting species at risk; maintaining biodiversity and old growth; sequestering carbon through well-managed, actively growing forests; and maintaining fibre supply and economic opportunities. I think what's critical here is the balance.

We are somewhat concerned about the wood supply impacts of some new and revised legislation, regulations and policy, particularly caribou prescriptions under the Endangered Species Act and the boreal landscape guide. Our request is that socio-economic impact assessments be carried out by the government on any new or revised legislation and policy prior to implementation, which is something that hasn't happened to date, and we think it's extremely critical in finding the balance.

As a follow-up to the first point, priority two relates to the Endangered Species Act. We think it's important for the government to commit to consult and work with the forest industry and affected stakeholders to develop a comprehensive Crown Forest Sustainability Act/Endangered Species Act equivalency initiative. We request that the government follow through on a commitment to form a multi-stakeholder panel to provide input into this initiative. What we're really saying is that the industry believes that species at risk, under the

Endangered Species Act, are being prepared under the Crown Forest Sustainability Act, under our forest management plans. We've been doing it for a long time, and it has been effective. We're looking for equivalency between the two acts, ultimately.

Secondly, we're asking for the government to develop, in co-operation with industry, species-at-risk prescriptions that are reasonable and workable through a section 55 rules-in-regulation policy mechanism. We also think the government should conduct a full review of the caribou conservation plan and other caribou policies.

Priority three relates to competitive measures. We think that the following competitive measures are essential. First off, the Ministry of Natural Resources and Forestry roads funding program: This is a program that has been in place for many years, and it has been extremely successful. What we're requesting this year is the creation of a two-tier model, first with the continuation of base funding at \$60 million. Secondly, we think that an economic stimulus fund of \$15 million should be available to SFLs who are returning to operation but do not have the harvest history to qualify for a funding allocation. This recommendation will support the economic development in northern and rural communities by continuing to invest in roads infrastructure.

Secondly, we're also asking for the continuation of poplar and white birch stumpage reductions. We believe that the fixed portion of crown dues for poplar and birch should be 50 cents a cubic metre, to make Ontario competitive with other jurisdictions in this regard.

The third point relates to the carbon cap-and-trade program. Our main concerns right now are in the post-2020 cap-and-trade program. Right now, the government has not shared their plan for what's coming next, and there is a potential for a significant increase in costs, which could ultimately affect our competitiveness.

Priority four relates to energy. We're asking that the government provide certainty by ensuring that the previously announced Northern Industrial Electricity Rate, or NIER, program be made permanent and ensure that it is adequately funded. We're also asking for the government to provide effective incentives that promote reinvestment into energy-efficient manufacturing equipment.

In the long term, the government must develop and implement a plan that reduces the marginal cost of electricity in the province to be in line with jurisdictions with which Ontario manufacturers compete.

0910

Priority five relates to softwood lumber. The US has launched another round of a petition under NAFTA. We have had one year, essentially, that's been free trade. We believe that Ontario deserves nothing less than free, unencumbered access to the US market, especially considering that a binational NAFTA panel had already found any subsidies to be de minimis a decade ago, which ultimately means that in Ontario, it's a market-based system, and any subsidies were essentially non-existent.

The US is now poised to impose punishing duties on Canadian lumber producers. What we're asking is that

the Ontario government continue to defend its stumpage and other programs as market-based. We ask that the government participate in and encourage the federal government to support the sector during this dispute—and we're talking about legal support, loan guarantees etc. I think the final point here is that we need to ensure that Ontario receives adequate market access under any new agreement, moving forward.

In summary, we believe Resolute continues to play an important role in creating a prosperous, sustainable, low-carbon economy in Ontario. We'd like to see reliable access to affordable wood. We feel that this is critical for local communities, aboriginal communities and the economy of Ontario. The company needs balanced public policy that provides for all three pillars of sustainability: economic, social and environmental. In the long run, the government must develop and implement a plan that reduces the marginal cost of electricity in the province of Ontario, to be in line with other jurisdictions with which Ontario manufacturers compete. Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. We now have five minutes of questions with the Conservative caucus. Mr. Miller.

Mr. Norm Miller: Thank you for your presentation. You've got a room of mainly southern Ontario MPPs, with a few exceptions here, so it's a good opportunity to talk about the positives of the forestry sector, I believe. There are a lot of people in southern Ontario who don't realize, especially, the environmental benefits of forestry.

But I wanted to focus for a moment on your priority two, "Develop, in co-operation with industry, species-at-risk prescriptions that are reasonable and workable through ... section 55 rules," and also the next point, "Conduct a full review of the caribou conservation plan...." Maybe you could talk a bit about that, if you could?

Mr. Steve Watson: Sure. Right now, when we're managing forests in Ontario, we have to develop forest management plans under the Crown Forest Sustainability Act and associated regulations and guidelines. These forest management plans, for many years, have included prescriptions and strategies for the protection of species at risk. Using caribou as an example, we have been managing to protect and promote the recovery of the species for over 25 years. It's consistent with the caribou conservation plan the government has developed, it's consistent with scientific input. What we've found is that these prescriptions seem to be working, and evidence of that is that caribou seem to be returning to areas that have previously been cut over, which is one of the primary concerns.

We've got an elaborate system in place under the Crown Forest Sustainability Act to protect caribou and other species at risk. Now, what we're looking at is a bunch of additional, duplicate prescriptions being put in place under the Endangered Species Act. We're significantly concerned that these new duplicate prescriptions will significantly and adversely affect the available wood supply to industry, which could have a devastating impact on aboriginal communities—we've made a sig-

nificant amount of headway there—and also the local communities in northern and rural Ontario that depend on these jobs and the supply of fibre.

Mr. Norm Miller: Is your ask that you have an exemption from it? When the Endangered Species Act initially came in, it was my understanding that forestry was supposed to be exempt because of the Crown Forest Sustainability Act and all the activities you just talked about.

Mr. Steve Watson: What we're asking for, ultimately, is equivalency. The Endangered Species Act requires us to protect these species and their habitat. What we're saying is, we're already doing that under the Crown Forest Sustainability Act, so there should be some form of equivalency or recognition of that fact. It's something that has been ongoing for a number of years, and it's something that the government hasn't been able to resolve. What we're ultimately asking for is an extension under section 55 of the Endangered Species Act to allow us time to figure out the mechanisms that are required to demonstrate equivalency between the two acts.

Mr. Norm Miller: You're asking for a review of the caribou conservation plan to show that the work you're doing is actually working. Is that correct?

Mr. Steve Watson: That's correct. Ultimately, yes.

Mr. Victor Fedeli: On the softwood lumber, where do you see us today, and where do you hope that this will end up in the very near future? Can you tell us, in your opinion, where you think we are at this moment?

Mr. Steve Watson: We had a one-year exemption period where there were no duties or export quotas, which I believe will expire in April. So once we get beyond that, there is potential for punishing duties to be applied.

Mr. Victor Fedeli: What numbers are we talking about? Do you know?

Mr. Steve Watson: I don't know offhand. It could range anywhere from 15% to 30%. Since 1982, there have been a number of challenges under NAFTA by the US lumbermen. They've basically taken the position that in Canada, because we're getting crown land and paying stumpage, that that represents a subsidy. There have been a number of panels put in place that have all examined this and have ruled in favour of Canada. We're concerned that if the US government comes in again and applies a significant duty or export quota, it could have a devastating effect on sawmills in Ontario. We're just starting to go through a recovery right now, and we sure don't want to see this affected by the potential duties, moving forward.

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Watson, for coming out today. If you have any further written submission, you have until 5 p.m. on January 20 to submit it.

Mr. Steve Watson: Thank you.

DR. STEPHEN VIHHERJOKI

The Chair (Mr. Peter Z. Milczyn): Our next witness is Mr. Stephen Viherjoki. Good morning, sir. You have

up to 10 minutes for your presentation. Please start off with stating your name for the official record.

Dr. Stephen Viherjoki: My name is Dr. Stephen Viherjoki. Thank you for this opportunity to provide input to your pre-budget consultation. I'm a family physician here in Dryden, for the past nine and a half years. I've come to speak to you today because I think it's important that the government knows that doctors across the province are concerned about the choices the government is making in the health care system.

Each and every day, 29,000 of my colleagues and I go to work for our patients, because we've chosen a profession that places the health of our patients first in our minds. But we worry that the health care system that we work in is not keeping pace. We know from studying systems elsewhere that high-performing health care systems are built in collaboration with physicians. Right now in Ontario, we do not have a government that is willing to partner with doctors.

I'm here today to call on the government of Ontario to properly support Ontario's health care system by fully funding the demand for medical care in Ontario according to the needs of our growing and aging population.

0920

The government's contract with doctors expired in 2014. Since that time, the government has unilaterally cut, by nearly 7%, payments to physicians for the care that doctors provide to those patients. At the same time, we know that demand for medical care in the province is growing by nearly 3.6% per year, with 140,000 new patients entering the system annually.

Today, Ontario is home to nearly 800,000 patients without a family doctor. That represents nearly 6% of the total population of the province. I find that simply unacceptable.

It was the Financial Accountability Officer of Ontario who released, in his 2016 spring Economic and Fiscal Outlook report, data on health care system demand, projecting that it will rise at 3.6% per year for the next four years. The government has set funding growth for physician services at only 1.25%, less than half of that. Simply stated, the government is not fully funding the need for medical care in Ontario.

As a doctor, I believe that this decision by the government has serious implications for our patients and their families across the province. These decisions are going to have lasting impacts on the long-term sustainability of Ontario's health care system.

This shouldn't come as a surprise to this committee. I know that OMA President Dr. Virginia Walley sat before you last week, and I want you to know that physicians across the province, and certainly in this region, are united in this concern.

Let me tell you how this manifests in my own work. Here in Dryden, my colleagues and I run the only primary care clinic in the community. We have for years operated a satellite lab facility so that our clinic patients don't have to travel outside of our community for routine

scheduled outpatient lab work. We've had to reduce laboratory staff and hours in order to maintain our service. Previously, patients could just walk into our clinic during business hours and have their lab work drawn. We now need to schedule patients ahead, and wait times for these investigations are lengthening.

Also, northwestern Ontario has always had unique challenges with regard to physician recruitment. Our remoteness, lack of specialty backup, and limited access to many types of entertainment and recreational opportunities limit the pool of physicians who are willing to practise in this area. The current lack of a physician services agreement, the potential for further unilateral action by the government, and in particular, the cutting of our continuing medical education funding—a process which we must participate in to provide quality care and to maintain our medical licence, and where we have very few local opportunities—has made new graduates and other recruits really hesitant to sign on to practices in our region.

Further, our local emergency room is staffed by family physicians, myself included, who take time away from providing primary care to ensure 24/7 emergency room coverage. Unfortunately, we have been dependent on locum physicians for years to cover shifts beyond the capacity of our local doctors. The hourly wage cuts arising from the government's unilateral action have made our facility much less attractive to locum physicians in the region, and we're having more difficulty filling the shifts. This leads to local physicians having to take more time away from the clinic, which further reduces our ability to provide primary care. This, of course, leads to increased utilization of the emergency room, and further strains hospital resources.

We also have a local family physician running a satellite chemotherapy unit here in Dryden. For years, this program has been marginally funded, with allowable physician billings not nearly reflecting the amount of work done or the expertise of the physician involved. Cuts from unilateral action have really made the program financially punitive, and it is now in jeopardy. The physician has continued to work, despite the inadequate compensation, as he feels it's a very valuable service to our local patients, as they would otherwise have to travel hours to Thunder Bay to receive their cancer treatments. I do not feel that these cuts are sustainable.

The fact is that Ontario's population is growing and aging. In 2016, there are more seniors than children under 14. Today, 21% of adults are spending time caring for a parent or grandparent. By 2026, Ontario's eight million seniors will represent 21% of the population. That's the current size of Quebec. By 2036, we'll reach the highest demand for health care, as baby boomers will be, on average, aged 75. In 2052, almost 10 million Canadians 65 and older will represent between 23% and 25% of our population.

This is not a time for the government to decide to fund less than half of the additional care that will be needed. There should be investment in our system to help the patients of today and those of tomorrow.

By the Ministry of Health's own estimates, demand for medical care will grow by 3% per year—that's \$350 million—due to population growth in Ontario, an aging population that needs more complex care, and the need for new doctors to treat existing patients who currently can't get the timely access that they need and deserve. Yet this government is only willing to fund a portion of that growth: \$144 million. This is care that every patient in our aging and growing population needs and deserves.

I'd like to remind you that in 2012, the government unilaterally cut physician fees, and doctors then accepted a 5% cut, resulting in \$850 million in savings to the program. We accepted those cuts because we knew we could take them without making significant changes to patient care.

Now the government is cutting the necessary growth in funding for physicians unilaterally and without regard to the effects on patients. It's counterproductive if we want the best care for our patients and we want the best doctors available in Ontario.

Now the government says they offered us a 2.5% increase in the last tabled agreement, less than half of the growth projected in the system, and they couldn't understand why physicians overwhelmingly rejected it. I thought it was irresponsible, and cannot abide being held responsible for utilization increases that I don't have any control over. I knew that because of previous cuts, the ones I mentioned just a moment ago, the system won't be restored to where it was even five years ago, and it wasn't a step in the right direction for patient care.

This government is also spending money on new bureaucracy and red tape, the growth in the LHINs and the new sub-LHINs. In our current fiscal environment, where the government is cutting funds for front-line care, I feel that bureaucratic growth is simply unconscionable. This is why we urged all legislators to defeat Bill 41, and I was particularly disheartened when it recently passed.

My message is clear: I want the government of Ontario to fully fund the required medical care in Ontario, to the needs of our growing and aging population. It is my sincere hope that the government will, in the upcoming budget, begin to reverse the trends that I have set out here today, and that the government will commit to restoring its relationship with Ontario's doctors.

It's time for the government of Ontario to truly put patients first and fund the growth in the health care system that is required. The decisions Ontario makes today will impact patients' access to quality care for years to come.

Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you, Doctor. This round of questions is with the New Democrats, for up to five minutes.

Ms. Catherine Fife: Thank you very much, Doctor, for coming in. Part of the reason that this committee travels to the north is to hear the disparity in resources and services, so it's good for every MPP at this table to hear your presentation. You will be sharing your hard copy with us, will you?

Dr. Stephen Viherjoki: Yes, I have a copy.

Ms. Catherine Fife: Okay. You mentioned the president of the OMA. I do want to say we did have a presentation from her last Thursday, and every MPP did receive a very nice Christmas present, very nicely wrapped, filled with red tape.

Dr. Stephen Viherjoki: Yes.

Ms. Catherine Fife: It was a very effective campaign, I think. Your concerns around Bill 41—New Democrats did not support Bill 41. I don't believe the Conservatives did, either. There are some outstanding concerns with that legislation, which you did highlight, but mainly it's where the money is going.

The quote from the OMA was that 39% is going to bureaucracy, administration and profit, which is disheartening, and the Auditor General has confirmed that as well.

0930

Where do you see the money going, up here in the north? Is the contracting-out of public health services an ongoing issue up here, or is it just a basic lack of resources?

Dr. Stephen Viherjoki: I think we lack resources all around. I don't see any money flowing into new bureaucracy immediately here in Dryden. I feel that the system here has been very lean. We're also extremely integrated already. We are a local pilot site for vertical integration projects for the province, trying to reduce, at least at the hospital and local level, that bureaucratic red tape, so that we can provide the care we need for our patients.

Ms. Catherine Fife: You make a good point. If people don't have a family doctor, then they go to the emergency room, right? The minister has said that we do not want people going to the emergency room, but you have to fund community care in order to prevent them from going to the emergency room.

Dr. Stephen Viherjoki: Absolutely. Particularly here, with our difficulties with recruitment, the higher pressure on the hospital really is a vicious circle, where we have to take more time away from primary care to provide those emergency services.

Ms. Catherine Fife: You make a good point. You said in your presentation that we do not have a government that is willing to work collaboratively with doctors in Ontario. It's hard to recruit doctors to a province where there's a hostile relationship with the government. Would you agree?

Dr. Stephen Viherjoki: Absolutely.

Ms. Catherine Fife: Actually, even in Waterloo, we're fundraising for an emergency room resident in our hospital. It has never happened anywhere. The hope, in pulling a resident in, is that they will stay.

The relationship between the doctors and this government is quite poisoned, I think. You do mention, though, that doctors need to be at the table. If you were at the table with this government, what would you say? This is your chance to put it on the record.

Dr. Stephen Viherjoki: I'd really like to say please come back to the table. Physicians are willing and need

to get back to the table. We want an agreement, and we want to move ahead. We've been stalled for too long.

Ms. Catherine Fife: The satellite chemotherapy: Will the satellite chemotherapy be moving forward, or do you suspect that it will have to shut down?

Dr. Stephen Viherjoki: My fear is, in longer-term sustainability, I can't imagine we would be able to find someone to replace that physician if he would happen to become sick or move—though he's a pretty dedicated fellow, and I don't expect that he would be immediately stopping his work.

Ms. Catherine Fife: This satellite chemotherapy likely saves money in the long run. Do you not think so?

Dr. Stephen Viherjoki: Oh, absolutely. It not only saves money; it saves lives. Imagine that four-hour drive to Thunder Bay several times a week in the wintertime. I think any money spent in smaller communities doing this type of work is well spent.

Ms. Catherine Fife: Yes, I agree. Thank you so much for coming in. We appreciate it.

The Chair (Mr. Peter Z. Milczyn): Thank you, Doctor. If you have a further written submission, you have until 5 p.m. on January 20 to send it in.

Dr. Stephen Viherjoki: Thank you.

CONFEDERATION COLLEGE

The Chair (Mr. Peter Z. Milczyn): Our next witness is from Confederation College. Good morning, sir. You have up to 10 minutes for your presentation. As you begin, if you could please state your name for the official record.

Dr. Jim Madder: Thank you very much. I'm Jim Madder. I'm the president of Confederation College. Welcome to northwestern Ontario. Welcome to Dryden. Boozhoo. It's absolutely a pleasure to see some familiar faces that are here and to see some that I would love to introduce more to this remarkable land of northwestern Ontario.

These are the traditional lands of the Anishnawbe people. They've played a remarkably important aspect in terms of the history, growth and development of all aspects of northwestern Ontario, as well as the Métis, who are here as well.

With that, I'd like to indicate that I am here with a couple of other people. Of course, if you do ask me any questions, I'll really quickly give it to the people who are here who know the true answers.

The director of our campus here and in Sioux Lookout is Angelina Anderson. I'm here with three people from our local hospitals, both to support this application, but also I wish to thank them for their remarkable support of the college in terms of delivering our programs. Siobain Moore and Joan Mallyon are from Dryden hospital. Angela Bishop is from the Red Lake hospital. They represent the huge diversity of people that we have and that we serve.

Geography is an issue. It's virtually impossible to say, "We've got all sorts of nurses in Thunder Bay. Therefore,

health care in Red Lake is fine.” It doesn’t work that way.

We also have an interesting challenge in terms of student numbers, or students and student behaviour. If you actually are trained at home—if you receive your education at home—you’ve got a 70% chance of staying at home and being employed at home. If you leave home, as my kids did, you’ve got a 70% chance of them never coming home again, or at least not living at home. So a huge amount of our goal, as a college, is to do delivery in people’s homes.

Our largest campus is in Thunder Bay, by far, and we deliver more than 60 programs in Thunder Bay. But we have eight smaller campuses, and that includes the campus here in Dryden, Red Lake, Sioux Lookout, Kenora and Fort Frances, on this side of Thunder Bay. We also have campuses on the other side, at Marathon, Greenstone and Wawa. Appreciate that the area we’re talking about is actually larger than the area of France. We not only deliver in those campuses, we deliver into people’s homes. Because again, if we can deliver into people’s homes, they have access to what we’re doing, and they actually can be employed in their local area.

Fibre optic cable is a huge issue for us. That’s a discussion for a different day. But again, having that access into people’s homes is remarkably important.

You have, I think, in front of you a slide deck. I’ll walk through this. The picture on the front is from Thunder Bay.

Specifically today, what I wish to talk about is our community-based bachelor of science in nursing program. It’s critically important to our smaller campuses. It provides students access across the region of northwestern Ontario to Lakehead University’s accredited baccalaureate nursing program in partnership with Confederation College. We in fact deliver about 90% of the curriculum. The other parts are delivered by Lakehead as well.

It’s a unique community-based baccalaureate nursing program of this type delivered in Canada. It’s fully integrated. It’s not a two-plus-two program. It isn’t, “Go to college for two years and then go to university.” It’s fully integrated across the four years, and we deliver fully integrated across the four years.

How do we deliver it across those locations, or where do we deliver it? At least at the current time, in Kenora, Dryden, Sioux Lookout and Fort Frances. Yes, we use video conferencing, and video conferencing is incredibly important to us. We use Saba Centra on Contact North, and we also use, though, the great local expertise that we have here.

Again, video conferencing and technology-enabled learning is wonderful, but when someone’s going to put a catheter into you, you really want them to have hands-on experience with real people to make that thing work. So it’s a combination of technology, of simulation, of human-to-human interaction that’s here. Again, this could not be possible without the hospitals that we have in the small communities that are here.

The on-site and community clinical experience is in all four years of the program. While they include the locations listed up above, they also include other sites such as Red Lake. We have a representative of the Red Lake hospital here as well. These are the locations where people are trained, but they actually get jobs throughout all of northwestern Ontario, including with many of our indigenous hospital authorities as well.

A bit of history that’s there: Over the last number of years, we were funded to deliver three cohorts of this program. The critical aspect to understand is that this is not funded on an ongoing basis. There is lump-sum funding in order to support this program. The three cohorts, 2005 to 2009, with 20 graduates: All were successful in their national licensing exam, and they have a 100% employment rate. The cohort that finished in 2014: 18 graduates, a 100% success rate in terms of their licensing exam, and also a 100% employment rate. The employment, again, is in the hospitals, but it’s also in indigenous organizations, and there is a significant number of indigenous graduates.

Overall, as a college, we have the largest percentage of indigenous students. About 26% of our post-secondary students are indigenous. And we have an 80% retention rate, meaning that they tend to stay here in northwestern Ontario, very close to where their homes are.

We started a cohort that’s currently en route from 2014 to 2018. There are 24 students in that program. They are in their third year. When that cohort finishes, that’s the end of the funding. That’s the major point I’d like to make here today.

You’ve got a picture of the graduating class of 2014, a whole variety of very happy people who would not have access to this type of training without this type of program.

The student benefits—quite literally, the quotes from them: “Would not have had the opportunity to achieve their education if it had not been offered locally.” Many people are geographically bound, and they simply can’t move away from the location they’re in. And: “Unable to gain employment in health care without” that specific program.

From a hospital employer benefit viewpoint: “We [hospital] would not be able to maintain RN staffing levels without the regional program”—a definitive statement. Without the RNs, the registered nurses, there, simply, health care would decline.

0940

Finally, what are we looking for? Here, on the final page, I’m looking for funding to support future cohorts—at least, the cohort that would start in the fall of 2018. The interesting challenge: You may ask, why am I here when you’re looking at the budget for 2017-18? We must make a decision by July 2017 in order for students to be prepared to enter into the program in the fall of 2018. This is a bit of a leap of faith for people. What I’m really looking for is a commitment from the government to fund future cohorts, but I need that commitment by July

2017 so students can prepare themselves to be effective inside that program.

Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. This round of questions is with the government side. Mr. Baker.

Mr. Yvan Baker: Thanks for coming in. Over the course of my time as an MPP, over the last two and a half years or so, I've spent a lot of time working in post-secondary education. One of the things that I am particularly impressed by—and it goes for your college, but it goes for others as well—is how focused and successful colleges have been across Ontario in preparing young people for the jobs that they're seeking, post-graduation. I think that's so important, particularly in today's economy. So I congratulate you on that and thank you and your team for all your work in doing that. The slide that you presented, which is a snapshot of this particular program—I don't have the slide number—with the success rates and the employment rates, is a perfect example of that.

I have a couple of questions for you. The first is, could you help the members of this committee better understand just how the funding that you've requested would help young people? I understand that you need it to run the programs; I understand that. But could you just tell us where the funding goes to, and what sorts of outcomes you think that will lead to? Can you make it real for us? What happens to these young people after they graduate, and what do they do?

Dr. Jim Madden: Actually, I'm going to ask the people who have come with me, because they know them quite personally. You get to know them quite well across four years. Angelina's here with me.

Ms. Angelina Anderson: Directly how it helps young people is—first, as Jim had mentioned earlier, many of our students, if not all of them, would find it completely impossible to go away for school, for a number of reasons. Either they don't have the funding or they don't have the supports. Supports might be child care. It might be that they're the only person working, and if they go away to school, they lose that job. Many of our students are working either full- or part-time while they're going to school as well.

Also, for a number of our indigenous students, it means they leave their culture and their community behind. I think we all know the benefit of community for each and every one of us, especially our students. The more support they have, the more successful they are, not only in their chosen education, but of course, success in education means success in their career field as well.

The funding, I think, is directly beneficial to them in order to be successful in student learning. But also, because they're able to stay home, they go to school here and they go to their clinical experiences here. They might be a student in Dryden but experiencing clinical in Dryden and in Sioux Lookout or Red Lake.

The percentage of students in this program who stay locally is much, much higher than students who go away,

and that's one of the reasons why our community organizations like our hospitals, our long-term-care homes etc., ask us to continue to deliver this program here, because it's that important to their long-term ability to hire and retain. It's not just hiring, but keeping those employees here long term.

The Chair (Mr. Peter Z. Milczyn): I apologize. Could you just tell us your name for the official record?

Ms. Angelina Anderson: Absolutely. I'm Angelina Anderson.

The Chair (Mr. Peter Z. Milczyn): Thank you.

Mr. Yvan Baker: Chair, how much time do I have?

The Chair (Mr. Peter Z. Milczyn): Two minutes.

Mr. Yvan Baker: Two minutes.

I know that the provincial government has been looking at the funding formula for colleges more broadly. From my personal perspective, one of the things that's important in every aspect of what we do in government, whether it be post-secondary education, health care or any other programming, is that to be able to appropriately fund programs, we also need to know the results that they're generating.

You just spoke about some of the results that your programs generate for your young people. Could you just give me your thoughts on what sorts of metrics, I'll call them, we should be using to measure results as far as the college sector goes?

I ask that in part because I will share with you that I have a private member's bill that I introduced that would require the government to provide students with certain information about programming at colleges, and what post-graduation outcomes they can expect when they attend a particular program at a college or university.

But I'm curious. You're in this sector. From your perspective, what sorts of things do you think we should be measuring and sharing with people?

Dr. Jim Maddar: My background is in science—I have a science-based doctorate overall, in fact—so forgive me for this: Not all things that are important can be measured. Again, the qualitative aspect of being able to fulfill oneself—our students who come into our program, I'm sure, walk in at 5 foot 2 or 5 foot 3, and they walk out at 5 foot 6 and 5 foot 7.

I mean that because many of our students are disadvantaged when they walk into our locations. They come out with greater confidence—I'm not sure how you measure confidence. They walk out with greater skills. They often leave horrendous situations at home and, in fact, it does change their lives through learning. That's the metric for that aspect of what we're doing. I love metrics—it's very much part of my background—but I think appreciating that qualitative change in a human's life is quite remarkably important.

Overall, we have the key performance indicators that are there, and I think they're quite fine. But you know what? Showing here specifically about an individual program and what it can do to individual students—what if you drill deeper and ask what the ROI is on those students? If those students, those graduates, didn't exist

in northwestern Ontario, what would that do for health care in northwestern Ontario?

I've been in this job six years. When I arrived, we started to develop a new strategic plan. I made the mistake, actually, of coming to our smaller communities and asking, "What would it be like if the college wasn't here?" They looked at me, absolutely appalled: "How dare you even imply that that would be the case, that you wouldn't be here."

We have 400 students right now at our smaller campuses, and that is part of—

The Chair (Mr. Peter Z. Milczyn): Dr. Madder, I have to cut you off. That's all of our time for this morning.

Dr. Jim Madder: You got me going on something I love.

The Chair (Mr. Peter Z. Milczyn): Yes, I can appreciate that. Thank you very much for coming in this morning, both of you. If you have further written submissions, you have until 5 p.m. on January 20 to submit them.

Dr. Jim Madder: Thank you very much.

DOMTAR

The Chair (Mr. Peter Z. Milczyn): Our next witness is from Domtar. Good morning. You have up to 10 minutes for your presentation. If you could please state your names for the official record as you begin.

Ms. Bonny Skene: Good morning. Thank you, Mr. Chairman. My name is Bonny Skene. I'm the regional public affairs manager for Domtar.

Mr. Jack Harrison: Good morning. My name is Jack Harrison. I'm the forest lands manager for Domtar.

Ms. Bonny Skene: On behalf of our colleagues at Domtar, let me say welcome to Dryden. I can tell you that I can't remember the last time the standing committee met in Dryden. As residents of Dryden, Jack and I know what it takes to get to and from Dryden from far afield, so thank you for making the effort. Know that it's appreciated.

We'd like to tell you a little bit about Domtar and some of the priorities we'd like to see in the forthcoming budget for 2017 as it relates to the forest sector. We've provided just a short deck that we'll use to facilitate the conversation.

Domtar is a company that is evolving. It has historically been involved in pulp and paper manufacture. As we all know, the demand for paper, or the uncoated free-sheet photocopy paper that we all use, is declining in North America and has been declining since about 2001 because of electronic substitution. We all do things electronically—email, banking, paying bills, those kinds of things—and that reduces the demand for paper. As a result, our company is evolving and looking forward, to figure out what we're going to be in our next life, if you will.

What we see ourselves becoming is an innovator with respect to everyday fibre-based products. What that

means is that we'll continue to use the valuable, sustainable and renewable fibre grown in trees for many innovative new uses that we're researching today.

It's in our fibre to be agile, to look at these opportunities, to be caring. We look after each other, and the forests that we operate in, with care and compassion, to be innovative, in order to make things better, working together to do it.

We design, manufacture and market a wide variety of everyday products: pulp, paper and personal care products, right from copy paper to food wrappers to baby diapers. There are many ways that we all connect to forest products every day.

0950

Today, our strategy for growth involves communication papers. Although we recognize that demand for business papers is declining overall, it's still a very significant piece of our business, and we believe there is an underlying level of demand that will be ever-present. Just in terms of whether it's committees like this, we all have some base-level need for paper.

We are a marketer and producer of a broad line of absorbent hygiene products, and within that product sector, we see growth and a lot of that has to do with a growing aging population. We manufacture paper-grade and fluff pulp. Also, worldwide demand for those products is growing at a slow but steady rate. We also manufacture specialty papers, which I mentioned.

If you take a look at our global presence, you can see there's a footprint of all of our operations in North America and Europe, and we do have a sales office in China. You'll notice that there are two operations in Ontario, one in Dryden and the other in Espanola. Both of these operations, of course, are important and critical to the local economy. Both are part of the pulp-and-paper division of Domtar. If you turn to slide 8, we'll just look at Dryden.

We manufacture market softwood pulp. It goes primarily into products like paper towel, tissue, those kinds of things. We employ 340 people at the mill, another 250 in our forest lands operations and another 200 supplying fibre.

In terms of those numbers, if you're from a large community in southern Ontario, those numbers, in absolute terms, may not sound all that significant. But in a community of 7,000 people, if you take a look at that ratio and extrapolate to your own community—I can tell you it's very significant.

In Espanola, the situation is very similar. That's where we manufacture specialty papers. The wrapper that wraps your Subway sandwich, for example, the muffin cup that you bake with, those types of things, or surgical gowns for the health care sector—those types of specialty products are made at the Espanola mill—again, a very small community, with direct employment of about 550 people, with over 100 suppliers for the fibre supply.

We would be remiss if we didn't talk briefly about our community investment priorities and programs. If we take a look at what a sustainable entity entails, we do

believe that it involves economic viability, environmental responsibility and social responsibility, and this is where the socio-economic impact comes in. We invest significantly. Most recently in Dryden, we were happy to be able to partner on the new building at the soccer fields. Those are some of the things that we like to focus on, to improve the communities, the host communities, that we operate in.

In terms of priorities for success—looking at slide 11—fundamental to that economic pillar of the sustainable model is reliable, cost-effective wood supply.

We believe that the government would be well advised, and it would be very important to our industry, to develop a comprehensive strategy that recognizes equivalency needed—we heard about that earlier this morning—between the Crown Forest Sustainability Act, which governs all that we do in the forest, and the Endangered Species Act. We believe there are components in place in the Crown Forest Sustainability Act where we are held accountable to manage forest species, including those at risk, that ought to be recognized as far as the objectives of the Endangered Species Act.

We also believe that it would be well advised to conduct socio-economic impact analysis on changes to legislation, regulation and policy, to make sure that the approaches being taken are workable and balanced. Again, this is in the interests of that viable framework, that sustainable framework, of economic, environment and social.

We were encouraged that the provincial roads funding mechanism has been continued. We would like to see it restored to levels prior to the downturn in the industry, which support the development of the important forest access roads, which are important to our operations but also tremendously important to resort/tourist operators, hunters, fishers, anglers and members of the public who use those roads, not to mention indigenous communities that use those roads and road networks for access.

I'll turn it over to Jack to talk a little bit about tenure models.

Mr. Jack Harrison: Thank you. We're looking for support from the government as we continue on our tenure modernization. Domtar and Weyerhaeuser have been quite involved with Lac Seul First Nation and, hopefully, this week will be the submission of our—

The Chair (Mr. Peter Z. Milczyn): Could you lean more into your microphone?

Mr. Jack Harrison: Can I bring it forward a little bit?

We'll be supplying to the government our model for ESFL on the Lac Seul forest in conjunction with our partners, Lac Seul First Nation, Slate Falls First Nation, the municipality of Sioux Lookout, the independent crown operators, Weyerhaeuser and Domtar. We're looking for support from the government for that co-operative model. We think it's the way to go into the future.

Ms. Bonny Skene: In addition, the Northern Industrial Electricity Rate Program has been instrumental to the viability of the operations at Dryden and Espanola.

We'd like to see that continued, for obvious reasons. As the government looks to long-term competitiveness of electricity rates, at some point, presumably, that could be phased out. But until that's the case, it's tremendously important to both the operations at Dryden and Espanola.

In addition to that, when we think about climate change—we were appreciative of the government having taken steps to recognize and reward the use of biomass for the pulp sector. We encourage financial support for technology development that will be required to develop further solutions that allow us to support those climate change goals.

We also think it's critical that the government carefully take a look at sustainable harvesting of forests in order to support its climate change strategy. There are huge opportunities, and those ought not to be missed.

Finally, we think it's important that the government support work that prepares the workforce for opportunities in the forest sector. I can tell you today there are opportunities in the forest harvesting areas where we operate where we need people. We need qualified people. When we think about how we qualify those people, we believe there are programs that could be implemented as early as the high school level, introducing students to what happens in the forest. Frankly, at the end of any training program, the elusive job is always the goal. I can tell you that the jobs exist today. That, we believe, is a real low-hanging fruit.

The Chair (Mr. Peter Z. Milczyn): I'll cut you off there. That's the 10 minutes.

This round of questions is with the Progressive Conservative caucus. Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much, Bonny and Jack, and thank you very, very much for the tour of Domtar that we had recently. That was fabulous.

When you talk about that many people working in a smaller community—there are many communities 10 times the size of Dryden that don't have an employer that size. That's a real treat, and a real acknowledgement.

In your first comment on page 11, in your "Priorities for Success," you talk about "Sustainable, reliable, cost-effective wood supply." You say you look to "Develop a comprehensive strategy," and it goes on. If you want one to be developed, what's in place now? If there's a need for something to be developed, the question I have would be, what's in place now such that something needs to be changed?

Mr. Jack Harrison: The Crown Forest Sustainability Act that's in place has worked very well. For example, for the Endangered Species Act, we've been managing for caribou since 1994 in the Trout Forest and have been very successful. We're concerned that—

Mr. Victor Fedeli: I can't hear you.

The Chair (Mr. Peter Z. Milczyn): Lean into your mike, sir.

Mr. Jack Harrison: Sorry. We're concerned that the Endangered Species Act is not recognizing the Crown Forest Sustainability Act, the process and the benefit that that act has had in providing a jurisdiction and process to

adapt to as we learn about endangered species' habitat and how they live. CFSA is a very adaptive act, and we feel that there is a great threat to our wood supply if the Crown Forest Sustainability Act is not recognized as the vehicle that it is, and the real benefit it has.

1000

Mr. Victor Fedeli: Do you include the caribou plan in that threat, in addition to the Endangered Species Act?

Mr. Jack Harrison: The caribou conservation plan? I think we say, in the second bullet point, the socio-economic analysis is vitally important to be done when you're studying caribou. My biggest criticism is—when we're trying to manage a sustainable forest, we look at the species at risk. We look at their habitat. We try to find the research to make sensible decisions. We look at the social side of it. But we don't look at the economic side of it. We tend, as a government, to rush in to try to protect a species, without thinking about the whole ramifications. To me, that's not sustainability, when you're endangering the economic drivers without any consideration.

The Chair (Mr. Peter Z. Milczyn): Mr. Miller.

Mr. Norm Miller: On page 11, in one of your bullet points, under cap-and-trade, and talking about the environment and forestry, is "Recognize sustainable harvesting of the forest supports climate change strategy."

I just met in my riding last week with a company that wants to create a manufacturing plant for cross-laminated timber. In part of the meeting they had with me, they showed me a time-lapse video of the tallest wood structure in the world being built at the University of British Columbia, an 18-storey building. The big selling feature was that it was 2,400-something square metres of stored carbon in that building, versus the option of building with steel and concrete.

I think a lot of people don't realize the positive environmental benefits of using wood. Maybe you could talk a bit more about that, as you noted in your slide deck.

Ms. Bonny Skene: There's no question that carbon sequestration, through building wood structures, makes sense. Where we're also encouraging the government to focus is on the active harvesting. As a forest is young, planted, growing, the amount of carbon that it's absorbing is higher than a very mature, older forest that might be on the edge of decay, for example, or might be at risk of burning, when all the carbon is released back into the environment.

The recognition of the process of forestry being very supportive of climate change goals is important as we set those goals and those policy frameworks, because those are the things that are going to be important for us all, going forward, in terms of the sustainability of the forest and also recognizing the benefits that those active forests being harvested and replenished and replanted for future generations have on climate change.

Mr. Norm Miller: I think that's a really important point to make. A lot of people from southern Ontario just think cutting trees is a bad thing and don't recognize that

there's an environmental benefit to having a healthy forest. I think the majority of people don't recognize that.

Ms. Bonny Skene: I think we also need to recognize that in the boreal forest, its natural way of regenerating itself is through fire, insect infestation and disease. The whole basis for the Crown Forest Sustainability Act and harvesting in Ontario is that we're trying to mimic Mother Nature, if you will, or emulate natural disturbance, if you use the technical term. What we're trying to do is copy what Mother Nature would otherwise do. From that standpoint, we're starting from a very renewable philosophy, if you will.

The Chair (Mr. Peter Z. Milczyn): Thank you very much for your presentation this morning. If you have further written comments, you have until 5 p.m. on January 20 to submit them to the Clerk.

Ms. Bonny Skene: Thank you very much, Mr. Chairman and committee.

WEYERHAEUSER-KENORA/ONTARIO TIMBERLANDS DIVISION

The Chair (Mr. Peter Z. Milczyn): Our next witness is Weyerhaeuser-Kenora/Ontario Timberlands Division. Good morning, gentlemen. You have up to 10 minutes for your presentation. Following that, there will be five minutes of questions from the New Democratic caucus. If you could please state your names for the official record as you begin.

Mr. Erik Holmstrom: My name is Erik Holmstrom. I'm the timberlands manager with Weyerhaeuser-Kenora.

Mr. Matt Wilkie: I'm Matt Wilkie. I'm the log procurement supervisor for our mill.

Mr. Erik Holmstrom: Good morning, members of the standing committee. First off, I'd like to welcome you to northwestern Ontario. Thank you for making the trip up here. It's always good to see members of Parliament from the south come here.

Second of all, I'd like to echo that Weyerhaeuser supports and is aligned to the comments made by Resolute and Domtar.

Weyerhaeuser has a proud history of managing crown land in Canada and producing renewable forest products. We currently operate in four provinces and manage over 14 million hectares of land.

In 2001, Weyerhaeuser constructed its most innovative facility to date and, fortunately, chose Kenora as its location. The plant cost \$260 million to build. It employs over 220 people within the mill and approximately the same number of people on the forestry side. It is one of Kenora's largest employers.

Through advanced manufacturing, this facility produces a product we call TimberStrand, which is a laminated strand lumber. If you don't mind, Mr. Chairman, I'll pass around a sample of this product. This is the first TimberStrand plant in Canada and is the most up-to-date engineered-wood-products operation in the world. TimberStrand is used in wall framing, rim board, concrete form, columns, headers and beams. Products are

in lengths of up to 64 feet, with a thickness between one inch and 3.55 inches. The strands are aligned in one direction, maximizing the wood's natural strengths. TimberStrand resists warping, splitting and twisting. It's stiff, it's strong and it's straight every time. Environmentally, the entire log is used for the production of engineered lumber, as the log by-products are used to process heat.

The forest industry is critical to us in northwestern Ontario. The forest sector's strength has always been its ability to use Ontario's renewable resources responsibly. Personally, this is evident by the fact that my great-great-grandfather worked as a papermaker at the mill here in Dryden over 100 years ago, and I'm confident that the forests are healthier now than they were at that time.

The forest sector not only practises world-class forest management, but has continually transformed itself to become leaders in advanced manufacturing, responding to the latest consumer trends and technological advancements.

The forest sector is proud of our performance as it relates to reducing the carbon footprint of our product. On a total emissions basis, the sector has seen a greater-than-60% reduction of CO₂ emissions since 1990, which is significantly above the provincial targets. By all accounts, the forest products community meets or exceeds the Ontario government's climate change objectives, and is proof that a low-carbon economy in Ontario is not only possible but is also already happening. The forest sector in Ontario leads in low-carbon energy products, waste diversion and sustainable forestry.

As impressive as our industry is, it is not without its challenges. At the time Weyerhaeuser committed to building the TimberStrand plant in Kenora, over half of the wood supply was to come from two forests within the Kenora district, these being the Kenora forest and the Whiskey Jack. Due to harvest restrictions, these forests currently make up less than 15% of fibre delivered to our mill. This means that we have to go further and further to replace this wood, making our wood costs the highest among Weyerhaeuser's operations in Canada. We are concerned that new, unbalanced public policy will further constrain our existing wood supply and enhance our uncompetitive position.

All forest companies in Ontario must operate under the Crown Forest Sustainability Act. Under this rigorous environmental regulation, forests are regenerated after harvest, and practices must maintain the long-term health of the forest.

1010

The Endangered Species Act poses a serious threat to our sector. The ESA's mandate of protecting individual species is at odds with the long-term healthy forest mandate of the Crown Forest Sustainability Act, where forests are managed at a landscape level similar to Mother Nature's approach. We are concerned that the application of the ESA will continue to impact the environmental, social and economic sustainability of forestry in northwestern Ontario. The forest sector should not be asked to operate under two acts. The duplication is

not necessary, and the objectives of the two acts are irreconcilable.

The ESA is going to limit our wood supply and those around us, forcing costs to increase and mills to curtail or close. On the Kenora forest, Weyerhaeuser has partnered with seven First Nations and industry to create one of the first successful jointly managed sustainable forest licences in Ontario. The majority of the roads in the Kenora forest and the Whiskey Jack are built by First Nations and used by the forest industry, hunters, trappers, fishermen, recreationalists and tourist operators.

The provincial roads funding program helps to support this development and is critical to the people of northwestern Ontario. Initially the funding for the public access infrastructure was \$75 million. Currently, it is down to \$60 million. With an increase in activity in the forests in northwestern Ontario, we ask that the roads funding program be increased to its historic level of \$75 million.

The forest industry is critical to the health of northwestern Ontario. We are proud of our history of sustainably managing Ontario's forests, and we're governed by some of the most stringent policy in the world. With consistent long-term, reliable access to affordable wood, we will continue to be the cornerstone of northwestern Ontario's economy and support hard-working families.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. This round of questions is with the New Democratic caucus. Ms. Campbell.

Ms. Sarah Campbell: Thank you for your presentation. I wanted to start off by saying that I agree with your statement that the forest industry is absolutely critical to northwestern Ontario. When I think about my own family, virtually all the men in my family have at one time or another worked in the forest industry. Actually, I worked at the former Weyerhaeuser mill in Ear Falls to put myself through school, so I certainly understand that.

I wanted to talk about what a previous presenter had talked about: the need for a comprehensive strategy to reconcile the Crown Forest Sustainability Act and the Endangered Species Act. How urgently would you say that that strategy or action would have to happen?

Mr. Erik Holmstrom: The current exemption under section 55 expires, I believe, in June 2018. We've had eight and a half years to figure this out. There has been very little progress, the reason being that the two acts are irreconcilable. They have very different objectives.

Industry has worked hard with the Ministry of Natural Resources and they've had their best people on it. But, realistically—I think it has been mentioned before—the Crown Forest Sustainability Act looks at managing the forest from a landscape level versus individual species. You've got to realize that individual species have different food sources and habitat than other species. As you manage for one, you're neglecting another. That's why forestry tries to manage on the landscape level.

It's very important. We're running out of time. There is a strong need for a comprehensive strategy. To date, we haven't seen one.

Ms. Sarah Campbell: In your presentation, you talked about the effect that Weyerhaeuser would feel if we don't reconcile these two acts. What would you say the effect would be in northwestern Ontario—and if you could speak maybe specifically to Kenora.

Mr. Erik Holmstrom: It's difficult to comprehend. Our mill—we consume wood off 10 different forests now. Again, that wasn't the intent when we were first built, but due to a number of issues, we end up going further and further.

Right now, our most expensive wood at the outer limits is basically unprofitable to the mill. What that would mean is, as other forests reduce their wood supply, we would be having to go out further and further. In all likelihood, it would mean reducing the capacity of our mill or not operating at full capacity.

Ms. Sarah Campbell: Would that still be sustainable for your operation?

Mr. Erik Holmstrom: No, I don't think it would be sustainable. It wouldn't be sustainable for us; it wouldn't be sustainable for others as well. The industry as a whole would feel an impact, and that would result in either a bunch of mills curtailing or certain mills just closing.

Ms. Sarah Campbell: Are you seeking any specific changes to wood allocation? You talked about what you were expecting when you were operating and then the reality when you opened up.

Mr. Erik Holmstrom: No, I don't think we're expecting—the government has actually worked with us quite well as issues arose and we weren't able to access the fibre that we initially were accessing. They did replace that fibre. It increased our costs to replace it, but we have access on paper to enough fibre to supply our mill.

If the ESA has primacy over the Crown Forest Sustainability Act, then we wouldn't have enough wood to supply our facility and we would look at changes to our current tenure.

Ms. Sarah Campbell: Okay. Thank you.

Mr. Erik Holmstrom: Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you very much. If you have further written submissions, you have until 5 p.m. on January 20.

CITY OF DRYDEN

The Chair (Mr. Peter Z. Milczyn): Our next witness is the city of Dryden. Mayor Wilson: Good morning, sir. You have up to 10 minutes for your presentation. If you could please state your name for the official record as you begin.

Mr. Greg Wilson: Sure. My name is Greg Wilson, mayor of Dryden. I think I can do it in under eight minutes.

Mr. Steven Lansdell-Roll: I'm Steven Lansdell-Roll, the city treasurer.

Mr. Greg Wilson: I'll get right to it. Thank you for visiting our fair city in the north, in the cold. We're truly indebted to you, as you are indebted to others. It's probably a poor pun for a Monday morning.

I just want to start off with three positives: Ministers Gravelle and Mauro care about our northern concerns, and they really do respond as best they can, so we really appreciate that; secondly, MMAH responded quickly and effectively during Dryden's flood last August; and third, Premier Wynne's FaceTime with Drydenites this summer was well received by the community.

Dryden has many economic challenges—some of its own making, of course—but most due to circumstances and situations outside of its control. We've managed the financial aspects of challenges at the local level by raising municipal revenues from our tax base, comprised of citizens and businesses large and small, at a rate of 5.57% annually since 2001. This is just over three times the rate of inflation over that equivalent time period. Raising taxes at these rates is not sustainable for the ratepayers, of course.

The city engaged KPMG to conduct a service-level review to provide recommendations to the city regarding an economic path forward. One of KPMG's conclusions was that Dryden ratepayers were suffering from taxpayer fatigue and that further increases in the short term were not a viable solution to the city's financial challenges. It was recommended that increasing revenue from other sources, service-level reductions, or efficiency increases should be considered.

Dryden put together an economic recovery plan to react to the situation and has been very diligent in following it for the past several years. Despite statements on the provincial government's website about increased funding for the north, the OMPF funding formula for Dryden was reduced by 4% for 2017. Add inflation, and it becomes a year-over-year shortfall of 6%.

We don't know where the government expects municipalities to magically come up with additional funds when we are under similar revenue and expenditure pressures as they are. Our chief of police, for example, asked me to ask you when the promised upload of court security and prisoner transportation costs for Dryden will become a reality. Will it be 2017 or will it be 2018? How and when should we plan for this?

Our general concern over provincial policy is that, despite statements for the November 10 press release from the Ministry of Finance to heads of council indicating that numerous programs will enhance funding over previous years, we're really not feeling it at the local level, and we're wondering: Is it simply optics? Ontarians have put their faith in the representations and promises of both the federal and provincial governments. Expectations at the municipal level in 2016 had been elevated based on the rhetoric, and to date there really is a significant gap in what has been communicated and what we see for revenue streams from the province.

1020

Concerning debt, we fear that our reduced transfer payments are going towards increased provincial debt repayments, currently pegged at \$317 billion for 2016-17, according to the province's website. The province's increase in interest debt is approximately 3.7%, which is

eerily similar to the 4% we've had trimmed in our OMPF transfer payments.

Regarding infrastructure, as with most municipalities, the city's infrastructure is aging and in need of replacement on a planned basis. The city's asset management plan has identified that \$9.6 million per year needs to be spent annually to correct known infrastructure deficiencies and liabilities. The city has the financial ability to fund replacements at a level of \$1.5 million per year over the next five years. After that, the city may be able to fund infrastructure replacements at the \$4.2-million-per-year level. This is still less than half of our known requirements.

I mentioned this at the federal-municipal online round table this spring, and I would just like to make the same request this year at the provincial level. I don't see it spelled out clearly in your infrastructure policy and would like to request that you allow municipal applications for demolition of tax-delinquent business properties to be granted the same funding support as with new or reconstruction projects. We have potential prime apartment and retail projects that developers would like to advance; however, demolition costs make these projects impractical. You can see that all across small-town and large-city Canada, but specifically large towns. Jobs would be created, blighted buildings would be removed, and downtown redevelopment, in particular, for towns and cities like Dryden, would get the spark that they need for revitalization.

On social issues, ongoing challenges that Dryden faces include the following: a population demographic that is moving towards a higher percentage of citizens that are at or above retirement age, putting more pressure on long-term-care services, housing for the aged and hospital beds; and a second trend is a continuing influx of people from northern reserves, increasing the city's aboriginal community population, straining many services including housing, medical and social assistance.

On a bright note, the Dryden Native Friendship Centre and other provincially funded health, education and social service agencies—we do work well together. Last Friday, for example, community stakeholders attended our third urban indigenous round-table at the friendship centre to “address locally determined priorities through development and working together towards a common agenda that fundamentally changes community-level outcomes such as employment, housing, rates of violence and health.” I wanted to mention this to assure that small-town northern Ontario still knows how to pull it together to get things done.

Regarding red tape, we consider dealing with MPAC as a red-tape issue. As time vampires, they have sucked more than their body weight in blood from the city over the past few years. It seems as though whoever they talk to last has the most influence on their decision-making process concerning the valuation of special purpose properties such as mines and pulp mills. Don't repeat that—no, no, you can repeat that. The same can be said for large commercial enterprises such as Canadian Tire

and Walmart. The result is revenue-reducing decisions that place extraordinary new financial pressures on communities with no corresponding solutions. I would define their process accurately with one word, and that would be “arbitrary.”

On hydro costs—you've probably heard this issue the most during your tour—extremely high and escalating hydro rates create huge issues with Dryden's citizens and businesses. These increases push some businesses into insolvency, resulting in closure and reduced tax revenue for the city. This puts further pressure on the rest of the tax base. This issue is frequently brought to the attention of city council from citizens and businesses alike. I don't get a good feeling that the provincial government realizes or recognizes the enormity of this issue.

In conclusion, the city needs the province to continue to be a good partner in shared services and objectives. The city is not sustainable under the current situation where more and more services are being downloaded to the municipality from the province, and those services that have been downloaded are required to be funded at ever higher levels by the municipality. This situation is exacerbated when provincial government support is reduced, as evidenced by reductions in OMPF grants.

We understand that the province has financial challenges. The city is no different. Simply transferring the problem to municipalities does not solve these problems for the citizens of Ontario. It simply makes the same issue someone else's problem. Thank you.

The Chair (Mr. Peter Z. Milczyn): Thank you, Mr. Mayor. This round of questions is from the government side. Mr. Rinaldi.

Mr. Lou Rinaldi: Thank you, Your Worship. It's good to be here. It gets us ready for what's coming down the road in our neck of the woods, so it's a good training ground, I guess.

Past municipal world—I spent 12 years. I was sitting on that chair for 12 years, and I understand the challenges municipalities face, big or small. Our citizens expect more and more, and there's a cost to more and more.

One of the things you didn't mention when you talked about OMPF funding—I don't have the numbers here, but you might know—is the new infrastructure funding for communities across the province, which will come to full fruition next year, I believe, 2017-18, with some \$200 million in formula-based, and it is also \$100 million in application-based. Will that help the city of Dryden in any way, shape or form?

Mr. Steven Lansdell-Roll: I'm sure it will, but we'd probably need more information. The early releases, as far as public transportation, for our municipality—it doesn't really assist us much, so I'm interested in knowing more. Or are you talking about the federal program?

Mr. Lou Rinaldi: No, I'm talking about the provincial program.

It used to be \$100 million. It has been increased threefold. When it was \$100 million, it was \$50 million for application-based and \$50 million through formula-based. That program has been increased to \$300 million,

and \$200 million is formula-based—you'll get a cheque every year, or an automatic transfer, these days—and \$100-million application-based. The beauty of that is that you don't have to spend the money all at once. You can stack it for five years to tackle bigger projects. Frankly, that's what municipalities across the province have asked for. You should have had a communication a few months back spelling out exactly what those amounts were. It's not enough, I will testify, but it has had some pretty good feedback from smaller municipalities. Large communities over 100,000 don't qualify. It's strictly for smaller, rural municipalities.

I would think that that would have some type of an impact on you folks.

Mr. Steven Lansdell-Roll: Is this the OCIF funding?

Mr. Lou Rinaldi: Yes.

Mr. Steven Lansdell-Roll: Our OCIF funding, the formula-based—I think that is a step in the right direction. The challenge for us on the application-based side is the timing related to it. From a planning perspective, the formula-based is very helpful because we know in advance what we're going to get, and we can plan for that. On the application-based, there's no guarantee that our application is going to be successful—and there is the city-funded component of that program. So we're setting aside dollars for infrastructure while we're waiting for approval of that application. If it doesn't come, then—it might be halfway through the year—we're not able to secure contracts or whatever it is, and those dollars are not being spent to address the infrastructure.

So while it's greatly appreciated, my hope is that the push would be more on the guaranteed formula-based and less on the application-based, or more timely processes on the application-based.

Mr. Lou Rinaldi: As you know, the OCIF funding is reviewed, I think, after it's fully implemented. We've heard the piece about transferring it all to full formula-based as we progress.

You talked a little bit about transportation issues. I presume Dryden has public transit. Do you benefit at all from the gas tax from the province?

Mr. Steven Lansdell-Roll: Yes. Previously, we had a Handi-Transit program. We're going through a project right now of changing the model. It's going to be beyond just Handi-Transit—also for senior transit. It's a very small program. We do receive around \$40,000 on an annual basis, but based on the criteria of what expenses qualify to be used for that funding, we're actually not

able to use very much of that. It's being put into reserves right now.

Mr. Lou Rinaldi: When it first was initiated back in 2003-04, it was strictly to purchase or expand new transit. When municipalities said to the province, "We want to be able to make sure we keep our buses that we have running"—and I believe a lot of that shift has happened, although it might not be exactly your needs. But it's not just to buy new buses.

Mr. Steven Lansdell-Roll: Correct.

Mr. Lou Rinaldi: I think that was a request from municipalities.

I have a quick note here, if I can get back to it. I'm technically challenged here.

OMPF funding this year for Dryden was \$2.6 million, correct?

Mr. Steven Lansdell-Roll: Correct.

Mr. Lou Rinaldi: That's \$750 per household, about 8.2 times the provincial average. So when I hear about the funding being decreased, I'm a bit confused.

Mr. Steven Lansdell-Roll: On the OMPF website, it talks about how the combination of the grant and provincial uploads is providing more funding to municipalities. I actually printed off the sheets from the website. If I go back to 2013, our grant was \$3.25 million, provincial uploads were \$538,000, for a total of almost \$3.8 million. Then you go to 2015; that's now down to \$3.4 million. You go to 2016, and it's now down to \$3.3 million. You go to 2017, and it's now under \$3.3 million. So for our municipality, it hasn't been the case.

As well, when you talk about the provincial uploads, there are costs attached to that that were not city costs. You're also providing credit for court security and prisoner transportation. We're still providing those services, so there should be no provincial upload related to those items.

The Chair (Mr. Peter Z. Milczyn): I will cut you off there, because that's all the time we have. Thank you, Your Worship, for coming in this morning with your presentation. If you have further written comments you'd like to submit, you have until 5 p.m. on January 20.

Mr. Greg Wilson: Great. Thank you very much.

The Chair (Mr. Peter Z. Milczyn): For members of the committee, I'll just advise you that lunch will be served down the hall, between 11 and 11:30. Checkout from your rooms is at noon.

Committee stands adjourned until 9 a.m. tomorrow morning in Sudbury.

The committee adjourned at 1032.

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