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**Standing Committee on
Finance and Economic Affairs**

Less Red Tape, Stronger
Ontario Act, 2023

1st Session
43rd Parliament

Thursday 16 February 2023

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

Loi de 2023 visant à réduire
les formalités administratives
pour un Ontario plus fort

1^{re} session
43^e législature

Jeudi 16 février 2023

Chair: Ernie Hardeman
Clerk: Vanessa Kattar

Président : Ernie Hardeman
Greffière : Vanessa Kattar

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CONTENTS

Thursday 16 February 2023

Less Red Tape, Stronger Ontario Act, 2023, Bill 46, Mr. Gill / Loi de 2023 visant à réduire les formalités administratives pour un Ontario plus fort, projet de loi 46, M. Gill.....	F-571
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LEGISLATIVE ASSEMBLY OF ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

Thursday 16 February 2023

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES**

Jeudi 16 février 2023

The committee met at 0908 in room 151.

LESS RED TAPE, STRONGER
ONTARIO ACT, 2023
LOI DE 2023 VISANT À RÉDUIRE
LES FORMALITÉS ADMINISTRATIVES
POUR UN ONTARIO PLUS FORT

Consideration of the following bill:

Bill 46, An Act to enact one Act and amend various other Acts / Projet de loi 46, Loi visant à édicter une loi et à modifier diverses autres lois.

The Chair (Mr. Ernie Hardeman): Good morning, everyone. I call this meeting of the Standing Committee on Finance and Economic Affairs to order. We are meeting today for clause-by-clause consideration of Bill 46, An Act to enact one Act and amend various other Acts.

Catherine Oh from legislative counsel is here to assist us with our work, should we have any questions. We also have ministry staff appearing over Zoom today if you have any questions for them.

A copy of the amendment filed with the Clerk has been distributed electronically.

Before we begin with considering the specific sections of the bill and accompanying schedules, I will allow members to make comments to the bill as a whole. Afterwards, debate will be limited to the specific amendment, section or schedule under consideration.

Committee members, pursuant to standing order 83, are there any comments or questions on the bill as a whole? Any comments?

Mr. Terence Kernaghan: Chair, I move—

The Chair (Mr. Ernie Hardeman): No, no, we don't need to move a motion. This is just general comments on the bill as a whole.

Seeing no comments: As you will notice, Bill 46 is comprised of three sections and nine schedules. In order to deal with the bill in an orderly fashion, I suggest that we postpone the first three sections of the bill in order to dispose of the schedules first. This allows the committee to consider the contents of the schedules before dealing with the sections on the commencement and short title of the bill. We would return to the three sections after completing consideration of the schedules. Is there unanimous consent to set aside the first three sections? Thank you.

The first question: There are no amendments to schedule 1. I therefore propose that we bundle sections 1 to 5. Is

there agreement for that? Thank you very much. Is there any debate? Are the members prepared to vote? Shall schedule 1, sections 1 to 5, inclusive, carry? Carried.

Is there any debate on schedule 1? Are the members prepared to vote? Shall schedule 1 carry? All in favour, say aye. All opposed, say no. Carried.

There are no amendments to schedule 2. Therefore, I propose that we bundle sections 1 to 4. Is there agreement? Is there any debate? Are members prepared to vote? Shall schedule 2, sections 1 to 4, inclusive, carry? Carried.

Is there any debate on schedule 2? Are the members prepared to vote? Shall schedule 2 carry? Motion is carried.

There are no amendments to schedule 3. I therefore propose that we bundle sections 1 to 8. Is there agreement? Is there any debate? Are the members prepared to vote? Shall schedule 3, sections 1 to 8, inclusive, carry? Carried.

Shall schedule 3 carry? Carried.

There are no amendments to schedule 4. I therefore propose that we bundle sections 1 to 3. Is there agreement? Is there any debate? Are the members prepared to vote? Shall schedule 4, sections 1 to 3, inclusive, carry? Carried.

Is there any debate on schedule 4? Are the members prepared to vote? Shall schedule 4 carry? Carried.

Is there any debate on schedule 5, section 1? No debate. All those in favour? All those opposed? The motion is carried.

We have a motion on section 2 of schedule 5. MPP Kernaghan?

Mr. Terence Kernaghan: I move that section 2 of schedule 5 to the bill be struck out and the following substituted:

“2. Subsection 11(1.1) of the act is repealed and the following substituted:

“Prohibition re carbon dioxide injection in specified circumstances

“(1.1) Despite paragraph 1 of subsection (1), no person engaged in a project to enhance the recovery of oil or gas shall inject carbon dioxide for the purposes of carbon sequestration into an area, including an underground geological formation, and no permit shall be issued under this act for such a purpose.”

The Chair (Mr. Ernie Hardeman): You heard the motion. Debate? MPP Kernaghan.

Mr. Terence Kernaghan: Concerns have been brought forward regarding this particular section of schedule 5. In our consultations with the community, we heard that the main intent of this change was not to enhance oil and gas

recovery. The intent was, instead, for carbon sequestration. Therefore, allowing the enhanced recovery of oil and gas was actually said to be unnecessary; it was not the main intent.

When we take a look at this, the motion that we've put forward today for the committee's consideration essentially restores this existing prohibition on any oil and gas recovery projects being connected to deep carbon sequestration or carbon capture in geological or rock formations.

Current subsection 11(1.1) of the Oil, Gas and Salt Resources Act, which the schedule 5 proposed change in this bill amends, prohibits this type of oil and recovery activity.

The proposal behind schedule 5—we remain concerned that it comes from the oil and gas industry. New Democrats welcome industry being leaders in environmental stewardship, but what hasn't been made clear throughout this process is whether or not this regulatory change will permit greater environmental and health impacts on densely populated areas throughout southern Ontario, where most of the suitable geological formations for carbon storage are found.

In feedback to the proposal, oil and gas industry lobby group the Ontario Petroleum Institute requested that the prohibition on recovery activity be removed. Schedule 5 seems to reflect that feedback from OPI. The industry group said then, "OPI does not agree that there should be a prohibition on the injection of carbon dioxide when used in association with a project to enhance recovery of oil or gas. OPI respectfully feel that this would be an added benefit of carbon sequestration in producing reservoirs, which would help enhance the economics of carbon sequestration projects and perhaps lead to more widespread adoption of these projects. It would provide additional incentives to oil and gas producers enabling them to more effectively extract the oil and gas natural resources of Ontario, while having the added benefit of removing carbon dioxide from the environment and storing it within the producing reservoirs."

Right there, I submit to the committee that clearly the intent is actually the reverse of what the committee has proposed. OPI sees this as an incentive for them. They see this as something that they are looking for, when in actual point of fact, the way this has been produced is that it was something that was additional. We've heard time and again from the government that carbon sequestration is the main focus of this, and yet, from this testimony, we hear that it's actually not just an added benefit, it is their intent.

What is also concerning is that, since this bill was tabled, the ministry hasn't been able to articulate what type of oil and gas recovery the changes in schedule 5 would now permit. Ministry staff have been clear that more legislative steps and regulations would be needed for the carbon sequestration envisioned here to be advanced, but we're concerned that what is being permitted through this change hasn't really been made clear to the public or fully studied for its potential harms. This is a significant and impactful policy change on the environment and on human health which will now be permitted on crown lands, and it

has not been subject to constitutionally required free, prior and informed consent consultations with First Nations.

0920

The government also has not been able or willing to say that lifting the prohibition here on oil and gas recovery for the purposes of carbon recovery won't, for instance, lead to widespread fracking and the clear harms from this on humans, agricultural lands and the environment.

Speaking for the official opposition, New Democrats are in favour of carbon capture as a potentially significant tool in mitigating harms of the greenhouse effect and our climate crisis, but it's also important that we recognize that Ontario is home to one of the most significant and vast peatlands in the northwest of the province, and it's also staring down its own existential crisis due to this government's designs on development at any cost.

The government has not really made clear the case for these changes at this time. If we look towards the testimony from the Canadian Fuels Association's Lucas Malinowski, he stated that the main intent of this was carbon sequestration, not the enhanced recovery of oil and gas. Keith Brooks from Environmental Defence also pointed out that there are 27,000 oil and gas wells in Ontario and that 19%—only 19%, Chair—have been inspected since 2005. The ministry has not provided clear oversight for these resources and clear oversight regarding the inspection and the maintenance of these wells.

We were also given the example of Wheatley, with wells leaking and people's property being damaged. Additionally, Stelco's Trevor Harris had mentioned that the main intent of this was, as they understood it, not for the enhanced recovery of oil and gas but was instead for carbon sequestration.

I would also like to put forward that in 2019, this government cancelled the 50-million-tree challenge, which is another way in which the government could show its designs to really deal with the environmental crisis that we now face and really effectively store and take care of carbon.

As I look towards other people who spoke at committee, they said that they did not want there to be punitive measures for people who might additionally have recovery of oil and gas reserves, but I think it's clear from all of the testimony we heard from industry insiders that the main intent of this change was carbon sequestration. So I think removing the recovery of oil and gas from this at this time—without a study, without proper oversight on the wells that are currently in Ontario—would be unwise.

I think it would be wise, instead, for this government to engage in a study to properly inspect the 27,000 wells that are currently in Ontario, before they make this massive change. So I respectfully, hopefully with the committee's approval, seek to pass this motion today to make sure we don't get things out of step, that we do not do something that could have a vast environmental significance for our province. Thank you, Chair.

The Chair (Mr. Ernie Hardeman): Thank you. Further debate? MPP Oosterhoff

Mr. Sam Oosterhoff: I'm pleased to be able to speak to the proposed amendment from my colleague, and I want to thank the colleague for speaking his mind here.

But I think—to all those watching—we've once again seen the ideological opposition on the part of the New Democrats to matter-of-fact practical changes that are going to actually help us fight climate change here in the province of Ontario. We see an opposition that insists on saying no to building more houses, no to building the highways people need to get from A to Z, and now saying no to the types of innovation that are really going to ensure that we're able to achieve our climate goals.

It's disappointing to see. It's not out of character with what we've seen from the party of Marit Stiles, but, unfortunately, this is something that at the end of the day is just going to cost people here in the province of Ontario if we adopt this type of amendment. It's going to cost our children's future when it comes to fighting the climate crisis, and it's going to also hurt our economy in a time of, frankly, still continuing unprecedented global instability and demand for energy resources. The opposition continues their ideological war against any made-in-Ontario energy resources.

We see that with the amendment being brought forward. The amendment would actually limit the geological reserves available for carbon capture here in the province of Ontario, something that would be detrimental to achieving our carbon reductions. As well, it would actually eliminate an opportunity to combine enhanced oil recovery and carbon storage—which, frankly, would improve the economic viability of projects.

I think what we're seeing in the amendment brought forward is a desire to kill carbon capture projects here in the province of Ontario, and that's not something that the PC government is going to support. For those reasons, I recommend that the committee vote down this amendment.

The Chair (Mr. Ernie Hardeman): Further debate?

Mr. Rick Byers: I thank the member opposite for his comments. I certainly respect the perspective.

I think the session we had in Peterborough was an excellent one where we had interest on both sides of this matter in having a full discussion. I must say, for me, the take-away there—you had one panel with three—admittedly, they were commercial interests, but here you had three commercial interests advocating to move forward with carbon capture because it moves us along on environmental progress, if you will. As a former commercial guy myself, decades ago when I was downtown, the words “carbon capture” I had never heard at all. So I was extremely encouraged by the fact that you had commercial interests saying, “We want this. We want to move forward.”

ESG, which is an important governance framework these days, is a very strong factor, and this gives me great confidence that we will—not tomorrow, but over time, and in a good time—get the environmental discussion and the outcomes that we need. I think this is a very important step to start that process here in Ontario, so I will not be

supporting the amendment. I'm glad to support the bill on this section. Thank you, Chair.

The Chair (Mr. Ernie Hardeman): Okay. Further discussion? MPP Kernaghan.

Mr. Terence Kernaghan: I think it's important that we recognize the intent behind this amendment and what this motion does outline, because I think it is in line with exactly what we heard in Peterborough, that the enhanced oil and gas recovery was not necessary; it was an added benefit. The remarks from MPP Oosterhoff and the way in which he framed them—he started with enhanced oil and gas recovery and then went to carbon sequestration. I think it's important that the committee gets this right. I think it's important that we move forward protecting the environment in a sustainable, responsible way.

What we say yes to in the official opposition—we say yes to carbon sequestration, but done in an environmentally sound way. We also say yes to protecting the environment. What we say do say no to is, we do say no to fracking. We do say no to bulldozing the environment. We've seen that the Conservatives say no to planting more trees—the 50-million-tree challenge. We've seen the Conservatives say no to environmental protections. We've seen the Conservatives say no to the greenbelt, the most vast protected land which we are responsible for.

We hear this nonsense that lands are being taken away and more is going to be put in. Well, those lands that are going to be supposedly put in already have some protections. This is not this great exchange, as they would have the public believe. If we look at the environment as a chain, if we look at our water systems as a chain, if you weaken one link in a chain, the entire chain becomes less useful. Wetlands such as are found in Duffins Rouge Agricultural Preserve are like the kidneys of our Great Lakes. They help filter our water and they're absolutely vital and necessary.

0930

This amendment, this motion seeks to not only do the right thing for the environment, but to do so responsibly. If we continue the prohibition on oil and gas recovery, we can still get to carbon sequestration. What the opposition is calling for is greater oversight. We want the government to actually do its job. Doing so would mean inspecting those oil and gas wells, making sure the crisis that happened in Wheatley doesn't happen again. With 19% of wells having been inspected since 2005, that is not a good track record. This government can continue to look backwards and to point the blame, but this is their second term. This is their second term in government. It is their responsibility to not only protect the environment now, but to protect it for generations to come.

What we're also calling for is a study to make sure that this type of carbon sequestration, as is being presented, is one that is responsible, one that is going to be effective and one that is not going to cause irreparable harm to our environment. I think we can all agree that it is our responsibility to leave this place, this world, this province and this environment better than the way we found it. There are many unintended consequences, and we just want to

make sure that this government isn't bulldozing the environment at the behest of industry. We need to make sure that we are putting people over profiteers. So we are saying yes to things in a responsible way.

Thank you, Chair.

The Chair (Mr. Ernie Hardeman): Any further debate? If there's no further debate, is the committee ready to vote? I'll put the vote. All those in favour of the amendment? All those opposed? The motion is carried—lost.

Mr. Terence Kernaghan: You said it first.

The Chair (Mr. Ernie Hardeman): No.

We'll go to schedule 5, section 2. Any debate?

Interjection.

The Chair (Mr. Ernie Hardeman): Oh no, that was the one that we changed.

Section 2, schedule 5: Is there any debate on that section? Are you ready to vote? All those in favour? All those opposed? Motion is carried.

Schedule 5, section 3: Further debate on that section? No further debate. Is the committee ready to vote? All those in favour? All those opposed? Motion is carried.

Schedule 5: Is there any debate on schedule 5? Are the members prepared to vote? All those in favour of schedule 5? All those in favour? All those opposed? Schedule 5 carries.

There are no amendments to schedule 6. I therefore propose that we bundle sections 1 to 3. Is there agreement? Is there any debate? Are the members prepared to vote? Shall schedule 6, sections 1 to 3, inclusive, carry? Carried.

Is there debate on schedule 6? Are the members prepared to vote? Shall schedule 6 carry? Carried.

There are no amendments to schedule 7. Therefore, I propose we bundle sections 1 to 6. Is there agreement? Is there any debate? Are the members prepared to vote? Shall schedule 7, sections 1 to 6, inclusive, carry? Carried.

Is there debate on schedule 7? Are the members prepared to vote? Shall schedule 7 carry? Carried.

There are no amendments to schedule 8. I therefore propose that we bundle sections 1 to 4. Is there agreement? Is there any debate? Are the members prepared to vote? Shall schedule 8, sections 1 to 4, inclusive, carry? Carried.

Is there any debate on schedule 8? Are the members prepared to vote? Shall schedule 8 carry? Schedule 8 is carried.

There are no amendments to schedule 9. Therefore, I propose we bundle sections 1 to 6. Is there agreement? Is there any debate? Are the members prepared to vote? Shall schedule 9, sections 1 to 6, inclusive, carry? Carried.

Is there any debate on schedule 9? Are the members prepared to vote? Shall schedule 9 carry? Carried.

We'll now go back to the first page to deal with the first three sections. Section 1: Any debate on section 1? No debate. Is the committee ready to vote? All those in favour? All those opposed? Section 1 carries.

Shall section 2 carry? Any debate? Shall I call the vote? All those in favour? All those opposed? Section 2 carries.

Shall section 3, the short title, carry? Debate? Shall I call the vote? All those in favour? All those opposed? Carried.

Shall the title of the bill carry? All those in favour? Opposed? Carried.

Shall Bill 46 carry? All those in favour? All those opposed? Carried.

Shall I report the bill to the House? All those in favour? All those opposed? Carried.

That concludes the bill. I thank the committee for all their hard work on it and travelling long distances to hear what was being said. We appreciate all they went through.

I thank all the members of the committee, and the committee now stands adjourned until Tuesday, February 28, 2023.

The committee adjourned at 0940.

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