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**Official Report
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(Hansard)**

Tuesday 15 October 2002

**Journal
des débats
(Hansard)**

Mardi 15 octobre 2002

**Standing committee on
estimates**

Ministry Of Energy

Ministry of the Environment

**Comité permanent des
budgets des dépenses**

Ministère de l'Énergie

Ministère de l'Environnement

Chair: Gerard Kennedy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 15 October 2002

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The committee met at 1534 in room 228.

MINISTRY OF ENERGY

The Chair (Mr Gerard Kennedy): I'll call the meeting to order. Thank you, everyone, for attending. Thank you, Minister. There are 54 minutes left in the energy portion of estimates. The government has 10 minutes remaining in their rotation. The remaining time, approximately 44 minutes, will be divided equally between the three parties, so that gives you about 14 minutes and 40 seconds, if everyone behaves.

For the notice of the members, the following ministry, the Ministry of the Environment, has asked that tomorrow the minister leave half an hour early. Ordinarily we would grant those requests as a matter of course. Anyone who would like to raise an objection can do so now. The half an hour, of course, isn't lost to the estimates process but is added on. Hearing no objections, then, we'll proceed. The government caucus, please.

Mr Norm Miller (Parry Sound-Muskoka): Welcome back, Minister. I hope you had a nice Thanksgiving weekend with your family. I just have a question to do with fixed-price contracts. Certainly in the spring there was a lot of press to do with unscrupulous energy retailers. I'm wondering what we as the government are doing to protect consumers from unscrupulous energy retailers.

Hon John R. Baird (Minister of Energy, minister responsible for francophone affairs): Certainly there were additional measures put in through Bill 58 this past spring on the consumer protection side. The government then has followed up with more comprehensive legislation in a number of areas with Minister Hudak in the legislation that he introduced. The fixed price, though, is much like a mortgage. When people buy a home, some are uncomfortable with a floating rate. I know when I first bought a home when I was a young person, I could afford the 6.5% mortgage; I couldn't have afforded a mortgage at 10%. So to me, for the security of it, it was worth paying 7.5% or 8% if I knew it was capped for five years, because I simply couldn't have afforded more. Some people will make a decision with respect to fixed-price contracts if security or peace of mind is important or if they think, in their judgment, it is a good market decision that they would make as a consumer, as they would in most other personal finance decisions that they

make, similar to their mortgage or to a car loan or to other commodities which they buy.

Mr John O'Toole (Durham): I'm very interested as a former member of the alternative fuels committee. They did a lot of work looking at current modes of generation and future modes of generation. I know there were a lot of imaginative suggestions put forward by all three parties, I might say, in a unanimously adopted report. I'm just wondering, on a general level, have people in your ministry given any attention or is it your understanding they will be giving attention to such issues as time-of-rate metering? That would be a very interesting phenomenon, for instance, if people really knew what the time of rate was and that it was specific to the user at the end. Today the price gets sort of blurred in and it's hard to differentiate between the consumer, who's actually trying to conserve consumption—in other words, off-peak-load demand.

The other one is the suggestion of generators in the future using net generation or being able to generate back into the grid.

Another issue was the renewable portfolio standards. This is, any new generation coming on line would somehow qualify for some tax measures or other mechanisms to reduce the cost of their bringing on new forms of generation. For instance, wind power is prohibitively expensive at the moment, the way it's marketed. Its place in the market needs to be supported. So renewable portfolio standards is another policy discussion that needs to occur to find mechanisms for encouraging new forms of generation.

There were a number of other recommendations that I felt quite supportive of and, as I said, were unanimous. I'm just wondering, has the ministry given or are they planning to give any attention to the policy debate or to implement any of the recommendations in the report? I know it's a very general, open question, but there was a lot of hard work, I think a very productive series of meetings supported by both the Liberals and the NDP, knowing full well that what we have to do is not just provide more generation but sustainable forms of energy in the future.

I saw a very interesting article the other day that said it took more power to produce a kilowatt of power from ethanol. To create a unit of power from ethanol, it took more power to create that energy. So there have to be a lot of detailed discussions going forward on how we

support or how we encourage investment in new forms of sustainable energy, such as, in my area, methane gas from dump sites.

These things don't seem to be part of this very important debate. I'm sure your ministry is looking forward to working through a number of over 100 recommendations that were in that report.

I've thrown it to you to respond in whatever you'd like to take it.

1540

Hon Mr Baird: On the one issue you raise, specifically a renewable portfolio standard, the government and I have asked Steve Gilchrist, who was a member of the committee and who also works as my parliamentary assistant, to consult with stakeholders, interest groups, environmental groups and the industry, and come back with some recommendations on that.

I think there are a lot of good suggestions in the report. In many areas they ask us to look at things. In other areas there are specific recommendations made. Some are tax-based, which I know the Minister of Finance will want to consider as she prepares her budget. Others are more specific, whether it's to the Ministry of Energy, the Ministry of the Environment, or to OPG, on whose behalf I report to the Legislature. There's certainly a good amount that can be done.

I do think it's important that you look at the life cycle. When you look at natural gas, you shouldn't just look at the effects in generation. You should look at its whole effect, from extraction and transport and whatnot, and what is the cumulative effect, because often that can be hidden.

On methane gas, for many years in my community they wanted to cap the methane coming from the Trail Road landfill site. They estimate that would be enough to provide electricity for 8,000 to 12,000 people, even perhaps as big as the community of Bells Corners, where I'm from. That of course would be a dual benefit, when you would be capping methane.

We want to talk about renewable sources of energy, but emerging renewables is probably a better line, because obviously nuclear and hydroelectric are renewable. In many of our neighbouring jurisdictions or jurisdictions just south of us, in our airshed, if we could get hydroelectric or nuclear done there, that would be a renewable form, because a good number of them use a substantial amount of coal as part of their mix. Many of them don't use the low-sulphur coal but use less environmentally beneficial brands, which we used in Ontario in the past, a greater mix of that bad coal.

The government is working on reducing the barriers to net metering. Generators which have net metering agreements with local distribution companies have been exempted from requirements to obtain a generation licence. That's something we could all do. How do you reward or give an incentive to a consumer to reduce consumption at peak hours? Wanting them to be part of the collective, "We're all in the same boat," wanting them to help out with the problem is a noble goal, but if they had some

incentive—small things could be those little timers that people can put on their thermostats; it will save them money. If they're using less air conditioning or heat during the day when they're not home or in the evening when they're asleep, substantial resources can be done, particularly in peak hours, or even something as simple as a timer on a dishwasher. I have a new dishwasher with a timer on it so you can perfectly set it to come on and off at peak hours. I think if we could provide greater incentives for consumers, that would certainly be part of the mix. It's not the whole answer, but I think it's part of the solution.

The Chair: Two more minutes, Mr O'Toole.

Mr O'Toole: There are a couple of other's with questions here.

Mr AL McDonald (Nipissing): I wanted to ask a question regarding the Union Gas retroactive charge back to businesses and homeowners. Having owned a business where rates were decided upon by a third party, which in our case would have been the municipality, if we lost money as a private business, obviously we didn't have the recourse to go back to all our customers and say, "Sorry, the municipality didn't set the right rate, so we're going to charge each homeowner X number of dollars to recover."

In your opinion, how can Union Gas go back and charge consumers of natural gas for charges that were in the past? Secondly, how can they ask for this retroactive charge to homeowners or businesses that may not have been on natural gas for the last two years?

Hon Mr Baird: You've asked a good number of questions. A natural gas company is a regulated monopoly in Ontario, whether it's Enbridge or Union Gas. There is a regulated rate of return. They're entitled to get a return, which is set by the Ontario Energy Board.

I'll give this by way of facts rather than commenting on it first. In December 2000, January 2001 and February 2002 we saw the cost of natural gas spike to some four or five times greater than it is today. When we talk about a spike, it was quite substantial. It didn't spike for five minutes or an hour during the day; it spiked for a few months. There are a good number of reasons, which I could go into, why people thought, after the fact, that that happened.

Union Gas argued to the Ontario Energy Board that a certain amount of natural gas is required in the system to keep the pressure up and to facilitate—

The Chair: Minister, we've run out of time for this round. Hopefully that dialogue can continue in the next opportunity.

As mentioned, we now come to approximately 14 minutes, 40 seconds for each of the three parties to use up the remaining time. We turn first to the official opposition.

Mr Michael Bryant (St Paul's): Minister, I want to touch on Pickering A refurbishment again. When we were last discussing this in estimates you had said that, yes, the May 2002 deadline had passed for the refurbishment of Pickering A, and I asked for—

Hon Mr Baird: Sorry, can you repeat that?

Mr Bryant: The latest Pickering A refurbishment deadline had been May of this year. That has come and gone and refurbishment is not completed. That's right?

Hon Mr Baird: That's not what I reported, no.

Mr Bryant: What's the deadline for the Pickering A refurbishment?

Hon Mr Baird: If you're talking about a May 2002 deadline, are you saying I reported that to the committee last week?

Mr Bryant: No, no. That had been the previous deadline. It has come and gone.

Hon Mr Baird: I don't think it was the previous deadline because it would have passed.

Mr Bryant: What is the deadline?

Hon Mr Baird: There's not a number, as I said to the media last week, which was reported in the clippings which I'm sure you received and would have read.

Mr Bryant: You spoke to this in estimates as well. You said that there isn't a deadline right now.

Hon Mr Baird: I didn't say there wasn't a deadline. I said there was not a deadline which I felt comfortable standing behind.

Mr Bryant: There's not a deadline which you feel comfortable standing behind?

Hon Mr Baird: That was reported in the paper. It's what you saw in the clippings, so don't look at me with utter shock in your face.

Mr Bryant: Why are you not comfortable standing behind the deadline?

Hon Mr Baird: Behind what deadline?

Mr Bryant: You said that there is a deadline.

Hon Mr Baird: No. You said initially, sir, that I said at this committee last week that there was a deadline of May 2002. I didn't.

Mr Bryant: When is the deadline?

Hon Mr Baird: What I said was that I've been working with OPG over the last 40 or 50 days. I've had meetings with them probably just about every week to discuss this issue, not just with respect to reactor number 4 at Pickering A, but reactors number 1, 2 and 3. As a matter of course, because they're required to, they'll have to make reports. Before I make a public comment on it, I would want to be satisfied with the amount of information I have received. I've asked for additional information and I'll be reviewing that in the coming days.

My job is to act as the shareholder, to ask the tough questions which the people of Ontario would want to be asked, and to get answers. When I get information, often that requires me to ask more questions.

Mr Bryant: Do you think getting it refurbished by 2015 would be satisfactory?

Hon Mr Baird: I'm not going to play games, sir.

Mr Bryant: Is a deadline of 2003 satisfactory?

Hon Mr Baird: I'm not going to play that game.

Mr Bryant: Are you refusing to answer this question?

Hon Mr Baird: I'm not going to play that game.

Mr Bryant: Are you taking the Fifth on the refurbishment of Pickering A?

Hon Mr Baird: Get a grip.

Mr Bryant: Get a grip? No. I'm saying that the government set deadlines. There used to be a deadline for refurbishment of Pickering A, and now you're saying that there isn't one you can stand behind because of the incompetence of this government, and you're telling me to get a grip. I'm asking you, when is the deadline? You're not giving me an answer. When's the deadline?

Hon Mr Baird: Skip the cheap theatrics.

Mr Bryant: When's the deadline?

Hon Mr Baird: Skip the cheap theatrics.

Mr Bryant: When is the deadline? I'm not going to take a lecture about cheap theatrics from somebody who throws syringes around in a photo op. When is the deadline for the refurbishment of Pickering A? You won't answer the question.

Hon Mr Baird: I've responded.

1550

Mr Bryant: You won't answer the question. Salaries—

Interjection.

Mr Bryant: Mr Osborne's salary—the CEO of Ontario Power Generation—you said last time around had been reviewed and that it was reasonable. That's what you said when we were discussing this last time around.

Hon Mr Baird: I said the review said it was reasonable, given his background, experience and where he was recruited from.

Mr Bryant: Why is the CEO of Ontario Power Generation's salary reasonable when the salary of the CEO of Hydro One, Ms Clitheroe, which is within a few hundred thousand dollars of Mr Osborne's—why did that result in her firing but it results in the assessment that his salary is reasonable?

Hon Mr Baird: After I became Minister of Energy, we asked Towers Perrin, an acknowledged expert in executive compensation, to review the salaries of senior executives at Ontario Power Generation. I'm happy to table their comments with respect to Mr Osborne with the committee. They said in their examination that it was reasonable, given his background, given where he came from, given that Hydro One operated as a regulated monopoly and Ontario Power Generation operates in a competitive marketplace, that the salary structure for each should be substantially different. That is what the experts told me. That is what the people who earn their living in this every day told me. I think it was an appropriate step to review the issue in light of the public concern, in light of the responsibility that I hold. We did it and that was their judgment, based on his responsibilities and background.

I think we could have a great discussion about the appropriateness of salaries in this country and in this world, whether it's sports players, the business community, lawyers on Bay Street, nurses or those people who work with the developmentally handicapped, an area I've worked very hard in. The reality is, in some professions there is a premium, there is a greater salary level paid. I'd love to see that change but we operate in

the real world and I want to make sure that we have someone with experience, someone of talent to be working for the company.

Mr Bryant: I'm just wondering how it came to pass that Ms Clitheroe received the salary that she did. When the government authored Hydro One's articles of incorporation, your government appointed the board of directors, your government gave the former board of directors of Hydro One the power to deal with compensation and you approved all the bylaws of Hydro One. How did it come to pass that Ms Clitheroe's salary would have ended up over \$2 million and her successor's salary is now \$400,000? How did that happen?

Hon Mr Baird: I wasn't at the ministry at that time. I can say the government, the Premier and the previous minister took the issue incredibly seriously and dealt with it expeditiously on June 27. Legislation was passed by the Legislative Assembly. Work went on over the summer months with the new board and I stand behind their actions in this regard.

Mr Bryant: But will you stand behind the actions of the Minister of Energy circa January of this year, which permitted this executive compensation to persist? Will you stand by those actions?

Hon Mr Baird: I'm telling you, as minister, I obviously took the issue seriously enough that I conducted a review of the other of the two major corporations that report to the Legislative Assembly through me. I think Mr Wright and his board have done a good job in dealing with the follow-through of the legislation that passed on June 27.

Mr Bryant: But I asked you something else, actually.

Hon Mr Baird: I can't speak to what happened in terms of a specific individual who is not here at the table.

Mr Bryant: Yes, but there's only one Minister of Energy and that's you.

Hon Mr Baird: I know you asked a lot of questions in the House of my predecessor. I don't know whether you asked any questions—a lot of these issues were debated ad nauseam. Obviously the position of the government was the legislation passed on June 27, and then the follow-through and the implementation of it was judicious.

Mr Bryant: You said you can't speak for your predecessors, but who can speak for the Ministry of Energy if not the Minister of Energy? Why can't you speak for your predecessors as the current Minister of Energy?

Hon Mr Baird: What's your question?

Mr Bryant: Do you stand behind the Minister of Energy's decision in January of this year to permit the executive compensation packages that resulted in a more than \$2-million salary for Ms Clitheroe, which obviously you object to?

Hon Mr Baird: You're saying the Minister of Energy signed a contract with Eleanor Clitheroe?

Mr Bryant: No, you—

Hon Mr Baird: I'm just trying to use your words, sir.

Mr Bryant: You're the Minister of Energy.

Hon Mr Baird: No, you said earlier—

Mr Bryant: You're the Minister of Energy, you're the sole shareholder—

Hon Mr Baird: You said just a moment ago "the Minister of Energy" and "a contract in January."

Mr Bryant: No, that's not what I said. I said that the minister, as the sole shareholder for Hydro One, permitted, I presume was aware of, an executive compensation package which the government had to reverse, in effect, in June. I understand you stand behind the popular decision in June to fire the board. Do you stand behind the unpopular decision of the Minister of Energy to keep that CEO in place at the salary she was at before all this came out in public?

Hon Mr Baird: You've made inquiries within the Legislative Assembly with respect to this issue and—

Mr Bryant: So you won't answer this question either?

Hon Mr Baird: I'd go back to Hansard. I can't speak to—you've said the Minister of Energy did this; then you've said he was aware of it. Your question has changed a number of times.

Mr Bryant: No, you just won't give me an answer. I'm trying to ask it 10 different ways so I can get an answer. Why won't you answer it?

Hon Mr Baird: Ask the question again. Maybe you'll get a different answer.

Mr Bryant: Do you stand behind the Ministry of Energy's direction, as the sole shareholder of Hydro One, to permit the salaries that you ended up reversing in June?

Hon Mr Baird: You're saying the Ministry of Energy made a direction?

Mr Bryant: Is the Ministry of Energy the sole shareholder of Hydro One?

Hon Mr Baird: The ministry? No.

Mr Bryant: Yes, the ministry—

Hon Mr Baird: The minister acts as the shareholder.

Mr Bryant: Excellent.

Hon Mr Baird: The Ministry of Energy did not direct anyone in this regard.

Mr Bryant: So as the sole shareholder for Hydro One, what was the Minister of Energy doing prior to the firing of Ms Clitheroe?

Hon Mr Baird: I think my predecessor acted fairly expeditiously when it was brought to his attention.

Mr Bryant: When it was brought to his attention, but will you stand behind the decision to permit this in the first place?

Hon Mr Baird: My predecessor became the minister in April. I think they worked with the previous chair of the board, and then legislation was drafted, introduced and passed in fairly short order to deal with it.

Mr Bryant: Back to the rebate—

Hon Mr Baird: It's important that the questions be accurate when they're asked. You've sort of suggested that you knew things happened and you tried—

Mr Bryant: Did you know things happened? You have to answer for the minister. I understand you weren't there at the time.

Hon Mr Baird: What I'm suggesting is that you've got to watch your choice of language, because I think you maybe inadvertently make them up as it goes along.

Mr Bryant: I'll take that into account, Minister. Thank you.

The rebate: Ontario Power Generation brought an application to the Ontario Energy Board with respect to the rebate. What is the status of that right now? What is OPG seeking?

Hon Mr Baird: OPG is required, probably principally with respect to—whether it's the vision of Bill 35, whether it's the work that the market design committee conducted or whether it's the policies that were followed through, everyone acknowledges—and I think you can check the Hansard on Bill 35. I sat on that committee. I think there was a huge concern that the then Ontario Hydro at the time, Genco as it was known during the hearings, would have too much of a share of the market. It was clear that one player having 75%, 90% plus of the market in 1998, that being about 140 terawatt hours, was inappropriate and that we should have a competitive system. Some suggested breaking up the former Ontario Hydro—

Mr Bryant: Would that mean less of a rebate or more of a rebate?

Hon Mr Baird: Some of them suggested breaking up Ontario Hydro into three or four or five different generation companies.

Mr Bryant: Would that mean less of a rebate or more of a rebate?

Hon Mr Baird: The rebate hasn't been established yet. It has to be based on the annual average; it has to be based on how much electricity is used in the province; it has to be based on the—

Mr Bryant: Will you be making submissions? I'm running out of time.

Hon Mr Baird: It has to play its underlying share of the marketplace.

Mr Bryant: Will you be making submissions—

Hon Mr Baird: There are a number of issues. It's not just with respect to the rebate if it is over—

Mr Bryant: Will the ministry be making submissions to the Ontario Energy Board—

Hon Mr Baird: It also speaks to the issue of decontrol.

Mr Bryant: I'm trying to get a question here, Mr Chair.

Hon Mr Baird: You don't want to hear the answer. You keep interrupting.

Mr Bryant: No, it isn't an answer.

The Chair: It is the opposition's time. He only has a minute or so left.

1600

Mr Bryant: My question is, will the ministry, will you, will any representative of the Ministry of Energy be making any submissions on the subject of this rebate to the Ontario Energy Board?

Hon Mr Baird: The rebate will be established based on market share—

Mr Bryant: Is that a yes or a no?

Hon Mr Baird: Anyone is free to participate in that process.

Mr Bryant: I don't understand why you won't answer that question. You won't answer that question either. Will you be making submissions or not? Yes or no?

Hon Mr Baird: I don't think it's inappropriate that an independent, quasi-judicial body have the ability to make the determination both on decontrol and on the composition of—

Mr Bryant: Is that a no?

Hon Mr Baird: —composition of the rebate. I think it's important that the board look at these two issues. They'll have to get input from a good number of other representatives, not just on the decontrol side but as well on the market share side, which they'll have to get from the IMO—

Mr Bryant: Will you provide any direction to OPG or will you make any submissions to the OEB on the subject of the rebate? Yes or no?

Hon Mr Baird: We have the ability to with the respect to OPG.

Mr Bryant: Will you do so?

Hon Mr Baird: On what issue?

Mr Bryant: On the rebate.

Hon Mr Baird: In terms of the composition of the rebate or in terms of decontrol?

Mr Bryant: In terms of the amount of the rebate, whether it will be increased or decreased.

Hon Mr Baird: It hasn't been set yet, so it can't be increased or decreased.

Mr Bryant: But Ontario Power Generation is currently before the OEB—

Hon Mr Baird: You have to take what the price is, you have to take what market is—

Mr Bryant: Is that yes or no?

Hon Mr Baird: —you have to take the amount of electricity that is used. There's nothing that can be increased or decreased, because no amount has been set. You can say it as many times as you want; it still isn't true.

The Chair: Thank you, Mr Bryant.

Mr Bryant: You still won't answer my question.

Hon Mr Baird: I did answer it.

Mr Bryant: No, you didn't. I wanted a yes or a no and I couldn't get a yes or a no.

Hon Mr Baird: In life you don't always get a yes or a no.

The Chair: We now turn to the third party.

Mr Howard Hampton (Kenora-Rainy River): Last week Weyerhaeuser announced they were closing their container board mill in Sturgeon Falls. They're laying off 140 workers. What was not really noticed at the time is that while they were going to lay off 140 workers who work in the mill, they're going to continue to run the hydro generating station and they're going to sell their electricity into the grid. So they're no longer in the business of making paper or container board; they're now

in the business of generating and selling electricity. Does that concern you at all?

Hon Mr Baird: Any time you're talking about 140 employees losing their jobs, it's a big concern. In northern Ontario it's a big concern. In my community we have Nortel and JDS Uniphase, two of the biggest employers in the province, who have laid off thousands of people. Whether it's a small business laying off one individual or whether it's Nortel or these 140 employees, yeah, it concerns government. It concerns me as a member of the Legislature and as a citizen in the province of Ontario.

Mr Hampton: We've had an opportunity to ask some questions in Sturgeon Falls. We've had an opportunity to ask some questions on the dynamics that led to this. We were told that on the one hand hydro privatization and deregulation increased the cost of hydro electricity, because they can only generate some of their electricity at their own hydro generating station. They have to buy the rest through the IMO mechanism.

Hon Mr Baird: They generate seven megawatts. How much extra do they have to buy?

Mr Hampton: I don't know all the details. That depends upon the season etc. We were told that what happened is that they got caught in a two-way squeeze. On the one hand, hydro privatization and deregulation drives up the price of electricity, which increases their costs as a container board mill, making them less competitive in terms of producing that paper product. On the other side of the equation, the high price of hydro electricity makes it more attractive to simply shut down the mill, lay off 140 people and make your money selling electricity.

Hon Mr Baird: I know it would have been easier if Ontario Hydro just took out the old credit card and borrowed money on the bond market to—in terms of Adam Beck's original vision of power at cost.

Mr Hampton: I don't think that has anything to do with this.

Hon Mr Baird: What happened in the past, 50 years ago when there was a really hot summer and we had to import power, the old Ontario Hydro, behind closed doors, behind a curtain, would just take the old Ontario Hydro credit card out and go ahead.

Mr Hampton: Your government's been running the hydro electricity system in the province for seven years now and—

Hon Mr Baird: It's a slow boat to turn around.

Mr Hampton: —we weren't having these kinds of problems before you—

Hon Mr Baird: It was all behind closed doors. You didn't know how much Ontario Hydro was borrowing.

Mr Hampton: —before you started down this road. My question is this—

Hon Mr Baird: We weren't building generation; we were just borrowing money. The only people that knew was the bond market in New York. It's cold comfort to the young people in this province who are in their twenties who weren't there when they were borrowing all this money that they have to pay off.

Mr Hampton: My question is, there are a number of other paper mills in this province. For example, there's the Abitibi mill in Iroquois Falls which has their own generating capacity. Abitibi recently announced that they're shutting down a machine. You've got the Abitibi mill in Kenora that has some of their own generating capacity; they've announced that they're shutting down a paper machine. You've got Tembec-Spruce Falls in Kapuskasing; the head of Tembec said earlier last spring that if hydro prices increase as a result of deregulation and privatization, they will be shutting down their operations. You've got Abitibi in Fort Frances, where I know from talking with the mill manager that if they face another summer of very high hydro prices, their corporate office will tell them, "Shut down the paper machines and lay off the 800 workers, because you can make more money selling electricity." Is that your government's vision for the economy of northern Ontario?

Hon Mr Baird: No.

Mr Hampton: Can you guarantee people in Iroquois Falls, Kapuskasing, Kenora and Fort Frances that the same thing that has happened at Sturgeon Falls will not happen in their communities this winter or next summer?

Hon Mr Baird: We're always concerned when any Ontario enterprise, whether it's a small or medium-sized enterprise or a larger industrial employer, faces economic challenges. I've said to you that in my own community we've had job loss and job gain, and it's a tremendous concern. It should be a high interest and a high priority for government. I have got together with, I think it's Frank Dottori from Tembec—

Mr Hampton: Yes, Mr Dottori was very clear in his statements.

Hon Mr Baird: I got some good advice from him.

Mr Hampton: Yes, I'm sure it was very direct advice. I've got the same advice.

Hon Mr Baird: It was delivered very directly.

Mr Hampton: Yes: hydro deregulation and privatization makes no sense for his company.

Hon Mr Baird: Well, you know, if in the past and previous years we had an unusually hot summer and we had to import electricity in those hot summer months at a high price, and you had the choice of paying the charge or the old Ontario Hydro credit card paying the charge, I would choose the old Ontario Hydro credit card—

Mr Hampton: Minister, you're trying an old song here and it's got nothing to do with the—

Hon Mr Baird: No. With great fairness, it has everything to do with it.

Mr Hampton: No, it has nothing to do with it.

Hon Mr Baird: Because your idea was to borrow \$11 billion a year and be damned. The poor children of this province will have to pay up.

Mr Hampton: No, no. Let's be clear about who has borrowed all the money.

Hon Mr Baird: Thirty-five million.

Mr Hampton: Conservative governments that build nuclear stations without understanding the long-term costs—that's who borrowed the money, all right?

The Chair: Could we have some order.

Hon Mr Baird: Well, you borrowed more money than any of them.

Mr Hampton: And don't try to BS people about who borrowed the money.

Hon Mr Baird: You borrowed more money in five years than they borrowed in 40 years.

Mr Hampton: We borrowed no money for hydro whatsoever. Where's your head?

Hon Mr Baird: You borrowed \$50 billion for this province. I'm not going to take any lectures from you about previous Conservative governments.

Mr Hampton: Lord almighty.

The Chair: Minister, you will come to order and so will Mr Hampton. You will direct your questions through the Chair in a respectful fashion. Mr Hampton.

Mr Hampton: Your government has announced that it plans to sell 49% of Hydro One. Do you plan to sell that to one buyer; in other words, 49% to one company or one corporation?

Hon Mr Baird: The first stage of the process will be to solicit expressions of interest—I think it was up to 49%—as a first phase and to get a handle on what the interest would be before that determination is made.

Mr Hampton: Do you plan on selling to many buyers? In other words, if it's a 20% stake or a 40% stake, or 35% or 49%, do you plan on selling to one or do you plan on selling to many buyers?

Hon Mr Baird: I think we'll get the expressions of interest first and then cross that bridge.

Mr Hampton: Will the government guarantee, as you can under NAFTA, that the buyers will be domestic?

Hon Mr Baird: I think we'll get the expressions of interest first, before that determination is made. I think that would be the responsible thing to do.

Mr Hampton: Will the government make public who the prospective buyers are before any deal is signed?

Hon Mr Baird: I guess we're going to take it one step at a time. All decisions will be made in the best interests of the taxpayers and the ratepayers of Ontario. Then I think, in wanting to make those decisions in the best interests, in this case not just of the shareholder but of the public and the marketplace, you don't want to do anything that would not be in the collective interest.

Mr Hampton: Since you're talking about selling only up to 49%, will the government rule out giving the minority shareholder a share in management?

Hon Mr Baird: I think that would be something that will be discussed. I think the Premier has been clear in terms of his discussions about control.

Mr Hampton: Market analysts are saying that the government may get much less for the asset than it is worth because of all the turmoil surrounding the company and the government.

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Hon Mr Baird: The energy market is right around North America and indeed around the globe. Ontario isn't an island, Mr Hampton.

Mr Hampton: So what is the minimum price that you're willing to sell the 49% stake for?

Hon Mr Baird: Do you think it would be a good idea if I answered it?

Mr Hampton: Do you have any idea?

Hon Mr Baird: It's sort of like if you had your house for sale. We're having an auction, but by the way I'd sell it for X so don't bother offering me Y—

Mr Hampton: Do you have an estimate of how much you'd want?

Hon Mr Baird: We'll get the expressions of interest and then move on to the next phase. I don't think it would be helpful for me to speculate on a low price. I don't think it would be responsible. I don't think you'd think it would be responsible for me to do that either.

Mr Hampton: I'm just asking if you've got a figure in mind. The budget that was tabled by the government last spring called for over \$2 billion in revenues from asset sales and it speaks in terms which indicate that you are absolutely committed to completing the sale this year. Is that still the government's position?

Hon Mr Baird: I think the line in the budget, if I'm thinking of the page on the left-hand side—the financial document talks about sales, rentals and leases.

Mr Hampton: Over \$2 billion.

Hon Mr Baird: Over \$2 billion. And if you look at previous years you'll see that there's a substantial amount that varies from time to time in terms of—

Mr Hampton: The last big sale was Highway 407.

Hon Mr Baird: In 1999.

Mr Hampton: Yes. It didn't work very well. So I guess the question is, is that still your position: you want to complete the sale?

Hon Mr Baird: I think the Premier has been clear in his intention publicly as he has been privately. He wants, not just with this, but policies that are in the best interests of taxpayers. We'll go through the expression of interest phase and we'll see what the interest is on the street. It might be a teachers' pension plan, it might be—who knows?

Mr Hampton: Bruce Power insists that not only will the financial problems of British Energy not affect the operation of Bruce B, but the return of the two units of Bruce A will also be unaffected. In other words, British Energy's financial problems, they are saying, do not affect Bruce Power. What due diligence have you done to assure yourself that Bruce Power's operations will not be affected by the parent company's financial problems?

Hon Mr Baird: We've actually only had discussions with two of the three owners of the Bruce Power Co and some of its management. I'll be speaking to Don MacKinnon and the Power Workers in the coming days.

Mr Hampton: Let's be clear: the only owner that matters here is British Energy.

Hon Mr Baird: No, I disagree with you. I think the workers matter. I think Cameco matters.

Mr Hampton: In terms of the future operation of Bruce Power—

Hon Mr Baird: They were a big financial contributor to your campaign so I think they matter. They're putting

the gas in that little bus you're taking around the province.

Mr Hampton: Yeah, yeah, right.

Hon Mr Baird: I hope you don't want to tell them this major campaign contribution doesn't matter.

Mr Hampton: In terms of the future operation of Bruce Power, what matters here is the financial stability of British Energy. Have you talked to British Energy?

Hon Mr Baird: Yes. What matters is the jobs. What matters is the impact—

Mr Hampton: What did British Energy tell you? What did they say?

Hon Mr Baird: They're working quite aggressively on the file. I don't want to say anything publicly that would hamper the success of the situation that is there.

Mr Hampton: Let's make it easy. Can you absolutely guarantee that Bruce B will continue to operate if British Energy goes bankrupt or if they are forced to, in effect, restructure themselves so that there's another owner?

Hon Mr Baird: Every single thing that I have received has suggested that it's commercially viable, that the work they have done on—if I have one concern it's the work on Bruce B. The generation of Bruce B has been commercially viable and successful to date. Accepting that, there's a lot of work going on; a lot of people are committed to try to work—

Mr Hampton: Can you guarantee that Bruce B will continue to operate if British Energy goes under or is forced to restructure?

Hon Mr Baird: I think we're keeping a close eye on the file and being as helpful as we reasonably can be to ensure not just the jobs at Kincardine, which is a concern to me and, I know, a concern to the member of provincial Parliament for that community; we're concerned about keeping the power on the grid and we're concerned about the success of the recovery effort at Bruce A.

Mr Hampton: Can you guarantee that Bruce A's two units will come back as planned, regardless of the financial problems of British Energy?

Hon Mr Baird: I can guarantee we're working awfully hard at ensuring the jobs, the power supply and the recovery operation at Bruce A.

Mr Hampton: Can you guarantee they will come back regardless of what happens with British Energy?

Hon Mr Baird: There are not guarantees in life. Can you guarantee me that you'll be leader of the NDP next year? Can I guarantee to you that I'll be an MPP next year? No one can give these guarantees.

Mr Hampton: Based on the longevity of your predecessors, the odds are with me.

Last week I asked you about Ontario Power Generation and its lease clause with Bruce Power regarding what would happen if Bruce Power cannot meet its obligations. You indicated that the lease clauses dealing with Ontario Power Generation's obligations with respect to the Bruce nuclear facility were public, or that what was contained in those lease clauses is public knowledge.

Hon Mr Baird: I certainly said I was prepared to look into it. I understand from officials that a version of the

lease dated as late as July 2002 was released to public libraries in Bruce county, to the legislative library, to the CBC, to the Provincial Auditor and to you.

Mr Hampton: Would you be prepared to table here those lease clauses and any other clauses that deal with the obligations of Ontario Power Generation, should Bruce Power go under?

The Chair: Minister, a very quick answer, please.

Hon Mr Baird: All of—

Mr Hampton: All of the documents; all the obligations and responsibilities?

Hon Mr Baird: You can take this extra minute out of my time.

The Chair: Unfortunately, the only time left is coming from the Liberal caucus. They may not be so willing to donate. You want that for the benefit of the committee?

Mr Hampton: I think the committee might benefit from seeing some of this.

The Chair: We'll perhaps talk to you off-line about how we might best distribute that to members of the committee.

I'll now turn to Mr Miller, from the government caucus.

Mr Miller: Minister, in my riding of Parry Sound-Muskoka, especially toward the northern part of the riding, reliability has been a problem in the last year and a half, particularly in the Magnetawan area. I've had a number of constituents calling with complaints to do with the reliability of their electricity service. I believe that area is serviced by Hydro One. I'm wondering if there are ongoing tree maintenance programs, what's being done and how we measure reliability, and what's being done to ensure that in the future, businesses and constituents, clients in the northern part of my riding, can be assured of reliable electricity. I know there are some businesses like an abattoir, for example—I met with the agriculture association. In their business, they just can't afford to have a power interruption or all of their product will be spoiled. They've called my office concerned about ensuring they have a reliable supply of electricity. I wonder if you might speak about reliability.

Hon Mr Baird: Certainly many reported outages have been the result of severe weather conditions. Hydro One Networks doesn't have control of the weather, particularly in the Muskoka area. You're right: Hydro One's lines run through some very tough and heavily treed terrain, which makes access and repairs difficult. Hydro One Networks does have a systematic right-of-way management program that includes line clearing, which is conducted on a cyclical basis. Clearing is planned on a provincial level and is based on the condition of the lines. Thus, areas with the highest need are given the highest priority. Having said that, Hydro One Networks will respond to specific forestry problems even if clearing is not scheduled for that area. If customers see a problem, they can call Hydro One at its number.

When we speak to the general state of the infrastructure with respect to the transmission lines and local

distribution lines, some of them are in rough shape. As far as local distribution companies are concerned, most of those challenges would be in the northern or remote areas serviced by Hydro One Networks, and that is a concern.

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Mr Miller: I guess my other question would have to do with supply. In terms of the success of opening the market, supply is critical. If we're going to have the best prices in the long term, we have to have a good supply of electricity. Probably one of the keys to that is getting the Pickering plant up and running again, and getting it back on stream seems to have been delayed a few times. Bruce, on the other hand, has been a success story, I think, in terms of bringing some reactors back on stream and the generating station working at peak efficiency. Is there any consideration being given to perhaps selling or leasing Pickering so maybe private sector experts could get it up and running a lot faster than currently seems to be happening?

Hon Mr Baird: No, that hasn't been considered.

Mr Hampton: Tony Blair might buy it.

Hon Mr Baird: Maybe you could see him at the next Socialist International conference and ask him. The question is, I don't know whether Tony Blair is still invited to those meetings or whether Buzz Hargrove would still allow you to go to them.

Mr Marcel Beaubien (Lambton-Kent-Middlesex): Minister, I have an article in front of me that appeared in the local newspaper on September 28, and it deals with the retroactivity of the allocation Union Gas was given by the Ontario Energy Board. According to this, the gas bill was dated August 12, and it says, "Union Gas will process a delivery rate increase and a retroactive adjustment of approximately \$40 per month for a three-month period starting with your November or December bill. A full explanation will be provided once these ... are approved by the Ontario Energy Board." Then it goes on about the specific amount.

My question is, how can Union Gas send a bill to consumers in Ontario ahead of the decision being made by the Ontario Energy Board? When I read this, basically this is almost a *fait accompli*. On August 12, the Ontario Energy Board had not ruled on this retroactivity, and yet Union Gas had the gall to send a bill with that wording on it. If you want it, I'll send it to you in case you haven't seen it.

I find that very unacceptable. How can that be?

Hon Mr Baird: You should never count your chickens before they're hatched.

Mr Beaubien: I take it a little more seriously than that. I'll be honest with you: I'm upset, and my constituents are upset with it. As a former small business person, I could not send my clients that type of bill. If there was an increase in the insurance industry, we notified the client after the increase was advertised or allocated or whatever, not prior. When I read this—and I know I'm from rural Ontario and maybe I should read it in a different manner—basically it tells you that on

August 12, Union Gas was aware they were going to get this retroactivity.

Hon Mr Baird: I haven't seen the document to which you're referring, but I'd be happy to receive it and look it over.

Mr Beaubien: I'll send it to you.

The other thing I would like your comments on is with regard to energy. We can talk about billions, we can talk about zillions or whatever we want to talk about, but we all know that in Ontario we have energy produced in different manners. We have energy that is hydro-generated, we have some nuclear, we have some that is coal-fired, we have some that's from natural gas and now we're starting to have some wind power. There's a different cost associated with every form of energy we produce.

I have yet to see from your ministry any simple explanation to the consumer in Ontario—whatever parameter we end up using, whether it's a kilowatt or a megawatt or whatever—what it costs to produce a megawatt of power in the nuclear form, what it costs to provide a megawatt of power with coal. Have you got that information readily available, so that we can pass it on to our constituents and they can differentiate what it costs to provide hydro in the different forms we're providing it in the province of Ontario?

Hon Mr Baird: I think it certainly wouldn't hurt a public debate if people had a conception. Many consumers would be happy to pay a little bit more or even substantially more for wind power, even if it costs more. Many consumers would want to know what it would cost to operate with coal versus natural gas, for example, or other fossil fuels, some of that depending on the marketplace and the cost of production. There might be some commercial interests there, but if there's anything, I'd be happy to look at it.

Mr Beaubien: The reason I ask you this is because a week ago, this past Friday, I had the opportunity to visit the Lambton generating station in Courtright, which is in the community of St Clair. I did talk to the manager, who took me around. There's been a debate with regard to coal-fired generating plants. I didn't talk to one employee over there who wants to lose his or her job. I realize that out of the four generating turbines they have, two of them have scrubbers. Basically, what goes out into the air is about 99.9% water vapour. We've done a lot with regard to reducing pollution. The other two units that do not have scrubbers are only used during high-peak-demand periods and they use low-sulphur-burning coal, again in order to try to reduce the emissions.

But for some reason we fail to communicate with the residents of Ontario, certainly in southwestern Ontario, that when we do have a shortage of hydro and we purchase it from the States, it basically comes from the Ohio region. The Ohio region does not have scrubbers on their stacks. They do not use low-sulphur coal, in most cases. When we look at the prevailing winds, most of the winds usually end up in southwestern Ontario, around the 401 corridor between Windsor and Montreal.

Minister, as a person who has a coal-generating power plant in my former riding but certainly close to the border and who would be tremendously impacted if this plant were to be closed or trimmed down or whatever, and I'm told that people want to keep their jobs, why is it that we don't seem to be communicating the fact that whenever we purchase hydro from the States, the emissions created by some of those hydro-generating plants create a heck of a lot more pollution than our own coal-generating stations, especially in Lambton?

Hon Mr Baird: That's a point well taken. I guess you wouldn't want to close down a facility on one side of the border, and then right across the river I think Detroit Edison has two coal-fired plants on the other side of the border.

Mr Beaubien: That's right.

Hon Mr Baird: You can't take your supply, which faces some challenges—the pie almost wasn't big enough this summer, and if you cut 24% of the pie out, and then as the nuclear reactors' licences begin to expire starting in 2011, it presents us with some very serious challenges. We can't set up a border guard to ask every electron whether they're coal-generated, natural gas-generated or hydro-generated. It can't be done. The law of physics doesn't allow you to do that. Maybe Mr Bryant will fill you in on his math and the Liberal plan and will table that before the committee, because I would challenge him to let us know how the numbers add up. That would be helpful to your constituents.

The Chair: Mr Mazzilli, you have approximately three minutes.

Mr Frank Mazzilli (London-Fanshawe): Minister, I'm just trying to understand—

Mr Bryant: On a point of order, Mr Chair: I seek unanimous consent to permit the Liberal caucus to have an additional 15 minutes.

The Chair: It's not a point of order.

Mr Bryant: I would have, Minister.

Hon Mr Baird: Why don't you table them afterwards? Do you want to table them?

Mr Mazzilli: Can I have my three minutes?

Hon Mr Baird: I challenge you to table them.

The Chair: Order.

Hon Mr Baird: I can go everywhere now and say you won't give the numbers.

Mr Mazzilli: Minister, certainly we've always been told that distribution is sort of a natural monopoly, if you will, and the infrastructure cost. But generating is one of the issues where you want get more private sector investment into the business. Is that correct?

Hon Mr Baird: Sorry, could you repeat that?

Mr Mazzilli: The distribution end of the business is sort of a natural monopoly and the generating side is where you want to get more private sector investment. Is that correct?

Hon Mr Baird: Sure.

Mr Mazzilli: Yet the generating side is all regulated. There's one price, according to my understanding.

1630

Hon Mr Baird: No.

Mr Mazzilli: That's not the case?

Hon Mr Baird: No. It's a spot market on the generation side.

Mr Mazzilli: I'm sorry?

Hon Mr Baird: On the generation side, it's a spot market with respect to transmission. With respect to distribution, there's a regulated rate of return.

Mr Mazzilli: So dependent on the demand. But if you were to build a new facility and prices are low because some of the older facilities are flooding the market with perhaps a product that's less efficient or less clean, how does that new facility recoup its investment if there's too much supply in the grid, if you will, and you have a new facility that's invested billions of dollars? Obviously a new plant is going to cost more than just refurbishing an old one.

Hon Mr Baird: Or the same, because refurbishing an old one can often be the same price as a new one. If you wanted to convert, for example, Lakeview from coal to natural gas, it would be the same as building a new one.

Mr Mazzilli: So we're saying the price of Pickering is going to be the same as cleaning up Bruce?

Hon Mr Baird: I guess you look at it from three perspectives. You look at it from price, and I think it's important to be competitive there. You also look at from the environmental side in terms of its emissions. So if you have, for example, nuclear, there are no emissions, so that's something with which there is a benefit.

Mr Mazzilli: I certainly don't understand the electricity business, but if you have an old apartment building that was built 30 years ago and you refurbish it, and you build a new one at today's prices, you're always going to be more competitive with the old one. It's not going to be as nice, it's not going to meet code like the new one would, but you can afford to rent it for less money.

Hon Mr Baird: As long as the electrons come out the other end?

Mr Mazzilli: I'd say someone had better start adding up the electrons, because that answer is not going to wash. I don't think we're going to get the competitiveness that we're looking for if a new facility has to invest billions of dollars and has no way—

Hon Mr Baird: OPG and Hydro One have \$20 billion of assigned debt till the debt equity swap—

Mr Mazzilli: My three minutes are over?

The Chair: In fact, we're just about done. Is that it?

Mr Mazzilli: That's it.

The Chair: Then I guess we'll consider this completed. We have no vote at the end of this, members of the committee may recall, if you have a combined estimate before the ministries were separated. So what we have is a 15-minute break—make that a 14-minute break precisely. The members are expected back to hear the estimates of the Ministry of the Environment.

We appreciate your attendance. I would like to thank the minister for his attendance and that of his staff.

Again, our votes will take place at the conclusion of the estimates for environment.

The committee recessed from 1633 to 1648.

MINISTRY OF THE ENVIRONMENT

The Chair: We now commence estimates for the Ministry of the Environment. In this modified forum, we have 15 minutes at the opening for yourself and then for each of the members of the two opposition parties, and then time for a response by yourself at the conclusion of that. Minister, if you would like to commence.

Hon Chris Stockwell (Minister of the Environment, Government House Leader): Thanks to the members of the committee. Basically, a brief overview; I have 15 minutes, so I'll try to get through the dissertation I've prepared.

In order to ensure strong communities and economic prosperity in Ontario, we obviously must protect our water, land and air.

Combating smog and other forms of air pollution continues to be a major focus for the Ministry of the Environment today. We have already set caps for smog-causing emissions from the electricity sector, and we will soon set caps for air emissions from other major industries. We are in the process of tightening the existing deadlines for meeting emission reduction targets by all emitters.

To ensure that Ontario's drinking water is safe and clean, this government has committed to an investment of over half a billion dollars over the next two years. We are committed to implementing all of Justice O'Connor's recommendations from the Walkerton inquiries and are currently well on our way toward doing so.

As promised, this government has held consultations on the development of a safe drinking water act, and that bill will soon be introduced in the Legislature, with emphasis on "soon." The proposed bill will build on components of Bill 3, Marilyn Churley's private sector—private member's bill. "Private sector;" that was a Freudian slip of the tongue. It will do so while also reflecting the new Ontario water regulations and the recommendations of the O'Connor report.

The Nutrient Management Act, passed in June 2002, is another important part of this government's clean water strategy. The act protects our waters by minimizing the environmental effects of agricultural practices, particularly with respect to land-applied nutrients.

We are currently working to develop regulations to set out standards under this act. These standards will protect the environment, support sustainable agricultural operations and rural development, be consistent with Justice O'Connor's recommendations, and follow the government's Smart Growth strategy for well-planned and environmentally sensitive development, which, I might add the Minister of Municipal Affairs, Mr Hodgson, has done a fine job, I think, of steering through the Legislature and the House.

My ministry—the Ministry of the Environment; I don't own a ministry and never have—will also strengthen requirements for the treatment, movement and disposal of hazardous waste. We will begin to implement the regulatory framework developed to clean up contaminated lands, or brownfields, and restore them to productive use. This in turn will promote increased investment and economic activity in those areas.

This government's goals are: to ensure public health, to sustain and improve quality of life for future generations and to do so in an atmosphere of economic vitality and prosperity. I personally envision an Ontario where a well protected environment is one of the cornerstones of a thriving and competitive province.

To fulfill our mission, we must continue to set clear policies, standards, rules and regulations. We must protect the environment, we must encourage conservation and support the efforts of the people of Ontario to do the same. Tough and effective enforcement remains a key element in our effort to achieve improved environmental outcomes.

Enforcement is, however, only one element in that process. We continue to investigate new approaches in leading-edge best practices to foster continuous environmental innovation and improvement. We continue to seek out and identify such opportunities through wider and more effective collaboration with our various stakeholders based on firm belief that environmental protection is a shared responsibility.

By taking a strategic approach to managing knowledge and information, we have enhanced our learning capacity and improved the quality of our decision-making. The Ministry of the Environment safeguards the environment by working to ensure cleaner air, water and land, healthier ecosystems and the ongoing health and welfare of the people of Ontario. We start with a strong foundation, and obviously the foundations are the most important. We need tough standards, we need comprehensive policies and we need carefully written laws and stringent regulations. We as a government have done that. We've set tough standards. We have developed comprehensive policies and we have carefully written legislation and put in place stringent regulations.

I know some would suggest that some of the legislation should probably be put forward into the House in a fashion that is quicker, but it's more important not only to write the legislation but to write it properly; to write legislation that is both acceptable to all parts of the community but inherently has the one overriding factor, which is the safety of people's drinking water, air and land.

We're guided by a commitment to continual improvement, innovation and leadership in environmental management. We then build on this foundation by working in partnership with business and industry to help them move beyond basic compliance. Business and industry have an important part to play in this. Business and industry provide the jobs, prosperity, investment—the economy for the people of Ontario. They provide jobs. They also

have, in most instances that I've come across, a very sensitive concept, a very reasonable concept of what the environment is and how they can best protect it through their business endeavours.

The idea that business doesn't support environmentally and socially responsible approaches to the environment, in my tenure as Minister of the Environment, is basically not the case. Many of the businesses I've been to are very prepared, very interested and very hopeful about making regulatory changes that will protect the environment and also provide an opportunity to create prosperity and jobs.

The ministry monitors pollution restoration trends in an effort to determine the effectiveness of its activities, the value of existing programs and the need for new ones. You have to do that in the Ministry of the Environment. Technology changes and you always have measure the ability of your inspection staff to go out and measure, technologically, how things are being done. As it changes, you've got to be adaptable to make those changes, to arm your inspectors, to arm the people who do the prosecutions, to arm the educators out there about the best practices for the environment. Many years ago you had very different practices for the environment that in future years were considered unacceptable. Asbestos is a good example. Asbestos was used in many construction projects and considered to be an acceptable form, an acceptable use.

Technology advances at a rapid pace. We discovered recently, by the last decade, that asbestos wasn't the way to go, and you need to arm yourself to get out there into the private sector and build a cohesive plan to remove this from the place of business, place of work, place of school. It's a very difficult process because in previous administrations, through no fault of their own, they were advising people to build with these kinds of programs and these kinds of materials.

The information gathered is used to develop and implement environmental legislation, regs, standards, policy, guidelines and programs that will further enhance environmental protection. The ministry assists the province to achieve its environmental goals in a variety of ways through compliance and enforcement activities.

That's probably the most known one. When anyone talks about the Ministry of the Environment, it's always back to me; it's about compliance and enforcement. That's what they hear about all the time because it's at the front edge; it's what makes the newspapers.

But through its process of issuing certificates of approval and various permits, it does a lot of good work that precludes enforcement and prosecution through its environmental assessment process, which has been a great process—it has alerted and educated the public in ways that they never knew about 15 or 20 years ago—and through its ability to respond quickly and effectively to environmental upsets and spills.

I'd like now to speak directly to the accomplishments of the Ministry of the Environment. The government's clean air plan for industry will implement and enforce

limits for industrial sectors that emit smog and create acid rain. Proposals are now in place to accelerate province-wide targets for emissions of nitrogen oxides and sulphur dioxides from 2015 to 2010.

Stringent limits on air emissions, which will become even tougher over time, and a reduction trading system have been implemented recently for the electricity sector. I want to comment on that briefly. This reduction trading system that has been implemented is long before any of the concepts and the ideas came out through the electricity sector. This was one initiated through the Ministry of the Environment, bought into by the sector, and it's operating today.

In addition, the government has announced that the Lakeview generating station will be required to stop burning coal by April 2005—the first such initiative taken by a government in the province of Ontario I believe in their history ever, to demand that a coal-fired plant be shut down and a deadline given; the first time ever a provincial administration has done such a thing. The Lakeview generating station will be required to stop burning coal by April 2005.

This decision alone will prevent thousands of tonnes of pollutants from entering Ontario's air and will significantly cut mercury and greenhouse gas emissions. Those are the very same greenhouse gas emissions that much of the talk is centred around with respect to Kyoto. This government moved on that, and moved by closing down the Lakeview generating plant by 2005.

As of January 2002, all Ontario industries are required to monitor and report annually on a total of 358 air contaminants. The first step is to be able to report accurately the results on 358 contaminants. Ontario is one of the first jurisdictions in North America to require this level of monitoring and public reporting on a full suite of key greenhouse gases linked to climate change.

The department's new on-line emissions reporting registry requires polluters to be more accountable to the public by providing regular information about emissions and who is causing them, which is great. The public can go in any area and find out who's causing the emissions and the amount they're putting into the air.

Since the Drive Clean program—and I know a lot of people voted against the Drive Clean program—started in 1999, up until the end of 2000, smog-causing emissions from vehicles in the greater Toronto area and Hamilton were reduced by 11.5% and carbon monoxide emissions by 15.4%. That's a success story. We should be celebrating that.

Drive Clean was expanded on July 1, 2002, to cover the entire southern Ontario smog zone encompassing a total of nearly 5.5 million vehicles. Hats should be off to this government to be extending Drive Clean to 5.5 million vehicles right across the southern Ontario smog zone.

Operation Clean Water has moved forward on several fronts over this past year in an effort to further protect the source waters that supply Ontario drinking water facilities and to ensure that those facilities continue to

produce the safe, clean drinking water they are designed to produce.

1700

The municipal water system inspection program has been strengthened by doubling the number of dedicated municipal water system inspectors, by conducting unannounced inspections, and by re-inspecting, within one year, those facilities that have been shown to be deficient. Last year, the ministry completed 648 inspections of municipal water systems. In addition, new, consolidated certificates of approval were issued to all municipal supply systems, thus ensuring that they are in compliance with the drinking water protection regulation.

The drinking water protection regulation for smaller waterworks serving designated facilities has now been introduced. This regulation introduced stringent requirements for facilities that have their own water supply systems but were not previously captured under the drinking water protection regulation, such as schools, nursing homes and retirement facilities.

The ministry has set up over 140 monitoring sites across the province in partnership with local conservation authorities and as part of the three-year, \$6-million provincial groundwater monitoring network. We have committed a further \$10 million in funding to groundwater studies. This—and I'll say this with emphasis—is the largest single provincial investment in groundwater source protection in the province's history.

A new Canada-Ontario Agreement Respecting the Great Lakes Basin Ecosystem has been drafted and signed. It focuses on some of the province's most pressing environmental waste issues, including the continued cleanup of Ontario's areas of concern and the reduction of pollutants, including PCBs and mercury, in and around the Great Lakes basin.

Waste Diversion Ontario—a permanent, non-government corporation—has been created under the Waste Diversion Act, 2002, to develop, implement and fund waste diversion programs across the province. We have assigned the WDO their first task of developing a sustainable funding plan for the municipal blue box programs.

Ontario's new electronic hazardous waste information network—the first of its kind in North America—now provides generators of hazardous waste, and the province, immediate information on its generation, movement and disposal. The province is now able to require hazardous waste generators who do business in Ontario to register their sites, and pay a registration fee that will offset the ministry's management costs. By the end of March 2002, over 60% of the high-level PCBs in storage had been destroyed.

The environmental SWAT team, formed in September 2000, and made permanent in May 2001, has now completed more than 1,200 inspections of septage haulers, hazardous waste processing sites and transfer stations, hazardous and solid waste haulers, electro/metal platers, pesticides applicators and apartment recycling programs.

Now I would like to discuss some of my ministry's future policies and goals.

The Smog Patrol, the roadside Drive Clean enforcement group, will be given wider capabilities to stop and inspect vehicles suspected of polluting and to otherwise enforce Ontario's vehicle emissions requirements.

Ongoing, annual inspections of all municipal water systems will continue to ensure compliance with the regulated standards. The ministry will require corrective action where needed to ensure that facilities meet their environmental responsibilities.

The ministry is developing comprehensive mandatory training programs for municipal water system operators. We will introduce a new Web-based drinking water information system incorporating information from all municipal waterworks.

Proposed new amendments to wells regulations will be finalized including mandatory training for those who construct wells, re-testing of licence holders every three years, tougher standards for well construction, and improved reporting of well construction, well location, condition and status.

Am I done?

The Chair: You're done, but you will have a chance if you wish to add further remarks.

I now turn to the official opposition.

Mr James J. Bradley (St Catharines): The official opposition is going to use this period of time for questions.

Ms Caroline Di Cocco (Sarnia-Lambton): It sounds as if you have everything in hand, Minister, so maybe I don't need to ask you questions. Nonetheless, I do have one and that has to do with your pre-treatment requirements for hazardous waste. I know you were looking at attaining at least input in that regard. Where is that now, because we still have different rules here in Ontario versus any other jurisdiction in North America. We're the last jurisdiction—we still do not pre-treat waste before we landfill it. So where is this change for pre-treatment?

Hon Mr Stockwell: In the ministry we are proposing new pre-treatment standards. The proposed pre-treatment requirements will be tougher than those, in fact, or as tough as the ones in the United States and discourage the production of these wastes. Implementing pre-treatment standards would further harmonize Ontario's hazardous waste requirements with those of the United States and reduce the potential for hazardous waste being deposited in Ontario to avoid treatment requirements in the United States.

As part of our December 18, 2001, announcement of the hazardous waste management reduction strategy, the ministry posted a policy proposal on the Environmental Bill of Rights registry for comment, which ended March 18, 2002. The purpose of the posting was to seek input from stakeholders. The ministry received significant input. We are reviewing the input and continuing in consultation with the key stakeholders. We will be out very shortly.

Ms Di Cocco: Do you have any timeline at all? When you say "harmonize," does it mean it's going to be these standards or stiffer standards? When you say "harmon-

ize,” it doesn’t necessarily mean they’re going to be equal to, but I’m hoping they will be as high, if not higher.

Hon Mr Stockwell: Well, they’ll be as high. I think the key question you have to ask yourself is, would it make any sense for hazardous waste haulers or hazardous waste producers to go anywhere else if your standards are harmonized, are equitable, are the same? Of course it wouldn’t. I think what you saw is that maybe ours weren’t quite as tough—

Ms Di Cocco: They’re not.

Hon Mr Stockwell: —and I think what we needed to do was bring them up. So when we say “harmonize,” I don’t like to say specifically every single by-product, but they’re going to be very, very similar. By making them very similar, we’ve seen in the recent past a significant reduction in the hazardous waste that’s coming into the province of Ontario because they’ve seen this harmonization process that’s going to be put in place.

Ms Di Cocco: Why is it that we’re still taking such a long time, when in fact all of that—again, being the last jurisdiction on the continent, right now we are a magnet for hazardous waste because it’s so cheap to send waste here. As a matter of fact, there’s possibly going to be another incinerator built up in Kirkland Lake, and most of the waste is going to come from the United States and Mexico. The reason I’m concerned is because in my riding, as you know, we have the largest hazardous waste landfill and incinerator in Canada, and 70% of that waste is coming from outside the province, because everybody else has to treat it before they landfill it.

The other aspect is that there’s no continuum. For instance, the liability for a generator in the United States stops once it gets to the border. If they landfill it in the United States, the generator still has liability. We talk about groundwater and we talk about aquifers. It’s a very serious matter, and I know you are beginning the cleanup of sites. Here we’ve got one that we’re filling up faster, with more junk, and we haven’t got the standards yet. I don’t know why we’re waiting so long to do it.

Hon Mr Stockwell: I don’t want to take exception to your comments too dramatically, except to say you’re not correct. The importing of hazardous waste is not going up. The actuality is we’ve had a 31% reduction between 1999 and 2001. Why have we had that reduction? Because the notion out there is that the province of Ontario is bringing in requirements that will be similar to the requirements in neighbouring jurisdictions. I would expect you are going to see 2001 to 2002 also go down. So if the foundation of your argument is that they’re going up, up, up—

Ms Di Cocco: I didn’t say that. I said that 70% of the waste that’s landfilled there comes from outside the province. I didn’t say there was an increase. I didn’t say that anywhere.

Hon Mr Stockwell: OK. Then I guess what I’m pointing out to you is that it’s going down. It’s going down because of the message we’ve sent. It’s going down because we posted this with respect to our new designs

on the EBR. It’s going down because they know we’re making the amendments and making the changes, and when we bring them in, when they are harmonized, you are going to see a serious reduction. I think you’re going to see even more of a reduction between 2001 and 2002.

Ms Di Cocco: With regard to incineration of hazardous waste, the Environmental Commissioner stated that our POIs, our standards, have not been updated in 20 years. In other words, his comments were that for the incinerator there, the rules are less stringent than for non-hazardous waste incinerators. That’s what he said. Considering the amount of mercury and dioxins and furans that come out of that stack, and the amount of waste, are there any steps being taken to change the standards there?

Hon Mr Stockwell: Well, you’re talking about point of impingement as applying to the stack. We’ve already talked about that, and we’ve all agreed, as environment ministers across the country, that those standards will be set and implemented by 2006. I’m sure you know that. By 2006, the standards will be put in place.

As we move toward 2006, we work on POIs—points of impingement. Those point of impingement standards that you talk about—yes, they meet those standards. But until we can change the standards, and we’ve agreed on a new standard by 2006, we try to work with these groups through C of As. SWARU is a good example. We said to SWARU, “Look, folks, we want you to meet these standards by 2003, and we frankly don’t even want to see you operating by 2005.” We use every tool and mechanism that we can put in place. But to be fair—you say it’s not the same in all—this is a standard that was accepted and adopted by every provincial government to put these in place with the federal government’s blessing by 2006. Did we say that was enough? No. We said, “That’s still not good enough.” When we produce C of As we’re telling SWARU, “You have to meet those standards by 2003, and we don’t even want to see you operating by 2005.” If previous administrations had done that, we wouldn’t have this incineration problem today. It’s too bad they didn’t.

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Ms Di Cocco: I have many more questions, but my colleague—

The Chair: Mrs Dombrowsky, we are looking at about eight minutes.

Mrs Leona Dombrowsky (Hastings-Frontenac-Lennox and Addington): Minister, I’d like to talk about permits to take water. You are probably aware that Bill 121, a private member’s bill around permits to take water, was passed. However, it died on the order paper when the House prorogued. So another private member’s bill, Bill 79, was introduced by myself. It was essentially the same bill; however, it added one section around statement of environmental values. It would require the director, when considering permits to take water, to take into account the Ministry of the Environment’s statement of environmental values. When that bill was voted on on Thursday, June 28, 2001, it was defeated in the Legislature on a recorded vote. Every member of the government voted against it. They supported it in its form

as Bill 121. However, when there was the addition of the article that the director must consider the Ministry of the Environment's own statement of environmental values—that was the only change in the bill—the government voted against it.

You would know that recommendation number 2 in this year's annual report from the Environmental Commissioner is that "The ECO recommends that the Ministry of Environment and Energy explicitly consider its statement of environmental values when making final decisions on the instruments issued by the ministry, and ensure that this is documented." That particularly relates to permits to take water for bottling.

Given this recommendation from the commissioner and given that Bill 124 has been introduced by myself, would you as minister be able to support this legislation?

Hon Mr Stockwell: I really don't even think you need to add that for me to support the legislation. Your idea is the values of the environment. Well, consider it done; we're the Ministry of the Environment.

Mrs Dombrowsky: Could you explain, then, why members of the government, to a last one, would have voted against the same bill?

Hon Mr Stockwell: It sounds rather curious that you would hold the bill up to say, "I would like the Ministry of the Environment, when assessing water-taking permits, to have in mind the value of the environment when assessing them." That's like telling a building inspector that when he inspects a building for the municipality, he should have to make sure the building won't fall over. Well, of course we do. Anybody would know we do. We're the Ministry of the Environment. All these good people back here work in the Ministry of the Environment. Everything they do is shaped, thought—the format is about the Ministry of the Environment. In any decision we take with respect to water-taking—business, commercial, municipal, hydroelectric, dams, any of them—take my word for it, rest easy tonight, sleep for certain, the Ministry of the Environment is considering the environmental concerns about those water-taking permits.

Mrs Dombrowsky: Are you aware that there has been a tribunal appeal where the argument was presented by Ministry of the Environment staff that in fact they don't have to consider the statement of environmental values because it is not in legislation?

Hon Mr Stockwell: I'm telling you right off the top that when you go to the Ministry of the Environment you can be sure of one thing: they're really concerned about the environment.

Mrs Dombrowsky: The general public would like to think so.

Hon Mr Stockwell: I think they do.

Mrs Dombrowsky: However, they are very confused when they attend hearings and hear lawyers representing the Ministry of the Environment say, "Well, yes, the statement is there, but it's not in legislation, so technically we don't have to consider it."

Hon Mr Stockwell: Then maybe the question that should be put is: what do you think it means; what does it mean to you?

Mrs Dombrowsky: I would like to ask you the question—

Hon Mr Stockwell: I appreciate that, but I can't answer it without some clarification. When you say to me, your phrase, "Take into consideration the environment," what does that mean to you? Give me a little synopsis, a bit of a definition of what that means.

Mrs Dombrowsky: Actually, Minister, I would prefer to ask the questions.

Hon Mr Stockwell: I know you'd prefer it. I'm still asking you that, though. I don't know what it possibly means except the obvious.

Mrs Dombrowsky: What I need to have you explain is, is the government prepared to support legislation that would require directors in your ministry to consider that, to demonstrate how they have been able to either support or deny a permit to take water, based on that statement? It's your statement.

Hon Mr Stockwell: I guess it's baffling to me. I would ask a director to explain to me, when he or she makes a decision based on water taking—I would say to that director, "When you made that decision, Director, did you take the environment into consideration?" I just can't imagine having to ask them that. I would not only presume, but I know that when a director in the Ministry of the Environment makes a decision on water taking, the first thing that comes to the top of their mind is the environment.

Mrs Dombrowsky: I find that interesting too because I have letters here from ministers to the Minister of the Environment around a permit to take water that specifically speak about the business interests of the company and that the permit should be expedited. It doesn't talk about the environment.

Hon Mr Stockwell: Listen, I don't have any doubt that there are places in this province where there are constituents and members who disagree with directors' decisions. It happens every day of my life in my own caucus, in the opposition caucuses. There are people who come to me and say, "You know what? The director of this made this decision and, boy, I don't think they're right." It happens every day.

Does it ever cross my mind that that director made the decision without the best intentions for the environment? Never. Do I believe that you have a difference of opinion with that director? Absolutely. But I never thought for a minute that the director took that decision on the sole basis to benefit a business or an industry at the expense of the environment in Ontario. I can't believe anyone would allege that of the good civil servants who work for the province of Ontario.

Mrs Dombrowsky: Being married to a good civil servant for the province of Ontario, I couldn't agree more with that particular statement.

Hon Mr Stockwell: Good. We're on the same page, then.

Mrs Dombrowsky: How much time do I have left?

The Chair: About one minute.

Mrs Dombrowsky: You're familiar with the Richmond landfill expansion proposal?

Hon Mr Stockwell: Right.

Mrs Dombrowsky: Are you aware that the proposal is sited on fractious limestone?

Hon Mr Stockwell: The actual proposal that you're speaking about is difficult for me to respond to right now. As Minister of the Environment, I'm going to have to, obviously, make a call one way or the other on the proposal. To comment on it would bias the opinion.

Mrs Dombrowsky: Do you support Mike Harris's promise that he made that no community should be made to accept the waste of another community against its will?

Hon Mr Stockwell: You've got me in a very awkward position. I'm the Minister of the Environment, and it's very difficult for me to comment on any application that could potentially be, or is, before the Ministry of the Environment. If I do comment on it, the first thing the opposition members will do in the House is say that the minister commented on an environmental issue that is either coming before him or is before him, and they'll demand my resignation. So it would be impossible for me to comment.

The Chair: If you wish, you may elaborate on that at your next opportunity. We currently go to the third party.

Ms Marilyn Churley (Toronto-Danforth): Thank you. I'll be using my time for questions as well because I have so many. We do not have copies of your statement and I presume—

Hon Mr Stockwell: I didn't finish.

Ms Churley: I'm just saying I took notes as quickly as I could because I had some specific questions related to those, so maybe I can save those for next week.

The Chair: We have copies of the statement that the minister would like to make available to the members of the committee. We'll arrange that.

Hon Mr Stockwell: Thanks.

Ms Churley: I think I'll pick up briefly on the permits to take water because there was a fair exchange on that. I just want to say that I think it's a fact your ministry officials would agree with that over time—you're right—a lot of the work hasn't been done on groundwater source protection. I think we all acknowledge that. There are different priorities at different times, and as we learn more about what's going on, as you yourself said in your speaking notes, we find out more, and work needs to be done in a timely fashion. But I think we would all agree that there has been no priority system developed for the taking and use of water. I think that's what the previous member was getting at, and not slighting the good officials who are sitting here doing their job. The reality is that we have different new technologies and new information about the complexities of the aquifers and the underground water and the way it moves, and a lot of work needs to be done so we understand that even better, right? I think you'd agree with that.

Hon Mr Stockwell: I agree with most of what you've said.

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Ms Churley: I just wanted to ask you a question: as I understand it, the OMB ruled this year that water extraction is not a land use. It's being appealed, I think, in October, but that's a problem. The question I asked you today, for instance, about water taking and citizens opposing not just the water taking—if they get the permanent permit for, what is it, up to a billion litres—but that even the testing is inappropriate. Even the testing right now is inappropriate, given this letter from the conservation authority saying the creek there is in some kind of jeopardy—I forget the word they used—and that there is other testing going on that hasn't been completed and some drought that's happened and the complications.

I didn't have a chance to come back at you in question period today, but you said that I got it wrong. In fact, I was talking right now about this particular testing. I know about that, and that's what I was speaking to. There's a real concern that even allowing the testing to go ahead right now, while there are some complex studies being done, is wrong and there should be a moratorium on all water taking: no more new water taking at least until all those studies are done across the province. Would you agree with that?

Hon Mr Stockwell: A moratorium right across the province for how long?

Ms Churley: For any new water taking.

Hon Mr Stockwell: For how long?

Ms Churley: Until the groundwater source protection legislation is in place. Would you agree with that?

Hon Mr Stockwell: Let me pose my answer in the form of a question, OK?

Ms Churley: OK.

Hon Mr Stockwell: If you banned absolutely all water-taking testing around the entire province today—let me give you an example. Someone has built a golf course. They got full—

Ms Churley: You have to be quick, because I have a lot more questions.

Hon Mr Stockwell: I try my best to be quick. You often accuse me of being too quick, almost flippant.

Ms Churley: Be real quick right now.

Hon Mr Stockwell: I'm trying to be very focused.

Let's say you have approval for and build a golf course. You have the golf course, it is built, everything is in place, you have all your processes in place, the Ministry of the Environment has signed off etc, and you have water-taking simply to water the grass—just to water the grass. Whatever water you're taking goes right back into the system.

Ms Churley: Do you know what, Chris?

Hon Mr Stockwell: I'm not done.

Ms Churley: OK, but I have my answer.

Hon Mr Stockwell: The question then comes, if you ban absolutely every test area in the province, that simple example of a person who went by the rules, got all the approvals, invested \$20 million, built the golf course and was simply taking water to water the lawn that would go

right back into the system, wouldn't be allowed to operate. Do you think that's fair?

Ms Churley: Yes. In certain circumstances I think we put the environment and the protection of our water and the safety of our drinking water first, before business. I wouldn't like us to end up in that situation, and that kind of stuff should be taken into account at first. As we know more about the complexities of the water, I think there should be a moratorium on new water taking—

Hon Mr Stockwell: I heard you, but to be fair—I'm trying to give you an example where, if you drop the sledgehammer that says there shall be no more water-taking testing programs allowed, this person in this free country, this democratic country of Canada, invested \$22 million to build a golf course, lived by all the regulations—

Ms Churley: Yes, Chris, that's what I'm saying: there should be a moratorium on water taking until you hurry up, get the groundwater—

Hon Mr Stockwell: Then all I can say to you is: there has to be a balance.

Ms Churley: I want to go off this, because we disagree. You say one thing and I say—

Hon Mr Stockwell: I appreciate that, Marilyn, but I want to elaborate. I don't want you to leave it there.

Ms Churley: No.

The Chair: Minister, with respect, it is opposition time. If that's the answer she's satisfied with, she's entitled to it.

Ms Churley: You gave me your answer and we disagree. OK?

Hon Mr Stockwell: I'll answer it in your next one.

Ms Churley: No. In order to just get specific answers to these specific questions, they're going to be straightforward.

What is the total number of permits to take water that have been issued and have not expired? All I want to know is the number.

Hon Mr Stockwell: The total number of permits—

Ms Churley: Permits to take water that have been issued and have not expired. If you don't have it, we can just table it for the next time. Do you want to table it for next time?

Hon Mr Stockwell: No. There are about 5,600 permits to take water that are currently active.

Ms Churley: OK. Do you have any idea how many have expired; that are not currently active but have expired and are looking for renewals or anything like that?

Hon Mr Stockwell: No. Do you mean how many are actively seeking new—

Ms Churley: They're expired and actively seeking renewals. Maybe we can table that.

Hon Mr Stockwell: I doubt very much they'd be seeking renewals. They'd be seeking their renewal before their permit ran out, in my expectation, so I think the 5,600 is probably accurate.

Ms Churley: You're probably right, but just to be sure.

Hon Mr Stockwell: OK.

Ms Churley: Can you tell me the total volume of water that can be taken by the day and by the year under all the permits to take water that have been issued and have expired?

Hon Mr Stockwell: Sure. Here's the number. Are you ready?

Ms Churley: OK.

Hon Mr Stockwell: It's 5-6-9 comma, 9-7-7 comma, 6-9-3 comma, 0-9-4 maximum litres per day.

Ms Churley: That's max per day across the province.

Hon Mr Stockwell: Do you want that number again?

Ms Churley: No, I got it all.

Hon Mr Stockwell: Do you know what it is?

Ms Churley: Why don't you say what it is, Chris? I'd like it to come out of your mouth.

Hon Mr Stockwell: Is it 569,977,693,094 litres per day. Is that right?

Interjection.

Hon Mr Stockwell: We've got agreement, so I'm going to go with that.

Ms Churley: That's correct. That's a lot.

Hon Mr Stockwell: Yes, it's a lot, no doubt.

Ms Churley: What is the breakdown of the number of permits and volume of water allowed to be taken by category, including industry, agriculture and other?

Hon Mr Stockwell: Not a problem. I've got that right here. Are you ready?

Ms Churley: OK.

Hon Mr Stockwell: Agricultural, 6,083,851,298; commercial, 2,263,401,447; construction, 32,116,748, de-watering, 4,668,623,010; industrial, 461,038,648,544; institutional—that would be us—19,380,388; recreational, 415,439,762; remediation, 167,381,569; water supply, 13,900,283,649; miscellaneous—that might be us—81,388,566,679; for a total of 569,977,693,094.

Ms Churley: Thank you very much.

Hon Mr Stockwell: No problem. We knew you were going to ask that question.

Ms Churley: This is more specific to the Environmental Commissioner's report. He described the litany of problems with the permit-to-take-water postings—I don't know if you read that part—on the EBR.

Hon Mr Stockwell: I did.

Ms Churley: I know I heard you say to the media that you were concerned and not happy with the EBR situation postings. So I'm just wondering what steps you've taken to ensure that the postings include all the required information and accurately represent the original proposals, because that's been a problem that they haven't actually—

Hon Mr Stockwell: I flat out told the ministry, "Look, you've got to get on that. Get them posted, get them posted correctly and I don't want any excuses." And they said, "No problem, Mr Minister, we'll be doing it."

Ms Churley: So we can check a little later and see if that's—

Hon Mr Stockwell: I fully expect you to. You wouldn't be doing your job if you didn't.

Ms Churley: Absolutely.

I want to ask—you said when you spoke that you doubled the number of municipal water inspectors. Is that what you said?

Hon Mr Stockwell: Right.

Ms Churley: What is that number? What exactly is the number of municipal water inspectors?

Hon Mr Stockwell: Fifty-one. So I would presume we had something around 25 before.

Ms Churley: OK. I believe you said there are 648 inspections of municipal water systems, right?

Hon Mr Stockwell: Around that. That sounds right.

Ms Churley: What I want to know is how many are out of compliance?

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Hon Mr Stockwell: Of the inspections?

Ms Churley: Yes. How many do you know that are out of compliance with your drinking water regulations? Answer that one first.

Hon Mr Stockwell: I think it's around 40%.

Ms Churley: So we still have about 40% out of compliance.

Hon Mr Stockwell: Regional inspections. Now, let's be clear about "out of compliance." "Out of compliance" could mean something as simple as being in compliance the next day.

Ms Churley: Right. I understand that.

Hon Mr Stockwell: So let's clarify "out of compliance."

Ms Churley: So do you have a breakdown of, if they're out of compliance, what—

Hon Mr Stockwell: Yes. Do you want to hear it?

Ms Churley: Yes, just a little sample.

Hon Mr Stockwell: OK. Of 648 municipal water treatment plants inspected, 392, or 60%, were identified with one or more deficiencies.

Ms Churley: So 60% with one or more?

Hon Mr Stockwell: Yes. Inadequate sampling would be 262; inadequate disinfection, 92; did not meet minimum treatment standards, 49; improperly certified operator, 27. Some 258 provincial officer's orders were issued, with 32 charges later. That was 2001-02. This year, 40% identified—

Ms Churley: So it's from 60% down to 40%.

Hon Mr Stockwell: Right. We've reduced it by 20%. We're down to 59 inadequate samplings from 262; 19 inadequate disinfections from 92; 18 did not meet minimum requirement standards, down from 49; and improperly certified operators were down from 27 to five. We went from 258 provincial officer's orders issued to 66 provincial officer's orders issued. So you can see that obviously inspections have made a huge impact on the operators.

The Chair: Those reports you just cited from, in summary form: can that be distributed to the committee? We have the disadvantage of Hansard not being available for some days, so is it possible to have those distributed?

Ms Churley: I was just going to ask that, in fact, because I'm scribbling like mad, but I can't get it all.

Hon Mr Stockwell: Sure.

Ms Churley: All right. Thank you.

I wanted to ask, then, with how many of those municipal water systems have you extended the deadline to be in compliance?

Hon Mr Stockwell: I think I do have that, actually. I've got it. Just hang on.

Interjection.

Hon Mr Stockwell: Ten?

Ms Churley: How many?

Hon Mr Stockwell: Oh, I'm sorry—

The Chair: Ms Churley, two minutes, please.

Hon Mr Stockwell: Of the 686 municipality-serving waterworks, only 60 have been granted an extension to upgrade their compliance. These 60 have each provided the Ministry of the Environment with detailed construction plans, specific timelines, and the interim steps that will be taken to ensure the best quality water is being supplied. Sixty.

Ms Churley: OK, six zero.

One last question right now. How much in capital investment is being requested at this time by municipalities to bring municipal drinking water treatment and distribution infrastructure into compliance with the regulations right now? How many have requested capital investment to be in compliance?

Do you want to get back to me on that one?

Hon Mr Stockwell: You've got the wrong ministry. It goes to SuperBuild.

Ms Churley: But wouldn't you know in your ministry?

Hon Mr Stockwell: Oh, no, until SuperBuild tells us.

Ms Churley: OK. I will take that up later, because I think my time is up. I would suggest that you need to know that.

Hon Mr Stockwell: Let me say I agree. That's really important to know, and SuperBuild is working on that report as we speak. They just haven't—

Ms Churley: So we'll get that information. Can you get it for us?

Hon Mr Stockwell: No, they don't have it yet. They have not given us that information.

Ms Churley: They don't have it yet. OK.

Hon Mr Stockwell: Or they may have it; they haven't shared it. But it definitely hasn't been received yet from SuperBuild. In fact, I think they're working on the studies as we speak.

Ms Churley: Working on the studies as we speak.

I've only got a minute left, so I'm—

Hon Mr Stockwell: Oh, yeah, lastly—that's a good point—it will change based on how Bill 175 gets adopted, and I don't want to make any presumptions or assumptions on Bill 175, because we've got to go to committee and see what your amendments are. Depending on what your amendments are and if they're adopted, it will change the capital costs. So we couldn't possibly give you a number until we hear from the good opposition.

Ms Churley: But you would know how many have requested capital funding, Chris. I mean, that's—

Hon Mr Stockwell: Well, not necessarily. The requests—

The Chair: Ms Churley and minister.

Ms Churley: You would know. They would have how many requests—

Hon Mr Stockwell: The requests would be inaccurate, because they don't know what the legislation—

Ms Churley: Still, I'd like to know what's been requested to date.

Hon Mr Stockwell: Well, to be fair, they could request \$75 billion. It means nothing.

Ms Churley: Yeah. That's what I want to know. They do their studies and they know why they're asking for a particular—sorry.

The Chair: That's OK. You'll get another opportunity, I guess next round.

This is now the chance for the minister to sum up. You've heard from the opposition parties. In this case it's been used for questions, but—

Hon Mr Stockwell: Sure. I would just like to make one point with respect to the water taking and a permanent—not a permanent, but an immediate—discontinuance of any water-taking test programs. It would be folly, absolute folly. You would only recommend that if you were in opposition, because only the opposition could make such a ludicrous statement. You have the safety of opposition, knowing full well that you'd never have to implement it. That's the only person who would make that suggestion.

You have people out there, like the golf person who lived with every single possible recommendation, requirement, legislation, municipal responsibility, invested millions and millions of their own dollars, and then you as an opposition member, because you're not the government, would say, "OK, you cannot open that for three or four years, or five or 10 years," and they'd go bankrupt. Why? Not through any fault of their own, but because you in the opposition would have suggested, "We will not allow any testing for water-taking opportunities."

You know full well, I say to the members of the committee on my left and those on my right, that there's a huge chasm between what you people can say and do and what the government can say and do. You can be irresponsible and make those kinds of allegations and suggestions, but you know it's not practical. It isn't at all possible or practical. I have people from opposition parties and government parties asking me about water-taking permits that they consider to be completely legitimate, completely fair. Those wouldn't be allowed to go ahead.

The only comment I wanted to make is that it's only an opposition member who could make that kind of statement. They know full well that it would have no hope of ever getting adopted or passed, and they have the sanctity, the ambassadorial sanctity, of knowing it will never be implemented. "No one will ever challenge me, so I can make any kind of outrageous, irresponsible

statement," which would be, "There shall be no water-taking permits, testing permits, allowed regardless of who you are, what you're operating in the province of Ontario until the watershed management study is back and all those bills are through the House," which would take two to three years. In fact, you would be saying to people up front, "You go bankrupt, you lose your business, you lose your house, you lose all your savings, not because you did anything wrong; but because I can do this to you, I'll do it."

There's no way you can run a railroad that way.

The Chair: Minister, there is time, if you wish to use it.

Hon Mr Stockwell: Sure, I'll take questions.

The Chair: All right. We have Mr Beaubien first, I believe, and then Mr Mazzilli.

Mr Beaubien: Mr Minister, can we talk about air quality?

Hon Mr Stockwell: Sure.

Mr Beaubien: Not being a lawyer, I'm not going to build a case; I'm going to try to build a house. So I should get my foundation set fairly well.

Hon Mr Stockwell: It works better that way.

Mr Beaubien: OK. According to the information I have in front of me with regard to NO_x affecting Ontario, the sources, 50% comes from the United States, 32% comes from transportation, 8% comes from coal-fired plants and the rest of it from area sources, other processes, primary metal. So basically, most of the sources are the United States, transportation and coal-fired plants.

When we talk about sulphur dioxide affecting Ontario, 60% comes from the States, according to my figures—I don't want to be taken to task by you, sir—17% from smelters, 11% from utilities, and refineries, other processes, area sources take up the rest of it.

When we talk about mercury affecting Ontario, about 74% comes from transboundary natural sources, namely the States; incinerators, 13%; utilities, 3%; and other sources.

If my facts are correct—I had the opportunity on October 4 to visit Lambton generating station in St Clair township—I did not talk to one individual, whether it was a female or a male, who wants to lose their job because of the coal-fired plant. As you're aware, Minister, already there are some scrubbers on two of the generating facilities at Lambton. They're also putting the SCR, which is the selective catalytic reduction. I think two of them will be in operation in December 2000.

I also have a chart. Before I go there, I should probably premise my next step with the fact that I think we're all in favour of protecting the environment, including yours truly.

Hon Mr Stockwell: I presume that.

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Mr Beaubien: But, having lived through the summer, and it was fairly warm, most people appreciated their air conditioner, whether they were in their houses or not. It would be fairly wise to assume that they were hot. I'm

sure this winter, when it gets cold, we'd like to have a little heat in the house.

Hon Mr Stockwell: Most people do.

Mr Beaubien: It's nice to get rid of the dampness.

This past summer we did import a fair amount of energy for one reason or another. A lot of the energy came from the Ohio-Michigan border.

Hon Mr Stockwell: Some of it did, yes.

Mr Beaubien: As you're aware, right across the river from the Lambton generating station there are two Detroit Edison coal-fired plants with no scrubbers, not using low-sulphur coal, consequently polluting the air. If we go a little farther southwest, to Ohio—

Hon Mr Stockwell: They've got lots.

Mr Beaubien: —then we can go down to Tennessee. So I'm not leading you astray when I'm saying this.

Hon Mr Stockwell: No, I think you're bang on.

Mr Beaubien: I'm bang on. Well, I really appreciate that.

I have a chart here and it shows the transboundary air flow. I don't know if you can see this, but it starts down in Tennessee, Kentucky, Ohio, Michigan—

Hon Mr Stockwell: Yes, I see that.

Mr Beaubien: Then we go to the 401 corridor. That's where the prevailing winds are.

If we're going to close our coal-fired plants in Ontario, then we're going to have to import some electricity, or another minister referred to electrons, from the south. I think the States have also stated that they're not interested in using any other sources to provide electricity. Their favourite source of power is energy from coal, as opposed to natural gas. We have 32% of pollution created by transportation, and I know the 401-404 corridor can be very busy.

I hear many times in my riding and in the House about how we're going to close all these plants and how we're going to eliminate the pollution. Can you explain to me or rationalize how we're going to do both at once?

Hon Mr Stockwell: It's a curious, curious policy initiative that some have taken in the Legislature that I find passing strange. Their argument on certain occasions would be that we should simply shut the coal-fired plants down. It reminds me of no water-taking-permit stuff: immediately shut off. Say it was the same kind of philosophical approach. In the opposition you get to make these kinds of grandiose statements, realizing you don't have to implement them.

But let's just say you did shut the coal-fired plants down. You couldn't build gas-fired plants quickly enough to get them. Second, the question nobody seems to answer is, where are you getting the gas? We would have to buy gas from Alberta and build a pipeline from Alberta to provide us with the gas.

Interjection.

Hon Mr Stockwell: I'm hearing some pecking away in my right ear.

Mr Beaubien: That's an echo.

Hon Mr Stockwell: You'd have to buy the gas, so you have to build yourself a pipeline from Alberta be-

cause, fundamentally, the gas we import now we use. You use it to heat your home; you use it for all those necessary things. We've got a few on the boards that could use up the excess, but to replace the coal-fired plants you'd have to build yourself a pipeline. Take my word for it: you're not going to get a pipeline built in the next couple of years, and it's going to be very expensive. The question is, who's going to pay for it?

So you close down your coal-fired plant on this side of the border. Then you're short of power. At peak periods it provides 30% of Ontario's needs—30% would be Toronto; you'd basically shut all the lights out in Toronto. The really crazy part about this that I find very curious is, where would you buy your power from?

Mr Beaubien: I don't know.

Hon Mr Stockwell: You know where you'd buy it from? Michigan and Ohio.

Mr Ted Chudleigh (Halton): How do they make it?

Hon Mr Stockwell: Coal; coal-fired plants. So here we go, shutting down our power internally, paying more to import power, and how is that power generated in Michigan and Ohio? Coal. Do you realize that 50% of the issue comes from the Americans? So we're buying our power from Michigan and Ohio, bringing it into Ontario, they're producing it by coal, it goes up in the air and 50% of all that issue comes from the United States. The public policy initiative on that part is passing strange—bizarre, to say the least.

Interjection.

Hon Mr Stockwell: Apparently it's a fairy tale. I can only ask you then, if you're not going to buy your power from Michigan and Ohio, where do you propose to buy your power?

Ms Churley: Can we answer that?

Hon Mr Stockwell: No. The last time I checked, you guys didn't want to answer questions.

Ms Churley: I will answer your question.

The Chair: Order.

Hon Mr Stockwell: The last I checked, you didn't want to answer questions.

Ms Churley: If you want an answer, I've got one.

The Chair: Order. Minister, you're on your time.

Hon Mr Stockwell: Thank you so much. I appreciate it. The interruptions are distracting, Mr Chair.

The Chair: We will keep them to a minimum, Minister.

Hon Mr Stockwell: Thank you so much. My goodness.

So, you're in a situation of having to produce more power internally. To be fair, you're right: 50% of the problems from coal-fired plants come from the United States—50% of the pollution in Toronto, 93% in Windsor. It doesn't give you a situation where you'd say we aren't responsible. Of course we're responsible. We have to put scrubbers on, we have to make them cleaner, we have to find alternative forms of energy.

But I say to the members on the government side and on the opposition side, if this was so simple, why wasn't it done 15 years ago? The answer is fairly clear: it's not

that simple. The fundamental reality is that nobody wants to build nukes. Hydroelectric power has pretty much come to its fruition. We've basically sourced out as much as we can in the province.

You've got to go to gas-powered plants. Agreed. The difficulty is that you've got to build them and you've got to find the gas.

Ms Churley: Cogeneration.

Hon Mr Stockwell: Cogen is going to resolve a very small part of your 30% issue. Can you go to solar? Can you go to wind? Yes, you can. But rarely has it been shown anywhere, and particularly in North America, that it's going to provide the kind of power you need to replace shutting down the coal-fired plants.

Mrs Dombrowsky: In Europe.

Hon Mr Stockwell: Europe is another good example. The Italians have the same issue. The Italians won't allow nuclear plants in Italy. It's the same kind of policy that's been regurgitated on the opposition benches.

Here's the Italian policy: "We will not allow nukes in Italy. We won't allow them to provide our power." So what happens in Italy? They don't produce enough power for their own needs, so they import it. From where do they import it? From France. What does France have? Eighty-five per cent of the power produced in France is from nukes. There's a public policy that is so bizarre, so twisted, so illogical. They say, "No nukes in Italy, but we'll buy our power from France," where the only way they produce it is by nukes.

The same thing here: if you shut down the coal-fired plants without any plan, you've got to import your power. From where do you import it? From Michigan and Ohio. How do they produce it? Coal. There's no solution in that policy.

Mr Beaubien: I've got a couple of short comments and one more question.

The Chair: You've got one more minute.

Mr Beaubien: With regard to cogen plants, natural gas is usually the source. To the member from Lennox and Addington, tell the people who work at the Lambton generating station that this is a fairy tale. I don't think it is a fairy tale.

Minister, with regard to Lakeview, if you were to close that plant tomorrow, do you have the infrastructure

to bring hydro to service the needs of the people of Mississauga?

Hon Mr Stockwell: No.

Mr Beaubien: So what would you do?

Hon Mr Stockwell: You turn the lights out in hospitals, in nursing homes and in people's homes. If you close that plant tomorrow, you'd flat out turn the lights out. I can't imagine telling a hospital, a nursing home, a senior in their home, a single mother, a family, that as of tomorrow, the new policy for coal-fired plants in the province of Ontario is that they won't operate, therefore you will not have hydro, you will not have electricity. That's patently absurd.

The Chair: Final comments?

Mr Beaubien: That's it for me.

Mr Mazzilli: Minister, I just—

The Chair: Mr Mazzilli, you have less than one minute.

Mr Mazzilli: Are you responsible for Drive Clean?

Hon Mr Stockwell: Yes.

Mr Mazzilli: The good people at the ministry believe they're trying to help the environment, and they are, but it's an issue I wouldn't mind revisiting at some point, specifically the three years. At some point I believe that probably in five years, or at a point in time when you sell a vehicle after one year, you should not be made to do that when the vehicle is still under warranty.

Hon Mr Stockwell: I have—

The Chair: Minister, we're required to adjourn for a vote. In any event, the time is used up. We will reconvene here tomorrow.

Ms Churley: How much time do we have left?

The Chair: I'll have the clerk advise you how much time has been used today. In essence, we are through the first two hours. There's half an hour because we're going to end early tomorrow; we asked before you came, Minister, and there was consent from the committee, so that arrangement to your schedule has been made. That half-hour, of course, will be made up on another day.

Hon Mr Stockwell: Thank you very much, Mr Chair.

The Chair: Thank you all for your attention.

The committee adjourned at 1750.

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