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**Tuesday 12 October 2004**

**Journal  
des débats  
(Hansard)**

**Mardi 12 octobre 2004**

**Standing committee on  
estimates**

Ministry of Energy

Ministry of Municipal Affairs  
and Housing

**Comité permanent des  
budgets des dépenses**

Ministère de l'Énergie

Ministère des Affaires municipales  
et du Logement

Chair: Cameron Jackson  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 12 October 2004

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*The committee met at 1602 in room 151.*

## MINISTRY OF ENERGY

**The Chair (Mr Cameron Jackson):** I'd like to call to order the standing committee on estimates. This committee has been charged with completing the estimates for the Ministry of Energy. We're pleased to welcome the minister, the Honourable Dwight Duncan.

Hansard will show that we have exactly one hour left. Therefore we will divide that into 20 minutes apiece. I'm looking to recognize the government.

**Mr Wayne Arthurs (Pickering-Ajax-Uxbridge):** I appreciate the opportunity to ask the minister a question as part of your presentation on the estimates. Let me just say beforehand that during the energy estimates and the comments that have been made, this has been an opportunity for me to reflect.

We talked about Pickering along the way. It's near and dear to my heart, as the member for Pickering-Ajax-Uxbridge, when we have discussions around Pickering. We talked a little bit about the LDCs and what happened. I'm not sure how many people are familiar, but Mr O'Toole made reference to Veridian and its former CEO, now chair, of its board. Pickering, along with Ajax and Clarington, were merged when the restructuring occurred. We probably did the first non-contiguous utility merger, which people found a little bit odd: How can you merge your local utilities and have municipalities in between? Subsequently, Veridian was successful not only in acquiring additional utilities, both within Durham and in the east, but also creating an opportunity for a further merger by Belleville becoming an active partner. So it was an interesting environment, as a member of first the Pickering Hydro-Electric Commission and the Veridian board in my municipal capacity, to be instrumental, with others, in making that occur as we've seen these changes.

You probably won't know as well that within the municipality of Pickering, one of the early uses of landfill gas probably in Ontario—one of the NUGs—was Eastern Power. It used the Brock West landfill site. They've basically used up that power capacity now from the landfill gas, but interestingly enough, they've made a submission to be considered for some of the supplementary activities.

So there's a long history of a variety of things going on in my riding, particularly in my hometown, with

traditional electrical activity, the nuclear front and the restructuring.

The particular question I have, Minister, is that one of the big challenges in our conservation initiatives will be in those apartment buildings, both those already existing, whether rental or condos, or new buildings coming on stream, because there are such a number across the province of Ontario. Many of our constituents are in multi-residential apartment facilities, and the only way to drive conservation is when one can take ownership for one's own power usage. One of the ways of doing that is the introduction of submetering, in both existing stock by retrofit and submetering within new facilities, so that each apartment, as an example, will have the capacity to be metered independently and the opportunity then to monitor their usage apart from the shared common element part of it.

We have some serious challenges, as I understand it, both in new construction as it relates to the provincial and federal building codes where they're not necessarily in accord, and particularly with the retrofits that might occur and whether there will be any opportunity for us to incent folks along the way to drive that agenda, so that not only do we have smart metering going on in individual residences but we have that submetered activity, smart metering in effect, for apartment structures, both new and those in existence.

I wonder, Minister, whether you can provide some comment and enlightenment on how we're going to achieve that within the mandate you have.

**Hon Dwight Duncan (Minister of Energy, Government House Leader):** I can't answer your entire question today. I can tell you that right now there are a little over four million meters in Ontario. It's estimated that with a full submetering exercise we'd go to about six million meters roughly. Part of the smart metering initiative is going to be looking at that and how we move forward. We really haven't drilled down to that level of detail yet. Suffice it to say that your observation about conservation is absolutely correct, that without that kind of submetering, where individuals are responsible for their own usage and consumption, we won't achieve all of our objectives.

I guess the short answer to your question is that as part of the smart meter initiative, we estimate that when we're done there will be roughly six million meters in Ontario versus the current four million and that individuals will become responsible for their own consumption. How

that's done will rest to some extent on the nature of the technology, the suppliers we choose, the process we go through. We have not drilled down to that level of detail yet, but suffice it to say that we believe strongly that if conservation is to work, we have to have that so-called submetering. I understand many new buildings now do have that.

You're absolutely right. There will be changes needed to a number of different provincial statutes around conservation. We anticipate bringing forward a piece of legislation dealing with a range of those changes, either late this fall or early next winter, so that the Legislature can have an opportunity to debate it.

I can't answer all your questions because we haven't answered them. Suffice it to say that we're aware of the problem. We believe that submetering is important and should be part of our initiatives. We are moving in that direction, both expeditiously but prudently.

**Mr Arthurs:** Thank you.

**Ms Caroline Di Cocco (Sarnia-Lambton):** One of the issues that was always really important to me has to do with transparency. I believe OPG was removed from freedom of information a number of years ago. This is dealing with utilities as well. One of the ironies, I guess, with regard to shareholders—in our area, for instance, you have the Bluewater utility there. The city of Sarnia was one of the main shareholders and yet was not able to get information in that regard.

Bill 100 doesn't deal specifically with utilities, but is it something—I mean, I bring it to your attention because I feel it certainly is the direction for more transparency when it comes to how this public good, if you want, is being dealt with by utilities. There certainly has been a lot of turmoil and issues dealing with that. I don't know if you can enlighten the committee in that regard.

1610

**Hon Mr Duncan:** Actually, Bill 100 does provide for freedom of information on local distribution companies. We think that's important, both for the shareholders—and remember, the shareholder is the taxpayer in most instances. So Bill 100 provides for that and we think that's important. We think people need to understand how the affairs of the LDCs are managed in the same way we felt they had the right to know how the affairs of both OPG and Hydro One were managed.

**Ms Di Cocco:** Back on conservation—because conservation is about attitude as well, and providing the tools. We had a lengthy discussion, I believe last week, dealing with Woodstock and how it's an incredible example of actually buying cards, if you want to call it that. You go out there and have a sense of how much you spend. We were talking about my generation, the baby boomers; there was a sense, especially coming from humble origins, that you're a little more careful. I find that the younger generation, in their 20s and 30s—I look at my own children as an example. The lights just stay on. They pay the bill, but they're all overextended anyway. It just stays on. It drives me absolutely crazy sometimes. It's this attitudinal switch. What are we going to do?

I know that the smart meters are a good way of at least bringing some education as to when we're using the electricity. But just knowing when you're using the electricity in and of itself may or may not be an incentive. Are we looking at any other way of adding some incentive to that, so that if I put my washer on at 2 o'clock in the morning, when I can't sleep or whatever—is there an incentive to have it on then rather than putting it on at 3 o'clock in the afternoon? Is that something we're going to be looking at?

**Hon Mr Duncan:** Certainly. Yes, we're going to have time-of-use rates; you have to for the smart meter to work. But let me put it to you in a way that two very distinct yet interesting organizations have put it to me. Ken Quesnelle, who's the vice-president of Woodstock Hydro and the current chair of the Electrical Distributors Association, described it this way. He says we don't put value on electricity, that we've taken it for granted for too long, and we have to teach consumers that electricity is a valuable commodity. We don't value it. I mean, it's simple things like the fact that our meters are outside the house where we can't see them, and even if you go out and have a look, if you can understand it—so we have to teach consumers to value it so they can better appreciate that there's a cost associated with it. Interestingly enough, the Italian official said the same thing, that it's about value, about making consumers understand the value, and that it's about being consumer-oriented, customer-oriented. Utilities have not been. Whether it's where they put the meter or how they do their bills, there's never been a real orientation to customers and to teaching them about the value of electricity.

So we have to go through a cultural shift, in my view, one that will take a long time. It won't happen overnight. I often compare it to what we did with waste 25 years ago. Twenty years ago, we all took our garbage and put it in a bag and sent it somewhere. We didn't really appreciate it. We're at the point now where, after about 20 years of blue box programs in different parts of the province, some municipalities or jurisdictions are at around a 50% diversion rate. As you know, our government set a province-wide diversion target. We had to relearn behaviour, and it started in schools. One of the changes we're going to be making is to the curriculum in schools. Anybody who grew up in post-war Europe knows. If you talk to people who grew up in Britain, they remember putting shillings in the furnace to turn it on. The good news is that we don't have to; we're not in that kind of predicament. But we do need to learn to value electricity at its real value, to not take it for granted and understand that as a commodity it's not free. To suggest that it is or to suggest that you can somehow subsidize it or artificially lower prices really is a disservice and will leave you in the kind of pickle we find ourselves in today. So there has to be a cultural shift.

That's what I think the task force on supply and conservation was talking about when they talked about a cultural change. Part of Bill 100 incorporates that notion and also incorporates the notion of a chief conservation

offer, or I think “champion” is the term the task force report used. It is, in our view, a long process. We’ve only begun.

Last year we incented LDCs to the tune of a quarter of a billion dollars on conservation programs. I hope some of them review this Hansard. I’m a little disappointed that none of them are up and running yet. I expect them to be up and running fairly soon. That’s number one.

As you know, we have started our own government conservation program with goals of 10% by 2007. Gerry Philips, who has responsibility for that, tells me that they’re really well on the way.

Again, we don’t need dramatic change. We need modest changes. We need modest changes in our lifestyles.

The Energy Efficiency Act back in 1988 listed the first of 54 products that had to achieve certain energy efficiency targets. I don’t know if anybody has the charts, but if you don’t, we’ll share them with you. If you compare the change from 1990 to 2004, it’s really outstanding. There are now 54 products covered by that act. All three parties of all three governments have added to that product list since the act was first passed in 1988. I added the most recent five or six last winter, and we’ll be adding more. Oh, I’m told we added nine this year. Those changes come about slowly.

So smart metering, coupled with time-of-use rates—and particularly for larger consumers above the 15,000-kilowatt threshold and below 250,000, there will be opportunities for arbitrage, through retailers and others, to help them manage their bills.

I guess what we’re saying is that the best way to keep prices down is to create more supply and reduce demand. Those are the two tenets of our policy: more supply, less demand, and give people the tools to manage their bills. That, in our view, is the prudent way to go forward. There are difficult circumstances. Certainly I acknowledge that for those of modest means and those in smaller households, it’s more difficult for them, and I don’t have an easy answer for that right now. We’re looking at how everyone else does it, and everyone else has got a problem. That’s not an easy one to deal with, but it’s one that we haven’t turned our back on, and we certainly won’t.

There has to be a cultural shift. I think those are the words the task force used, and I endorse that notionally. We will be introducing a range of conservation initiatives in one piece of legislation that will hopefully both incent people to conserve but also, in the words of Mr Quesnelle and Enel in Italy, help people to appreciate the value of the commodity. It’s something that we in Ontario have taken for granted, largely because we’ve had so much of it at either an inexpensive rate or a subsidized rate, which has been a real disincentive to conserve.

**The Chair:** Thank you very much. I’d now like to recognize Mr O’Toole.

**Mr John O’Toole (Durham):** Minister, just to follow up a little on the smart metering discussion, I’m sure you’ve understood the content of the Distributor, the

special magazine the EDA has put out. Specifically, there’s a good article on smart metering. The first thing on my wish list is that I hope you will be consulting with them. They’ve said in their preamble that they’re the best, and I would support that as well, that they are the best and most immediate organization that interfaces directly with the consumer. In the article, they’ve raised a number of concerns with the implementation plan. It’s all outlined in the article in the most recent issue. Just for the Hansard record, they’re concerned about the implementation plan, the installing of the meters being one. They’ve come up with a very aggressive plan, in line with the government’s plan and based on the March 1, 2005, start date. Twenty-five thousand meters need to be installed per month over 32 months in order to fulfill the 2007 target. Further implementation will require 100,000 meters per month over 36 months till 2010. That demand, on a relatively new mechanism, is a concern to me.

They go on, and I would agree—and hopefully you will listen—that your implementation plan might be a bit aggressive, although laudable. They’re suggesting, if I read this correctly, that there be pilot implementations. Furthermore, there are several, if not more, manufacturers ready, willing and able to provide this device. It will also have profound implications for the billing software and the interface with whoever does the ultimate billing.

Most of us know that there are two types of meters, and that you’ve signalled a predisposition for what I would call interval meters. There is the time-of-use meter, a pretty simple kind of meter. Time-of-use can be just on-peak/off-peak, perhaps remote-readable. But if you’re looking at a long-term solution for all of Ontario, including all of us in opposition or government, you need to make sure you have uniform standards that have software interfaces that are easily digestible or conform with the local distribution companies.

There’s no one here, certainly on this side of the House, who thinks that’s the wrong thing, taking the different settings, whether it’s urban or rural, whether it’s easily serviced by Internet connections or would have to be a radio frequency type of connection of some sort. But it’s also the rating of the meters.

You talked about the single bag of garbage and the reduction of waste. I see great opportunities for efficiency within the LDCs to implement wise policy. In fact, it’s in need of real leadership at the moment. The ultimate question is who’s going to pay for them. If you look at the users—I said this earlier, but I’m more or less trying to build the predictable position that we come from on this particular part of the file. We agree with smart metering. We agree with consumer or customer choice. We believe in implementing most of the efficiencies, like remote reading of meters as opposed to someone driving a \$50,000 truck around reading meters. What’s that about in today’s curbside delivery? A lot of service providers out there are talking about “last mile” delivery of service, on everything from Internet to other remote services. People in vacation properties want to turn their furnaces

and hot water heaters on and off from Toronto, to just log on and do it.

That's where you've got to be looking ahead in the technology that's available. It may not be available in the first tranche. If you go with the low-fruit scenario, that is, work with the large consumers who consume 60% of the electrons, who want a demand-response kind of agreement with the government, and then slowly move out—all I'm saying is that I think your deadline of 2007 for implementation is a bit risky, from both the investment perspective as well as the long-range adequacy of what we put in place.

I really want to ask a question. Ultimately, the customer's going to have to pay for this. How much are you expecting a meter to cost, and who will pay for it?

**Hon Mr Duncan:** First of all, let me say that I welcome the input of the EDA, as long as they're playing ball and want to install these things. There's a difference between talking the talk and walking the walk. If they slow things down too much, we'll just have to proceed. With respect, the Italians are installing 40,000 a day—a day. They're the leaders in the world. They're present in China and Australia.

We're doing our research on all these things. We're going to have to create a process for selection of meter, the precise technologies, who the suppliers will be, all those kinds of questions. Frankly, we have not drilled down to that level of detail yet.

The interesting thing about the experiments we've looked at is that the savings to the system associated with the meters have been so great that the consumer has not had to pay for them. Can we replicate that here? I don't know the answer to that. Right now, the cost of a meter can be anywhere from C\$300 to C\$600, depending on the technology and depending on its installation. But that's under assumptions that don't project a market as big as Ontario, with four million to six million meters, which people in the industry now are telling us will reduce the cost dramatically. The payback in other jurisdictions has been two to four years. So there's a net positive to the consumer over time.

In any event, those questions are important. They're not fully answered yet because we haven't begun to embark on the program itself.

The government's objective is to empower people. Most of those large consumers you've spoken about, John, already have smart meters. In fact, I'd be surprised if any of them don't at this point, because they are a cost benefit. The real challenge in dealing with this is going to be those folks who are of modest means.

As I say, very preliminary research indicates that the experience has been that the installations of these meters—they wind up paying for themselves through savings to the system. It's our hope, obviously, that that could come to pass.

As we proceed with this initiative, obviously we will keep people informed of the costs and so on and what our objectives are. There will be an implementation strategy as well—to put it in your terms, to get the low-hanging fruit first.

I welcome the input and comment from those who provide service, but they've got to work with us. But the goal is not to slow it down, it's to speed it up, because we've been dragging our feet for too long.

Somebody compared the meters we use—I mean, the technology is about 100 years old and hasn't improved in that time frame. Just think of your own meter at home on the outside wall. Somebody said to me, "It would be like driving a Model A."

Again, in terms of valuing a commodity and putting value on electricity—you know, it's estimates. You use something and get billed for it two months later. It's imprecise. Imagine if you went to the gas station to fill up your car and got an estimate for how much gas you put in it and didn't pay for it until two months later, whether you used it or not.

Obviously, the old technology isn't sufficient. We want to move off it to help us manage the system better and, again, to empower consumers to better manage their costs.

The old paradigm was to keep prices artificially low and hide the costs in the provincial books. We're all paying for that. The new paradigm—

**Mr O'Toole:** Well—

**Hon Mr Duncan:** I listened very attentively, and I wish to respond to every point you raised.

The new paradigm is more supply, decreased demand, lower price, and give consumers the tools to manage their consumption better.

You're right. There's a range of technologies. I don't know if you had a chance to attend, but we put on a little show here in the Legislature, in committee room—

**The Chair:** Minister, excuse me. You have answered the question that he put directly to you. He has several other questions. Unless you'd like a whole series of questions tabled before the end of today, I would like to resolve this. Let the member ask his couple of questions, please.

1630

**Mr O'Toole:** I appreciate that, Chair.

I don't disagree, and I think I've made it very clear that we recognize that that was then, that was the way the old Ontario Hydro allowed things to be somewhat less transparent, for whatever reason, under government direction or whatever. But the smart meter—we're not opposed to that; we're just opposed to going in with such an aggressive plan so quickly without your being able to answer one question about who's paying or the risk analysis. You haven't tabled any of that. Who's done that analysis? I've heard a lot of positive things. I've read—

**Hon Mr Duncan:** I wonder if I might—

**Mr O'Toole:** Well, I'm just making a response.

**The Chair:** Let him finish.

**Mr O'Toole:** My other question: Have you had meetings with Ken Quesnelle and the EDA? That is a specific question. And what is their role as you roll this program out?

**Hon Mr Duncan:** Yes, we have had meetings with them. I meet with the EDA quarterly, sometimes month-

ly. I've been to Ken Quesnelle's workplace in Woodstock. They're very excited. One of the challenges you have with the EDA, John, and you may not be aware of this, is that they don't all get along among themselves so it's kind of a moving target.

You presuppose that we've made decisions on these smart meters without involving anyone, sort of the way things were done under your government on the OPG when there was no freedom of information. Let me tell you, before one meter gets installed, before one decision is made—and you may not have had a chance; this is what I was trying to answer before. We had a little demonstration down in committee room 1, I think it was, where we invited in all the meter manufacturers that we were aware of in North America to demonstrate their product, both for members and for the media so they could at least put their fingers on something and see what it looked like and felt like.

There are umpteen technologies out there. As I indicated, and I will stress again, we have not begun to evaluate the options. That function will fall likely to the OEB, who have an extensive public consultation forum. In fact, there's also intervener funding, if I'm not mistaken, in some instances. So there will be a lot of opportunity for that.

It is an aggressive agenda. I agree with you, John. But you know what? We think an aggressive agenda is needed. We think it's important. As I say, an important part of our entire policy is to give consumers the tools they need to manage their consumption better, as opposed to an artificial price cap, which drains the treasury and really serves no long-term purpose.

The experience wherever these things have been has been positive, overwhelmingly positive. In fact, one of the side benefits they found in Italy, for instance, is that they can snoop out marijuana grow ops very quickly because of the precise nature of the measurements associated with these things. They can pinpoint line loss very quickly. This is where the savings have come from that are in effect paying for the meters.

Absolutely, people have a lot of opportunity to input into the decisions with respect to the choice of meters. I welcome the points of view and comments of the EDA. Like I say, I do have to meet with some of their individual members as well because they don't all agree. But we believe this is the right course of action. We think it'll benefit the consumer, we think it'll benefit the system overall, and we think it will benefit the province.

**Mr O'Toole:** How much time left?

**The Chair:** You have about seven minutes.

**Mr O'Toole:** Very good.

I want to switch a little more to the specifics and the mechanics around Bill 100. I believe that some of the participants are somewhat concerned that there's an attempt to get this bill, a rather complicated bill in that a lot of the articulation of the bill is going to happen through regulations, and as such, much of it is unknown until they're posted in the commenting period—you'd know we've tried to move amendments. I understand,

and I think you said it on the record here, that there will be round two of public hearings on Bill 100. It's my understanding that there are still some mechanical drafting issues, and perhaps what you want to do is address those.

How would you encourage the general consumer, who feels somewhat powerless in this equation—because they're really price-takers, and at the moment we don't know what that price is, don't know what the burden of all the administrative charges for the OPA and the new organizations you've put in place is going to cost. What is the process by which people should prepare now for further hearings on Bill 100?

**Hon Mr Duncan:** As you know, first of all, in addition to the legislative committee hearings, we've posted seven of the regs already and they've been circulated. Second of all, what you're coming back to is the regulated price, and there will be extensive OEB hearings on that. Consumers' associations are represented at the OEB.

I agree with you; the average consumer, I think, is somewhat apart from the process. I don't know how you overcome that particularly, but the reality is that we sent the bill out for extensive public hearings. We travelled the bill. In fact, we wanted to travel it more but we couldn't get the opposition parties to agree on all the venues.

The final point is that we brought in a number of amendments, which were consulted widely. That was the public consultation. In addition, I met with stakeholders from virtually every corner of the province in lead-up to the bill and subsequent to the introduction of the bill. We've now posted seven of the regulations. There will be extensive OEB hearings around the so-called regulated price once that mechanism is in place. There are built-in mechanisms at the OEB for consumer representation.

One of the challenges I think we all need to look at is how accessible that process is. I'm not sure that average consumers are well represented in that process. I'd be less than candid if I said they were. However, it's the process we have in place. We believe at this point in time it will serve us well as we move forward. Our view is that we'll be sending the bill back for committee hearings at second reading. It will be called for second reading, I believe, on Thursday of this week. One of the reasons we sent it out for extensive public hearings, which were travelled—I attended a couple of them myself—was to get feedback before we even began second reading. I imagine we'll have some more amendments to the bill prior to passage at second reading, which will require a little more committee time.

**Mr O'Toole:** One of the things in the bill was the whole issue of price—regulated price or unregulated price—and the perceived subsidization of the whole process by the Ontario Power Authority through its heritage assets. They are being undervalued technically to subsidize what could be higher prices for new forms of electricity.

We're still in a quandary. I'll pose the question very directly and I'll do it again: Would you give the con-

sumer today, whom you've just described as being somewhat like a lamb being taken to the woodshed—

**Hon Mr Duncan:** I don't think I described them that way.

**Mr O'Toole:** Well, they're not that well informed. They just pay the bill, basically, to keep the lights on.

**Hon Mr Duncan:** A little bit of licence there, John.

**Mr O'Toole:** I would say that they're in for a rude awakening. I want you to confirm if I'm completely wrong or in fact exaggerating, but I think there's a huge price hit coming here, in both the form of the burden on delivering the electrons and the infrastructure needed to do that, as well as the new smart meters. Somebody's got to fund the \$1-billion-plus to get this thing off the ground. Just how is that going to be paid for, a longer mortgage on the rates? That's still got to be supported debt somewhere. There is no real clarity even in your answers as to whether the price is still going to be in that 4.7/5.3 range or is it going to be more? And how much more, possibly?

Give them some advance warning and some comfort. They're going to pay more; you've said that. If you know that, you must have some clue on how much more. When are they going to start to pay this? And do they have any options? Do they have any options of opting out of the meter or opting into the meter or opting into something totally different? Those are the very fundamental questions from the consumers.

We have heard from large industry. They said it's 35% more. That's what they've said in public meetings and on the record. The large consumers can move around. Households and consumers and agricultural people can't. Give them some indication of how much it's going to increase the price for the OPA, the smart meters and this new old-governance model that you're implementing. Can you give them some idea, some hope for the future?

**Hon Mr Duncan:** Well, yes, I can. Since we took office, wholesale prices are down 19%.

**Mr O'Toole:** It's not on my bill.

**Hon Mr Duncan:** I'm afraid you're wrong, my friend. You were talking about large consumers; wholesale prices are down 19%. So to speculate—because you guys said they'd go up 35% last year, and they didn't. The key here is that there will be a regulated rate. And, yes, we will use the so-called heritage assets and their relatively inexpensively priced electricity.

1640

I think I went through the figures with you last week with respect to hydroelectric power to help keep a lid on the cost increases to consumers. I will not predict how much more they will pay, because I don't know that. I don't know what the regulated rate will be. That will be set by the OEB. If I set a price range right now, guess what's going to happen? That's going to be the price range that people bid in on. So you know what? I'm not going to be a self-fulfilling prophet.

What I will say is this: We will give them the tools to manage it. You want to know how they can manage their bills? They're going to have to conserve. The old para-

digm is gone. There's not going to be a subsidized price. I will remind the large consumers of power in this province that they get a deeply subsidized rate right now, a much bigger subsidy than small consumers do, and it's not well understood by a lot of people.

Our challenge is to make sure that we have a properly resourced sector with adequate investment going on. That has not been happening, and that's why we have inadequate supply. That's why we have inadequate lines right now. That's why we're looking at a \$40-billion investment over the next 25 years, just to make sure we stay competitive. This government will not shrink from that challenge. We will not fall back on the old false promises of capped rates, which don't work. They don't work, they harm the system, and they cost not ratepayers, but taxpayers.

Energy-efficient consumers subsidize those who are inefficient. That doesn't serve anyone's interests.

**The Chair:** I'd like to now recognize Mr Hampton.

**Mr Howard Hampton (Kenora-Rainy River):** I have a couple of questions, and they're follow-ons from the questions I raised last week. Perhaps these can be better addressed by staff, since you would, I think, know the answers.

I asked last week if you could tell us what the operating costs of the OEB were. In other words, what are the wages? What are the salaries? What are the all-in costs of operating the OEB? When I look at the estimates, I see essentially that \$20,515,900 is being taken out of the ministry budget. It says Ontario Energy Board. In effect, \$20,515,900 is being removed from the ministry budget, and that is going to be paid now by people on their hydro bill. Is that right? Is that how it's going to be paid for? It's going to be paid for through charges of one kind or another.

**The Chair:** Please identify yourself for the record, with your position.

**Ms Nancy Whynot:** Nancy Whynot, director of business and resource planning with the ministry.

The budget of the OEB used to be included in the broader appropriations of the ministry, as you stated. They're no longer part of the ministry's appropriation because of the new legislation for the OEB. They're independent. They're managing that budget as a consolidation now to the government. The OEB has always cost-recovered their expenditures from the industry. So the fact that it is no longer in the ministry's budget has not changed their cost recovery from the industry.

**Mr Hampton:** I guess my next question will be, do you know what the new budget for the OEB will be, since we're told it's going to be larger and have greater staff? So do you know what the projected budget for the OEB is going to be?

**Ms Whynot:** I don't have their most current figures.

**Mr Hampton:** Can you get that?

**Ms Whynot:** We can get that.

**Mr Hampton:** I want to know, as I said last day, how many full-time-equivalents and all-in costs, whether other direct and operating expenditures, whatever.

Similarly, you've got the IMO—the IMO, as I understand it, effectively charges on the hydro bill, so I would like the total budget for the IMO as well. I'd like to know wages, salaries, wage and salary ranges, and other direct operating expenditures, the all-in budget of the IMO—soon to change name. I appreciate that, if Bill 100 should pass, the name will change, but I want to know that figure, as well.

Then you have the OPA. It would seem that you must be fairly well along now in your planning for the OPA, so you must be able to give some estimates of what the OPA budget—

**Hon Mr Duncan:** Those won't be available for a couple of months yet.

With respect to the IMO, their historic figures are available through their annual report, as are the historic figures for the OEB. With respect to the coming year, I don't think they're published yet. They have a plan that's laid out. We'll get you that information as soon as it's available.

**Mr Hampton:** I also know that certainly the OEB is going to expand its operation and the OPA will be a new operation, but you must be able to make some estimates there, the number of full-time-equivalents, wage and salary ranges, benefits and all the expenditures. OK; I have a commitment I'm going to get that?

**Hon Mr Duncan:** Yes.

**Mr Hampton:** The other thing I wanted to ask, and I'm just going by Hansard here because I want to be clear on this—Mr Jennings, maybe you can help me. I asked last day, "Darlington with all four units operating is capable of delivering about 3,900 megawatts of electricity." The response was, "About 3,500." Do you accept that?

**Mr Rick Jennings:** Yes.

**Mr Hampton:** Do you agree with that?

**Mr Jennings:** Yes.

**Mr Hampton:** And I said that Pickering B is capable of delivering about 1,000 megawatts.

**Mr Jennings:** No; 2,064.

**Mr Hampton:** Pickering B?

**Mr Jennings:** Pickering B, four units: 516 megawatts each.

**Mr Hampton:** All right; 2,064. And Pickering A?

**Mr Jennings:** There's one unit at 515 megawatts that's running.

**Mr Hampton:** I just want to be sure on that.

Now I want to go back over something else that was said last day. Again, I'm going to ask staff because I think this may be an accounting measure. You might have to come up with the accounting numbers on this.

The minister said that low-income Ontarians have paid for an artificial price cap through their taxes. It would seem to me that if that's the case, there would have to be an accounting somewhere in the government of money taken in from taxes and then a transfer from a ministry to OPG or Hydro One or someone. In my knowledge of government accounting there would have to be that kind of accounting mechanism somewhere.

**Hon Mr Duncan:** Mr Peters was very clear in his report that it was \$1.8 billion to the provincial treasury gross, \$1 billion net, and that was piled on to the provincial deficit. Accordingly, the deficit belongs to all of us. Not only are you paying for it through your taxes; you're also paying the interest on the borrowed money because it was part of a deficit. I don't think that's too complicated to understand. Who do you think was paying for that subsidy?

**Mr Hampton:** Look, I'm not disagreeing with you. I'm simply saying that if what you said is accurate, there's got to be an accounting mechanism somewhere in the government.

**Hon Mr Duncan:** Yes, there is, absolutely.

**Mr Hampton:** There has to be an accounting mechanism that says that this was taken in in taxes and there was an actual transfer made—I would assume it would be from the Ministry of Finance—to OPG or to some body—

**Hon Mr Duncan:** The reverse. We'll get you the precise numbers, but there was a \$1.8-billion cost to the provincial treasury. It was first pointed out by Mr Peters in his analysis last October and subsequently confirmed by the Provincial Auditor.

**Mr Hampton:** I'm not interested in what Mr Peters had to say. I'm interested in the interim government accounting.

**Hon Mr Duncan:** The Provincial Auditor said the same thing.

**Mr Hampton:** As much as we're chasing with the sponsorship scandal in Ottawa now, follow the paper trail: Money went from here to here; this is what it was used for. So I'm asking you just as people in the federal sponsorship scandal are being asked as civil servants. You're accountable for this. I want to see the money transfers. I want to see the paper trail.

**Hon Mr Duncan:** OK. You can have it.

**Mr Hampton:** The minister can say whatever he wishes. You as public servants, it seems to me, have a slightly different responsibility.

**Hon Mr Duncan:** I am the minister. I'm responsible for this. You will have those numbers. Again, they've been relayed to you through umpteen different sources but we'll provide them to you again.

**Mr Hampton:** Just to be clear, I want to see the documentation.

**Hon Mr Duncan:** You're very clear. I understand what you want. You'll get it.

**Mr Hampton:** Just for the benefit of the civil service, I want to see the documentation that shows that a financial transfer was made from the Ministry of Finance, or some other ministry on behalf of the Ministry of Finance, to the Ministry of Energy or OPG or someone else, and that it in effect clearly shows taxpayers' money being used to subsidize Hydro operations.

**Hon Mr Duncan:** You'll have that.

**Mr Hampton:** Good. If I can have that, that would be helpful.

After all, this is supposed to be about estimates, and I just have some questions about the estimates before us.

One of the votes will be for ministry administration. One of the votes will be ministry administration, main office, operating expense. "The main office provides the overall policy, program and the management direction of the ministry. It consists of the offices of the minister, parliamentary assistant and the deputy minister." Is that right?

**Ms Whynot:** That's a sub-activity.

**Mr Hampton:** OK. I admit that I am not an accountant. I'm looking at page 13 of the estimates. I'm looking at 2003-04 and I see "Estimates," "Interim Actuals" and "Cash Actuals." It says that in 2003-04, the budget of the main office was about \$1.5 million, \$1.6 million, depending on which accounting method you use. Now I look for 2004-05, and it looks like it's almost \$2.2 million; \$2.16 million. Can you tell me what accounts for that increase?

**Ms Whynot:** In answer to the very first question, you won't actually be voting on just the main office; it's all part of the ministry admin vote.

**Mr Hampton:** I understand, but I get to ask the questions.

**Ms Whynot:** Yes. With respect to this actual increase, it relates primarily to additional salary and wage funding that was provided to the ministry, including to the minister's office as it was established and the deputy's office. We took our allocation and provided some additional funding to those branches of the ministry.

**Mr Hampton:** It shows a 40% increase. That's a whopping big increase when the government is saying that all ministries need to reduce. Can you tell me why the minister's office, the parliamentary assistant's office and the deputy minister's office need a 40% increase?

**Hon Mr Duncan:** Yes. Because of the mess you and the Tories left. We had to spend the money. We've got a busy agenda. We've passed three pieces of legislation. We've got a couple more brewing. It's money well spent. In our view, it was a priority for this government. We're fixing a lot of problems. The decision was made early on that this was a priority ministry, and the money is being well spent to clean up the mess that both you and the Conservative government after you left.

By the way, the other thing that needs to be put on the record, because it can be a little bit incomplete: The overall budget of the ministry is down. It has been one of the smallest ministries of the government, and we've had a cut in our overall allocation. Frankly, much of what we're doing now used to be done in finance, so we've had that additional responsibility. It's money well spent.

**Mr Hampton:** What I find interesting is that the minister's office—and I guess you can include the deputy minister—but the minister and the parliamentary assistant, a 53% increase in salaries and wages.

**Hon Mr Duncan:** Yes. We have added a number of additional staffers, as compared to the previous regime, in order to deal with the issues that are on our plate. Again, in terms of the actual numbers of people there, I'd have to double-check the numbers, but there has been an increase. We think it's prudent and necessary to have that kind of an expenditure.

**Mr Hampton:** So if I look at the bigger picture, the ministry itself is being downsized, yet the minister's office is adding a lot of political staff.

**Hon Mr Duncan:** The minister's and deputy minister's offices, yes. There are more people there. There had to be. It needed leadership; it's been lacking for 10 years.

**Mr Hampton:** I see. Leadership comes with more political staff?

**Hon Mr Duncan:** Yes.

**Mr Hampton:** It doesn't come from senior management?

**Hon Mr Duncan:** I am the minister. I report to the Premier. We believe that the allocation is appropriate and proper, given the scope and magnitude of the issues before the ministry.

**Mr Hampton:** It says, "... administration provides financial, audit, administrative, corporate policy and business planning, personnel support, and systems development services." And legal services. Looking at the overall ministry budget, it looks as if those things are actually going to get less money but there are going to be more political staff. Is that a fair assessment?

**Ms Whynot:** One of the things we did with the government's emphasis on results-based planning is transfer some of the funds that were traditionally under ministry administration over to the other vote of the ministry. So you'll actually see within this document we identified a transfer of some of the funds that had been used for overhead costs, for IT services, accommodation and legal. We moved them out of the ministry admin and over to the energy policy and programs vote, just shifting it to where it's represented. It's the accommodation costs for the energy policy staff. So that was an internal transfer in the ministry.

**Hon Mr Duncan:** We've also seconded staff to help us manage the RFPs because we think it's important to bring on new, clean, renewable electricity, and they're all senior management people. So that's why those changes appear.

**Mr Hampton:** I'm intrigued by this. Can you tell me, first of all, the new positions in the minister's office and the deputy minister's office, what would be the division between the minister's office and the deputy minister's office, and of course the parliamentary assistant's office?

**Hon Mr Duncan:** Can you answer that or would we have to get back?

**Ms Whynot:** I'd get back to you with the actual numbers, what's changed.

**Mr Hampton:** Can you tell me what the new positions are? They must have some responsibilities.

**Hon Mr Duncan:** We'll get back to you. We'd have to compare it to what the previous government had.

**Mr Hampton:** I'd just be interested in what the new positions are.

**Hon Mr Duncan:** We'll get back to you. I think we've created, for instance, policy adviser on conservation, which didn't exist before. There were changes

brought about through the admin, so we'll get back to you on that.

**Mr Hampton:** Can you tell me how many of the new positions in the main office are contract and how many are permanent?

**Hon Mr Duncan:** We'll get back to you on that.

**Mr Hampton:** And the compensation packages, the range of salaries.

**Ms Whynot:** The staffing in the minister's office is set by the minister's staffing unit in cabinet office, I believe, or Management Board. I'm sorry, I'm not sure which it is off the top of my head. So they are set ranges for all government ministries.

**Mr Hampton:** I'd just like to know what they are and how many positions are in each of the set ranges. You'll do that too?

**Ms Whynot:** Yes.

**Mr Hampton:** And of course, as I said, contract and permanent.

I want to go as well into the—

**The Chair:** There's a minute and a half left.

**Mr Hampton:** Could you do the same for the rest of the ministry? How many positions have been lost—because you're saying the ministry has had a cut—where those positions have been lost from, what the responsibilities were, what the job titles were; and where positions have been added?

**Ms Whynot:** There are net new positions in the ministry, for this current year.

**Mr Hampton:** So if the ministry budget is going down and the minister's office budget is going up by 40%—I'm trying to square the circle here. How does this happen?

**Ms Whynot:** I guess it's just mathematics. The increase in the minister's office, while it's a large percent, is not a large dollar sum compared to the funding of the entire ministry. A \$26-million ministry budget versus a \$2-million total budget for the main office. It's a difference between percentage increases and the total dollar value of them. I think the estimates briefing book largely shows what the year-over-year changes are, ups and downs, in all those main areas.

**The Chair:** Last question.

**Mr Hampton:** I thought I heard you or the minister say early on that the ministry's budget is being cut. Did I hear that?

**Hon Mr Duncan:** Yes. We're managing better, and we have not cut staff. We're focusing on priority areas. The people you look at are the ministry. You're looking at the main office right here, with all due respect. They do an effort. So yes, even though the ministry's overall budget has gone down, we've managed to preserve the jobs in the public service. There was an increase in this minister's office upon this government taking office because we believe energy is a priority.

**Mr Hampton:** Can you tell me, with respect to the ministry overall, how many of the positions are contract and how many are permanent?

**Ms Whynot:** I don't have that number.

**Mr Hampton:** Can you get that?

**Ms Whynot:** Yes, I can.

**Mr Hampton:** And how that varies with last year or the year before?

**Ms Whynot:** I'll see what we can get for you.

**Mr Hampton:** Thanks very much.

**The Chair:** Thank you very much, Mr Hampton. That concludes our time allocation by agreement. We are prepared to proceed with the votes at this time, if there's no objection.

Shall vote 2901 carry? All those in favour? Opposed, if any? It is carried.

Shall vote 2902 carry? All those in favour? Opposed, if any? It is deemed carried.

Shall the estimates of the Ministry of Energy carry? All those in favour? Opposed, if any? It is carried.

Shall I report the estimates of the Ministry of Energy to the House? All those in favour? Opposed, if any? That is carried.

That completes the ministry estimates. I want to thank the minister and his staff for attending.

This committee stands recessed for 15 minutes to begin the estimates of the Ministry of Municipal Affairs and Housing.

*The committee recessed from 1702 to 1716.*

#### MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

**The Chair:** I'd like to reconvene the standing committee on estimates. We are here to do seven and a half hours with the Honourable John Gerretsen, Minister of Municipal Affairs and Housing. Welcome, Minister. For our viewers at home, you might introduce the two gentlemen who are with you. Then it is our custom to have the first political party have the first half-hour, represented by the minister. Please proceed.

**Hon John Gerretsen (Minister of Municipal Affairs and Housing, minister responsible for seniors):** Thank you very much, Mr Chairman. It's good to be here. I'd like to introduce the deputy minister, John Burke, and the assistant deputy minister, Arnie Temple. We have a number of other people here from the ministry as well who may be called upon from time to time.

I'm very pleased to appear before this committee on behalf of the Ministry of Municipal Affairs and Housing. I believe the ministry has accomplished a great deal over the past year, and I'm glad to have this chance to detail our progress.

Broadly, we're moving ahead on the government's commitment to build strong urban and rural communities in a strong Ontario.

We're rebuilding relationships with municipalities. We're working with them, professionally and respectfully, to build a solid foundation for municipal strength and growth.

We're consulting with Ontarians, stakeholders and associations. We're getting their input on issues important to their communities, such as land use planning,

growth management and rent reform. We're making real, positive change in key areas.

Let me begin with our work to deliver permanent greenbelt protection in the Golden Horseshoe area.

As we all know, this area is growing at a phenomenal rate. It's predicted the population will rise to 11 million people by 2031—four million more than today. Urban sprawl could mean the loss of another 1,000 square kilometres of land—an area nearly twice the size of the city of Toronto—over that same period, unless we act now. We have to consider how and where people and businesses can best be accommodated, as well as the public infrastructure that will be required. We urgently need a plan for well-managed growth.

Our government has moved forward in this regard and has set out its overall vision for growth in the greater Golden Horseshoe in the discussion paper known as *Places to Grow*. We have also committed to delivering a permanent greenbelt in this high-growth, high-density area in order to contain urban sprawl and to protect important agricultural and environmentally sensitive lands.

**1720**

The first step was my introduction last December of the Greenbelt Protection Act, which was enacted by the Legislature in June of this year. This act created a greenbelt study area across the Golden Horseshoe, including the Oak Ridges moraine area, the Niagara Escarpment and the Niagara tender fruit lands.

It also established a one-year moratorium, retroactive to last December, on new urban development on rural and agricultural development lands in this area. Lands previously zoned for development could, however, still go ahead. This moratorium gave us time to hold substantial public discussion on the future of the region.

To do this most effectively, I established a 13-member Greenbelt Task Force. The task force represented a range of communities. Members included environmentalists, academics, developers and representatives of the resource, farming and municipal sectors. They were chosen for their expertise and concern for the protection of green space in the Golden Horseshoe, as well as their understanding of the permanent and far-reaching nature of the subject.

This task force was asked to make recommendations on the scope, content and implementation of a permanent greenbelt. It developed a discussion paper and consulted widely on proposed approaches, hearing from more than 1,200 individuals, 60 stakeholder groups, and receiving more than 1,000 written submissions.

In August the task force submitted a series of recommendations that focused on distinct areas, including defining the greenbelt, environmental and agricultural protection requirements, managing natural resources, and opportunities for tourism, recreation and for experiencing cultural heritage.

I would like to take this time to thank Burlington Mayor Rob McIsaac, chair of the Greenbelt Task Force, and all of its members for the report they concluded with. They put a lot of time and effort into the consultation process and their contribution is greatly appreciated.

Their recommendations have given us the foundation to develop a draft plan for a permanent greenbelt. Over the coming months, the ministry will complete the draft and we'll hold public consultations on it in the fall. We plan to introduce legislation as soon as possible.

To further support plans for a permanent greenbelt, last month I signed a key land exchange agreement expected to close in the year 2005. This will lead to the creation of a public park on more than 1,000 acres of environmentally important lands known as the Oak Ridges moraine in Richmond Hill. The lands being acquired are the only remaining undeveloped link between the eastern and western ends of the moraine. This agreement would exchange privately owned land in the moraine for a portion—less than 25%—of provincial land holdings in the Seaton area of North Pickering. The ministry will continue to work closely, as we have in the past, with the region of Durham and the city of Pickering to develop a progressive model community in Seaton.

The government's vision for growth management is also in keeping with our agenda for planning reform. There is only so much land in Ontario, and as our population grows, good planning and land use policies are imperative.

We took the first step toward an improved planning system last December when I introduced Bill 26, the Strong Communities (Planning Amendment) Act. If passed, this act would give municipalities more tools and control over their growth. Briefly, it would allow municipalities to prevent unwanted urban boundary expansions; give them more time to review planning applications, especially official plan changes; require planning decisions to "be consistent with" the provincial policy statement, a stronger test than the current "have regard to" standard; and allow the minister to declare matters before the OMB to be of provincial interest.

In June, we took another step forward and launched an extensive consultation on planning reform. This consultation focused on three main areas.

First, we consulted on the Planning Act, building on the Strong Communities (Planning Amendment) Act. This review considered further changes that might be needed to make the Planning Act and the planning system more effective and any new or revised tools to support better land use planning.

Second, we consulted on draft revised policies in the provincial policy statement. As you know, the policy statement provides policy directions on matters of provincial interest related to land use and development. We want the revised policy statement to provide clarity and certainty on our government's land use priorities, which include urban intensification, the cleanup and development of brownfields, and protection of green space.

Third, we consulted on the role of the Ontario Municipal Board in the land use planning system. Our government is committed to reforming the OMB to make it more user-friendly, and we asked for input on such matters as the public's ability to participate in OMB

hearings, whether the OMB's ability to substitute its decision for that of an elected council should be modified or curtailed, the scope of matters that can be appealed to the Ontario Municipal Board, and the breadth of the OMB mandate and whether that mandate is appropriate.

The public consultation period with respect to all these matters concluded on August 31. The ministry is currently reviewing all submissions. We expect some pieces of our planning reform agenda, like Bill 26 and the provincial policy statement reform, to move forward this fall. Other components, like additional reforms to the Planning Act and the Ontario Municipal Board, we expect to move forward in the spring of next year.

Another major consultation carried out by the ministry centred on rent reform. Our government is committed to introducing legislation to replace the current Tenant Protection Act. Ontario needs rent control legislation that is fair and equitable to both tenants and landlords. Unlimited rent increases can hardly be considered fair to tenants. And yet that's what, in our opinion, the current act allows.

Between 1997 and 2003, average rents across the province rose by 23%. Despite the current high vacancy rates, average rents have only dropped slightly, after years of double-digit increases. Right now, too many Ontario renters, more than 30%, can't afford adequate housing. They are living in apartments that are too small for their families and require simply too much of their income.

We want a rental system that provides real and balanced protection for both landlords and tenants and encourages the growth and proper maintenance of rental housing across the province. To do this most effectively, the ministry developed discussion materials for comment and consulted extensively between mid-April and mid-June of this year. This consultation focused on a number of areas where improvements are needed, including vacancy decontrol, the proper maintenance of rental buildings, rent deposits, landlord and tenant rights, and developing a fairer process for dispute resolution.

There was a very high level of public interest. There were, amongst others, about 1,200 telephone calls received through a bilingual call centre, 4,800 responses to questionnaires, 250 written submissions and about 1,500 participants at 10 town hall meetings. This response was further supplemented by feedback from 30 meetings with regional stakeholder groups and a series of stakeholder expert panels. The ministry reviewed all submissions over the summer months and we plan to introduce the proposed new rental legislation this fall.

In the meantime, the government amended the existing legislation to provide for a time out while we consulted with tenants and landlords on new residential tenancy legislation. The amendment means that rent increases for 2005 will be based solely on the rent control index, a formula that takes into account increases in operating costs faced by landlords. The amount of the 2005 guideline will be 1.5%, the lowest amount in Ontario's history of rent controls.

### 1730

To continue for a moment with the housing portfolio, let me deal with affordable housing. Rent reform legislation is only one component of the government's agenda to promote a healthy housing market with a broad range of housing choices. As you know, our government is committed to providing more affordable housing. My ministry and the Ministry of Public Infrastructure Renewal continue to work with the federal government to make sure funds for this priority are made available and that programs address Ontario's needs and priorities.

In February of this year, our government announced \$56 million in funding under the Canada-Ontario affordable housing program. This will create more than 2,300 units of affordable housing in communities across the province. The total budget for the affordable housing program during the current year is \$85 million. We will focus particularly on building housing for victims of domestic violence, persons suffering from mental illness and the working poor.

In March, further supporting our commitment to affordable housing, I took part in announcing our government's new provincial rent bank program. This program provides funding to municipalities to help low-income tenants avoid eviction if they can't pay their rent because of an unforeseen crisis or emergency. The rent bank program represents a one-time funding commitment of \$10 million in provincial grants to municipalities that currently operate or want to establish a rent bank, and increases rent bank funding across the province tenfold.

We also announced \$2 million for an energy emergency fund to help low-income households deal with energy-related emergencies.

Let me return now to municipal affairs and update the committee on our government's actions toward reforming the Municipal Act. Our government sets a high premium on local democracy, local decision-making and local government. And we want to provide Ontario's municipal leaders with the autonomy, power and flexibility they need to best serve the needs of their community.

The Municipal Act, 2001, requires the ministry to begin a review of the act by the year 2007. Our government has stepped up this schedule to give local governments more of the tools, powers and autonomies that they need sooner. We announced the review in June, as well as a public consultation to determine how we could best improve the act. Since then, we've been seeking the opinion of municipalities, the business community, rate-payers and other stakeholders in such key areas as (1) increasing the spheres of jurisdiction that municipalities operate in or may operate in; (2) ethics and accountability, including relations with the integrity commissioner, codes of conduct and lobbyist registries; and (3) the issue of licensing and user fees.

The first phase of consultation ends this Friday, October 15. The ministry will subsequently review all submissions and move to a second phase of discussion focused specifically on dealing with the issues that

participants raised during the initial phase. We hope to introduce legislation for a new, more permissive Municipal Act in the spring of 2005.

AMO MOU: We are further strengthening the provincial-municipal partnership by acting on another major commitment. In June, I introduced Bill 92, the Municipal Amendment Act. If passed, this bill would recognize in law the memorandum of understanding between the province and the Association of Municipalities of Ontario. The memorandum commits the province to the principle of consulting with AMO on proposed statutory and regulatory changes that would have a significant effect on municipal budgets. We hope to move forward on second and third readings of this legislation in the fall.

Furthermore, in August of this year, our government signed an agreement that extends the term of the existing MOU with AMO by three years, to 2007. This new agreement also included a protocol that commits the province to consulting with AMO on federal-provincial agreements in certain areas that affect municipalities. Ontario is the first province in Canada to have signed such an agreement with its municipal association. Under the protocol, Ontario will consult with AMO on agreements with the federal government that relate to municipal infrastructure, immigration, labour market development, housing and other issues that significantly affect the current municipal budget year or planning cycle.

We are already seeing how well this new relationship will work. This year, for the first time, municipalities have secured a place at the table to discuss immigration issues, as Ontario proceeds with negotiations toward a Canada-Ontario immigration agreement. The provincial and federal governments have also signed a letter of intent pledging to work closely with the Association of Municipalities of Ontario to implement the new Canada-Ontario municipal rural infrastructure program and ensure it meets local priorities and needs.

Our government and AMO also see this protocol as an important step towards a tripartite agreement that would see municipal government at the federal-provincial table when municipal matters are being discussed. We plan to begin negotiations with the federal government in this regard soon.

City of Toronto Act review: This is yet another example of the new and mature relationship our government is creating with municipalities. It is a fact that Toronto is the engine of economic growth in Ontario and much of Canada. Its continued economic prosperity is vital to all.

Yet, while Toronto sets the pace in so many ways, it faces legislative and fiscal restrictions to its effective day-to-day and long-term operation. This simply has to change. As the Premier recently said, "We're going to ensure Toronto has the tools it needs to remain strong and prosperous long into the future."

The province and city of Toronto have commenced a joint review of the City of Toronto Act and other legis-

lation pertaining directly to the city. Our goal is to provide Toronto with an enabling framework that's appropriate to its responsibilities, size and significance to Ontario. The object of the review is threefold. It is, first of all, to make the city of Toronto more fiscally sustainable, autonomous and accountable; second, to give it the tools it needs to thrive in a global economy; and finally, to reshape the relationship between Ontario and its capital city.

Already, a joint task force made up of provincial and municipal officials has been established, has agreed on a work plan and has started to meet regularly. During the review, the task force will talk to internal and external experts and stakeholders as appropriate.

The task force will move forward in several ways. It will review the 1997 legislation that merged Metro Toronto and the six local municipalities. It will consider Toronto's current powers in light of its identified needs, mutually agreed-upon powers that the city doesn't have but requires in order to meet those needs, and an agreement on an approach to deliver these powers. It will consider the important issue of harmonizing 100 years of private legislation inherited by the new city.

There are many instances where legislation passed in a former municipality remains in effect but applies only to one part of the amalgamated city. The task force will examine whether the legislation is still used, whether it should be applied to the whole city or if it should be repealed and replaced with general authority under the Municipal Act.

It will also look at such issues as Toronto's ability to modify its democratic processes, for instance, setting the size of its council, and specific concerns such as how Toronto can best deal with the results of the ongoing MFP inquiry.

I would point out to your committee that this review is occurring at the same time the review of the Municipal Act is happening. There is a close relationship between these two acts and reviews. Changes that ultimately come out of the city of Toronto legislation review will complement general changes made to the Municipal Act and vice versa.

There will be a free exchange of ideas, information and options as the two reviews progress. The Premier has stated that it's our government's goal to introduce a modernized City of Toronto Act by the end of next year.

We know that our plan to build strong communities must consider the needs of all of Ontario's communities—large and small. That's why we have just concluded a consultation on a plan for rural Ontario. Our plan will articulate our vision for the province's rural communities. It will provide us with a coordinated approach to shaping the policies and delivering the programs and services that reflect the diversity and uniqueness of rural communities. That is further, I believe, than an Ontario government has gone before.

The plan will contribute to the development of strong rural communities in four different ways. The plan will call for sustainable municipal fiscal capacity and infra-

structure. It will have strong local rural economies as one of its requisite features. It will call for a healthy social climate. And it will demand a clean and healthy environment. We expect to announce the details of our rural plan within the next several weeks.

The final item I would like to discuss today is the province's response to the devastating flood in the Peterborough area. In the early morning of July 15, 190 millimetres of rain fell in the city of Peterborough and three townships in the county of Peterborough, causing extensive damage to public and private properties. The city of Peterborough adopted a resolution that enabled the ministry, on July 21, to declare it a disaster area. This made the city eligible for help under the Ontario disaster relief assistance program. By July 23, Peterborough had set up a disaster relief office and the province and the city were working together to speedily deal with claims.

Under ODRAP, each affected household not covered by insurance could apply for \$500 for emergency living needs and small businesses could apply for up to \$2,500 to help with cleanup and emergency repairs. The first series of cheques were distributed July 29, 14 days after the flood took place.

I would like to recognize the Peterborough Area Flood Relief Committee, and in particular chair Paul Ayotte, for their hard work and quick action in settling emergency claims and helping their communities.

On September 6, the province provided an additional \$3.5 million as a second instalment in provincial assistance. The city of Peterborough, the county and the affected townships are compiling estimates of damage to municipal infrastructure, including roads, bridges and water treatment facilities, as well as to more than 3,000

residences and 200 businesses. Our government will continue to provide help and funding as further needs are identified. And through ODRAP, we will match up to \$2 for every local dollar raised by the Peterborough Area Flood Relief Committee to an amount necessary to settle all eligible claims.

The Ministry of Municipal Affairs and Housing will continue to advance the government's priorities of developing strong communities that have effective, accountable and responsive local governments. We will ensure a land use planning system that facilitates good growth management and well planned communities now and in the future. We will encourage a housing and rental market that responds to the full range of accommodation needs of Ontarians.

Mr Chair, thank you for the opportunity to present this overview. I look forward to your questions and any questions from the members of your committee.

**The Chair:** Thank you very much, Minister. It has been the custom, at least for this Chair, at the front end, when we're allocating time, not to ask any one speaker, whether it's the critics or the minister, to divide their time. If there's concurrence with that, instead of asking Mr Hudak to do 15 minutes today and 15 minutes tomorrow, we will adjourn till tomorrow. Is that agreeable? For the Hansard record, I see a whole bunch of nods.

I want to thank the minister and his staff for coming this afternoon. This committee stands adjourned until 3:30, or immediately following routine proceedings tomorrow, October 13.

*The committee adjourned at 1745.*

## CONTENTS

Tuesday 12 October 2004

<b>Ministry of Energy</b> .....	E-195
Hon Dwight Duncan, Minister of Energy	
Ms Nancy Whynot, director, business and resource planning, corporate services	
Mr Rick Jennings, director, energy supply and competition branch	
<b>Ministry of Municipal Affairs and Housing</b> .....	E-203
Hon John Gerretsen, Minister of Municipal Affairs and Housing	

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