



ISSN 1181-6465

**Legislative Assembly  
of Ontario**

First Intersession, 38<sup>th</sup> Parliament

**Assemblée législative  
de l'Ontario**

Première intersession, 38<sup>e</sup> législature

**Official Report  
of Debates  
(Hansard)**

**Monday 3 October 2005**

**Journal  
des débats  
(Hansard)**

**Lundi 3 octobre 2005**

**Standing committee on  
estimates**

Ministry of Natural Resources

**Comité permanent des  
budgets des dépenses**

Ministère des Richesses  
naturelles

Chair: Cameron Jackson  
Clerk: Trevor Day

Président : Cameron Jackson  
Greffier : Trevor Day

### **Hansard on the Internet**

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

### **Index inquiries**

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

### **Copies of Hansard**

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

### **Le Journal des débats sur Internet**

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

### **Renseignements sur l'index**

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

### **Exemplaires du Journal**

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.

---

Hansard Reporting and Interpretation Services  
Room 500, West Wing, Legislative Building  
111 Wellesley Street West, Queen's Park  
Toronto ON M7A 1A2  
Telephone 416-325-7400; fax 416-325-7430  
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation  
Salle 500, aile ouest, Édifice du Parlement  
111, rue Wellesley ouest, Queen's Park  
Toronto ON M7A 1A2  
Téléphone, 416-325-7400; télécopieur, 416-325-7430  
Publié par l'Assemblée législative de l'Ontario

## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Monday 3 October 2005

Lundi 3 octobre 2005

*The committee met at 0902 in room 151.*

## MINISTRY OF NATURAL RESOURCES

**The Vice-Chair (Mr. John O'Toole):** Good morning. The standing committee on estimates is pleased to welcome the Minister of Natural Resources. I appreciate that we did meet last week and the minister was not available, but at this point in the schedule, we have half an hour for the third party to make comments to the opening comments that were made.

**Mr. Gilles Bisson (Timmins–James Bay):** Thank you very much, Chair. Minister, welcome among us. I just have to say you've managed in the last year to make more people disappointed in northern Ontario than I can shake a stick at, and we can probably stay here for about three days just talking about the stuff you've done. I know that my leader has some questions, but I'm going to take a little bit of time at first just to make a couple of quick comments.

I think most of us in northern Ontario understand that there's always been this sort of covenant between the citizens of the province and the MNR—MNR being one of the key ministries for the economic and social well-being of northern Ontario. I guess where I take great exception with what you're doing as minister, and what your ministry is now doing under your command, is that it's really changing a lot of what has been the basis of some pretty good partnerships between the people of northern Ontario, the communities and the the crown and through MNR.

First, we saw—and we'll talk about later—the approach you have taken toward the whole issue of what happened in Opatatika, Chapleau and Kirkland. Communities have been devastated. Communities have lost their only employer as a result of the decision you made that we can talk about a little bit later.

Just as recently as Thursday, a long-awaited report that had been worked on for a year, which was commissioned by yourself—you were supposed to follow up with some recommendations that were made by people from northern Ontario. You've managed to single-handedly put everybody in one camp, and that's against you, which I find truly remarkable, because I quite honestly figured that your government was going to figure out that northern Ontario is in a crisis when it comes to forestry and that, at the end of the day—

**Hon. David Ramsay (Minister of Natural Resources, minister responsible for aboriginal affairs):** Mr. Chair, I take exception to that. I think I'm quite well liked in northern Ontario, really. It's really quite amazing—

**The Vice-Chair:** Pardon me, Minister. These are statements by the third party. You'll have a chance.

**Hon. Mr. Ramsay:** I want to say to the member, though, that I still have a very strong following in northern Ontario, and I want to put that on the record.

**Mr. Bisson:** Thanks a lot. I don't really know how big the following is. Maybe if you look in your closet you'll find a few.

Anyway, I'm just going to say up front that I was in meetings all day Friday in Kapuskasing and Hearst and all day Saturday and part of Sunday with people out of the Timmins-Kirkland Lake area. It doesn't matter if you're industry; if you're a community member, as far as a municipal councillor; if you're a citizen; if you're a member of STRONG, which you know is a pretty important group up in the Kapuskasing area; if you're talking to the steelworkers; if you're taking to Canadian energy and paper workers: Everybody is of the same view. I've had a chance now to talk to most people who are running the plants up in the part of the province that I represent. I've had a chance to talk to pretty well all of the union presidents to see what they have to say. I've talked to most municipal councils.

Quite frankly, people were expecting that there was going to be some sort of relief for the industry. The key issue you have to move on, that everybody recognizes and that you seem not to recognize, is the whole issue of electricity. For example, at Tembec in Kirkland Lake, like most paper mills, 25% to 28% of their overall cost is electricity. Basically, the announcement that you made on Thursday does nothing to deal with that issue. In talking to Terry Skiffington, who is the manager in Kapuskasing, and in talking to people at Grant and others, what they're basically saying is that the argument this government is trying to use, that somehow or other industry is in a downward cycle—they're saying to me, "It's not a cycle; this is entirely caused by the government." It's not a question of industry being in a cycle. They can deal with their own components, which are what's happening with the high dollar and other things affecting the industry. But the bottom line is that if you don't deal with the electricity issue, they're going to be in deep trouble.

The other issue is that if we don't deal with energy costs as far as transporting wood from the forest to the mill etc., they're really in a bad spot. One thing they're telling me to tell you is that you'd better recognize that this is not cyclical. This is not an issue where you can say, "This is just one of those things that happens every 10 or 15 years in industry. We'll weather it, and at the end of the day we're going to be all right." The basic issue is that they're not going to be there after this "adjustment," as you put it. A number of industries in the paper and sawlog industries will go down across northern Ontario.

I also was quite taken aback by your comments on Thursday in Thunder Bay, when asked by, I think, one of the reporters from TVO—at least it was reported on the Steve Paikin TVO show. One of the comments you made, and I was really taken aback, was that you sort of accepted that there are going to be closures of sawmills and paper mills in northern Ontario and there are going to be layoffs, and we're just going to deal with the effect of that at the end. I take great exception to that, because quite frankly, a big part of this is very avertible if this government were to take on its responsibilities.

This is not new; northern Ontario has faced this before. In fact, it was faced in 1989, 1990 and 1991, at the end of the mandate of the Peterson government and the beginning of the Rae government. Quite frankly, we restructured all of that industry to where it basically had some of the most active times over the last 10 years when it came to investment in industry, technologies, modernization etc., and we repositioned the industry in quite a good way, I believe.

The other argument I make is that if you're trying to say that part of the solution and part of the problem is because industry is not modern, I suggest that you take a walk through most sawmills and paper mills across northern Ontario. They have invested heavily when it comes to automation and technology in order to lower their costs. Again, industry is telling me, "This is not a question of us not being productive. This is not a question of us not investing in our plants and making ourselves as efficient as possible. That has nothing to do with it. It has to do with the decision of this government, primarily around the electricity file."

I know that my leader, Mr. Hampton, has a number of questions to ask, but on this last point I just want to say the following: I watched that announcement on Thursday and quite frankly was taken aback. The message I bring to you is the message that is being brought to me by people in my constituency and yours. The people from Rexwood, as you know, lost their employer. It was announced as a permanent closure on Thursday. I've had a chance to talk to some of them. I've been talking to people within Tembec, Grant Forest, the Columbia Forest chain, to the workers there and to some of the community leaders. They're saying, "We've really got to get the government to respond to what is, quite frankly, a crisis in the industry. If we don't get your government to do so, there's not going to be a lot of these people left standing when it's all over."

#### 0910

Let me put it to you this way, very simply. We know that part of the issue is the Americans and the effect the countervailing duty has had on the industry. We also know that it is probably the plan of the United States, by way of that countervail, to reposition our industry to put some of those guys down. Quite frankly, I think what you guys are doing is assisting them, when what we should be doing is working with industry, communities and others to find ways to help industry to survive this, to rebuild and take the rightful position we have in the North American market. The way you're going, frankly, is quite scary and disheartening for many.

I know Howard has some questions, and I'll leave it to Howard at this point.

**Mr. Howard Hampton (Kenora–Rainy River):** I want to ask some follow-up questions from last week.

Earlier in the spring, Minister, you made a loan guarantee announcement. You said, "I am pleased to release the council's final report, and am confident it will help us with a long-term plan for our forest industry." Again, "We are taking a number of steps immediately to respond both to critical challenges facing the industry, such as wood supply and rising costs, and to a number of the council's recommendations."

One of the things you announced was a \$350-million loan guarantee program, is that right?

**Hon. Mr. Ramsay:** Correct.

**Mr. Hampton:** It's now five months later. Can you tell me how much of the loan guarantee money has been dispensed?

**Hon. Mr. Ramsay:** We have actually signed an agreement with one company for that. We did this in advance of officially launching the program. We've contacted all the companies. FibraTECH in Atikokan has been able to avail itself of this program, as well as going to the heritage fund for some money to support them. The two programs now run concurrently, and in the next week we'll basically be open for business with both of these plans. Of course, as the member probably knows, companies will be able to piggyback on the two programs.

Our loan guarantee program works like this: You can get a bank-guaranteed loan for up to 50% of your project cost, and then with this new program, once we've taken a look at the proposal, you can supplement that with some grant money from the prosperity fund.

**Mr. Hampton:** I asked a specific question: Of the \$350 million in loan guarantees that you promised five months ago, how much money has been dispensed?

**Hon. Mr. Ramsay:** It's not dispensed until the companies make their announcements. We have been in negotiations with two companies: Bowater, in Thunder Bay, and Abitibi, which you're familiar with, in Kenora. You're aware of the news, which is not really official, about how the company has been speaking to its workers about their plans. The plans they're speaking of, if they go ahead, are based on the success of discussions they have had with the government, and various components of our package are the framework that supports the success of those discussions.

**Mr. Hampton:** I'm going to ask the question again: Five months later, of that \$350 million of immediate action that you promised, how much money has actually been dispensed?

**Hon. Mr. Ramsay:** Until the companies come forward with proposals and expense the money, we don't expense it out.

This is interesting, and it addresses sort of the comment that you and others made: "Too little, too late." I guess I would say, "How do you know that?" We're looking at the industry coming to us with proposals, and they are starting to do that. I think, now that they see the full package, other industries are going to take a look at what's available.

The two companies I just spoke of came to us before they knew what was totally available, because they had to make some decisions in a timely fashion, and we dealt with their proposals even before the policy was out. But the framework of those discussions is based on the policy we have put out.

I'm certainly hoping that more companies will come forward. Then, as they expense their money and our money flows, the programs kick into place. Obviously, as each proposal goes forward, we can make the announcement at that time as to what parts of the program and what amounts of dollars the government contributed or guaranteed.

**Mr. Hampton:** What I think I hear you saying is that five months after you promised immediate action, what you had was five months of discussion. At least 150 jobs, possibly 350 jobs, are gone from Abitibi-Consolidated in Kenora, 150 jobs are gone from Cascades in Thunder Bay, 175 from Norampac, and probably more to come, in Red Rock, and your ministry has been discussing for five months, after you promised immediate action. I'm going to ask you again, while jobs have been being lost, while communities are being shut down, has any of this money been dispensed or have you just been talking?

**Hon. Mr. Ramsay:** I think we have to address quite up front and frankly, where your critic was shocked and you're going around it, that I've never said—to the contrary—that we are going to be able to be in a position to save every job in this industry in this province. This industry is going through a transition, just like it did when you were in government in the 1990s. It was pretty low at that time and, as Mr. Bisson said, there was some assistance given at that time by your government that possibly helped contribute. But I'm sure it was the economic cycle. As you know, there was a very big recession at that time. The industry was very hard hit by that recession. There was some restructuring, but the industry bounced back. This industry is very resilient, and it is going to bounce back, but there is restructuring that's going to happen.

We don't need as much newsprint in North America as we are producing. That's a fact. I wish it wasn't so, I wish more people were reading newspapers, but they're not. So in North America the demand for that product is down. But we have the ability in Ontario, because we

have superior fibre to other jurisdictions, to help the companies transition themselves to produce other products that are in high demand, based on the very strong, resilient fibres that we have coming from species like black spruce.

This is a tough time, I've never denied that, and there's going to be some readjustment in labour and jobs. There will be some adjustment there; there will be some losses. But I think, as we get through this, we're going to be able to recover and have some good times again.

**Mr. Hampton:** I just want to draw your attention, Minister, to the fact that Norampac is not a newsprint mill—

**Hon. Mr. Ramsay:** I never said it was.

**Mr. Hampton:**—and Cascades is not a newsprint mill, and Neenah Paper in Terrace Bay is not a newsprint mill. So, yes, there may be some changes in the newsprint industry, but most of these job losses aren't happening in newsprint. These job losses are happening in other markets—markets that are not restructuring, markets that by and large are doing well.

Coated papers are doing rather well. I read in the *Globe and Mail* that in fact a pulp mill that's been idle for a few years is going to be started up again on Vancouver Island. Why? Because pulp supplies are tightening. So in other jurisdictions we don't see coated papers being lost; we don't see cardboard being lost. We don't see pulp being lost in British Columbia.

When we talk with industry, they're not talking about restructuring. They're talking about a government which has ratcheted up electricity rates to the point where a mill in Ontario is now paying perhaps two and three times what their competitors are paying for electricity.

Let me just give you one example. The average monthly hydro bill for the paper mill in Kenora is \$2 million. The average monthly hydro bill for the Tembec mill in Pine Falls, Manitoba, about 90 kilometres down the same river, is less than \$1 million. So Kenora is paying \$2 million a month for hydroelectricity in Ontario under the McGuinty government, and the Tembec mill in Pine Falls, Manitoba, is paying less than \$1 million a month for electricity. What the industry is saying is, as long as you continue to drive up electricity prices, why would they invest in Ontario? They're signalling that by leaving the province.

**0920**

The other point they make, and they made it on delivered wood costs, is that delivered wood costs in Ontario are about \$55 a cubic metre, whereas outside of Ontario they're, on average, about \$35 a cubic metre. In other words, two of the three big issues—I think from time to time Mr. Valley comes to talk to you. He mentions fibre, fuel and folks: the cost of fibre, the cost of energy and the cost of labour. On two of the three, the cost of energy and the cost of fibre, the pulp and paper sector in Ontario is being rendered non-competitive under the McGuinty administration.

You say that this is simply market conditions. How does the market have anything to do with the cost of fibre

being \$20 more per cubic metre in Ontario? How does the market have anything to do with electricity rates where these mills are closing in northwestern Ontario being \$80 and \$90 a megawatt, when people know that that electricity is being produced at nearby hydro dams for \$10 a megawatt? Can you tell us that?

**Hon. Mr. Ramsay:** Let's start with the cost of delivered wood to the mill. When you compare that to the world average, you're comparing that to Third World conditions, where you're talking about folks with very low wages. I don't think we want to be trying to compete with that. I don't see this as a race to the bottom. I want to make sure that our forest sector jobs are well-paying jobs for our people all over this province. So I don't think we want to race to the bottom there.

You know that when it comes to the growth of fibre in these tropical countries, some are harvesting in 15 and 20 years, whereas our superior fibre takes about 80 years to grow. So there are factors there.

You started this trend, when you were in government, when you downloaded the costs of the road maintenance and construction to the companies. For the first time we now have started to reverse that trend by funding, to the tune of \$28 million a year, the maintenance of the primary road network to all the companies that are involved. We've turned around a trend that you had started when you were in government that did add to the cost of delivered wood.

We're looking at a lot of administrative changes that I think will continue to drive down the cost. One of the examples of that is moving to a system of co-operative sustainable forest licences. We've got some very good examples of those in the province. From what I see, they are more efficient operations than all the different forestry companies having all their forestry departments competing against each other. Where we have these co-operative SFLs, the companies combine their resources in this free-standing co-op forestry operation and basically plan, over a larger landscape, the cut to provide the most appropriate wood for the most appropriate mill. With these efficiencies, you again start to drive down the cost of delivered wood.

It's not just throwing money at it, though we've started to do that and to say, "You know what? You shouldn't be totally responsible for all the road maintenance. We're going to start to contribute toward that." We're looking at other ways, as we continue to work with the companies, to address this.

This is a big problem. The critic said that when you were in government, you had restructured the industry. Well, if it was so well restructured, why are we in this mess today? We find ourselves in this mess today because of many international pressures, not the least of which is the value of the Canadian dollar and how it has escalated about 35% over the last couple of years. So there are lots of pressures, but we continue to work with the companies.

**Mr. Hampton:** Minister, you made a few assertions in your comments. You asserted that the cost of construct-

ing roads was downloaded by the NDP government. Do you have any documentation to show that?

**Hon. Mr. Ramsay:** Yes, I do, and I can pass it over to the member.

**Mr. Hampton:** I'd be pleased to see that documentation.

You asserted that it's the American dollar that is the problem. In fact, the American dollar has moved up and down, and you can put it on a graph over the last 60 years, since the Second World War. In fact, you can almost predict when the American dollar is going to be up in value and down in value. The forest sector has dealt with the relative increase and relative decrease in the cost of the American dollar repeatedly over those 60 years. So trying now to assert that it's the American dollar that is to blame holds no water either. The American dollar moves up and moves down.

What I wanted to ask you about again: You failed to answer the issue of electricity. We'll delve into the wood cost issue a bit more in a while, but this is what paper mills and pulp mills, especially in northwestern Ontario, want to know. In almost every case, they are surrounded by hydroelectricity dams, and they know that the cost of hydroelectricity at those dams is about \$10 a megawatt, perhaps at most \$20 a megawatt. They're trying to understand why they're forced to pay \$80 and \$90 a megawatt for this electricity, which is so close by and which is probably the most affordable in the province, possibly the most affordable on the continent, to produce. Almost every one of the plants that I have mentioned—Norampac in Red Rock, Cascades in Thunder Bay, Abitibi-Consolidated in Kenora, Neenah in Terrace Bay—when they made their announcement, one of the points they made over and over again was that it is the cost of electricity that is causing their operation to become less and less economically viable. Can you tell us, please, how any of that was determined by the market?

**Hon. Mr. Ramsay:** Mr. Chair, I would like to advise the member that if he wished to discuss electricity costs, he should have brought the Ministry of Energy before the committee to do that. That is their jurisdiction; it's not mine. I have no authority over that at all.

**Mr. Hampton:** Minister, you were the one who in your answer asserted that this is all market conditions. You were the one who wants to go around northwestern Ontario making statements that you understand the forest sector and you're responding to the needs of the forest sector. So I asked you a question: "Tell me, what does the escalating cost of electricity in northwestern Ontario have to do with the market?" With every one of these closures, when they close, when they lay off hundreds of workers, when they decimate the local economy, they say repeatedly that it is the high cost of electricity. I'm asking you. You say that this is all market conditions. This doesn't look to be market conditions to me. This looks to be McGuinty government policy. You say you've brought down the delivered cost of wood. When I talk with people out there in the industry, that's not what they're saying. They're saying that the delivered cost of

wood under the McGuinty government is being forced higher and higher. From their perspective, this is not market conditions.

Two of the fundamental cost issues for the forest sector, the delivered cost of wood and the cost of electricity, are being forced up by the McGuinty government. You mentioned wages. No one I've talked to—not in Kenora with Abitibi, not Weyerhaeuser in Dryden, not Bowater in Thunder Bay, not Norampac in Red Rock, not Cascades in Thunder Bay, not Neenah in Terrace Bay—has mentioned wages. The only person who has brought up wages here is you, the minister of the McGuinty government.

Let's get back off the diversion; let's get back to the real issue. Industry says that under the McGuinty government, the delivered cost of wood is not coming down; it's going up. The other big cost issue: The cost of electricity under the McGuinty government is not going down; it's coming up. Industry is very clear: It's those two issues that are killing jobs and decimating the community. What are you going to do about those two things?

**Hon. Mr. Ramsay:** I'd say to the member that he needs to get his briefing notes caught up to last week's announcement. As I've just outlined, we are starting to bring down for the companies the delivered cost of wood. I've talked about that; \$28 million a year, year in and year out, is not chump change. That is, for the first time, a contribution back from the policy that you had initiated, where you had put 100% of the cost of maintaining and constructing the forestry roads on to the backs of the companies. I suppose they were able to carry that for a while, but it has come home to roost now. We see that that is wrong and feel that the people of Ontario, through its government, who own and control the forest, should contribute to that work. So we are lowering the delivered cost of wood. It is an issue, and while there are energy issues involved, such as the diesel fuel that's used to power the trucks to get the logs out of the bush and get the lumber out of the mill, and we can't control that, we can help them on those road costs. That's what we did last week.

0930

You said that all the industry is saying that it's electricity pricing that's causing all the problem. I don't know how we explain that in low-cost jurisdictions such as Newfoundland and Quebec we're having forestry operations close, and they have a low electricity cost. I guess Quebec is the lowest in the country, as is Manitoba. Newfoundland is very low, and yet the Abitibi mill in Newfoundland is closing. The government initiated discussions in Newfoundland with Abitibi and they have collapsed. Ours have not collapsed. Ours are very positive. The company is in a position now, as you know, that they're talking to the workers in Kenora, in your riding, to say, "We've had some successful discussions with the government; this is what we're proposing to transform this operation here," and they're looking for co-operation from the workers.

They've been able to come forward with a new plan for their plant in Kenora based on discussions with both the Ministry of Natural Resources and the Ministry of Energy in regard to their cogeneration proposal, which is part of what they're doing, and they're very pleased with the outcome of those discussions. You haven't seen the details of that because we are advancing, through these proposals and the discussions surrounding these proposals, energy policy that is yet to come out. As you know, the Ontario Power Authority this fall will be setting policy for industrial cogeneration, but we're not waiting for that. If a forest sector company comes to the MNR saying, "We've got a proposal," and it involves cogeneration, then we will make sure that the appropriate people are at the table for that company to discuss that proposal and to ensure that we have a successful outcome. So we're not waiting, and companies are coming forward and we're having very positive discussions about that.

I'd also like to comment on, because you keep mentioning it, Norampac. While the company had listed, as they did, several issues of why they were downsizing, in a private meeting with member Michael Gravelle, the company said to Mr. Gravelle, "Even if you gave us electricity at zero cost, we could not keep this plant operating." That tells me there's something fundamentally wrong with some of our companies, where they haven't renewed themselves; they haven't reinvested. There are lots of reasons for that, so I'm not going to point any blame for that, but we need to say that now is the time for restructuring. That's what the industry told me in their competitive council report, and we've responded to that with a program that's going to help that restructuring happen so that we have the most modern industry in the world.

**The Chair (Mr. Cam Jackson):** Thank you, Mr. Hampton.

Minister, you now have up to 30 minutes to respond to the opening statements of both the official opposition and the third party. We're in your hands in that regard. At the end of that, we will begin a rotation for questions and answers.

Welcome back. I'm pleased to see you've arrived back in Queen's Park with your windshield intact.

**Hon. Mr. Ramsay:** Thank you very much, Chair. I very much appreciate your co-operation on Thursday, when we did have our incident on the plane that made it impossible for us to get to Toronto and to estimates, which is a very important part of the legislative process. I'm very pleased to be here to attend estimates, and that you and the committee had worked out a proposal so that you could carry on and keep on schedule.

I'd like to very much thank my deputy, Gail Beggs, and the rest of our staff for stepping up to the plate. I felt sorry for Gail having to read a political speech, because that's what the minister gives. We put her in a very uncomfortable position, and I felt badly about that, because I have a great sense of the separation of the political side of this business and the civil service part of this business,

that we're a team and that the civil service is here to serve the government in power, regardless of what political party it comes from. So I very much appreciate everybody stepping up to the plate so the process could continue, and thank you for the patience of the committee.

I wasn't here for the Conservative critic, Norm Miller's, comments; I've seen and been told about them. I say to Mr. Miller that I know he has a direct interest in these issues as he represents a riding, Parry Sound-Muskoka, that, if it wasn't for the lakes, would be totally covered in forest, and that he has the very same issues on a day-to-day basis that I do, representing a northern riding, and is very much interested. I'd like to certainly congratulate him for being named by his leader the critic for the Ministry of Natural Resources. I know Norm has a great understanding of the issues, and I'm going to enjoy working with him.

What I want to respond with first, I think, is basically what we've been talking about and what, quite frankly, has been first and foremost on my mind over the last few months; even a year, I'd have to say. A lot of my focus and a lot our staff's focus has been on the forestry sector. This is a sector that is very important to the province of Ontario. I look at a lot of my colleagues around the table here who maybe think that the forestry sector is primarily a northern Ontario industry, and that's wrong. There are 88,000 direct jobs in the forestry sector, and only 24,000 of those jobs are in northern Ontario—very fascinating.

This point was really driven home by the Northern Ontario Municipal Association, which had initiated a fabulous campaign here in southern Ontario that culminated at the Association of Municipalities of Ontario's AGM in Toronto. It was basically an education campaign for all the municipal leaders of this province to point out to them how important this sector of the economy was to them. Hazel McCallion, the mayor of Mississauga, was very surprised when AMO pointed out the thousands of jobs in the forestry sector that are in Mississauga, for instance, and Mayor David Miller likewise, in Toronto, when it was pointed out to him how many forestry jobs there are in Toronto.

While we do much of the primary work in the north, much of the value-added and finishing work is done in southern Ontario. As I said, the vast majority of the jobs are in the south. So they're very important to municipalities right across this province. I applaud NOMA—and I'll use the acronym now for that northern municipal association—for the work they did in educating all of us across the province on how important this industry is. It's very important to this province.

But we have seen, and it became very obvious at the beginning of my second year as minister, that this sector is in trouble. I have used, as the critic has, the word "crisis," and I don't shy away from that word. This industry is incredibly challenged, and it became very quickly apparent that the only way to address this would be to bring the leaders of this industry together around a table with union reps and municipal reps, because, as the

critics have pointed out, so many of our communities are so dependent upon this industry for their viability—in fact, for their existence. There are some communities that are totally dependent on the forest sector for their economic viability. So it's extremely important that we, as I did, bring together all the people who have an interest in this industry. We reached out to First Nations, to technical experts, to financing experts, so that we really got a well-rounded view of what the problem was. That was the first task I gave them: "Find what the problem is, what the challenges are."

#### 0940

Number two, and more importantly: "Give me the recommendations that we can start to work with you on to start to turn this around." And that, we're doing. As you saw in June, when we released the final edition of that report, I announced how we were moving on some administrative changes, but at the same time we were bringing forward a \$350-million loan guarantee program. This program is in place and is up and running.

It was just on Thursday that I announced what I call phase 2 of this package, and that is continuing with assistance to the industry so that they can reposition themselves for the new economic challenges that face them. What we saw on Thursday from the McGuinty government was a \$330-million package that comprised a \$150-million prosperity fund. This fund can piggyback upon the loan guarantee program and give grant assistance to companies that are investing to transform their companies.

The areas of particular interest that the industry pointed out in my competitive council report were value-added operations. I'd like to talk about that for a minute, because this is a phrase that's easy to bandy about, to speak about, but it's very, very important, and it's more than just a fancy phrase; it takes us to the heart of where we started in northern and eastern Ontario in the forest sector.

Forestry, up till the last 25 years, has been driven by a culture of what I call cut-and-saw. We saw the forest as a repository of two things: lumber—the first value-added product that ever came on the scene—and paper. But lumber was basically it, and so we cut trees, we sawed them into lumber and we shipped them throughout this country and into the United States. We really have to start to move away from just those primary industries and start to do more than just talk about investing in producing a more value-added product.

You only have to look around the world to see a very small country like Sweden—you could fit about two and a half Swedens into Ontario—and they looked, 50 years ago, at their industry and said, "This is not sustainable. We only have so much forest. We have to find a way to sustain our population, to add more value to that product." They realized it very early because they had a small land base, because they were energy-challenged, because they had no oil, they had no gas, they had no coal—none of the resources that North America has taken for granted. They reinvented their industry. So they went through a transition a long time ago.

We've only gradually done this. Companies have moved, over time, and added new products to the mix. We've seen on the straight wood side, 25 years ago, the introduction of what we call oriented strand board: panels made up of chips of wood. With this technology, we've been able to utilize species that never before had any industrial use. So that has allowed us to get into the hardwoods. Primarily, the sawmilling industry is dominated by the conifers: spruce, pine and fir. Those are the lumber types that are in high demand for house building. But now we've been able to expand that and start to use other species and add value from what we used to call "weed species" in the forest.

Paper was around at the beginning of the last century. It primarily started in towns that had the word "Falls" at the end because you needed electricity, and it came in the days before we had the province wired. When maybe a town in southern Ontario wasn't wired for electricity yet, there would be in northern Ontario a pulp and paper plant fully lit up with electrical equipment because it generated its electricity from the source, from the falls that it sat beside.

Over that time, the industry has transformed itself and expanded from, say, newsprint, which was the first paper product in demand, to all the business papers that are in demand, to the thin-coated papers which are still in heavy demand and where I think we're going to see some of our companies transitioning. Those thin-coated papers, by the way, are for commercial flyers that you see in newspapers, for supplements and for catalogues, because they can hold the colour inks better than newsprint can. What we're seeing now is a transitioning into those products.

We're also starting to see brand new products in value-added. I was referring to oriented strand board a few minutes ago and how 25 years ago that technology was used just to make panels, which are in very high demand every time a hurricane happens in the south or a war happens and building materials are in high demand. Oriented strand board is right up there and is now a commodity like any other in the world, and garners a very high price today. Our oriented strand mills are money-printing companies, if you will, because they are making a lot of money and great profits. Just to let you know, that affects our royalties too, so the people of Ontario—and rightfully so—share in that wealth.

Now we're seeing that technology being applied to dimensional lumber, so now you can take a weak, not-so-strong fibre tree, even to the point of a balsam poplar now, and have it chipped up, mixed with other species, made into huge panels and then cut into lumber. So now you can have engineered lumber out of species that would never have been considered to be made into lumber. This wood is in high demand.

In the leader of the third party's town of Kenora in his riding, there's a company called Trus Joist, which is one of the leaders in the world in this type of product. We're all very proud of that. They continue to produce a commodity that's in very high and growing demand. This product is five times as dense as spruce lumber. The

American market especially looks to this product for framing door sills and window sills as well as kitchens, because this stuff is so sturdy. It doesn't move or warp, and once you frame a kitchen with it, then you can bring in the cabinetry people, who are very expensive, put some very expensive add-ons into a kitchen and know that it's not going to move. This new type of product, which we never heard of five or six years ago, is in high demand, and Ontario is a place where some of this is being produced.

We have to continue to move in this direction. We have a small company—and a lot of them are going to be small companies—in Hearst called Industries LacWood. Just this spring they secured some contracts with Ikea, the company that we started to talk about when Sweden wanted to reinvent themselves. So now we're getting Ontario companies finally starting to make component parts for one of the fastest-growing furniture retailers in the world.

This is where we need to be. This is where we need to position ourselves. We have to move beyond the culture of cut-and-saw and move on to value-added. We have a program in place now that will help our companies transition themselves to this.

I say to the members that we, through this transition, will not be able to save every job in the old industry. But as we move through and see the changes in sawmilling, which means fewer sawmills—very much like what happened in agriculture, where now you don't see a dairy in every rural town like you used to, it's going to be the same in sawmilling. You're going to see large, regionally based sawmills working three shifts a day, still a third the size of the largest mill in British Columbia, but that's as big a mill as we can get in Ontario because of the nature of our forests. So we'll see these regionally based sawmills.

#### 0950

We'll see pulp and paper mills maybe reducing the number of machines, possibly changing the product line in those machines, designing themselves so they have more flexibility, alternating between softwood pulp and hardwood pulp so they can basically be more market-responsive and produce product that the market demands. That's the future of paper.

We're going to continue to see oriented strand board. There are probably still the wood resources available in Ontario for another one, if a proponent came along—there's certainly more demand—or that could be converted into one of these dimensional lumber mills. That's a possibility. But where the future really lies is getting back to what I mentioned about Industries LacWood in Hearst; it's a mill with 40 to 45 workers. Those value-added industries, at 40 or 50 or even 30 workers, are very labour-intensive. There's a lot of potential for growth there, and that's where the future is going to be.

The future is also going to be—I see the NDP critic has returned—for towns like Opasatika, where they now have a mill that's become available to the town because of a closing that was very controversial. We have under-

utilized species in northern Ontario. Basically, when it comes to our spruce, our pine and our fir, everything is really allocated. The licences are issued, the companies have their allocations and there is no spare wood. In fact, over the next 10 years, we will see a gradual decline in the availability of wood as we pay for the sins of our past and the poor job that was done in regeneration in the past. In the last 50 or 60 years, we have done a much better job on that. So after we get through that, we'll start to see a gradual uptick in the availability of spruce, pine and fir.

But we have other species out there that have not yet been full utilized. While the hardwoods are now being utilized in OSB, as I mentioned before, we have species such as tamarack, which is a conifer but very hard and has a very straight grain. I've seen producers in Scandinavia who not only produce themselves but bring in from Siberia flooring that is in high demand. We have a very mature stand of tamarack throughout the north—in the west, they call it larch—that is available to make value-added products. These mills won't be high-volume commodity mills like our big sawmills, but we have the opportunity of using wood such as that to create jobs in very labour-intensive operations, unlike the mills that just spit out two-by-fours and two-by-sixes—it makes your head spin to see how fast these plants can put out millions of board feet. That's the future.

In the end, as we get through this transition, we will be able to retain a very strong, buoyant and healthy industry throughout this province, but it will look different and will look the way I think I've expressed to you today. Right now, we're in a very difficult time of change and transition to make that happen, but I want to assure the members and the people of Ontario that the McGuinty government is there to work with the companies to make sure that transition happens.

**The Chair:** Thank you very much, Minister.

We have completed the prescribed rotation. We're now going to begin questioning. As members are aware, because of scheduling challenges, Mr. Miller has undertaken about 50 minutes, so I think we will now move to the third party. We'll do 20-minute rotations, if everyone is agreeable. That should allow us to complete by 12 for a recess until 12:30, and finish the estimates today.

If I have concurrence, I would like to recognize Mr. Hampton. Thank you.

**Mr. Hampton:** I have some follow-up questions, Minister—your deputy was kind enough, when you weren't here last week, to step in. I want to go back to the \$350-million loan guarantee, because I asked the specific question, how much has been dispensed? Earlier, you tried to say to us that this was all moving forward. But what the deputy told us is that the formal process for the loan guarantee program won't be launched until later on in October. What you told people in the industry in May was that you were taking immediate action.

During your so-called immediate action, hundreds of other workers lost their jobs and the economy of northern Ontario lost hundreds of millions of dollars of economic

activity. Can you tell me why, while people were losing their jobs, while communities were losing hundreds of millions of dollars of economic activity and while you promised immediate action, you still don't even have a formal launch; you still don't even have an application form for the loan guarantee program?

**Hon. Mr. Ramsay:** As I said before to the member, not one proposal from any forestry company has fallen through the cracks. We said we had a program in place and there was more to come, and that we would be launching the full program, as I talked about, up to phase 2, by the end of September, which we did. But any company that had a proposal and needed to make a decision as to the future of their plant and came to us, we have engaged in discussion. On the two I mentioned, I'm very positive about the outcome of those discussions.

You were aware, as the company has made public to their workers in Kenora, that Abitibi is satisfied enough with the discussions we've had—based on the framework of phase 1 and phase 2, both the loan guarantee and the prosperity fund, and discussions with the Ministry of Energy—to talk to their workers about their proposal to garner the reaction of their workers in Kenora.

Whether an application form is ready or not, or whether there's an official launch of the program yet to come in another 10 days, any project proposal that has been brought to this government has been dealt with and in a very positive way.

**Mr. Hampton:** I'm well aware that the companies are very desperate. I mean, they'd talk to almost anyone. I'm also aware of what you said five months ago: \$350 million in loan guarantees and immediate action. What I know is that five months later, after hundreds of jobs have been lost, after communities have been decimated, after hundreds of millions of dollars of economic activity has been lost in northern Ontario, somebody who came to your ministry still wouldn't know what the rules are. You still don't even have a formal application process for communities that are desperate, for workers who are desperate. I wonder how you describe "immediate," when you talk about a crisis and five months later somebody who comes to your ministry wouldn't even know how to apply to get the \$350 million in loan guarantees.

I asked a few minutes ago—I assume you've got some documentation of your assertion that road costs were downloaded by the NDP government. I'd like to see that documentation, and maybe you could share it with everyone in the committee, please.

**Hon. Mr. Ramsay:** We can do that. If the clerk can make some copies of this, I'd like to distribute this to the world.

**1000**

**Mr. Hampton:** What I want to ask about again is roads, because in your announcement you mentioned \$28 million. In some of the press reports you've tried to assert that this is \$28 million for road construction. So I want to ask, is this \$28 million for road construction?

**Hon. Mr. Ramsay:** No. I never said that.

**Mr. Hampton:** Then what is it for?

**Hon. Mr. Ramsay:** Maintenance.

**Mr. Hampton:** Only for maintenance?

**Hon. Mr. Ramsay:** Only for maintenance of primary roads. Remember, you had downloaded the whole kit and caboodle on the industry, and I'm now chipping away at it. I'm starting with \$28 million, aimed at primary road maintenance.

**Mr. Hampton:** So this is not going to deal with the issue of road construction at all.

**Hon. Mr. Ramsay:** No, it's not.

**Mr. Hampton:** In that sense, industry, despite your claims and the claims of some of your members, is in no better position in terms of road construction after your announcement than before your announcement. They're still carrying the full load.

**Hon. Mr. Ramsay:** Well, a bigger cost of their delivered wood costs, of course, and the pricing for that is the ongoing maintenance. As you know, construction is a one-time expense, and maintenance is year in, year out. As you know, these logging trucks really beat up and damage these roads. Maintenance is very important. Making sure that the aggregate is available to the industry is also very important, and we're working at streamlining regulations when it comes to that. But again, this is starting to rectify the mess you put the industry in when you downloaded the total construction and maintenance costs to the industry.

We're now starting to say, "Do you know what? That was wrong. We think the crown has a responsibility to contribute to those roads," because they are public roads and we don't restrict access to most of those roads. A lot of hunters and anglers and people in the tourism business, government people and the companies going back and doing regeneration—these roads are used. They're part of the life and the economy of northern Ontario, and they're very important. We think we should be contributing to their cost.

**Mr. Hampton:** I'll just repeat my question: After your announcement, the forest sector is in no better position in terms of the cost of constructing roads today than they were before you made the announcement. Your announcement has nothing to do with the cost of building forest access roads.

**Hon. Mr. Ramsay:** I never said it was. We're helping them with the cost of maintenance of the primary forest roads. You're the guy who brought that in, by the way. You keep forgetting that.

**Mr. Hampton:** We'll deal with that assertion later on; I'm interested in how often you make the assertion.

**Hon. Mr. Ramsay:** You don't remember that you were the minister at the time.

**Mr. Hampton:** We'll deal with that assertion a little later on.

You want to say that this \$28 million for maintenance is really quite something. The fact is that many of the roads built by the forest sector are not primary roads or secondary roads. They're what we call tertiary roads. In fact, those roads aren't even maintained, are they? Most of those tertiary roads, after they're built, after the wood

fibre is extracted and after some forestry renewal work has been done, are to a large extent abandoned, are they not?

**Hon. Mr. Ramsay:** That's correct, and for a lot of good reasons.

**Mr. Hampton:** So you don't help with that at all. In fact, the money that you announced is not going to do a thing in terms of that issue.

**Hon. Mr. Ramsay:** Well Jeez, Howard, we're going to go back there in 80 years again to get the trees. Why the hell would we want to keep the road maintained every year? Of course you abandon those roads. You don't want people in there. In many of those areas, you want to regrow that forest and protect that forest from fire. In many of those areas, you don't want people in there because that's where a lot of fires can start. So of course you don't want to do that. Those last bits of road—you go in for the final bit, make your harvest based on your plans and get out. You want to basically regrow that whole area, the road included. That's the nature of forestry. I thought you understood that.

**Mr. Hampton:** I just want to go back to the comment that your assistant, Mr. Kissick, made when he said the largest single component in roads is tertiary roads. Your announcement isn't going to do a thing about the largest single component of roads for the forest sector, something which has a significant effect upon delivered wood costs.

**Hon. Mr. Ramsay:** Again, this was your policy that I'm trying to correct, one step at a time. You had downloaded all these costs: primary and tertiary road maintenance and construction, and secondary road maintenance and construction. I'm starting to redress that. I'm starting to help the companies by making sure that taxpayers' money, to the tune of \$28 million, gets directed to our forest companies, and that's what's happening.

As you know, this is one of the big costs of extracting wood, and they basically have a roads budget. They have all their breakdowns but they have a roads budget. We're contributing \$28 million toward that roads budget, which is going to help them, and that's year in and year out.

**Mr. Hampton:** I just want to be clear: In fact, the forest sector is no better off after your announcement of last Thursday in terms of the cost of road building than they were before the announcement.

I want to ask another question. Thank you, by the way, for this information, because what it shows is that the budget for roads stopped coming under FMAs in 1990 and was transferred to the Ministry of Northern Development and Mines and NORT in 1993. What it shows is that in 1993-94, a whole lot of roads budgets were taken up by the Ministry of Northern Development and Mines. Isn't that what it shows?

**Hon. Mr. Ramsay:** To some degree.

**Mr. Hampton:** Yes. That's what it shows. In fact, if I were—

**Hon. Mr. Ramsay:** In 1990-91, it was zero in total. In 1991-92—I forget who was in government; oh yes, it was you—it was zero.

**Mr. Hampton:** That's not what it says.

**Hon. Mr. Ramsay:** In 1992-93: zero right across.

**Mr. Hampton:** What it says—just to correct—is that the money under FMAs that was originally extended in the 1980s came to an end in 1990, and in 1993-94 it was negotiated that that would be picked up by the Ministry of Northern Development and Mines. That's what happened. I suspect that there was good reason for that, because it was about that time that the Americans started raising the issue of whether or not the forest sector was being subsidized in Canada. So in fact a whole lot of the road-building budget was picked up by the Ministry of Northern Development and Mines.

**Hon. Mr. Ramsay:** Here's the history: "Prior to 1991-92, government funding was directed at developing a roads network" that would do these things:

"—provide access to harvest allocations;

"—increase access for more efficient protection programs for fire and forest health;

"—provide access for silviculture activities;

"—be constructed for multiple-use purposes; and

"—be open to the public and other users."

That was before you came to government. "Funding for road construction and maintenance was set provincially on a per kilometre basis and adjusted annually for inflation. Roads allocation funding peaked in 1987-88 at \$39 million. In the face of a high provincial deficit, the allocation for roads funding dropped to \$16 million in 1991 and was eliminated altogether in 1991-92." That's the time you were in office. "The elimination of roads funding resulted in the full cost burden for all crown forest access roads being transferred to the industry, including primary, secondary and tertiary roads."

**Mr. Hampton:** The minister is reading from a document. I would appreciate it if he would table that document with the committee, please.

**Hon. Mr. Ramsay:** Yes, I will.

**Mr. Hampton:** That's good.

What you leave out, Minister, is that in 1993-94 this funding was transferred to the Ministry of Northern Development and Mines and the NORT program. NORT and the Ministry of Northern Development and Mines picked up annual costs. What you leave out is that the Ministry of Northern Development and Mines budgets from 1993-94 on show not only government-funded access roads but show significant numbers of kilometres of shared cost with the forest industry. So to simply say that this was cut and not replaced is not accurate.

1010

**Hon. Mr. Ramsay:** No, you're inaccurate. In fact, if you remember those programs through the Ministry of Northern Development and Mines, these were economic development roads, a program so that when a mining company came forward and said, "We think we can develop a mine out here in the middle of the bush," we had a program at that time, you had a program, as the government of the day did. I believe that program continues, where the Ministry of Northern Development and Mines will help contribute to the cost of constructing a

new road into a mine so that the companies have access to the site, the workers have good access to the site, because getting access to these resources is very, very important. These weren't the day-to-day FMAs, as we used to call them in those days, which were forest management agreements, now sustainable forest licences. This has nothing to do with logging roads and money paid to forestry companies. It's different. Also, as you can see, it's an extreme cut anyway. It's anywhere from a quarter to a third of what had been put forward before in total, and again, it was directed more to mining through the proper and appropriate ministry, northern development and mines.

**Mr. Hampton:** Again, I'd appreciate it if the minister would share that document with the committee and give us the source of that document, please.

**Hon. Mr. Ramsay:** Absolutely.

**Mr. Hampton:** I want to read for you the estimates of the Ministry of Northern Development and Mines for 1996-97. This is what it says: "The resource access roads program provides funding to the Ministry of Natural Resources for the construction and reconstruction of forest access" roads. Again, from the Ministry of Northern Development and Mines estimates in 1997-98, and again talking about the access roads, shared cost with private sector, 215 kilometres: "Providing financial support for the construction and reconstruction of forest access roads." What you simply want to make out as a cut was in fact transferred to the Ministry of Northern Development and Mines. In fact, road building went on through 1993, 1994, 1995 and 1996.

In any case, Minister, let's just take you up on your figures. Let's go to what you announced: \$28 million for road maintenance. We're told that the overall cost—in fact your ministry officials say that the overall cost—is about \$130 million a year. That's what it costs for road construction now. So do you think \$28 million is really going to make a big difference, when industry now has \$130 million a year in road construction costs?

**Hon. Mr. Ramsay:** I think it's a significant contribution. I don't think the \$28 million is chump change, especially when I know that it's the taxpayers of Ontario who are contributing this. We've made a very important decision: taking money from taxpayers—the residents and citizens who contribute to the general revenues of this government—to say that we will now transfer to one particular sector of the economy, our forestry companies, \$28 million, not once but year over year, as a contribution to their costs, that you downloaded to them, of maintaining primary roads. These roads are vital to the companies to access their timber, and this one step in helping them drive down, as we all want to do, their delivered wood cost.

**Mr. Hampton:** I just to read for you the 1994-95 estimates briefing book of the Ministry of Northern Development and Mines: "The resource access roads program provides funding to the Ministry of Natural Resources for the construction of forest access roads for resources planning and management," and for road upgrading. Again from the 1994-95 estimates: "The On-

tario government cost sharing with the private sector under the resource access roads program built 205 kilometres of forest access roads in 1994-95." So, in fact funding of forest access roads continued as shown in the estimates. As for the documentation that you're producing, I don't know where it comes from, but it certainly isn't in the estimates.

I want to go back to what many people in the industry said. They said that the delivered cost of wood is now \$55 per cubic metre, and they said that your announcement might—might—result in a reduction in the delivered cost of wood by \$1.25 per cubic metre. When the cost of delivered wood is \$20 or \$25 per cubic metre higher in Ontario than outside of Ontario, do you think that reducing it by \$1.25 per cubic metre is really a significant achievement?

**Hon. Mr. Ramsay:** I think it's a substantial contribution to the companies. Again, you've just picked on one component of delivered wood cost, and it's a big one, obviously: the maintenance and construction of roads. The high cost of diesel fuel, which we don't have any control of, is driving up that cost.

But you're forgetting the other part of my announcement last week: By uploading something that the previous government had downloaded to the industry, that being the forest inventory, that's also going to drive some savings in delivered wood costs, first of all, at \$10 million a year, year in, year out. So now we're talking \$38 million in total to the industry. We are helping them to reduce their costs by a taxpayers' contribution of \$38 million a year. Quite frankly, I'm very proud of this because, unlike your downloading of the road costs, where it was a download and put a cost on them, I was very concerned about the principle of downloading to forestry companies the responsibility of basically keeping inventory of the trees, because they're our trees. The people of Ontario own those trees, and I'm a temporary steward, as you have been, of those trees, and it's a great honour and a privilege. But the people of Ontario should keep track of their resources. That was downloaded to the companies. We're uploading that responsibility back to the Ministry of Natural Resources. It's back in the business of producing, maintaining and distributing the inventory of our vast and wonderful forests across this province. That is going to help reduce their costs also. But I think the principle of it is very significant.

We're now going to be using the very latest technology. Some of these technologies are called lidar, which are able to take photo impressions of not only the forest canopy but through the canopy of the forest to the land. Companies will be in a position now to better plan their road construction and reduce road construction costs so they won't have to send out people on to the ground to check if there is a waterway there, a creek, a river, a tributary: "What are we going to need?" They'll have accurate information at their desk in order to save money planning, building and constructing these roads. That's also going to drive down the cost of delivered wood.

**The Chair:** Thank you very much, Minister, and thank you, Mr. Hampton.

I'd now like to recognize Ms. Di Cocco.

**Ms. Caroline Di Cocco (Sarnia-Lambton):** I'd like to start off by saying that the minister knows that I live near the Great Lakes, of course Lake Huron, and the St. Clair River.

**Hon. Mr. Ramsay:** I've been to your office in Sarnia. It was great, a beautiful view.

**Ms. Di Cocco:** Yes, I know you were there, and it is a beautiful view. It's right on the river. You can see the United States and the bridge and the lakes. It's a wonderful area.

One of the questions that came up that we've been dealing with in regard to the Great Lakes is water taking, or the possible diversion of water in the Great Lakes. It's a huge concern because, as you know, the more we tamper with these aspects—there's always a grave concern. I know that there have been in ongoing negotiations that the province has been involved in. I'm actually asking, Minister, if you could provide some type of an update as to how they have been proceeding and where we're at with these negotiations.

1020

**Hon. Mr. Ramsay:** Yes, and thank you for the question. This has been a big interest of mine. Shortly after we became the government, ministry officials presented to me an agreement that had been negotiated between the eight neighbouring states and Quebec and Ontario in regard to the Great Lakes called the Great Lakes Charter Annex. The charter had been established as a result of a water-taking permit that the previous government had issued to a Sault Ste. Marie firm that would have allowed tankers to extract water from Lake Superior and take it to Asia. There was a great uproar about that in this province and in the neighbouring states. And what's interesting to note—because a lot of people feel, "Oh, the federal governments on both sides should get involved," and I'll talk about that in a minute—is that our neighbouring states, by and large, feel the very same about the lakes as we do. They understand the importance of those lakes to the environment, and especially to the economy and the recreational ability and tourism potential of their jurisdictions. So in a lot of cases, we are of like mind. But when I saw what was tentatively being agreed to in the annex to that charter, which was the next step, I really felt that we could do better.

What that had proposed was that they would cap the size of diversions but not the number of diversions. I felt that wasn't good enough, because in Ontario, as you know, the policy is "no diversions." We have to understand what a diversion is: We take water out of the Great Lakes all the time, but 95%, 96%, 97% of that water we put back. We borrow it. We borrow the use of it. We use it in our households, it goes through the system and it is returned. What we're talking about here is taking water out and not putting it back—in fact, dumping it into another watershed—and to me, that is wrong. By doing that, you're not protecting the integrity of the Great Lakes watershed, and that's what this is about.

I felt strongly about this, and I was concerned. Ontario is now changing its mind and saying, "Well, this tentative

agreement for this charter annex, we feel, is not good enough." I tasked our negotiators to go back to Chicago and to renegotiate that. I said, "You can just use the excuse that the government's changed, so there's a new thinking here in Ontario and we think we can do better." Quite frankly, I thought we could do better with those neighbouring states too.

As it turned out, by and large we've got a better agreement before us. What we've had is a series of public consultations with this better agreement. There's still some fine tuning to do. Even a week ago, our officials were down in Chicago, and there's going to be another round of talks coming up in the next few weeks also, because we want to get this resolved. But we're very firm in our position that there shouldn't be diversions.

One of the aspects of the renewed potential agreement is that in some of those states where they've got communities that straddle a watershed—part of that community is in the Great Lakes watershed, part of that would be in the Mississippi, a river watershed—they could use some of the water on the other side of the Great Lakes watershed, but they'd have to bring it back to our watershed. We were hoping we'd have an agreement with that, and we know that would be limited to only a few communities. So we're still working out the fine details of how we could accommodate some of those communities that are 12 miles away and can see Lake Michigan, yet they can't take a drop of that water. We'd like to find a way to accommodate that and bring the water back.

There has been some discussion about trading—exchanging—water. "OK, what if you allowed us—because we're only eight or 10 miles away from the lake—we'll take some water here and we'll give you some water from another watershed?" The concern about that is invasives. Right now, we have 161 invasive species established in the Great Lakes watershed, primarily coming from tanker ship traffic. Boy, we don't want to err on that and, just because we want to keep the quantities the same, say, "Yeah, throw in some water from somewhere else." We don't know what's in that water because it comes from another watershed. We really want to protect the integrity of the Great Lakes watershed. We take this very seriously. We've got a dedicated team of negotiators, and we continue to work at it.

**Ms. Di Cocco:** By the way, when you were down in my riding, if you'll recall, we had a meeting with a number of the conservation and wildlife groups there. The late Art Teasell was one of the gentlemen who attended—he's passed away since then. But they've amassed hundreds of acres of green space that they've maintained. They've done it with very, very few dollars, but they've done it because they believe we have to start preserving green spaces. He and his group went out, and I believe it's at least a few hundred acres that they've done.

One of the questions asked was that if someone buys, let's say, a treed lot or forested green space or just green space and wants to preserve that as green space, what

incentives does the government provide for people who want to invest their own money in buying up properties but leave those properties for posterity to be maintained either as a treed lot or as a green space? It goes for groups as well. I believe the question was asked at that time. I wasn't aware of whether there were any initiatives. Along that line, I'd certainly like to hear from you what the government is doing when it comes to incenting or helping people to maintain or preserve green spaces as well as treed lots and so on.

**Hon. Mr. Ramsay:** This is a great question, because it's been a big interest of mine in looking at southern Ontario. I see the tremendous forest that historically was there and how we've basically cleared that and now how important it is to work in southern Ontario to retain as much of our green and natural spaces as we can. You know that the greenbelt was part of that; we added one million acres in the GTA. But I look right across southern Ontario, down in your area in the southwest and eastern Ontario, and what can we do? Your question is right on, because unlike with, say, a lot of the east and most of the north, where basically 86% of our province is crown land and so our ministry has direct authority over it, in southern Ontario only about 3% of the land is publicly owned. So our challenge is great because we have to work in a co-operative way with property owners.

We have a suite of tools, and we've put them under a program called Natural Spaces, where we've got incentives for private property owners to be good stewards of their land. Two of these programs are very important: You'll probably remember that in the last budget we talked about a conservation land tax incentive program, and then of course we've enhanced our managed forest tax incentive program. We think these two programs are really going to enhance the stewardship.

The conservation land tax program provides property tax relief to landowners who agree to protect the natural heritage values of their property, such as provincially significant areas of natural and scientific interest, which we call ANSIs, endangered species habitat and areas designated under the Niagara Escarpment plan. So for 2005, we actually have 14,700 properties, which amounts to 475,000 acres participating, mostly—again, this is in southern Ontario, so it's directed to those areas where it's privately owned.

MFTIP, as we call it, which is the managed forest tax incentive program, provides property tax relief to landowners who agree to conserve and manage the forested parts of their property. These can be looked at separately. If you have a farm with a large bush lot, your bush lot can be separately evaluated and come under the MFTIP program. It's estimated that MFTIP results in an increase in the timber value of private forests by an additional \$28.5 million a year because of the improved forest management required on participating properties.

#### 1030

Other less tangible benefits, such as wildlife habitat, biodiversity conservation and carbon sequestration, are more difficult to quantify, and that's sort of one of the

values there too, because the more green space we have, of course, the uptake of carbon dioxide from the atmosphere increases, so another reason, especially in southern Ontario, why we should be looking at increasing our natural spaces. All that green material that grows every year is grabbing carbon dioxide out of the air, which is very important for global warming.

We think this is a great program. What's nice about it is this tremendous uptake. The public is looking for more and more of this. That's why we've expanded these programs into a full suite of tools that includes reforestation and other programs for southern Ontario and on private land.

**Ms. Di Cocco:** Thank you, Minister. I know that it's always an issue. We take for granted the wonderful spaces that we have in Ontario. I think I learned at that meeting actually that—I never thought of it—south-western Ontario was one of the largest clear-cuts in the—

**Hon. Mr. Ramsay:** Who said that?

**Ms. Di Cocco:** I think it was stated at that meeting. I believe you said it, actually. I didn't look at it like that. Always living in a place like Sarnia, where of course it's all this wonderful farmland, you don't think of it as once being a forest and being clear-cut. So anything that can be done, as we develop and grow as a province, to be able to maintain our green space and the integrity of our landscape so that it provides to us that oxygen that we need to breathe and so on, I think is certainly worthwhile.

I look forward to the next time you're able to come down to the area and I can learn some more about the work that's being done with the Ministry of Natural Resources.

I have one other very quick question. The shoreline of Lake Huron, there's always this call to put, if you want, water breaks or shoreline protection, I guess it is. What happens, though, is there's a consequence to doing that, because there's a whole shoreline there, quite a lot of miles of shoreline. Maybe you can just explain why we're giving that sober second thought to what this actually does to the lakebed.

**Hon. Mr. Ramsay:** Humankind, I suppose, is still tempted by the notion that we can tame Mother Nature. We've seen a history of this around the world, including in our province. So any time we see low water or high water, people come to the government: "You've got to do something about it." But these are all natural cycles. Waterways erode. That's how they grow. They start small and they get bigger. Shorelines erode, whether it's on the oceans or on our Great Lakes or any lakes or waterways, river valleys get larger, and that is a natural process. So we get tempted from time to time to intervene. You can get engineers together who say, "Yep, we can fix that problem." They can invent all sorts of different constructions to stop this or that. What you basically tend to do is transfer it down the shoreline and make it somebody else's problem.

You have to be very careful on these interventions. In this case, it's shoreline erosion, because that is the way of nature working. While we obviously want to work at im-

proving and protecting property values, we must always be cognizant, those of us who live on a shoreline—I live on a river and I've had erosion. I've had slumps, what they in the Clay Belt call slumping of the riverbank. It took out my road. That's what's going to happen. We have to be very careful. That's why we have to make sure we protect the habitat.

If you take all the trees away from your shoreline, you're going to get slumping. So again, that's why we have to look at habitat protection, and if we protect that, then we're going to protect areas like shorelines.

**The Chair:** That completes that cycle. I couldn't help but note that the honourable minister grew up as my neighbour in Oakville, so he may have some appreciation for the clear-cutting that went on in southern Ontario.

**Hon. Mr. Ramsay:** Thank God that Oakville was spared.

**The Chair:** As was Burlington.

**Mr. Hampton:** I just want to take you back again to some of the points you've been making. Can you or your staff tell us what document this comes from?

**Mr. Bill Thornton:** That's taken from MNR's financial information systems.

**Mr. Hampton:** OK. I just want to ask some detailed questions. For the period 1990-93, what you in fact say is "information not available," where would that information be available?

**Mr. Thornton:** As I understand it, some of the difficulties during that period dealt with the fact that there was a change in our information systems for financial accounting. There's been a lot of confusion around this subject, and I think what we need to do here is stand back and look at the big picture that this table tries to illustrate. You make a point, in that there wasn't just funding through the Ministry of Natural Resources; there was funding through programs in northern development and mines. If you take the five-year average in the period preceding 1990, the average funding from all sources, even including the federal government—you'll see a source in there from a federal resource development agreement—is about \$26.7 million. If you compare that to the end point of the late 1990s, 1994 and 1995, we're at about \$4.6 million. The point that I'm trying to make here—

**Mr. Hampton:** 1994-95, \$4.6—no, 1994-95 is \$7.7 million.

**Mr. Thornton:** Oh, I'm sorry. My point is that there's been a major reduction in the amount of funding during that period. We can debate the order of magnitude, but it went from—

**Mr. Hampton:** That's fine. I'm interested in where I would find this other financial information. It's bizarre that MNR would come before this committee and say that this information isn't available. That's very bizarre. Where would I find this other information?

**Mr. Thornton:** As I understand it, one of the difficulties is that our quoting structure changed.

**Mr. Hampton:** I'm not interested in the difficulties. Where would I find the other information?

**Mr. Thornton:** You'd have to try to get that from the Ministry of Natural Resources, and it would be difficult to do that because of changes in our accounting system during that period of time.

**Mr. Hampton:** Personally, I think it's unacceptable that MNR would come here and say, "We don't have information for these years." If MNR is going to come before this committee, I think they'd better reproduce all the numbers. What we need is an undertaking from the ministry to produce these numbers.

**The Chair:** You've articulated your request. I generally turn to the minister or to the deputy to ask a question in a straightforward manner. Are we able to receive the documentation that Mr. Hampton is seeking?

**Hon. Mr. Ramsay:** We will take the undertaking that the member is asking for and—

**Mr. Hampton:** I guess this—

**The Chair:** One at a time, please. Minister.

**Hon. Mr. Ramsay:** We will attempt to get those figures for you.

**The Chair:** Thank you very much.

**Mr. Hampton:** I guess the question I'm asking is, if MNR doesn't have it, who has it?

**Mr. Thornton:** We would have it. The difficulty is that because of changes in our accounting system and a different division being responsible for forest access road funding during that period of time, it may not have been quoted to that. We will do our best to try to get you those answers.

The other point that needs to be made here is that there's been a lot of confusion around the purpose of the money, the so-called NORT money, from northern development and mines. There's been a suggestion here that that goes exclusively to the benefit of the forest companies. I want to clarify that that's not the case. That money could be used for any access on crown land. It was frequently used to access cottage lots, for example, or remote fire bases and to maintain roads associated with the parks program and so on. So I don't want to leave on the record the suggestion that that money was focused entirely on the forest industry; it was not.

1040

**Mr. Hampton:** I'll quote again from what it says in estimates: "The resource access roads program provides funding to the Ministry of Natural Resources for the construction and reconstruction of forest access roads."

**Mr. Thornton:** And that's correct. They are access roads in the forest. They are not necessarily access roads that are being used by the forest products industry.

**Mr. Hampton:** OK. Minister, I want to take you back to this document. I want to take you to how the budget process works. The budget is ordinarily made in the spring of each year. Is that right?

**Hon. Mr. Ramsay:** From time to time.

**Mr. Hampton:** Well, as long as I've been around here, the budget is ordinarily made in the spring of the year. So the budget for fiscal year 1989-90 would have been prepared and presented in the spring of 1989, right?

**Hon. Mr. Ramsay:** Yes.

**Mr. Hampton:** The budget for fiscal year 1990-91 would have been prepared and presented in the spring of 1990, right?

**Hon. Mr. Ramsay:** Except I remember that there was a second budget that year, when the government changed.

**Mr. Hampton:** There was no second budget, but we can go into that.

**Hon. Mr. Ramsay:** Mr. Laughren made a lot of adjustments.

**Mr. Hampton:** I'm just asking you: The budget for 1990-91 was presented in the spring of 1990. In fact, I remember that budget. The Treasurer said that Ontario was going to have a surplus.

**Hon. Mr. Ramsay:** That was balanced. It was balanced.

**Mr. Hampton:** He actually mentioned a surplus.

**Hon. Mr. Ramsay:** The Provincial Auditor said it was balanced.

**Mr. Hampton:** My point is that the budget for the spring of 1989-90 would have been presented in the spring of 1989 by the finance minister, Robert Nixon, is that right? The budget for 1990-91 would have been presented in the spring of 1990 by the Minister of Finance, one Robert Nixon. Is that right?

**Hon. Mr. Ramsay:** In the spring of that year, yes.

**Mr. Hampton:** Now, according to your figures, some of which you say are not available, what it shows in 1990-91, the year that Robert Nixon—a wonderful man, Robert Nixon—

**Hon. Mr. Ramsay:** A great guy.

**Mr. Hampton:** Yes, the Minister of Finance, a long-time Liberal. It shows that you reduced the budget for roads to zero. Is that right?

**Hon. Mr. Ramsay:** Well, the important point here is that at that time, the policy did not change until your government took over and you decided to download the cost of the roads. What we're talking about now, and what you are debating, is based on a lack of information that I've given and undertaken to get to you as to what those expenditures were. But it was the policy of your government—and that was the fundamental change—to download the cost of maintenance and construction of the forestry roads to the companies. That was brand new, and that was a change.

**Mr. Hampton:** Well, notwithstanding your explanation, the budget for the fiscal year 1990-91 would have been presented in the spring of 1990. I remember that budget well. That budget became the subject of the election campaign that summer. But the budget was presented in the spring of 1991 by one Robert Nixon, Minister of Finance in the Peterson Liberal government, and what it shows, according to your own records, is that the budget for road construction was zero. Here's the document.

**Hon. Mr. Ramsay:** What it shows is that those numbers aren't available at this time.

**Mr. Hampton:** So a few minutes ago you were telling us that the NDP cut the budget. Now, when it becomes

apparent that it was the Liberal government that cut the budget, you suddenly say, "Oh, the numbers aren't available for that time."

**Hon. Mr. Ramsay:** The fact is, it was your government that cut that expenditure.

**Mr. Hampton:** This is about as worthwhile as your announcement earlier last week, when you tried to pretend you were doing something wonderful for the forest sector when in fact the delivered cost of wood in Ontario is higher than virtually any other jurisdiction, that's a very big cost item for the forest sector, and the cost of electricity is either the highest in North America or the second-highest in North America, the second-biggest item for the forest sector, and you haven't done anything about that. So your figures here are about as reliable as your figures last week. That's why it got such a negative reaction from not only the forest sector but the municipal sector, from labour leaders and even from the editorialists in Toronto, whom you've been trying so desperately to spin.

So tell me, Minister, since you cut the budget for forest access construction, as your own figures show, and since your input of \$28 million isn't for forest access road construction, what are you going to do to correct the mess you've made?

**Hon. Mr. Ramsay:** Well, your figures are wrong, and—

**Mr. Hampton:** No, your figures are wrong.

**Hon. Mr. Ramsay:** The average funding for roads during the five-year period from 1985 to 1990 was \$26.7 million a year. By 1994-95, the funding was \$4.6 million, and that was mostly through NORT. What we've just talked about was not exclusively for accessing trees by forestry companies. This was a general access road program, a good program by the way, so that you could build development roads, as we called them, so you could access new resource opportunities in northern Ontario. There was a substantial reduction in the road budget, from \$26.7 million a year through the years 1985 to 1990, down to \$4.6 million a year in 1994-95. So the funding in 1994-95 represented a reduction of over 80% compared to the five-year average to 1990.

**Mr. Hampton:** And it all happened in Robert Nixon's budget in the spring of 1990.

**Hon. Mr. Ramsay:** No, that's just wrong.

**Mr. Hampton:** But I want to ask you another question. This is a quote: "Tory highlighted road construction costs as one area where the province can act quickly. Forest product companies say having to pay for the entire costs of logging roads is onerous and unfair considering other people use them. Tory said the province should share in the cost of building and maintaining the roads."

"He admits that would mean reversing a policy created by the previous Progressive Conservative government under Mike Harris. Tory said the decision to have industry pay the full shot for the roads was made at a different economic time for both the companies and the province and should be revisited."

So even John Tory doesn't agree with your assessment. The figures you presented here show that if it

comes to cutting the money out of the forest management agreements, that happened under the Peterson Liberal government in the budget of Robert Nixon in the spring of 1990. What the NDP did in 1993-94 was actually put \$8 million back in. Then, when it comes to saying that the forest industry has to pay the full shot again, even John Tory says that that happened under the Harris Conservatives.

Since the information you've provided doesn't support your case, do you have any other information, because even John Tory doesn't agree with your assessment?

**Hon. Mr. Ramsay:** Well, I feel sorry for John Tory that's he's taking the blame for this mess that you brought, because it wasn't his government that downloaded these costs. If he wants to take the blame for downloading the forest inventory work, that's correct.

He's misinformed, but a lot of times we are misinformed in this business, and we all make errors. I'm not going to point fingers at him. We all make mistakes, and I make mistakes as much as anybody. He's made a mistake there, and that's fine. In fact, it wasn't until a while ago that I thought it was the previous government that had done all these downloads too, until I really started to look into it and saw that the policy changed during the NDP time.

We can debate this all day and all night, if you'd like. I think the point is that we've made the contribution back. We've said as of Thursday—and you have to remember it's retroactive to the beginning of the construction season this year—that we are going to flow this year, retroactively back to April 1 this year, \$28 million that companies had never seen for years and years back to them, to cover the cost of the maintenance of the primary forestry roads.

**Mr. Hampton:** Minister, I want to remind you that this is the documentation that you, David Ramsay, put before this committee. This is the documentation that shows that in the budget presented in the spring of 1990 by the Honourable Robert Nixon, Liberal finance minister, road construction costs paid for by the Ministry of Natural Resources and by the Ministry of Northern Development were cut to zero. This was your document, not mine. You presented it to the committee.

I want to ask you about the \$28 million that is not going to road construction now but will go to road maintenance. Will that be shown in MNR's capital budget?

**Hon. Mr. Ramsay:** Maybe I'll go to David de Launay to answer the technical question of how that's going to be expressed in the budget.

**Mr. David de Launay:** It's not clear at this point. We're still working with finance on how the new allocation with the prosperity fund and our new funds will come forward. It will certainly show in the books of the government and will likely be part of our capital as we tweek this for 2005-06.

1050

**Mr. Hampton:** So it will be shown as part of your—

**Mr. de Launay:** It will likely be, but we're still discussing with the Ministry of Finance how this will be shown.

**Mr. Hampton:** Well, where else would it be shown?

**Mr. de Launay:** We're now into accrual accounting, so the books of the government are looking at the finances of capital, both—we look at assets, we look at the capital expenditures. It will likely be shown in the Ministry of Natural Resources when we come to year-end.

**Mr. Hampton:** I ask my question again: Where else might it be shown?

**Hon. Mr. Ramsay:** Let me just clarify: We just haven't established the place where it's going to be, because it's new money. When we budgeted at the beginning of the year—as you know, this starts at the end of the old year and basically at the beginning of the calendar year, even though the fiscal year starts April 1—we hadn't received the report yet, so we didn't have in place what we thought might be the requirements based on this report. So that item wasn't budgeted that way.

This is new money that the government has brought forward in response to the competitive council report. One of the areas where the companies asked for relief is this particular line, and we decided on a \$28-million contribution annually toward the cost of maintenance of the primary road network.

Come back next year and we'll show you where we put it, but all I can tell you is that the money is there, the money is going to start to flow. They're going to get \$28 million fully this fiscal year, going back to April 1.

**Mr. Hampton:** Chair, I just repeat my question. I've heard a lot of verbiage, a lot of wordage. Where else might the \$28 million be shown?

**Hon. Mr. Ramsay:** Why don't you come up with suggestions? We can put it anywhere you want. It will be expressed in the government's books. It's going to be on MNR because it's flowing from our ministry, and once that's finally decided you can be the first to know. I think the important thing is that the industry is going to get the money.

**Mr. Hampton:** So it won't be shown under the Ministry of Northern Development and Mines?

**Hon. Mr. Ramsay:** No, it won't.

**Mr. Hampton:** OK.

**The Chair:** Mr. Bisson, three minutes.

**Mr. Bisson:** Thank you very much. A couple of quick questions before we get into my turn again. First of all, do you acknowledge that high electricity costs are a problem for the forest industry? Just a yes or no.

**Hon. Mr. Ramsay:** Sure, it's one of the costs, absolutely.

**Mr. Bisson:** Do you also acknowledge that the price of electricity has gone up under the McGuinty watch?

**Hon. Mr. Ramsay:** Yes, it has.

**Mr. Bisson:** Could you also agree, then, that it's logical, if industry is saying this is a huge problem, that you are partly responsible—I know it started under the Tories—for the hydro policy in this province?

**Hon. Mr. Ramsay:** The government is responsible for the hydro policy.

**Mr. Bisson:** As I sit down with industry, they're being pretty darn clear. They're basically saying that one of the key issues for them in being able to survive, especially on the pulp and paper side—and we'll talk about the other sectors of the industry as well—is electricity cost. They have come to you. They have asked you time and time again to come up with a hydro policy that would basically allow them to operate at a point that they can stay in business. Why is it that, in this particular announcement you made Thursday, you've done absolutely nothing other than talk about cogeneration—which we'll talk about later—to deal with the core issue of hydroelectric prices from OPG? Why did you not address that?

**Hon. Mr. Ramsay:** First of all, I have to disagree with the premise of your question. The industry has not come directly to me to ask me to change the electricity pricing policy, because they know—

**Mr. Bisson:** Jamie Lim from OFIA has never gone to you, Paul Dottori from Tembec has never gone to you etc., etc.?

**Hon. Mr. Ramsay:** They've never come to me to ask me to change the policy, because they know I don't have the authority to do that. As you know, I'm the Minister of Natural Resources and not the Minister of Energy, so I don't have the authority to effect that. They have come to me and talked to me, and rightfully so, about the cost of electricity being one of many cost pressures they have—as are all the cost pressures we've talked about today—as it is for every other industry in this province.

**Mr. Bisson:** That being the case, I come back to the original point that if we know hydroelectricity cost is a huge factor for industry, why is your government continuing down the path that it chose, which is an extension of the Tory policy, that's going to keep on seeing hydro prices rise and put these guys out of business? What's the upside?

**Hon. Mr. Ramsay:** What I'm doing to address that, as you know by the policy announcement last week, is assisting our industries, because our industries have the ability to produce their own power.

**Mr. Bisson:** They're not feeling assisted, Minister.

**Hon. Mr. Ramsay:** We've got the program in place, both in the loan guarantee and the prosperity fund, to basically give them that big boost to facilitate their own production of electricity and in fact make some gains, because usually what you see with the industrial cogeneration capacity is, that they produce more electricity than they consume, so they come off-line, and they also produce more power, so they put it into the grid. They of course will get credit for that, and that's been happening with the Abitibi discussions for Kenora. Abitibi is very pleased with those discussions to date.

This program is going to work. While you can take shots at it today, what will be important will be the announcements that will come tomorrow, and those announcements are going to come down the road.

**The Chair:** Thank you, Minister.

**Mr. Bisson:** The problem is they won't be here tomorrow.

**The Chair:** I appreciate that, Mr. Bisson. Now it's Mr. Milloy.

**Mr. John Milloy (Kitchener Centre):** Thank you, Minister, for your presentation. I'm surprised, as a southern Ontario MPP, at how much your ministry is active in our region. I have to admit that when I first got elected, I thought the accent was more on the north, but you're obviously involved in a number of aspects throughout the province.

I wanted to begin my questioning with the conservation authorities. My area has the Grand River Conservation Authority, which I think has been doing a spectacular job in the work it does in a number of communities along the Grand River. It has also made a real effort to reach out to MPPs—not in a partisan way. They hold a number of meetings and sessions with MPPs from all parties. I think all of us, as a group, have had a chance to learn about some of the challenges they're facing and also some of the environmental concerns in our communities along the Grand River.

The Grand River Conservation Authority is, of course, part of a network of conservation authorities. I was surprised to learn that 90% of Ontarians apparently live in a watershed managed by a conservation authority, so their well-being is of concern to most, if not all, Ontarians. You're aware of the wide range of functions that they're involved with: flood control, erosion control, flood forecasting and warning, and the list goes on. But at the same time, as well as having growing challenges around climate change and floodwater and water source protection, with all this being put on their shoulders, they're facing a real funding challenge. The previous government significantly cut their funding. In the meetings I've had, in a very constructive way, they raise the issue of the amount of tasks they're asked to perform and the fact that they're simply finding it harder and harder.

I just wondered if you could comment on the growing role of these conservation authorities and how you, as the minister, see them meeting some of these challenges with these funding pressures.

**Hon. Mr. Ramsay:** Thank you, John, for the question. Conservation authorities are very important entities in this province because, as you said, they basically manage the majority of the watershed, certainly in southern Ontario and some in the north. They're very important indeed. They certainly have suffered from big cuts in their funding. They basically used to be almost fully funded in the old days, and gradually the numbers have gone down to the point where, during some of the years in the last government, the transfers got down to \$8 million and \$7 million. So from \$7.7 million to the lowest, we've started to raise those to \$12.7 million in total transfers to the CAs. We're starting to buck the trend somewhat, but it's nowhere near how they used to be supported in the past.

We're working with them, and we've committed to undertake, in conjunction with other provincial ministries and Conservation Ontario, which is the umbrella group for all the CAs, an exercise to rationalize all the provincial funding to conservation authorities, to rationalize

the delegated responsibilities and the partnership agreements that we have. From this, MNR will work with Conservation Ontario to find some pragmatic solutions by which to better align our resources and responsibilities.

An example of that right now is one that you mentioned: source water protection. That, for obvious reasons, is a big priority of this government. Source water protection is very important, and we've learned that from the tragedy at Walkerton. The conservation authorities are the best entities available to really undertake that task because, by and large, as I've said, they are the stewards of our watersheds. We have transferred—and most of that has been at 100-cent dollars—monies, about \$28 million this year, I believe, through both MNR and MOE, to the conservation authorities to undertake these water budgets, which is the first planning in source water protection, to make sure that these sources are protected. They're our partners in this, and we're working with them. I know they're happy to be involved in this, so we'll be looking for more opportunities where we can partner up in the future.

**1100**

**Mr. Milloy:** One of the concerns, certainly with the Grand River Conservation Authority, and I imagine it's shared by all of them, is capital and maintenance. I just wondered where we stand on that issue.

**Hon. Mr. Ramsay:** In our transfer to them, we don't differentiate between their ongoing expenses and capital. The majority of their money now comes from their municipal partners, so, like for us, that's a cost pressure for them also. They have a big responsibility there because they are in control of many of the dams in the province. While dams do good work, they're potentially dangerous. They have to be maintained to do their job. If they fail, property and loss of life could be involved, so it's very important that this work continue. Again, we're looking at all the funding that the government does to conservation authorities to make sure we've got a good system in place.

**Mr. Milloy:** Thank you. I'm going to switch to another issue that I've heard a lot about from constituents, and we've exchanged some correspondence on it. That has to do with foster care families that raise orphaned wildlife. I've had the chance to meet a number of constituents who've been involved—some of them for many, many years—in raising animals, often baby animals, that are sick or have been abandoned. They really do yeoman service; they're quite devoted and passionate in terms of raising these young animals so they can be released later into the wild.

The reason I've received a number of delegations and have written you in the past is that your ministry brought forward a regulation that would deal with the care of these animals and the training of caregivers and the management of this system. When the first iteration of that came out this spring, those in the community who were involved in this practice pointed out that in their mind, it was going to curb what had been the practices in the past and be counterproductive.

I know there has been a back-and-forth between your ministry and groups involved with the raising or the care of these animals. I just wondered if you can walk me through the thinking in bringing forward these changes and the status of where we are right now.

**Hon. Mr. Ramsay:** Thank you for the question, John. Before I answer that, I want to correct the record. I guess we do differentiate between capital and ongoing expenses when it comes to conservation authorities. We've increased their capital budget to \$5 million.

This is an important subject when you talk about the wildlife rehabilitation centres. It's important because it now brings into play something that a lot of people would think would be beyond the scope of the Ministry of Natural Resources because it impacts human health. What I'm talking about is the disease of rabies. Many of the animals that these individuals who offer foster care or that these wildlife rehabilitation centres deal with are what the scientists will call a vector species for this disease, a species that can spread the disease. When we have these agencies doing the great work of rehabilitating these animals, we're very concerned about where they place them back into the environment because, as I said, these species have the potential to, and do, spread rabies, and we want to be very careful about where these species are reintroduced into the environment.

We've had a consultation, and in the next few weeks we'll be posting on the Environmental Bill of Rights Web site the proposed changes and have another consultation with these people. They do important work and we want to work with them, but on the other hand, we want to make sure that our wildlife and human health are protected, and rabies is a very serious disease. New York state and Ontario are the epicentre in the world of this disease, and Ontario has done a great job in holding the line on that. It's from employing this science and having tough regulations that we've been able to do that. While it would be nice, when wildlife is rehabilitated, to be able to put the wildlife anywhere, it doesn't make good scientific sense to do that. So we want to have some restrictions, in fact down to the point of a certain number of kilometres from where you found that particular animal to where you can reintroduce it into the wild. I know you've received a lot of comments about that, as have other members, but we want to do the right thing. I certainly want to be extremely carefully when it comes to protecting the health of wildlife and of course of human beings in this province.

**Mr. Milloy:** To clarify the chronology, just so it's clear in my head, the draft regulations were posted in the spring, you've had a chance for consultation with the different groups and now you're saying that in a few weeks there will be another set of regulations and that they will also have a chance to—I'm just trying to get clear on the chronology.

**Hon. Mr. Ramsay:** Yes, we will post the recommended regulations in a couple of weeks and offer another opportunity for people to comment on that.

**Mr. Milloy:** I'll switch to another topic. I was very interested in your answer to Ms. Di Cocco's question

about issues with the Great Lakes. As an aside, you spoke about foreign species, invasive species, that are coming into the Great Lakes, and you noted tanker traffic and things like that. I think all of us have seen news reports about zebra molluscs and other species that have entered into our Great Lakes and are doing incredible damage to the system. You mentioned it in passing, but I'll ask you directly what the strategy of the ministry is in dealing with this issue.

**Hon. Mr. Ramsay:** We're very concerned about this. As I said, there are 161 invasives already established in the Great Lakes basin. It's really quite astounding. I use that quite often, not to be alarmist but to make sure that people have an appreciation of how vulnerable we are to invasive species. Of course, these are just the aquatic ones I'm talking about in our Great Lakes. We continue to do this as a ministry, but we also work with the Canadian Food Inspection Agency, which is in charge of fending off invasives from this country before they're established. Once they're established, they become the ministry's responsibility. The main point of contact for us, of course, is in trying to prevent the establishment, and you can see by the track record that we've been overwhelmed by these invasives. So we continue to work with the federal government. As I said earlier, tanker traffic is the main vector—spreader—of these invasive species. We continue to push and cajole the federal government to have stricter standards and better enforcement in getting the Coast Guard to basically stop these tankers out in open sea where they can make the discharges safely in saltwater before they come into freshwater. We're working in co-operation with New York state and all the neighbouring states, because they share in this also, and there's very good international co-operation in trying to put a halt to these invasives. This work continues, and it's basically an ongoing battle, if you will. I'll use that war analogy, because it is a war and we're being invaded, whether it be on land with some of the invasives that you see taking our trees or in our watersheds. We are working hard. In fact, tonight I leave for a resource ministers' meeting in Saskatoon, where this will be a prime discussion with all the resource ministers from across the country, with the federal government, and I'm certainly going to be pushing the federal government to do more, because it is their responsibility to stop the invader before it gets established. We need to do more there. We need to put more resources into this to protect the environment of Ontario.

**1110**

**Mr. Milloy:** Once they are established, are there strategies to try to get rid of them? It seems like an overwhelming problem.

**Hon. Mr. Ramsay:** Sure. It depends on what it is. You'll remember—I'm trying to think of the name of the eel now—the lamprey eel that came into the Great Lakes in the 1950s and 1960s; it was probably the first one that got the notoriety—and the tremendous program that the federal and provincial governments embarked upon in basically attempting to kill those lamprey eels as they

came upstream to spawn, using chemicals to kill those creatures before they could do any more harm. As you know, they basically took out the lake trout population from Lake Ontario and started to completely change the environment, which forced human beings to look at another predator fish. They landed upon a salmon, which might have been a good decision or might not have been a good decision at the time, depending on where that salmon came from. But it really had a big impact not only on the lake but on how we were going to make sure we got a top predator back into the food chain. That is one example.

Zebra mussels continue to spread through Ontario. They're a very difficult thing to stop, but we have agreements with the anglers and hunters association and other outdoor groups. We've had co-operation for programs where we've posted information notices at boat launches saying, "Completely spray the bottoms of the boats, because the larvae can adhere to the boats, which spread them into the next watershed. Thoroughly clean the bait tanks and all of that on the boat using chlorine" etc. We find partners on each of these, and we have programs and inform the public. That's the best thing: to have public co-operation to try to halt these invaders.

**The Acting Chair (Ms. Caroline Di Cocco):** I guess we'll move to Mr. O'Toole. You have about 11 minutes, I understand.

**Mr. John O'Toole (Durham):** Minister, I have about three broad questions. This is an area that I'm not terribly experienced in, but I appreciate attending these hearings and learning more. As the former critic on energy, I did meet with the major power consumers and did hear about the severe impact of the electricity plan, or lack of a plan, that you have for Ontario. It's certainly causing that industry a lot of hardship, as has been explored by Mr. Bisson and Mr. Hampton.

If you or your ministry have any kind of budget records or operational cost records from that sector, I'm wondering what percentage of their operating costs would be made up of the energy required to run those industries.

**Hon. Mr. Ramsay:** I'd refer the question to our ADM of forestry, Bill Thornton, to see if he has a general sense of that context for you.

**Mr. Thornton:** Generally speaking, if we look at the major power consumers in the forest products industry, it's in heavy manufacturing, such as paper. In that respect, it could be anywhere from 20% to as high as 30% of your production costs that are energy-related. Pulp, likewise, is very energy-intensive. At the low end of the scale would be sawmilling, for example, or the less energy-intensive oriented strand board.

**Mr. O'Toole:** I appreciate that, because in the respect that the question was answered by saying that it really belongs to the Ministry of Energy—I've certainly met with the power producers, as well as the consumer side, and I'm just aware of how vital this is to the economy of Ontario and how vulnerable the plan is for the next 10 years. I know the power authority is supposed to be

coming forward with a supply mix report, which is going to indicate a sort of strategy, but that's a long-term solution. It's probably five years at minimum—probably 10 years more realistically—to establish a reliable and firm baseload. But I appreciate that response.

Another sector in the GTA, specifically in my riding of Durham, is a fairly significant aggregate resource area for the province. I have a couple of questions. One is probably simpler: I believe that the municipality of Clarington and the region of Durham have passed resolutions requesting a review of the royalties paid to them on tonnage. Do you have any response that I could pass on to these municipalities? Because it is also an industry that's in some flux, if you will, both on the contract side for the haulers, on the price of gas—these are longer-term contracts on price per tonne. Perhaps you could give me a bit of feedback on the royalty issue and what kinds of dialogues with that important sector are going on with your ministry.

**Hon. Mr. Ramsay:** It's a good question, John, because this sector is an extremely important sector of the economy, and especially as it contributes to the building and development that is large here in southern Ontario, especially in the GTA. It's those pits and quarries in this area that really contribute to that.

I've had an extensive consultation with both the industry and the municipalities because, as you know, the municipalities probably are the direct recipients of complaints that people have. You probably get some too. I find that at the local level they're a big recipient of that because people worry about the beating up of the roads. A lot of that is not only the noise in the quarry itself, in the pit, but also the transportation of the trucks up and down the county roads, getting the material out of those areas and into the cities and towns.

I've had a consultation about that, and there's actually pretty strong agreement that royalties could rise. Everybody has their own reason for that. The municipalities would like to see a little greater revenue derived from the pits and quarries in order to help them with their road costs, because this traffic is tough on the roads. It requires more maintenance, so they would like to see some revenues there.

The industry itself would accept a modest increase in royalties also. They'd like to see—because, again, they're targets because it's an industry that generates complaints—the resources there so that we could move more quickly with the rehabilitation of the pits, which is very important and which we all want. When we talk about pits and quarries, we're really talking about borrowing the use of the land and transforming the land as we extract the aggregates. But the land can be put back, and a lot of times it can be put back into better uses and better functions for the environment. That sort of money would go toward that rehabilitation fund also. There is agreement, actually, and those costs will be passed on; there's no doubt about it. As the pressures build here, so will the costs of development. The material is important, but we have to do it in an environmentally

sustainable way, and that has a cost. At some time down the road we'll probably move forward with this.

**Mr. O'Toole:** Great. I have a couple of specific things in my riding. I want to make reference as well to the article in the Star this morning that highlights the importance of the aggregate industry to our economy; in fact, to our way of life. The article says that in the first year, a child or an individual would need 2,000 diapers, 225 litres of milk and 14 tonnes of aggregate. For each one of us in Ontario, in some form or another, through a paved driveway or for the building that occurs in Ontario, it's 14 tonnes of aggregate. It's a pretty striking number.

Actually, that leads to the greenbelt legislation, which in a broader sense I would say that I supported for the right reasons of quality of life, but it has a great deal of uncertainty. I just want to clarify on the record here that there's an application before the municipality of Clarington, in my riding of Durham, for the expansion of a pit permit at Kovacs pit. Some of your staff would probably be involved in, or at least aware of, that current application before council, not specific to that, but it underlines the importance of developing certainty in that sector. In that way, put clearly, there's going to be a lot of contest in terms of permitted uses in the greenbelt, and it's my understanding that quarries are a permitted use where there are appropriate hearings and public notice etc. How would that deal with an expansion of a current operation? Because a lot of what they do is actually bring materials to the site for crushing and mixing etc.; do I understand this correctly? It's better to have the minister say it than me, and that's what I want to use this Hansard for.

1120

**Hon. Mr. Ramsay:** This was a big discussion we had in moving forward with the greenbelt: How could we continue to accommodate growth within the area and at the same time protect our natural heritage systems? We decided that if we were to carry on with the aggregate business within the greenbelt, we needed a higher standard within the greenbelt area, so that's what we've done. We've done things like enhanced and accelerated rehabilitation over and above the average outside of the greenbelt area. We've enhanced the standards of that.

Of course, as you just alluded to, there's a public process involved through our Aggregate Resources Act that continues, whether it's in the greenbelt or not, to ensure that whatever is being proposed is viable. I can't, and shouldn't and wouldn't, comment on any specific application because, in the end, I'm the guy who signs the licences for all these pits and quarries. But we wanted to make sure that we had the balance in the greenbelt legislation of preserving our natural heritage systems while at the same time making sure that we did not start to make development too costly.

The other thing I look at, John, in the whole context of this: We could have said that within the greenbelt there would be no extraction. So now what would be the result? We'd be trucking in aggregates from afar. I look at the whole area in the total environmental context and

not just the green spaces. One could make the argument that long-distance hauling of aggregates into the GTA because we somehow choked off supply would be more detrimental to the environment. I think that would be more detrimental to the environment than enhancing the standards and continuing with the base standard outside of the greenbelt to make sure that our pits and quarries are environmentally sustainable.

**Mr. O'Toole:** Over the last number of years, there's been a great deal of attention paid to the forestry nursing stations, one of which was in my riding. It was the Orono nursery station, which was divested first by the NDP, and that never really happened; it got stalled. But eventually the divestment did occur.

**Hon. Mr. Ramsay:** Whose government was that under?

**Mr. O'Toole:** That was under a combination of governments. Technically, I think it was—

**Hon. Mr. Ramsay:** What are the names of it? I'm just not clear.

**Mr. O'Toole:** The names of the government were the NDP government, which initiated it, and there were four or five organizations—

**Hon. Mr. Ramsay:** Oh, a Conservative government. OK. I just wondered.

**The Chair:** Minister, did you want to give the answer or did you want to help frame the question? Let Mr. O'Toole finish. It's his last crack at it, and then the floor will be yours, I assure you.

**Hon. Mr. Ramsay:** I hear you.

**Mr. O'Toole:** On that whole discussion, our government developed an extremely effective exit strategy by developing the Orono Crown Lands Trust. In that, the government bequeathed the land as a crown trust to the community, which has an ongoing stewardship program, on which I want to compliment them. They do a wonderful job. I went to one of their open houses this summer. It's my understanding that it's integrated into a working, managed forest, as well as recognizing sustainability. It's my understanding that there's a fairly well developed culling or clearing or redevelopment—harvesting, if you will.

Could you bring me up to date a bit on the Orono situation? There is a fairly active and, I'd say, productive group of volunteers that operates under this trust. It's my understanding that there are a fair number of trees that are going to come out of there, and there will be lots of calls and complaints or misunderstandings. This would be a helpful time and format to make sure that it is managed under natural resources direction, I would think. They've had a consultant come in and evaluate the forest and do all the stuff.

**Hon. Mr. Ramsay:** I'll just say very briefly that I'm going to refer the question so that we get a detailed answer. These trusts are great mechanisms where you involve the public on the stewardship programs, and this is a good example of it. To give you more details, I'll refer the question to Bill Thornton, our ADM for forestry.

**Mr. Thornton:** Thank you, Mr. O'Toole. I think you raise a good point here in terms of the adjustment that was made following the divestiture of that Orono nursery.

Just a little bit of a backdrop there: We removed a number of nurseries, as you know, from our control and put them up for sale. In some cases they remain as a growing concern and in others they don't. The community of Orono in this case stepped forward and did a very good job of making that adjustment. I'm not personally familiar with all the operations of the trust that's now on that site. Like you, I've heard good things in terms of how the community has made the adjustment following the closure of that tree nursery. I can't speak to the specific question of trees being removed. I would say, though, now that the land is no longer in the purview of the province, it's really a matter for the municipality to address. In some cases—again, I'm not personally familiar with the authority of that municipality—they have the opportunity to pass tree-cutting bylaws that may place some restrictions on that. So it's something to look into.

**The Chair:** Thank you, Mr. O'Toole. I'm now required to—

**Mr. O'Toole:** I'd just like to put two questions with respect to that on the record.

**The Chair:** On the record? Very good.

**Mr. O'Toole:** One of them is on the Orono crown lands. How much do we pay in PILs—payments in lieu of taxes—on that property, because I believe we do; and is the ministry involved in the current redevelopment project that I made reference to? The other question was about a large issue on livestock predators: animals lost to wolves and other predators. What programs do you have in place to support municipalities with this problem?

**The Chair:** Thank you very much, Mr. O'Toole. We'll leave those questions with the ministry to respond to as they see fit, as soon as possible.

I'm now going to recognize Mr. Bisson.

**Mr. Bisson:** What perfect timing. While the minister gets a coffee, just a quick question to the ministry.

In the 2004 update of the Environmental Commissioner regarding the aggregate compliance program, it was stated that there was a failure to meet about 20% of the aggregate licence. He reported that your success rate was in fact declining by 13% in 2002, and only 10% in 2003. Can you give me the answers to the following questions, and I don't need answers verbally; you can give them to me in writing. First, what percentage of licences were audited in 2004? Second, will a minimum of 20% of operations be audited? Third, have you hired more inspectors to meet the 20% objective, and why not?

The other question with regard to the same is, how many aggregate licences were suspended or temporarily revoked, failing to submit compliance assessment reports on time in 2002, 2003 and 2004? The last question is, are you aware that the Ontario Aggregate Resource Corp. does not provide information on demand for aggregate, the profile of consumption by sector region and the material types of aggregates, import to export, to Ontario.

If you could give me those in writing; I don't want them in verba.

I want to go back to forestry.

Minister, you're back. I'm glad to see you. You didn't have a problem with the charter just now?

**Hon. Mr. Ramsay:** Not at all.

**Mr. Bisson:** Good to know. OK, back to electricity. Just before we went back in rotation, there was an acknowledgement that in fact electricity prices have gone up over the last couple of years under the McGuinty government, that in fact it is a cost to industry; it is a significant cost, as you well know.

One of the things that you announced on Thursday was that part of the dollars that were being made available by way of this announcement is going to enable industry to look at, and possibly move toward, the co-generation aspect as a way of being able to reduce electricity prices. I've gone out and talked to industry; we've been talking about this for some time. What they're saying to me is, "Do you think that we needed the MNR or the government to tell us that cogeneration may be an option? If it were a better cost, we would have done it already."

If industry itself is saying, "Listen, we've looked at this option. That's not to say that it's entirely inappropriate in some cases, but it's not going to reduce the overall price paid by the company for the power of generation. If this were a cost saving, we would have done it already," at the end of the day, what is this going to do for industry in any way on the positive side if they had done it already? They didn't need this incentive to move in that direction.

1130

**Hon. Mr. Ramsay:** I'm glad you did bring that up, because it's an important issue, and cogeneration can and certainly will be the answer for many of these companies. What has been lacking, that is coming from the Ontario Power Authority—and the reason it's coming from there is because part of our electricity policy is to depoliticize electricity and have it from an independent agency. The policy and pricing come from an independent agency so that we get electricity policy on a level and even keel in this province.

Why many of the companies haven't jumped into it yet is they haven't seen what the policy initiatives are going to be in regard to industrial cogen. Now, if a company has shown interest, as several have, and come to us, then basically, in discussions with MNR, the company and the Ministry of Energy—in the case of Abitibi in Kenora, we have been able to reach some agreement that the company—will consider if they decide to finally go ahead in implementing a cogen in Kenora.

What is involved there and what will be the framework of this policy is, how does the government—in this case it will be the Ontario Power Authority—value and credit the advantages that cogeneration brings, not only to the company but to the province of Ontario? The big thing about cogeneration is that the company now is no longer dependent upon the electricity system for its

power, as it's producing its own. So it comes off-line. That is a big savings right away for the province in the immediate, of course, because now we've got some load management, and as you know with electricity, because you can't store it, you have to build for the plant usage, which tends to be about—

**Mr. Bisson:** My question to you, Minister—

**Hon. Mr. Ramsay:** I'm answering this for you.

**Mr. Bisson:** No. Just killing the clock is what you're doing, and I've got a couple of questions—

**Hon. Mr. Ramsay:** No. I'm answering the question, because I'm getting to the nub of the policy—

**Mr. Bisson:** You haven't answered my question. My question is this: If we know now what the price of electricity is off of the OPG grid and we know what the cost is for cogeneration, what industry is saying is that cogeneration is not less than what they're paying now; in some cases it could be even more, depending on what happens with gas prices.

**Hon. Mr. Ramsay:** That's what I'm getting at. You don't know the cost.

**Mr. Bisson:** Yes, they know the cost.

**Hon. Mr. Ramsay:** No.

**Mr. Bisson:** That being the case, how is this going to effectively save money to industry if the cost of cogeneration is actually going to be higher than what they're paying now?

**Hon. Mr. Ramsay:** The premise of your question is wrong. You're presuming that somehow the cost is going to be higher.

**Mr. Bisson:** So then the logic that flows from that is that industry doesn't know what it's doing. That's basically what you're saying, because as I sit down with industry, if I sit down with Tembec or Domtar or others, what they're saying is, "Listen, if cogeneration was the answer from the beginning of the move to deregulation of electricity prices to a market system under the Tories, continued by you, we would have done it by now." That's what industry is telling me. They're saying that the basic issue you've got to deal with is the price that we're paying off the grid. If it was as simple as building a cogeneration plant, people in industry are pretty bright. They know how to make money, and they would have invested the dollars to do so already. They have not done so.

I've talked to some of the people in industry since your announcement on Thursday, and they're quite, I shouldn't say, taken aback, but what they're basically saying is, "What is he taking us for? If we could have saved money doing cogen, we would have done it already." So my question to you is, will you tell me, pray tell, how this announcement is actually going to save industry money when it comes to the amount of money they're paying for hydro now? It's not going to lower the base rate.

**Hon. Mr. Ramsay:** What I'm saying to you is that companies that have moved ahead with the decision to produce cogen—and let's talk about a real-life example here: Abitibi in Kenora—have come to us before the

policy has been finalized from the Ministry of Energy, but we in MNR have facilitated discussions, not only within our ministry but with the Ministry of Energy. That basically has provided the framework for a pricing agreement with a company such as Abitibi, who obviously is happy enough to have gone forward to their workers to say to them that they are very close in making a decision to go into cogen because they've had a successful conclusion of discussions with the government on cogen, and they're very happy with the new pricing policy they've received.

I would say today on record to all the forestry companies in this province, don't wait for the OPA to come out with their industrial cogen policy. Come to us, MNR, as your champion in that industry, and we will facilitate discussions now with the Ministry of Energy if you're contemplating cogen, because we can make it advantageous to you.

**Mr. Bisson:** So not really an answer. But here's where we're at. We know that the cheapest form of producing electricity is hydroelectric, followed by nuclear, coal and then cogeneration and others—wind, run-of-the-river etc. If a mill is sitting, as we have across northern Ontario in most cases, in close proximity to hydroelectric plants, the idea of going to cogeneration from your perspective is that they're going to save money. But if you look at the actual cost of generating the electricity, it's higher than what alternatives already exist now.

The question that industry is asking me and I'm asking you is: What is your government prepared to do when it comes to dealing with the cost of electricity as bought off the grid that they are currently purchasing? Are you planning on doing anything to undo some of the mess that was created by the Tories and continued by you in order to stabilize electricity prices and get them down to a reasonable level so that these guys don't go under? Or is it all cogeneration? Is everything in the cogeneration basket?

**Hon. Mr. Ramsay:** Now you're asking me a question that is not under the domain of the Ministry of Natural Resources. You're talking to me about the pricing of electricity.

**Mr. Bisson:** So you guys don't talk in cabinet?

**Hon. Mr. Ramsay:** What I can talk to you about is the cogeneration piece that we know is very applicable to this and many other industries in the province. In fact, as you know, industrial cogen is the fastest way to get new capacity on-line.

**Mr. Bisson:** Listen, I'm not going to argue that there's not going to be some cogeneration built.

**Hon. Mr. Ramsay:** We value that, and we're going to credit that in the rate to the company.

**Mr. Bisson:** We know that cogeneration is a more expensive form of producing electricity. My question is, does your government plan on doing anything to lower the electricity prices that we're now paying off of the OPG grid that would assist this industry? Other than cogeneration, is there any other plan to lower prices?

**Hon. Mr. Ramsay:** Again, you're asking me a question—the policy is there, and that's the policy of the gov-

ernment, so you're asking me about the policy, and you know what the policy is. What I've been able to do in working with our sector is facilitate a program that will promote the capital construction of these facilities and at the same time facilitate discussion with the Ministry of Energy, before the Ontario Power Authority comes forward with its industrial cogen policy, which will give credit and value to the companies for their peak shaving, their load management through this, through coming off the grid, saving the province what's necessary to raise the capital to build our capacity. We've seen a few examples now. As companies know more about this and see the policy, they're going to move forward with this.

**Mr. Bisson:** Minister, the problem is this: First of all, the cost of generating electricity by way of cogen is no cheaper than what it costs them to buy it off OPG. There may be some cases, if they're able to find some other synergies within their industry, where those things may be possible. But by and large, what industry is saying is that the cost of generating electricity by way of cogen is going to be no less expensive than what we're paying on the grid—number one.

Number two, even if I decided today, in whatever mill somewhere in northern Ontario, to build a cogeneration plant, it ain't going to come on-line for at least three or four years. The big fear on the part of industries in the communities in which these particular companies are situated is that a lot of these companies are going to be down. You know the balance sheet as well as I do.

If you look at the Tembec balance sheet in Kapuskasing, they're running for cash. They're not even making a profit. They're just trying to raise cash to pay their bills. They can't sustain that for four years. What they're telling me, when I talk to Paul Dottori, Frank Dottori or Terry Skiffington, whomever it might be, is that you've got to deal with the baseload price of electricity, because even if you decided tomorrow to build a cogeneration plant and subsidize the electricity price in some form, it ain't going to come on-line to save them money over the next three or four years.

So I come back to the point: Is your government prepared to do something today to assist industry when it comes to the high cost of electricity purchased off the OPG grid? That's something you have within your power. Are you planning to do something? Yes or no?

**Hon. Mr. Ramsay:** Again I have to disagree with the premise of your question. You're saying that it is more costly to produce power through a cogen facility than it is to get it off the grid. You're making that assumption based on not seeing the policy framework for industrial cogen. What I'm saying is that, while it's not out yet, we are dealing, on a one-off basis, with companies that approach us with the Ministry of Energy.

1140

You know that there are the two sides of the energy bill when you purchase it from OPG or the supplier. You've got the base cost of the electricity and then you've got all of these cling-on charges, whether it's debt reduction, transmission, line loss etc. In negotiations that

a company would have with the Ministry of Energy, there are savings to be had by the company going ahead and producing their own power, in managing the peak, shaving the peak. Go talk to Abitibi. You've named a bunch of companies that have not yet come forward to us and said, "We're interested in doing this." One has, at the moment: Abitibi. They are so pleased with the results of our discussions that they've gone to their workers and said, "You know what? We're seriously considering establishing a cogen facility here in Kenora that's going to save the paper machine." So go talk to them.

**Mr. Bisson:** I'll talk about Abitibi. In a meeting I had with them, they said, "Given electricity prices in the province of Ontario, we would not invest significant money to modernize or add capacity to our plants because of electricity prices." That's what Abitibi is telling us.

My point is, let's say we buy your argument, which I don't. Even if you were able to say that you can save the industry money by way of cogeneration, that generation ain't going to come on-line for them for three or four years. What's the industry to do in the three- or four-year span that it takes to site-select, do the environmental assessment, do the engineering and construction, and put into commission that plant? You're looking at three to four years at the fastest. How is industry going to survive over the next three or four years in Kapuskasing and other places across the north that are basically running for cash now because there's no money to be made at the current price of electricity? What are you going to do about baseload price? Yes or no: Are you working toward reducing that price and, if so, by how much?

**The Chair:** Mr. Bisson, this is now the fifth time you've asked this question. The Minister, in my view as Chair, has answered it. I would like us to move on, if we can. If it's asked a sixth time, I will consider that badgering. I want you to move on. You've made your point, and I would like to see us proceed. The minister has said what is within his domain and what isn't, and he has given you an answer.

**Mr. Bisson:** Chair—

**The Chair:** Mr. Bisson, you've asked the question. I'm going to now recognize the minister, but I wanted to put that on the record. Please proceed. If you have no further questions, then we'll move on.

**Hon. Mr. Ramsay:** Thank you, Chair. There is a new part of this that I can help the member with. The member had stated that cogeneration takes some time to get on stream. It doesn't take as long as you're saying. Within 18 months, many of these can come on stream. I've structured the program so that I will advance the money for these programs as soon as we get some initial work done. As you say, there's engineering, design work and beginning construction. We look at all the different points of construction and buildup to that. We're looking at very early progress payments based on this to assist the industry in making this transition. That's the way the program has been designed, and that's what's going to help them get through this.

**Mr. Bisson:** Chair, these are my questions, and I'll do them the way that I see fit. I don't appreciate being admonished by the Chair in regard to questions that I'm putting to the minister. It's my time and I'll use it—

**The Chair:** You can take your time how you want, but if you're going to interject with the minister when he's answered the question, then it's my responsibility to put it on the record. You can sit here until four o'clock today and ask that same question; I wasn't saying that. I was saying that the minister has answered it, and that would be my ruling.

**Mr. Bisson:** My argument, I guess, is that he didn't answer.

Next question. Let's say an outfit in northwestern Ontario decides they want to build a cogeneration. What would the average cost be to build a cogeneration plant to supply, let's say, an Abitibi of this world in Thunder Bay, roughly? Ballpark.

**Hon. Mr. Ramsay:** It could be \$45 million.

**Mr. Bisson:** That's what I understand: \$45 million to \$50 million. Are you going to be paying 100% of that by way of this program?

**Hon. Mr. Ramsay:** No. Should we?

**Mr. Bisson:** No, no. I'm coming to my point; you know where I'm going. What percentage, as far as the \$50 million of it being put forward annually—what's going to be the matching formula for those industries that want to go that way?

**Hon. Mr. Ramsay:** We're going to be looking at each proposal individually. What I've done is set up a committee of assistant deputy ministers from several ministries who will be looking at these proposals. As you know, the loan guarantee program is applicable, and the granting program. To answer your question in broad terms, we would estimate that the total government contribution would be in the neighbourhood of 10%, potentially.

**Mr. Bisson:** That's what I was looking for. So you figure about 10%. Part of the problem that we're having in industry is that, for example, if I look at—well, I don't want to get into particular companies; it may not be fair. But some of them are pretty heavily in debt. The analogy that was brought forward to me by one person in industry is that it's like saying, "My Visa is maxed out at \$20,000, and the answer is to give me a MasterCard with a zero balance on it," only to go charge up another \$20,000. What industry is saying is that, number one, the cost savings in building cogeneration are not going to do it, and number two, a lot of them couldn't take advantage if they wanted to because of their debt rate.

I just say what industry is saying. At the end of the day, we're not saying that cogeneration is a bad thing, but it is only one part, and a very small part, of the puzzle. The big issue is the base cost of electricity. That's the issue we have to deal with, and I will come back to that a little bit later.

The other thing—

**Hon. Mr. Ramsay:** Will you allow me to respond to some of that, though?

**Mr Bisson:** Very quickly.

**Hon. Mr. Ramsay:** You bring up a very good point about the industry's inability to raise capital. Because it's a challenged industry, investors aren't flocking to this particular industry saying, "Here's my cash; go invest it." That's why we came out very early, and first, in June with the loan guarantee program so that lending institutions would have some comfort that the government would be prepared to guarantee the borrowing, the financing, for up to 50% of the project costs. That's why that's in place, and now we've enriched that with a grant program. You have to remember, I've only talked about phase 1 and phase 2. In phase 3 we're expecting the federal government to step up to the plate also with some assistance, because this is a national industry very important to this country. We're expecting some more assistance coming. The industry should be looking at what's available and making some important decisions.

**Mr. Bisson:** Is there any time left, Chair?

**The Chair:** You have one minute.

**Mr. Bisson:** Very quickly, with regard to one of the other costs in industry, you know that industry had asked for a break on transportation costs when it comes to fuel charges: taxes. They put forward four particular points they wanted you to deal with, including electricity costs, and the second point they wanted to deal with was the 50% reduction on the fuel tax. Can you tell us why there was no mention of that in the announcement on Thursday?

**Hon. Mr. Ramsay:** Because the fuel tax goes into general revenues of this government, and those general revenues are used to finance all aspects of governing the province, including health care and education. We are having some strict fiscal discipline with our budget, and we obviously want to protect our sources of revenue.

**The Chair:** Thank you very much, Mr. Bisson. I would now like to recognize Mr. McNeely.

**Mr. Phil McNeely (Ottawa-Orléans):** Minister, there are two questions I'd like to put to you that affect me in Ottawa. One comes from an article in the Citizen on Saturday. It says, "The Ottawa area had the highest number of combined property damage, injury and fatal collisions with wildlife—939 incidents," and Lanark county, where we've heard a lot from farmers about crop damage, has had 587. They're third. Our area, Ottawa, is a major agricultural area. It's the largest agricultural city in Canada, I believe, and the conditions are there to see—the deer population has increased a lot. I think a lot of these accidents are with the deer population. There were four fatalities in 2003, and 500 injuries. I think we have it from Minister Takhar that there has been an 86% increase in this type of accident in the last 10 years. The question then is, what is MNR doing to deal with that problem in the areas like Ottawa where this is significant?

**Hon. Mr. Ramsay:** Phil, this is an important issue, because we've had an explosion in the deer population in southern Ontario, especially in southeastern Ontario, that has been very challenging. It's a concern, as you've said,

because now it's a threat to human life because of these accidents, so we take it very, very seriously.

Part of the mandate of the ministry is to manage the wildlife population. At first we think about ecological sustainability, but in this case, this is a species that's really out of control in this particular part of the world. Their main predator, the wolf, has moved north, basically. As human habitation has moved into this area, it has produced the most perfect environment for deer: We still have lots of nice forest cover areas, but we've got open fields with great agricultural crops, as you said.

Ottawa is a big agricultural city; you're very right about that. We've been working with the farm organizations and the anglers and the hunters in basically trying to reduce the population. Quite frankly, while there are a lot of people that don't want to talk about hunting very much, thank God we've got hunters out there that are helping manage this resource, because if we didn't have hunting of this species, the deer would be even more out of control and potentially harmful to human beings.

We've enhanced the hunting opportunities in areas—we divide them up into these wildlife management units—where the population basically is out of control. I think at least 60,000 extra tags were released last year, and we're looking at increasing those all the time. But we've gone to another system too for farmers, because crop damage is another area of concern—and I'm sure you get complaints about that—where we're even getting to the point of issuing what we would call deer removal permits. We can issue up to seven to an individual landowner so that person has the ability to control the deer population that's damaging crops. It's a big problem, and we're working in conjunction with all the community groups. Whether you're in agriculture or you're a hunter, an angler or just a citizen who has to travel those roads, it's a big concern.

**Mr. McNeely:** The second issue has to do with conservation authorities. I sat on the South Nation River Conservation Authority for three years while I was a councillor for the city of Ottawa, and I think there's great work being done between MNR and the conservation groups. One of the areas is approvals for small projects. We have a boat launch, and we've gone through the city of Ottawa and got the approval, Fisheries and Oceans has approved it, the Rideau Valley Conservation Authority, in this case, approved it, and it still comes back that MNR approval is needed. I'm just wondering, on those where there are minor impacts, will those responsibilities maybe be negotiated down to the conservation authorities, to maybe take out one level of problems or concerns and still maintain the important environmental concepts that we are trying to achieve?

**Hon. Mr. Ramsay:** Phil, that's a good question, because it speaks to all the red tape that's out there in the various levels of government and, in this case, organizations involved in permitting such uses. The answer is yes, we are in discussions with conservation authorities, the federal government and others to see how we can

streamline our red tape. I guess why we stay in government and always want to be there is so we can say, "We think things are pretty good, but you know what? We can do better." I think this is an area where we can do better. When I go the resource ministers' conference this week, again, like last year, I'm going to be bringing the point home that there is so much duplication and surely, at the two senior levels of government, we can do a better job of coordinating what we do and make it easier for the client. We need to do that, and conservation authorities potentially could be a perfect partner to do more work with in this regard. I'm very positive about this and proactive about this, and I'm encouraging my ministry to enter into these discussions.

**Mr. McNeely:** Thank you. Mr. Chair, I have no more questions.

**Ms. Di Cocco:** We know it's getting close to lunchtime, so for the sake of our nutritional needs, we will forgo the rest of our time, Chair.

**The Chair:** Thank you very much. This meeting stands recessed until 12:30 of the clock.

*The committee recessed from 1153 to 1242.*

**The Chair:** I'd like to call to order the standing committee on estimates. We are reconvening to complete the estimates for the Ministry of Natural Resources.

I will recognize Mr. Bisson in this rotation. You have 20 minutes.

**Mr. Bisson:** Just to go to another issue, Minister, because you were obviously part of the process, that last winter there was an announcement, in January, I believe, to merge a number of operations in the Chappleau, Kirkland Lake and Opasatika area into larger supermills. I'm interested in finding out some information on the basis of that. I understand that there was a document created called the fair way agreement, that was done between Domtar and Tembec and was provided to the ministry as the basis for the decision. Is a copy of that fair way agreement available, and can we get it?

**Hon. Mr. Ramsay:** Mr. Bisson, you know, because there is a judicial review on, which I believe you're a party to, that I can't comment on any of this.

**Mr. Bisson:** I'm not asking you to comment on that. I'm asking if we can get a copy of the fair way agreement.

**Hon. Mr. Ramsay:** This is all part of the judicial review, so I can't comment on any of that.

**The Chair:** Excuse me. Is your legal counsel saying that you're unable to release the document? Let the record show that we weren't asking you to comment; we were asking you for a copy. So the record is now clear. Your legal counsel has advised you not to deliver a copy.

**Hon. Mr. Ramsay:** Yes, anything to do with that.

**The Chair:** Thank you. I just wanted it to be clear on the record.

**Mr. Bisson:** So we know there was a fair way agreement. We don't know if we can or can't get a copy of it, because the minister is telling me he's not going to answer anyway because of the court case. Isn't that

interesting? There goes a whole whack of questions. What are we going to do for these 20 minutes, David?

**Hon. Mr. Ramsay:** I have another speech prepared.

**Mr. Bisson:** I'm sure you do.

**Hon. Mr. Ramsay:** It'll knock your socks off, believe me.

**Mr. Bisson:** I'm not going to go down this road very long, Chair, with your indulgence. It's just that it would seem to me that getting a copy of some of the notes that were taken from the minutes with MNR, and the Domtar and Tembec discussions that resulted in that, would have been something fair to ask for. It's unfortunate that the minister has taken this position.

**Hon. Mr. Ramsay:** Before you leave that, we can't talk about it in the specific, but it might be instructive to talk about, in principle, consolidation of mill operations, where the forest industry is going and why those things are necessary. If you want to have that debate, that's great.

**Mr. Bisson:** OK. That's helpful.

Let me go back to the sustainable forestry development act. In the purpose clause of that act, it's fairly clear what it sets out to do as far as what the responsibility of the crown is when it comes to the management of the forest. In the management of the forest, under the purpose clause, it basically says that we need to put forest management plans in place in order to do a number of things. Obviously, the most important ones are to make sure that we're harvesting in a sustainable way and that whatever we do in the forest, we take into consideration what the disturbances are.

Also in the purpose clause it's very clear and says that in making decisions for anything having to do with the act vis-à-vis forest management plans or your powers under the act, you have take into consideration the socio-economic impact that decision would have on local communities or on Ontario in general. I'm wondering if you're willing to comment on that in any way, shape or form.

**Hon. Mr. Ramsay:** In general, the socio-economic impact of any of the decisions we make in the ministry is very important. While we are there to be stewards of the land base and everything on the land base, be it the lakes, the rivers, the streams, the wildlife, the trees, we obviously do that also in regard to the contribution that it makes to the socio-economic well-being of the province. So we always take those factors into account when we're making any decisions in regard to forestry, wildlife or water management.

**Mr. Bisson:** So let me ask you this: I take it that what you're saying is you're agreeing to an extent that, at the end of the day, the decisions you make have to be in keeping with the purpose clause in approvals of forest management plans, right?

**Hon. Mr. Ramsay:** Yes.

**Mr. Bisson:** Agreed. OK. That's a yes, for the record?

**Hon. Mr. Ramsay:** Yes.

**Mr. Bisson:** So let's take a hypothetical. We're not going to talk about Opasatika; we're not going to talk

about Chapleau; we're not going to talk about Kirkland Lake or anywhere else.

Let's say I have a forest management plan. Let's make it even easier: Let's say that I wanted to get an SFL, a sustainable forest licence, from the crown and we start new. All of a sudden, miraculously, we find 250,000 cubic metres of wood somewhere that's not under SFL. That's pretty hard to find, I agree, but this is a hypothetical case.

When making your decision in regard to "Should this proponent get an SFL, yes or no?" in your review of that application, would you look not just at the impact when it comes to the environment, but would you also look at the impact that it makes on a local community? For example, I'm a proponent, I want 250,000 cubic metres of wood and I'm going to ship it off to Virginia for processing. Somebody else has an application and they say, "We have an application to process locally." Would socio-economic impacts impact on your decision to either have it locally produced or shipped out?

**Hon. Mr. Ramsay:** Yes.

**Mr. Bisson:** That's quite helpful.

The other part is, in the forest management plans, there is a regime—just for people on the committee who may not be familiar with that, the sustainable forestry development act sets out a number of responsibilities that both the crown and the sustainable forest licence holder, called the SFL, have a responsibility for. They prepare a five-year plan on how they're going to conduct their forestry activities in that particular forest. Within the forest management plans, it is contemplated that if there is any major change to the plan, an approval from the minister has to be gotten. Would that be a fair comment?

**Hon. Mr. Ramsay:** Yes.

**Mr. Bisson:** It also says in the act—I forget which section; maybe Bill would know offhand. I'm just going by memory, because it's been a while since I've looked at it. Just after the purpose clause, I think just before the definitions, it will get into a section, I think section 1, where it basically says that the minister has the right to amend the forest management plan at any time, even if he has approved one. Is that correct?

**Hon. Mr. Ramsay:** I believe that's correct.

**Mr. Bisson:** What does that mean to you? Does that pretty well give you pretty big authority to do what you think is right by way of the crown for that forest or for the people about?

**Hon. Mr. Ramsay:** Sometimes—

**Mr. Bisson:** Can I see the act, Bill? Go ahead. I just—  
1250

**Hon. Mr. Ramsay:** I don't think in my two years I've had to exercise that. I know I've had to amend licences, for instance, the independent audits showed a deficiency by one of the companies and they weren't adhering to the conditions of their licences. I've made amendments to those. I'm not sure we've made any amendments to any forest management plan. I could be corrected, but—

**Mr. Bisson:** My question is this: In the act, I believe under section 1, it basically says that once a forest management plan has been approved, the minister at any time

may amend it, even though the plan had previously been approved by him, correct?

**Hon. Mr. Ramsay:** I think Bill Thornton can give us the details of how that actually works for the industry.

**Mr. Bisson:** We're sharing our act here, Bill. Let me get this act together.

**Mr. Thornton:** The process that's being described here and the question relates to how forest management plans are amended. This is a delegated responsibility to our regional director, who not only approves forest management plans but ultimately oversees their amendment. If there's a substantial change in operations, as contemplated by an approved forest management plan; for example, a forest access road has to be built in an area—

**Mr. Bisson:** That's going to be a second question. I know where you're going, and that's where I'm going after. But my question is, under section 1, the minister has the right to amend the plan, even though it has been approved; true or not?

**Mr. Thornton:** Yes, though not necessarily under section 1. I think you're thinking of section 34 of the act. But you're correct. The minister has that authority to amend a forest management plan. As a practical matter, that's delegated to regional directors.

**Mr. Bisson:** Theoretically, let's say a particular SFL holder decides that they want to do something—I'm just going to use for an example, that there was an unutilized amount of wood, an underutilized species that was available on that particular SFL. In the forest management plan, it's not taken up by anyone. In other words, the company doesn't have any particular plans to utilize that fibre. As I read that clause, the minister would have the right to go in and amend the forest management plan, even though there had been a plan approved prior to his intervention.

**Mr. Thornton:** Normally, it's not the minister seeks the amendment of a plan. Usually those amendments are brought forward by the licensee because of operational changes in where they're going to harvest timber, in the example you're using here, or what have you. The situation that you've described where some timber that's available for harvest may not be harvested generally would not require an amendment to the plan, because, from the plan's perspective—let's use cedar, for example, which isn't being used very often now. There's already authority to harvest cedar: the stands are identified, the roads to get to those stands are identified, where they would be built and so on. So there would be no need to amend the forest management plan to allow for the harvest.

**Mr. Bisson:** That's not my question. That's not where I was going. I understand how major and minor amendments work. My question is—and we have a difference of opinion, but anyway, that's another story—if a minister decided to amend a forest management plan, would the minister have the authority to amend it?

**Mr. Thornton:** The minister and the ministry could bring forward an amendment if they felt that it was necessary. I have a hard time imagining how they would

do that. Generally, as I say, the amendments are brought forward by the companies because of changes in their operations.

**Mr. Bisson:** I understand. Normally, there's a relationship between the licence holder and the ministry, and we work within certain parameters to make sure that ministers don't go off and do strange things. But my question is, if I was the Minister of Natural Resources and I came to you and said, "I want to amend that plan," for whatever reason, I'd have the authority to do so.

**Mr. Thornton:** Only for reasons that relate to the forestry operations described in the plan. I think I need to provide the committee with some perspective here. A forest management plan is not an instrument that commits timber to a licensee. There are only two instruments that do that: a licence and a supply agreement. A forest management plan is simply carrying out the operations of harvesting timber, building roads, planting trees and so on. It does not suggest or imply or grant any rights to harvest timber. That's another process, a higher order of authority by way of a licence or a supply agreement.

**Mr. Bisson:** Well, we can get into an interesting debate, because this is where we get into you say "tomahto" and I say "tomayto." There's an entire regime, everything from a mill forest processing licence to a forest management plan to an SFL. There are a number of permits and licences that have to be taken by the company in order to harvest that timber and transform it into dimensional log timber or whatever. All of those things are dependent on each other. You can't look at them in isolation and say one doesn't affect the other.

I guess I have a bit of a disagreement with you on that. But my basic question was that if the minister decided to amend the plan, the minister could.

**Mr. Thornton:** The minister has the authority to approve amendments to plans generally brought forward by the company. I again struggle to imagine why the minister would want to amend a forest management plan to change operations that he's already approved.

**Mr. Bisson:** My question then goes back to the minister, and I don't know if you want to answer this. When I ask the question, you can say, "I'm not going to answer," but I want to ask it anyway. In the case of Opatatika, if you had the authority to intervene on behalf of the community, why didn't you?

**Hon. Mr. Ramsay:** I'm going to say something else, not related to this question.

There are two things we've been discussing here. We've been talking about the forest management plans. That is different from whoever the licensee might be. You could have—

**Mr. Bisson:** Overlapping licence; I understand.

**Hon. Mr. Ramsay:** —20-year plans. We've got five-year increments of those plans. We have public consultations. That's how the forest is managed. The licensee could change, but the forest management plan is how we manage the resources in the forest. So they're very separate things. Licences are one thing, which is the authority to actually access the timber, but how we manage

the forest is the plan. As you know, we have a lot of public input on the plan, and properly so, because it's the people's forest.

**Mr. Bisson:** Let me try it this way. The licences that are necessary to operate a sawmill, paper mill or an OSB plant in northern Ontario, or anywhere else for that matter—all of the various licences are pretty well under the Crown Forest Sustainability Act. Right, Bill?

*Interjection.*

**Mr. Bisson:** Yes. So your mill-processing licence, the allocation process for timber, the forest management regime, as you described earlier—all of that is under the act.

**Mr. Thornton:** All of it is certainly under the act, and some of those are conditions in a licence as well.

**Mr. Bisson:** So the purpose clause of the act, which basically sets out how the rest of this is to be administered, which is one of the most important parts of the bill, sets out that when making decisions in regard to this act we need to take into account a number of principles. Those are environmental principles and sustainability principles, and it talks about socio-economic principles.

I don't know if the minister wants to answer this question, but if the act sets out in the purpose clause that a minister has the authority to grant a licence, has the authority to monitor what happens within industry, has the authority to amend a forest management plan, and the purpose clause gives him direction in that he or she must also take into account the socio-economic impact, I guess the question goes back to the minister: If you had the authority, why didn't you intervene on behalf of the community?

**Hon. Mr. Ramsay:** You're asking, again, a specific question that I can't get into because it involves a judicial review that I know you're party to.

Again, I think we have to differentiate between forest management plans and licences. Sometimes licences are structured so that wood goes to a certain facility and in some cases it goes to a number of facilities. If maybe only one of those facilities remains, then the wood goes to that facility. So in some cases, there's no need to change any of these plans because the licence addresses the facilities on it.

**Mr. Bisson:** I know that's your view, Minister, but the point I'm making is that you have pretty broad and direct powers under the act of what you can or can't approve and what you can do. All I'm saying is, under the purpose clause it's fairly clear you're basically directed by the act passed by this Legislature that when making decisions there are a number of principles that you have to take into account, everything from granting a—what is it called?—a mill forest processing licence to a forest management plan to a licence that basically allows the amount of timber to be cut. You have to take those principles into account. I don't know what degree you want to go down here, but—

**Hon. Mr. Ramsay:** Well—

**Mr. Bisson:** You wanted to say something?

**Hon. Mr. Ramsay:** Again, one has to be careful about one's use of authority and one needs to be judicious about one's use of authority. We're dealing in a free enterprise system, in a business climate where companies need some certainty. The primary area that a company needs certainty when it comes to the forestry industry is in fibre supply. So you can't be arbitrarily yanking licences or making big changes to licences, because it has a big impact on companies and communities. One has to be very judicious in one's use of authority.

1300

**Mr. Bisson:** I would argue in your favour. I'm not suggesting for one second that you withdraw somebody's licence. All I'm saying is, when making decisions around those licences or around forest management plans or around whatever licence they need to get under the act, you need to take into account the socio-economic impact.

I guess where we're having a difficulty in many of the communities—we look at what's happened in a lot of these communities where there's been severe job loss. In some cases, the only employer in town has shut down, and they're asking, "Who's in my corner?"

I recognize that industry has needs as well, as I had this discussion with Frank Dottori. I said, "Frank, I understand that you have shareholders and you answer to your shareholders. But we, on the other hand, answer to our constituents." At one point, it seems that the companies are fairly well organized to be able to advocate on behalf of themselves. The citizens of the communities need to know that somebody's in their corner. I just ask the question again: Given that you have the authority to have given the community an opportunity to come up with another buyer for a profitable mill, why didn't you stand in their corner, at least in the initial process? I've never understood why you went from the request by Tembec-Domtar to making the decision in their favour without giving the community an opportunity at the beginning.

**Hon. Mr. Ramsay:** Again, as the member knows, I can't answer specifically in regard to Opasatika. But in the general sense, I think one needs to look at how licences are issued originally. I've seen incidents in the province where licences are issued to companies who own several mills. The wood is directed to several mills, but the licence goes to the company. If the company decides to change their operations, and decides to run two mills instead of three mills, then the company makes that decision and they've got a valid licence. Therefore, the ministry doesn't have any power because the licence has said, "Here's the wood. You direct it to your companies." That's something that probably needs to be looked at in the future. Maybe licences need to be looked at in regard to one operation at a time.

**Mr. Bisson:** I'm out of time, but for the record, I just say that you have the authority under the act to have done the right thing in the beginning and you chose not to, and I find that unfortunate.

**The Chair:** Thank you, Mr. Bisson. Thank you, Minister. I would now like to recognize Ms. Di Cocco.

**Ms. Di Cocco:** This morning I tried to convey or to get some sense of specific issues that were in my riding that I wanted some understanding or explanation of. I thank you for that.

One of the things I learned when I was on city council for about a year and a half, before I came to this job, was the work that the conservation authorities do. Again, they seem to do their job very quietly and in the background. But I learned, by doing an actual tour of their facilities and what they did, how much work they do in flooding. It was amazing because the St. Clair Region Conservation Authority has this chart, and it showed every single stream and waterway in the area, and they were able to assess flooding or what wasn't going to flood and so on.

I'm constantly amazed at the kind of work that they do, so I guess it's a very broad question, Minister, with regard to conservation authorities and the work that they do. I just wonder if you might expand on that aspect. I know that they've been around for a very long time, but it's certainly something that I know our colleagues would like to hear about.

**Hon. Mr. Ramsay:** Yes. We're very blessed in Ontario that we have organizations called conservation authorities. What's so great about them is that they're locally based. I don't know who thought of this concept, because we talk about it now in regard to source water protection, but if you're to manage water, you should do it on a watershed level, and that's what conservation authorities do. They manage per watershed, as you should. And so we have these locally based organizations managing water on a watershed basis and taking the input of local people.

You talked about flood. We think about water as being a positive, but of course as we've seen from the two hurricanes that struck the Gulf coast of the United States, water can also be a very damaging material. While it sustains life, it can take life, so we have to manage it for its sustenance value but also for its destructive value. Conservation authorities play a very vital role in flood plain management. As you said, they basically can analyze the flood risk in their watershed and propose the building of structures or other mechanisms, or advise as to where municipalities should build and not build when they're doing their official plans. They're an invaluable source of information to the municipal level of government, as they are to the provincial level of government.

Those entities come under our ministry under the Conservation Authorities Act and are very valuable tools. They're going to be playing a more and more important role as they at the moment are the organizations that are carrying out what we call the water budgeting process, which is basically planning under source water protection, identifying the water sources and starting to devise plans as to how to protect those water sources. As we talked about earlier, we've recently understood how important that is and how we have to pay more attention to that. That's why this program is ongoing, and conservation authorities are leading the way in that.

**Ms. Di Cocco:** I'm going to switch my questions to another area. One of the things about having such a diverse caucus is that you hear from other caucus members in other parts of the province. I've heard some issues dealing with nuisance bears in the northern part of the province. Some of our colleagues have been getting many complaints from their constituents because of bears going into schoolyards or just into backyards. They get into places where they normally weren't before.

**Hon. Mr. Ramsay:** "Bad news-ance bears" is what they are.

**Ms. Di Cocco:** In Sarnia-Lambton we don't have bears, but I hear from them how much of an issue it is. I know that there are many reasons why they feel this has been the case.

I know you have what they call a Bear Wise program and improvements in assisting these communities that have more and more of these nuisance bears becoming braver and braver and getting into places they had historically not been. Some people feel that there's a number of reasons why we've got more and more bear sightings. As a matter of fact, I was talking to some hunters who go from my area up to the northern part of Ontario, and they were saying that when they first started hunting up in that area about 10 years ago, it was very difficult for them to sight a bear, and now they're sighting five and six each time they go. Last year when they were up there, they said they'd seen the increase in just the sightings. They're braver and they seem to be more in number.

What I'd like to know is how you're assisting communities that have these nuisance bears in this program. Maybe you can give us an explanation.

**Hon. Mr. Ramsay:** This is an interesting subject because it's not just an Ontario challenge. We're seeing this right across North America. We've had nuisance bear problems, even with black bears. Predominantly they're brown bears in British Columbia, but they have black bears also, and there have been nuisance problems there, right across the west and into Quebec. Recently, I read about some black bear nuisance problems in the state of New Jersey within 60 miles of the bridges leading to New York City. I didn't even know that was black bear range down there. As you know, they're an omnivore—they basically eat anything—so they're a highly adaptable animal.

**1310**

In the Great Lakes region, we've had some very extremes of weather over the last few years. About three years ago, we had a very hot, dry summer, as we did this year. When that happens, that has a direct impact on their food sources. The primary food sources for the black bear are vegetative, with grasses and brushes in the bush, and berries. These crops, basically in the forest, are very susceptible to drought, and that's what's happened this year. So we have had more sightings because the bears are coming out of the bush looking for other food sources. The other food sources unfortunately happen to be in municipalities or at garbage dumps or at campsites, where we bring food out into the wild. So it's caused a great concern, and it's been almost two years ago now.

It's our second year of completing the Bear Wise program, because primarily, it's a program that runs spring to fall. The first aspect of that program is educative. We wanted to make sure that the people of Ontario had a resource that they could call upon, run by the Ministry of Natural Resources, to get advice and some help, if needed. In fact, it was our government's decision to unload again the responsibility of bear management back to the government, where it does belong. So that has happened, and it's been very successful.

Last year was a really wet year, and so there were a lot of good food sources in the bush and we didn't have as big a problem as we do this year. So I'm certainly praying for a normal year. I don't want to say a wetter than normal year—people will be upset about their summer holidays—but if we have a normal year next year, then we won't have as much of a problem because the food sources will be there in the bush and they will stay where their food sources are. But if the food sources literally dry up, then they will start to come out, and that's a problem.

We understand that happens from time to time. So part of our program has been a capital program for municipalities, where we put forward \$900,000 so that municipalities could access that to provide fencing around the garbage dumps, which act as a big food source, and/or purchase bear-proof dumpsters. So when people in, say, more rural areas dump off garbage to areas, they can put them in bear-proof dumpsters, and the bears will soon discover that food source isn't attainable and they will leave.

It's a bit about managing bear behaviour, but a lot of it is about managing human behaviour. So we're sort of relearning, in the north, those of us who live in bear country, to make sure we don't leave attractants around the house also.

**Ms. Di Cocco:** Again, I'm going to change the subject. I have in my community the Aamjiwnaang Nation. In Sarnia, we have the Aamjiwnaang band. They're working very, very hard to attain self-sufficiency, and there is an industrial park, actually, that they're expanding. I speak to them often about this notion of economic self-sufficiency, which is very difficult. In speaking to the elders, they talk about how their ability to be self-sufficient was changed by the fact that a lot of the land is being used for other reasons. So in my area, they're going about it in a very progressive way.

I understand that there is some progress being made in the northern boreal initiative, which is, again, about assisting First Nations communities to achieve economic self-sufficiency. In my area, they are trying to work within the context of what the environment is there, which is a petrochemical industry, which is highly industrialized. They're certainly, I have to say, being very proactive and progressive. I've toured the site and have to say that they certainly have a number of industries where they are training and actually producing many different things like sheet metal and different manufacturing.

In the north, again, this boreal initiative—maybe you can expand, Minister, on the progress that's being made up there with regards to this economic self-sufficiency that you're trying to achieve.

**Hon. Mr. Ramsay:** It's an important question, but I also like the context you put it into, which people normally might not think about. What you've done is contrasted the economic challenges of a First Nation that's located in southern Ontario with one that's located above the 51st parallel, which is the far north. I live just below the 49th parallel, so we're talking about land that is very, very far north, and the challenges are very different and distinct.

The First Nation that you refer to in your riding, of course, living in southern Ontario, has access to a lot of markets and opportunities. The communities that we would speak of north of the 51st parallel, where this northern boreal initiative is in play, are primarily—actually, in every case—very isolated. They don't have any industrial-commercial base at all but sit in the middle of the boreal forest. What this program does is recognize that if there's to be development in the boreal forest, as a precursor to that development there has to be land use planning. What this program does is build capacity in these First Nations in order to do that.

I was up at one of these communities, called Pikangikum. What was very interesting to see there was that this idea started from a vision of the elders up there. The elders, coming from a traditional hunting, fishing and trapping community, for the first time recognized the wealth in wood fibre. That's something the non-native community has done for a long time, but it really hadn't occurred to them up there that maybe they should start getting into the wood fibre business. As they saw the challenges with their young people—the social problems, the suicide rates, the out-migration—the elders said, "We need to do something. We should start looking at the forest maybe in a more traditional way than some of the non-native communities have." So there's been this request of the Ministry of Natural Resources to help with capacity building and doing the land use planning that would eventually lead to the harvesting of trees in that area.

You have to remember that north of the 51st parallel there is no commercial forestry going on. This is a frontier that is as yet untapped. I'm very excited about this program. There are about 14 communities right now that are very much into this, that have been basically given the resources to hire consultants to help them with the land use planning. But, as important as that, there is a sort of technological transfer happening with the young people there. When I was up at Pikangikum, there were the young people doing the GIS mapping of this, guided by the knowledge of the elders to show: "These were the traditional lands here. These were some of the burial mounds over here. These are the traditional trapping areas over here." Through all of that and plotting that on the map, they are starting to identify where the most appropriate places might be to do some forestry.

We're at the very beginning of this right now with many communities. There are maybe one or two, Pikangikum probably being the most advanced, that might be ready for the next step and start to think, "What would we want to do in commercial forestry? Would we just cut trees and send logs south or would we want to do something here in the community?" That will be the next stage of planning.

Meanwhile, we need to get going and start to move soon, in the next few years, on environmental assessments for forestry in that area, as we don't have the authority to do that yet because forestry is just south of the 51st parallel. In a lot of ways it's very exciting and a new opportunity for our First Nations communities.

**Ms. Di Cocco:** Thank you, Minister.

1320

**The Vice-Chair:** There being no further questions, I would ask that someone step into the chair for a moment while I ask a few questions. Thank you, Ms. Di Cocco.

**Mr. O'Toole:** I have some hastily drafted questions here, but they're not just on this ministry.

**Hon. Mr. Ramsay:** I've been doing it for the NDP all day, so I could do it for you too.

**Mr. O'Toole:** Yes. That's good as long as you don't flip them back too far.

There's time now to follow up. For some time now, livestock—sheep, in many cases—has been put at risk by wolves and other wildlife. It constitutes a huge and growing issue in terms of municipal budgets. I gather that money is transferred from your ministry to the municipalities. I'm not absolutely certain. The municipality pays if they have an evaluator who goes around.

**Hon. Mr. Ramsay:** Yes, and that's a program of the Ministry of Agriculture and Food. It's my job to protect the wolves.

**Mr. O'Toole:** That's really why I'm asking you, because under your ministry there was, I believe, a pilot project in my riding some years ago to snare or in other ways stop the wildlife invading properties. It was a rapidly growing problem, and the funding for it is quite a problem for the municipality, though it comes under a different ministry. Are you aware of any projects at all or work dealing with these nuisance situations, because you have the protection of wildlife under your ministry, that it is doing or considering?

**Hon. Mr. Ramsay:** Actually, we are involved in a consultation right now in general in regard to nuisance wildlife. This is a very good point, because we've just heard about deer being a nuisance, and they certainly are. There are other species that are nuisances and you bring other ones. Some of the top predators get a little misdirected and start going after domestic animals rather than wild animals, and that's because of our settlement patterns here and what has happened with some predators leaving, and some not, in different areas. So, sure, from time to time there are incursions of wild animals on to farms.

I've been a farmer myself, and live in an area of north-eastern Ontario where this is quite common. We have

sheep farms up there and we get complaints. There is a Ministry of Agriculture and Food program to deal with that. It is a concern of ours, because basically we want to make sure that human beings and wildlife can live together in harmony in this province, and we're doing everything we can to limit those conflicts. So we've got a multi-party consultation going on now to see what else we maybe could do in regard to nuisance wildlife management.

**Mr. O'Toole:** I guess that's really the point I was trying to make, that there was a bit of a conflict at that time. I believe your field people do very good work. In fact, I've attended a number on the enforcement issues and I find them informative. They maybe have very large areas to cover, but nonetheless they're responsive to poachers and other issues that are around.

I have a great deal of wildlife areas. I have one of the best salmon run areas in Bowmanville Creek, off Lake Ontario; it's a very popular spot. Wilmot Creek is another spot. It's very popular as a recreational thing as well as a sport fisherman sort of issue.

I'm asking this, though: Technically, it's my understanding that there were a couple of complaints on this pilot a couple of years ago that stray dogs were caught in the snares, and then I'm saying, "Well, your dogs aren't supposed to be running loose." Any comment on that? That seemed to be the most logical way of dealing with it, especially at sheep and livestock operations.

**Hon. Mr. Ramsay:** First of all, I'm still recording your favourite fishing spots here and I thank you very much for giving me that information.

**Mr. O'Toole:** It's catch and release.

**Hon. Mr. Ramsay:** I'm going to be out there soon.

**Mr. Chair:** Make sure you get a licence.

**Hon. Mr. Ramsay:** I have it right with me. I carry it with me every time. We can display that for the viewers too. I think mine still has a walleye on it; it's that old.

I've heard about that, and that was before my time. I won't be critical. I suppose that at the local level all sorts of programs are tried from time to time. My inclination would be to try less invasive methods of control when it comes to that, or ones that are more specific. I guess I was the first minister to authorize a cull of cormorants. Obviously that was pretty invasive, but a very direct decision, a targeted decision to one particular species in one particular area. Any sort of snaring is very dangerous because you can't control what you catch. I think we have to be very careful when we do these things. That's why we're right now getting the advice of the various stakeholders as to, moving forward, what should be the best ways we approach and manage nuisance wildlife.

**Mr. O'Toole:** I'm quite ignorant on this, I'd be the first to admit. There are a lot of outdoors people in my riding. I meet with the various rod and gun clubs etc. and try to understand the various issues with respect to firearms. Is there any problem with a farmer discharging a firearm in protection of his livestock on his own property?

**Hon. Mr. Ramsay:** No, there isn't. Farmers still retain the right to protect their livestock on their farm. If

they're in a municipality that maybe has a certain fire-arms law—

**Mr. O'Toole:** That's the issue here.

**Hon. Mr. Ramsay:** —that may be a problem, but as far as the federal and provincial law goes, farmers have the right to protect their livestock from the incursion of wildlife. That then would become a local issue. One of the ways I'm trying to address the nuisance deer problem is to facilitate a discussion, again, and allow municipalities in southern Ontario to make a decision on whether they want to authorize Sunday hunting. I was kind of shocked about a year ago to find that out because, coming from the north, we just take it for granted that you can go hunting seven days a week. I hadn't realized that in southern Ontario that's not the case. We're basically going to give the authority to municipalities to allow them to make that decision at the local level. Some municipalities may want to go ahead with Sunday hunting and some may not. But I guess in the south, the way the issues are here, it becomes a kind of local issue again. So we'll allow that discussion to happen, and then the local municipalities can make that final decision.

**Mr. O'Toole:** You've pretty well described the circumstance. There's a bit of a conflict in the various jurisdictional areas as encroachment of urban expansion—

**Hon. Mr. Ramsay:** Exactly.

**Mr. O'Toole:** What was good yesterday is no longer acceptable. In my riding as well I have one of the few remaining—it's not a preserve so much. It's the Kendal crown lands, which are disputed by different groups, but it is used for pheasant hunts, dog trials and things like that. I don't think your ministry spends a lot of money on it. They put up a fence or gate or something to stop nuisance use of the area, but there are some surrounding neighbours. I've convened meetings with the big game hunters and other groups to try to bring some regulation of behaviour to these things. Do you have any complaints or concerns with respect to the Kendal crown land area, which is a small area usually for pheasant as well as dog trials? We've had a couple of kids' fishing days there in the last couple of years. They used to stock that pond there.

I think it's important to maintain it. That's what I'd say on the record. I think the Clarington game commission looks after the day-to-day operational stuff that goes on there. Are you familiar with that at all?

**Hon. Mr. Ramsay:** I'm not. We'll find that out for you, John, and get back to you on that.

**Mr. O'Toole:** The thing is, local persons respect the area. What happens as you become much more restrictive is that game hunters or fishermen or whatever move out to the hinterlands, which would be my riding, and end up causing a hell of a nuisance, really. That's primarily the problem. It's isn't the current and previous users; it's the visitors who don't really respect the surrounding fences who start to chase whatever they're chasing over the fences and into barnyards.

To fill the time here, but to be productive, I did serve for a time on the conservation authorities and knew that

their primary function was in fact flood control; that was primarily it. When on council locally and regionally as well, I realized that most plans of subdivisions deal with applications for what were referred to back then as cut-and-fill, which meant the displacement of water, really. What would you think, as minister, is the primary role of conservation authorities?

In many cases, as in where I have my cottage, there are two authorities. It's on the Trent-Severn Waterway, so it's controlled federally somehow, I understand, as well as by the local conservation authority.

**1330**

So if I want to put shoreline improvements on it—it's a federal navigable waterway; therefore fish habitat and all this have to be respected—I end up myself, and I think of broader issues, with a lot of what I call red tape. I don't say that negatively. I think there could be a simplified, one-window, on-line process, just like I got my boater's licence—more user friendly. It would enhance the responsible authority that the conservation authorities have, because we all want to make sure we don't build buildings too close to water. But to get those approvals is almost like running into a brick wall. Maybe they're short of resources for permits and people making application just go ahead and do it. They seek forgiveness, not permission.

I won't give away the location, but this summer I had a small application in my area. I was told, "Forget it." Not too far from where I was, there were people just going ahead and putting huge loads of fill in, which is displacing water if it's not going to stay in this little low area. They said they had permission because of the West Nile scare.

All these comments are generally about whether there is anything your ministry can do to both enhance the understanding and clarify the role of the conservation authorities and to eliminate any unnecessary duplication on joint, overlapping jurisdictional authority.

**Hon. Mr. Ramsay:** John, I don't dispute what you're talking about the layers of approvals that are required for some of this stuff, with the feds at the Department of Fisheries and Oceans if you want to change a shoreline, our ministry, and then, in areas, the conservation authorities. I'm very interested in this. As I said earlier, this is where I think we could serve the public more efficiently. Last year at the annual conference I made a proposal to the feds that we work more closely together and even look to the point of amalgamating some of these agencies and making it easier and more accessible for the citizen to get these approvals.

I'm very gung-ho on this. I think government should be better serving its citizenry and starting to reduce red tape, and even starting to back up performance like the private sector does. We need to be improving our services, and I certainly encourage the other levels. Right now, we are under discussion with Conservation Ontario to see how we can increase our partnership with conservation authorities. In the meantime, I'm also having discussions with the federal government and saying, "I

think we can do a better job. Why don't we pool our resources and maybe save money for the taxpayer but also make life simpler for citizens who are seeking approvals?"

**Mr. O'Toole:** I think a good window, regardless of who's the member locally—constituency offices are paid for by the public and I have always said that our offices should be the first place to look, the one stop to shop. We should have all the current brochures and applications, if not the Web site that you can download it from, to be facilitating, as opposed to just being one more step they have to take for us to say, "It's not my job." I don't operate that way. We think we are functional and there to support and assist. So I'd encourage your ministry to work directly with constituency offices, because often constituents don't have access to the Web site or to the Internet. We do, so we can inquire or download forms and assist them that way.

I'd say, if you're speaking to the authorities, make us part of the solution not part of the problem. They see us as just another branch of government. In fact we're not; we're there to be the window to government, in my view.

With respect to that, it's this duplication issue that I mentioned earlier. Often, people don't conform to the rules if they're just not getting a response or a clarification. In one of the specific areas I'm speaking to it absolutely confounded me, because one person seemed to have a permit to do the expansion and the other person was refused. I don't know what the setback requirements were, but the other person just went ahead and did it. When they got the building permit, the building official approved it, because they don't have any jurisdictional authority except over building code regulation issues. That's what's actually out there in the field that the conservation authorities are rightly or incorrectly dealing with, which undermines the confidence of their role.

When I was on the central Lake Ontario conservation board for a few years, I found that they were trying to get into what their core business was. In many cases they were into non-core activity a fair amount, which even further confused people. When they said they didn't have enough resources to do these applications in a timely manner, at the same time, they were out doing various—important educational outreach, blah blah blah. There are a lot of people doing non-core issues, and they need to stick to core business.

When we were government, the conservation authorities' mandate was somewhat redefined—that's probably a kind way to say it; sort of like Ms. Di Cocco's question—to get them on track and focused. I felt that a lot of work in the consultation sense to have the infrastructure of human skills to deal with the many applications, commercial, residential, subdivision stuff—they had enough work to do and could have been used as a consulting group for the municipality. If the municipalities are going to use a consulting engineer, why not use the conservation authority? Give them the legitimacy to kind of stamp these things that would deal with a plan of subdivision.

What's your view in terms of working towards clarifying their central and key functions and trying to eliminate or clarify, if you will—the municipalities don't need to have the same staff approving the same application, going through the same ecological studies or whatever they do. Is there any hope that they can say, "This is our job, and we serve the region of Durham, not just one municipality," or this watershed, if you will? It may even be between York and Durham, for that matter. Is there hope in the future in that clarification of the role and eliminating the duplication between the upper-tier, lower-tier, conservation authority, four or five different groups for every application?

**Hon. Mr. Ramsay:** There is hope there. There's hope there from what you bring to this and talking about the duplication out there.

As we look at ourselves as a ministry, at what level do we approach the landscape and make decisions? Should we be looking at the big picture and the big policy piece, or do we, as we do today, make permit decisions down at a dock-by-dock level, if you will—at a cottage? Are we the most appropriate entity to do that? Are we the closest to the people to do that? We're having that discussion internally now, but we're also, at the same time, having dialogue with Conservation Ontario, as we think we maybe should be redefining who we are and what we do and looking at other institutions, such as CAs, that play a very important role in water management in this province. At the same time, we're trying to make better client service and get rid of duplication, so that we streamline what we do, make it cost-effective to save the taxpayer, but also just make it more convenient in this just-in-time world. All our time is precious, and to be running around for this and that permit instead of, as you say, one-stop shopping—that's where we've got to get to. We continue to have some challenges in providing better customer service, so we're looking at that. I agree with you, and there certainly is hope. We're driven to do it.

**Mr. O'Toole:** I just bring most of this up in the context of what we're looking to in the future, the broader issue of source water protection—a huge issue, big-time money. It's all aquifer stuff. It's all pretty much mapping the water resource, trying to determine where or when or if contaminants enter the aquifer or the water course. It's huge. It has huge implications for property rights and this whole process of applicants to make enhancements to what they think is their land.

Your ministry and the Ministry of the Environment have a couple of very important—we saw that as government. I was on the cabinet environment committee in my time when we were government and saw this as about a \$7-billion deal. It was huge. It's bigger than a shoebox; let's put it that way. It's going to have a lot to do with building more obstacles to, in the broadest sense, property rights—what's the maze we're in here? What are the most direct lines to get an answer?

**1340**

Everybody will be taking about three years to digest this big balloon called source water protection. There won't be clarification in the regulations and mechanisms

to mitigate or to legitimize these applications that may come forward. I just see it huge, big time, in agriculture, recreation, communities. At the same time, those same people are being challenged by these as-a-right rulings in terms of forced trails and trail uses. Do you understand?

I live in a rural riding. I can hardly do anything on my farm—I don't have a farm, but on the farms in my area—without nutrient management, greenbelt, source water, the whole stack of stuff that's arriving, and more of it, kind of the nanny state arrival. They're true in many cases for all of the reasons I said. It's how do you deal with three levels of any government: municipal, provincial, federal, and then when nobody has any of the answers—they really don't have the science, not on the greenbelt mapping. I could tell you things in my riding that don't make any sense whatsoever. Yet they have to get the Philadelphia lawyer, they have to get all these studies done to validate their arguments in some hearing process.

I am on a bit of a tirade here more than anything, but I'm saying that it isn't in a legislative format where I can actually question it yet, but that's what you're challenged with. Your ministry will probably be one of the leads, working through whatever the agencies will be in monitoring this source water stuff. I remain concerned that at the end of the day, people who live in Ontario, whether they're living on farms or in greenbelt areas, the restrictions on their rights, on their property—they're going to be imprisoned in their own property.

**The Chair:** Thank you, Mr. O'Toole.

**Mr. O'Toole:** Thank you for coming. Thank you for being here. Thank you, Minister. Just take that under advisement. I'll be asking you a further, detailed question in the House, hopefully.

**Hon. Mr. Ramsay:** Excellent. I look forward to that.

**The Chair:** Thank you, Mr. O'Toole. Thank you, Minister. I now recognize Mr. Bisson.

**Mr. Bisson:** Oh, yes. Hello. Thank you. Just to touch on something you were talking about, the issue in Pikanikum, you would know, Minister, that the Whitefeather initiative has been underway for some time to identify what the First Nations' values are, as far as what's going on in the forest, so that when we make forest management plans we can take that into consideration. You know that there's an application before your ministry to complete the funding necessary to finish the Whitefeather initiative. I'm wondering if you can tell us when we can expect that funding to come forward, and will it be funded? Will it, and when?

**Hon. Mr. Ramsay:** It is under consideration, and we've put an additional \$2 million into the NBI program. We announced that a few months back.

**Mr. Bisson:** That's for across Ontario, right?

**Hon. Mr. Ramsay:** Well, across the north.

**Mr. Bisson:** Yes. Not just that area.

**Hon. Mr. Ramsay:** Yes, but that's basically for the northern boreal initiative. So these applications now that are before us are under consideration. We're very pleased with the uptake in the program, and that's why I've gone after additional funding, so that we could complete this.

**Mr. Bisson:** I wonder, by way of a question, if you could provide us with a detailed answer from the ministry in regard to when we can expect that funding to come forward for the Whitefeather agreement, and if that's going to meet the expectation.

The other one I'm interested in is the one on the Kenogami forest, because, similarly, there has been some work done with the elders in the area by MNR to identify those places of interest. The same question would go for the Kenogami forest: if we can expect the funding in order to complete the work that has been started by the elders in that area in regard to identifying sensitive areas within the forest management plan as it affects traditional values and others. Can you also give me an answer to that one?

**Hon. Mr. Ramsay:** Yes, we can undertake to get you some answers for that, as far as the time frames for the considerations for these applications.

The other thing I think I'd like to add here is that it's been a bit frustrating in that I would like to see some additional resources going to programs such as NBI. Maybe you weren't here, but you understand the program anyway. We understand, and the First Nations communities understand, that land use planning is the precursor to economic development. But I, for the life of me, can't get the federal government to appreciate that and understand that and support that. They're all for economic development on First Nations community areas, as I am, but if we could get some more resources there we could accelerate this process, because we have more applications for this than we have resources at the time.

**Mr. Bisson:** For what it's worth, Minister, I think that's the one area we both can agree on: There's a high degree of frustration with the federal government as it affects First Nations policy. It's abysmal. You were up in Peawanuck. You know very well what I talk of.

Just quickly, a couple of things: Akimiski Island—I don't know if you're aware of where that is, up on the James Bay, just opposite Attawapiskat in the James Bay. It's actually part of Nunavut. Most people don't realize those islands somehow or other were ceded from Ontario some time ago, quite to the behest of the First Nations.

Again, if I can get an answer from the ministry, I'm told by residents of Attawapiskat who traditionally have hunted that area, especially for the goose hunt, that it's been sort of part of the island, the part of the island that they're allowed to hunt on is becoming smaller and smaller and smaller. If the ministry can provide me with where things are in regard to that process, because there's a fair amount of opposition in regard to the community, because that's always been a traditional hunting area, and it seems that First Nations members are having to find themselves on a smaller and smaller piece of land. Do you support that initiative of restricting hunting on that island, out of curiosity?

**Hon. Mr. Ramsay:** Yes, I do in principle, except it's news to me that you're saying the hunting area is becoming reduced.

**Mr. Bisson:** That's what I'm being told.

**Hon. Mr. Ramsay:** I wasn't aware of that, but of the overall principle, yes, that part of it is a reserve and then the rest a game reserve, if you will, and then the other part of it is a hunting area. I didn't realize it's continually getting smaller, and I will look into that.

**Mr. Bisson:** If you could and get back to us on that, because that's a source of concern.

The other issue raised by First Nations across northern Ontario, and I imagine it would be the same—actually, it would only be in northern Ontario and under the Lands for Life process, and others. There have been set-asides or parks that have been created, and rightfully so. We're trying to set aside for future generations the natural habitat, but often that has been done without the consent of the First Nations. Are you, as minister, planning to reverse some of the policy decisions made by the previous government that excluded a buy-in on the part of First Nations when it comes to the creation of some of these parks?

**Hon. Mr. Ramsay:** I'm reviewing some of the parks policies that apply to First Nations. You mentioned Peawanuck. That's a prime example. It's probably, in my recollection, the only example where, basically, the park surrounds a First Nations community. Therefore, they've become governed by park law. I certainly was very sympathetic to the argument they were making that their economic development aspirations were being frustrated by the rules of the wilderness park.

The prime example was, and I guess still is, the winter road route and how we have forced them to take a 60-kilometre detour around the park, rather than the direct route that the snowmobile trail takes, in order to facilitate the transportation of goods in during the winter on the winter road system—in that case, from Manitoba. I'm taking a look at that, because I'm very sympathetic that these regulations that are great for managing a park are having a negative impact on the community. We need to be more understanding of that, and I've had discussions with our ministry about that.

**Mr. Bisson:** I take it there's some agreement on both our parts that we need to find a way to make sure, whenever these kinds of attempts are made by the province to define a piece of land as being a set-aside of any type, that there's got to be buy-in by the local community; otherwise, it just puts us in an awful position for both parties.

The other comment, before I go back to another series of questions, is that it seems to me there needs to be a fair amount of work done in regard to developing policy that would include First Nations to participate in the land planning policies, how we develop and extract resources for lands in northern Ontario, especially those that are affected by them north of 51. Do you have any initiative at this point that you're looking at that would give First Nations a greater say and a greater control over what happens as far as policies when it comes to resource extraction in those areas?

1350

**Hon. Mr. Ramsay:** As you know, I'm wearing my other hat now as the minister responsible for aboriginal

affairs in this province. We will be establishing, later this month, a northern table of discussion, where lands and resources issues will be front and centre. Part of that goes to the whole issue of benefit sharing and economic development, and all of that is going to be on the table. I look forward to getting that discussion underway and laying out a framework of how we can move forward with those discussions, because the McGuinty government is very supportive of increasing the economic development opportunities of First Nations.

**Mr. Bisson:** I'd just caution you on this, and I'm sure you're talking to the same people I am; you'd speak to Grand Chief Stan Beardy, Stan Louttit or whoever it might be. They've been brought to more consultation tables than you can shake a stick at and are somewhat—I wouldn't say mistrusting, because generally the Cree and Ojibway people are very trusting people, and that's one of the things we benefited from over all these years. It has to be more than just a consultation. It really has to be a process where we've got some goals set out front that basically say, "Here we are now. We want to change a regime and we want, in a relative period of time, to have a larger role for First Nations to play when it comes to the issue of resource extraction or management." That is everything, in my view, from permitting to what some of the policies are for contact by mining or forestry companies with First Nations etc. Until we get that, it's going to be pretty hard to do development north of 51.

The aboriginal people want development, but on their terms. We need to figure out what those terms are and how to enact that into some sort of policy. If you want to make a general comment, then I'll move on.

**Hon. Mr. Ramsay:** Yes. I agree with that entirely. Also, as you know, because of the big proposal that looks to be going ahead in your riding, with the De Beers diamond company at Attawapiskat, that lack of certainty as to what the rules are—you've talked about publicly it many times—slows that development down. We need to get some certainty for both sides, for aboriginal people who inhabit these parts of the province but also for the companies that are making the discoveries and want to start the development. This is very important.

You talk about consultation. It's very important also, though, that we work with our First Nations to make sure that the consultation is appropriate, because sometimes we go in and think, "This is just a quick fix, and we just need to have a few words," and it will come back that they weren't properly consulted. I'm going to be bending over backwards to make sure, on the side of consultation, that we do the right job, that everybody feels included in this and that everybody buys into the form of consultation we move forward with. That in itself is very important, and we should never neglect that.

**Mr. Bisson:** I don't disagree. I agree with you, but I just caution that going into this we have to have some stated goals. We can't just go in to consult for the sake of trying to do the right thing. We have to have some very clear goals about where we want to be and a reasonable amount of time to be able to get there.

Just on another issue, you will know that at one point there was an initiative between SNC-Lavalin, Tembec and Moose Cree First Nation to develop the Mattagami River basin project. That's now happening with OPG. As you well know, Ontario Power Generation has now taken the lead and is basically working to negotiate an agreement with the Moose Cree First Nation as far as the next step; how we develop. I think at the end they'll probably get a better deal from the crown than they would otherwise. My question is, is your ministry actively involved in that process, in those negotiations?

**Hon. Mr. Ramsay:** About two weeks ago I wrote Stan Louttit a letter basically opening the door to that. I had a conversation with him on our way up to Peawanuck, to say, "What would the best approach"—to address the first part of your question—"now that OPG is interested in developing the Mattagami River?" As you know, that's a river where the infrastructure is already in place, and it would just take some internal changes to generators and adding turbines to make it work and produce a lot of power. I talked to Stan about that and wanted to find out what the interest might be there, and also then to talk about the mechanism to start the discussion toward development of the four northern rivers.

**Mr. Bisson:** Which would be the next step after.

**Hon. Mr. Ramsay:** Which would be the next step after. It seems to me that because the Mattagami would be the easiest one to get going on because of what I've just said—the infrastructure is there—it's a quick way to get some power going, but in the more medium term we've got to be starting to talk about, and I've put it there, the Mattagami River basin.

**Mr. Bisson:** Just to be clear in my question: I know that OPG is actively in discussions with Moose Cree First Nation. There's been a change of leadership, so they've had to go back a bit to the drawing board. But is your ministry party to the negotiations, other than, just like myself or yourself, being talked to about it, lobbied?

**Hon. Mr. Ramsay:** No. The Ministry of Natural Resources is not a direct party to the negotiations between OPG and the tribal council in regard to Mattagami. I had said to the president of OPG that I would help him in starting to open the door to those discussions and act as a facilitator in my role as minister of aboriginal affairs for the province and also to bring the idea forward, as I did with Stan Louttit, in regard to the four northern rivers. But on a day-to-day basis, no, when it comes to OPG and Mattagami, because I have yet to hear an answer from the tribal council as to how they might want to approach discussions on the four northern rivers.

**Mr. Bisson:** Different ministry, but your other hat: Under ONAS, are you involved in that at all? Are they involved?

**Hon. Mr. Ramsay:** I've written a letter to open the door.

**Mr. Bisson:** So not under the ONAS hat.

**Hon. Mr. Ramsay:** Under the ONAS hat, or OSAA, as we call it now, we might be, depending on the answer from Stan. We'll see how that evolves. All I've done is put the idea out that the government of Ontario would be

willing to discuss the development of the four northern rivers: "What do you think of this idea and how would you like to proceed?" That's where it is at the moment.

**Mr. Bisson:** Just the last point on that, and you don't need to comment: For whatever it's worth, myself, Howard and others are very supportive of the OPG approach to this. We don't believe that it should have gone into the private sector. Doing it under OPG is a good thing. I think we can, in the end, get a better deal for First Nation by doing it with OPG. I think OPG is in a much better position to negotiate some of the issues that would be very difficult for the private sector to negotiate with Moose Cree First Nation. If we can make that a good agreement, one that all sides are happy with, I think it goes a long way to setting up what would then be the structure for the next level of development, wherever that might be. So we're very supportive and glad that the government has seen fit to go to OPG rather than staying the other way.

Let me ask Bill a question, now that he's back—I started somewhere else because you were gone. In the discussions around Chapleau, Elk Lake and Hearst, were there any amendments done to the forest resource licences or the forest resource processing licences in those mills?

**Mr. Thornton:** Not that I'm aware of. Sorry; any amendment to?

**Mr. Bisson:** To the original licences. If you increase production or decrease production, does it normally take an amendment to the licence?

**Mr. Thornton:** In terms of any change in the productive output, and there would be changes to some of the data that we rely upon for that measure of their productivity, there would be changes in that respect, so they would report to us, in this example, an increase in their throughput from that.

**Mr. Bisson:** OK. I go back to the minister now. I don't know if you want to go here, but I'm going to try it anyway.

It's clear as you read through the act—and I go back to the point I made earlier that the act sets out by way of the purpose clause how it is to be interpreted as to the basic principles when it comes to how we do everything in this act, from granting an SFL licence, to managing a forest management plan, to dealing with forest resource processing licences, pretty well all set up in the same way. When you go through the act, in pretty well every section it talks about, for example, that in developing a forest management plan "the minister shall ensure that a forest management plan is prepared for every management unit," and then sets out the principles having regard to the plant life, animal life, water, soil, air and social and economic values in the forest management plan. The same thing rings true for pretty well everything else under the act. I'd like to hear what your comments are in regard to what you believe social and economic impact means in regard to this act. What does that mean to you?

**Hon. Mr. Ramsay:** What that means is, does the harvesting of the resource support the economic and social activity of communities?

1400

**Mr. Bisson:** Thank you. That's a good answer. That's what I was looking for. If that's the case, I go back to my original question: Why didn't you do that in the original decision?

**Hon. Mr. Ramsay:** I take it, without your naming it, that you're getting into a specific situation that's before the court—

**Mr. Bisson:** Yes, very specific.

**Hon. Mr. Ramsay:** —so I can't address that. Again, you seem to be confusing forest management plans and licences. They're two distinct processes.

**Mr. Bisson:** I hear the defences; I've read all the transcripts. What I'm saying is that if you look at the act, it's fairly clear. It sets out what the regime is. The various licences, including forest management plans, have to be done under that purpose clause. All I'm saying is that it seems to me that if I had been in that position, where all of a sudden somebody comes to me—in this case from Tembec—and says, "I want to take the wood away from Opasatika and transfer it up to Hearst," I would have taken an intervening step and said, "All right. You no longer want to operate that mill. We understand that. That's a business decision." We can't tell Tembec what mill to operate and which one not to; nobody argues that. But I would have taken an intervening step and said, "I first want to see if anybody wants to utilize that wood in order to do something else that might be of benefit to that community." Only if nothing comes forward in a reasonable amount of time, and you set that out in whatever process you undertake, then the transfer of the wood could go to Hearst. I guess that's the problem we're having.

I know that you can't comment, but for the record I just want to say, and I'm not going to spend a lot of time on it, that that has been the big disappointment. If you talk to the mayors—except, obviously, the mayor of Hearst, who was the benefactor in this particular decision. I respect him and understand what it means to that community, although they're going to lose, when Tricept goes down in the not-too-distant future, about 60 jobs there because they were dependent on Excel, out of Opasatika. But that's another issue. If you talk to all the mayors—J.C. Caron, Réjeanne Demeules, M. Bourgeois—if you talk to any of them, from Mattice or wherever, that's the nub: People are saying, "We wanted to be given the opportunity, something we've always had in the past, and we didn't get it." If you talk to the unions, to Communications, Energy and Paperworkers' Gerry Meyer, to the Steelworkers' Guy Bourgouin or to any of them, that's the nub of the issue as well. They felt they never got the opportunity. If you speak to groups like STRONG—Alan Simard, and Ben Lefebvre and others who are involved in that—people really feel that they never got the opportunity.

If you're getting a fairly rough ride in northern Ontario on this particular issue, the one piece of advice I've got to give you is that you really don't want to go down this road of saying to forestry companies, "You can get

access to the wood. We see this SFL as being yours to do with as you want." At the end of the day, what you're going to end up with is a few supermills that may benefit a few communities. For example, with the Tembec operation, in discussions I had with Tembec three years ago, when they first came to me about wanting to close down the Kirkland Lake mill, at which we had a battle, with you and I both on the same side to save that particular mill, I took the position then and there with them that, no, we would not support a supermill initiative. If we allowed a bit more production to go into Timmins, we might be the benefactors for a year or two, but down the road, Tembec basically told me that they would be down to two or three mills in northeastern Ontario. Who are going to be the winners, and who are going to be the losers?

We're having enough trouble in northern Ontario trying to keep some of our smaller communities alive, and losing the only employer in town certainly doesn't help us to move forward. If I can urge you in anything—I just do this as a fellow northerner, and I'm trying not to be too competitive at this point—I urge that you rethink what we do from here on in, and that we take a look at what the benefit is, not only for the shareholders of a particular company, but what it means to a community. Sometimes the community values or needs outweigh the needs of the shareholders. That's the nub of what people are really upset about. They look at Excel. I think it was the second most profitable production facility in the Tembec line. It was making money, and they ended up being shut down. The remarkable thing about Excel that people need to recognize is that the men and women of that plant worked in that plant to the very last day. There were no accidents, nobody tried to pull a compensation case and there was no sabotage in the plant. It was a very professional workforce. To the very last minute, they operated that plant at maximum efficiency. When we lose those kinds of workforces and those kinds of synergies within plants, I don't think that benefits any of us in the longer term.

I just say, on behalf of the people I represent and the people you represent, we really need to go back and rethink what our policy is going to be from this point forward to make sure that at the end, yes, we need to take into account what shareholders need. That is part of it. But you need equally to look at what it means to communities. And sometimes, if those two issues are conflicting, I would much rather jump on the side of the community, because we're all northerners and we know what it means when those jobs are lost.

The last thing, and this is just my little bugaboo; I've had this fight with Tembec. It's kind of a funny relationship with Grant, Tembec and others, because sometimes I'm fighting against them and sometimes I'm fighting with them. In fact, I sat down with Terry Skiffington the other day, talking about energy issues, and we agreed that we can work on that one.

Part of the problem I see is that we've gone down the road—and it started some time ago; this is not your

fault—and successive changes in industry have made it so that fewer and fewer players are left standing. So what we're going to end up with is that, rather than having however many Domtars, Tembecs, Grants and the rest of them, we might be down to three, maybe four, major companies, maybe less than that. At the end of the day that's awful for northern Ontario, for a number of reasons. Aside from having supermills, it means all of the decisions are made outside of northern Ontario. All of the corporate decisions about purchasing, engineering, processing facilities or whatever will no longer be made within the community.

You grew up in northern Ontario like I did, when plants were owned by the Malette family, the Lecours and others, where decisions were made in the community. The person who owned the mill lived there, and the decision was made there. The purchasing was done locally. The people who worked in the head office worked and lived in those communities. Now we find that very little of that added value of employment is being done in northern Ontario when it comes to the administrative side of running a paper mill or a saw mill or whatever it might be.

So I just caution you, Minister, that as northerners, we need to stand together in this particular fight and say that we can't entirely buck the trend of the global economy, but at some point we need to develop policies that are favourable for northern Ontario, and that is to make sure that we look at the benefits for the communities, not just the benefits for the shareholders of that particular industry.

I take it that's my 20 minutes?

**The Chair:** Yes it is, Mr. Bisson. I'd like to recognize Ms. Di Cocco, please.

**Ms. Di Cocco:** I just have one quick question from this side. The question is actually for the minister. In southwestern Ontario and even in my riding—about 20% of my riding is agricultural. I hear the farmers talk about crop damage that sometimes results from this increased deer population in certain areas in southern Ontario. The question I have is about the measures the ministry is taking to assist farmers in dealing with this crop damage, because in some areas it's fairly significant. So I just ask the minister to tell me what measures we're taking.

**Hon. Mr. Ramsay:** This has been a challenge all through southern Ontario, especially in those agricultural areas where deer are coming on to farms and basically destroying crops. Obviously, it angers the farmers that this is happening to. The ministry has been working with the farmers over the last couple of years to find some new ways of managing this.

Besides the traditional ways of managing recreational hunting and increasing, in this case, the opportunities to hunt more deer, we've gone beyond that to a deer removal system, a permitting system that farmers can apply for to remove deer from their property when this happens. If they're not hunters, they can hire people to do this for them in order to protect their crops. So we've gotten into that permitting system to help alleviate this,

because this is a big problem. We're constantly reviewing this and improving our programs to do this.

In any one year, Mother Nature could take care of this, and all of the sudden you could have a big decline in the deer population, but we haven't seen that in the last few years so we're having to take these extraordinary steps. The population will get to a point where something will happen. There will be some stressor in the population that will lead to a decline and, again, Mother Nature will take this into her own hands. Either it will be a lack of food sources or disease will start to happen if the population starts to get overcrowded.

Another reason is that we want to take more proactive control, as we do in some of our provincial parks where we have culls to protect the park. So we took a very proactive approach on this for the sake of the wildlife species, but also to make sure we protect the economic interests of the population.

**1410**

**Ms. Di Cocco:** There's also another area that concerns me. Where I live, we have a huge field in the backyard and then some forest. It's as if you're out in a farm area, but it's not quite a farm area. There are lots of wild animals that you see out there. Sometimes you see a fox running and of course there are lots of raccoons, squirrels and rabbits. It's fairly—how do I say it? It's part of the urban area but it's very open. When my kids go outside to play and there are all of these animals, we always worry about rabies. If one of these animals should attack the kids or whatever—not that they do that all the time—I'm just afraid they'll try to catch them. They come fairly close to the house and so on, but they are wild animals.

I note that Ontario is considered a world leader in the fight against rabies in the wild. Minister, what efforts are you making to combat the deadly disease when it comes to these animals in the wild?

**Hon. Mr. Ramsay:** I'm very proud of the work that the Ministry of Natural Resources and other scientists in the province have done to mitigate the risk of rabies. As you know, it's a disease, like many other new ones we're finding now, that originates in the animal kingdom and can transmigrate to human beings. As I said earlier, New York state and Ontario are basically the epicentre of this disease. Thank goodness that through the good work of the ministry we've been able to contain it, by and large.

I had the privilege of going to Stratford last year. I think it was about this time of year. It was in the fall and during the rabies bait-drop program. That is an invention of the Ministry of Natural Resources—not only the idea of delivering vaccine from airplanes and dropping it over a wide landscape, but also how the vaccine is delivered in a solid form, in a bait, if you will, that the animals eat. This is again a very proud accomplishment of Ontario. In fact, it's so great that other jurisdictions ask for our support and advice. We've sent down our Twin Otter in the off season to Texas, Florida, New York state and other jurisdictions. Not only have we done a bait-drop system program in some of these jurisdictions but we've also shown the other jurisdictions how to do this so they

could carry on their own program. So we're quite a leader in this.

We keep working on improvements to vaccines. While vaccines to date have been species-specific, there has now been developed a combined vaccine that's going to be available soon and we should be able to put it out for all vector rabies species. So we're really making great inroads in this and, thank goodness for all of us, we've been able to contain the disease.

**Ms. Di Cocco:** Thank you, Minister. I really have no more questions for the minister.

**The Chair:** We'll recognize Mr. Bisson, if you'd like to ask a few more questions.

**Mr. Bisson:** Actually, I've got a few more and I know our leader, Howard Hampton, would like to be back. He's on his way back in.

Minister, estimates: In 2003-04, the Ministry of Natural Resources capital budget was \$111 million, when you took office. It's now down to \$53 million. So more than half of the capital budget has been taken away. There's \$28 million that you're going to be putting into the roads. Is that going to be part of the \$53 million or are you going to add it to the \$53 million?

**Hon. Mr. Ramsay:** No. As we discussed earlier, that will be new money coming to the ministry. We just haven't decided how it will be accounted for yet, but it obviously will be. It's new money coming from finance.

**Mr. Bisson:** So if I look at next year's estimates, I would expect to see \$53 million capital plus at least another \$28 million for the roads.

**Hon. Mr. Ramsay:** Again, it will be accounted for properly. It's \$28 million in new money. It's not counted in those figures you have in front of you.

**Mr. Bisson:** I understand that. You're saying that we had a capital budget, when you came in, of \$111 million. It's a little bit less than half of that now. It's \$53 million. All I'm asking is, next year, when I look at the estimates, I would expect capital dollars to be somewhere over \$53 million plus \$28 million.

**Mr. de Launay:** Just to help with that, you'll see—

**Mr. Bisson:** Your name, please.

**Mr. de Launay:** I think I've been introduced for the record. David de Launay, the chief administrative officer.

You will see not only next year, because this is an on-going funding program, but also in our interim actuals for this year, when we go through for next year—our estimates were tabled prior to this funding being available, so when we do our interim actuals, you'll see this \$28 million in our budget as well.

**Mr. Bisson:** So it should be in addition to what we see.

**Mr. de Launay:** That's correct.

**Mr. Bisson:** With regard to the \$50 million a year that was announced as part of—what do you call that fund again?

**Hon. Mr. Ramsay:** Prosperity fund. You mean \$150 million?

**Mr. Bisson:** The \$50 million per year. You're not going to budget for it one year, right?

**Hon. Mr. Ramsay:** Well, whenever they come, we'll find the money.

**Mr. Bisson:** That's like saying I'm going to make \$1.5 million in salary in the next 20 years.

My question is, for next year, the \$50 million, of the \$150 million you're putting over three years, I could expect to find that also within—I guess it would be on the capital side. Where do you put that? It's not on the operational side. It would have to be capital, right? How do you account for that? I'm just kind of curious.

**Mr. de Launay:** Because it'll be expenses, it will be expenditures. So it will probably be on the expense side.

**Mr. Bisson:** OK. That answers that question. And not the same would hold true for the \$10 million for the inventory initiative? Go ahead, Bill.

**Mr. Thornton:** The funding for the \$10 million for forest resource inventory is a bit more complicated. What we've announced there is that we would be paying for that through the forestry futures trust. So there would actually be an increase of \$10 million in the stumpage-related component that companies pay now as they harvest timber into the forestry futures trust. Then there would be an equal offsetting reduction of \$10 million in another stumpage component, such that there would be \$10 million less revenue to the consolidated revenue fund. So at the end of the day, there's \$10 million that's been placed into a forestry futures trust that will take on the inventory work, and there's \$10 million less paid by the industry into the consolidated revenue fund.

**Mr. Bisson:** That comes from the stumpage?

**Mr. Thornton:** That's right. So from a company's perspective, it's a wash. They're not paying anything more, and the cost of inventory has been taken on by the government.

**Mr. Bisson:** Is it also a wash for the province, though, if you look at it that way?

**Mr. Thornton:** No. It's a net loss of \$10 million revenue to the province.

**Mr. Bisson:** Because, of course, it goes to general revenue.

**Mr. Thornton:** Right.

**Mr. Bisson:** That's right. OK, gotcha.

Going back to the issue of transportation, you must be getting the same calls as I'm getting. Basically, contractors who are in the bush are finding it increasingly more difficult to make ends meet. I had somebody contact me the other day who was a contractor for Grant forest products for the Timmins mill, who basically saw their price go down by about \$3 a tonne from what they were paid over last year. As you know, costs didn't go down; they're actually going up. So aside from Tembec, Grant, Domtar and Abitibi, etc., are there any initiatives that you have within the ministry in order to take a look at how we can give those contractors in this particular business a bit of a fair deal? Let's start with just a general comment, and we'll hunt it down after.

**Hon. Mr. Ramsay:** We don't, but we've just given relief to the companies involved here: \$28 million plus \$10 million, \$38 million relief, ongoing expenses, year

in, year out. So the companies have more money now to pay for delivered wood costs. Obviously, those independent truckers who they rely upon—

**Mr. Bisson:** I thought it was a wash. I thought the explanation I got earlier—

**Hon. Mr. Ramsay:** You were talking about the ministry. I'm talking about the companies' relationships with contractors.

**Mr. Bisson:** I'm a little bit confused. Just to help me out: What I heard Mr. Thornton say earlier was, from the companies' perspective on the \$28 million, it's a wash.

**Mr. Thornton:** No.

**Mr. Bisson:** That's not what you were saying?

**Mr. Thornton:** From the companies' perspective on the \$10 million for forest resource inventory, it's a wash.

**Mr. Bisson:** That's a wash. OK, gotcha.

1420

**Hon. Mr. Ramsay:** The companies have been enriched by \$38 million, between the assistance on road maintenance and forest inventory. So they have a little more money, but also, they cannot expect their independent truckers, who provide the raw materials to feed their mills, to continually eat the increase in costs themselves. This will have to be passed on to the cost of production. It's one of the pressure points we have been talking about: the cost of fuel, the cost of insurance etc. So that will have to be passed on to the consumer through the manufacturer.

We had a bit of an uproar in that industry about a year ago. I basically facilitated some discussions there with my parliamentary assistant, Michael Brown, to try to get the two parties talking again. Obviously, the truckers depend upon the companies for their livelihood, but so do the companies depend upon the truckers for their supply of raw material.

**Mr. Bisson:** There was an example of everybody working toward the same thing, because I was doing the same. That was actually helpful, that we were all going in the same direction.

Coming back to the point, you say \$38 million. As I understand it, it's \$28 million in savings for industry. If the \$10 million is a wash, we're at \$28 million.

**Mr. Thornton:** Let me go back through this one more time, because it's important we get this right for the record. With respect to forest resource inventory, the \$10 million, from the companies' perspective of their stumpage payments, is a wash; they're not paying any more than they ever did in total. However, they have saved \$10 million of expenses that would otherwise be theirs.

**Mr. Bisson:** All right. I stand corrected, so \$38 million. The minister is right, for once. I can't believe it; I was wrong.

**Hon. Mr. Ramsay:** "Again" you should have said.

**Mr. Bisson:** I can't believe it. Something's wrong here.

**Hon. Mr. Ramsay:** My staff tell me, "You're always right, Minister. Minister, you're right again."

**Mr. Bisson:** I just wanted to clarify. I just wanted to make sure I understood it.

My point is, what guarantees do you have from industry that that \$38 million in some way, shape or form is going to find its way to the pockets of those contractors who are having to use those roads and having to cut the timber?

**Hon. Mr. Ramsay:** It is not my business to tell the companies how to run their business. It's the companies that came forward with the ideas and suggestions, through the council report, as to how the government could help the industry, and I'm responding to those. Those are the initiatives you saw last week.

This is obviously an internal issue with companies, and we saw it blow up a year ago. Again, I acted as a facilitator to get the companies working with their independent truckers. Some of the companies made some fundamental changes with fuel allowances that would reflect the increased cost of fuel, just like airlines do when they add on to your ticket when fuel charges go up. That's the business of the companies.

**Mr. Bisson:** So at the end of the day, whatever saving industry has gotten, there are no guarantees that that's going to make the life of the individual contractors any easier.

You know as well as I do that part of the problem is that most of these contractors are working for prices that are below what they were being paid 10 years ago. You know that because the same people who walk into my office walk into your offices in Kirkland Lake or Earleton, wherever your offices might be. They're really feeling the squeeze. How many of them do you know? I know a number of them who have gone under, not because they're bad business people but because the price they're being paid is just so tight that if anything happens—you get a bad allocation of timber that year, where the timber you thought you had, you don't have, and you're not making the money you need to make; you have equipment breakdown; or the planning of building a road is not what you thought it was and it's more expensive—you find yourself going in the hole.

At one point, what I think we need to turn our attention to within the ministry and within this Legislature is some sort of initiative or something that looks at giving some of these people some type of relief. I'm not quite sure exactly how you do that. I've got a couple of ideas, but I'm just wondering, is there any appetite with your ministry or yourself and your political staff to take a look at some sort of initiative that could make life a little bit easier for the general contractors who work for the lumber industry?

**Hon. Mr. Ramsay:** What I've been trying to do, and am continuing to do, is to give relief to the industry as a whole. That's what phase 1 was about, what phase 2 was about, and phase 3 from the feds. But also, we are continuing to work with the industry to try to find savings. I know we've got a slew of administrative changes that we're going to be bringing forward. That's going to start again to contribute to lowering the cost of delivered wood. How the companies orchestrate their business is really their business. It's not for me to say,

“You, as an independent trucker, go have your own trucks.” That’s going to be the decision of the companies. With supply and demand, they need those raw resources and they’re going to have to pay for them. It’s a competitive business and they will pay the going rate because they want the material.

**Mr. Bisson:** The basic problem is that whatever relief has been given in this package for companies like Tembec is not going to do it for them. I sat down with them on Friday, and they were telling me that for their operation in Kapuskasing, this doesn’t do a heck of a lot to help them. They’re still having the same problem today that they were last Wednesday. Whatever relief you’ve given is minimal at best, depending on what company you’re working for.

I come back to the second point I said earlier, which is that we’re going to where, more and more, the forest sector is being controlled by fewer and fewer companies. As we go that way, we’re moving toward no competition. If the same person who controls the forest in Hearst is the same person who controls the forest in Timmins or Chapeau, where does this contractor go if he doesn’t think he or she can get a good deal with Tembec?

We’ve created, over the years—and all governments have had a hand in this, so I’m not pointing fingers here—a condition where companies are becoming larger and larger and control more and more of the forest and, by doing so, are able to call the shots when it comes to the contractors. It seems to me that we need to do some readjustment of programming or policy in some way to give some relief to the smaller contractors, either on the fuel, insurance, or some form of regulation or rules that we put in place on how they’re dealt with. I’m just asking if there are any initiatives in that direction.

**Hon. Mr. Ramsay:** You’re pointing the blame at certain companies, and I think we need to have a frank discussion about whose fault maybe all this is. I think we, as northerners, have to take the blame because we have given up our forests to the big multinational companies. I can think of one big exemption in the northwest with Ken Buchanan from the north, who has built an incredible company in northwestern Ontario. You named many of the very famous northern families who built a strong and proud forestry products tradition in northern Ontario. Family after family, generation after generation, finally sold out to a multinational, and that’s where we find ourselves today. Northern families are no longer the owners of these companies, so today, as the Minister of Natural Resources, I don’t deal with those companies any longer—the Fontaines or the Mallettes or any of these companies, and you mentioned a lot of them. I deal with basically three main sawmillers in the province. Two have their headquarters outside the province and one, bless his heart, still lives and does his business in Ontario and is an Ontario company.

That’s the era I find myself in, and we have to adapt our policies to that. That’s the nature of business and, while I can lament about it, the reality is that this is what it is, so on a day-to-day level, I deal with this situation

and these companies. I want to make sure these companies thrive because it’s these companies that provide the employment for Ontarians.

**Mr. Bisson:** However, the problem—and I think we can agree on this—is that the fewer companies left standing, the more control those fewer companies will exert on what happens with the fibre in the forest, how it’s harvested and dealt with from that point forward. It seems to me that, at one point, we need to take that into account as a Legislature and as a ministry and ask, “Is that policy the best policy for northern Ontario and Ontario in general?” I would answer no. I think healthy competition in the private sector is what makes it work, and where we’re going, there’s no competition. I don’t know how that works. That’s worse than having a state-run forest industry, to be left with one private entity standing in the end.

I would just say that we need to start turning our attention to it. You’re the minister; we’re looking for some leadership from you. You need to start thinking about how we position ourselves in the coming years—because we know where the industry is going. You’re going to be left standing with one or two major companies in Ontario, and what do we do when that happens? It’s like the turn of the previous century, in the 1800s, when you had just a couple of large companies controlling all of the oil industry. At one point, the government walked in and said, “We need to break that up because it’s bad for the economy.” I hope we don’t end up in that position again, but it seems to me that we’ve got to start thinking about it now because the symptoms are certainly there.

1430

I’ve got a number of questions with regard to the aggregate act, if I can get to it. I’ve got a series of questions. You could maybe take these and copy them after, but I’ll read them for the record. If I can have the ministry provide me with an answer to the following questions.

One of the questions is that the Pembina Institute documented in a report, *Rebalancing the Load*, that the last comprehensive and publicly available assessment for demand for aggregate resources in Ontario was completed by MNR in 1992. Is that claim correct? What’s the status on that? When can we expect MNR to provide Ontarians with a comprehensive review of the demand aggregate resource industry in Ontario?

The other question we would have—I can table this if you want, Chair. Would it be easier just to table it?

**The Chair:** Please.

**Mr. Bisson:** Rather than read all of the pages, I would like to table this document to research, and we can get the ministry to respond to these particular questions.

**Hon. Mr. Ramsay:** We can do that.

**Mr. Bisson:** OK. I’ll pass you a copy of this.

Minister, with regard to job losses in northern Ontario, do you have a handle on how many jobs have been lost in northeastern and northwestern Ontario in pulp and paper,

the sawmill sector and the board sector? If you could provide us with that.

**Hon. Mr. Ramsay:** I think it comes to about 3,900 jobs in the last two years.

**Mr. Bisson:** So our numbers are actually agreeing. Does that concern you?

**Hon. Mr. Ramsay:** Very much so.

**Mr. Bisson:** If it concerns you, I guess I come back to the point of this last announcement made on Thursday. With most of those companies that we talked to, electricity is a big part of the picture. For example, in your own constituency, the announcement of a permanent shutdown was done at Rexwood on Thursday, I believe, the very day that you were making the announcement about your package. One of the reasons given by the company was electricity prices. I'd just come back to the point: Why are we not trying to find some sort of permanent solution when it comes to reducing overall electricity prices for these particular companies?

**Hon. Mr. Ramsay:** Electricity prices are one of many input costs that the companies have to deal with. As you know, in that particular commodity of particle board—and this is low-density particle board, the Uniboard that we used to call Rexwood that the old town of Haileybury produced is in a market that now competes with countries such as China. China is throwing this commodity out on the market faster and cheaper than we can make it. A lot of our plants are no longer competitive in this particular commodity.

Again, the industry has found itself caught out by this new international competition and, unfortunately, hasn't been able to renew itself in time to save its operations. Many of the most progressive companies in the world are always striving to do better all the time, even if they stay on top of their game. Unfortunately, many in this industry haven't.

In fact, I've had some discussions with that company as of late and they're doing some research now on other products. It's late, but it's good that they're doing that. We have lots of sources of raw materials in this province and we can make a lot of products, but we have to make sure we're making products that are in high demand. That's what's going on right now, and it's unfortunate that world events have caught up and superseded the speed of our companies' ability to adapt. This is where we're stepping in, encouraging and supporting the companies that are doing that. We're saying to them, contrary to some spokespeople that, "If I hear the word 'modern' one more time—I can't take it any more," we have to make sure that we have the best plants in the world producing products that are in high demand.

As you probably know, we have a company out of Montreal, another company from outside the province, by the name of Kruger, and they're proposing to build an oriented strand board plant in this province. That plant is controversial because of how much material it's going to use and also because it's going to supplant two present operations that have more workers than the new entity will. But the new entity will sustain the jobs there for the

next 30 years because it's producing a product that is in high demand.

We're in a transition, and it's going to be difficult. There are a lot of factors at play that have made this transition happen. The McGuinty government is here to support that transition and make sure it's as smooth as possible and that we retain as much employment as possible.

**Mr. Bisson:** Would you say it's fair that your decision on Thursday was insufficient to stop the closure in Rexwood?

**Hon. Mr. Ramsay:** My decision and my announcement on Thursday had nothing to do with Uniboard's decision on Thursday, because that particular decision has been based on the company's inability to compete with a product that comes out of China at a third of the cost. It's very difficult for that particular commodity. What we're going to have to do is change what we do. Again, we're not going to be producing as much newsprint in this province; we're not going to be producing as much particleboard. We're going to be changing our products; we're going to be adding value to our products.

That plant has been there for years and has never produced a product that, say, laminates that, as I've just seen at Flakeboard in Sault Ste. Marie, where we have just had a grand opening of a particleboard facility. It's an auxiliary laminating plant, because this company has been very progressive in producing a medium-density board of better quality, laminating that product and positioning itself and its product into the United States' mid-states market. That's the type of activity we want to see, and this company went ahead and did it, and the other company didn't. I'm hoping with the program that I announced on Thursday it will give some impetus for companies to be more creative in their thinking and to re-examine and reinvent the products that they produce.

**The Chair:** Thank you very much, Minister. I'd like to recognize Ms. Di Cocco.

**Ms. Di Cocco:** I have a question about wolves. There has been a perception for such a long time that it was kind of open season on wolves. I think there was a lack of understanding, if you want. We talk about stigma when it comes to animals, and I think wolves are a species that has certainly had a bad rap over many years. The question I have, Minister, is, I believe there are some protections now being put into place. I certainly would be pleased to understand what those protections are, since, as I said, we hopefully are a little bit more knowledgeable about this species. I think we have a greater level of respect for the species.

**Hon. Mr. Ramsay:** That's a good starting point for me, when you talked about a greater level of respect. I was a bit surprised. As a layperson, I just presumed that all species were regulated, that we had some rules or regulations in regard to how we manage each species. Basically, with wolves, we didn't. Now that it's history—only recent history—but just before this year, there was no regulation of wolves, so that meant that if you had a small-game licence that is very easily obtainable, anyone

could shoot any number of wolves any day of the week all year round. That was it. It was like open season on wolves.

I guess this is probably just something that was ignored because, as you talked about, in the past there was a real stigma about wolves, especially as the pioneers came in to Ontario and started to establish an agricultural base in the south, wanting to raise livestock. Wolves were seen as the enemy, so much so that we even paid people to kill wolves. We called that a bounty. The bounty was quite high at times, but I think in recent years has got down to about \$50 a head, if you will. That's the way we treated this particular animal.

It's kind of interesting, because now, with our greater environmental awareness, I think the wolf is seen as one of the symbols of wilderness for a lot of people. I certainly felt, probably with all of the creatures that inhabit this earth, that they all deserve regulation, and why not the wolf? So what we've done, after consultation with the hunting community and with the environmental community and other ones, people that are interested in this, is establish some ground rules now when it comes to wolves.

One of the things we've decided to do is prohibit the hunting of wolves during the rearing season. So while wolves are raising their pups, we prohibit hunting. Instead of an unlimited licence to hunt wolves, we now limit the harvesting of wolves to two a year. And you can't just do it through obtaining your small-game licence; basically, you have to come in to a district office and apply for a wolf licence. So if you really want to go shoot a wolf, you've got to come see us and get a licence, and you can get up to two of them.

What it stops is that sort of indiscriminate killing that was going on that we call opportunistic, that somebody is out hunting something else and they saw a wolf, and, as some would say, they "popped" the wolf just because it was there and because they could. So we brought some rules to this now, and deservedly so, because I think all species deserve protection.

You talk about the deer problem. Well, part of the deer problem is that we don't have enough of the predator species for deer—that's the wolf. That's been part of the problem: We've kind of decimated the wolf population, certainly compared to what it was in the old days, that kept the deer in control. Now human beings have become the predator for deer. But in the natural way of things, before we were on the landscape, it was all in balance and the wolf was the main predator. So we brought in that regulation, and I'm very proud of it.

1440

**Ms. Di Cocco:** Thank you. One of the things that I always look to is the legend of the she-wolf and the founding of Rome, so there's kind of an honourable, if you want to call it, symbol of wolves. I always go back to that.

One of the other areas that is of interest is the Niagara Escarpment plan. It's been revised, and I believe that it strengthens the protection of that escarpment and pro-

motes tourism. I certainly am quite interested if you could tell the committee how that revised Niagara Escarpment plan promotes tourism. As I said, I know that the minister is very adept at changing topics from wolves to the Niagara Escarpment, so I'm sure that he'll be able to enlighten the committee on that aspect.

**Hon. Mr. Ramsay:** Absolutely, and it brings to mind how, as a member for many years from northeastern Ontario, I thought I knew what MNR did. I certainly had no grasp of the totality of the scope of the issues that MNR has within its ministry. The Niagara Escarpment is one of those. As a northern person—I guess I did, as a legislator, understand that the act comes out of this ministry, but it's one of those areas where the MNR has played a very important role. The Niagara Escarpment is an accomplishment that we all around this table can be proud of, because it's all three political parties that support this. It was a creation that came out of the Bill Davis government in 1975, and it's been solidly supported by all governments and I'm sure will continue to be supported.

I would say to the member, John O'Toole, that I think the greenbelt will some day be seen in the very same light as the Niagara Escarpment. At the time, it was the Bill Davis government that brought it in, but what happens is, very quickly it becomes the people's mechanism. I think the people of Ontario feel a sense of ownership with the escarpment, and some day I know the people of Ontario will have that same sense of ownership with the greenbelt.

As the member is alluding to, nothing is ever perfect. Every 10 years we revise the plan that basically governs the escarpment commission. We've just recently completed one of those plans. One of the issues down there that's related to tourism is wineries. Part of the winery side is not just producing wine for retail sales in the liquor commission stores or the other wine stores, but the opportunity that wineries can present on-site in the escarpment area in offering wine tastings, restaurants and related social activities surrounding wine. That's one of the great activities for tourism in this particular area, that you can go down on any given day and enjoy the wineries there and the beautiful area of the Niagara Escarpment region.

Part of that debate was, again, to find some balance. How much do you allow the wineries to build for these auxiliary services that provide a great boost to tourism? We're always trying to find a balance, and I think we've done that with the latest plan revision in controlling and limiting the size of these expansions—what the square footage should be for restaurants—and finding new ways of providing wine tasting opportunities with a bit of food without requiring large restaurants to be built on the escarpment, because we primarily want to keep it as an agricultural area. That's its charm. But there are other benefits from that, and we want to make sure that, besides agriculture, tourism gets its fair share of recognition from the commission.

**The Chair:** I'd like to recognize Mr. O'Toole.

**Mr. O'Toole:** Thank you very much, Chair. Just to put a couple of points on the record here, it's good to hear the candidness of the minister, because you don't get asked too many questions in the House, except from Gilles Bisson. That's a shame, because it's important; we are talking about our shared natural resources.

**Hon. Mr. Ramsay:** I support you in those requests in your meetings—

**Mr. O'Toole:** Absolutely. Just the tough ones, though. The problem with question period is that we don't get any answers.

Anyway, on a more serious note, I want to mention that I had occasion to meet with Mitch Phinney and other enforcement officers from your ministry. I'm impressed by their ability to deal with the public, because we were there dealing with this 1-800 number for poaching, trying to raise some local visibility on that. There was a person who came up dealing with some of the stuff I mentioned earlier on the Kendal crown lands. I just put that on the record, actually, and also to have a better understanding, perhaps, in your response to the role and relationship with the Ontario Federation of Anglers and Hunters. I say that because I think there were some good stewardship policies with the use of those wetlands. Ducks Unlimited and other partnerships are a really good way to broaden your relationship with stakeholders in the context of an area that often is not understood.

Perhaps it's a communication issue. You mention anyone who's interested in hunting or fishing, and automatically you see some gun-toting—at least, they're characterized as a bit of a wild person or something, just because they like the outdoors. It's an urban kind of sentiment.

It's important. It is a recognized and respectable pastime that some people during the deer season like to go for a walk in the fall leaves. Actually, they're not really interested in Bambi as much as people would like to believe. That relationship and education is something that you might want to comment on.

I was intrigued by your reference to the good work done by the Davis government. I find John Tory very much like Bill Davis, actually. I think he'll make an excellent Premier, just after Dalton's finished his four-year tour of duty.

**Hon. Mr. Ramsay:** Unless the right wing takes care of that, but we'll see.

**Mr. O'Toole:** Actually it's quite interesting that you mention it, because the good work done then, I think, is the same thing that started under the Oak Ridges Moraine Protection Act.

It's interesting to know that my riding is basically much like Halton region. The Ganaraska forest is in my area. There's a whole stretch of land that's going to be challenged and will need certain amounts of protection in certain areas, but there are a lot of conflicting uses. Under the Oak Ridges Moraine Protection Act, there was a trust set up. That trust was to find mechanisms or tools to build partnerships.

Right now, I'm working with the municipal council as well as Durham region on a couple of opportunities. One

is at Burketon, Ontario; it's called the Test Hill area. I think your ministry people would be aware of it. They've built quite an alliance of stakeholders and volunteers who are just interested in good stewardship policy. This area is located right on the border, actually, of Clarington and Scugog, at the western edge of the Ganaraska forest area, which is blow sand and sand dunes. A lot of field parties go there. It's not very productive.

They are in the process now—I'm not sure how, but they will probably be making application, if not through the Trillium Foundation then through your ministry, to acquire and assemble a certain amount of land for public ownership. There's some background to that, in that some of the land ownership was misplaced some years ago by allowing a plan of subdivision to be registered in that area—quite a few years ago, I might say. It's going to be a contest between public right of access as well as public ownership and transferring it to the people of Ontario.

#### 1450

You make reference to the great work on the greenbelt. I think the greenbelt was the next phase of what was the Oak Ridges moraine paper, done under, I believe, the NDP government. There was a whole paper done in two or three phases of that important feature. I would only say that it's all part of the source water protection thing, too, and the whole Oak Ridges serves as the headwaters for most of the urban water systems.

You might want to respond to what money is available in the greenbelt legislation to develop land trusts, tax recognition or other sorts of ways of putting land into public ownership with current owners.

There are areas—that is, the role of the Federation of Anglers and Hunters and the greenbelt—that you may wish to comment on. That's not a real question there. It's just a series of things that I can recall dealing with in my riding of Durham, and trying to build relationships and understanding, for the most part, so I can ask you difficult but necessary questions.

**Hon. Mr. Ramsay:** I appreciate that, and I'll try to keep on track with the questions you've asked.

Let's deal with the first one. I'm very proud of the relationship that my office and I have been developing with the Ontario Federation of Anglers and Hunters. They're a very important group in the province, and you're right: Angling and hunting is a noble pursuit, a hobby for many and, as we've talked about with the controlling of nuisance animals in some parts of the province, a very necessary hobby. Thank goodness we have hunters going out there harvesting deer, or we'd be having even more public health and safety issues in the province. We have a very good relationship with them and we work in partnership with them on things like hunter safety courses. We want to make sure, while hunting is potentially dangerous because you're using firearms, that it is carried out in the safest possible manner. So we have co-designed a program and they deliver it on our behalf and it works very well.

You mentioned some of the other partnerships. Ducks Unlimited—I don't know if people understand—prob-

ably in North America is the foremost reclaimer and developer of wetlands. From their initial interest in increasing the duck population—primarily they were hunters who formed this about 80 years ago—this organization in the United States has now brought millions of dollars into this country, raised here and in the United States, which has started to put wetlands back into our environment that were drained years and years ago. That is making tremendous habitat, and I think we've only begun in the last 10 years to really understand the importance of wetlands.

You talk about the land acquisition programs. There's \$25 million in the greenbelt foundation for the next 10 years, and we have a land acquisition program that's now part of our natural spaces program that has \$4.4 million in it this year. We're always very interested and we work in partnership with the Nature Conservancy of Canada and have contributed money to them to do the same sort of thing with land banking, because one way to preserve habitat is to bank land. From time to time, privately held land comes on to the market and it's very advantageous for us and our partners to look at the desirability of acquiring that.

**Mr. O'Toole:** One last comment before I give my time to Howard, who wants 20 minutes more. I had an interesting conversation with some innovative people. This was at the Ganaraska Forest Centre. They're in the process of a capital campaign to redevelop the forest centre there as an educational outdoor resource. One of the proponents on their own brought forward an interesting—apparently they've done an analysis of the wind flows in that area—possibility of integrating an off-grid portion of the building to look at integrated uses of solar, wind and low-flow hydroelectric. I was quite impressed with it. It is an educational opportunity and serves a rapidly growing area of Durham region. I'm wondering if I could provide a contact for a person who is an architect or a sculptor—he's an artistic fellow, but he also owns maybe 50 acres or something in the area of this wind farm, solar as well as low-flow hydroelectric.

As part of that whole thing, I can't say that I know a lot about it, but there is a lot of new technology in hydroelectric generation from low-flow hydro projects with low head—I'm not sure of all the technical jargon.

This would be an extremely important opportunity for a well-known, well-respected preserve of land, the Ganaraska forest area. Are you aware of anything going on in a formal or informal sense with their capital campaign and the opportunity to build an off-grid demonstration project using geothermal and a whole lot of other things, in partnership with the Ministry of Energy, to show how sustainable we can actually be if we really try? What better place to do it.

**Hon. Mr. Ramsay:** When it comes to wind power and water power, we're certainly beyond demonstration projects; we're open for business. We've opened up policy for crown land for proposals to go ahead for these two very important renewable sources of energy. When it comes to demonstration projects on other technologies, I would advise any proponent to contact the Ministry of

Energy. When it comes to wind and water on crown land, that person should go to our nearest district office and make inquiries there.

Many of the wind power companies, of course, have been approaching farmers in southern Ontario, especially those who are close to bodies of water where the wind is the greatest. We have some great potential yet in this province for wind and water power, and we're certainly encouraging those investments. It's very exciting. We really have to examine and thoroughly exploit alternative forms of energy.

**Mr. O'Toole:** I think your ministry has a really important new and emerging role in this whole sustainability discussion, because it's my view that under the current energy board regulations there is no ability by any cogenerator to benefit from net metering; that is to say, they really can't make meter by selling it to the grid. They can actually reverse the meter when they're using power not from the grid but from their own purposes. But that's the solution: to have a net metering policy that allows dairy farmers and other productive users that use off-peak or shoulder generation to actually net-meter. They're prepared in many cases to make that co-operative investment of about \$1 million a megawatt to install. In the environmental process, you could probably be very innovative yourself to find new ways to shorten the length of up time. The biggest barriers to get this stuff on-line today are the net metering policy as well as the up time to get them to deliver electrons.

**Hon. Mr. Ramsay:** I agree wholeheartedly with this, John. I think there's a tremendous appetite out there in the general public to contribute to the energy-generating challenge that the province faces. As you know, in the last eight years there wasn't a megawatt of new power produced. We find ourselves in this situation and I think we have to look at every avenue, and looking at the individual in the province who wants to contribute is a great idea. You're right; we have to address these barriers to that, and that is being done as we speak.

**Mr. Hampton:** I want to ask the minister about a speech that, unfortunately, he couldn't give, but I think the deputy gave for him yesterday, where you indicated that you wanted to work closely with First Nations. I think you'll remember that part of your speech.

I also noticed the part of your speech where you wanted to look at and promote innovative new types of wood manufacturing and wood processing. I believe you went to Scandinavia earlier this year, to Sweden and Finland, and you visited with a number of forest companies there. I believe the Minister of Industry, Trade and Technology has recently made a trip to Scandinavia as well, or is about to make a trip to Scandinavia.

**Hon. Mr. Ramsay:** I'm not sure.

1500

**Mr. Hampton:** Actually, I'm quite sure he is. Would the minister be acquainted with the Wabigoon Lake First Nation?

**Hon. Mr. Ramsay:** Yes.

**Mr. Hampton:** Wabigoon Lake First Nation has been working with a Finnish company on some manufactured

wood. This is a Finnish company that apparently has done some good work in Finland. The documents I've been shown indicate that they have done some very good work in Finland. Wabigoon Lake First Nation has submitted a proposal to utilize some fibre that was made available by the closure of the Dryden sawmill, but they're becoming very frustrated. While they've put the proposal forward, and while the Finnish company seems to be interested, they don't seem to be able to move this very far with your ministry, and I wonder if you could tell me why.

**Hon. Mr. Ramsay:** This is a case where we really thought we had a good agreement going, in that when these licences were changed—of course, you're very familiar with this area—from Dryden to Ear Falls, we wanted to make this allocation to the Wabigoon Lake First Nation. At that time, it was understood that what they were looking for was basically traditionally sized dimensional lumber to make the products they wanted to make. Subsequently, they decided to look at this glue-lam process from Sweden and now required, I believe, a one-by-three 16 feet long. They're having trouble finding anybody to produce this. So the trouble is that the companies with the licences that produce the wood don't produce this particular product because it's not a standard product for the market. That's the difficulty we've had.

We continue to work with them, because they've got what looks like a very interesting idea here for economic development. We'd like to see it go ahead; it's just trying to source out the product they need to make the more value-added product they want to produce.

**Mr. Hampton:** When I spoke with the folks at the First Nation who are doing this—it's a Finnish company, and they specifically asked Minister Cordiano, your colleague, if he would meet with this Finnish company while he's over in Finland. Initially, they were told that he was willing to meet but that the Ministry of Natural Resources officials intervened and indicated that Mr. Cordiano should not meet with this company in Finland. So the First Nation is really getting mixed messages. They were told they had a good proposal, they've worked on the proposal and now suddenly the Ministry of Natural Resources is not only not moving their proposal forward but I am told they're actually asking the Minister of Economic Development and Trade not to meet with representatives of this company in Finland. Why would your officials intervene with the office of the Minister of Industry, Trade and Technology and ask him, or tell him, that he should not meet with representatives of the Finnish company?

**Hon. Mr. Ramsay:** I'll ask Bill Thornton to address that.

**Mr. Thornton:** Thank you for the question, Mr. Hampton. There's a rich background to this file with the Wabigoon Lake First Nation and their proposal, as Minister Ramsay has described, to construct a facility to produce these laminated beams.

I've met personally with them on a number of occasions and, most recently, I met with James Kroeker, their economic development officer, at the announcement

in Thunder Bay. We spoke to this very question that you raise, which is their misunderstanding that we had not wanted any dialogue to be taking place between MEDT and their Finnish partner. What I explained to James Kroeker and what I have said previously to the Ministry of Economic Development and Trade was that if there were any intentions of that Finnish company to speak to Minister Cordiano about one of the central issues they have, which is the supply of timber for this proposal, it wouldn't be worthwhile because the commitment of crown timber is a matter that's in the purview of the Minister of Natural Resources. So that's the background to some of the confusion.

Now, I'm pleased to say that following my discussion with James Kroeker, where we cleared the air on this one and where we also spoke to the sources of fibre that they were contemplating for their proposal, it resulted in us agreeing that there would be further talks. In fact, the next day I received an e-mail from James Kroeker saying, "Here's where we're notionally sourcing some of our wood from," in some cases business-to-business agreement between the Wabigoon First Nation and other large companies in the area for their oversized timber. I think you can appreciate that the product they're trying to produce is very unusual: 16-foot saw lengths, where they're basically taking a saw log, ripping it down the middle, gluing back together, using that as a post and beam product. It's very difficult to find wood that large in northwestern Ontario, so oversized material is really what they're focusing their attention on.

It's also very difficult to saw to the metric dimensions that they're speaking to, which is the market that they're trying to fill. Very few mills in Ontario—in fact, we've looked right across to the Prairies as well—saw to that dimension.

Having said that, the good news is they are identifying wood supplies that for the most part don't infringe on previously committed timber. I think that's good news. That's where we've been advising them all along.

They came to us originally saying they wanted to build a greenfield facility. Our advice to them was that they should not do that. Instead, they should look at acquiring some of the mills that, sadly enough, are about to close or are closing and make better use of those, either in a retrofit mode or what have you, just to use the site, and they're taking that advice.

My conclusion, from my discussion with them and further discussions that will take place, is that they understand that point of confusion around what was said to the Ministry of Economic Development and Trade. I think it's water under the bridge and I look forward to a further dialogue with Wabigoon Lake First Nation with respect to their business proposal.

**Mr. Hampton:** I'm a bit puzzled by that response, because this is a First Nation that has their own logging company. They can actually go out and harvest to whatever length they need. This is not a First Nation that would have to depend upon going to another company or other operators. They have their own logging company.

They have their own harvesting equipment. They have their own trucks.

**Mr. Thornton:** Yes, they do. The issue, though, is they want volumes beyond what's in their own licences.

**Mr. Hampton:** I understand that. But they were told, and I think the public in northwestern in Ontario were told, that when the Dryden sawmill closed there were now forest resources available, and on that basis they put in a proposal. I would think that when they put in a proposal—and I was told that the proposal was generally well received—they would have stated what they were looking for in terms of forest resource.

**Mr. Thornton:** Let's speak to that issue. When the Dryden sawmill was closed by Weyerhaeuser, they identified major need for additional fibre to flow to their mill in Ear Falls. It too was suffering. As you know, it's a very modern facility, only a few years old—state-of-the-art processing technology there, compared with the old sawmill that was being closed in Dryden. In discussions that they had with us, they indicated that in order for the Ear Falls mill to survive and prosper, it would benefit from the timber that was also licensed to Weyerhaeuser, and was simply redirected there.

There was never any commitment made to Wabigoon that the timber formerly consumed in the Dryden sawmill would be made available to them. That wood was redirected to other Weyerhaeuser operations in Ear Falls, and I'm pleased to say that that's made a big difference for that sawmill.

**Mr. Hampton:** Has the Weyerhaeuser operation in Ear Falls added another shift?

**Mr. Thornton:** I can't say exactly. I think their intentions were certainly to expand. I know they were also looking at, at some point, installing drying kilns there as well. I can't say for certain if all of that has taken place.

1510

**Mr. Hampton:** I think people would find it surprising. You've got a sawmill shut down in Dryden, and the Ear Falls mill has not added a third shift, or at least as of a couple of weeks ago they hadn't added a third shift. And yet, as I understand the First Nation's proposal, they're not asking for huge volumes. In fact, what they're requesting is rather modest compared to what had formerly been allocated to the Weyerhaeuser sawmill in Dryden.

I want to ask this as well: Unless my eyes are playing tricks on me, as I drive up and down the highways in northwestern Ontario, west of Thunder Bay, I see some 16-foot logs going to sawmills.

**Mr. Thornton:** Yes, there are 16-foot logs; I'm not debating that point. I'm simply saying that they aren't in the volumes, necessarily, that they want as readily as we can get them. Just for some perspective, the average size of a saw log going through a mill in Ontario is only 7.1 inches on the butt. So to get 16-foot saw logs that are long enough to make the product that's being contemplated here by the Wabigoon Lake First Nation requires a lot of sorting. Most of our mills are designed to saw small saw logs in the size I've described, around 7.1

inches on average, and actually can't take the oversized wood. So the effort here is underway to speak to other sawmilling companies or pulp and paper companies to see if some of their oversized wood can be redirected to the Wabigoon proposal, as well as make use of the licences that Wabigoon themselves have and could bring to their plant proposal.

I should say that in my discussion last week with James Kroeker, there was no discussion of a continuing interest in the wood that's now flowing to Ear Falls. They had previously discussed with me a notion of accessing some timber that would have been made available by the closure of machine number nine in Kenora. I equally cautioned that I didn't think that was wise, because the focus was still on trying to retain machine number 10 in Kenora, and that it would likely use all of that fibre. But what I encouraged them to do and, to their credit, what they're now doing is focusing on other areas where they can get oversize wood, make access of their own licences, do business-to-business deals wherever possible to cobble together the volume of timber that they feel would be available. On that front, the good news that they've passed on to me is they feel that one of their sources of timber in the future could be the from the far north, the Whitefeather Forest, as it has been discussed here today.

**Mr. Hampton:** It will be a while before any wood moves out of the Whitefeather Forest. It will be quite a while.

This creates a real puzzle. You've shut down a full sawmill in Dryden that I believe was working two shifts a day—actually, I think it was three shifts a day. The Ignace sawmill, as I understand it, is now on layoff. A paper machine has been shut down at Cascades in Thunder Bay, which used wood fibre and not recycled fibre. A paper machine has been shut down in Kenora. A paper machine was shut down a few years ago in Kenora. And you've got a First Nation who are simply saying, "All we want is a little bit of wood fibre." In fact, they're not asking for the big butts, because as they say, their inclination is to saw it down and then laminate it. With all of those closures, you're saying there's no wood?

**Mr. Thornton:** Usually, what we find in a machine closure is that the older, less efficient machine tends to be closed and then the focus is on speeding up the remaining machine to make it more competitive. Oftentimes, that's what you find happening. Previous machine closures in Bowater, for example, or in the mill in Kenora have tried and will try to compensate by having the remaining machine operate at a faster rate of speed and still continue to consume roughly the same volume of timber.

**Mr. Hampton:** I'll just add to the list I gave you that Devlin Timber in Kenora has shut down, and Devlin Timber would have been sawing 16-foot logs. So you've got one, two, three paper machines that have closed, each of those using hundreds of thousands of cubic metres of wood. You've got one very large sawmill in Dryden that has shut down and put, I think, over 200 people out of work. You've got the Devlin Timber sawmill in Kenora, which did saw 16-foot logs, because as I drive by their wood yard, I see lots of 16-foot logs.

This First Nation just wants a little bit of wood, and you're basically saying you have none for them.

**Mr. Thornton:** Actually, with respect to Devlin, we're saying that's an example where we think we can talk, because I'm not aware of that wood being used or committed to any other party. That's an example of where we're going to look to help out the Wabigoon proposal.

Some of the other examples that you've given to me—in the case of Devlin, when it's closed, there is no more consumption. There isn't another Devlin sawmill for that wood to go to, for example. But in the case of where a machine is idled in Kenora by Abitibi or in Thunder Bay by Bowater, they have remaining machines that can use the fibre that was freed up by the closure of that one machine, and likewise with Cascades and others. We're mixing apples and oranges here. In instances where there really is a genuine freeing up of wood as a result of a mill closure, such as Devlin—I think that's a good example. It does have 16-foot logs, and I understand it has some oversized material there as well. I think that's a good example of where we can talk to the Wabigoon Lake First Nation to further their proposal.

**Mr. Hampton:** It's your position that shutting down a machine at Cascades and shutting down two machines at the Kenora mill has not resulted in any surplus wood fibre?

**Mr. Thornton:** The final chapter's not written on the Abitibi mill in Kenora, for example. They're still trying to maintain machine number 10, and we're still working with them around how that machine would operate and consume a chip supply as they move to thermo-mechanical pulping. In the other examples that you've referenced, in many cases what we have seen is that those companies have tried to use the wood that's freed up by a machine closure in their remaining machines.

**Mr. Hampton:** The other part of this puzzle that I find strange is that, for example, Abitibi has placed their private woodlands for sale north and west of Thunder Bay. Someone looking at this would say, "Boy, if you've got Abitibi putting their private woodlands for sale"—and you should have wood available out of the Cascades machine; you should have wood available out of the two Abitibi machines; and you should have some wood available out of the Weyerhaeuser Dryden allocation, because Weyerhaeuser Ear Falls hasn't added a third shift. You have wood available out of the shutdown of Devlin Timber. Yet a First Nation that just wants a little bit of wood, and has been working at this for over two years now, continues to be told, "Sorry, can't help you."

**Mr. Thornton:** For the record, we've never said, "Sorry, can't help you." What we've said is, "Let's examine the supplies that make sense and don't result in undermining the ability of another mill to survive."

**Mr. Hampton:** I want to come back to the original question. Here's a Finnish company that's very interested in bringing an innovative product to Ontario. As I understand it, they've got a proven track record. This is not somebody who is coming forward with a wish trick. This is somebody who's manufacturing already, and

they've got a proven track record. What message do you think it sends when somebody from the Ministry of Natural Resources calls up the minister's office in Economic Development and Trade and says, "Don't meet with these folks"?

**Mr. Thornton:** No one has called them up and said, "Don't meet with these folks." We simply have cautioned them around the fact that supplies of timber to a primary manufacturing facility are the purview of the Minister of Natural Resources, not the Minister of Economic Development and Trade. I think the bigger perspective on this is the notion that we have to always find new sources of employment in the forest industry in the primary manufacturing side of the business. I think that's a mindset we need to break. I think the opportunities are more in secondary manufacturing. Take the product we're speaking of here, a laminated beam that Wabigoon would like to produce. Our immediate advice to them was, "Don't get into the sawing business. Buy that. Buy the product, glue it together, mould it in the fashion you wish to mould it; have a secondary manufacturing operation. Don't get into primary manufacturing. Buy that." The difficulty with that is they've continuously said, "We can't find it because we want to have something sawn to metric dimensions," and that's simply not done in most of Canada. In fact, we went so far as to say to another company, Weyerhaeuser, "Work with these people. Try to source wood from across Canada that meets these metric dimensions, and they did. In fact, they hired a consultant to work with the Wabigoon Lake First Nation for a month, at their expense, to try to source the kind of wood that's required and bring it to a central location where it could be fabricated.

1520

After all that, it failed, and we're back to the notion of the Wabigoon proposal, trying to find the wood supply to be a primary manufacturer. I don't think that's wise. In the long term, we need to encourage the kinds of proposals that we saw in places like Hearst, where they're already taking the primary forest products that are being produced there. They're manufacturing them into furniture components. That's where we believe there needs to be more incentive to get into secondary and value-added manufacturing.

The other perspective that needs to be provided here is the fact that our wood supply in this province is in a decline, particularly in the spruce, pine and fir species. That's a product of everything from past management practices to the imbalance in the age of our forest. We have a baby boomer forest in Ontario, with a lot of older trees that are now going through their cycle. Behind them, there is not an equal volume of younger trees. As a result, that affects the supply that we have into the future.

Again, we don't see the logic of ramping up primary manufacturing or encouraging greenfield manufacturing in the primary sector when we look at the long-term trend in those supplies. We would rather see more value-added in our forest products, whether it's in moving away from newsprint to ultralightweight coated paper, as is being contemplated by Bowater, whether it's moving away

from standard two-by-fours to engineered floor joists or what have you. I think that's the perspective that needs to be brought here. Despite our encouragement with the Wabigoon proposal in this area, they seem to have fallen back to a proposal that relies on primary manufacturing.

**The Chair:** Last question, Mr. Hampton.

**Mr. Hampton:** I'm not sure I understand this puzzle any better now than I did when I started asking the questions, because as I understand it, they're not asking for huge volumes of wood. This would not be a sawing operation that would turn out hundreds of thousands of cubic metres of sawn timber. The greatest emphasis would be on the precision sawing and then the gluing and the value-added. They just want enough wood that they can get this manufacturing underway, and they've had the same frustration: They can't find a company that's prepared to provide them with sawing to metric levels.

You've got private land wood from Abitibi that they want to put up for sale. You've got three paper machines that have been shut down or are shutting down. You've got a large sawmill that's been shut down. You've got a small sawmill that's shut down. This First Nation that just wants a little bit of wood has so far been told by the Ministry of Natural Resources of Ontario, "Can't help you."

**Mr. Thornton:** Again, we'll do our best to help them. As I say, the volumes of wood that they're considering are not in the millions of cubic metres, but it has ranged from tens of thousands to several hundred thousand cubic metres, so it is substantial.

I should also point out that in that conversation I had with them, they indicated they were encouraged by the minister's announcement with respect to the prosperity fund. My sense is that they'll probably approach us as part of their business proposal there as well.

As I say, we are doing our best to work with them. It's a difficult situation because, once again, it's a primary manufacturing proposal that wants a wood supply that's probably the single tightest wood supply in the province right now: spruce, pine and fir. Having said that, if they can come forward with a business proposal that shows they've made use of business-to-business arrangements with other companies for oversized wood, where we're able to provide them supplies of timber that don't amount to us taking it away from others who are licensed to use it, then I think we're all ears, and we'll work very hard with that community to further their proposal.

**The Chair:** Thank you very much.

Minister, we've just about completed our time for the estimates. If you wish to make a very brief wrap-up statement, then I'd like to proceed to the votes.

**Hon. Mr. Ramsay:** Thank you very much, Mr. Chair. First of all, let me compliment you on your job of chairing. It has been a very orderly process and, I think, very instructive for everyone. I appreciate the questions from all members. They've given us a thorough debate of the issues from this ministry, and I think it highlights the scope and complexity of the issues that the Ministry of Natural Resources attempts to take on on a day-to-day basis.

As you can see by these discussions, we have a lot of challenges ahead of us. We are looked upon in northern Ontario as one of the ministries that administers our resources that become a vehicle for economic development. So we're a very important ministry to the economy of all of Ontario, but especially the north. We've seen and heard, as of late, all of the challenges that has brought to us.

This industry is incredibly challenged and, as you've seen from the discussions here, we've recently made announcements to assist the industry in making the transformation that's needed out there. As in all transformations, it's difficult and the challenges are difficult. But I know that the people in this industry are resourceful and have the ingenuity and the innovation to make this happen. I look forward to being a partner with them in that transition.

In the early 1990s, the industry was in a very similar situation. Since then, we've seen some very good times, and I think we'll see the rebirth again. This industry will reinvent itself, and it'll do that with help from our government. We think that's just part of our job, and we look forward to doing that.

I'd like to thank all the members for their co-operation and for the debate that's all part of the democratic process.

**The Chair:** Thank you very much, Minister, and to all of your staff as well.

**Hon. Mr. Ramsay:** Mr. Chair, just to note, there were a couple of questions that Mr. Miller had asked, and I'll submit the responses to these to the clerk. He'd asked some questions on Thursday.

**The Chair:** We will circulate them to all members of the committee.

**Hon. Mr. Ramsay:** Thank you.

**The Chair:** The time having reached its conclusion, I will call the votes.

Shall vote 2101 carry? All those in favour? Opposed, if any? That is carried.

Shall vote 2102 carry? All those in favour? Opposed, if any? That is carried.

Shall vote 2103 carry? All those in favour? Those opposed, if any? Then it is carried.

Shall vote 2104 carry? All those in favour? Opposed, if any? That is carried.

Shall vote 2105 carry? All those in favour? Opposed, if any? Then it is carried.

Shall the estimates of the Ministry of Natural Resources carry? Those in favour? Opposed, if any? They're declared carried.

Shall I report the estimates of the Ministry of Natural Resources to the House? Those in favour? Opposed, if any? Then that is carried.

If there are no other housekeeping matters, this committee stands adjourned until 9 o'clock tomorrow morning, at which time we will begin the estimates for the Ministry of Training, Colleges and Universities.

*The committee adjourned at 1527.*

# CONTENTS

Monday 3 October 2005

<b>Ministry of Natural Resources .....</b>	<b>E-585</b>
Hon. David Ramsay, Minister of Natural Resources	
Mr. David de Launay, assistant deputy minister, corporate management division	
Mr. Bill Thornton, assistant deputy minister, forests division	

## STANDING COMMITTEE ON ESTIMATES

### Chair / Président

Mr. Cameron Jackson (Burlington PC)

### Vice-Chair / Vice-Président

Mr. John O'Toole (Durham PC)

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge L)

Ms. Caroline Di Cocco (Sarnia–Lambton L)

Ms. Andrea Horwath (Hamilton East / Hamilton-Est ND)

Mr. Cameron Jackson (Burlington PC)

Mr. Kuldip Kular (Bramalea–Gore–Malton–Springdale L)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. John Milloy (Kitchener Centre / Kitchener-Centre L)

Mr. John O'Toole (Durham PC)

Mr. Jim Wilson (Simcoe–Grey PC)

### Substitutions / Membres remplaçants

Mr. Gilles Bisson (Timmins–James Bay / Timmins–Baie James ND)

Mr. Peter Fonseca (Mississauga East / Mississauga-Est L)

### Also taking part / Autres participants et participantes

Mr. Howard Hampton (Kenora–Rainy River ND)

### Clerk / Greffier

Mr. Trevor Day

### Staff / Personnel

Mr. David McIver, research officer,  
Research and Information Services