



ISSN 1181-6465

Legislative Assembly
of Ontario
Second Session, 38th Parliament

Assemblée législative
de l'Ontario
Deuxième session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 10 October 2006

Journal des débats (Hansard)

Mardi 10 octobre 2006

**Standing committee on
estimates**

Ministry of Municipal Affairs
and Housing

**Comité permanent des
budgets des dépenses**

Ministère des Affaires municipales
et du Logement

Chair: Tim Hudak
Clerk: Katch Koch

Président : Tim Hudak
Greffier : Katch Koch

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

Copies of Hansard can be purchased from Publications Ontario: 880 Bay Street, Toronto, Ontario, M7A 1N8. e-mail: webpubont@gov.on.ca

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

Des exemplaires du Journal sont en vente à Publications Ontario : 880, rue Bay Toronto (Ontario), M7A 1N8 courriel : webpubont@gov.on.ca

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

Tuesday 10 October 2006

Mardi 10 octobre 2006

The committee met at 1548 in room 151.

ELECTION OF CHAIR

The Clerk of the Committee (Mr. Katch Koch): Good afternoon, honourable members. We have a vacancy in the Chair for this committee. It is my duty to call upon you to elect a Chair. Are there any nominations?

Mr. John Wilkinson (Perth–Middlesex): Mr. Clerk, I would move that the member for Erie–Lincoln be the Chair of the committee.

The Clerk of the Committee: Any further nominations? There being no further nominations, I declare the nominations closed and Mr. Hudak elected Chair of the committee.

The Chair (Mr. Tim Hudak): Let me first say thank you very much to my nominator, the MPP for Perth–Middlesex. I was in his riding for Thanksgiving. It's a beautiful part of the province of Ontario, probably the second most beautiful riding, if I had to choose. I had a nice time in Listowel.

Folks, thanks very much. We did have a motion in the House. Thanks for the nomination to take the Chair.

ELECTION OF VICE-CHAIR

The Chair: I am going to move to the first order of business, in the interest of time. I know the minister and his team are here. It's my duty to call upon you to elect a Vice-Chair. Are there any nominations for Vice-Chair? Mr. Delaney, please don't point. It doesn't show up in Hansard.

Mr. Bob Delaney (Mississauga West): It would be my pleasure to nominate the member for Simcoe North as the committee's Vice-Chair.

The Chair: Mr. Dunlop, the member for Simcoe North, has been nominated. Are there any further nominations?

Interjection.

The Chair: It is a debatable motion, as a matter of fact. You just wanted to give your ardent support for the Vice-Chair?

Any other nominations? Seeing none, it is closed. Congratulations to Mr. Dunlop.

Mr. Garfield Dunlop (Simcoe North): Thank you. I'm back to where I was last week at this time.

APPOINTMENT OF SUBCOMMITTEE

The Chair: Are there any motions before we get to the estimates for municipal affairs and housing?

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge): Mr. Chairman, I move that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair, or at the request of any member thereof, to consider and report to the committee on the business of the committee; that the presence of all members of the subcommittee is necessary to constitute a meeting; that the subcommittee be composed of the following members: Mr. Hudak as Chair; Mr. Dunlop, Ms. Horwath and Mr. Wilkinson; and that substitution be permitted on subcommittee.

The Chair: So moved. Any comments or questions? All those in favour? Opposed, if any? It is carried. Mr. Arthurs, thank you very much.

My first order of business as the new Chair is to relinquish the chair to my very capable Vice-Chair, the handsome and talented Garfield Dunlop. I do apologize to members. The switch just happened in the assembly and I'm unable to participate in the meeting this afternoon. I will be back tomorrow, all right? It was a great pleasure to join you for five minutes today. Mr. Dunlop, the Vice-Chair, is going to assume the chair to conduct estimates for the Ministry of Municipal Affairs and Housing. Thank you very much.

MINISTRY OF MUNICIPAL AFFAIRS
AND HOUSING

The Vice-Chair (Mr. Garfield Dunlop): We're here today for the consideration of the estimates of the Ministry of Municipal Affairs and Housing, for a total of six hours. We will commence with vote 1901. We will begin with a 30-minute statement by the minister, 30 minutes for the official opposition if they wish, and 30 minutes for the third party. Then the minister will have 30 minutes to reply. The remaining time will be apportioned equally amongst the three parties. Minister, welcome here today, and the floor is yours for the next 30 minutes, if you wish.

Hon. John Gerretsen (Minister of Municipal Affairs and Housing): Thank you very much, Mr. Vice-Chair, and congratulations to both you and the Chair on winning such an easy, easy election. It's always nice to see people acclaimed for office.

I'm very pleased to be with you today to discuss the estimates of the Ministry of Municipal Affairs and Housing. I believe we were here two years ago as well, and I hope, over the next 30 minutes or so, to be able to update you on some of the initiatives we've undertaken.

Before doing that, let me introduce some of the very capable and dedicated ministry people whom I have with me here today. They all work extremely hard in municipal affairs and housing; we are very thankful for that, because there's lots of work to be done. Sitting right next to me is Doug Barnes. He's the assistant deputy minister of the housing division. Next to him is Pam Skinner, the assistant deputy minister for the business management division, who joined us a couple of weeks ago, maybe a month ago. Sitting in the first row, we have Dana Richardson, the assistant deputy minister in the local government division. We also have Elizabeth McLaren here, who is the assistant deputy minister in the planning and development division and the municipal services division. We also have with us today Heather Wright, the director in the communications branch; Robert Balaban, the director of the controllership and financial planning branch; and Joanne Davies, who's the director in the legal branch. Yes, we do have some people still working in the ministry back at 777 Bay Street.

We're very excited about the business we're involved in at municipal affairs and housing. I see there are a number of individuals on your committee, on both sides of the aisle, who certainly are fully familiar with the local government function, having served in local government. It's one of the areas that our ministry is very much involved in.

Basically, we've made progress in a number of key areas, including:

- Continuing to strengthen this government's relationship with municipalities and supporting strong and accountable local governments.

- Developing a reformed land use planning system to support our government's goal of better managing growth, particularly in the GTA, but throughout Ontario.

- Fostering safer and more energy-efficient buildings through improved building regulations. I'll have more to say about that a little bit later on.

- Finally, implementing a housing strategy that supports a range of accommodations that meet the needs of Ontarians and better protect particularly our most vulnerable citizens.

Let me begin by updating you on our government's ongoing commitment to build an effective partnership with Ontario's municipalities. As you may know, this has been a priority for the Premier, for myself and for my cabinet and caucus colleagues as well. Our government's relationship with Ontario's municipalities has been characterized in recent years by consultation, significant investments, co-operation and joint achievements.

One recent example of this partnership at work is the provincial-municipal fiscal and service delivery review that the Premier announced in August at the Association of Municipalities of Ontario conference in Ottawa. I can

tell you that both AMO and the city of Toronto have accepted our government's invitation to participate in this wide-ranging review. We have begun the process of looking at how Ontario's communities can continue to prosper through better service delivery and improved infrastructure investment. Together with my colleague the Minister of Finance and the staff from our two ministries, I'm working alongside the municipal sector in a joint wide-ranging search for solutions—solutions that are workable, sustainable and affordable, not only from the municipal and provincial governments' viewpoint, but also from the viewpoint of all Ontarians.

Our final product will be a consensus-based report that will be released in the spring of 2008. Experience has shown that issues as large and complex as this one do take time, if they're going to be done right. When you consider that most bills take approximately a year to go through the various stages from concept to approval in principle to legislation, through the various hearing processes, through the House for at least two hearings, for both second and third reading, I can tell you that doing as massive a job as this fiscal and financial review in an 18-month time period is not too long, because we want to make sure we do it right.

The joint review will be broad in scope and recognizes that any outcomes should be affordable to both orders of government, sustainable over the long term and designed to provide high-quality service to everyone.

We will be jointly examining the challenges municipalities face in meeting their responsibilities in depth. The specific scope of this wide-ranging review will be set through discussions with our municipal partners but may include such issues as infrastructure, public health, emergency services, social services, housing and the special challenges faced by northern communities, rural communities and large urban centres. I can tell you that various tables are already in the process of being set up. The process has already started but will be in full swing once the municipal elections are concluded in November of this year.

Income and sales taxes are not on the table for this review. We are seeking flexible solutions that acknowledge the diversity of Ontario's municipalities—single and upper- and lower-tier—and acknowledge each area of the province: north, south, east, west, rural and urban. Any approach arrived at must provide for accountable governance. The roles and responsibilities of each order of government for the delivery and/or funding of a given service should be clear, to avoid duplication and overlap.

To the greatest extent possible, service delivery and fiscal arrangements should be straightforward, consistently applied and not complicated by ad hoc adjustments. The long-term solutions we develop should be sustainable for both the provincial and municipal governments and recognize the ability of both orders of government to manage financial risk. Any solutions we arrive at jointly should be fair and equitable for the province, for municipalities and, obviously, for our taxpayers. We must ensure delivery of high-quality services that respond to the needs of Ontarians.

Let me update the committee on an important piece of legislation that we believe will empower municipalities to make better decisions for their communities: Bill 130, the Municipal Statute Law Amendment Act, 2006. If this bill is passed, we will move to a more permissive model for municipalities, giving them broader powers and more flexibility to respond to the needs of their individual communities without the province in effect peering over their shoulders every step along the way, which is so often the case today. Municipalities will have more autonomy and authority than ever before.

1600

The bill, if passed, will not alter the general structure of the Municipal Act, 2001. However, it will require that the powers of a municipality under the Municipal Act, 2001, or any other act that grants powers to a municipality, be interpreted broadly, which is not the case today.

Bill 130 will provide broad permissive powers for municipalities to pass bylaws respecting a number of significant matters, including their governance structure, how they deal with accountability and transparency, how they enhance and support the economic, social and environmental well-being of their municipality, how they protect and promote the health, safety and well-being of the people within their municipality, and how they go about protecting the persons and property within the municipality, including consumer protection and business licensing. All of these powers will, if the bill is passed, be interpreted broadly. The existing division of powers between upper- and lower-tier municipalities will remain unchanged.

We are determined to work with our municipal partners for strong communities in Ontario. For example, our government has continued to strengthen our commitment under the memorandum of understanding to consult with the Association of Municipalities of Ontario on matters that may affect municipal budgets and planning. We now conduct meetings with AMO on a monthly basis, if not more often if required. At these consultations, cabinet ministers sit across the table from municipal leaders for in-depth and frank exchanges of views and ideas about proposed legislation, regulations and any other government initiatives and get their input and feedback.

We have also had extensive discussions with AMO and our other municipal partners regarding Bill 130. We received many thoughtful submissions from other parties, including the business community, all of which helped us to draft a bill that will truly help our municipal partners in delivering the services that help make the quality of life in Ontario second to none.

Another example of the new, mature relationship our government is creating with municipalities lies in the Stronger Toronto for a Stronger Ontario Act, which received royal assent in June. Toronto's continued economic prosperity is vital to the province and to the country. This legislation will help the city of Toronto thrive in the global marketplace. The city now has new

broad powers to pass bylaws regarding matters that range from public safety to the city's economic, social and environmental initiatives. The act represents a historic step forward in making the city more fiscally sustainable, autonomous and accountable. The legislation provides the city of Toronto with additional tools tailored to its particular needs. These are measures that the city has requested, or ones that recognize the unique challenges of Ontario's largest city. Our government is committed to maintaining the unique nature of Toronto and all of Ontario's urban and rural centres as our province grows, develops and builds.

Before I move on to other areas of the ministry's portfolio, I'd like to briefly mention one of the ministry's programs that, thankfully, we draw on very rarely: the Ontario disaster relief assistance program, or ODRAP, as it's more commonly known. It is designed to help alleviate the hardship suffered by municipalities, private property homeowners, farmers, small businesses and non-profit organizations after a natural disaster has destroyed essential property. In recent memory, ODRAP was used to support the residents of Peterborough to cope with the devastation that followed the severe flooding in the summer two years ago. Recovering from a natural disaster is never easy, and the ministry often remains involved in the recovery long after a disaster is over.

I'd now like to move from municipal matters to another of the ministry's major portfolios, and that deals with planning and building. Ontario's land use planning system plays a key role in shaping the way our province grows and develops. Our government understands that a better planning system will contribute to better development in our province. We also recognize that our economic prosperity and quality of life depend on managing growth in a coordinated and strategic fashion.

Late last year, we introduced Bill 51, the Planning and Conservation Land Statute Law Amendment Act, 2006, a critical part of our comprehensive plan to build strong, sustainable communities in Ontario. This proposed legislation will bring about an important change to the culture of land use planning in our province. It would contribute to our efforts to reduce urban sprawl, preserve valuable green space and protect our natural resources.

The planning reforms we have proposed in this bill have a number of key elements that would support better and more strategic development in our communities. The main highlights include the following: more tools to support efficient land use, compact form, intensification and sustainable, well-designed communities. It also includes clearer rules and a more effective planning process for the public, municipalities and everyone involved in planning our communities, and a more efficient and transparent Ontario Municipal Board process.

For more than two years, we've consulted with the public, municipalities and numerous stakeholders, including planners, developers, ratepayers, environmental groups and others, about how to improve the land use planning system and build more liveable communities.

In August, the standing committee on general government completed public hearings and clause-by-clause

consideration and proposed amendments to Bill 51. As you know, on September 25, the Legislative Assembly ordered the bill for third reading, which has now, since that date, begun.

Next is the issue of brownfields. A key challenge that all communities deal with is finding ways to make the best use of available land. My ministry leads the government's coordinated approach to stimulating brownfield redevelopment.

Brownfield redevelopment is a critical part of building strong and healthy communities. And it's not just for cities. Brownfield redevelopment is as relevant to rural municipalities as it is to large urban centres. There are virtually endless possibilities for these lands that could revitalize neighbourhoods and communities, create jobs and housing and drive development in areas with existing infrastructure.

Our government has proposed stimulating brownfield development through increased flexibility in the use of community improvement plans. These are powerful tools that will give municipalities more access to financial tools to promote brownfield development.

As of today, 14 Ontario municipalities have already taken up this challenge. They have developed new community improvement plans to encourage brownfield redevelopment and facilitate future participation in the province's brownfields financial tax incentive program. Several other municipalities are currently developing new CIPs, and I commend them for their efforts to strengthen their communities.

Furthermore, Bill 130, if passed, will remove provincial crown liens if a municipality assumes ownership of property that has failed to be sold at a municipal tax sale. Further policy changes will allow for the removal of crown liens on brownfield properties at tax sale under certain conditions. This proposed legislation and related policy changes will be particularly useful in reducing the barriers to redevelopment of brownfield properties.

Bill 51, if passed, will allow upper-tier municipalities to participate in lower-tier community improvement grants or loan programs. This will increase lower-tier municipalities' abilities to stimulate brownfield redevelopment through financing programs.

Our ministry and this government are committed to continuing to find new and innovative ways of encouraging brownfield redevelopment. I must tell you that we appointed earlier on this year a brownfields coordinator, an individual who works with all the various ministries that are involved in drawing all the various issues relating to brownfields together, the main issues being financing issues, obviously, and secondly, liability issues. We are getting fairly close to building a consensus around that and coming to some conclusion that I think everyone will benefit from.

Next is the building code, 2006 version. This year, the ministry released the 2006 building code—I think it was a couple of months ago—to go into effect as of January 1 of next year. Ontario's new code has the toughest energy efficiency standards of any building code in the country.

It sets higher accessibility standards for people with disabilities and for the elderly, and supports Ontario's building industry by encouraging innovation in building design and products.

1610

Once the new code is fully in effect, over the course of eight years the code's increased energy efficiency requirements will save enough energy to serve 380,000 homes or enough to power the city of London. It will also reduce greenhouse gas emissions equal to 250,000 fewer cars on Ontario's roads.

The 2006 building code responds to builders' requests for flexibility. It has more than 700 technical changes. The new code is more consistent with the federal model codes wherever possible, given Ontario's policy priorities.

Written in an objective-based format, the code allows for innovation and flexibility on the parts of builders and manufacturers, potentially saving them time and money. I believe this is an extremely important issue since it will be objective-based rather than the inflexible code that currently exists.

The new code also sets higher accessibility standards to improve the mobility of people of all ages and abilities.

We held public information sessions across the province in August and September to introduce the objective-based format and to highlight the major changes in the new code. This was the first step in our government's plan to provide needed assistance and training to the building industry.

We've also established the Building Advisory Council to provide the ministry and myself with advice on issues related to implementation of the new code, and they are up and running right now. I've had at least a couple of meetings. It has a cross-section of individuals who are involved in the building industry, from designers to engineers to builders and all the other various individuals who utilize the building code.

Finally, I would like to provide you with an update on a number of initiatives in the third area of my ministry's portfolio, and that's housing: helping low-income families get affordable housing; ensuring housing for families where domestic violence has put them at risk; helping seniors remain in their home communities; helping people with disabilities gain independence; and helping those who struggle with homelessness find and keep a decent home.

Our government is committed to improving the availability, affordability and quality of housing across the province. We firmly believe that each person in this province has the right to safe, healthy and affordable shelter.

On August 31, 2005, just over a year ago, the governments of Ontario and Canada allocated \$402 million to municipalities as first-step funding under the 2005 Canada-Ontario affordable housing program. Our commitment is to fund 9,000 rental and supportive housing units, 1,500 northern housing units and 4,500 home ownership units. By the end of fiscal year 2005-06, the

program had achieved 4,780 units—well ahead of the target at that point of 3,250 units. The program continues on schedule now halfway through the 2006-07 fiscal year. To date, the program has already earmarked \$190 million to fund 128 projects, representing more than 6,500 units being built or completed.

We're involved in funding affordable housing projects, both large and small, from the major redevelopment involving hundreds of units in Regent Park here in downtown Toronto to the creation of 24 units in the town of Paris and 10 units in Huntsville. We've funded numerous projects in Waterloo, Peel and York regions and in Renfrew, Wellington and Nipissing counties. There are projects in Ottawa, Kingston, Peterborough, London and many other communities across the province.

Just a few weeks ago, we announced our latest investments in affordable housing under the affordable housing program. Almost \$90 million was allocated to create approximately 1,900 new affordable housing units in 21 towns and cities across the province.

Projects like these are a major step forward in helping to ensure that the most vulnerable members of our society can live with the dignity and respect they deserve.

Rent reform: Our government's strategy for affordable housing also includes improving Ontario's rental housing system. The Residential Tenancies Act, 2006, which was passed by this Legislature in June, strikes a balance that is fair to both tenants and landlords. The new act provides better protection for tenants and landlords, ensuring fairer rent increases, and promotes investment in rental housing. It gives tenants more protection while keeping the rental housing market strong. It gives the landlord and tenant board, formerly the Ontario Rental Housing Tribunal, a new mandate that makes it more accessible and customer focused.

We also created a more transparent and stable annual rent increase guideline. The guideline will be based on the real cost indicator: the consumer price index. In August, my ministry released the province's rent increase guideline for 2007, which will be set at 2.6%, the third-lowest guideline in the history of rent regulation in Ontario.

Another element of our housing strategy is the Ontario rent bank program, which helps tenants with short-term rent arrears, to allow them to stay in their homes rather than be forced into shelters during emergency situations. We founded this program two years ago with an initial allocation of \$10 million. This year, we provided an additional \$4 million, distributed among all municipalities in Ontario. I believe that at least close to 5,000 individuals and families have been helped through this program.

Finally, in the housing portfolio, I'd like to tell you about a new program that we recently launched: the Ontario mortgage and housing initiative. One of the primary goals of the affordable housing program is to have affordable housing built as quickly as possible and to get people into that housing as soon as possible. To help achieve that goal, we're establishing the Ontario mortgage and housing initiative. Our ministry is estab-

lishing a roster of qualified lenders that will provide competitive construction financing and long-term mortgages to developers of affordable housing. We are also establishing a roster of project facilitators to improve access to professional services and expertise in developing and managing affordable housing. As well, the ministry is currently developing an online resource centre. That centre will include educational materials about affordable housing and rosters of project facilitators and approved lenders.

Input gathered from deliberations between the ministry and members of the public, partners and stakeholders have been central to each of the policies that we've developed over the past year. These people know the issues. They live with them every day and we rely on their input at every stage of developing new policies. Together, we're setting the direction for the ministry and our province that will strengthen our communities and provide a better quality of life for everyone.

Once again, the Ministry of Municipal Affairs and Housing has achieved a great deal over the past year and we will continue to advance the government's priority of developing strong communities. We will continue to build on the progress we've made in strengthening the province's relationship with local governments and supporting their abilities to serve their residents.

We will continue working towards developing a land-use planning system that supports better growth management and well-planned communities, and we'll continue to implement our housing strategy that meets the full range of accommodation needs of Ontarians and better protects our most vulnerable citizens.

Thank you for giving me the opportunity to present this overview. I look forward to a fruitful and positive dialogue about the accounts and the estimates of the Ministry of Municipal Affairs and Housing.

The Vice-Chair: Thank you very much, Minister. We will now go to the official opposition. You have up to 30 minutes to respond to the minister's opening remarks.

Mr. Ernie Hardeman (Oxford): Thank you, Minister, for your rendition of your view of where the ministry has been going this past year and your accomplishments. I have to say that a great number of them I agree with. We thank you for that.

I do have some concerns. If I could take my time to go over them with you, maybe you could help me out with some answers to some of the questions. I'll go through them somewhat in the same vein as you presented them to us: the first one, of course, being the provincial municipal review that the Premier announced in August at the AMO conference. It's quite clear that there's a connection between the timing of that announcement, and when the final result of that announcement will be known to the general public. Of course, you and I will both know that that includes the time period of when we will have a provincial election, between this study being done and the study report being put forward. I was wondering, first of all, if you could ask the panel, when you appoint the panel, to give an interim report and make

that public so everyone will know, as we're getting there, what you're still looking at and what you're not looking at and where the study may go as it goes down the road, before it gets to a final report.

1620

Hon. Mr. Gerretsen: First of all, let me say it's not a panel that we're appointing. Whoever the municipal world wants to bring—and by that I mean AMO and the city of Toronto—is entirely up to them. It's the same thing on the government side. There will be individuals there from the Ministry of Finance and from my own Ministry of Municipal Affairs and Housing. The major difference, the way I understand it anyway, between this particular process and what may have happened in the past—and I'm thinking particularly of the Crombie commission—is that this will not be an independent report coming out of the process. This will be a consensus report, based on the facts as presented to the various tables of the committee. Once the tables report to the central, political committee, if I can put it that way, which will be made up of political individuals on the government's side and undoubtedly on AMO and the city of Toronto's side as well, it could very well be that an interim report is possible at some point in time. The discussions haven't gone that far, quite frankly; it will all depend on the wish of everyone who is there. There could be some interim steps taken along the way.

I'm not for a moment suggesting that the relationship between the municipal world and the province is going to remain static for the next 18 months. But it is not a report to government, as such, which quite often ends up being shelved or not being adhered to by government. That's not the way we see it at all; we see it as the kind of work that will be done in a number of different areas that I've already mentioned, such as housing, public health and some of the other areas as well, the way different programs are financed etc., and to actually determine who's in the best spot to deliver those services—is it the province, the provincial government?—and how should they be funded and who should fund them?

Mr. Hardeman: I don't disagree with that. Obviously, as you alluded to, a review was done some 10 years ago as to who should deliver the services and that there should be a connection between who pays for the services and who delivers the services, and what we presently have, of course, is what came out of that meeting. Times have changed, things have changed, so I agree that a review needs to be done. My concern is the length of time the review takes, because all the things you're referring to, in my opinion, are already there. On each individual service it has been studied to death; in fact, in every case both the provincial government and the municipal government agreed as to who was in the best position to deliver the service. The challenge is, how do we pay for the services? Which services should the province pay for and which services should stay on the municipal property tax?

I don't believe you were at private members' business a couple of weeks ago when I had the opportunity to put

forward a resolution to the Legislature. I want to quickly reiterate what that resolution said: "That, in the opinion of the House, the proposed provincial-municipal fiscal and service delivery review, which will not be completed until February 2008, after the next provincial election, is needlessly drawn out and that a full review to balance the delivery of services with the ability to pay should be completed much more expediently, in order to avoid hitting Ontario taxpayers with unsustainable property tax hikes or significant reductions in service." That resolution was put forward. If you read your press release from when you announced this review at AMO, there is nothing in the resolution that changes anything except taking out the 18 months. It changed 18 months to doing it "expediently." I don't agree, but if it is true that it takes 18 months to do it properly, as you suggested in your remarks, then that would be doing it expediently. The word doesn't change anything, except that if the AMO partners that are going to come to the table to discuss this issue and the provincial government can come to a conclusion prior to 18 months, then you would do that. Yet your government instructed all the private members who were at private members' business to vote against the bill. Either that or they all have similar things, because no one else in the House voted against it, but the government members all did. As it turned out, there were not enough government members available to vote to stop the resolution from passing, so that is now the position of the Legislature: that you will be asked to report back expediently on this review.

Having said that that's the position of the Legislature, I ask why it is that after two months of announcing, we have heard nothing and the municipalities that I'm aware of, the ones I've talked to, have heard nothing about who is going to do the work and how it's going to be done. Maybe you could tell us how you've communicated that to people who are not sitting in Toronto at the AMO board of directors meeting but who in fact are out there providing these services for our municipal people and would like to be involved because they're the ones being hard hit by the changes that are not being made. The government, at least in my opinion, has said a number of times that they realize there's a real fiscal imbalance between the services municipalities are providing and their ability to raise taxes to cover those, yet we think we want to spend 18 months to check out what those services are as opposed to putting the money on the table. AMO says it's \$3 billion. If the provincial government says it's \$1 billion, why would we not move faster and provide them with the \$1 billion that you know they have coming, rather than forcing more and more seniors out of their homes because they can't afford to pay the municipal taxes it's going to take to pay those bills?

Hon. Mr. Gerretsen: You and I've been around a long time, Mr. Hardeman. You and I were on the AMO board back in the early 1980s when we talked about exactly these same issues 25 years ago. It has been talked about a number of times and no one has ever come up with a final conclusion. Even the Crombie report—it was

never followed by your government at the time, or at least significant portions of it were not followed.

Let me put it this way: We want to get it right. By the way, a significant amount of work has been done between the staff of AMO and whoever they get involved from the municipal world and our ministry and the Ministry of Finance in setting up the various tables that will be looking at some of these issues. It's my understanding that primarily the political element within AMO would prefer that the political meetings start after the November 13 elections. I'm only going by what I'm told in that regard. I don't know how quickly they move on it. But a significant amount of work has been done.

Obviously, finances are important, but I don't think it's as easy as you seem to suggest, that they should just throw some money at it and it goes away. I think a lot of these issues have been around for many, many years; it probably started 40 or 50 years ago when cost-share arrangements started in particular areas such as social services etc. In our opinion, it will take 18 months. AMO has signed on to that process and the city of Toronto has signed on to that process to come up with something definitive on this.

Mr. Hardeman: I appreciate that, Minister. I'm not suggesting that that isn't the right approach, but I think we've put the cart before the horse. You talked about how you're going to have a table of negotiators on behalf of the municipal sector and all the other people involved and that they and the ministry are going to get together, and that it's not a report but that we're going to come to a consensus. It seems kind of strange that that's not how you have been approaching the issue. You're not leaving it open to the municipalities to decide how long it should take. The president of AMO of the day said that the only thing wrong with your announcement was that we need to do it much quicker, because municipalities can't wait that long for a solution to this problem. This isn't just a shortfall in this year's budget. This is an ongoing problem. It keeps growing every year. We're in trouble from last year's budget; we're in even more trouble this year, and it's getting worse as we're going along. We need a solution quicker than that.

1630

Did you go to the municipalities and say, "How quickly do you think we can come to a solution?" or did you say, "By gosh, we've got to have an announcement for AMO, so we'd better announce something. We'll make sure that we announce something: that nothing more needs to be done until after the next provincial election."

Hon. Mr. Gerretsen: We would never approach it that way. We would never say, "Well, something has to be done; let's just announce something." That would be totally irresponsible.

Mr. Hardeman: Exactly. That's what I'm suggesting.

Hon. Mr. Gerretsen: We put an awful lot of thought into it as a government. We felt this was the right way to go. It has been accepted by AMO and the city of Toronto that they want to be a part of this, active participants in it.

I don't think we should forget the fact that in a number of different areas, significant changes have already been made. For example, in public health we've uploaded the public health costs from 50% to where it's going to be up to 75% provincial cost fairly soon, with only 25% being borne by the local tax base. Just about every municipality that has transit is going to get gas tax funding and has been getting it for the last two years. A significant amount of money was announced the other day—\$75 million for rural municipalities—which, by the way, we're discussing with AMO, getting their input as to how that money should be allocated etc.

We want to do this in a very co-operative fashion, all of these different programs, because at the end of the day we realize full well that the residents of a local municipality are local ratepayers, taxpayers and residents, they're provincial ratepayers, taxpayers and residents and, obviously, Canadians taxpayers and residents. They're all the same people. We want to make sure they have the best service possible.

Mr. Hardeman: But Minister, if you've already made all those decisions as to what should go in—we needed extra funding for rural and northern municipalities; we needed to put the gas tax in transit—if you have the information on the delivery of services and where the province needs to put extra emphasis on putting more finances in to pay for them, why not look at the whole picture and give them the amount they require, as opposed to putting the main body of the discrepancy off till after the provincial election?

Hon. Mr. Gerretsen: Because in order to do it right, we need the time, regarding an awful lot of the downloading your government did on local municipalities in the area of social housing, social services—I could just go on and on. You know that a lot better than I do, because you were an associate minister in the ministry at the time, so you know what you did at that time as far as the downloading is concerned. It's going to take us time to work with the municipal world to find the solutions that are fair to everybody, and that's what the whole process is all about. It may very well be that there may be an interim report or maybe interim steps will already be taken, but it's way too early to guarantee that at this point.

Mr. Hardeman: I'd just like to know what public involvement there is in this process. It's one thing to say we're going to listen to the president of AMO and the folks, but that's not necessarily representative of the impacts of all the municipalities in the province and the different types of municipalities. You were quite clear in your comments that the solution has to fit all types of municipalities—the two-tiers, the single-tiers, the small municipalities, the large municipalities and so forth. How are you going to proceed in the process to make sure that the views of all those municipalities are heard and that the people of the province are heard?

Hon. Mr. Gerretsen: It's an open question as to whether or not there will be some sort of public engagement. This is obviously something that will have to be

determined by both the province and the municipal world that's involved. I'm not discarding that at this moment. I would rather leave that to the committee to work out, as to whether they feel public input is required. I would suggest it's probably a good thing to hear from the business community and various other communities out there as well. That may very well happen.

As for who represents AMO, that's for AMO to determine. I understand that they represent just about every municipality in the province, with the exception of the city of Toronto, and I believe Sarnia is no longer a member currently, and there may be one or two other small ones. They do so very effectively, through the various sections they have, from ROMA, which is the rural section, to OSUM, which is the small urban section, to the single-tier and counties and regional governments, I believe they're called. But who they appoint or how they get their membership on this committee is entirely up to AMO and the city of Toronto to determine.

Mr. Hardeman: I'm not so concerned about whether you think they are representative of municipalities. My concern is really, how does the public get involved in this process? A lot of people out there don't necessarily even believe that the municipalities support their interests. The question really is, will this be how the province gets out of any responsibility, by saying, "Wait a minute. This is the agreement we came up with with municipalities, with AMO, so don't look at us for any problems"? Of course, that won't have to happen until after the election, because you're not going to tell them anything until after the election. How does the public get involved?

Hon. Mr. Gerretsen: I'm not going to tell them anything. It's the committee that's going to come up with the report.

Mr. Hardeman: But not until after the election.

Hon. Mr. Gerretsen: The provincial and municipal committee is going to come up with the report. As I mentioned before, it could very well be that once they get together they will decide to hold public meetings of some sort or ask certain interest groups to make representations to them. But that's up to them at that point in time. We're not at that stage yet and I certainly wouldn't want to impose that on the committee. I think the municipal voice should have some say in that as well.

Mr. Hardeman: Thank you very much. Going back to the comment that AMO liked this approach, that they're happy now because you're going to set up this panel, I mentioned these in the House—

Hon. Mr. Gerretsen: Just a minute. I don't talk about people's happiness, you know. I'm saying that AMO has agreed to be part of this process. Whether or not they're happy or otherwise is for them to decide.

Mr. Hardeman: What you're really saying, then, is that this is what you told AMO you were going to do and it's the only game in town.

Hon. Mr. Gerretsen: No. I don't know whether they're happy or not. All I know is that we invited them to be part of the process and they have signed on to the process under a proposed terms of reference that I believe

they had some input into shaping, as did the city of Toronto. But I don't want to get into the subjective notion as to whether or not they're happy. I hope they are.

Mr. Hardeman: I want to go to the 18 months again. I mentioned this in the House so I guess it's appropriate to mention it here: "Municipalities association president Roger Anderson, the Durham regional chairman, said the 18-month review is longer than he would have preferred. 'We'll work very hard to shorten that period,' he said." Your announcement doesn't allow for shortening the period. The resolution you told the Liberal members not to vote for was intended to help Roger so that if they came up with a solution prior to the 18 months, they could actually settle it before 18 months and not wait for the results for 18 months.

Then he says, "The longer we wait, the more it will cost us in lost opportunity and investment in the core municipal responsibilities, such as transit, transportation, and essential water and waste water infrastructure." He's just pointing out that the problem isn't going away just because we're spending 18 months investigating it. He wants a solution sooner than that because you have to deal with these problems now, not 18 months from now.

There's another one here: "The report is due in 18 months—four months after the next provincial election." This isn't my quote. "The Premier is carefully handling a hot potato. Municipal politicians are hopping mad about the province shifting expensive services on to local property taxes. McGuinty's review is timed to cool the issue until after Ontario votes." This is in the Brantford Expositor. That's not in Oxford. I didn't tell them to write that, so I presume the local member must have contacted them and they decided they didn't think it required 18 months either.

The North Bay Nugget says, "The province doesn't need 18 months to study the problem. It's well documented already. What the province needs is a solution and one before the next provincial election...."

All these comments do not suggest that they don't think the review needs to be done, do not suggest that there isn't a discrepancy there, do not suggest that it doesn't need to be done thoroughly, but they all suggest that it doesn't need to take 18 months to do it. I just don't know why the government is so insistent in keeping it at 18 months, as opposed to trying to get it done expeditiously.

1640

Hon. Mr. Gerretsen: Well, I could counteract your quotes with all sorts of other quotes that my very competent staff has put together for me from all sorts of municipal leaders, but I don't think that really accomplishes anything. What I can say, though, is a comment that was made when your party was still in government, when AMO said that they were very disappointed by then Premier Eves's refusal to join the Association of Municipalities of Ontario to conduct an independent review of the state of municipal finances. Apparently, he said that on June 13, 2003.

Obviously, if the work can be done quicker, it will be done quicker, but we felt that 18 months was the appropriate period of time to do the job right. It's taken 25 years of discussions that have either taken place within the municipal world or within government, and we're now doing it together. It is certainly my hope and desire that at that time, we will be coming up with a solution that everyone can live with. I don't think we should ever underscore the fact as to what this government has already done to assist the municipal world out there, from gas tax to uploading of public health costs. I could go on and on, but I don't want to take you time away.

Mr. Hardeman: And I don't want you to hurt your shoulder.

I'm just wondering, as you decided to do this review, whether the ministry did any work on what you think the end result will be as it relates to the appropriateness of how many dollars it will take to solve the problem that exists. Obviously, you must have realized there's a problem or there's a challenge here. Have you got any idea or any municipal figures of how many dollars it's going to take to solve the problem?

Hon. Mr. Gerretsen: I would much rather do the study and come up with a more definitive number at that point in time. I don't know what the number is.

Mr. Hardeman: AMO says it's \$3 billion, and I'm sure that the ministry doesn't agree with that. Are you suggesting that you don't have any number at all, no idea what the problem is?

Hon. Mr. Gerretsen: Well, we know what the problem is. That's why we've set up this process to deal with the overall issue, which certainly the municipal world feels is out there. But no, I'd rather not deal with numbers. I'd rather just do the study first, and undoubtedly there will be a financial table set up as well to look at the various programs. At the end of the day, what may very well happen is that certain programs will be much better delivered by the province and certain programs may be much better delivered by the municipalities.

I think what's happened over the last 30 or 40 years is that each successive government has come up with new programs that were always put on some sort of a cost-share basis; this goes back to the 1960s and 1970s. After a while, there's such a conglomeration of programs and cost-share arrangements out there, nobody can figure it out. With the system that you people had set up there, before OMPF was introduced, literally nobody could figure out the support that municipalities were entitled to. Even large municipalities had to hire major accounting firms and people who were specialized in municipal finance to find out what your grant program at that point in time, the community reinvestment fund, was all about. So the first step we took less than three years ago was to say, "Look, with the CRF program, nobody agrees as to how the numbers are arrived at. You've got to hire Philadelphia accountants, at huge expense, in order to figure it out," and we came up with a much simpler program, OMPF.

No matter what anybody says about OMPF, I think there's universal agreement that individual clerks and

treasurers in municipalities can figure out what they are entitled to now, which they couldn't do before. At least, that's the way it has always been presented to me by communities large and small, which may not necessarily agree with the final program, but they will say it's at least a lot more transparent than the old program was. We think it's a lot fairer program too, plus the fact we've put about an extra \$150 million into it. When we started, I think it was in the range of about \$630 million per year, and now it's \$770 million, \$780 million per year. I think that the municipal world, as a whole, is better off in that particular grant program.

Mr. Hardeman: On the impact of not coming up with a solution until after the provincial election, have you got any idea what the average property tax increase was in the province of Ontario last year?

Hon. Mr. Gerretsen: The average property tax increase? No.

Mr. Hardeman: Is there any way we can find that out? I'd like to know that, because I think that's rather important. Obviously, they're providing the services that the province is expecting them to provide, and it's important to know what the average increase was to cover the cost of these services.

Hon. Mr. Gerretsen: I know what you're saying. I'm not too sure whether the province expects municipalities necessarily to provide those services. It's the services that the residents of those municipalities want their individual municipality to provide at a given time. That, I think, is much clearer. Yes, obviously, we have certain standards in a number of different ministerial areas, not only Municipal Affairs and Housing, that we want municipalities to live up to. That's our overall mandate under the BNA Act or what have you. But we don't tell municipalities what they should charge by way of tax increases or decreases in any given year.

The Vice-Chair: One quick question, Mr. Hardeman.

Mr. Hardeman: There's no record within the ministry of the average tax increase in the province on property tax?

Hon. Mr. Gerretsen: Not that I'm aware of.

Mr. Hardeman: Thank you.

The Vice-Chair: We'll now turn it over to the third party. Mr. Prue, you have 30 minutes.

Mr. Michael Prue (Beaches-East York): Thank you so much. Going back through the speech you made here before us today, I'm going to ask in the same order. You said your government's relationship with Ontario municipalities has been characterized in recent years by consultation etc. You passed the Toronto bill, the Stronger City of Toronto for a Stronger Ontario Act, in June. In August in committee, some who are right in this room, you voted to revoke the provisions that allowed Toronto a say over their energy policy. Did you consult with them before you did that? You'd just passed it six weeks before.

Hon. Mr. Gerretsen: I can tell you that the provision that we passed in Bill 51 is very similar to the provision that was contained in the current Planning Act, and that's

basically that hydro projects are exempt from the planning process. Having said that, however, it is my understanding that in just about every case, if not in every case, the normal planning processes in a municipality are followed as a matter of course, even though the province doesn't have to do that when it's involved with a provincial enterprise.

But the bottom line is this: These projects go through an environmental assessment. You may recall that both Bill 51 and the current Planning Act always make it subject to an environmental assessment being done. We feel that in the case of energy projects, that's the way it is currently under the existing Planning Act and that's the way it should proceed under the new Planning Act as well, if we want to keep the lights on in this province. We simply cannot allow energy projects that have gone through an environmental assessment not to be proceeded with and thereby endanger the possibility of not having enough power to keep the province going.

Mr. Prue: I thought my question was a simple one. I'll ask it again. In June, you passed the Stronger Toronto for a Stronger Ontario Act. In August, you revoked the provisions. Can you tell me what happened in those six weeks after the passage of the bill that made you revoke those provisions found in sections 113 and 114 of the Toronto act? Why did you revoke them six weeks after you gave them?

Hon. Mr. Gerretsen: If you give me a minute, I just want to consult with my officials here. It's my understanding that consultations with the city of Toronto did not take place.

Mr. Prue: Okay, they did not take place. Then why did you revoke them six weeks after you gave them, after which there were extensive consultations? They were happy to receive them. Six weeks later, without consultation, you took them away. Why?

1650

Hon. Mr. Gerretsen: I think I gave you the answer before. We feel that there is sufficient protection in the current planning regime from an environmental assessment viewpoint, that a public process is involved in the environmental assessment process, and that the energy needs of this province—it's extremely important to keep the lights on.

Mr. Prue: Did it have anything to do with the city of Toronto opposing your government's plans for building a mega gas-fired plant on the waterfront?

Hon. Mr. Gerretsen: Not as far as I know.

Mr. Prue: So that had nothing to do with it, the retroactive provisions—

Hon. Mr. Gerretsen: Not as far as I know.

Mr. Prue: You went on to the consensus-based report. My colleague Mr. Hardeman has asked a great many questions on this, but I'd like to zero in on a couple of them. Does your government still have the Crombie report, Who Does What? Do you still have that report on file somewhere?

Hon. Mr. Gerretsen: Oh, I'm sure it's still around. I hope it hasn't been shredded, because I'm sure it was a valuable report.

Mr. Prue: AMO has written an extensive report documenting the \$3.2 billion of provincial download. Do you still have that report on file somewhere?

Hon. Mr. Gerretsen: Yes, we received the AMO report.

Mr. Prue: Yes. You've got the Golden report that predates that. Do you still have that one?

Hon. Mr. Gerretsen: Yes.

Mr. Prue: Okay. And you've still got all of the learned reports by people like Harry Kitchen and others from the university in Peterborough.

Hon. Mr. Gerretsen: I started working on a report with Harry Kitchen back in 1990, as a matter of fact.

Mr. Prue: Can you tell me, with all of these reports—

Hon. Mr. Gerretsen: But all of these reports are a little bit different, one from the other, you know. They don't exactly line up together.

Mr. Prue: But why does your government need 18 months to reinvent the wheel when you have all of these things on file?

Hon. Mr. Gerretsen: Because significant downloading, transferring of responsibilities—depending on what kind of terminology you want to use—was done by the last government. Whatever the situation was before, they made it a lot worse. Originally it was supposed to be an even transfer, then there was an acknowledgement that it wasn't, so the CRF funding was created. Since October 2003, we have been trying to deal with that.

You may recall that we had a \$5.4-billion deficit at that point in time, so obviously we couldn't deal with all those downloads as quickly as we may have wanted to, plus all the other requirements in government for health care, education and all the other services we operate, but we started to make some very serious attempts. The gas tax is a perfect example. This year, over \$200 million is being—what's the exact number on the gas tax? I've got it here somewhere. Here we go. In five years, we're going to provide the municipalities with \$1.4 billion, so it's an average of about \$300 million a year. It started off a little bit lower—I realize that—but it's boosting up right now. I think this October a full two cents is going to be implemented, sometime this month. We've got the Move Ontario fund. We've got the affordable housing fund. We put some money in rent banks, as I already mentioned, and \$150 million more in OMPF. There's COMRIF funding at \$298 million, the provincial share, over five years. There's land ambulance: \$300 million to bring it to a true 50-50 funding arrangement, when I believe in some cases the province was putting in less than 40%—not in every ambulance service across the province. It's going to take \$300 million over the next three years to bring it to true 50-50 funding.

We've started on it, Mr. Prue. Had we hoped to do better? Obviously. If we hadn't been left with a \$5.4-billion deficit, we'd be much further along—there's no question about it—but we're working on it. And what we want to do is something even better than that. We want to come up with a system that is much more transparent as

to which order of government is going to pay for what service. That's what the 18-month review is all about.

Mr. Prue: AMO has catalogued, I think quite correctly—I mean, I've asked the finance minister, who doesn't deny it—the \$3.2 billion. It relates, if my memory is correct, to \$1.2 billion for social services, \$800 million for social housing, and it goes down from that—land ambulance, health, child care—to make up the balance of the \$3.2 billion. Are they incorrect in that assessment?

Hon. Mr. Gerretsen: Social service cost-share arrangements with municipalities were in effect before I even got involved in local government, which was in 1972, when an awful lot of the programs were split on an 80-20 basis as well. Have those numbers been around for a long time? They sure have; in some cases for 35 years. Is that what AMO is spending on what they regard as provincial services? That may very well be. But the study may very well indicate that some of those services—maybe not the social service area but in some of the other areas—should be spent by municipalities or are the kinds of services they should be providing. I don't know what numbers they have included in their social service numbers, but if it's all the social service costs, then I can tell you, some of those costs have been cost-shared with municipalities going back to the late 1960s, early 1970s. To try to sort that out—I don't think 18 months is that unreasonable a time period at all.

Mr. Prue: You've listed here the things you want to talk about—the infrastructure, public health, emergency services, all those very things—but then there's the caveat, and I want to ask you about this. You're going to sit down and discuss it with them; however, and these are your exact words, “Income and sales taxes are not on the table for this review.” So you sit down and you talk about everything except where the money is going to come from. So of what value is that to the municipality? “We don't pay all this money but we're not going to talk about how you're going to get it.”

Hon. Mr. Gerretsen: I can tell you that the city of Toronto act doesn't provide for any income and sales taxes either, yet if you talk to the current mayor of the city of Toronto, David Miller, he's extremely happy with the city of Toronto act, not only because it gives them greater permissive powers but also because it gives them a number of different areas in which they can, if they so wish, try to obtain new revenues etc. I think the city did a study that indicated a certain number, which I've forgotten since then. But they realize that if they want to, there are some revenue sources there that are not related to income tax or sales tax. Will that come at some point in time in the future? Who know? Maybe five, 10 years from now that's possible, but income taxes and sales taxes are off the table right now.

Mr. Prue: But if they're not on the table over these 18 months of discussion, how fulsome can the discussion be? Obviously, they are \$3.2 billion in the hole, at least in their view. You're not denying that it could be true. They're going to sit down with you and discuss it; however, they're not going to be able to discuss where

the money comes from in the event you don't want to pay it. So how fulsome can the discussion possibly be?

Hon. Mr. Gerretsen: Look, an awful lot of services out there are cost-shared, which you know as well as I do. Perhaps some of these services should no longer be cost-shared, with, depending on what the services are, either the province paying the full shot or the municipalities. But I don't want to prejudice any of that, because the moment I put some ideas out there, I'm going to get accused by you or others—

Mr. Prue: Not by me.

Hon. Mr. Gerretsen: Just a minute now. You've already decided what you're going to do. I want this process to be as open as is humanly possible so that when these people sit down—the province's side, with finance and municipal affairs and housing, and the municipal side, both the city of Toronto and AMO—they can have a discussion, looking at how services have developed in this province over the last 40 years and what makes the most sense in terms of what is more oriented towards the property tax regime, which is basically what the municipalities depend on, and what is more oriented towards an income tax regime, basically the social and health care programs. But how that works out is up to them to decide. If we start directing that too much, we're just undermining the process, and I refuse to do that. I want them to have the full and open discussion, put all the facts on the table and then decide what the allocation should be as to who should be doing what.

1700

Mr. Prue: If we put all the facts on the table, you've already told us you don't want to do it for 18 months; you're not prepared—to my colleague Mr. Hardeman—to do it before the next election. Can you at least, so we know what the process is, so we're not blindsided 18 months from now, table the methodology for your joint review of municipal and provincial service delivery in Ontario? Tell us exactly what you're going to sit down and discuss, over what period of months, who you're going to be there with, what's on the table, what's not on the table. Can we at least see that, so we know the full discussion is going to take place?

Hon. Mr. Gerretsen: As I mentioned before, the specific scope of the wide-ranging review will be set through discussions with our municipal partners, and that's already happening currently. It will include things like infrastructure, which is a huge need for municipalities and a huge need for the province as well, public health, the emergency services out there, social services and housing, and then the special challenges that some other communities face, such as northern and rural and in some cases the large urban centres. We're really covering the waterfront with that kind of review, and those tables are being set up right now. But you want me to prejudice what they're going to come up with, when they should be having that kind of discussion.

Mr. Prue: No, I just want the methodology put out so we all know what's going to be discussed, they know what's going to be discussed, we know the time frames, we know when the report is going to be filed, we know if

there are any preliminary reports, when it goes to cabinet. We just want to know, and I think they want to know too, so that they know this is a real discussion and not a potential smokescreen, as some have suggested, to take you beyond the next election.

Hon. Mr. Gerretsen: I guess we'll just have to wait and see. I don't regard it as a smokescreen at all. I don't anticipate that there would be any documents going to cabinet while the review is still ongoing. It's a review that will be open to both the—the municipal world is going to be part of it and the province is going to be part of it, and the methodology that this committee is going to use is basically going to be up to them to decide.

Mr. Prue: You went on to say, on page 5—and I need to figure out how Bill 130 does this. You say Bill 130 “would provide broad permissive powers for municipalities to pass bylaws ... including their governance structure, how they deal with accountability and transparency.” You have included two items in that bill that cause a great deal of public consternation. One is that there can be in camera hearings where it does not materially affect the outcome or the finality of a decision, and the second one is that you do not have to be present but can vote electronically by telephone from a beach in Acapulco or wherever. You said this is to enhance accountability and transparency. How do those two things enhance that? For the life of me, I can't think of how it does.

Hon. Mr. Gerretsen: Let me put it this way. We don't anticipate anybody voting in from Acapulco or some other such place.

Mr. Prue: Why not? It could be from Kathmandu.

Hon. Mr. Gerretsen: Secondly, it's an idea that's out there. It has obviously stimulated a lot of discussion. It's an idea that can be amended, changed. Municipalities have asked for this kind of thing in exactly the same way. You and I have been part of councils where at times a suggestion has been made that, if the council wants to have a retreat or an information session, maybe those sessions can be behind closed doors. This was a request that came to us from the municipal world. We've had some discussions with the Ombudsman on this issue. I've had those myself with him. We're looking at these, and obviously it's getting the kind of discussion in the general world out there, in the municipal world. I think it's healthy for the debate, and it may very well be that certain amendments may come forward, changes may be made.

Mr. Prue: But the statement is being made by you that you're doing this to help the municipalities deal with accountability and transparency. This is your bill; it's not their bill. They want it. Of course they want it.

Hon. Mr. Gerretsen: The accountability and transparency that we were talking about in that specific issue deals with the appointment of a local ombudsman to deal with situations that the Ombudsman deals with at the provincial level, possibly setting up an integrity commissioner and setting up—there already is an auditor. What is it? There's another one.

Mr. Brad Duguid (Scarborough Centre): Enhanced Auditor General powers.

Hon. Mr. Gerretsen: The enhanced powers of the Auditor General, right. Again, it's a permissive situation whether or not municipalities want to in effect appoint these officers, in exactly the same way that we have officers here of the Legislative Assembly that report to the assembly and not to the government as such. Those are the areas of greater accountability and transparency that we're giving municipalities, as currently structured in Bill 130—permissive powers to implement if they so want. Do the other two issues that you've mentioned—the electronic voting and the closed meetings—take something away from that? Well, we can discuss that, and we should put parameters around that, quite frankly.

Mr. Prue: You anticipated the next line on this same thing with the ombudsman. I can see cities like Toronto or Mississauga or Ottawa—some of the big ones with lots of money—being able to do this, but there's no way the 450 or so smaller municipalities in this province are going to be able to hire an ombudsman. I just don't see it. Your bill—because it's kind of silent on this—is going to make an awful lot more work for the Ombudsman in Ontario, is it not?

Hon. Mr. Gerretsen: The bill, as currently structured, would allow the provincial Ombudsman to get involved in the closed-meeting situation. I've had discussions with him about that as well, and amendments may very well be coming forward with respect to that.

Mr. Prue: So you anticipate amendments on that too?

Hon. Mr. Gerretsen: Yes. We want to make it an open and transparent process. That's what it's all about.

Mr. Prue: You went on to talk about, again in the same order—Mr. Chair, I've got how much time?

The Vice-Chair: You have nine minutes of your first 30 minutes.

Mr. Prue: I get another 30, right?

The Vice-Chair: You've got nine minutes remaining of your first 30 minutes. The next time, you'll have 20 minutes.

Mr. Prue: In the nine minutes, I'm not going to get into housing. I've got too many questions on housing. I'm going to save that for the next day.

Hon. Mr. Gerretsen: That's a great program. We're very proud of that.

Mr. Prue: I'm sure of it, but not when I'm finished.

You said in the last election that municipalities needed to recover the full range of infrastructure costs associated with new development. It was one of the many promises that were made. Do you remember making statements to that effect?

Hon. Mr. Gerretsen: I didn't personally make them, but I believe the party made them as part of the party platform, yes.

Mr. Prue: To quote from your party platform, pages 19 and 20: “We will stop subsidizing sprawl....We will make sure developers absorb their fair share of the costs of new growth.” You remember making those? But you've not introduced any Development Charges Act to

ensure that municipalities are able to recover this whole range. Can you tell me why not?

Hon. Mr. Gerretsen: Well, our mandate isn't quite over yet; we still have another year to go. So far, within our ministry, I believe we've passed 12 bills—12 bills that have been given third reading. Ten of them may be regarded as—I wouldn't say controversial—somewhat interesting to a lot of different people involved. We are extremely busy in our ministry, and undoubtedly we will be looking at the issues that you're talking about as well.

Mr. Prue: Again, this comes back to municipalities. If there's one issue that municipalities all share, it's that they simply don't have enough money for the demands that are made. I don't think there's a municipality that does in all of Ontario, save and except those that are undergoing huge growth. There's none of them that can exist on what they have. This would be a huge revenue source for them, and a justifiable one on the developers. You've done 10 bills. Why has this one not been one of the 10? I would have thought it would have been.

1710

Hon. Mr. Gerretsen: Actually, AMO has certainly put it out as an issue that they want us to deal with. But you're right—it's mainly the fast-growing municipalities that have been contacting us at various times about these issues. I wouldn't say that every municipality in Ontario has been asking us for changes to the Development Charges Act, but it's something that, if it's in our platform, we're going to do at some point in time. I wouldn't want to put a time factor to it. We'll deal with it when we will.

Mr. Prue: You passed the greenbelt plan and lots of stuff. I voted for it. See, I'm not always negative.

Hon. Mr. Gerretsen: Yes, you and Ms. Churley—

Mr. Prue: Yes, we voted for it.

Hon. Mr. Gerretsen: —and one other member in your caucus, and the rest of the caucus voted against it.

Mr. Prue: That's okay. It's a free vote. We have that in our party.

Hon. Mr. Gerretsen: We have free votes too. Every vote is a free vote. Every one of our votes is a free vote, too.

Mr. Prue: I'm sure, yeah. I've never seen one. As long as it's unanimous.

Okay. There are significant amounts of lands left outside of the greenbelt plan that lie between the greenbelt's inner boundary and the current delegated settlement area boundaries, about 68,000 hectares. If my mathematics is right, that's about 150,000 acres. This has led, we think, to some massive land speculation and massive development proposals in Simcoe county.

The Vice-Chair introduced Bill 106. Are there any plans to look at that or to do something similar? Because the speculation on those lands—they're pretty vulnerable.

Hon. Mr. Gerretsen: First of all, let me tell you that our greenbelt plan is probably one of the most exciting things that I've been involved with in my entire public career. We protected something like 1.8 million acres of land. It was a fascinating process. I met with a lot of

planners and municipal councils along the way, both at the upper and lower tier.

We realized that there were an extensive number of acres left between the southern portion of the greenbelt and the urban areas of the GTA. Also, Simcoe county, other than Holland Marsh area, was not included. I'll talk about that in a second.

Places to Grow, which my colleague Minister Caplan has been involved in, forms an integral part of that, because that basically shows where the development and growth should take place over the next 25 years to house and give places of employment for the four million people we expect to come here over the next 25 years.

Is it possible that some of those areas, if they're outside the Places to Grow area, that are in what we used to call the "fuzzy peach" area, which is the number of acres—I'm not sure whether your numbers are correct, but I think we know the area we're talking about, south of the greenbelt. Could they be added to the greenbelt? We've always said right from the very beginning that this may very well happen at some point in time.

With respect to Simcoe county, I think the process we got involved in there about two years ago was a very exciting one. I remember getting together with the entire political leadership of all the various townships, as well as Barrie and Orillia. We got involved in an IGAP program that every municipality signed on to, as well as the county. The report was issued sometime, I believe, in August.

As we have said right from the very beginning to the warden and to the two mayors of the two cities and all of the other political leadership, we would like to see them develop a local solution based on the studies that the IGAP program was involved in—both the environmental study and the land use planning study.

We're waiting to hear back from Simcoe county. We truly believe that the cities of Barrie and Orillia should be part of that process. They are maybe not legally, but as far as we're concerned, an integral part of Simcoe county, and we look forward to hearing from them. I would imagine it will be sometime after the municipal elections, although originally when we talked to them at AMO in Ottawa, when the report was not as yet fully completed, we had hoped we'd have some word from them by this point in time as to how they'd want to proceed with it, but it may very well be after the municipal election. We want to see orderly growth in Simcoe county. We realize full well that that's going to be the next area where other-wise development may take place that may not be done in an orderly fashion. I have been extremely impressed with the political leadership in Simcoe county and within the two cities over the last two years that I've been involved. First of all, they all came together and realized the need for this, and second, to have taken the study—and obviously there are going to be different opinions about it, particularly now with the municipal elections going on, but hopefully the best ultimate solutions will come out of the process. It's an exciting process.

Will there be certain parts of Simcoe county that may then be added to the greenbelt, particularly along the

southern area? That could very well happen. But again, we don't want to prejudge anything. The IGAP study, as far as I'm concerned, has been a success in the way it was developed and the overall study recommendations that came out of it. We would prefer a local solution. The political leadership has clearly indicated that they would prefer that as well.

The Vice-Chair: I think that rounds up your 30 minutes, Mr. Prue.

Minister, you now have up to 30 minutes to make further comments on what has been said to this point. If you don't wish to, we'll go right back to Mr. Hardeman and we'll start the 20 minutes.

Hon. Mr. Gerretsen: I don't have anything further to add, other than to say—no, I'll just leave it at that. I'm more than pleased to answer any questions that will come along the way.

The Vice-Chair: In that case, we'll go straight to Mr. Hardeman. You begin for 20 minutes and then we'll do the full rotation at that point.

Mr. Hardeman: Minister, I want to go back again—and I don't want to spend a lot of further time on it; I think it's had both parties putting it forward—to the provincial-municipal review. Just a straightforward question: Do you not agree that the municipalities, without exception, believe that the discussion will be about social services not being a service to property and should not be on the municipal property tax?

Hon. Mr. Gerretsen: Do all municipalities believe that?

Mr. Hardeman: Yes.

Hon. Mr. Gerretsen: Without having surveyed them, you're probably correct, that all municipal councillors believe that—all the ones I've met over the years.

Mr. Hardeman: If that's the position, in your opinion, how are we going to come up with a consensus on what services should be provided by the municipality and what should be provided by the province, if the province is not prepared to take all social services off the property tax?

Hon. Mr. Gerretsen: I'm not sure whether your second statement is totally correct or even partially correct. I don't want to prejudge any of this. All I know is that social services to some extent have been part of the property tax roll on a cost-shared basis ever since I can remember. It probably started very innocently with some of the larger municipalities that may have had additional social problems. The province came along, with the largesse of Mr. Frost and Mr. Robarts and the governments that were in charge at the time, and said, "If we come out with this program, municipalities, so you have some sort of ownership, you should put some money in as well." All these programs, I'm positive, were extremely well intended at the time, but what's happened over the years—I suppose there's been such a proliferation of these programs that everybody realizes now that maybe we'll have to take a look at it.

Mr. Hardeman: My question is that in the news release that announced the review, it says, "The Mc-

Guinty government recognizes that any solution must be consistent with the fiscal plans of both the province and the municipal sector." How do we get to that at a table with representatives from both the municipal and the provincial sector if neither side is willing to see their costs go up? How do you get them to agree? If you're not getting a report, how do you know that at 18 months—I don't believe it should take 18—you can come out and say, "We have a package that everyone agrees with"? What do you base that conclusion on?

1720

Hon. Mr. Gerretsen: I base it on the goodwill and the hard work and the determination of all the people involved, at both the local level and the provincial level, because at the end of the day we want the best possible services for the people who live in Ontario, individuals in this province who are residents of our individual communities.

I'm not even a tenth as pessimistic as you are about these issues. I'm positive that they will come up with—

Mr. Hardeman: Minister, I'm not being pessimistic; I'm just being realistic. I think the province should put some money on the table, as opposed to thinking we can talk our way out of this mess and not give them any more money.

Hon. Mr. Gerretsen: But we have. I've given you examples of where we've put money on the table: gas tax, Move Ontario—oh, I'm getting a whole list here—the rent bank, OMPF, COMRIF, land ambulance. If I look at this list very quickly and if my mental arithmetic holds up, there is about \$5 billion there over a five-year period. We also allowed the federal gas tax to be passed through to municipalities directly, and we were the first province to do that. No other province has done that. I've taken quite a bit of grief when I go to these provincial-territorial meetings. The other ministers say to me, "How could you possibly let that happen?" The answer's always been the same: We believe in our municipalities. If the federal government wants to give the money, we want to make sure that money gets to the municipalities.

Mr. Hardeman: I guess I'm not near as convinced as you are of what you stand for.

I was really taken aback, Minister, by the comments about the transparency and accountability issue as it relates to the proposal in the Municipal Act. In your remarks to the Municipal Act, it says that's what the bill is all about: to provide more transparency and accountability and more authority to municipalities to function as they should, because you believe they are a responsible order of government and so forth.

Hon. Mr. Gerretsen: You've been listening to my speeches, obviously.

Mr. Hardeman: Mr. Prue made this quite clear. How do you suggest that more closed meetings and different types of voting, under which you don't have to be at the meeting and don't have to have heard the discussion of the applicant but can vote by telephone when the vote really counts, so you don't have to have all the information to make the vote—it's not whether it's good

or bad, but how can a Minister of Municipal Affairs propose it, and then when the debate starts, say, “I don’t really have a position on that. I just wanted to put that out for discussion”? The bill is more than out there for discussion. The bill is the view of the minister who introduced it. It stands in your name. Why do you believe you need to put in that we need to have more closed meetings and then attribute that to transparency?

Hon. Mr. Gerretsen: I’m very glad you raised that point, because I wanted to make absolutely clear what I said about that. What I’ve said about any bill I’ve introduced—I’ve introduced 12 of them, and 10 of them have passed—is that if somebody has a better idea and a particular amendment, we’re always open to amendments. It’s the same thing with respect to this bill.

You talk about its being a closed meeting. We have put very definite parameters around it. Number one, a decision cannot be made or advanced at that time; in other words, it’s strictly an information meeting, a strategy meeting or whatever. Number two, if there is any question about that, we have specifically given the Ombudsman the right to look into those issues. I’ve had a discussion with the Ombudsman about that. He would still like to see some further amendments and we’re looking at that, because we want to have a bill that’s as good as possible at the end of the day. It is certainly not the notion that you could just have a closed meeting at any time you want and that decisions can be made. We’ve put very specific parameters around that.

At the end of the day, I’m a realist. If it turns out that everybody in the municipal world says, “We really don’t want that,” we’ll take it out. But that request came specifically from the municipal world, particularly from new councils, that felt that at times they want to get together to get a feel for the lay of the land, to get information etc. They don’t want it to be out in the public as an open meeting. It was in those instances that we said, “As long as the decision-making process is not advanced at that meeting, under those circumstances and under the strict guidelines of oversight by the Ombudsman, you can have a meeting of this nature.”

Mr. Hardeman: I don’t want to dwell on it too long, but I would be shocked if any municipality would object to being given the ability to have more closed meetings. If we’re waiting for the objection to come from the municipal councils, it’s not coming.

Hon. Mr. Gerretsen: Well, maybe from other people.

Mr. Hardeman: It’s my taxpayers, the constituents, who want more involvement in the process, not less. They felt somewhat assured when you started your speech with, “This is all about more accountability and transparency,” but it is totally in the opposite direction. Why it would even be there for discussion? To me it seems, and my constituents feel, that what it should have said is, “We are going to reduce the ability of going into in camera meetings.” Then we could have the debate of whether you had gone too far in transparency. I can’t see any justification or any connection between the words “transparency and accountability” and more closed meetings, period.

Hon. Mr. Gerretsen: Transparency and accountability dealt with the issue of being able to appoint officers similar to the officers of the assembly that we have here. I’m more than willing and prepared to talk about this section and other sections as well, but the basic thrust of the legislation has much more to do with the notion of giving municipalities permissive authority to make a lot of decisions that they currently don’t have.

I’ll tell you the process we used. We went to each ministry, about 15 of them, involved with municipal decisions and we clearly asked them, “What kinds of decisions do you make now for municipalities?” Then we asked the second question: “What is the provincial interest in being involved in that decision-making process?” If there wasn’t a provincial interest, we said, “Then the municipality should be able to decide for themselves. The ministry should not be involved,” that particular ministry in that particular situation.

That’s how we came to a lot of the different powers and different authorities and autonomy that we talk about in the act. That is really the crux of the whole legislation: There are permissive authorities in there that a municipality can use if they want to. If they don’t want to in particular areas, that’s entirely up to them.

Mr. Hardeman: I support that part of the bill. As I said when I started earlier, I’m not opposed to all the things you’ve done. There are a lot of things I would agree with, and having the government step aside when they have no provincial interest makes a lot of sense.

But going back to the part of the bill—and I’m going to assume that, as a minister of the crown, before any debate started, you thought what you had in the bill was a good idea.

Hon. Mr. Gerretsen: Yes.

Mr. Hardeman: So I have to take from that that you think having more closed meetings of council away from the public eye is good.

Hon. Mr. Gerretsen: You keep talking about closed meetings in sort of a general sense, and I’m talking about closed meetings with having definite parameters about it. It doesn’t advance the decision-making process, which I think is a rather important aspect of the kind of closed meeting that I am talking about. If no decisions are taken or if it doesn’t advance the decision-making process, then having a closed meeting really shouldn’t hurt the general public. But I can understand how people can take a different position.

Mr. Hardeman: Maybe we should be asking the legal branch or the drafters of the legislation, but having been a municipal politician for 14 years, I don’t understand the difference between what you’re saying—you have a nicer way of saying it—and what’s presently a closed meeting. How do you decide what advances the decision-making? If you’re having a discussion with council, it doesn’t matter whether you’re in the dungeon or whether you’re sitting somewhere; if you’re having a discussion, that is furthering the decision-making process, because everyone talking is trying to convince the other person to make a decision their way. That’s what discussions are about.

1730

I don't understand why, in this legislation, not being allowed to vote on that decision, which is the only thing that furthers the decision—you can't vote in camera. Well, you never could on any other decision either. So I don't know what the difference is here. Decisions are all made in public in the end; up goes your hand.

But this says we're going to have more discussion behind closed doors so the public will not hear the viewpoints of individuals; we will only hear the end decision that comes out of that meeting while they're voting on it. I think that is not contributing to transparency, or accountability, for that matter. I think it is the wrong thing to do. I just wondered if you could explain to me why that is in there to start with. I can understand municipalities wanting it. I can even understand them coming to committee hearings and asking for that to be put in. But I can't understand putting it in and then expecting the public to come in and talk you out of leaving it in. I just don't understand the process. Maybe you could help me.

Hon. Mr. Gerretsen: I don't know what more I can add to what I've already said, other than to say that if there is a meeting of that nature, public notice has to be given and records must be kept of all those kinds of meetings. And it is subject to review by the Ombudsman as to whether or not all the various meeting rules have been complied with and have been followed.

Mr. Hardeman: Minister, you suggest that records have to be kept. Are you suggesting, then, that minutes—

Hon. Mr. Gerretsen: Yes, of what's being discussed in the closed meeting.

Mr. Hardeman: Just the topic of what's discussed, not the discussion.

Hon. Mr. Gerretsen: The actual discussion? Well, as you well know, there's no such thing as a Hansard recording at a local council meeting. I believe only decisions are usually recorded, not the discussions that take place before that decision. In this particular case it would be the issue that's being discussed, but not the actual discussions that took place.

Mr. Hardeman: So in fact council could now hold everything behind closed doors except the voting.

Hon. Mr. Gerretsen: No, no, no. It can only be done—where's the actual section?

The Vice-Chair: Mr. Hardeman, we're down to four minutes with your rotation.

Hon. Mr. Gerretsen: Maybe we can come back to that tomorrow or the next day. It's a very interesting aspect of the whole bill.

Mr. Hardeman: Quickly, while they're looking for that, Minister, in terms of the appointment of the people who are going to be involved with this, I would be interested to know how many groups or how many people we're thinking of putting around the table to come up with the final decision.

Hon. Mr. Gerretsen: It depends on how many tables are going to be formulated. I've set out the five areas, but if AMO and Toronto came up with other ideas, if they

felt an area wasn't covered by one of the tables, another table can be set up.

Mr. Hardeman: You mentioned that things had started, but we haven't yet heard anything about it—I hadn't heard a public announcement about who was going to be on it and what you were going to do. Is that going to be announced? Are we going to find out what's going on and how this table is moving along?

Hon. Mr. Gerretsen: Once we know who the AMO individuals are going to be, both from staff and from the elected side, I don't see any reason why an announcement couldn't be made as to who they are, and the same thing with the individuals from the province's side.

Mr. Hardeman: You mentioned that things are kind of going slow because of this municipal election—

Hon. Mr. Gerretsen: I never said things are going slow. You've been in our ministry; you were part of that. It may have been slow in those days, but we're busy at work all the time.

Mr. Hardeman: No, but you suggested that things haven't proceeded, and you mentioned the municipal election that is ongoing.

On a totally unrelated item—but it was in your presentation—on the review of the Municipal Act, isn't it a problem that we're doing all this during the municipal election, period? How are the municipalities supposed to be involved in public consultation on the bill that we're presently doing second reading on? It looks like the government would like to get that done and into third reading before the municipal election. The folks are, shall we say, not really engaged?

Hon. Mr. Gerretsen: I think municipal councillors are always engaged. I have a great admiration for anybody who serves municipally and wants to serve their community that way.

We've had a number of discussions with AMO already. We've made a number of presentations before them at the AMO MOU table. I hope—it's always subject to the will of the Legislature—that the bill will get second reading sooner rather than later. Undoubtedly, it will go to committee at that point in time, and I hope the committee will sit maybe after the municipal elections, and hopefully, it will report.

Our ultimate goal is to proclaim both the new Municipal Act and the new City of Toronto Act at the same time so that the new councils, maybe not on December 1 but maybe on January 1 or, at the latest, February 1 can start operating under the new act. That's our ultimate goal, but it's always subject to the will of the Legislature. We'd never want to be in contempt of that.

The Vice-Chair: Minister, thank you for that. To Mr. Hardeman, thank you very much as well.

We'll finish up today with the last 20 minutes going to the third party. Mr. Prue, if you could proceed.

Mr. Prue: Again, with only 20 minutes, I may start to get into the housing, but I've got two other questions I want to put to you. The housing is where I'm actually going to ask questions about expenditures, so that will make Mr. Wilkinson happy.

Mr. Wilkinson: I appreciate it.

Mr. Prue: But before that, I've got two others. The first one is that the joint board environmental assessment has been made on the expansion of the Dufferin Aggregates quarry. That has been appealed by at least two groups that I'm aware of: the Coalition on the Niagara Escarpment, and the Protect Our Water and Environmental Resources, POWER. That's been appealed to cabinet. I'm just having some considerable difficulty, in light of the greenbelt legislation, which I thought was going to protect against this stuff. What is your role in this?

Hon. Mr. Gerretsen: My role is that we put the greenbelt plan together. There are certain provisions within the greenbelt plan that allow for aggregates. I noted at the time that there were some intensive discussions that took place as to how far to go in that regard. With respect to the particular application you're talking about, I can tell you, if it's before some sort of tribunal, I don't want to make any comments on it at all.

Mr. Prue: No, no. It's past the tribunal. The tribunal has approved it. The appeal is to cabinet. It's on your table.

Hon. Mr. Gerretsen: I understand that it's before our own ministry, MNR and MOE, and that the matter is still before cabinet, so that's about all I'm going to say about it at this stage.

Mr. Prue: The Minister of Municipal Affairs brought in the greenbelt legislation. You said earlier—and this is what worries me, when you talk about energy being predominant. You talked about that being predominant, and the lights not going out in terms of the mega-plant.

Hon. Mr. Gerretsen: No, I didn't say it was predominant. Those were your words.

Mr. Prue: I'm just worried. Is something else going to predominate over the greenbelt legislation that you've brought up?

Hon. Mr. Gerretsen: The legislation is in place. The plan is in place. There are certain uses that are allowed in the greenbelt plan. Certain existing commercial and industrial uses that were there before can continue. The same thing applies to the aggregate industry. What that specifically is and how this application fits into that I'm simply not prepared to talk about right now, because I don't know what the arguments are. The matter is before cabinet right now, and undoubtedly a decision will be made at some point in time.

1740

Mr. Prue: If you're not prepared to talk, then I'll go on to the next one and then on to housing, if we get there.

The next one is a subject near and dear to my heart. I've raised this so many times with you in the Legislature in speeches and questions. It's about democracy and the people of Kawartha Lakes. They were told by the minister at the time—it was Chris Hodgson—that there would be a ministerial-approved question placed on the ballot in Kawartha Lakes. The ministerial-approved question was put on the ballot and a majority of people voted to de-amalgamate their city. I should say that in advance of that your party is on record and the Premier is

on record—it was part of one of your many promises—that you would abide by the decision democratically made by the people of that municipality. After they made it, you went back on your word; I don't know how else to phrase it. You said that wasn't good enough—I can't remember the reasons, whether there weren't enough people who voted, whether the margin wasn't high enough—and that you would only accept a decision of council. Is that still your position?

Hon. Mr. Gerretsen: This was one of the first issues that I got involved in back in late 2003 and early 2004. If you want me to fully indicate to you exactly what happened, I'd be more than pleased to do so, but I can't on the spur of the moment, because it was more than two and a half years ago.

But I can tell you this: A number of OSTAR projects had been approved for the entire municipality of Kawartha Lakes. I can't remember the exact number, whether it was eight or 10, but a significant number of projects had been approved and were in the process of being built or financed and what have you.

We made it quite clear right from day one when I met with the council, both here in Toronto and later on when I told them of my decision when I went to Kawartha Lakes and had a full meeting with the council, that the number one criteria is to make sure that the communities that were going to result as a result of whatever process took place were sustainable communities, and that simply would not have happened. Three or four of those communities within Kawartha Lakes that had been separate municipalities beforehand would have been totally unsustainable because they would not have been able to pay for their OSTAR projects; in some cases it would have taken their entire budget. That's why we didn't do it. The council is very familiar that that's the only reason we didn't do it. If you want specific information on how it would have affected each municipality within Kawartha Lakes, I'd be more than prepared to provide you with that tomorrow. I just haven't got it with me right now.

Mr. Prue: Perhaps tomorrow. But the statement you made after that was that you would be prepared to sit down and you would accept the decision of the democratically elected council, should they want to split up. That's still your position?

Hon. Mr. Gerretsen: No. Again, I'd have to refer to the exact letter, but it went something along the lines that we were always willing to look at better ways of delivering services that municipalities could come up with, and we're still prepared to do that. We've said the same thing to other municipalities that were involved in perhaps not identical situations, because they may have not had a vote on it in the last municipal election, but we've basically always said that if there are better ways to deliver services than what the current delivery model happens to be in a particular area, we're always prepared to look at it.

Mr. Prue: It may surprise you, or maybe not, but the feeling in Kawartha Lakes is still pretty much in evidence

against the forced amalgamation. I was there this morning. I was in Lindsay on another matter relating to ODSP, and the signs are quite evident everywhere. People are running on an anti-amalgamation ticket. It would not surprise me in the least if they win. How are you going to deal with a council that's elected on that? You wouldn't agree to a democratic majority. How are you going to deal with the council, if that is the council's resolution on what they want to do?

Hon. Mr. Gerretsen: Are you suggesting, Mr. Prue, that we should have allowed them to totally de-amalgamate, knowing full well that four or five municipalities would be totally unsustainable? Is that your position?

Mr. Prue: My position is that you promised to abide by the democratic will—

Hon. Mr. Gerretsen: Even if the former municipalities would become totally unsustainable?

Mr. Prue: —and you did not do so. You should have thought of that.

Hon. Mr. Gerretsen: We've got some exact figures on how it would affect some of those municipalities, and some of them would have been wiped off the map financially. This is what we've always told them, that first of all we need the approval and submission of a proposal by a local council or the appropriate councils, in the event of a two-tier municipality. It has to demonstrate property tax fairness for all residents and demonstrate fiscal self-sustainability for all proposed new municipalities. That is the reason we didn't allow the de-amalgamation to take place.

Mr. Prue: And how did the forced amalgamation deal with that? Did it do all that process? I doubt it.

Hon. Mr. Gerretsen: I don't know. You'd have to ask the members of the previous government. They forced an awful lot of amalgamations on this province.

Mr. Prue: So you set that up. The reason I'm asking this is that it's quite serious. I fully expect that there will be at least some members elected, maybe even a majority of members elected—we'll have to wait and see what the electorate says about that on November 13, of course. But the question is going to come back if there is a majority on that council that wants to de-amalgamate, and I want to find out exactly how you're going to deal with this, because I have not been satisfied with the first process, nor are the people involved. They are running candidates because they believe that—

Hon. Mr. Gerretsen: Obviously you're talking to some people there. I've been approached, every time I go to a municipal conference, by other elected people in Kawartha Lakes—

Mr. Prue: Oh, I'm sure they were happy, yes.

Hon. Mr. Gerretsen: —who are happy to say we've done the best things. These people aren't friends of mine, are not members of my party or what have you. Undoubtedly, if you throw any situation out there, you know as well as I do that you're going to have people on one side and people on the other side of the issue.

I can tell you that I've talked to some people—and I won't reveal their identities here because it would be

unfair to them—who used to be in favour of de-amalgamation who are now in favour of the amalgamation and never want to go back to the other process. Maybe there are other people, by the way, who at one time were in favour of amalgamation. We will have to deal with that if we come to it, but I don't want to deal with a hypothetical situation as to what may happen in a particular municipality after the election. Let's just wait—

Mr. Prue: But the reality is that they have an expectation, and I think it's built in part by the answers you have given in the Legislature, that if the council votes to do it, you will consider it. So they are running for council in order to be the council to accomplish the goal they could not do democratically.

Hon. Mr. Gerretsen: If that were to happen, and if they could show fiscal sustainability or whatever new arrangements they can come up with, we would obviously have to take a very serious look at it, as we took a very serious look at the last situation as well. I can tell you that those decisions were not made in haste or without a lot of foresight. But at the end of the day, there were four or five municipalities—and we'll have that information for you here tomorrow—that clearly would not have been able to handle the financing arrangements that were in place for OSTAR. In some cases, I believe they would have had their taxes increased by 100%, and that would have been totally unsustainable, in my opinion.

Mr. Prue: You will have that information tomorrow and I will continue with those questions tomorrow.

Let's get on to housing. How much time do I have to start that?

The Vice-Chair: You have eight minutes.

Mr. Prue: As recently as this spring—I must admit I haven't looked in the last few months, but I've had colleagues look and they can't find anything other than what I saw. Your website has that you have built 63 houses in the province of Ontario.

Hon. Mr. Gerretsen: Is that what the website says? Then the website's wrong.

Mr. Prue: Yes, 21 and 21 and 21 over the three years.

Hon. Mr. Gerretsen: You're looking at our ministry website?

Mr. Prue: Yes.

Hon. Mr. Gerretsen: Well, we've built many more than that. Had I wished we'd built more? Absolutely.

Mr. Prue: I just want to go through these to find out. You've said of 9,000 rental and supportive units that "our commitment is to fund." That appears to me to be a future funding. How many rental and supportive units have been built since you came to office three years ago? If it's not 63, how many is it?

1750

Hon. Mr. Gerretsen: Occupied at the end of 2006-07 will be 4,130 units; under construction and have been given a building permit, so they're in different stages of construction, 3,658. With planning approvals, we've got 1,722. So we anticipate there to be 9,000 units either occupied or under construction in one facet or another by

the end of 2006-07, so by the end of next March. Currently occupied in the 2005-06 time period, we have 1,635 units; under construction, 2,939; planning approvals, 2,014.

I'll be honest with you, and the housing people know this quite well within my ministry. I had hoped this process would go a lot quicker as well. If there's anything I'm interested in, it's to build affordable housing. We signed an agreement with the federal government on April 30 of last year. We finally got the money in place and what have you during the summer. At one time, you and I know, the ministry itself was involved in approving projects. Currently, it's being done through our different service managers out there, which quite often are the housing departments in the various municipalities. So it has taken time to enter into agreements with them. We now have agreements with them all. We've got allocations clear across the province that were announced both in the housing allowance areas for the existing units and in the new-build areas last year at this time. But to a certain extent, we are relying on the service managers—and I certainly don't want to blame them that things haven't moved quickly enough—to approve, through the various councils and what have you, the allocation they've been given and to approve the actual projects. There is no longer that direct relationship that at one time there used to be between the Ministry of Housing and the actual builders of the units, whether they're non-profit or for-profit, so that's taken longer.

Mr. Prue: Okay. I've got all these numbers now. Of the 1,635 units, how much did the province give? How much was your contribution towards those units? How much came from the federal government and how much came from the various municipalities or social—

Hon. Mr. Gerretsen: Right. In the earlier program that was around, it was \$25,000 from the federal government and I believe the province at that time put in \$2,000. We changed that criteria to \$4,000 and we also put planning dollars in.

Mr. Prue: Okay. So \$4,000 times 1,635 is the max you would have put in.

Hon. Mr. Gerretsen: Yes.

Mr. Prue: So we're looking here at fairly small money.

Hon. Mr. Gerretsen: It's over a long period of time, though.

Mr. Prue: Yes, that's about \$4 million over a long period of time, over three years. That's what you've spent on housing—things that are actually built.

Hon. Mr. Gerretsen: You're talking about the original pilot program.

Mr. Prue: I'm just using your numbers. I'm using the 1,635 units that are actually built and operating in 2005. That's what I'm trying to find out. You've been in government since 2003, so this is the first two or three years of it: "to 2005-06" I think were the exact words you used. There are 1,635 of them that are occupied, some at a cost of \$2,000 and some \$4,000. We're looking at under \$4

million of provincial funding, and the only funding was that you gave up the sales tax.

Hon. Mr. Gerretsen: That's correct.

Mr. Prue: So that was the funding: giving up about \$4 million in sales tax.

Hon. Mr. Gerretsen: That's right. But we also changed a program in March of this past year. As a result of that, the total amount being put into the unit is \$70,000, which is \$35,000 from the federal government and \$35,000 from the provincial government. Some municipalities top that up as well, but that's entirely up to the municipalities. By doing that, in effect the rent can be lowered on the unit.

Mr. Prue: Since March of this year—we're talking here from March until October, a period of some six or seven months—how much has the province contributed of \$35,000 per household?

Hon. Mr. Gerretsen: In actual dollars?

Mr. Prue: Yes. How many houses have been located and how much—

Hon. Mr. Gerretsen: Probably not very much, because a lot of these houses are currently under construction and we would pay them out once they're being built. That's why, if you go through the estimates, you will see that there is a bump-up in the money in one year and then it goes down the next year. We're actually building more houses, but it takes longer to—you don't actually pay for the houses until they're completed.

Mr. Prue: So it would be fair for me to say that since the new program came out in March, since most of these other houses, other than the 1,635, have not been built, the expenditure is probably pretty close to zero.

Hon. Mr. Gerretsen: Well, the expenditure is the way it sits in the estimates. I thought one of your questions was going to be, why is it lower in the estimates this year than last year?

Mr. Prue: No, I'm just trying to figure out exactly how much money you've spent since the new program came in in March. If it's because it isn't up and operating, then still it's not up and operating; it must be zero.

The Vice-Chair: We're down to a couple of minutes.

Hon. Mr. Gerretsen: We can give you the exact number. Where's the housing again? Here it is. If you look at the estimates on page 197, we anticipate spending \$63 million this year, \$44 million being the federal contribution, \$18,000 being the provincial contribution, but if you look at it—let's see. The estimate last year, because they included a lot of the pilot projects, was \$80 million federally and \$29 million provincially.

Mr. Prue: Since you said thousands, I just want to be clear with this number. The federal government's putting in \$44 million and the province put in \$18 million last year. So the total expenditure was \$18 million for housing.

Hon. Mr. Gerretsen: Yes.

Mr. Prue: And this year, it's going to be \$80 million from the feds and \$29 million from the province.

Hon. Mr. Gerretsen: It's actually the other way around. Maybe I can do it this way. The agreement that

was signed with the federal government was for \$602 million; \$301 million was federal money and \$301 million was provincial money. Out of the \$301 million provincial money, \$80 million was taken out—that's just provincial money—for the housing allowance program. That leaves total provincial funding, in accordance with that agreement, of \$220 million for the affordable housing program. The amounts that would actually be spent over the five-year period are going to vary. Obviously, you're not going to be paying out as much in year one, because a lot of the projects are in the planning and development stage and what have you, as you will in years four and five.

The Vice-Chair: Minister, we're going down this path fairly strongly now, and I know there will be a number of questions coming up.

With that, I'd like to adjourn the meeting for today. We'll be meeting back here tomorrow right after orders of the day, in this very room, room 151. On your schedule it says another room, I think 228, but it will be held here. I'd like to thank everybody for their patience and indulgence today and we'll see you back here tomorrow afternoon. The meeting's adjourned.

Mr. Prue: If I could, I'm not back up? It goes in rotation, in case I can't get right here when it starts?

The Vice-Chair: Yes. It will go to the government and then to the opposition and then you.

Mr. Prue: I have 20 minutes to finish on Bill 51, and then I'll be back here.

The Vice-Chair: Actually, after 40 minutes it should be your turn.

The committee adjourned at 1758.

CONTENTS

Tuesday 10 October 2006

Elections of Chair and Vice-Chair; appointment of subcommittee	E-669
Ministry of Municipal Affairs and Housing	E-669
Hon. John Gerretsen, Minister	

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr. Tim Hudak (Erie–Lincoln PC)

Vice-Chair / Vice-Président

Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge L)
Mr. Bob Delaney (Mississauga West / Mississauga-Ouest L)
Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)
Ms. Andrea Horwath (Hamilton East / Hamilton-Est ND)
Mr. Tim Hudak (Erie–Lincoln PC)
Mr. Phil McNeely (Ottawa–Orléans L)
Mr. John Wilkinson (Perth–Middlesex L)
Mr. Jim Wilson (Simcoe–Grey PC)
Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Brad Duguid (Scarborough Centre / Scarborough-Centre L)
Mr. Ernie Hardeman (Oxford PC)
Mr. Michael Prue (Beaches–East York / Beaches–York-Est ND)

Clerk / Greffier

Mr. Katch Koch

Staff / Personnel

Mr. Jerry Richmond, research officer
Research and Information Services