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ISSN 1180-4386

Legislative Assembly
of Ontario

Second Session, 40th Parliament

Assemblée législative
de l'Ontario

Deuxième session, 40e législature

Official Report of Debates (Hansard)

Tuesday 12 March 2013

Journal des débats (Hansard)

Mardi 12 mars 2013

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Pre-budget consultations

Consultations prébudgétaires

Chair: Kevin Daniel Flynn
Clerk: Katch Koch

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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 FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Tuesday 12 March 2013

Mardi 12 mars 2013

The committee met at 0905 in the Cedar Meadows Resort, Timmins.

PRE-BUDGET CONSULTATIONS

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

The Chair (Mr. Kevin Daniel Flynn): Alan, are you with us?

Mr. Alan Spacek: Yes, I am.

The Chair (Mr. Kevin Daniel Flynn): Wonderful. Did you get your thoughts collected yet?

Mr. Alan Spacek: I think I'll be okay.

The Chair (Mr. Kevin Daniel Flynn): Okay. Every delegation is getting 15 minutes. You can use that any way you like. You can leave some time at the end for questions if you desire. The first round of questioning this morning, if there is time, will go to the official opposition, the Conservatives. I'm going to start the clock, and the time's all yours, Alan.

Mr. Alan Spacek: All right. Thank you. Well, good morning, everyone, and my apologies for not being able to make it there, but it's one of the realities, obviously, of northern Ontario that we have extreme weather and often have highway closures on the Trans-Canada Highway, as was the case today.

Not having the presentation right in front of me, I think I've got a pretty good grasp of the message that I wanted to send today. It really boils down to one underlying issue which spreads across all the areas that affect northern Ontario and northern municipalities, and that is the lack of consultation for northerners on policy and legislation that affects them dramatically. Budget process, I guess, would be a good example.

We've had many examples of major policy and legislation changes that have had a dramatic negative impact on northern Ontario, and, quite frankly, we've heard about them on the evening news. It certainly isn't a good way to conduct the affairs of government. We've got a large geographic area here, and we have much to contribute to the province in terms of economic benefit. So, again, I cannot emphasize enough the need for proper consultation and input from northerners, and I congratulate you on this step here. Although I think it's a routine process with government, I would encourage more of this to get input from northerners.

Also, some of those decisions that have had a substantial negative impact economically and on the social fabric of northern Ontario have been decisions like the divestiture of Ontario Northland. That's a very important asset for northern Ontario, not only from a social standpoint, but from an economic development one. All of our major industrial players in northern Ontario—the Xstratas, Tembecs, Resolute Forest Products etc.—rely on this piece of transportation infrastructure, and it has caused a substantial amount of uncertainty in this industry as a result of this government's decision to go ahead with divestiture. We're approaching the one-year anniversary of that announcement—I believe it was March 26—and we still have no clear path or direction on where we're going, what it's going to cost and what the savings would or could be for the Ontario government. It has dramatically affected the day-to-day operations of our major industry. They have made changes in their business plans because of this decision—they've told us that—and they still don't have a comfort level with what's going on.

Since this is driven by fiscal restraint, or budget, if you will, we use that as an example of a very graphic case of a very negative impact on northern Ontario.

More to the municipal side now, because I do represent the Federation of Northern Ontario Municipalities, we are an organization of 114 municipalities starting at Parry Sound-Muskoka and coming north to North Bay, Sudbury, Sault Ste. Marie, and all points north. We do not cover northwestern Ontario; our sister organization, NOMA, does that.

One issue that has been front and centre for us is lack of consistent support for municipal infrastructure. We have certainly a sparse population density; we don't have the tax base that many municipalities enjoy in southern Ontario. It's been identified many times through our discussions with government and stakeholders that we have quite a different set of fiscal challenges as municipalities. As such, you probably know that 66% of municipal revenue that we get comes right from our ratepayers. The rest comes from the province and the federal government. Yet on every tax dollar that government collects, municipalities only get 9%. The province collects 44 cents and the feds collect 47, so we are left with mere pennies on every tax dollar collected to service our residents with front-line services.

0910

We have established a position, as the Federation of Northern Ontario Municipalities, by asking the provincial government to increase the amount of funding on a per-household basis to communities through the northern community grant. We are asking for an increase of $75 per household. That amounts to about $25 million a year for all of northeast and northwestern Ontario; we have a little over 300,000 households.

We've done the math on that; we've done our homework on that. That would go a substantial way to supporting the decline in infrastructure and our declining tax base that we have in northern Ontario. I dare say that that $25 million a year would be extremely well spent by the province and that you'd probably see less demand on yourselves on a case-by-case basis as these infrastructure emergencies seem to arise, whether it's water, sewer collapses or other situations that municipalities are dealing with. That is one specific ask I'd like to get on the record again, and that is an ask we have made to the provincial government, I believe, for about three years running now.

In terms of provincial funding again, the Connecting Link program was formally closed off by Minister Chiarelli, I believe within the last month. That's a big concern to us, for the same reason I just mentioned to you, with our declining tax base. Many municipalities have major highways. On the Highway 11 corridor, the Trans-Canada Highway goes through our municipalities, and we're responsible for 100% of the maintenance on those pieces of highway. Timmins is no different; they're certainly affected by this Connecting Link program.

The government made an agreement with us. They said, "You'll be responsible for the maintenance on these, and we will help you with the capital side of it, to the tune of 90-cent dollars." Now the program has been cancelled, so the government, in effect, has walked away from their end of the bargain. That is, there is no more Connecting Link program to fund the capital for these highways.

I can tell you, if you look out your window right now in Timmins, there's quite a storm going on out there. Yesterday in Kapuskasing, in that storm, we were patching our Trans-Canada Highway to make it passable. It's certainly no news to the regional ministry office that it's one step away from being turned into gravel; it's in such bad shape. For six or seven years running, we've been told that there simply aren't the funds to maintain that part of the Trans-Canada Highway. All kinds of money for northern highways—the government will tell you they're spending hundreds of millions of dollars on the Northern Highways Program, and they are, except that they stop as they get to your municipal boundary and pick up on the other side of you, even though it's a highway.

It's another example, really, of a program that has quite a dramatic effect in northern Ontario, and we're just not sure that you realize that, at the epicentre of the province, if you will, which is Toronto.

Another item that we have, which is a new one, is payments in lieu, and loss of tax revenue for municipalities in two ways. MNR, the Ministry of Natural Resources, and MPAC are coming to some sort of agreement where provincial parks are in municipalities. They have adopted a position that since they'll never be turned over to the public sector, they really shouldn't be assessed the same way as private lands. Thus, they're going to pay much less tax on them, and yet they're within many municipalities in northern Ontario.

I know that this provincial government has been sure to tell us to make sure municipalities raise taxes to keep up with increasing costs, and here's the province saying that they're going to decrease their costs by not paying their fair share of municipal taxes where these parks are within municipalities. I believe that in Killarney, Ontario, near Manitoulin Island, that represents about 46% of their municipal tax base—again, another major decision that's going to have a serious impact.

The other one is, I believe, a three-year moratorium that the province has put on giving an increase in the grants in lieu where there are power dams located within municipalities. For some reason, it's going to take them three years to review this, and they've announced that they will freeze increases that were promised previously under this program. Although it represents, I believe, about $350,000 across northern Ontario, that's very substantial money for those communities that are affected.

So, really, it's one of, again, more discussion and inclusion of northern Ontario. We don't have the benefit of going to other urban centres when our economy tends to shift; we're a very circular economy. Mining and forestry tend to be at opposite ends of the business cycle, and we certainly see the effects of that.

I take this opportunity to mention to you that certainly the forestry sector in northern Ontario was in a state of decline and was challenged far before the international economic meltdown. When the auto sector required some assistance from the two senior levels of government, the province being a major one, the province literally fell over themselves with an open chequebook, saying, "How much do you need?" There was none of that assistance offered to the forestry sector, whereas today I believe the last number we've heard is that there are still over 200,000 direct jobs in the forestry sector that are well-paying jobs, even with the challenges we've had in the economy. We're on the verge now of seeing an upswing in that economy as the housing market stabilizes or picks up in the US, and we need to be well positioned to take advantage of that. So I leave you with that comment, in that we certainly don't need any more challenges from the provincial government from a regulatory standpoint, and would look to the provincial government to give us fair and equitable treatment when it comes to assistance when we ask for it.

In terms of challenges for the forestry sector, I would also take this opportunity to talk to you about the Endangered Species Act, which the Minister of Natural Resources will be dealing with. We encourage the minister to go ahead with the recommendations that both the former minister, Minister Gravelle, and major industrial stakeholders have made, that we go ahead with implementing and recognizing that the current standards under the forest licence sustainability agreement are adequate and we do not submit or capitulate to the special interest groups, the environmental groups that are pressing hard and lobbying very hard, with big chequebooks behind them, to further limit the amount of economic activity in northern Ontario. That will have a dramatic impact both on northern Ontario and the provincial coffers as well, obviously.

One final thing I'll mention to you is that, in terms of energy pricing, we have long been advocating, as FONOM, for a competitive northern industrial energy rate. Our two jurisdictions on both sides of us, Manitoba and Quebec, are aggressively using their cheap hydroelectric power as an economic development tool, and they have power available at approximately half the rate that Ontario does. And you don't have to negotiate all day with the government to get it; it's the standard rate, about 2 cents a kilowatt hour. We have been saying for years now that that is going to cause some real challenges for both the province and specifically northern Ontario.

The Ring of Fire, everybody agrees, is going to be a major economic development project for northern Ontario, and there are decisions that are being made right now in corporate boardrooms about where to process that raw material, which is where the real value-added benefit is for the province, both in revenue and jobs. And cost of energy, because they are labour-intensive industries, is going to be a big issue. We've graphically lived it in the north. Timmins has lived it more than anyone else when, not that long ago, a year or so ago, Xstrata picked up 786 high-paying jobs and went a few kilometres down the road to Quebec, where the energy is cheaper. If we don't address this problem, it's going to continue to be a big challenge for us and we're going to get left behind. It needs to be addressed.

So with that, I think that concludes the highlights of what I wanted to say to you this morning had I been there. I will take the opportunity to send a more comprehensive submission, if you will, electronically, and I was given that information shortly before.

I'd be happy to answer any questions, if there's time for that.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Alan. I understand you're also speaking on behalf of your municipality today. Is there anything you wanted to add in that regard?

Mr. Alan Spacek: Well, I think the issues that I've mentioned for municipalities, in terms of infrastructure and delivering services to their citizens, would apply to ours. But certainly this is a very timely opportunity, because last evening we did our first run at our municipal budget, and it was quite evident to us that the provincial government has downloaded a number of very costly policies, if you will, whether it's drinking water or water and sewer issues, the way we deliver our services or whether it's the accessibility act etc. It's becoming very difficult for us to meet those obligations, at the same time recognizing that certainly taxpayers up here have a limited ability to pay. There just aren't that many of us.

0920

So I think from a municipal perspective, I would highlight predictable, sustainable funding for municipalities, especially for infrastructure. That would be addressed through my request, on behalf of the federation, for a $75-per-household increase to the Northern Communities Grant.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thanks, Alan. I'm going to turn it over to Peter Shurman.

Mr. Peter Shurman: Good morning, Alan. How long have we got, Kevin?

The Chair (Mr. Kevin Daniel Flynn): You've got about a minute.

Mr. Peter Shurman: Well, you know what, I just wanted to say thank you very much for the presentation. I don't profess to be any kind of an expert on northern affairs, but I do sit in the Legislature and listen to the concerns, and I've listened to your concerns today.

I'm interested, in the short time that we've got, in a bit of amplification so I can really understand the $25 million, which, in the overall scheme of things, is not a lot of money. Explain exactly what you want and how far $25 million really can go across 100-plus municipalities.

Mr. Alan Spacek: That money would go directly to infrastructure. I think it's no secret anywhere in the province that communities have a substantial infrastructure deficit, and we just can't continue to increase our tax rates locally to meet what those infrastructure demands are. A lot of those demands are as the result of policy from the province. That increase of $25 million would go directly into infrastructure, whether it's water, sewer, streets, what have you. I can't emphasize enough, and I think you'll hear again this morning from some of my other municipal colleagues, the challenges they're facing when it comes to dealing with these major water, sewer and road projects.

Mr. Peter Shurman: No doubt about it, and I thank you for that. Maybe one last comment before we have to be cut off by the Chair: We recognize very well what has happened to energy rates across the province of Ontario, and probably nowhere more so than up here in the north. As we look at the much-discussed and touted Ring of Fire, it seems to me that there is a major investment on the part of the province in the offing on the transportation piece, because you can't get that stuff out of the ground and send it anywhere unless you have transportation. Any comments on that?

Mr. Alan Spacek: Absolutely. Transportation infrastructure is key to developing the Ring of Fire. The two major developments, Noront and Cliffs, have said that. Energy pricing is the next step. Once they get it out of there, where are they going to process it? But even to start the project, they need transportation infrastructure. If you build it, they will come, so to speak. They say that this development, this project, has the potential to be larger than Sudbury.

We need some support and guidance and leadership from the provincial government to take a lead here and decide whether it's going to be rail or road. We know that rail is the most economically and environmentally sustainable way to do it. We have right in our backyard here the Ontario Northland railway commission, which could easily meet that demand.

One final comment, quickly Chair, if I could, is that we're very proud people up here. We are miners. We have forestry. We have a lot of high technology. We make a substantial contribution to the province. We simply ask that we get our fair share when it comes to wealth redistribution and recognition for our way of life.

Mr. Peter Shurman: Alan, thank you very much. We appreciate your appearance.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Alan. We wish you could have been here, but this was the next best thing. Thanks for taking the time out of your day.

Mr. Alan Spacek: Thank you very much.

Mr. Gilles Bisson: Point of order, Chair: I didn't get a chance because of the way things started off, but just as the local member, I just wanted to welcome people to the city of Timmins and the riding of Timmins–James Bay. It snows like this every day, you should know, in the wintertime. That's why we have snow machines and four-by-fours.

But I also have to say that part of the reason that Al Spacek and our clerk for the municipality, Yvan Brousseau, and I think Moonbeam may not be able to be here is, again, highway closures. It's a real serious issue in northern Ontario, the condition of our highways. Today we understand there's a pretty serious accident in Strickland. That's why the highway is closed: having to do with highway conditions.

If there's one thing you can bring back—amongst many things you get when you come to northern Ontario—we need to talk to our minister together, collectively, as members so that we can increase the standard by which we maintain highways in northern Ontario.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much. It's great to be here.

NORTHERN COLLEGE OF APPLIED ARTS AND TECHNOLOGY

The Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is Fred Gibbons, president and CEO of Northern College. Fred, if you'd like to come forward and make yourself comfortable. Thank you for being here today. Everybody gets 15 minutes; you can use that any way you like. If you'd like to leave some time at the end for questions, that would be great. The questions, this time, will go to the NDP. I'm just going to start the clock, and the floor is yours. Welcome.

Mr. Fred Gibbons: Good morning, and thank you. My name is Fred Gibbons. I'm the president of Northern College. While I address you today in that capacity, I'm also speaking on behalf of my 23 colleagues at Ontario's other community colleges.

Thank you for this opportunity to provide you with some thoughts and some recommendations as you prepare the 2013 Ontario budget.

In the new government's speech from the throne, we were pleased to see the focus on job growth and the recognition that an educated and skilled workforce is essential to meaningful job creation.

We know that Ontario faces a significant skills mismatch that is leaving huge numbers of people unemployed, particularly among Canadians 15 to 24 years of age, in which the unemployment rate is 13.6%. This is in contrast to less than 6% unemployment for those 25 years of age and over—stark contrast. Growing numbers of people do not have the education and qualifications to find meaningful work.

A Conference Board of Canada report predicts that Ontario will face a shortage of more than 360,000 workers by 2025. That's less than 12 years from now. As Ontario's economy continues its recovery, a major barrier that daunts and will continue to impede a robust economy and sustained growth is the shortage of skilled workers, particularly technicians and technologists who are vital to the recovery of the manufacturing sector generally and to growth in the resource sector specifically.

But we don't have to look 12 years out to realize that Ontario has a serious shortage of skilled workers. One has only to look at the employment advertisements in local papers or on employer websites to see that the shortage is here now. This shortage needs to be of immediate concern to all of us, and it requires a strategic, concerted and coordinated effort to protect the well-being of not only local industries but indeed the well-being of our communities.

In his Ontario-based report People Without Jobs, Jobs Without People, Dr. Rick Miner describes a perfect storm where, by 2021, we will have large numbers of unemployed while jobs go unfilled simply because of a skills mismatch as we tread more deeply into the knowledge economy. Employers will need more highly skilled workers as technology continues to change and advance while global market competition for goods and services intensifies.

The demographic distribution of Canada's population is such that we are acutely aware of retiring baby boomers while the number of young people entering the workforce is already in decline. In effect, our workforce is shrinking at both ends of the age spectrum.

These challenges push us well beyond our individual capability to act alone. Government, employers, workers and educators must all take co-operative and comprehensive action to address the impending labour crisis.

This is not only a local phenomenon; we already see a mass movement of migrant workers from one region of Canada to another to work on resource projects. We've experienced this locally with mining developments.

A report released just last week by the Far Northeast Training Board and the Mining Industry Human Resources Council revealed that the cumulative hiring requirement forecast through to 2022 in the Cochrane district alone is for 11,870 workers spanning 66 occupational groupings in the mining sector.

To avoid future economic risk while ensuring community stability and sustainability, we must begin to develop local solutions that will include retraining our existing workforce for the skills that are in demand; informing and encouraging our youth to make vocational and career choices in college that will lead to viable, well-paying, skilled trades careers; building stronger partnerships with First Nations communities so our workforce becomes more inclusive of aboriginal peoples; and continuing to support immigrant attraction efforts. But above all, we must engage and commence a dialogue that actively begins to address the issue.

I'm pleased that the dialogue regarding Ontario's skilled labour shortage continues to expand, and I encourage you to join in this essential discussion with other members of the Legislature in the lead-up to the 2013 spring budget.

0930

Messaging from Ottawa—this is very recent messaging—suggests that they may be poised to cut $2 billion from EI training transfers to the provinces. Ontario would receive approximately 40% of those transfers. This will have a devastating impact if it comes to pass. It will already exacerbate the critical skills shortage that I just described. What is at stake is the stalling of our economic recovery.

Ontario's 24 colleges can help the government deliver on the commitment laid out in the speech from the throne and address the skills mismatch. We believe, more than ever, that Ontario needs to produce more college graduates to be competitive in the global economy. With almost 600 programs that are educating and training students from a wide range of income groups—those returning for retraining, first-generation students, aboriginal learners and students with disabilities—in about 200 communities throughout the province of Ontario, Ontario's colleges are well positioned to ensure that Ontario has the qualified workforce that it needs in the years ahead.

We're also calling on the government to address the 2012 spring budget decisions that are disproportionately affecting colleges. We understand that tough decisions are needed to get Ontario back to balanced budgets. Colleges support efficiency and have proposed recommendations to find new savings in post-secondary education, such as improvements to the credit transfer system. This issue, however, is the burden that was placed upon colleges in the post-secondary reductions announced last year. Unfortunately, colleges were asked to absorb 46.5% of the reductions.

As we explained in the college sector's budget submission that was sent in in December, colleges receive 28.7% of the total operating funding for post-secondary education. The college share of the reductions in post-secondary funding should be, therefore, in the range of about 28.7%, not the 46.5% reduction that was imposed. Colleges should be treated equitably.

It is more essential than ever that colleges have the resources to provide higher education and career-focused training to greater numbers of people. With unemployment rates among youth as high as I previously quoted, education and skills training must remain a key priority of the provincial government, with particular emphasis on youth and long-term unemployment. Ontario's college sector delivers quality programs at a low cost to government; in fact, lower than any other Canadian province. Ontario's colleges operate on less per-student funding than either universities or high schools in Ontario.

We are urging you to work with us to help get these issues addressed in the upcoming provincial budget. While the current fiscal challenges facing the government cannot be ignored, we believe the government must remember that not all its partners in the broader public service are starting from the same base in terms of efficiency and productivity. Ontario's colleges have been great partners of the provincial government, most recently evidenced in surpassing provincial targets for Second Career program participation rates and delivering on public sector wage restraint targets within the college sector.

Ladies and gentlemen, the Ontario college system is already quite lean, and a very efficient and effective steward of the public purse. Thank you. I'd be happy to take any questions at this time.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Fred. You've left quite some time for questions; that's wonderful.

Michael or Gilles? About six minutes.

Mr. Michael Prue: I have some questions here. As we recommend to the finance minister what to put in the budget, we like to give some numbers, and this is a little bit shy of numbers. In a perfect world, how much would the college system in Ontario need to run at maximum efficiency? Could you use another $100 million? I mean, how much?

Mr. Fred Gibbons: The provincial government indicated that colleges would be receiving about 1% growth over the next three years—a 1% growth in funding. That's really premised upon colleges continuing to grow. Now, that's not going to be much of an issue for colleges in the GTA, but other colleges outside of the GTA—so whether we're talking about Sarnia or Belleville, and certainly Timmins and all of the northern Ontario colleges would be in the same predicament—won't see any of that funding growth. So we're actually into negative funding at this point in time. We would ask the government to at least ensure that enrolment growth for colleges in southern Ontario is maintained as it has been in the past, but at least restore the true 1% increase in funding to colleges that are otherwise not growing.

Mr. Gilles Bisson: What is that worth? That's the question.

Mr. Fred Gibbons: Sorry; 1% would be about $80 million, $90 million.

Mr. Michael Prue: So I wasn't far off when I suggested $100 million.

Mr. Fred Gibbons: No.

Mr. Michael Prue: You have stated in your presentation that "Ontario's college sector delivers quality programs at a lower cost to government than in any other Canadian province." What do other provinces give to their college sectors?

Mr. Fred Gibbons: You mean in terms of student funding?

Mr. Michael Prue: Yes.

Mr. Fred Gibbons: Colleges Ontario, which is an umbrella advocacy body for all of the 24 colleges in Ontario, has provided reams of national data to the provincial government year over year as part of our budget submission. That's really very well articulated and documented at this point in time.

I don't have the numbers off the top of my head, but what I can tell you with assurance is that we are the lowest-funded jurisdiction in Canada, of all provinces and territories. Unfortunately, when the media talks about rampant rates of tuition increase in the province of Ontario, they are focusing on universities; they're not talking about colleges. College tuition is less than half—I'll repeat that: less than half—that of universities. I've already declared in my notes that we receive less funding than universities and high schools in Ontario.

Mr. Michael Prue: Again, the former Premier styled himself as the education Premier, and yet here we are last. Is that what you're saying: We're last?

Mr. Fred Gibbons: That's correct.

Mr. Michael Prue: And we're last, in the universities, in terms of professors to students—

Mr. Fred Gibbons: The ratio.

Mr. Michael Prue: Is that true in the college sector as well?

Mr. Fred Gibbons: It is.

Mr. Michael Prue: Okay. Mr. Bisson?

Mr. Gilles Bisson: Just back to the connection in regard to the need to provide the skilled trades for industry, wherever it might be—in southern Ontario, in northern Ontario—what steps can be taken that would really make a difference in being able to tie the workplace to the training? That seems to me one of the areas where we need to do a little bit more work.

Mr. Fred Gibbons: And my comments were very deliberate. This is not something that we can act upon individually. It really does require a concerted effort of government, of labour, of educators. As an example, Gilles, employers are continually coming to our colleges, coming to me, wanting graduates, but they want graduates with their diploma and five to seven years of experience at the same time. It doesn't happen that way. We need employers to recognize that fact and to be more welcoming—I'm not going to say creating an apprentice-like kind of program, because that has a certain connotation in the province, but certainly a program where they mentor individuals who do not have the depth of experience in the workplace. If we're so short-sighted and don't recognize that fact today—the longer it takes to recognize a fact, the more acute the problem is going to become.

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

The Chair (Mr. Kevin Daniel Flynn): Yes. There's a couple of minutes, I think. Two minutes.

Mr. Gilles Bisson: I'm a product of the apprenticeship system, so it worked fairly well for me—I hope, anyway. But it seems to me that that's really where we need to put the emphasis. As I sit down and talk to employers across the region, you're right: They are looking for people who are already qualified, and often that's not available. And they may not have the financial means or the patience or the capacity to deal with trying to train somebody up. It seems to me you're right: We need to do something that allows us to connect the workplace to the college or university system, whatever it might be, to train up.

Can you talk a little bit about your experience in regard to how you're expanding to mining geology with Queen's and how that could be an example of how we can use our college systems better?

Mr. Fred Gibbons: Yes, certainly. In this particular area here—I'd like to make two comments, but I'll answer your question first.

In northern Ontario, the two pillars of our economy are mining and forestry, as was declared in Al Spacek's earlier comments. The needs of the mining sector are not only for college graduates but university graduates as well. College graduates are represented very strongly, generally, throughout the mining operations. And remember, mining is more than just extraction; it's 66 vocational occupations.

Unfortunately, as people with college educations aspire to advance within the company, they don't have the requisite undergraduate degree. Of course, at that point in time, they have so many years vested with the company; they have families and commitments and things like that. They can't uproot themselves and head off to a university community to acquire their undergraduate degree.

0940

Recognizing that reality, we have formed a partnership with the economic development corporation, the chamber of commerce, the city of Timmins and our college to have Queen's University begin to offer an undergraduate degree program in Timmins that ladders from—and all that simply means is, they're going to recognize the two-year college diploma and give students advanced standing in the undergraduate degree. That's huge, because it's also going to be offered in a part-time format so that the program captures students who complete their college education and want to continue on seamlessly for their undergraduate degree. But it also allows people who are employed not to have to leave their employer but to take these studies on a part-time basis.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Fred. Thank you for joining us today.

Mr. Fred Gibbons: Thank you.

The Chair (Mr. Kevin Daniel Flynn): We appreciate it.

ONTARIO FOREST INDUSTRIES ASSOCIATION

The Chair (Mr. Kevin Daniel Flynn): Our next delegation is Jamie Lim. Jamie, if you'd like to come forward. Good to see you again.

Ms. Jamie Lim: Good to see you again.

The Chair (Mr. Kevin Daniel Flynn): You know the rules here.

Ms. Jamie Lim: You have rules? Oh, my God.

The Chair (Mr. Kevin Daniel Flynn): We have rules. We're from southern Ontario.

Ms. Jamie Lim: I will try not to break any rules this morning. I do promise.

Katch is passing out the presentation and the eight appendices.

The Chair (Mr. Kevin Daniel Flynn): Fifteen minutes. You use that any way you like. The questions this time will come from the government side.

Ms. Jamie Lim: Perfect. Members of the standing committee, OFIA represents member companies ranging from large multinational corporations to small, family-owned businesses that produce a broad range of forest products.

Since 2006, Ontario's forest sector has overcome enormous challenges. Finally, boosted by the US housing recovery, 2013 will be the year that Ontario's forest sector rebounds. With US housing starts forecasted to rise another 30% in 2013, reaching one million in 2014, CIBC analyst Mark Kennedy stated that "this is a real recovery that we're in." Presenting on the future of Ontario's forest sector, at OFIA's annual meeting, Peter Barynin, RISI's principal economist, made it very clear that the world needs wood.

So the question is: Does the Ontario government want to promote and want to get behind a viable, renewable industry with a proven track record that has been and can continue to be the cornerstone of our province's local, green economy?

Let me explain to you why supporting Ontario's forest sector is a smart choice. It's a renewable sector that, despite the recession, remained a significant contributor to the provincial economy, supporting, as Al Spacek points out, 200,000 direct and indirect jobs in over 260 communities. In the worst year of the recession, wages and salaries were $2.5 billion, and taxes to all three orders of government were $2.3 billion—some $14 billion in sales, and we spent almost $1 billion in capital and repair expenditures.

To put this in perspective, an average-sized Ontario mill, with the consumption of approximately one million cubic metres, with 190 jobs, pays $800,000 in provincial income tax each year, spends $13.4 million on goods and services, and generates about $40 million in tax revenues. That's a very, very significant return for one million cubic metres of sustainable industrial fibre, and it is exactly why this government should do everything they can to maximize the full potential of this renewable natural resource.

If that's not a good enough reason, I've got eight trillion for you. One of the biggest opportunities is the global construction industry, estimated at $8 trillion annually. As more and more consumers and more and more architects seek out green solutions, they are naturally choosing the only renewable building material: wood.

As a leader in Ontario's government, by actively choosing to support Ontario's forest sector, you are actively participating in your province's prosperity and you are supporting one of the best-managed natural resources in the world. As explained on the government's own website, forestry truly is a renewable resource; for every tree harvested, three take root.

Today's forest sector is not my grandfather's forest sector. Today's forest sector is a highly innovative, integrated and complex business. The foundation is primary building products such as lumber, oriented strand board, engineered lumber and plywood.

Look, I know that some people don't think a two-by-four or a panel is sexy—I just happen not to be one of them—and they want to talk about value-added products like jet fuel. And that's okay, because our sector depends on viable downstream products. But consider the following: Peter Barynin stated, "Bread and butter is and will remain traditional forest products—higher value added to wood fibre, more jobs and higher value jobs and best end use match for Ontario wood fibre." And that's great, because in Ontario we are fortunate to have 85 billion trees in our forests, and annually the sector harvests only one half of 1%.

Our forest management plans are developed to ensure sustainable management over a 100-year cycle. We plan for generations. And now with the recovery, Ontario's forest sector, the companies that did what they had to do to survive, are ready to put Ontario's wood back to work, ready to grow their companies, grow jobs, grow communities, grow Ontario and, yes, supply the world with sustainable forest products.

Evidence of the sector's commitment to put wood and people back to work is the recent announcement by Resolute Forest Products. They plan to build a brand new $50-million mill in Atikokan this spring. It will employ 90 direct jobs. You have to multiply that by four for northern Ontario to get the indirect jobs, so it's a huge, huge announcement. Atikokan's mayor said that the jobs "will be critically important in providing economic stability for our region."

Over the past five years, the provincial government has implemented numerous effective competitive measures. However, as Peter Barynin pointed out, Ontario remains a high-cost jurisdiction. The good work that the province has done via its competitive restoration measures desperately needs to be complemented by the right public policy. Over the past several years, our sector has continued to witness the development and implementation of damaging, one-pillar provincial policy, policy that has increased costs, reduced the forest land base and created uncertainty. At the end of the day, folks, business runs on certainty, and that certainty can't be achieved in Ontario without practical, three-pillar public policy and updated competitive measures.

It's not too late. We can turn this around. We can be the envy of the world.

We've outlined seven areas in appendix 1, and I'm going to go through them quite quickly.

(1) The Endangered Species Act: Since 2007, the implementation of the ESA has been an ongoing source of uncertainty for companies. Presently, the government is reviewing a forestry transition measure, and we are urging all parties to recognize that maximizing the full potential of this resource depends on this regulation being finalized.

(2) Fibre equals jobs, folks. Mills need wood to work. We request that the government permanently protect Ontario's 26 million cubic metres of sustainable industrial fibre. Municipalities support this ask. Recently, NOMA launched the REAL Treehugger campaign. I would urge you to go visit their website. It's not the Suzuki hugging kind of thing. We request that the government conduct transparent socioeconomic impact assessments. You heard this earlier from Mayor Spacek.

(3) On tenure, we request that the government implement tenure reform in a manner that is consistent with the principles endorsed by the minister in October, and that you respect and maintain wood supply commitments that are being utilized by their holders.

(4) On competitive restoration measures, consistent with the written commitment from the Premier, we request that the government restore the roads program to its initial funding level of $75 million a year for public infrastructure. And, in order to further promote a competitive integrated forest industry, we ask that you set the fixed portion and the residual stumpage price of the crown dues rate for poplar and birch at competitive rates.

(5) On environment, we've been working with the MOE for the past 18 months on the development of a technical standard for the pulp and paper sector. We would like to acknowledge the work that the MOE has done on this standard, and we look forward to the minister's approval this spring after public consultation.

Also, there are four additional recommendations to MOE, and they're in appendix 1.

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On electricity, Mayor Spacek said it all. We want to thank the government for announcing the three-year extension to the NIER Program. However, we are recommending, like you heard earlier, that government develop a competitive forest-sector-wide electricity pricing program.

Lastly, on "Ontario wood, the natural choice," OFIA has encouraged government to support Ontario's renewable forest sector with an initiative similar to Foodland Ontario's "Good things grow in Ontario." Food is not the only thing growing in Ontario; trees grow. MNR has done a terrific job creating a brand, and we recommend that government provide MNR with funds to launch a consumer campaign that promotes Ontario wood, the natural choice.

I've got folders here for you with TV ads and radio spots and stuff that they want to run. You're going to be blown away when you see what is being done with Ontario wood.

In conclusion, many of you represent southern Ontario, and you clearly understand that auto jobs are critically important to that region. Recently in an interview, Ford's CEO made it clear that they are looking at investing in Oakville "contingent on government subsidizing one third of the cost." She went on to say that in order to compete with lower-cost jurisdictions, subsidies are "a key ingredient," and that in their absence "it becomes very problematic." That article is in your appendices.

Today, the OFIA is not asking for company-specific subsidies. We are asking you to address broad competitive measures that any viable forest company, big or small, new or old, multinational or family, can benefit from, and let us do the rest. We are also asking you to address government policies. That doesn't take money; it takes courage.

In conclusion, Ontario can no longer afford the slow erosion of Ontario's fibre basket and the associated uncertainty. Ontario has great potential. With practical public policy and up-to-date competitive measures, together we can maximize the full potential of Ontario's remarkable renewable forest sector. We can and we will maintain and grow Ontario jobs, so let us get going.

I'm glad to take questions.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Jamie. Great presentation. You've left us about four minutes. Who's going to go first? Dipika.

Ms. Dipika Damerla: Thank you, Jamie, for a great presentation. Your passion comes through, and you did a really good job of presenting the potential of the forestry industry.

I just had a quick question on electricity rates, because that's come up a few times. I know that the Ontario government has offered a 25% rebate—

Ms. Jamie Lim: That's the NIER Program you're talking about. It's a great program, but you have to be a large user, you have to be more or less pulp and paper, and you have to be situated in northern Ontario. I have big pulp and paper sector members operating in southern Ontario. What you're doing with NIER is you're setting up, right in your own province, an unequal competitive situation because companies that employ large numbers of people in southern Ontario can't access NIER.

Recently, Cascades has done so much innovatively on the environment side. They have a mill by Pearson airport, for example—they've got several, but that's one of them. They were in line for a huge update in that facility, and the board, despite all of the great things that they've done, decided to invest those funds in New York state because New York state has one of the most aggressive electricity economic development programs in North America.

At the end of the day, we've all got to recognize—I don't begrudge the auto sector anything the government wants to get them, because I live in Ontario. At the end of the day, if we keep bleeding manufacturing jobs the way we're bleeding them, we're all pooched. I just think it's important, as the Ford CEO pointed out, that we're in a global marketplace, and it is highly competitive. Jurisdictions in that global marketplace are offering huge incentives to companies. So Ontario has got to decide: Do you want to be a player, or do you want to let those jobs go to another jurisdiction? Trust me, they will.

Ms. Dipika Damerla: Let me ask you a follow-up question. With the 25%—I call it a discount, whatever—is electricity competitive in northern Ontario with other jurisdictions?

Ms. Jamie Lim: You can't say in northern Ontario. For those companies—

Ms. Dipika Damerla: No, but then you come to southern Ontario—

Ms. Jamie Lim: Yes, but for those companies in northern Ontario that can participate in the NIER Program, electricity is competitive, but you're talking about maybe three; a handful of companies. So it's great. It's an amazing program, but you need to expand it.

Ms. Dipika Damerla: Do you have any numbers as to how much it would cost the government to expand it?

Ms. Jamie Lim: I don't have those numbers with me today.

Ms. Dipika Damerla: My other question—do we still have time for questions?

The Chair (Mr. Kevin Daniel Flynn): Yes. You still have about a minute.

Ms. Jamie Lim: And I should say that it's not just for the forestry sector. I live in Timmins but I work in Toronto. I'm part of an industrial electricity association group, and we have everyone. We have auto, Campbell Soup—you name it; they're in this group. They're all saying the same thing: You need industrial electricity rates in Ontario to maintain and attract your manufacturing jobs. So it's not just for forestry that I'm putting that on the table today.

The Chair (Mr. Kevin Daniel Flynn): We're down to about 30 seconds. Have we got time for one quick one, Soo?

Ms. Soo Wong: You gave us quite a few recommendations in your presentation. Is it in the order of priority?

Ms. Jamie Lim: No. I would say that the number three items—and they're all policy items; they're not money. The Endangered Species Act: If that forestry transition measure is not finalized, I think that there will be a reversal in announcements that have been made recently, so it's critical.

The Chair (Mr. Kevin Daniel Flynn): Thank you. Good timing.

Ms. Soo Wong: Mr. Chair—with regard to your requested funding for item number 7, dealing with the campaign, what number is your industry prepared to match?

Ms. Jamie Lim: It's not up to the industry. I don't think farmers match Foodland Ontario. Their budget is 70 million a year in tax dollars. We think that the government has spent money developing an amazing branding, and I'm going to hand out these packages, and the disk is in them. It's awesome. But if this just goes and sits on a shelf, that's going to be really, really sad. I think that Foodland Ontario—

The Chair (Mr. Kevin Daniel Flynn): Thank you, Jamie. That was great.

Ms. Jamie Lim: —spends $4 million annually on their consumer campaign.

The Chair (Mr. Kevin Daniel Flynn): I know you could go on forever, and you've got great stuff to say, but we're trying to be fair to everybody.

Ms. Jamie Lim: And I'm breaking the rules.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Jamie.

TIMMINS CHAMBER OF COMMERCE

The Chair (Mr. Kevin Daniel Flynn): Our next speaker this morning is Art Pultz—Art, if you'd come forward, make yourself comfortable—from the Timmins Chamber of Commerce. Fifteen minutes, like everybody else, except Jamie seemed to take 16.

Mr. Art Pultz: That's okay. Some things don't change with Jamie.

The Chair (Mr. Kevin Daniel Flynn): You use that any way you like. There will be some questions at the end, I'm sure, and those questions will come from the PC side this time. It's all yours, Art.

Mr. Art Pultz: Thank you very much. Good morning, and welcome to Timmins. My name is Art Pultz, and I am the president of the Timmins Chamber of Commerce, which represents the interests of more than 800 businesses here in the city and surrounding municipalities. We have effectively served as the local voice of business since 1949, and our presentation to you today is based on continued consultation with our members, all of whom have a vested interest in Ontario's economic prosperity.

Before we get started, I'd like to thank you for taking the time to travel here today, especially on a day like today. I'm sure you'll get a taste of what northern Ontario is all about. We do fully appreciate, though, you being able to directly take our feedback and, in doing so, ensure that the knowledge and perspective provided by our business community is being well heard.

With that, I'd like to speak to you about some of our members' specific priorities for the provincial government within the context of these pre-budget discussions.

Specifically, we'll address the following issues: energy, which you've heard quite a bit about this morning; the Ring of Fire; workforce development; transportation taxation; and investment in northern Ontario, specifically the Ontario Northland Transportation Commission and the Northern Ontario Heritage Fund Corp.

Few issues resonate for business in our region quite like the topic of energy. Soaring costs have become a significant and growing concern in recent years, particularly for manufacturing and resource development industries—high-use sectors that constitute a significant portion of northern Ontario's economic strength and, by extension, a strong proportion of the province's wealth.

These concerns are heightened by neighbouring jurisdictions, such as Manitoba and Quebec, which offer more competitive pricing and long-term supply contracts bearing 20% to 40% cheaper rates than Ontario. This difference has contributed to major industrial firms relocating to these lower-cost environments. In 2009, Xstrata Copper shifted its metallurgical facilities from Timmins to Rouyn-Noranda, Quebec, with energy costs as a major factor. This eliminated 4,428 direct and indirect jobs throughout Ontario. It eliminated $237 million in salaries and $150 million of annual tax revenue across all levels of government. Given this significant impact to not only our community but the province as a whole, we must ask that the province work more strenuously to develop long-term strategies to ensure that Ontario's energy pricing structure is more competitive, particularly with our neighbouring jurisdictions.

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That said, we do recognize that Ontario's interim measures to mitigate soaring costs have included industrial rate reduction programs with long-term pricing certainty. This includes the recently extended Northern Industrial Electricity Rate Program, which has proven popular as a stopgap measure for price relief. Until permanent rate reduction strategies are in place, development of such programs should continue and expand to provide operational certainty for business.

This important issue also directly impacts the potential surrounding the Ring of Fire, a chromite-rich region in the James Bay lowlands where Cleveland, Ohio-based Cliffs Natural Resources is set to spend $3.3 billion to unlock approximately $50-billion worth of minerals.

This windfall for the provincial economy faces several provincial obstacles, however, as Cliffs executives initially stated that "power rates in Ontario were too high to site a refinery in the province when compared with neighbouring provincial and US jurisdictions." Although we understand that talks are ongoing to mitigate the project's energy connectivity and long-term costs, including the operation of a proposed $1.8-billion smelter in Sudbury, we must point out that Cliffs has suggested in recent weeks that it may significantly scale back its efforts until the power issue is resolved. Needless to say, we must encourage the province to accelerate this discussion to avoid any further delays to this crucial investment in the province.

In fact, we would generally advise the province to carefully but diligently progress with additional conversations surrounding this important development. From infrastructure to environmental approvals, there are any number of issues that will need to be addressed in the coming months and years, and we strongly suggest that the government move forward on these files. Uncertainty has already led to the project's start date being pushed back to 2016 and quite likely beyond that. It would be in the best interests of our provincial economy to engage more fully in these discussions. With the federal government having appointed the Honourable Tony Clement as their official representative for the project, we of course ask for collaboration on these issues as soon as possible, particularly as costs will need to be shared among all levels of government, as well as various private sector partners.

The predominant concern is the need to more fully engage the many aboriginal communities in and around the area. Constructive partnerships with First Nations communities to sustainably develop Ontario's natural resources are fundamental for the future of the region, the project and, indeed, our province. Although businesses will have a strong role to play, these conversations must be spearheaded by government, which must provide the lead in establishing a framework for these partnerships. While much preliminary talk has surrounded this project, we must join the Ontario Chamber of Commerce in fully insisting that the government make the Ring of Fire a significant and immediate priority.

As the demand for workers grows across all sectors, the need to more fully engage Ontario's aboriginal population will become ever more important in ensuring our economy's long-term competitiveness. For instance, the mining sector in the Cochrane district alone will require nearly 12,000 more workers over the next 10 years. Expand that to all other sectors of our province and the urgency surrounding this problem becomes very clear.

Despite the mounting skills shortages that are already constraining businesses' ability to grow, the province's aboriginal employment rate is far below that of the non-aboriginal population. While we are pleased to see the efforts that the province has made in enhancing First Nations educational funding, it is clear that more needs to be done to provide strongly funded, outcomes-focused and culturally appropriate learning opportunities.

There are other ways in which the province can prove itself a leader on addressing this issue, including tackling the question of apprenticeship ratios, which should ideally be brought on a scale of 1 to 1 in as timely a manner as possible. Again, the Ontario Chamber of Commerce is seeking to work with the Ontario College of Trades to implement such changes, and we of course support this and any other effort that can provide much-needed support to the development of our workforce.

In addition to the current staffing challenges, high energy costs and global competition, the ongoing increase in transportation costs poses significant operational challenges to Ontario's industries that rely on hauling raw materials from source to destination and various points in between.

Several Canadian provinces and territories already have systems in place to provide tax exemptions or refunds for fuel consumed off-highway for specific commercial purposes. This is designed to recognize that tax collected on standard fuels is typically used to maintain provincial highway networks. While Ontario offers tax-exempt fuel for equipment or vehicles that travel solely off-highway, there are no exemptions for vehicles that travel both on- and off-highway, otherwise known as a mixed-road haul. When trucks haul resources within Ontario, such as ore to refineries and wood to mills, a significant portion of the fuel consumed is consumed while driving off-highway access roads. For forestry, this can be as high as 50%.

Today's computerized and automated technologies, such as GPS, make tracking on-highway and off-highway portions of any haul simple, accurate, transparent and cost-effective, and would allow Ontario industries to take advantage of fuel tax rebates that would enhance business competiveness both nationally and globally. As such, we must recommend that Ontario look at establishing methods to rebate fuel tax for the off-highway portion of mixed-road hauls.

Also key to the future of transportation in our region is the Ontario Northland Transportation Commission, the ONTC. We fully understand and wholly appreciate that the Auditor General has agreed to investigate the full range of costs involved in the divestment of the ONTC, as the results will allow for some definitive cost-benefit analyses that thus far have been lacking from these discussions. Regardless of what the results may be, however, we must reinforce its sheer importance to northern Ontario.

Transportation infrastructure, and more precisely rail transport, is a vital component of any industrial policy, and by design it serves as a stimulus to productivity, growth and overall competitiveness for Ring of Fire opportunities and the attraction of heavy industry in general. Privatizing the ONTC without a plan for the future only further isolates northern Ontario from a wide variety of opportunities and amplifies current transportation infrastructure problems. Combined with an already inadequate highway system in northeastern Ontario, the loss of freight and passenger rail service will only further impair economic development opportunities for all sectors in this region.

In addition to the lost opportunities, safety issues will likely increase on the highway systems as more tractor-trailer units, already struggling from insufficient passing lanes and sightlines, are forced onto the road.

The Growth Plan for Northern Ontario, which was released in March 2011 and championed by the Ministry of Northern Development and Mines, acknowledged the need for an integrated, multi-modal transportation system in northern Ontario, including rail, which was meant to "link major markets, resource development areas, and economic and service hubs." The government's decision to shut down the ONTC is in direct conflict with their growth plan for the north and will have a major impact not only on the opportunities presented by the Ring of Fire, but on future development projects.

Groups such as the General Chairperson's Association have proposed alternative economic plans for the ONTC, and, without being able to speak to their validity, we must ask the government to consider these kinds of grass-roots solutions. With proper funding, marketing and a strong, sustainable strategic plan, the ONTC can and will provide the economic backbone our region requires. We understand that the expectation is for a private sector operator to take over this work, but there are of course no such guarantees. Given the sheer importance placed on transportation within the growth plan, we must continue to insist that the government revisit this decision.

Since its inception, the Northern Ontario Heritage Fund Corp., the NOHFC, has proven to be an invaluable economic development tool, providing continued strength and sustainability to countless businesses. It is something that the province has wisely seen fit to continue funding, and we agree that its return on investment has been immeasurable.

Many of these decisions are made or informed by NOHFC staff based in the north, as their regional expertise lends them the knowledge necessary to understand the context that underlies many of the businesses, internships and other potential beneficiaries of its specific funding programs. As such, we must ask that this important regional staffing structure remain in place as the government moves ahead with its plans to streamline its overall approach to program delivery within the province.

We would like to take a brief moment to applaud some of the more positive provincial developments we've noted in recent weeks. For instance, we're glad to see the provincial government committing to listening to northerners through the formation of the Northern Policy Institute, as well as the recently announced northern cabinet. These should surely help to provide some badly needed and woefully overdue concrete progress on the growth plan, and we hold out hope that this will allow the government some much-needed regional perspective on issues of tremendous impact to our region, such as the Far North Act and the Endangered Species Act.

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On behalf of the board and the 800-plus members of the Timmins Chamber of Commerce, again I'd like to thank you for this opportunity to present to this important committee. We hope you are able to draw some inspiration from our perspective, and we look forward to working with all provincial parties to ensure the development of a strong northern Ontario and a strong provincial economy.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Art.

Rob, you've got about two and a half minutes.

Mr. Rob E. Milligan: Art, thank you very much for coming here this morning—Rob Milligan, from the PC caucus.

What I've heard this morning here, over and over again, are a few things that we find concerning, with energy, the development of the Ring of Fire, the lack of potential jobs, the training of the skilled labour that's going to be required, and also infrastructure. Those are the key elements.

What we've noticed from this current government is the fact that they're paying a lot of lip service—they want to develop, they say, the Ring of Fire, and they respect the north—but they're dragging their feet on actually implementing policies that are going to promote industrial and economic growth in the north.

I just think that what we're seeing is that the government is setting the north up for failure. It is concerning, because obviously a strong northern Ontario is a strong Ontario as a whole.

My question to you, I guess, then, would sort of be along the lines of electricity in particular. You've already noted that Xstrata Copper has relocated to Quebec; 4,400 jobs, directly or indirectly, have been hugely impacted. This is something that potentially could continue under the current regulations and policies by the Liberal government. What do you suppose needs to be done from that standpoint to actually help alleviate and promote economic growth?

Mr. Art Pultz: In the short term, I think we need to continue to fund the subsidies that are available for big business in our area. In the long term, when you look at the potential for northern Ontario to generate electricity—Hydro One is doing a great job on enhancing the Mattagami River to generate hydro. I think we need to look at more of that.

I believe the Ring of Fire opportunity—one of the native bands is proposing that they dam a river and create their own hydroelectric power for that project specifically. That gives you some sustainability and builds in capacity for northern Ontario, and that's something that should seriously be looked at.

The Chair (Mr. Kevin Daniel Flynn): Thank you for joining us.

Mr. Rob E. Milligan: Thank you.

TIMMINS PROFESSIONAL FIRE FIGHTERS ASSOCIATION, IAFF LOCAL 535

The Chair (Mr. Kevin Daniel Flynn): Our next speaker this morning is Peter Osterberg, president of the Timmins Professional Fire Fighters Association, Local 535. Peter, if you'd like to come forward and introduce your colleagues. Make yourselves comfortable. Everybody gets 15 minutes. Use that any way you see fit. If you'd like to save some time at the end for questions, that would be great. The questioning this time will come from the NDP.

Mr. Peter Osterberg: Okay. Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Each time anybody speaks, if you would introduce yourself for Hansard so the people recording will know who you are.

Mr. Peter Osterberg: Absolutely. Very good. Thank you. I am Peter Osterberg. Good morning.

On behalf of the Timmins Professional Fire Fighters Association, IAFF Local 535, I'd like to welcome all of you to snowy Timmins, Ontario. As I said, I am Peter Osterberg, the president of the association. As a brief background on myself, I've been a citizen of the city of Timmins since I was four years old, so 40-something years now. I currently sit as the vice-chair of District School Board Ontario North East. I also sit on numerous other committees and boards within the community. I stand before you today representing the members of the Timmins Professional Fire Fighters Association and truly all firefighters across this wonderful province.

As firefighters in the city of Timmins, we provide emergency services for pretty much all responses, and training, prevention, inspection, public education and fire prevention for the residents of the city of Timmins, as well as surrounding areas on occasion.

Accompanying me today, I have Randy Richards, a captain with the Sault Ste. Marie professional firefighters and fire service, and he's also district 6 vice-president of the OPFFA. Randy is to my immediate left. I also have with me today Vice-President Scott Atkinson and Treasurer Craig Hartley of the Timmins Professional Fire Fighters Association. Craig is to my immediate right, and Scott is at the end.

I would like to sincerely thank you for the opportunity to appear before the Standing Committee on Finance and Economic Affairs as you conduct your pre-budget consultations. I must say this is the first time I've had this opportunity in my career as a firefighter.

This morning, we would like to spend a few minutes speaking on two topics of interest and concern to the Ontario Professional Fire Fighters, these being a request that you recommend extending the occupational disease coverage for firefighters by six more cancers—those being multiple myeloma, lung, skin, testicular, breast and primary site prostate cancers.

The second matter we would like to discuss is interest arbitration as it relates to firefighters and resolving collective bargaining impasses. The reason that we raise the issue of interest arbitration here, during the pre-budget consultations, is that last year the strong measures act for Ontario, which was the budget measures, introduced a set of amendments to six statutes: the Hospital Labour Disputes Arbitration Act, Police Services Act, Toronto Transit Commission Labour Disputes Resolution Act, the Ontario Provincial Police Collective Bargaining Act, Ambulance Services Collective Bargaining Act and the Fire Protection and Prevention Act. While the proposed amendments were removed from the budget bill in committee by the opposition parties, we understand that it is the intent of the government to reintroduce similar amendments.

We would like to start out by being very clear in our position: The system is not broken. The interest arbitration system is set up to settle collective bargaining impasses with a goal of having an arbitration board replicate what they believe the outcome would have been should the dispute have been settled through the collective bargaining process.

From our own internal review, in comparing the results of freely negotiated firefighter settlements with arbitrated decisions over an eight-year period, we believe the difference is only 0.16%. By that we mean the arbitrated awards have been, when averaged out, only 0.16% higher than freely negotiated settlements. I would say that that would indicate that the arbitrators are performing as they should, and the system is doing what the system is designed to do, and that is replicating freely negotiated settlements.

Recently, there has been much reference to the Drummond commission and their review of interest arbitration. We would like to remind all of you that the Drummond commission came to the conclusion that the interest arbitration system was not broken. The commission said, and I quote from page 371 in chapter 15 of the commission's report: "Our research leads us to make recommendations to improve the arbitration process. But we hasten to add that we do not find the system to be broken."

There has also been much attention and focus on the ability to pay, or the inability to pay, and the economy. I think it is important that we also remind all of you that the current language in the current act already includes criteria relating to ability to pay and economic conditions. I refer to section 50.5, subsection 2 of the Fire Protection and Prevention Act, which outlines the duty of the board and which lists five criteria the board shall take into consideration.

I am quoting the act when I say: "In making a decision, the board of arbitration shall take into consideration all factors the board considers relevant, including the following criteria:

"1. The employer's ability to pay in light of its fiscal situation.

"2. The extent to which services may have to be reduced, in light of the decision, if current funding and taxation levels are not increased.

"3. The economic situation in Ontario and in the municipality."

The criteria go on to include comparisons between firefighters and other public and private sector workers and the employer's ability to attract and retain qualified firefighters.

So clearly, the act already includes ability to pay and the economic conditions as criteria that shall be taken into consideration. The irony of this is that municipalities, for the most part, do not produce hard economic data during the arbitration process to support an inability-to-pay argument. Then, after the award comes, for political purposes, they criticize the system.

Another aspect of the arbitration process that was to be amended in last year's provincial budget was with regards to timelines. It was proposed that an arbitrator be required to issue their award within 12 months—later it was changed to 16 months—of referral. Should the arbitrator not issue their decision within the specific time frame, the matter would be referred to the Ontario Labour Relations Board for a quick resolution. Issues in dispute and before arbitration boards can be very complex operational issues or very sector-specific. There may be expert witnesses or detailed evidence presented. The Ontario Labour Relations Board does not have the experience or expertise in interest arbitration.

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Secondly, on the issue of the unresolved issues being sent to the OLRB, we have serious concerns with regard to the independence and the impartiality of OLRB members, as they are permanent appointees and thus depend on the government for their economic livelihoods. It would be in their best interests to ensure that those who appoint them are happy with their decisions, not necessarily the workers on the other side of the table. This is to be compared with the current process, under which interest arbitrators are either agreed to by both the employer and the association or they are appointed from a list of arbitrators that has already been mutually agreed upon.

Society has made the determination that firefighters and other essential service workers should not have the right to strike. But if the right to strike is to be taken away, it is only fair and just that a system of independent, impartial and binding arbitration be put in place, and that requires that decisions imposing collective agreements not be made by government appointees. This has been recognized by the Supreme Court of Canada itself. In the late 1990s, the Harris government replaced independent, mutually agreed-on and expert interest arbitrators with government appointees—in that case, retired judges. The court held that that was illegal.

The court ruled that without an independent, impartial, experienced, expert and mutually acceptable arbitrator—not to mention one who is not, or is at least not perceived to be a surrogate of either party of the government or appointed to serve the interests of either party or the government—the system loses the trust and confidence of the parties, elements essential to industrial relations peace and stability. A lack of confidence in arbitration would invite labour unrest and disruption of services, the very problem impartial interest arbitration was designed to prevent. If the government is intent on introducing a mechanism to ensure timelines are met, other methods than referral to the OLRB must be investigated.

I wrap up my comments on the issue of interest arbitration by reaffirming that the system is not broken. It is doing what it is designed to do. The system can sometimes be lengthy and cumbersome; sometimes there's a price to pay, that being the length of process for a well-thought-out, fair, balanced dispute resolution system that respects both sides while remaining independent.

The second issue we raise today relates to firefighter occupational disease and presumptive legislation. Presumptive legislation is defined as legislation that links a specific occupation, such as firefighting, with a disease or condition that has been shown to be a hazard associated with that occupation. An example: If we used colon cancer being included in presumptive legislation for firefighters, it would mean that if a firefighter contracts a disease such as colon cancer, it is presumed that the illness is the result of occupational exposure to chemicals or toxins. There are qualifying conditions or criteria that need to be met, though, usually relating to the number of years of service.

Even with the best respiratory practices and protective equipment, exposures will continue to occur due to absorption through the skin once our firefighter becomes soaked during fire suppression activities. The concentration of chemicals in today's materials is much higher than in the past, due to increased use of composite materials.

Epidemiological—that's a tough word; I apologize—medical and scientific studies conclusively demonstrate an increased rate of diseases such as cancers in the firefighting population versus the general population. The medical evidence shows that firefighters have anywhere from two to four times the risk of cancers compared to the general population. If you factor in the healthy worker effect, which means firefighters are a healthier study group compared to the public, the rates are even higher.

The majority of provinces and territorial jurisdictions across Canada have recognized that firefighters are at an increased risk for certain cancers and heart injuries. The chart that I have included here shows how Ontario compares to other jurisdictions across Canada. With the exception of Nova Scotia, Ontario lags behind all other provinces with respect to occupational diseases presumed to be the result of firefighting. This would be appendix A.

If you wouldn't mind turning to page 8 quickly, I'd just like to go very quickly through this chart so we're all understanding. You'll see the chart, and we've printed that in colour for you to simplify the chart. Anywhere in red, these are the cancers that we're asking you to consider putting within your report. Then, you can see, with respect to the other provinces—the majority of them are covering those cancers as well. Thank you very much for turning there.

In 2007, with all-party support, Bill 221 passed through the Legislature, and amendments were made to the WSIB to include eight cancers and heart injuries as presumptive occupational diseases for firefighters.

We truly thank all the parties for supporting this bill. We thank all the MPPs for supporting it and the importance of this piece of legislation. It was a very good start, but we feel—as we've done some research—we fell somewhat short of recognizing all the occupational diseases that should have been recognized. We're now moving towards—and have received support from all three parties again—working to include the six more cancers necessary to cover those that have incurred an occupational disease as a result of their profession.

The six additional cancers that we have identified that need to be included within the regulations with respect to the legislation are, as I said earlier, lung cancer, multiple myeloma, breast cancer, testicular cancer, skin cancer and prostate cancer.

I have also attached a summary of each of the six cancers and their impact on firefighting. That would be in appendix B.

We are here today to ask the committee to recommend in its report that the upcoming provincial budget include the provision of occupational disease coverage for firefighters for these six new cancers. Further, we ask the committee to consider recommending that the government provide funds to help or assist WSIB in this financial impact on their unfunded liability as a result of coverage for occupational disease related to the six cancers.

Before I wrap up and take questions, I'd like to just go very quickly back to page 8. There's a paragraph—I'm not going to read it because there are a lot of words that I don't pronounce well, but underneath it, it says, "Presumptive legislation: Why we are asking for six cancers to be added." There is some documentation here just explaining the actual chemicals, not only the individual chemicals but what happens when you mix the chemicals and what it's doing to our health. I strongly urge that you please consider this recommendation or this request.

I'd like to again thank you very much for your attention to these matters. We'd be happy to have any questions at this time.

The Chair (Mr. Kevin Daniel Flynn): That's great, Peter; thank you. It goes to the NDP this time. You've got just over a minute. Michael or Gilles?

Mr. Gilles Bisson: Listen: The last budget cycle, with the support of the Conservatives, we managed to beat down the changes to wage-based arbitrations—

Mr. Peter Shurman: We didn't support you.

Mr. Gilles Bisson: You voted with us. The effect is that we killed it, and we'll take the support whenever we can get it. I, however, think that's not going to be the case this time. I'll just give you one last opportunity to make the pitch why it's important not to change the system—as your final pitch—because these are the members who are going to make that decision.

Mr. Peter Osterberg: Okay. If I may, Mr. Chair, I'd like Randy to speak on this, because I'm getting a little hoarse.

The Chair (Mr. Kevin Daniel Flynn): You have about a minute left.

Mr. Randy Richards: The system is not broken; it has worked well for some 50 years. Municipalities during negotiations and arbitrations are not arguing the ability to pay, like Peter had said, but it seems to me that for some political reason, after it's all over, they said, "Well, we don't like the system." But by changing that system municipally, how is that going to save the province any money? That's the part that we don't understand; it's a municipal deal here. It replicates a regular bargaining process. Our understanding—the awards are only 0.16% higher than the freely negotiated ones. It just replicates everything that's going on in the other cities. So, for a system that works well, we'd just like to keep it the way it is.

The Chair (Mr. Kevin Daniel Flynn): Okay. Thanks very much, Randy. I appreciate that. Peter, thank you, and to your other colleagues: Thank you for joining us today.

Mr. Peter Osterberg: Again, thank you very much for the opportunity. We very much appreciate it.

TOWN OF COCHRANE

The Chair (Mr. Kevin Daniel Flynn): Our next delegation is from the town of Cochrane. Mayor Polits, are you with us today, Your Worship? Come forward.

Mr. Gilles Bisson: Politis.

The Chair (Mr. Kevin Daniel Flynn): Politis? Politis with two i's?

Mr. Peter Politis: Politis. It's P-O-L-I-T-I-S.

The Chair (Mr. Kevin Daniel Flynn): "I-S." Okay.

Mr. Peter Politis: Yes. It's a good old Greek name.

The Chair (Mr. Kevin Daniel Flynn): We have "T-S" in here.

Anyway, thank you very much for coming today. We do appreciate it. You've got 15 minutes. Use that any way you see fit. If you want to leave some time at the end for some questions, that's great. The questioning this time will be coming from the government. It's all yours.

Mr. Peter Politis: Thank you. The pleasure is all mine. Thank you, everybody, for making the trip to northern Ontario and hearing what we have to say with respect to costs and budgeting.

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I want to speak to you not so much about some of the technical issues deep in the weeds, because you've listened to a lot, and you're going to listen to a lot more, of very qualified people to explain those issues to you. I know that northern Ontario will be well represented here with respect to those details.

I want to speak to you about the one entity that tends to get lost in all this, and that's the people of northern Ontario.

Before I do, I'd like to maybe create a little bit of perspective. Canada is the second-largest land mass, the second-largest country, in the entire planet, but it has one of the smallest populations. Interestingly enough, the majority of our population exists 100 kilometres from the US border. There are still 5,000 kilometres of Canada to the north; there are still 5,000 kilometres of Canada to the east and west.

We have very structured cultural regions in Canada because of this dynamic. You have the Maritimes, you have Quebec, you have southern Ontario, you have northern Ontario, you have the Prairies, you have Alberta even starting to carve out a little bit of a niche for themselves, and you have British Columbia—all of which have their own cultural values, all of which have their own dialects and language and all of which are a people and a race amongst themselves. That's the unique dynamic that exists in Canada.

If we hone in specifically on Ontario, 90% of the provincial land mass exists north of Highway 17—one of the smallest parts of the population, mind you, but 90% of the provincial land mass. In that land mass, interestingly enough, it's only 100 years old—it's only been forged in northern Ontario, if you can believe it, for 100 years. That's it. We've got one generation that has expanded this frontier.

Today, because of a lot of the austerity measures, some good, some questionable—and I think that's what this panel is here to do, to debate which ones are which—we are now looking at the slashing and burning of 90% of the provincial land mass. The austerity measures that are taking place—again, some good, some questionable—need to be put into perspective.

First off, we have 90% of the provincial land mass north of Highway 17; we have a vast amount of Ontario that still needs to be realized. We're only 100 years into this project, yet Ontario is struggling now to regain its economic strength, regain its economic stature and position in the country. The dynamic that we have here, though, is that you have 90% of the provincial land mass with vastly untapped natural resources, vastly untapped economic potential—is there a bottle of water? I'm a little under the weather here this morning; I apologize. Thanks, Gilles.

There's vastly untapped economic potential that exists in 90% of our provincial land mass. We don't need to be slashing away and taking away the opportunities for realizing that potential.

One of those opportunities you've heard of already, which is the rail network in northern Ontario. We can argue, certainly, about the dynamics around that rail and what works and what doesn't work. We can certainly agree that everything can be fine-tuned and everything can be structured to work properly and work better. But we can't argue that we take 90% of the provincial land mass and we reduce it down to a 1930s form of transportation, which is buses, and think that we're going to realize the vast potential in northern Ontario.

The fact is, rail is a key part of any growing and developing nation. Brazil is a Third World country, or considered a Third World country, and they have just invested in 10,000 more kilometres of rail in their country. They get it, and so do most of the European countries that have the mass to get it.

The ONTC is a key part of northern Ontario. The savings to the government, when you take away all the smoke and mirrors and look at the real numbers that are on the table, are $24 million a year. That's the amount of money the province will save by divesting the ONTC. At the same time, what it does is it reduces northern Ontario to the 1930s form of transportation I spoke to earlier and takes away our opportunity as regional leaders to grow and develop and build and continue to forge this vast part of our province and make this a key piece of the strengthening of Ontario, not the de-strengthening of Ontario. At the same time, that $24 million is a pittance when you look at the deficit in the province overall.

If you want a little more perspective, we have parks that have all been shut down on us here in northern Ontario as well. The savings in parks in this area was $75,000—$75,000—and people in northern Ontario can now not visit their own parks. We can't go out and set up camps on lakes. We can't get an LUP to do any type of recreation on the lakes. We can't even go to our parks; we're stuck in our urban centres. We live in this part of the country because we enjoy this part of the country, but we can no longer go and enjoy it.

These are the types of linear fiscal decisions that are being made that completely ignore the dynamic that exists here in northern Ontario—and Canada, for that matter, the Canadian way of life, which is a rural way of life. There are 144 municipalities in northeastern Ontario, 126 of them with 3,000 people or less. It's a rural way of life, and I'll suggest to you, very politely and very humbly, that it's a Canadian way of life.

When you get away from that 100-kilometre band from the US border, there's a whole country out here, struggling to remain and to keep intact our identity as a people and our identity as a race and our key piece and factor that we play into the Canadian identity as a whole.

If I can go into the weeds a little bit on one issue, I'll come back and I'll ask a specific question. I'll ask it rhetorically, considering the format.

Policing costs have become a very hard challenge for all Ontarians, let alone northern Ontarians. In my community, 50% of every tax dollar we collect goes to policing and policing alone. A contract service with the province that we have no alternative contract service for—50 cents of every tax dollar. It was 25 cents of every tax dollar five years ago; it was one third of that amount seven years ago. The doubling and almost tripling now of policing costs in a community whose crime rate is half the provincial rate is unmanageable for a municipality, and we have to get this under control.

We have to recognize at the end of the day that policing is a provincial service that should be provided by the province. When a municipality decides to go on their own and they have the mass to pay for it on their own, that's an option they have. But when they don't—126 municipalities, 3,000 people or less, who have no way of policing themselves other than with the provincial service. When that provincial service costs 50 cents of every tax dollar, there's a problem. When it's doubling, there's a problem.

But the perspective really comes from the fact that all civil costs are becoming out of control. You have whole cities in the US that are going bankrupt. You have the UK passing extraordinary legislation to get these costs under control. In our province, for some reason, our government has come out and said that they want to have the highest-paid police force in the country. Now there's an 8.5% raise on the table for this force that has already almost tripled in our community.

Our community is on the outside array, if you will. If you look at the average in Ontario, the average cost of every municipality divided into the cost of the OPP is $350 a household, but the average cost that's being deployed is around $600 a household.

When you look at that cost and what we're doing, and you realize that that 8.5% plus a 2% or 2.5% cost-of-living subsidy is going to cost Ontarians $100 million, and it's going to cost rural Ontarians $35 million, and you're coming to northern Ontario and you're slashing and gutting and burning every opportunity we have to grow and build our region, and you look at the ONTC at $24 million—how do you look an entire race of people in the eye and tell them, "We need that $24 million so bad, we're going to sacrifice who you are as a people, but you're going to pay $35 million so we can have the highest-paid police force in the country"?

Folks, that's the perspective I wanted to leave here today. That's the perspective you, as a budgetary committee, need to understand. We've lost touch with the vast majority of the geographic region of this country and of this province in particular, and we need to get that touch back in focus, because a people, a way of life, a whole race, is at stake.

As a leader of this region, I'm very proud of northern Ontario. I can tell you that with 90% of the provincial land mass, we should be working on plans to develop that 90% of the provincial land mass to make Ontario's economy strong, to continue to build in Ontario. You can't ignore the biggest part of your backyard, that has most of your resources in it, while you're talking about: "How do we rebuild our economy?" All you have to do is look past the rose-coloured eyeglasses people have in the south and realize that northern Ontario is a key part of where we are, a key part of where we're going, and right now it's in jeopardy because we're not keeping that perspective.

Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much, Peter. You've left some time for questions. The questions will be in about the six minutes you've left. It goes to the Liberals. Dipika?

Ms. Dipika Damerla: Thank you so much, Peter, for that very eloquent and very passionate brief.

Mr. Peter Politis: Thank you.

Ms. Dipika Damerla: I do want to say that I hear you about northern Ontario, but I also want to echo the fact that we are all Ontarians and we are all in this together. Premier Wynne has clearly said that northern Ontario is going to be a priority for her, and she has taken some very important symbolic steps, I think, to demonstrate that, including the fact that we are here today. So I just want you to know that.

I had a couple of questions. One is on the policing costs. I'm assuming that this is a result of interest arbitration?

Mr. Peter Politis: Sorry?

Ms. Dipika Damerla: The reason your policing costs are going up: Is this because of interest arbitration settlements?

Mr. Peter Politis: I would say that that's probably a good estimate. Some 85% of the costs of policing are labour costs. Only 15%—if you can believe it, with the very highly technical force that the police are—is attributed to the rest of the expenses.

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Ms. Dipika Damerla: So my follow-up question is this: In the last budget, as you know, the provincial government tried to introduce some structural changes to the interest arbitration process to make it more affordable for municipalities. I just wanted your thoughts on it.

Mr. Peter Politis: I think the efforts of the government are obviously visible, and we appreciate every effort that the government puts forward, but as I said to you, only 15% of the cost exists outside of labour. If we can park labour for just a second, even if we saved 2%, 3% or 4% of that 15%, we're nowhere near the ballpark of helping municipalities get past this issue.

The bigger part of the problem, to me, is where labour costs are and the fact that this large, vast, complicated province we have isn't the same. Policing in Cochrane obviously isn't the same as policing in Toronto, yet when Toronto raised the rates to keep people in Toronto because they were losing them to rural municipalities, because they were having a cheaper cost of living, Cochrane ended up paying the same price, and most municipalities are the same way.

I'll suggest to you, very politely, that the solution lies in legislation and policy. The solution lies in recognizing that if the municipalities are going to share the burden in cost, if the municipalities are going to go out and actually collect all the costs, they need to have a share in the accountability for those costs. Right now the municipalities have zero ability to take accountability back to the taxpayer, because the decisions are made by the province.

We look at it in one of two ways: Either we roll up our sleeves and we work out a partnership where we're sharing accountability, we're making decisions, and municipalities have some control over those costs, or the province just takes it completely out of the municipal tax levy altogether, like education. If they want to maintain control of all the standards and they want to maintain control of the whole service, then the province needs to go to the door and collect the pay for their own service, not use the municipality to go get their black eye while we take away from infrastructure which we can no longer afford to build in our community—and our community is one of the most robust, vibrant communities in northern Ontario right now. We take away from seniors, we take away from recreation, we take away from all the needs in the municipality because we're subsidizing this cost while we have no control over that accountability.

Ms. Dipika Damerla: Okay. I just wanted to also touch on ONTC, because you spoke to that quite a bit. I'm asking, just out of curiosity, not so much about the $24 million that's going to be saved, but there are two parts to the train. One is the commercial side and one is, of course, passengers like you and me. Do you think the industry here would be willing to pay the full price to use—if we were to have the trains, as opposed to the provincial subsidy?

Mr. Peter Politis: That's an interesting question. First, I don't know if we ask the trucking and transportation companies to pay for building the highways they ride on. The other is, when I spoke to the vast territories we have, one of the points I was hoping to make with the committee was that there is an expense to that. That's the dynamic Canada has. We don't have the density and population to look at things from a mass perspective.

If we're going to build northern Ontario, if we're going to forge and realize all those opportunities, we need to invest in infrastructure like we did in highways. We need to invest in rail. We need to invest in other forms of transportation. Right now, the government is divesting from the passenger service itself, leaving people on a bus. I can tell you from first-hand experience that there are people standing on buses now. There are people going to medical appointments 12 to 14 hours away standing on a bus. I don't know what standard Ontario is trying to set for itself; I'm not sure that's the one.

From an industrial standpoint, this is the thin end of the wedge. If we can start justifying that at this point in the game, then later on down the road, the industry is going to lose its grip on the rail as well. I can tell you, the industry in this part of the region are completely concerned about the divestment of the ONTC. They're realizing higher rates now, because of the monopoly that's being created. All I'm going to suggest to you, very politely, is that we need to step back. We need to recognize that we're still building a country; we're still forging a country. We're only 100 years into this process. We need to be building and accessing the biggest part of our backyard so that all of Ontario can get back to where it used to be and be that strong, vibrant engine for the rest of Canada. It's there. All we're doing is turning a blind eye to it, and we're sacrificing a people in the process.

Ms. Dipika Damerla: Well, thank you very much. I'll take back your comments.

Mr. Peter Politis: You're welcome.

The Chair (Mr. Kevin Daniel Flynn): Any other questions? We have about 40 seconds left.

Mr. Joe Dickson: I have a question. Peter, were you at ROMA?

Mr. Peter Politis: I was.

Mr. Joe Dickson: Did you speak to MNR?

Mr. Peter Politis: I did.

Mr. Joe Dickson: Was I in the chair?

Mr. Peter Politis: I can't remember.

Mr. Joe Dickson: You look familiar to me—

Mr. Peter Politis: I do?

Mr. Joe Dickson: —and I think I heard part of this speech there. Anyways, it was positive. Thank you.

A quick question: At MNR and at ROMA, where we had 50 delegations, primarily from northeastern Ontario and northern Ontario, the positive of the delegations was virtually 100%. They all had some little points they wanted to make, good municipal points, and I've been there at the municipal level for 25 years, so I understand.

Question: If everything is so bad—I hear nothing but positive from the other mayors, whether it's sawmills or forestry or anything; there's a very positive feeling that it's all on the road to recovery, yet everybody still wanted money in the midst of the world's worst recession in 80 years. Do you see a slowdown of that from your end?

Mr. Peter Politis: I would just very humbly disagree with you that it's very positive throughout the region. What you're seeing are leaders being leaders, trying to make something out of what they have. We can go on for another 15, 20, 30 minutes talking about the impacts if you wanted to.

The Chair (Mr. Kevin Daniel Flynn): Actually, we can't, but if you could just summarize, Peter—

Mr. Peter Politis: I will summarize really quickly, simply by saying that the MNR has done some very good things in the province. We have some of the most world-renowned forests for the environmental EAs they go through. The MNR is starting to dip its toe in some very scary areas that we could talk about if you ever get an opportunity.

But this recovery in forestry, which is going to bring jobs to Quebec and Ontario because British Columbia can no longer bring it there—in Ontario, those jobs right now are standing to be lost to Quebec because we're capping the volumes in Ontario when we should be building and increasing the amount of access to the forest industry when it's turning around. If you'd like, I could chat with you some time when we get an opportunity. I'd love to share my thoughts with you.

Mr. Joe Dickson: I think I'd like a copy of your speech.

The Chair (Mr. Kevin Daniel Flynn): Perhaps you can chat right now and we can go on to the next delegation, but thank you very much. That's really wonderful.

Mr. Peter Politis: Thank you very much, folks.

UNITED STEELWORKERS

The Chair (Mr. Kevin Daniel Flynn): The United Steelworkers are next. Is John Stevens with us? John, come forward; make yourself comfortable.

Mr. John Stevens: I have with me today Patrick Veinot.

The Chair (Mr. Kevin Daniel Flynn): Greetings, Patrick. John, you've got 15 minutes, like everybody else. Use that any way you see fit. Questioning this time goes to the PCs. It's all yours.

Mr. John Stevens: Good morning. I'm John Stevens. I'm a staff representative with the Steelworkers from the Canadian national office. With me this morning is Patrick Veinot. Patrick is a staff representative, also from the national office. I was born and raised in Timmins, and Patrick was born and raised in Kirkland Lake. The two of us come from the north and do most of our business in the north.

Patrick will read the main brief. We presented this one year ago and we're going to re-present because the conditions still exist. Unlike the other presenters this morning, we're trying to present a solution. Instead of asking for money, more funding, we want you to have a better way to collect monies. All we would like is for you to give a few minutes of consideration to this idea.

Patrick?

Mr. Patrick Veinot: Thanks, John. As John said, my name is Patrick Veinot, and I was born and raised in Kirkland Lake. I spent 23 years at Inco, now unfortunately Vale. I'm going to read this through to you.

Ontario is not always considered a resource-rich province. Certainly, it does not have a large oil and gas industry. However, Ontario has the most valuable mineral production of any Canadian province or territory. In 2010, the most recent year for which statistics are available at the time of this presentation, nearly $8 billion of minerals were extracted from Ontario, including $2 billion of gold, $1 billion of copper and $1 billion of nickel. These resources belong to the people of Ontario. They should be a major source of provincial revenue.

However, mineral revenues do not even appear in the provincial budget. The Ontario mining tax is rolled into a residual category called "other taxes." A report prepared for the Mining Association of Canada reveals that Ontario's mining tax revenues were $82 million in 2010. Natural Resources Canada reports that miners extracted almost $8 billion of minerals from our province that year. In other words, the mining industry's own figures show that it paid the province little more than 1% of the value of the minerals extracted from Ontario. That's the lowest rate of return of any of Canada's major mining jurisdictions. Please see the table that John will go through later.

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It's important to note that Saskatchewan, the Northwest Territories, British Columbia, Quebec and Newfoundland and Labrador all collect more mining revenue than Ontario, even though none of those jurisdictions produce as much mining output as Ontario. Why do we collect such a poor return on our non-renewable resources? That's a good question.

One problem has been cuts in the mining tax rate. Between 2000 and 2004, the provincial government slashed this rate from 20% to 10% of profits for non-remote mines and to only 5% of profits for remote mines. By contrast, Quebec raised its mining tax rate from 12% in 2010 to 16% this year. Manitoba, our other neighbouring province, has a sliding scale ranging from 10% to 17% of mine profits. Almost all other provinces also levy higher statutory rates than Ontario. There is clearly room to increase Ontario's mining tax rate.

However, this rate is paid on only a fraction of mine profits. First, many non-metallic minerals extracted from quarries are excluded from the mining tax altogether. Second, those mines that are subject to the act can claim many deductions and writeoffs. In 2007, the Ontario government introduced a diamond royalty of up to 13%, somewhat higher than the mining tax rate, but at least until recently—and I don't know if that has changed today—De Beers was not actually paying any royalty on its mine near Attawapiskat. Very interesting.

Well-targeted incentives to promote new investment, hiring and training may be warranted—well, they are—but the Ontario government should thoroughly review its mining tax and diamond royalty structures with a view to closing loopholes that do not effectively serve these purposes.

I hope that the Commission on Quality Public Services and Tax Fairness can help kick off a long-overdue public debate about how Ontarians can collect a fair share of our mineral wealth. Just collecting the same modest share as Quebec, BC or Saskatchewan would give Ontario hundreds of millions of additional dollars to address public priorities.

Of course, mining companies would respond that they also pay corporate income tax in addition to the mining tax or diamond royalty. However, all industries in all provinces are subject to corporate tax, regardless of whether they extract non-renewable resources. Corporate tax does not compensate the people of Ontario for their resources. In fact, resource companies in Ontario enjoy a unique corporate tax break. The federal government and all other provincial and territorial governments allow them to deduct mining tax and royalty payments from profits in calculating corporate income tax. Ontario instead allows them to deduct a more generous resource allowance equal to 25% of profits. After subtracting this allowance, Ontario's corporate tax rate for resource companies is the lowest in Canada.

I also wish to discuss corporate taxes more broadly. The Ontario government is in the process of cutting its general corporate tax rate from 14% to 10%, at an annual cost of about $2 billion in lost provincial revenue. Ontario already has a 10% provincial corporate tax rate for manufacturing and processing. At issue is the general rate for banks, private utilities and large insurance, construction and service companies. Unlike manufacturers producing for export, such companies must generally be located in the same place as their customers, yet they supposedly need lower corporate taxes to be internationally competitive.

The federal corporate tax rate fell to 15% this year. If Ontario restored a 14% provincial tax rate, the combined rate would be 29%. By comparison, the US government levies a 35% federal corporate tax. American companies pay this rate, minus corporate taxes already paid in Ontario, on profits repatriated from here to the US. Cutting Ontario's combined rate further below 35% simply causes American-owned businesses in our province to pay more tax to Washington.

American state governments also levy corporate taxes, producing combined rates around 40% in the Great Lakes states. A 29% combined rate would keep Ontario at the low end of the world's other major economies: Japan is 40%; Brazil is 34%; India is 34%; France is 33%; Italy is 31%; and Germany is 29%.

What about competition within Canada? When Ontario's 2009 budget proposed a 10% provincial corporate tax rate by 2013, other provinces may have been heading in that direction, but things have changed. In British Columbia, both the government and its official opposition have proposed increasing the provincial rate to 12%. Outside of Ontario, the only provinces at 10% will be Alberta and New Brunswick. All other provinces are maintaining rates between 12% and 16%.

Anyway, businesses can't just avoid Ontario corporate tax by reporting profits in lower-tax provinces. The Canada Revenue Agency allocates each company's taxable Canadian profits among provinces based on the actual location of its sales and employees.

Advocates of corporate tax cuts also claim that they will spur job-creating investment. In reality, and we've heard that, corporate tax rates have very little effect on investment decisions, and that's a fact. A company will borrow money to finance new investment only if it expects an investment return at least equal to the interest rate. Since interest payments are deductible in calculating taxable profits, corporate tax applies only to profits in excess of this minimum return needed to justify the investment.

Similarly, a company will issue shares to finance investment only if it expects a return greater than any dividends due on the new shares. Federal and provincial dividend tax credits refund corporate tax on profits paid out as dividends to Canadian shareholders. Corporate taxes only skim off revenue above this threshold. Therefore, corporate taxes have no effect on investment financed by debt or Canadian equity. As noted above, cutting the federal-Ontario rate further below the US rate does not affect investment from American corporations.

The past decade of corporate tax cuts has been unimpressive. The combined federal-Ontario rate was slashed from 45% in 1999 to 28% per cent in 2011. Over the same period, investment in machinery and equipment declined from 8.3% to 6% of the province's gross domestic product. Think about that.

Rather than investing in productive assets, corporate Canada has been accumulating record amounts of cash. Statistics Canada reports that private non-financial corporations now hold $512 billion in cash, and I'm willing to bet that's even higher today. There is no reason to expect that giving them more cash through further no-strings-attached tax breaks would boost investment and employment. In fact, that's not what we've seen. A far cheaper and more effective approach would be to provide incentives directly tied to new investment and hiring. Increased corporate tax revenue should also fund public investment, which can help offset the lack of private investment.

Improved provincial infrastructure would attract private capital, as we have heard today. Statistics Canada concludes that between 1962 and 2006, roughly one half of the total growth of multifactor productivity in the private sector was the result of growth in public infrastructure.

The evidence does not support claims that Ontario must cut corporate taxes to compete. On the contrary, modestly increasing the general corporate tax rate and using the proceeds to fund targeted tax credits and public investment would strengthen our economy and create jobs.

Now John's going to go through the "Ontario's mining tax barely scratches the surface" page. That's the next page.

Mr. John Stevens: How much time do we have left?

The Chair (Mr. Kevin Daniel Flynn): About three minutes.

Mr. John Stevens: About three minutes? Okay, well, I'm going to just point out the table then. For the Conservatives at the table, we checked yesterday: Alberta still takes 1.5%. They take more than Ontario, and 0.4% would be a 38% increase in revenues on the $82 million, based on 2010. I'm sure our production has increased since that point, but it would be an increase of 38% on $82 million. Just that alone could pay for a lot of hay for Premier Wynne's horse racing adventures, and maybe leave some money for education for Northern College.

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We have to look at alternatives to increasing revenue. You can't just cut. Twenty years of cuts: That's what we've all been through. Twenty years, and is there an end? Is the future a cardboard box for a worker outside the gate, like Mexico? Is that our future? Because if it is, you should be honest and tell us now. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you. Is that the whole presentation, Patrick and John?

Mr. John Stevens: Yes. "The Norway Advantage" was put there just for something to read about how you could have started this 40 years ago. I don't think we could put this in place today.

The Chair (Mr. Kevin Daniel Flynn): We have time for one brief question, coming from the PCs. Peter?

Mr. Peter Shurman: I guess we're not going to talk about corporate tax rates, so I'll ask you to tell me a little bit more—in the 60 seconds or so that we have left—of your understanding as to why the mining tax hasn't been increased over the course of the past 10 years, given what you say.

Mr. John Stevens: I think the oligarchy on Bay Street has complete control over the government of Ontario.

Mr. Peter Shurman: The Liberal government of Ontario?

Mr. John Stevens: Well, I would say the Liberal government, or you can flip the coin and it's a Conservative government.

Interjection.

Mr. Peter Shurman: We haven't been in power for 10 years.

Mr. John Stevens: I'm only saying, you can flip the coin. You still have that in the federals, and the federal government is the same mantra. It seems to be that corporate Canada controls the agenda of the government. Let's face it. Today, all you heard from the chamber of commerce was, "Give us more tax money, and we don't want to pay any more tax money." That's a system that doesn't—

Mr. Peter Shurman: I've got to tell you, I don't know what it is, because the television commercials suggest that we're controlled by corporate Canada, but we don't have any opportunity to set taxes. Are they controlled by corporate Canada too? I guess. Thank you, sir.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much for coming today, John and Patrick.

Mr. John Stevens: I guess I don't need to respond. It's a PC.

The Chair (Mr. Kevin Daniel Flynn): Good presentation. It was listened to. I'm sure there will be some disagreements around the table, and we'll leave it at that. But thank you very much for coming today. It was appreciated.

Mr. John Stevens: Thank you.

Mr. Patrick Veinot: Thank you.

The Chair (Mr. Kevin Daniel Flynn): Is anybody here from the municipality of Moonbeam?

Mr. Gilles Bisson: Point of order: Moonbeam, unfortunately, can't be here because highways are closed again due to poor winter road maintenance. So they will not be able to be here, and I give my apologies on behalf of the town of Moonbeam.

The Chair (Mr. Kevin Daniel Flynn): Okay. Who was coming on their behalf?

Mr. Gilles Bisson: Anybody who's not affected by a highway closure who happens to be on the other side of Moonbeam.

The Chair (Mr. Kevin Daniel Flynn): As you look ahead to the agenda, anybody else stuck on the highway?

Mr. Gilles Bisson: So far, I believe—

Interjection.

Mr. Gilles Bisson: Timmins is here. I see the mayor walked in also.

The Chair (Mr. Kevin Daniel Flynn): Yes. The city of Timmins is here.

Mr. Gilles Bisson: The Timmins Economic Development Corp. should be here as well, I think. Yes; right there.

The Chair (Mr. Kevin Daniel Flynn): So there's nobody on the other side of the—

Mr. Gilles Bisson: No, because they live in Timmins. See, that's a municipal road. Mayor Tom does a great job.

The Chair (Mr. Kevin Daniel Flynn): I came in on the municipal road yesterday from the airport. I followed a municipal bus.

TIMMINS ECONOMIC DEVELOPMENT CORP.

The Chair (Mr. Kevin Daniel Flynn): The next person we're going to hear from today is from the Timmins Economic Development Corp.—Christy Marinig.

Ms. Christy Marinig: Good morning, everyone.

The Chair (Mr. Kevin Daniel Flynn): Make yourself comfortable, Christy. You've got 15 minutes. Use it any way you like. If you want to leave some time at the end for questions, that's great. The questioning this time will go to the NDP.

Ms. Christy Marinig: Okay. Good morning, everyone, and thank you for coming to Timmins. I really appreciate your efforts to come here and hear our thoughts. Unfortunately, I have a terrible cold, so my speaking voice is a little off, but I'll start off.

The Timmins Economic Development Corp. would like to applaud the Ministry of Finance for allowing the Ontario Lottery and Gaming Corp. to move forward with their land-based gaming modernization plan. However, we are deeply disappointed and concerned that Timmins was not considered as an area or zone in which a casino could locate. At this time, the Minister of Finance has only approved 29 zones in the province.

Timmins is a regional centre in northeastern Ontario. We are home to approximately 43,000 residents and service a regional population of approximately 116,000 people. Timmins recently completed a strategic plan entitled Timmins Vision 20/20, and attracting a casino was a business ideas expressed in the document. City council passed a unanimous resolution on May 23, 2012, stating that Timmins would like to be considered as one of the zones. We have demonstrated that we are a willing host community, and have expressed that interest since 1996.

The five major centres in northern Ontario are Sudbury, Thunder Bay, Sault Ste. Marie, North Bay and Timmins. Not only is our community the only of these five excluded from the gaming zone, but Kenora, a city with a fraction of Timmins's population, was included. We do understand that Kenora does have cottagers and visitors, but Timmins holds considerable appeal for that as well.

The northern Ontario growth plan, as created by the province, stresses that the province should assist in the development of the five major centres; however, in this case, the province has instead created a barrier for development. Even though the private sector has expressed an interest in developing in our marketplace, the province has put obstacles in our way. As a willing host, we do not see this as a fair and transparent process. If there is a business case, we should also be allowed to work with the private sector to create a venue in our community.

We believe that by excluding Timmins, the OLG is missing out on a prime opportunity to expand their customer base and provide entertainment, employment, assessment, investment and revenue to a willing and viable community. We believe that this position will also lessen the profits that will be shared with the province.

Based on data obtained from PC Census, Timmins residents spend approximately $459 per household on games of chance every year. Please note that this is the highest in any northern community out of the five major centres. This is probably because Timmins also has the second-highest household incomes in the north, due to the mining and forestry jobs that we do have.

Timmins would also strongly benefit from the $92 million that was shared with host communities last year in terms of revenue. We recently lost one of our largest employers, being Xstrata, moving their metallurgical facilities to Quebec to process ore. As a result, we've lost $3.5 million in annual assessments. Finding diversification and new opportunities is good for us.

With little more than an hour drive separating North Bay and Sudbury, those two zones are very close together, and there's a risk that they could cannibalize each other. We have a different market with a large enough local, regional and visitor base to sustain a smaller casino. The OLG has stated that the one-hour drive from Toronto to an existing casino site in Ontario is not meeting consumer needs. We would appreciate the same consideration in northern Ontario. As it stands, someone from Timmins would need to drive at least four hours to be able to play a table game or slot. If the goal is to increase the number of moderate players to generate revenue, sites need to be located in regional centres or densely populated areas.

For some, gaming can be considered a form of taxation, and when implementing a tax, there are some key factors to take into account, such as: equity—all economies should be treated fairly; efficiency—it must generate revenue without a significant impact on the demand for a good or service, so again the cannibalization, and you have to be careful; simplicity; and the effective stimulus to growth underlying the stimulating growth factors. That's very important to our economy. Obviously, at this point in time, we do have the private sector willing to invest, and invest a considerable amount, in our community to help with diversification, yet we are not permitted to move forward with that plan.

I have some other notes on this particular thing, but we do hope that the government will reconsider the zone limitations and, again, allow us to compete fairly for private sector dollars.

The other key factors I just want to highlight—I know we don't have a lot of time left—

The Chair (Mr. Kevin Daniel Flynn): You've got about 10 minutes. You're doing great.

Ms. Christy Marinig: Oh, okay. There you go.

Again, high energy prices: high energy prices relative to neighbouring provinces such as Manitoba and Quebec continue to adversely affect our resource-based industries.

Claude Ferron, the president of the former Xstrata Kidd metallurgical site in Timmins, once said, "Energy has surpassed labour as the major cost at the site. Rising energy costs are squeezing the company's margins. If we moved to Manitoba, we could drop our costs by $20 million per year." That was a foreshadowing prior to their closure. They definitely made it known that energy rates are a problem in the province of Ontario, especially when you're competing for investment. And you're not competing for investment just in one community; you're competing globally for that investment. So not only are you trying to get them in Ontario, you're trying to get them within Ontario communities. It's very, very important to keep that in mind.

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It was not long after these comments were made that Xstrata decided to close their metallurgical facility in Timmins and send the ore to Quebec for processing. As a result, 678 direct jobs were lost and another 2,034 jobs were impacted in the region.

The price of electricity is largely an outcome of electricity policy that is under direct government control. Through this control, government directly affects the standard of living in the province. It needs to be recognized that rising energy costs are affecting industrial, commercial, small business and residential users in Ontario, and especially in northern Ontario, where a lot of the industries have large electrical needs.

Energy rates in Ontario are among the highest in North America. Competitive pricing is the key to retaining business in northern Ontario and attracting new businesses to our area. The need for an energy policy that can be used as an economic stimulus and not a deterrent is something that should be looked at.

In the States, New York City and New York state have a thing called electricity for jobs. What they do is they change electricity rates for job creation. It is something that perhaps the province can look at.

Fixed pricing is a real solution. A regional fixed-pricing strategy would go a long way in ensuring the sustainability of northern industries.

I know a lot of recent energy movements have been to create green energy. However, there is an enormous cost to that energy that we are all paying. Again, that's something that's very important in the long haul.

There also needs to be a shift in the government's approach to transmission that would result in its being seen as essential infrastructure, similar to highways in that it is upgraded, expanded and maintained. Very little new major expansions or upgrading of the transmission system have been undertaken from the late 1980s until now in the north.

Transmission is very important, because if we generate hydroelectricity, we need to be able to bring that energy down to southern Ontario for use. Right now, the transmission capabilities are not allowing that to happen. Again, you have a supply of low-cost energy potential that you're not tapping into. That definitely is being used in Manitoba and Quebec to their advantage to attract industry.

The other point I'd like to highlight is infrastructure. We recommend that the province work with key stakeholders to establish an infrastructure renewal program in the north. When we talk about infrastructure, we're talking about roads, sewers. We're talking about the ONTC and the divestiture. We're talking about rails. We're talking about the dream that C.D. Howe once had, when he built the railroad across this nation—and what capabilities that has to open up new territory, new developments. Obviously, the Ring of Fire is one that's being discussed now in the courts, in terms of a road versus rail. Again, those things are extremely important to the longevity of northern Ontario, but also this province as a whole.

With that, a unique infrastructure renewal program must be established, based on a guaranteed annual per capita allocation. There must be a minimum base level of funding for small and northern and rural communities. It is imperative.

Just as an example, in the next few years, the city of Timmins alone will need to spend approximately $100 million on infrastructure. That's roads, and unfortunately, the connecting link is no longer going to be something that is discussed; it's being taken away. That's critical and imperative because our tax base alone cannot sustain the upgrades needed to that road.

We have sewer and water regulations that we need to meet—enormous costs. There's over $100 million, just in our little community, that we see on the very near horizon that we need to allocate. Again, we believe that the province is important. We don't tax the mining companies who drive on our roads, for example, with their mining trucks. Those things do damage the roads. The province benefits from the revenues from the mines. We don't see a share of that.

Having that infrastructure renewal program is something that I think is really critical not only for northern communities but all communities in Ontario. In many instances, infrastructure is crumbling, and that is a key facet to economic development: ensuring the safety, security and longevity of people moving back and forth, and the shipment of goods.

Again, those are my key points. I know we had to keep it to about five minutes, so those are the key points I'm focusing on at this point, and I'd be happy to take any questions you have.

The Chair (Mr. Kevin Daniel Flynn): That's great, Christy. You did a great job. You left a little more than three minutes for questions. Gilles or Michael?

Mr. Michael Prue: I have a couple of questions. You haven't mentioned at all the ONTC. Talking about infrastructure, here's a railway that services the Timmins area and all of northeastern Ontario that's being yanked from out—what kind of economic impact is that having, or will it have, on the people of Timmins and area?

Ms. Christy Marinig: Well, certainly the freight is enormously important, because right now Xstrata relies on that freight taking their ore to Quebec. If that was closed or changed or altered, depending on what would happen, they could potentially close their mine site here as well, further impacting another approximately 700 direct jobs, plus the spinoffs due to that. It's very, very important that the ONTC issue be dealt with effectively.

The divestiture is very, very important to Timmins in the sense that we prefer that the government work with the communities to make something that's viable—not only just maintaining current levels of service, but looking at new ways of opening that to enhance freight rail, especially with the mining deposits that are in the Far North.

Mr. Michael Prue: You talked about electricity rates, but most of those electricity rates are impacted by very expensive electricity brought on by this government—things like paying 16 cents or 18 cents for solar and wind generation; that's what's causing the rates to go up. Are you suggesting that the government ought to use cheaper energy, such as hydro energy? There's some development right around here at this point.

Ms. Christy Marinig: Yes, I believe that hydroelectricity is a key facet that should be looked at. I know green energy is often something that everybody wants to be seen as doing. However, when there's a cost, and that cost is higher than the norm, I don't know if the citizens of this province would prefer to pay more money. I don't know if everybody understands the difference in the cost of producing that energy. It's a feel-good thing, but is it logical? Does it make sense? Does industry really want to pay more money? No, they want to look for the cheapest alternative, and that's where the jobs will go.

Mr. Michael Prue: Is there more time?

The Chair (Mr. Kevin Daniel Flynn): There's about a minute left, Michael.

Mr. Michael Prue: Okay. Go ahead.

Mr. Gilles Bisson: To close on that, because the other part of it is the green energy, but the other part—the Tories started the privatization and the deregulation of the hydro industry. The Liberals were opposed; they fast-tracked it. I just want to say it's a mixture of a whole bunch of things.

In regard to the infrastructure point—and I'm sure we're going to hear from other mayors about that—what do you suggest has to be done in order to have some sort of sustainable way of approaching our infrastructure investments over the years?

The Chair (Mr. Kevin Daniel Flynn): It'll have to be a quick answer, Christy.

Ms. Christy Marinig: Okay. Well, obviously, I think you need to work with the stakeholders, and it needs to be determined based on need. That need would be based on economic growth, safety and security, and having criteria on which to apply for. There should be a fund available that municipalities could simply apply for, making sure that checks and balances are there, but I think there needs to be an ongoing commitment and a realization that the infrastructure in this province needs upgrading and maintaining.

The Chair (Mr. Kevin Daniel Flynn): Very good. Thank you very much. Thanks for coming today. We appreciate it.

CITY OF TIMMINS

The Chair (Mr. Kevin Daniel Flynn): Our next presenter, after Christy vacates the chair, is Mayor Tom Laughren, mayor of Timmins. Your Worship, come forward and make yourself comfortable.

Mr. Tom Laughren: Good morning.

The Chair (Mr. Kevin Daniel Flynn): Good morning.

Mr. Tom Laughren: Welcome to Timmins—snowy Timmins—this morning.

The Chair (Mr. Kevin Daniel Flynn): It's a great place.

Mr. Tom Laughren: To be honest, I know you've probably got a few people who wanted to come down and couldn't because the highway is closed, so hopefully there's a method to accommodate them.

The Chair (Mr. Kevin Daniel Flynn): Yes, we accommodated some of them by phone this morning, so we were able to get, at least, to one of your colleagues in Kapuskasing. We were able to talk to Alan Spacek on the phone.

So, you've got 15 minutes, Mayor Laughren. You use that any way you see fit. If you want to leave some time at the end, the questions will come from the government side.

Mr. Tom Laughren: Perfect. Thank you very much.

Again, I want to start off by saying that the issues that are being presented, not only by myself but by others, are going to affect—no matter who the government is; if there's an election down the road, these issues don't mysteriously go away.

What we have done is we have put a pretty elaborate presentation in front of you guys this morning. Obviously, with 15 minutes, I'm not going to have an opportunity to go through all of it, but I want to basically touch on a few real key points for Timmins. My hope is that everybody will take the opportunity to go through our presentation, one that has been made to ministers, opposition leaders etc.

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The area that I really want to talk about this morning is, number one, from a Timmins perspective, infrastructure. Infrastructure challenges have been going on for years, but for us in Timmins, it really revolves around the water and sewer challenges.

Previous to Walkerton, we did not have a bad water sample; we didn't have a lot of challenges with our water plant. Because of Walkerton, we have probably spent in the last seven or eight years in the neighbourhood of $50 million—with government help, and we thank the government for that—at our water plant.

What we are looking at, and the previous speaker talked about it, is between our sewer plant—we have a secondary sewage treatment plant that's going on right now. The tender went out for $64 million, which is the largest tender ever awarded by the city of Timmins. Previous to that tender going out, we had approximately $7 million in pre-work, such as engineering, ensuring that there was some upsizing of piping to be able to take in the new secondary sewage treatment plant. At the end of the day, we estimate that plant will be somewhere in the neighbourhood of $80 million. Out of that $80 million, right now, we have a commitment from the province and the feds for just under $20 million each. But for a community of 45,000 people to be able to borrow or fund in an alternative way, which includes raising water and sewer rates—which I'm going to say have probably gone up in this community somewhere between 600% and 700% over the last 10 years, and are projected to continue to go up. In many instances, people are paying as much for water and sewer now as they are spending on taxes. It's a huge challenge.

Factor that in with the fact that we assumed 87 kilometres of highway back in the late 1990s which was formerly provincial highway. Out of that 87 kilometres of highway, we managed to get 20 kilometres into a connecting link agreement with the government of the day. We pick up 100% of the maintenance costs on that 87 kilometres of highway. The 20 kilometres that run through the heart of our city, from the tracks in Porcupine to the turnoff at Kamiskotia, we had a connecting link agreement of 90-10 on the capital. Great agreement, but if you never get your 90 cents from the government, your 10 cents don't go very far. Now we are in a predicament where there's no longer a connecting link program. That was drastically underfunded to start, when you look at the different agreements that are throughout the province.

We estimate to do four kilometres through the heart of our city, which would be from the old former overpass where ONR went through to the brand new bridge at the Mattagami—we're estimating $25 million to upgrade that road. The other 16 kilometres, we're estimating somewhere between $15 million and $20 million to bring those up to standard. I think if you look at the mining and forestry traffic that goes through the heart of our community—again, we cannot afford to do that without government help. By government help, I'm not only talking about the provincial government; I'm talking about the federal government.

When we look over the next 10 years, we are talking about a shortfall in infrastructure just for sewer and connecting link of almost $100 million. That's a huge challenge. Again, if governments continue to back away from the water and sewer side of it—because you've got to remember that the legislation was implemented by the provincial government. It was implemented with a promise to be able to participate. When I go and meet with cabinet ministers, and they tell me, "There's no money; you'd better borrow," I think we need to sit and have a chat. Infrastructure's a huge challenge for us.

Again, there's more on the infrastructure in the package. There are presentations that we made to Minister Murray and to Minister Gravelle.

The next issue I want to just briefly talk about is the Ontario Northland. The previous speaker did talk about it, and there were a couple of questions related to the Ontario Northland. I'm going to be very blunt. What you guys need to do is, you need to go back to the people who enacted this legislation and say, "What are we saving here?" Because I'm going to tell you, there's a study that ministers have that was put together by four companies that use Ontario Northland. If there's a change in Ontario Northland in the rate structure or in the service structure, we're talking about 3,900 job losses in northeastern Ontario.

The dialogue that took place—which was none with municipalities, which was none with industry—you put the northeast in a huge challenge, when it comes to economic development to be able to attract new people.

Agriculture is something that is huge, really. When you start looking at New Liskeard north, the opportunities—there's a Mennonite group that just bought well over 20,000 acres in Matheson; for them to do commercialized farming, they need rail. There has been no discussion.

What I think your group especially needs to do—because this is, again, an all-party group—is go back and say, "What are we actually saving here?" And go back and challenge this $400 per passenger. Passenger rail has been gone now since last fall, but I'm going to tell you right now, if private industry comes in and takes it over and either ups rates or looks at excluding different areas of service, northeastern Ontario will not survive.

This is one of the worst decisions, with no dialogue, that has ever been made. I can't say it any blunter than that. When you start thinking about transportation, a lot of people don't recognize—because I sit as vice-chair of FONOM and I'm the chair of NEOMA—we do not realize that there were two transportation studies going on in Ontario—two. We recognize the one that went with the northern growth plan, which again we have had no involvement with, and there was previously one that was started by the federal and provincial governments that we only found out about last August. It has been in existence for five years. And how can you be having two transportation studies going on?

Rail, which is your most important—thinking about the Ring of Fire; if anybody's thinking about trucking ore from the Ring of Fire, you've got to have your head read. You're talking $1.5 billion to put a rail in; $1 billion to put a road in. You're talking $10 a tonne by train; $60 a tonne by truck. Think about a government that prides itself on being green. Just think about that. So I'm going to leave you with the Ontario Northland, but that's a huge issue.

The next one I want to talk about very quickly is parks. There was a decision made to close 10 parks in northeastern Ontario. FONOM was very successful in getting the government—and I thank Minister Gravelle—in relooking at three parks. The caveat to that was being attached to a municipality.

In Timmins, we're attached to Ivanhoe provincial park, which is 120 kilometres outside of our boundaries. Ivanhoe provincial park was losing in excess of $100,000 per year—not the worst park in Ontario—but by working with the government, by working with the municipality, by working with the users, we've taken that $100,000-plus deficit down to $2,800. That's the projected deficit; that's by working together. But do you think it's fair that the city of Timmins—who garners nothing from this—if there is a shortfall, will have to pay $2,800, but if there's a surplus, the government keeps it? My suggestion to you, as a finance committee here of all parties, would be to look at the template that was created for Ivanhoe, Fushimi and Greenwater provincial parks, and say, "Why can't we"—

Mr. Gilles Bisson: René Brunelle.

Mr. Tom Laughren: —or René Brunelle, sorry. "Why can't we look at that type of model for all our provincial parks, if we're really serious about saving money, if we're really serious about reducing the deficit?"

The city of Timmins, the town of Hearst, the town of Moonbeam have done a great job in working with the government, and we thank the government for that. But let's take a look and say, "You know what, guys? You don't deserve to have to pay for a shortfall, if it does occur, especially looking at the changes that we have made." And they're very simple changes. To be very honest, the government didn't look at all the changes that we suggested, either.

Mr. Gilles Bisson: They could've done it themselves.

Mr. Tom Laughren: You're right; they could've done it themselves.

I'm not sure what I have left for time because I definitely want to leave time for questions.

The Chair (Mr. Kevin Daniel Flynn): You've got about five minutes left.

Mr. Tom Laughren: I quickly want to talk about the growth plan. The northern Ontario growth plan has been around—and it's something that northern mayors have been very supportive of—and it was probably announced in 2006. There are many people who have worked very hard and diligently to put a template in front of the northern development and mines and infrastructure ministers, as it relates to northeastern and northwestern Ontario.

And they're pilots. They may not be perfect. They may not be supported by everybody in northern Ontario, but they're a template. To continue to sit back and not put anything forward from a government perspective as it relates to the growth plan is a great disservice to all those people. And they're not just municipal people; they are people from business, they're people from colleges and universities.

Again, there was great fanfare when we did the Golden Horseshoe plan and there was great fanfare back in 2006 when we started off and said the next one was going to be northern Ontario. But if nothing ever comes of it, it's the same example as my connecting link. What benefit is that to northern Ontario, especially when you're looking at regional economic development and regional transportation, which should include rail? Again, the growth plan is something that we support, something that we want to roll up our sleeves and work with you people on, but again, there's got to be some movement by the government of the day to implement these two pilot projects, one in the northwest and one in the northeast.

I could talk about gaming. You just talked about that. I could talk about consultation on legislation. Energy is a huge issue. When you guys started thinking about the Ring of Fire—I talked about the transportation—if you go and actually meet with Cliffs, Noront or KWG, they're going to tell you their two biggest challenges are transportation and energy. And if anybody around this table thinks, based on our experience with Xstrata, that there's going to be a smelter built in Ontario with the energy structure that we have in place today, then you're seeing something that we, the rest of us, the leaders, don't see.

So again, if we want this to happen—and this is a huge opportunity for the province, for the country, for northern Ontario, for First Nations—we need to sit down, roll up our sleeves, put the right tools in place.

I have lots more, but I will turn it over to you for questions.

The Chair (Mr. Kevin Daniel Flynn): That's great. Thank you, Your Worship. We've got about two minutes left. To the government side. Dipika?

Ms. Dipika Damerla: Thank you so much, Mayor, for your fantastic presentation. I just had a couple of questions.

One was that I just heard something very interesting from the Steelworkers, where they talk about the fact that we have among the lowest tax rates for a mining company. On the other hand, I'm also hearing that our electricity prices, our energy prices, aren't competitive. So I'm hearing two different stories. I just want a realistic answer from you in the sense that if you were a mining company, given that it appears that the taxation regime is very, very attractive in Ontario, that you get 25% off on the electricity rate, is northern Ontario competitive or not for mining companies, given this combination?

Mr. Tom Laughren: Mining companies, in my mind, are not competitive as it relates to energy. We are nowhere near—somebody would have to show me how we are competitive.

Ms. Dipika Damerla: Sorry. I mean, you take the entire environment, not just the electricity rate, but also the mining tax rate.

Mr. Tom Laughren: I'm going there, but I think when you look at energy rates and compare them with Manitoba and Quebec, our neighbours—

Ms. Dipika Damerla: Even after the 25% discount?

Mr. Tom Laughren: Well, again, it's a very, very complicated formula, so there's many—it's the time of day, it's hours without production, it's new technology. So again, what we've suggested to the energy minister is, put something out that's simple, like Quebec and Manitoba. Tell us what your rate per kilowatt hour is. How does it compare? We like some of the programs that have been put in place, but again, we do not feel—and if you talk to local industry, the large power producers, they're going to tell you it's nowhere near competitive. When Xstrata left Timmins, they left because they could save at least 50% on their energy bill, which was somewhere in the neighbourhood of $40 million to $50 million. When you look at the tax structure, again, what companies have done is they've taken advantage of MPAC. Large industrial companies continue, year after year, to appeal their assessment, and they've been successful, which again is another huge issue for northern municipalities that in many cases were dependent on that revenue coming from taxation from our large industrial users.

I could give you examples locally. We had a company that was paying somewhere in the neighbourhood of about $9 million before they closed and was down at the end of it to about $6 million by continuously appealing, getting their assessment level dropped on it. So that's where local mining companies have been successful.

From a provincial perspective, I think sometimes we don't recognize what mining and forestry mean to Ontario. I think we take it for granted. Walk down Bay Street and see the offices that are attracted to northern Ontario. So I think we need to make mining and forestry incentives competitive with other jurisdictions, but right now I don't feel we are.

The Chair (Mr. Kevin Daniel Flynn): Thank you for coming today. We really appreciate your presentation.

Mr. Tom Laughren: You're welcome. Thank you.

The Chair (Mr. Kevin Daniel Flynn): That is it. We are going to recess now until 1 o'clock. We'll be hearing from the Cochrane District Social Planning Council.

The committee recessed from 1134 to 1253.

COCHRANE DISTRICT SOCIAL PLANNING COUNCIL

The Chair (Mr. Kevin Daniel Flynn): Okay, ladies and gentlemen, if we could call to order again? We're a little bit early, but it looks like everybody is set to go in any event. One of these people is Roderick. Roderick, if you would introduce your colleagues? Everybody gets 15 minutes. You can use that any way you see fit. At the end of it all, if you would leave a little bit of time for questions, that's up to you, but it's preferred. The questioning will be done by the PCs. So, I'm just going to start the timer and turn it over to you.

Mr. Rod Ryner: Very good. Thank you. Honourable members of the finance and economic affairs committee, welcome to the Cochrane district, and thank you for hearing this pre-budget submission.

I am Rod Ryner, the regional coordinator for the Cochrane District Social Planning Council, and I come before you today as a social convenor to facilitate a message from community leaders providing direct services to the poorest citizens of our district.

Please let me introduce my colleagues. I'll just go across, starting from the far left with Richard Bouvier. He is the president of the South Porcupine Food Bank.

Next is Reverend Arlene Onuoha, who is a regional Presbyterian minister travelling around the district—Kapuskasing, Cochrane and Timmins—and is a member of a number of ministerial associations in the district.

Amber Elliott is the community food bank coordinator for the First Baptist Church, in Timmins, and is a board member of the Anti-Hunger Coalition Timmins.

Ed Ligocki, sitting beside me, is the executive director of the Good Samaritan Inn, which is an emergency shelter and part of the food bank system and a social enterprise.

Right beside me, on my right, is Darlene Sayers. She's the president of the Cochrane regional food bank as well as the city of Cochrane food bank and social enterprise.

Briefly, as an executive summary, I'm going to be articulating and describing a poverty paradox in our district. Ed Ligocki will be presenting seven recommendations for legislative and budgetary consideration that will help to resolve the social problem of the poverty paradox.

The poverty paradox in the Cochrane district, starting off with some numbers: In 2006, approximately 6,570 people were living below the after-tax, low-income cut-off—that's of course from StatsCan—in the Cochrane district. Though we don't have current low-income cut-off statistical information to describe what's actually occurring in the district now, there is evidence that poverty is remaining high in the midst of our economic boom.

This is the poverty paradox. Despite a booming economy, marked by labour market shortages that we hear about from the Far Northeast Training Board, a three-year decline in the Cochrane district social services administration board's Ontario Works expenditures, as reported in annual reports as well as from key informant reports indicating a steady decline in the number of Ontario Works clients, we continue to witness alarmingly high and increasing numbers of people seeking the services of our food banks and emergency shelter.

Key informant reports from service providers confirm that the rates of homelessness—found in 2011 and reported in the Homelessness in Timmins final report by Dr. Kauppi et al., from Laurentian University—remain high. At that time, Timmins recorded that 720 different individuals were homeless during the frigid January week of the study. That's a rate approximately double that of Sudbury, a community which is three times the size of Timmins.

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It's important to note that almost 50% of the homeless people in the study indicated the Ontario disability services program or Ontario Works as a source of income, while 56% indicated "problems with work," including low wages, as well as "problems with social assistance" as the main reasons for their homelessness. It may be that inadequacy of social assistance rates as well as minimum wage levels, as identified by Poverty Free Ontario—and you'll see the Web page reference there—are responsible for sustaining this poverty paradox.

To get a sense of the situation, a real sense of the lived experience, I thought we could start with a case study of a family of four living in the Cochrane district, and it should help illuminate the situation.

Imagine with me, if you will, a family of four—two adults; two children, aged seven and nine—with father working 37.5 hours per week and mother working 22 hours per week at minimum wage, with an after-tax annual income of $28,000-plus; you can see the figure there. The accounting for this was done by Evergreen Accounting Services, Linda Dube, certified management accountant, September 2012. That yearly amount breaks down to a monthly amount of $2,343.

What I have done is listed the monthly expenses. Those expenses can be compared to the minimum wage income as well as the after-tax low-income cut-offs, as well as the Ontario Works rates and the Ontario disability services program rates, and that's what I've done here on page 2.

You'll note that all of these amounts for all the various needs that a family of four will have, all the expenses—all of these amounts are carefully and conservatively estimated, based on standards as well as research that we've conducted in the field.

For example, take a look at the food. It's the Porcupine Health Unit who reports that the nutritious food basket in Cochrane costs $802.70 for this size of family. Take a look at housing, for example. It is the Rental Market Report, Ontario Highlights, CMHC, 2012, which reports that the average cost for a three-bedroom unit is $934 for a month, in our district. Incidentally, we also have a remarkably low vacancy rate, at 1.5%. It's very difficult to find a place in the district.

As you go down, you'll find, again and again, very careful considerations given to establishing those costs. For example, the transportation cost is set at $246, and this represents what it would cost for two adult and two children bus passes in Timmins. It's important to note that in the Cochrane district, about half the population doesn't have access to public transit.

Towards the bottom, you'll see the monthly total and then you'll see the monthly deficit. The important figure to see here is that, compared to the low-income cut-off, as well as compared to the budget listed here, the minimum-wage amounts being earned by this couple result in a $300 deficit per month. They can't make ends meet.

If you look down to the Ontario Works maximum amounts—through that program as well as the Ontario disability services program, the maximum amount available there—you'll see they are woefully below that monthly total, as indicated there.

So families are facing choices of what they're not going to be dealing with, particularly the families in these circumstances. We think of things like school trips, computers, sports equipment, sports teams. Many of these are associated with social determinants of health.

At the bottom there, I present to you a reference to an excellent video that describes a similar case study done in North Bay. It's a nine-minute video. I highly recommend it.

To give you a sense of what's going on in Cochrane, now Ed Ligocki is going to talk a little bit about a strategy to resolve this problem.

Mr. Ed Ligocki: Good day, committee.

Poverty eradication in the Cochrane district: There were more than 100 participants from more than 20 communities across the province who attended the social justice day on Friday, March 8, facilitated by the Social Planning Network of Ontario and Poverty Free Ontario. At that meeting in Toronto, the delegates affirmed a six-point plan as a good-faith start to the commitment to eradicate poverty in Ontario.

The six-point plan of the Social Planning Network Ontario/Poverty Free Ontario:

(1) Increase the basic needs allowance by $100 per month as the first step towards adequacy.

(2) Index OW and ODSP rates annually to the change in the cost of living.

(3) Increase rates without cuts to existing benefits to OW and ODSP recipients; for example, special diet allowance and disability workers' benefit.

(4) Introduce an earnings exemption for social assistance recipients with working hours so that the 50% clawback does not apply on the first $200 per month earnings, preferably higher—$500.

(5) Commit to the principle that the minimum wage should bring a full-year, full-time—35 hours per week—earner to 10% above the poverty line, and implement a plan and timeline to get there.

(6) Index the minimum wage to keep up with inflation annually.

After returning from the event, Cochrane district delegates, through discussion with local leaders, decided to include a seventh recommendation that responds to locally identified needs, as articulated in various reports:

(7) An equalization supplement for northern Ontario and rural Ontario based on a local cost-of-living measurement conducted by the local social services administration for each community.

Can we afford these recommendations? The short answer is, yes, we can do this. We have noted a steady three-year decline in the client load of Ontario Works and Ontario Disability Support Program in the Cochrane district. These changes alone can fund these recommendations for the district. Poverty Free Ontario bulletin number 4 identifies specific changes to the tax structure that can provide the estimated $700 million to fund these changes for all of Ontario. We urge you to implement these changes and to resolve the poverty paradox that we are facing in the Cochrane district.

If I could just put on a different hat, I'm the executive director of the Good Samaritan Inn homeless shelter. In 2005, when I first started, we provided 11,000 meals to our clients. Last year, we provided over 40,000 meals—a big difference.

Mr. Gilles Bisson: And that's with a booming economy.

Mr. Ed Ligocki: And that's with a booming economy; absolutely.

In 2005, 30 food baskets were given out to families that called the Good Samaritan Inn and asked for help. Since then, we've also become a food bank. Last year, we provided 436 food baskets to people in need. These are people who are calling with families of two, three and four who cannot provide food for their children at the end of the month—a terrible feeling. It breaks my heart.

Every year, I see a 25% to 30% increase in the numbers at the Good Samaritan Inn. We are a shelter that houses 28 individuals, and many times through the year we've had over 50. They were sleeping in my office on a mattress; in the kitchen on a mattress; in the hallways upstairs on a mattress; in the living room on a mattress, because we refuse nobody.

I really believe that we have to take these numbers very seriously, because there's no end to this. The future doesn't bode well. If the last eight years of increases are any indication, the future is bleak.

I thank you very much for your consideration.

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The Chair (Mr. Kevin Daniel Flynn): Thank you, Ed. Thank you, Roderick.

There's a minute left. We have a quick question. Jane?

Mrs. Jane McKenna: I'd like to thank you all so much for coming. Your passion and compassion, and your generosity, is what makes Ontario an absolutely wonderful place to be part of. I'd like to also say that Toby Barrett—I'm not sure if any of you have had the opportunity to read his Welfare to Work. One of his pathways is saying, "In order to get people into jobs faster, we will adopt the recommendations of Don Drummond, Frances Lankin ... to transform Ontario's social assistance system by replacing Ontario Works and the Ontario Disability Support Program with one program focused on ability, not disability, while respecting the distinct needs of people with disabilities."

We have 600,000 people unemployed, 400,000 people who are on welfare and 200,000 people who have just given up looking for a job, so we need to change our environment, without having band-aids, and we need to make it better. We're very grateful for your input today. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Darlene and Roderick and Ed. Amber, Reverend Arlene, and Richard, thank you very much for coming today.

Mr. Gilles Bisson: Who are our next presenters?

The Chair (Mr. Kevin Daniel Flynn): Eacom.

Mr. Gilles Bisson: Eacom. Just as Eacom is walking up: As in all of our communities, all of these people are volunteers who work really hard to try to deal with what is a serious issue in all of our communities. I just want, on behalf of myself and the committee, to say thank you for the work that you do, because it certainly is a tough row to hoe.

EACOM TIMBER CORP.

The Chair (Mr. Kevin Daniel Flynn): Have a seat, Keith. Make yourself comfortable. Greetings. Thank you for coming. Like everybody else, you get 15 minutes for your presentation. Use that any way you see fit and, if there's any time at the end, the questions will go to the NDP this time around.

Mr. Keith Ley: Thank you very much.

The Chair (Mr. Kevin Daniel Flynn): Thanks for coming.

Mr. Keith Ley: Members of the standing committee, thank you for once again holding pre-budget consultations here in northeastern Ontario and for granting me the opportunity to address your committee.

My name is Keith Ley. I am Eacom Timber Corp.'s general manager of forest management for Ontario. I'm based in the Sudbury area. I also currently serve as the current chair of the woodlands board of the Ontario Forest Industries Association. I would like to describe some of the current economic challenges facing our company and the larger forest industry, and also the future opportunities that Ontario can assist us with in capitalizing upon through sound public policy.

By way of introduction, Eacom Timber Corp. is a publicly traded manufacturer of softwood lumber and engineered wood products. Eacom owns six Ontario solid-wood mills, four of which are currently in operation. Unfortunately, our Timmins sawmill suffered a catastrophic fire in January 2012, but is now being rebuilt. Our Ear Falls sawmill remains under a market-related shutdown with plans to re-open in the future.

Although originally based in British Columbia, Eacom has decided to invest in Ontario for one simple reason: the potential for a strong and sustained recovery of Ontario's softwood lumber industry. This faith is based on two undeniable trends: the rapid decline in volume and quality of British Columbia's interior pine timber—this is due to the massive mountain pine beetle outbreak—and the emergence of wood as an environmentally friendly and structurally sound building material. Adding to future opportunities for Ontario lumber producers is the growing demand from China for lumber from British Columbia; this is diverting increasing amounts of lumber away from traditional Ontario markets in the United States.

Eacom has recently made significant capital investments designed to increase the productivity and capacity at our mills and to reduce our manufacturing costs. In 2012, we invested approximately $19 million in two of our northeastern Ontario sawmills. Most recently, we announced the signing of a definitive agreement for the reconstruction of our Timmins sawmill. This $25 million investment will ensure the resumption of sawmilling at a state-of-the-art sawmill in the middle of this summer.

Last January it was announced that the 2006 Canada-US Softwood Lumber Agreement would be extended until 2015. While we continue to operate under the softwood lumber agreement, as a result of current lumber prices, we are finally no longer constrained by export taxes or quota restrictions.

Despite the increasingly positive outlook for the future, recovery will take time. As many of you know, much of Ontario's lumber industry was decimated by the collapse of the US housing market, a 15% export tax under the SLA, the high Canadian dollar and, in some cases, excessive debt.

US housing starts remain relatively low, at 800,000 per year, only one third of the 2.4-million peak reached in 2006. As a result, the long-awaited recovery will not gain full traction until 2014, when it's predicted that there will be up to 1.3 million total housing starts.

So what can we conclude about the future of Ontario's softwood lumber industry? First, we can and should believe in the strong potential of Ontario to become a leading softwood lumber-producing jurisdiction in North America. Our forests are vast, sustainably managed, independently third party certified, and strategically located next to the northeast US and, of course, southern Ontario markets.

Second, we should conclude that investment interest, under the conditions of secure and affordable wood supply, sensible public policy and reasonable input costs, does exist. Forest industry capital is mobile and gravitates towards politically stable jurisdictions offering favourable returns at minimal risk. Ontario can make even further progress in this regard.

Third, we should be aware that the Ontario softwood lumber sector, while emerging from intensive care, remains in the recovery room. Fuel, energy and insurance costs all continue to spiral upward. This affects the service providers to our industry as much as the sector itself. Competition from a booming mining sector and the reopened mills—it makes competition for tradesmen and truckers—and the demographic shift towards an aging workforce create a situation where, right now, we have well-paying job vacancies unfilled. Many challenges remain.

So what can the Ontario government do to assist its still-vital softwood lumber industry in 2013? There are many things, some of which you heard about earlier today from Jamie Lim, president of the Ontario Forest Industries Association. Let me confirm a few of those policy measures in the context of the softwood lumber sector.

First and foremost, our sector continues to require the government's help in controlling its wood costs. To a typical softwood lumber mill, raw logs represent two thirds of our total input costs. Since over 90% of our supply comes from crown lands, the Ontario government can continue to play a helpful role here. Maintaining and fully restoring the $75-million-per-year Ontario forest access roads construction and maintenance program that has been in existence since 2005 is essential. The up to 10% rise in delivered wood costs that would occur without such a program must be prevented.

I want to say this program is not a subsidy. It was recommended by the Minister's Council on Forest Sector Competitiveness in 2005, and it represents the provincial government's proportional share of the costs of building and maintaining a public road network in Ontario's crown forests.

As an example, the public road network on the Spanish Forest, an adjacent forest that our company manages—it's one of approximately 40 SFLs in Ontario—provides access for 140 registered trapline holders, 65 bear management operators, 64 commercial baitfish operators, 13 drive-in tourist establishments and over 2,100 mining claims. None of this includes the thousands of day trips that are made by fishermen, hunters and non-consumptive recreationists.

Secondly, your continued support for programs that promote the use of Ontario's forest products is much appreciated. Continued support for Ontario Wood—which is the educational and consumer promotion initiative of the Ministry of Natural Resources—helps to encourage and promote the use of wood as "the natural choice." The Ministry of Natural Resources has done a great job in creating a brand and developing a consumer campaign for Ontario Wood. We would ask you to provide MNR with the necessary funds to launch this campaign. I'm personally waiting for the day that Ontario Wood is as recognizable a logo as Foodland Ontario.

Not all wood promotion activities require direct financial action by the government. Unfortunately, he's not here, but I'd like to thank Mr. Fedeli for reintroducing the Ontario Forestry Industry Revitalization Act. This act would amend the Ontario building code to remove the prohibition on six-storey wood frame buildings. Your support for this act would allow the use of wood in mid-rise construction, which would provide developers with a cost-effective and environmentally responsible building option.

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Finally, we need secure, long-term access to predictable and affordable supplies of crown timber. It's this access to timber that provides the compelling incentive for boards of directors to invest capital in Ontario. In this regard, there are a number of areas where the Ontario government can materially assist.

Recently, the MNR endorsed a set of principles for the implementation of enhanced sustainable forest licenses. Adhering to these principles—which includes locally developed solutions, transition at a moderate and measured pace over the next five to seven years and respect for existing harvest and wood supply commitments—is essential to reducing the uncertainty associated with a change of this magnitude.

The ministry has also indicated that it will be exploring and considering options for a new market-based timber pricing system. I want to say that Eacom supports the current stumpage system in that it is predictable and provides the necessary certainty for investment.

At the core of the current system is a sharing of benefits between the government and industry through the residual value portion of stumpage. The residual value component of stumpage is a form of profit sharing that provides relief to industry during low periods and increased payments to government when prices are buoyant. This price component is adjusted monthly and ranges from zero, in times of low forest product prices, to as much as $25 per cubic metre when product prices are high. This depends on species and product sector. The residual value price component ensures that the crown, as the owner of the timber resource, shares in the financial rewards of strong end-product markets.

Finally, the implementation of the Endangered Species Act has been a source of uncertainty for our industry since 2007. Your support for MNR's recently proposed approach to a regulation under the Endangered Species Act would help to address this uncertainty. The proposed regulation would recognize the effectiveness of the Crown Forest Sustainability Act and its associated forest management plans in providing for the habitat needs of species at risk in Ontario's crown forests. The proposed regulation would expire five years after coming into effect and would stipulate conditions under which forest operations can occur. These conditions may include operational prescriptions and management objectives within the forest management plans to avoid or minimize adverse effects to species at risk and their habitats.

In summary, Eacom Timber Corp. is pleased and proud to be operating in the province of Ontario. Our executive team and our investors see great business potential for softwood lumber production here over the long term. To realize that potential, we require the active collaboration and support of an Ontario government fully attuned to our own imperatives of secure long-term wood supply, affordable delivered fibre and a predictable forest policy environment. We hope that we can count on government support for our company's efforts to restore a portion of Ontario's softwood lumber industry and associated communities to the health and prosperity that can and should be theirs.

Thank you for this opportunity today. I hope you have a productive stay and safe travels.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Keith. Gilles and Michael, four minutes.

Mr. Gilles Bisson: A couple of things: First of all, the one thing that we do well in Ontario is we know how to manage forests. We are the world leaders when it comes to sustainable forestry development. There's not a tree that's cut in the forest without figuring out, could you cut that tree in a way that's sustainable to the environment, and when you cut the tree, how are you going to make sure that when it's taken out of the bush it doesn't harm the environment, and then making sure that we replant and reforest that area that's been cut over, because it's to not only our economic benefit, but it's also an environmental benefit as well.

So being the world leaders in sustainable forestry harvesting practices, it seems to me that it makes ultimate sense to heed the warning—not the warning, but what you're asking us to do, and what Jamie Lim asked us to do earlier, which is the Ontario wood advertising prospect, of being able to say, "If you want to buy wood that is environmentally sustainable as far as how we cut, how we operate, here's where you buy it from."

I guess I would just ask you to elaborate on that, the importance that could have on our industry here in Ontario if we did it properly and supported that particular initiative across North America.

Mr. Keith Ley: Well, thanks, Gilles. On behalf of me and my staff, thanks for the support for the quality of forest management in Ontario. I agree with you completely. The multidisciplinary planning teams that involve industry, the Ministry of Natural Resources and community members do a fabulous job.

The Ontario Wood campaign just makes so much sense. You can get behind it for so many reasons: the quality of the management, the product itself. It's a great product; it's environmentally positive. We all love wood.

But one of the things I like about it is that, as a consumer, you can do something in your own town. I think that community aspect of it—go to the lumberyard and say, "I'd like to buy Ontario wood," because there was an Ontario logger who cut down that tree, there was an Ontario forest planner, there was an Ontario sawmiller, there was an Ontario trucker. All things considered equal, why not support the mills in your community?

It looks so close to the Ontario farmer—

Mr. Gilles Bisson: But I'm challenging us to go further because it seems to me, from a marketing perspective, it would be smart for Ontario to say, "We are the world leaders when it comes to making sure that we harvest in a sustainable way." Endangered Species Act? Listen, we were doing that kind of stuff way before the Endangered Species Act ever came along in the forest management plans and, quite frankly, are doing a pretty darned good job.

My point is, why wouldn't we take it to the next step? Why wouldn't we say, "Let's try to promote Ontario wood North America-wide as being the most sustainable, the most ecological, the most environmentally friendly way of being able to produce lumber in North America"? Because we are.

Mr. Keith Ley: I guess that could be a fabulous long-term goal and objective for the program. I completely support that. I guess my ask today is, let's get it to Ontario consumers first. Let's take it to the next step.

Mr. Gilles Bisson: I hear you from a local economic perspective for Ontario, but I think it should be a marketing opportunity for us in Ontario overall.

Just because my colleagues are here, I want to take this opportunity on forest management planning processes. As a local MPP, I deal with cottagers, environmentalists and others who, at times, come up against—they don't want a particular area cut. I've got to say, the FMP process, the forest management planning process, and everything that ensues allows for actually a good way for us to work out those issues. I just dealt with one in Departure Lake. It's not on your particular forest; it's actually on Tembec's. But we managed to make sure that the cottagers were happy—

Interruption.

Mr. Gilles Bisson: Hang on; this is important. The cottagers were happy, the First Nations were happy, the forest company got its timber, the local municipality—we came to a compromise that made sense. And you know what at the end? It works, and it's sustainable. We say to my southern colleagues, we really need to give northern Ontario some credit for what we're doing here because we're world leaders when it comes to managing our forests.

The Chair (Mr. Kevin Daniel Flynn): That's a good way to end it. Thank you, Keith.

CONCEIVABLE DREAMS

The Chair (Mr. Kevin Daniel Flynn): Our final delegation of the day is Jan Silverman. Jan, if you'd come forward and make yourself comfortable. I know you've been sitting there for a while, so you know what the rules are.

Ms. Jan Silverman: I have to tell you it's been really interesting to hear all this.

The Chair (Mr. Kevin Daniel Flynn): That's good. That's good to hear. You've got 15 minutes. You use that any way you see fit, and the questions will come from the government side this time. It's all yours.

Ms. Jan Silverman: Okay. Thank you. Good afternoon and thank you for the opportunity to present today. My name is Jan Silverman, and I am a counsellor who works with women and men with fertility and reproductive challenges, as well as an advocate and spokesperson. As a founding member and long-time supporter of Conceivable Dreams—the province-wide coalition of patients, family members, health professionals and others supporting equitable access to funding for in vitro fertilization, or IVF—I fully endorse what Paula Schuck told the committee in Windsor yesterday.

I'm a health professional who has worked in the field of infertility and reproductive health for almost three decades. I can tell you first-hand about the human impact of infertility. In the more than 20 years that I operated the infertility support and education program at Women's College Hospital, I counselled literally thousands of couples facing fertility challenges. Their stories were all different, but equally heartbreaking.

I did not start out to work in the infertility field. In fact, I was trained as an audiologist and first moved from New York City to Sudbury to work as an audiologist.

Mr. Gilles Bisson: Good choice.

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Ms. Jan Silverman: I thought so too.

Mr. Gilles Bisson: You should have come to Timmins.

Ms. Jan Silverman: If they had offered me a job, I might have.

But my life took an unexpected turn. At the age of 26, within the first four months into marriage to my wonderful late husband, who was a Sudbury man, I suffered two ectopic pregnancies, which destroyed my fallopian tubes. Attending a meeting with a physician whom I'd been told was going to operate to improve my chances of future pregnancy, I was instead told forcefully that I should "Get over it and recognize that you're never going to have children." The doctor then abruptly left the room.

After struggling with depression, I came across a newspaper reference to a support group for infertility patients in the United States. I reached out to them and they put me in touch with a woman in Hamilton, Ontario. Together, we eventually organized Canada's first infertility support group, called Infertility Facts and Feelings. Discovering that I was not alone and that I could help ease the burden of others faced with similarly brutal news, I knew I'd found my career focus. I returned to school at OISE to earn a second master's degree, this time in education and counselling.

I've since worked almost exclusively in counselling related to reproductive health and infertility. Among many, many other roles, I was selected and served as one of the 11 members on the Ontario expert panel, which developed the 2009 report Raising Expectations, which I think sits on a lot of people's shelves. Working with David Johnston and the other panel members was an extraordinary experience. I'm enormously proud of our report. I truly believe that its recommendations provide a road map for both sound public policy and humane support to couples in need. That's why I find it deeply disturbing that so little action has been taken on the panel's recommendations, both those with respect to adoption and especially those relating to infertility treatment.

There are very few people in Ontario who have seen the vast range of individuals and couples with infertility challenges to which I have been exposed for many years. There is a myth that most of those seeking IVF are upper-middle-class professionals in their 40s who delayed childbearing for selfish career reasons and now want government help for a last hurrah at having a family. Nothing could be further from the truth.

Yes, fertility challenges increase with age, and the social reality is that the average age when most Canadians have their first child is now over 30. That has occurred for a host of economic and social reasons, including the opportunities that exist today for women in education and the workforce, as well as the fact that most families today require two incomes just to get by.

But it is also important to recognize that infertility can result from a host of medical conditions that can strike at any age, including endometriosis, polycystic ovarian syndrome, gynecological and testicular cancers, drug treatments, infections and countless more. As my own experience at 26 demonstrated, as have the cases I've seen of premature ovarian failure or early menopause at age 18 or damaged ovaries at 20, infertility does not respect arbitrary boundaries. Therefore, cause is not the issue; we need to focus on how to treat infertility in a way that is medically efficient and economically and socially humane.

Let me quickly just give you three examples from the thousands of situations I've witnessed over the years. For privacy reasons, I've changed the names and a few of the identifying details, but the substance of the vignettes is real.

Maria and Ahmed are what some people would call new Canadians, though they've each been here for almost 20 years. They came by different routes—from South America and the Middle East, respectively—fell in love at school, married and worked hard to get established. He runs a flooring company; she manages a medical office.

In her early 30s, they tried to get pregnant, without success. Tests showed her egg quality had already deteriorated significantly, despite her young age. Knowing they could afford only a single cycle of IVF, Maria did everything possible to maximize their chances of success. She took time off from work to focus on de-stressing, maintained the healthiest possible diet and got the best medical advice.

Unfortunately, there was no happy ending for them. They did not get pregnant after the single IVF treatment. Doctors felt if they could afford to keep trying through a few more cycles they had a reasonable chance of achieving pregnancy. But the financial realities of carrying all of the costs of this medical condition themselves meant that they had hit the end of the road.

In the case of John and Susan, the problem started in his youth. John suffered a bout of cancer at the age of 12. His aggressive chemotherapy was successful in fighting off the disease, but one result was that years later his sperm was compromised. It was still possible that he and his partner could conceive naturally, but combined with the fact that her eggs were also prematurely deteriorating, the odds became very long indeed. IVF gave them a fighting chance. After three rounds of IVF, they were thrilled to become pregnant and are now proud parents. But their success came at the cost of a $40,000 debt that they could ill afford, as few of us can when starting out at the most expensive stage of family life.

And finally, Ginette is one of the many, many, many women who suffer from endometriosis. Early in her relationship with Francois, her physician told her that her condition could make it difficult to get pregnant and they should not delay. Yet after six years of trying—six years where calendars, hormone cycles, mucous levels and temperatures, surgeries and ever-increasing anxiety, have occupied every waking minute—they have failed to get pregnant.

Ginette is a strong candidate for IVF. She and Francois might well be able to have children through treatment, but like a very large percentage of the population, they cannot even afford to consider it. The economy in their small northern town is struggling. Francois's job at the mill is intermittent now, and Ginette's work at the co-op brings in little more than minimum wage. Finding $10,000 and more for even a single cycle, plus travel to a clinic in Toronto, London or Ottawa, is simply beyond their means.

That's one of the saddest things I see in my work. The lack of support for IVF has created a two-class system, where the upper middle class can afford to take a shot at achieving success through IVF, but those below them on the economic ladder are shut out of hope. As we debate these issues in northern Ontario, where I began my Canadian life decades ago, let's not forgot the critical importance of reasonable access for all Ontarians to health care. That applies to infertility treatments as much as chronic and acute care.

IVF is not a miracle cure for everyone; it is not a panacea. But it is an extraordinarily valuable option that can provide many infertile patients with a real shot at having their own genetically linked children.

I do not see any conflict between funding IVF treatment and supporting adoption. After my own tragedy at 26, I adopted, which was the only way in that day to build a family. I love my daughter and my son—they're my world. But I also recognize that humans have an intrinsic desire to have their own genetically linked children, and that there are some real limitations around the availability and the cost of adoption as well.

So I want to urge the members of this committee to support action on all of the recommendations of the Johnston report, supporting patients in need of IVF as well as those hoping to adopt. In particular, I urge all of you to press the Minister of Finance for a commitment in this 2013 budget for support to patients in need of IVF.

As Raising Expectations reported, and as experience in Quebec and elsewhere around the world demonstrates, funding IVF can be done in a way that actually saves money for taxpayers. That's a good thing. But let's really do it to save the anguish, the heartbreak, the depression, the economic stress and the relationship strain on all of those couples who suffer with infertility. The benefits, at so many levels, will be incalculable. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you very much. We have between three and four minutes for the final questions of the day. Let's start with Joe.

Mr. Joe Dickson: Thank you Mr. Chair, and thank you very much, Jan. You really tugged at my heart today, because I married a young lady—she comes from a family of eight; I come from a family of 10. We both wanted a large family. We were, however, blessed with two beautiful, dynamic children, but I recall specifically a 10-year span in our married life when my wife went through what you have gone through, and that's tremendous suffering and, many times, sheer pain. She also suffered two ectopic pregnancies. We were told point-blank that was the end of the opportunity for any more children—period. There was no other option. So what you are doing is a minor miracle.

I personally thank you, and I know everyone here will, for what you do to help others with IVF, and I just wanted to say thank you to you.

Ms. Jan Silverman: Thank you very much. I'm passionate about my work, not just what I do but the how of what I do, which is helping women and men to recognize that they're not alone in this fight. One of the things about infertility is how isolating it is, which is especially true when you come to a northern community, where the medical supports are so minimal in general, and for specific issues—and especially women's issues—it's even more not available.

The Chair (Mr. Kevin Daniel Flynn): Final question, to anybody?

Thank you, Jan. Thank you very much for coming—

Mr. Gilles Bisson: Can I ask just—

The Chair (Mr. Kevin Daniel Flynn): Sure. We've got about a minute left.

Mr. Gilles Bisson: So essentially, you go the private route, and my colleague was telling me—maybe you can explain it and—

Mr. Michael Prue: The woman yesterday said that, in the private route, they put six or eight eggs in at once and then the babies are born; many of them are born with multiple medical problems. So the question I asked her yesterday was, should we be allowing that in Ontario, to impregnate a woman with six or eight eggs at once?

Mr. Gilles Bisson: So have a public system where everybody is the same and you do it properly with one.

Ms. Jan Silverman: Well, that's the idea, but you have to understand that it's hugely expensive to go through a cycle. Now, you will not find people anymore putting in the six to eight that they once did. That was an earlier time, but people still do. Usually, that's the reason we suggest IVF as opposed to inseminations, where you don't know how many are going to fertilize. But the point is that so many people see this as their one shot: "Whatever it is, whatever it is, load it on. Whatever it is, I'll deal with the consequences."

What we're trying to say is that if you didn't force people into this desperate state of being, if we provided them with in vitro fertilization when necessary—not for everybody but for the cases where it is medically called for—then we can control how many embryos we put back.

We are recommending—as in Quebec, as in other jurisdictions around the world—moving towards you fund IVF, and we are going to push for a single embryo transfer, putting back one embryo such that we deliver singletons. The point is that by having a singleton, by not risking multiples, that is how we are going to save Ontario the money, because the money that is being put into these multiples is costing the system more than it would cost—we would save money by funding IVF.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Jan, and thank you very much for coming today.

Ms. Jan Silverman: Thank you all enormously. I hope everyone gets back—

The Chair (Mr. Kevin Daniel Flynn): No, no. I think we're seeing some more of your group—

Interjection.

Ms. Jan Silverman: Oh, okay.

The Chair (Mr. Kevin Daniel Flynn): —a little later in the week. Thank you for coming today.

We are recessed to Ottawa.

The committee adjourned at 1342.

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