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**Official Report
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Tuesday 29 September 2009

**Journal
des débats
(Hansard)**

Mardi 29 septembre 2009

**Standing Committee on
Estimates**

Ministry of Municipal Affairs
and Housing

**Comité permanent des
budgets des dépenses**

Ministère des Affaires municipales
et du Logement

Chair: Garfield Dunlop
Clerk pro tem: William Short

Président : Garfield Dunlop
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Tuesday 29 September 2009

Mardi 29 septembre 2009

The committee met at 0900 in room 151.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING MINISTÈRE DES AFFAIRES MUNICIPALES ET DU LOGEMENT

The Chair (Mr. Garfield Dunlop): We'll call the meeting to order. We're here today for the consideration of the estimates of the Ministry of Municipal Affairs and Housing for a total of 15 hours.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer.

Are there any questions before we start the meeting this morning?

I now call vote 1901. We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party. Then the minister will have up to 30 minutes for a reply. The remaining time of the 15 hours will be apportioned equally among the three parties.

I'd like to welcome everybody here this morning. I'd like to welcome Minister Watson and all the folks from the Ministry of Municipal Affairs and Housing.

Minister, we can start with your first 30-minute statement.

Hon. Jim Watson: Great. Thank you very much, Mr. Chair, and members of the committee. I hope that after 15 hours I don't lose my voice. I'm suffering the first cold of the season, so I apologize. My voice is deeper than normal.

It's a pleasure to appear before you, and I'm pleased today to talk to you about the work of the Ministry of Municipal Affairs and Housing.

First I'd like to introduce my senior ministry officials who are here today and whom I may ask to provide technical details in response to questions that committee members may have.

With us today on my left is Deputy Minister Fareed Amin; assistant deputy ministers—Dana Richardson is behind us and that's Pam Skinner over there; Robert

Taylor and Ralph Walton; our legal director, Joanne Davies; and communications director Jodi Melnychuk.

I want to acknowledge the hard work and leadership that this team and our entire ministry demonstrate every day, and in particular in preparation for estimates. As you can well imagine, this is quite a binder that they have to put together, and an awful lot of briefing sessions back and forth. So I'm very appreciative of the work that they do, helping me do my job, and also in implementing our government's plan for building safe, strong and sustainable communities.

We're achieving this by developing collaborative partnerships with Ontario's 444 municipalities and promoting accountable local governments.

The ministry continues to promote a housing market that serves the full range of Ontarians' housing needs, helping Ontarians who need assistance and protecting the rights of tenants and landlords.

We are also working on developing a new long-term housing strategy to make it easier for Ontario families to find and maintain affordable housing.

La stratégie à long terme de logement abordable va fournir un cadre au logement abordable pour les 10 années à venir en Ontario. Nous renforçons la capacité des municipalités de répondre aux besoins spécifiques de leurs communautés, et ce, en leur fournissant davantage d'outils à même de soutenir les efforts de planification, de gestion et d'investissement pour l'avenir.

And we're encouraging sustainable forms of development, protecting valuable green space and working with municipalities so they can thrive in a developing green economy.

The ministry is providing these services and conducting its business in a fiscally responsible manner. We're holding the line on human resources expenditures, and program costs have been managed effectively.

In these challenging economic times, I'm especially pleased that the spending on expenditures such as consulting services and travel has generally declined over the last few years. In 2008-09, the ministry underspent its operating budget by \$4.7 million.

I can also assure you that the agencies for which I'm accountable, such as the Landlord and Tenant Board and the Ontario Mortgage and Housing Corp., have always been expected to comply with government policies and directives regarding expenses. The chairs of these agencies have recently reconfirmed their compliance with government procurement practices.

Throughout the entire ministry there is strict adherence to procurement practices. This is about more than just following the rules. It's understanding that we've all got a responsibility to do the right thing with taxpayers' money. I'm confident that the ministry will continue to provide cost-effective and efficient services for the public and meet the highest standards of transparency and accountability.

The Provincial-Municipal Fiscal and Service Delivery Review is what I'd like to spend a few moments on now. Our strong record in this area is exemplified by the tremendous work we did together under the Provincial-Municipal Fiscal and Service Delivery Review, the PMFSDR. Through this unprecedented provincial-municipal partnership, we conducted a comprehensive examination on how best to deliver and fund services for our communities. Working with the Association of Municipalities of Ontario and the city of Toronto, we carefully scrutinized what solutions were sustainable and affordable. Economic circumstances added significant challenges to this initiative, but the partners at the table persevered and reached a fair agreement.

The Minister of Finance and I, joined by municipal leaders from across the province, announced the final report of this key partnership in the fall of 2008—in fact, about a year ago next month. In this consensus report, the province and municipalities outlined a shared vision and a sustainable model for delivering services to Ontarians. Major commitments in the report include social assistance benefits programs being uploaded to the province, including the municipal share of Ontario Works benefits; and uploading court security and prisoner transportation costs.

Once the elements of the report are fully phased in, the net benefit to municipalities will be approximately \$1.5 billion per year. This means property tax dollars that used to pay for social assistance benefits will be available for other important local priorities.

The province, AMO and the city of Toronto have also agreed to jointly develop an accountability framework for social services and simplify and modernize the delivery of income assistance and employment-related supports. We will also work together to consolidate the many existing housing and homelessness programs that we share. We are focused on finding ways to use public dollars in the most prudent and effective fashion, and developing measurements to make sure that we are achieving our goals.

By 2018, the total annual ongoing support to municipalities, including other provincial initiatives, is projected to be \$3.8 billion. This is an increase of approximately \$2.7 billion, or 250% over 2003, which was the year we had the honour of forming government.

In addition to the achievements detailed in the final report, our government addressed some key concerns about municipally funded services early on. This included the uploading of the total cost of the Ontario drug benefit plan, ODB, in 2008, and the Ontario disability support program administrative costs in 2009,

thus saving municipalities \$158 million and \$86 million respectively.

We increased the province's share of local public health funding to 75%, up from a 50% level in 2004, thus saving municipalities a further \$147.3 million. We strengthened provincial funding for land ambulance services, moving to a 50-50 funding by 2008. This brings the total additional investment for municipal services to just over \$300 million since 2006.

For the provincial gas tax, two cents of every litre is available to municipalities for public transit. By 2010, this will be a total investment of \$1.6 billion, and we've repeatedly made timely investments in core municipal infrastructure, such as the \$450 million we provided in March 2008 to fund 243 municipal projects for roads, bridges, sewers and community centres.

In August 2008, we also allocated an additional \$1.1 billion to support municipal infrastructure investment under the Investing in Ontario Act, 2008. This funding went to many important projects. For example, more than \$4 million was provided to Quinte West to help build a new recreation centre. In Waterloo, more than \$6 million was invested in the Sunnyside supportive housing facility and the Waterloo regional airport, and in Huron East funds were used to help build a new health centre.

Compte tenu du budget de 2009, notre gouvernement continuera à investir comme jamais auparavant dans des infrastructures qui bénéficieront à nos collectivités et qui stimuleront notre économie.

L'investissement dans les infrastructures de 27,5 \$ milliards sur deux ans bénéficiera aux collectivités locales, et ce, de maintes façons, en améliorant notamment à long terme les transports, la santé et l'éducation.

0910

Approximately \$780 million in new funding will be provided directly for municipal projects such as arenas, libraries and local transportation projects. Overall, our government has invested \$6.6 billion in municipal infrastructure in the last three years alone.

On the issue of the Ontario disaster relief assistance program, or ODRAP, which I have responsibility for: In addition to this ongoing, significant municipal support, the ministry also has an important role in assisting municipalities during serious emergency situations such as natural disasters. The ministry works with Emergency Management Ontario to monitor emergency events and advise municipalities on disaster relief assistance and planning for emergency situations. Over the last year, we provided more than \$4.5 million for public and private assistance under the ministry's ODRAP to communities hit with severe flooding and storm damage and to help repair critical municipal infrastructure. Earlier this month, I declared a disaster area for the town of Blue Mountains, the municipalities of West Grey and Grey Highlands and the township of McNab/Braeside, which means that individuals will be able to apply for assistance under ODRAP.

Another important way that our government has worked with municipalities is by providing local govern-

ments with more autonomy and flexibility to respond to the specific needs of their communities.

We passed legislation to amend the Municipal Act, 2001, giving our municipal partners broader powers and greater legislative freedoms to pass bylaws on significant matters such as those related to transparency and accountability, and consumer protection initiatives. These new powers are similar to what we provided to the city of Toronto under the City of Toronto Act, 2006.

To further enhance provincial-municipal collaborations, we've strengthened, in the legislation, formal consultations through a memorandum of understanding between the province and AMO. Under this MOU, which I believe is working extremely well, we continue to have monthly meetings where cabinet ministers and municipal leaders have discussions about relevant issues. A similar process has also been developed with the city of Toronto because, as you may know, Toronto is not a part of AMO.

The ministry has established less formal but valuable partnerships with other areas within the municipal sector to support Ontario municipalities. For example, we are working collaboratively with the Association of Municipal Managers, Clerks and Treasurers of Ontario, AMCTO, on a municipal internship program. We also partnered with this association as well as with AMO on Local Government Week to engage youth about the key role that local government has in shaping our communities. This year, Local Government Week takes place from October 18 to 24.

Consultation is also a key theme when it comes to provincial, municipal and aboriginal relationships. The ministry takes the government's commitment for a new relationship with aboriginal people, as well as the crown's duty to consult with aboriginal peoples, very seriously.

Nous croyons que les communautés autochtones devraient participer aux initiatives ministérielles et municipales qui pourraient les concerner de près, et qu'elles devraient être consultées à ce propos d'une manière respectueuse qui favorise la coopération mutuelle. Pour nous guider dans notre action visant à établir un nouveau programme répondant aux besoins en logement hors réserve des populations autochtones, nous avons, par exemple, fait appel aux organisations autochtones qui ont, à leur tour, beaucoup consulté les communautés autochtones.

Aboriginal organizations have been full partners in this housing initiative. We have signed agreements, just this year, with them to deliver an \$80-million housing program to off-reserve communities. One of the most important aspects of this initiative is that aboriginal housing will be designed and administered by those who know their communities best, giving aboriginal people more say in how their affordable housing is delivered. When developing provincial planning policy, we've also engaged aboriginal communities to ensure that their perspectives and concerns are taken into account.

The fact is that it's good business for municipalities to regularly engage aboriginal peoples on local matters. In

many communities across Ontario, municipal governments and neighbouring aboriginal communities are developing stronger relationships. Together, they are creating opportunities to improve the quality of life for their residents.

Developing more efficient and innovative approaches to land use and development is another aspect of our ministry's efforts to build sustainable communities. Sustainability is increasingly recognized as a fundamental principle that should guide long-term community planning and is critical to long-term prosperity. So our government developed a comprehensive plan to support sustainable development, including the greenbelt plan, the growth plan for the greater Golden Horseshoe, land use planning reforms, the Green Energy and Green Economy Act, the Clean Water Act, the strategy to protect Lake Simcoe, and the sustainable transportation network under Metrolinx. These actions represent a new milestone in sustainable planning and they are helping Ontario's communities reach their potential.

In regard to Ontario's 1.8-million-acre greenbelt, we have established criteria to consider requests from municipalities to expand it. Ontario's award-winning greenbelt is recognized as one of the most effective greenbelts in the world. It protects some of Ontario's most valuable watersheds and wetlands, allowing us to enjoy cleaner air, water and land. The greenbelt prevents sprawl and reduces smog and pollution. It offers fantastic recreation and tourism opportunities, and the value of the greenbelt's ecosystem services has been estimated as worth at least \$2.6 billion each year. The David Suzuki Foundation summed it up by saying, "The greenbelt's working landscapes provide essential ecosystem services or benefits for the eight million residents across the greater Golden Horseshoe."

Ontarians overwhelmingly support the greenbelt and value the benefits it provides. In a recent poll, 93% of respondents supported the greenbelt and 91% agreed that "the greenbelt is one of the most important contributions of our generation to the future of Ontario."

Since the greenbelt was established over four years ago, Ontario's citizens, municipalities and community groups have expressed interest in expanding the greenbelt. The final criteria were developed after the ministry conducted public consultations across the province. The Greenbelt Council, an advisory group consisting of stakeholders from different sectors and with a variety of backgrounds, also recommended that the province develop criteria for expanding the greenbelt. I want to sincerely thank Dr. Robert Elgie, a former MPP and minister, who has chaired the council since its foundation, and all the council members, past and present.

The Simcoe county area has received considerable attention, as the Chair certainly knows all about, so I'd like to address our approach to the area and its development pressures. The province developed a paper with a vision that is grounded in the growth plan, promoting sustainable growth and job creation and improving the quality of life while curbing sprawl and protecting the

natural environment and farmland. The Barrie-Innisfil boundary has frustrated long-range growth management for the city of Barrie and Simcoe county. The resolution of the municipal boundary is an important element in the overall strategic vision for the Simcoe area as it will help to ensure that the vision and objectives of the growth plan can be realized.

This past June, I was pleased to introduce Bill 196, the Barrie-Innisfil Boundary Adjustment Act, 2009, in support of the growth plan and the provincial vision for sustainable growth and prosperity in the Simcoe county area. Second reading of this bill took place last week, and it was referred to committee at that time. The proposed act was developed in consideration of the previous boundary work undertaken by the city of Barrie, the town of Innisfil and the county of Simcoe, which was facilitated by the Ontario Provincial Development Facilitator between 2006 and 2008.

The proposed municipal boundary would see approximately 2,293 hectares of land added to the city of Barrie by January 2010. They would retain current land use designations and would be subject to the current provincial and municipal land use planning process to determine the future use of these lands and how they will grow. Any planning application would have to ensure consistency with the provincial policy statement and conform to the growth plan and the Lake Simcoe protection plan.

Another part of our government's plan for sustainable communities is the reforms we made to Ontario's land use planning. The changes we made give municipalities more tools to shape how communities grow and manage land and resources more effectively while streamlining the process, making it more accessible to the public and providing clear rules and a level playing field for developers and landowners.

We are also addressing the challenge of brownfields. There are thousands of acres of vacant or underused lands in Ontario, many of which may be contaminated by their former use. Brownfield sites have tremendous potential.

Le réaménagement des friches contaminées soutient souvent l'optimisation et l'utilisation maximale des terres dans des zones où des infrastructures publiques—comme les routes et les installations d'eau et d'égouts—sont déjà en place.

This helps to minimize gridlock and sprawl and reduce pollution and infrastructure costs.

My ministry leads the government's coordinated approach to brownfields development, and we've facilitated brownfield development by making financial tools more accessible, supporting a more predictable and transparent process for redevelopment and addressing liability concerns. These actions, in fact, colleagues, are paying off. More than 60 municipalities have remediation and redevelopment incentive programs in place or underway. This is great progress. Only a handful of municipalities were involved when we first started our coordinated approach to brownfields. In communities like Hamilton, Thunder Bay, Kingston and Thorold, downtowns, water-

fronts and old industrial sites are being converted into vibrant communities.

The ministry has also updated Ontario's building code to establish higher energy efficiency requirements for buildings and promote green technologies.

0920

We continue to work with industry to implement these building code requirements by developing and coordinating training courses and best practices guidelines. As well, a Building Code Energy Advisory Council will be established to provide the ministry with advice on important matters of energy efficiency.

I'd like to turn now to the housing side of my ministry's portfolio. Our government is improving access to adequate, suitable and affordable housing. I've had the opportunity to sit down with many organizations, visit many housing communities across the province and meet with many experts.

J'ai pu voir de mes propres yeux, dans communauté après communauté, l'importance fondamentale et l'impact considérable du logement abordable. J'ai rencontré des locataires qui m'ont dit combien le logement abordable avait transformé leur vie.

Low-income families, single men and women, senior citizens, victims of domestic violence, persons with developmental disabilities or those with mental illnesses are all benefiting from affordable housing. It provides stability and creates a strong base from which to find a job, raise a family and contribute to a community.

I recall a group of tenants I met in Kingston. I listened to one gentleman tell me how he had been a carpenter with a wife and young child. Tragically, he lost them both, and with them he lost his will to live. He had been homeless for nine years. But because of this small supportive housing project, he now had a place to call home. He used his carpentry skills to do minor repairs for his neighbours. This man is overcoming obstacles and is on his way to success.

Governments can't do everything, but we can make the lives of vulnerable people and those in need a little easier. That is why we remain committed to improving affordable housing.

Under the Canada-Ontario affordable housing program, which is administered by my ministry, all three levels of government have been working together to provide affordable housing, with an investment of more than \$700 million. So far, nearly 15,000 housing units have been funded and approximately 3,700 housing allowances for low-income people have been provided.

In our government's recent budget, we introduced new housing initiatives to build on this accomplishment. Our government is investing \$622 million to match the funding announced by the federal government's 2009 budget for a combined total of \$1.2 billion in housing. This funding includes more than \$700 million over the next two years for social housing repair and energy retrofits and \$540 million for the affordable housing program extension, which includes funds to create new affordable rental housing for low-income seniors and persons with

disabilities. Through this investment, we would renovate 50,000 social housing units over the next two years and build 4,500 new affordable housing units.

We are working hard to get this money out to local housing providers as soon as possible. I'm pleased to report that under the affordable housing program extension, we have already approved more than \$172 million for close to 2,000 units across the province, and under the social housing renovation and retrofit program, we have already approved more than \$21 million for the repair of existing social housing units. For example, earlier this month in Durham region, we celebrated five more affordable housing projects for a total of 160 units: four buildings that are ready for construction and one that is near completion. These projects were supported by \$11.2 million under the Canada-Ontario affordable housing program.

This month in Brantford, we also celebrated the start of construction of four affordable housing projects and the official opening of four other projects. These projects are supported by more than \$9.5 million in housing funding to create 171 affordable housing units in that community.

These are just a couple of examples of the constant progress being made in providing affordable housing in Ontario.

My ministry is also responsible for a number of other provincial housing programs. We deliver close to 35,000 rent supplements, which help make rent affordable for more Ontario families in need. We previously provided \$127 million to create and rehabilitate rental housing for low-income households through the delivering opportunities for Ontario renters initiative, known as DOOR.

I'm very pleased that our government has stabilized funding for the provincial rent bank at \$5 million this year. The rent bank helps vulnerable families cover rent costs for up to two months, allowing them to stay in their homes rather than being evicted. To date, we've invested more than \$28 million in the rent bank, which has helped more than 20,500 Ontario families stay in their homes. C'est une autre manière pour nous d'aider les personnes en difficulté en cette période économique difficile.

Ontario's municipal service managers are also getting help to repair social housing through a \$100-million investment we made in our 2008 budget. This money was distributed to all 47 service managers across the province. Already, more than 49,500 units have been repaired or are in the process of being repaired in areas such as health and safety and energy efficiency. About \$60 million has been committed or spent.

The Infrastructure Ontario loan program was also expanded to allow not-for-profit and co-op housing providers to apply for funds for capital projects. It's expected that about \$500 million in new loan financing will be leveraged through the loan program, providing municipalities with low-cost financing to help repair existing social housing in their communities.

Tenants have also benefited from the way rent increases are calculated under the Residential Tenancy

Act. Under the RTA, we created a transparent and stable annual rent increase guideline, tying increases to the consumer price index, which is a real cost indicator. In 2009, the increase is 1.8%, the third-lowest rent increase guideline in history. This is the right approach to determine how rents should increase, and protects more than one million renter households in Ontario.

Tenants are also protected under the RTA in other ways. For example, when landlords receive above-rent guidelines for higher utility costs, they must reduce rents if the utility costs go down and landlords must inform tenants of the building's utility costs each year. We just saw that with, I believe, Union Gas, which has received a rate decrease. So that will be passed on to the tenants.

Mon ministère aide également les locataires et les locateurs en leur fournissant des programmes d'information et des interventions en cas de différends entre locateurs et locataires.

Over 80% of complaints were resolved by education and intervention at the landlord-tenant board, which helps avoid the need for lengthy investigations and possible prosecution of alleged offenders under the RTA.

The default eviction process was also eliminated under the RTA, and every tenant facing eviction now has access to mediation or a hearing. However, there is a shorter eviction process for tenants who cause wilful or excessive damage to a unit or building or who cause a disturbance in a small rental building where the landlord also resides. Overall, the RTA has provided balanced protection for both tenants and landlords.

In my last few minutes, I've highlighted how we're making good progress with affordable housing. Gary Carr, Halton regional chair, summed up the province's work on affordable housing:

"I applaud the provincial government for coming back to, and partnering with, municipalities in the area of social housing. For a long time I have been saying that sustainable, predictable funding is required from senior levels of government to address municipal human service needs, including housing. The province has listened to the need of municipalities here and we are very happy about that."

What is needed, however, is a sustainable, long-term approach to housing, not just in Ontario but nationally as well. In the absence of a national housing strategy, Ontario is moving forward. My ministry has been working hard to set the groundwork for this strategy, recognizing that a successful affordable housing strategy for Ontario must be developed together with Ontarians and our community partners: municipalities, the not-for-profit sector and the private sector.

Following recommendations from our government's poverty reduction strategy and the provincial-municipal fiscal service delivery review, we reached out to Ontarians. Beginning in June, in Sault Ste. Marie, we kicked off a series of province-wide consultations, concluding tomorrow in Thunder Bay. I thank the committee for allowing me to go to that consultation; my parliamentary assistant is going to be here in my place.

Here again, we're doing this in a cost-effective manner, using in-house staff and resources rather than hiring external consultants. I value the opportunity to attend many of these consultations and talk to Ontarians from all walks of life.

Nous avons écouté tous les secteurs du logement social, et ces derniers ont apporté leurs idées en se fondant sur leurs expériences. Nous avons recherché des solutions pragmatiques, spécifiques et abordables pouvant être utiles dans le cadre de l'élaboration de ce plan.

We talked about the rules and legislation around housing and how we can make it easier to manage. By having a wide-ranging consultation, we want everyone to have sufficient opportunity to inform the development of this important initiative and create a common vision for affordable housing.

In conclusion, Mr. Chair and members of the committee, the ministry's work represents a great investment in our future, and the ministry will continue to use tax dollars appropriately, responsibly and wisely. As I mentioned, we are focused on strengthening our partnership with local governments and giving them better tools to thrive and grow in a sustainable manner. We'll continue to work with the municipal sector, so that these tools are fully utilized and will promote economic development, and we'll continue to work diligently to support the diverse housing needs of Ontarians and provide housing assistance to our most vulnerable citizens who need a helping hand.

Thank you very much for the opportunity to discuss these matters with you. I'd be happy to listen to your statements and take any questions you may have.

The Chair (Mr. Garfield Dunlop): Okay, thank you very much, Minister. We're just about on time, so we'll go now to the official opposition. Mrs. Savoline, you can start and you have 30 minutes. In your 30 minutes, you can do a complete statement or you can start to ask the minister questions and the ministry questions too.

0930

Mrs. Joyce Savoline: I can do whatever I want?

The Chair (Mr. Garfield Dunlop): Yes.

Mrs. Joyce Savoline: Thank you, Mr. Chair. This is my first time at this kind of process. I think it's very civil and a really good way to air concerns and to be able to talk formally, but it's almost informal and less of a confrontational situation. I really appreciate this opportunity, and I want to thank the minister for coming despite what, obviously, he's challenged with this morning.

First I'd like to say that I did attend the AMO conference this year and was quite involved with the delegations. It was like old home week for me because, as you know, I was in municipal politics for 24 years, so there were a lot of familiar faces. I guess what I found out was that everything old is new again. Some things just never change. But I did have the pleasure of speaking with many delegations from municipalities across this province.

I think one thing that was resounding in their comments was the concern and not a clear understanding of

the HST as it applies to municipal services and programs. In this ministry alone, I guess there's a difference in rebates, and local governments are asking, through resolution of their councils, that they receive a 100% rebate on HST as opposed to the 78% that is being proposed. They feel that they require exemptions in some of their programs for recreation, rental of their facilities—and actually their comments were quite plain: They'd prefer that the HST not even exist, let alone go through the encumbrance of a rebate process. So that's one of the things that I will be addressing.

Also, I'm interested in the municipal-provincial review. I'd like to talk a little bit about that. There was some concern to me that before the latest deficit numbers were even announced, the Premier made comments and announcements that that review process will be slower because of financial difficulties. He said, "As for the result of our provincial-municipal review, I can safely say, from our end, we won't be able to move as quickly as we first thought we could when it comes to taking on new financial obligations." That was an important comment in and of itself, but then, when you combine that with the later announcements of even further deficits, I'm concerned about whether or not that process will be even slower and trickle even more slowly to municipalities than first thought, because that exit strategy from all those mixed-up relationships and partnerships with the province was something that was very important 10 years ago and it's even more important in today's financial world. So I really feel that that's something I'd like to address.

I'd like to stop there and begin asking questions, because I think that's the part that I'm most interested in here.

The Chair (Mr. Garfield Dunlop): You can ask the questions to the minister, and if he needs any assistance from the staff, he'll ask them.

Mrs. Joyce Savoline: That's great, Mr. Chair.

Mr. Minister, I will start with the harmonized sales tax. You're proposing a 78% sector rebate for the harmonized sales tax for municipalities. Could you explain how this government has settled on 78%?

Hon. Jim Watson: The proposed 78% provincial public service body rebate for municipalities: When this was introduced, the Minister of Finance said that, as a sector, 78% of the rebate would keep the municipal sector whole financially. Our objective was to ensure that the sector as a whole was kept intact, that it wouldn't be a cost overall. In general, the harmonized sales tax would follow the same definitions and rebate rules that municipalities currently follow under the federal GST. As such, HST would apply to a number of items that municipalities currently don't pay RST to, such as professional services, accounting and legal. However, unlike the current provincial sales tax, as you know, municipalities will now be entitled to the rebate on those provincial portions of the tax paid, to the tune of 78%. So it was a figure that was developed by finance, looking at the overall impact of HST on the municipal sector. As a result, the figure, 78%, keeps the sector whole.

As a result of the fact that we knew that this would impact the municipal sector, we struck a working group between AMO, the city of Toronto and the province of Ontario. They're working together over the next couple of months to ensure that the municipalities have all the information they need to implement the HST, and that it's a smooth transition to a single sales tax.

So the figure of 78% factors in the rebate amount to keep the municipal sector whole.

Mrs. Joyce Savoline: If through this process that you're talking about, this discussion process, there was a conclusion that the rebate should be more, is that something your government would agree to?

Hon. Jim Watson: As you know, the tax policy falls under the domain of the Minister of Finance, so I can't commit to you on behalf of Minister Duncan. But we've always had a very good and positive relationship with the municipal sector. We're confident that the 78% figure will keep the sector whole, and that really is part of the exercise as a result of establishing the AMO-Toronto-Ontario panel: to make sure that everyone is comfortable with the number, the threshold and the implementation.

Mrs. Joyce Savoline: But you would go to bat for municipalities, Mr. Minister?

Hon. Jim Watson: I go to bat for municipalities every day I walk into the office.

Mrs. Joyce Savoline: Other parts of the MUSH sector do receive more: school boards, hospitals, charities and some qualifying non-profits. They're all receiving greater rates, some to the point of 100%. Could you explain why the difference?

Hon. Jim Watson: Again, that falls under the jurisdiction of the finance minister, and I would not be comfortable getting into detail on that particular aspect. But we can certainly ask the Ministry of Finance to follow up on your question. I don't know if Minister Duncan's appearing before estimates or not.

Mrs. Joyce Savoline: Okay; and finally, just a question: Would you agree to give municipalities the 100% that they're seeking as a rebate, just like the federal government does?

Hon. Jim Watson: Again, the commitment we've made is to keep the entire sector whole financially. We believe that the 78% threshold does in fact do that, based on the research done by the Ministry of Finance.

As I said, we're undertaking it; this is not simply a decision that's been made and we're just walking away from the decision. We're in fact sitting down on a formal basis with AMO and with the city of Toronto—because as you know, Toronto's not a part of AMO, so they're at the table as well—and it's with ourselves, as municipal affairs and housing and finance, to work through the transition between now and the implementation on July 1, 2010.

Mrs. Joyce Savoline: Okay, just for clarification: That process, then, is to create the awareness that 78% is the right number; it's not a process that is a discussion about whether or not that number should increase?

Hon. Jim Watson: That's correct.

Mrs. Joyce Savoline: It's just an awareness process?

Hon. Jim Watson: Well, awareness, and also to help the municipal sector with the phase-in implementation of the new tax policy.

Mrs. Joyce Savoline: Okay. I'd just like to continue with the HST. Again, several municipalities are sending in resolutions regarding HST with regard to how it's applied to minor sports. So my question to the minister is, will the province add rental and registration fees for minor sports to your list of exemptions from the new harmonized sales tax that will be implemented July 1, 2010?

Hon. Jim Watson: Again, that's a tax policy matter that would be properly addressed by the Minister of Finance.

Mrs. Joyce Savoline: Okay. Continuing then with harmonized sales tax, we've—

The Chair (Mr. Garfield Dunlop): The minister can't—there are revenue questions and financial questions for those two ministers, so it has to be what the impact is on municipalities, sort of tied in to that. I just want to make sure; I know it's a touchy subject.

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Mrs. Joyce Savoline: Okay. I mean, I can expand on my question, but all these questions relate back to municipalities—

The Chair (Mr. Garfield Dunlop): Okay, as long as they relate to the municipalities—

Mrs. Joyce Savoline: —and their programs, and they are concerned. These are resolutions that are coming in from municipalities asking the Ministry of Municipal Affairs and Housing to do something on their behalf to fix these issues that they're concerned about.

I'd like to move, then, to resale of houses and the harmonized sales tax. As part of the minister's long-term affordable housing strategy, Mr. Minister, I know it is a priority of yours to get more people into home ownership situations, and I applaud you for that. The HST will have a drastic effect on the resale of homes. Do you have plans to assist householders who are looking for resale purchases with these additional expenses? The expenses I'm talking about are not the expense of the actual sale of the home, but the expense for realty fees, lawyers' fees, mandatory energy audits—the list goes on.

Hon. Jim Watson: I appreciate the clarification because, as you know, on a resale home you're not charged the tax so there would be no impact on people buying what you'd call a used home as opposed to a new home. With respect to the ancillary services that go with the sale of a home, again it does go outside my mandate and jurisdiction. It's a tax issue. I'm responsible for the affordable housing construction component of housing within the government of Ontario.

Certainly on new home construction we did make a change. The Minister of Finance and I, and others in the government had a very constructive dialogue with the Ontario Home Builders' Association and BILD, which is the equivalent in Toronto, as well as other home builders' groups. I know I met with a number of folks from the

Ottawa home builders and others, and we did make changes in June 2009, which the home builders were very appreciative of, that make new home ownership equally affordable today as opposed to when the HST comes into effect. As you may know, those changes were announced, I believe, in June 2009, and the rebate would apply across all price ranges up to a maximum rebate of \$24,000, while ensuring that, on average, new rental housing priced up to \$400,000 would not be subject to an additional tax.

So we think we've landed on the new home construction threshold that the OHBA has come out in support of, as has BILD. I was at the OHBA annual general meeting last week in Niagara Falls and received very positive comments from builders that we perhaps did not think through the initial implication on new homes and we got it right this time. I think it was a situation that ended very positively, and I commend my colleague Minister Duncan and the finance ministry for working constructively with the OHBA and other home builders across Ontario.

Mrs. Joyce Savoline: Continuing with housing, in the 2003 platform, your government committed to "match federal support to create almost 20,000 new housing units for needy Ontario families"—that's just a quote from the literature. My question is: How many rental and supportive housing units have been built in the six years up to July 31? Your website shows 10,002. Has that number increased since July 31 of this year?

Hon. Jim Watson: I can give you the entire breakdown of where we stand right now. To date, 14,593 units are under way under the AHP, which was signed by the previous federal government and my predecessor John Gerretsen. Of that, rental and supportive units are 10,002, home ownership units are 2,898 and northern housing units are 1,693—those are the broad areas. The 43 participating service managers have committed to deliver up to 3,721 units for housing allowances.

Mrs. Joyce Savoline: Those are built?

Hon. Jim Watson: They're either built or under construction. One of the reasons there tends to be a delay, as those of you who have served on municipal councils understand, is that often there are delays in getting the zoning. There is an element of NIMBYism, perhaps—some people don't want affordable housing in their neighbourhood—the issue goes to the board and the process is dragged out several years.

The good thing about the current federal-provincial agreement that we have, which is a \$1.2-billion agreement over the next two years, is that those units have to be built by March 31, 2011. Our feet are to the fire, as are the federal government's and, most importantly, our housing providers'. We're only approving projects that are really shovel-ready. They have the zoning approvals, or they have a commitment from the municipality through a council resolution that the zoning and all the ancillary approvals are given.

As I said in my opening remarks, we've had great success. In fact, we're overwhelmed by the number of

applications that have come in, because there's been this pent-up demand for affordable housing units. We're also not requiring the municipal sector or the not-for-profit sector to provide one third of the funding. It's a 50-50 cost-sharing between ourselves and the federal government, so that makes it more attractive, and that's why we're being inundated with a lot of requests. We're moving those out as quickly as we can. I've said to our housing providers—and I'll speak to them again at the Ontario not-for-profit housing association AGM in November and any other housing group I've met with over the last six months—that the federal government has been very clear: Use it or lose it. I don't want to send any money back to Parliament Hill; I want it to stay in Ontario so we can get the housing units built.

Mrs. Joyce Savoline: Okay. Your website shows that there are 2,905 home ownership units and 1,667 units in the northern housing component. Could you provide an update on these numbers since July 31?

Hon. Jim Watson: Yes. I'm just wondering if we have the most up-to-date numbers. The figures I have are home ownership, 2,898; northern units, 1,693. This is as of—I don't have a date on this.

Mr. Fareed Amin: It's the most recent information we have.

Hon. Jim Watson: It's the most recent information we have—yes, 10,002, 1,693 northern and 2,898 home ownership, for the total of 14,593. Then the housing allowance rent supplement, 3,721, for a total under AHP of 18,340. That doesn't include the ROOF program, which provided about—

Mrs. Joyce Savoline: I'm sorry, it doesn't include—

Hon. Jim Watson: ROOF, rental opportunities for Ontario families, which is a \$1,200-a-year supplement. About 21,000 households have benefited from that program.

Mrs. Joyce Savoline: Okay. According to the Ontario Non-Profit Housing Association and the Co-operative Housing Federation of Canada, the housing market in Ontario is in a state of flux. It's changing in response to the deteriorating economic conditions. It's estimated that there is a need to provide an additional 9,000 rental units annually—that's annually—over the five-year period between 2009 and 2013. The demand will then increase to 11,000 purpose-built rental housing units annually over the five-year period between 2014 and 2018. Given that information from these two associations, what is your plan, Minister, to deal with this increased demand, given that over the last six years only just over 10,000 units have been built?

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Hon. Jim Watson: Well, 10,000 in addition to rent supplements, because we don't always have to build new housing. Rent supplements do provide a quicker means of providing affordable housing because the unit is already built.

There's a two-pronged strategy, Ms. Savoline, that we're working on. One is the long-term affordable housing strategy, which we committed to in the 2007 plat-

form. We've had, I would say at this point, over a thousand people show up at our town hall meetings across the province. I've been very encouraged by the turnout and the variety of individuals who are coming forward. They're tenants, they're landlords, home builders, anti-poverty activists and municipal leaders.

The strategy, if I could take a moment to explain the genesis of it: We've never really had a long-term affordable housing strategy. It has been that if there's some money, we send it out to our partners, units get built and we're back to having no money for a couple of years. Or government will change and one government will be pro-housing and the next will be not interested in housing.

What we thought we would do is develop a long-term affordable housing strategy and start by going out and consulting with the public, because as we all know, not all the wisdom rests here at Queen's Park, and we think there are a lot of good ideas from people on the front lines.

Just as a comment: One of the things I've been impressed with is the number of suggestions that are coming forward that don't require money. It's often the rules and regulations that we put in place that compound the problems and confuse the public and frustrate the providers. Our Social Housing Reform Act I think is about 600 pages long. We've had a number of very sensible solutions asking us to simplify that process so that people who are in the business of building and providing housing are not spending all their time filling out paperwork. So that will be part of our overall strategy.

We finish the public consultations tomorrow in Thunder Bay. We've been all over the province. We had a wonderful session in my hometown of Ottawa, at Our Lady of Fatima church, where it was so big that we had to get another tent outside in the parking lot. We've been to Lindsay, Windsor, Hamilton and Sudbury and we had three sessions here in Toronto.

That process, the public consultation process, wraps up on the 30th in Thunder Bay. Then, for the next several months we have what we'd consider bilateral discussions with groups such as the ones you've mentioned, with Habitat for Humanity, with the home builders' association, other experts in the field that can perhaps add a little bit more to the debate, and start drilling down to some specific ideas that we can include in the affordable housing plan.

From there, we'll take several months to write the report, and we hope to have the report in the late spring of 2010 that would be presented to cabinet. That's what we're doing to develop a long-term strategy.

In the short term, because the need is there, I worked with my provincial and territorial counterparts for the last year and a half to convince the federal government that there was a desperate need to have the federal government back in the housing business. As you know, a few years ago they got out of the housing business, for all intents and purposes, although CMHC still plays a key role nationally.

We worked very closely with housing ministers from all political stripes across the country and in the territor-

ies. We think, together with our work and with that of the not-for-profits, our message was heard on Parliament Hill, and the federal government did announce \$622 million, which we're very grateful for.

Some have suggested that the money is on the table for housing because the current federal government is more interested in economic stimulus than housing, but we'll take it any way we can get it. So we got the \$622 million. Then the onus was on us to match the funding, and every province and territory, I'm pleased to report, including of course here in Ontario, matched the funding. So in Ontario we have \$1.2 billion. As mentioned in my remarks, we anticipate that over the next two years that will rehabilitate and renovate 50,000 units across the province.

All of us know examples in our own communities where social housing or not-for-profit or municipal housing is in pretty deplorable shape. In Toronto, for instance, there are approximately 250 units that were written about several months ago in the *Globe and Mail* that are completely uninhabitable. Even though we're not building a new unit through renovation and retrofit, we're actually bringing new units on that people can live in, thus reducing the wait-lists.

In addition to that, we anticipate building 4,500 new affordable housing units across the province. Again, we've announced \$70 million or so in those projects where the shovels are in the ground. I know, for instance, projects that I've seen in my own hometown where the work is being done as we speak.

Mrs. Joyce Savoline: Okay, I guess my concern is that the process is ongoing and consultation continues and the report isn't written yet, and so we'll be 9,000 units behind, according to these folks, by the time December 31 rolls around in 2009.

It would be my hope that you could confirm that you would roll those in to whatever numbers you come up with for future years, because 2009 is certainly part of the calculation that these two agencies have done. Could you confirm that you will take their advice in hand as you move forward with your report and include these 9,000 units?

The Chair (Mr. Garfield Dunlop): You've got about four minutes in this round.

Hon. Jim Watson: Thank you very much, Ms. Savoline. We have a very good working relationship with ONPHA, and they are going to be one of the groups that we're going to be meeting with. They've come to a number of our sessions, obviously—their members. I'll be addressing and having bilateral discussions with a number of their delegations, similar to what I do at AMO with their conference, again this year.

I don't want to prejudge what's going to be in the report, because we're still listening to the public and we still have to write the report. But what we tried to do was to bring that balance of, "Yes, we need a long-term strategy"; "Well, that's not going to help people in the short term," and we blended that or married that with the fact that we were able to secure \$622 million in this

year's budget to get that money out the door to start building new units.

One of the challenges we all face in government is that the demands are up here and the ability to pay is down here. So what we're trying to do is to come up with a strategy that is not simply new money—we recognize there will be a need for money for housing—but also, what are some of the creative solutions that have been used around the world to provide more affordable housing? Is there a need for greater rent supplements, for instance, in existing buildings? That works well when there's a healthy rental market. It doesn't work well, obviously, when there's a tight rental market.

We also understand—we know—that the federal government is committed to a five-year extension of the affordable housing program, the AHP. We were told that we couldn't, for the first two years, tinker with the agreement, because they wanted to get it out the door as quickly as possible. I respect that, because the last thing you want to do is open all these agreements when you should be building houses, because this is all about economic stimulus for the next two calendar years.

But we do have the commitment by the federal government for the next three years. So part of the exercise of a long-term affordable housing strategy is, how do we spend those dollars wisely for years three, four and five? Ultimately, because we know there's such a demand and we know housing is not a quick fix—it is a long-term issue—how do we get the federal government to commit beyond years three, four and five and work with us to develop a truly national housing strategy?

We're the only G8 country that doesn't have a national housing strategy, so I think there's a lot of goodwill that has been created over the last couple of months as a result of the federal members and the minister, Diane Finley, seeing the good work that is being done with housing.

I've always argued that it's the best economic stimulus because it's quick. You can get housing built a lot faster than you can a major infrastructure program like a bridge or a tunnel or a subway or things like that. It's a quicker turnaround to actually get the shovels in the ground.

I was out twice for Habitat for Humanity builds. I don't know if you've been out on their sites.

Mrs. Joyce Savoline: Oh, yes.

Hon. Jim Watson: It's really quite fascinating. It taught me two things: how out of shape I am and how difficult construction is—and how sore I was that day, because I stayed for the day, both in Ottawa and Scarborough—but also how many jobs are created on the construction site. Whether it's the guy with the canteen truck or the person bringing the drywall or the carpenters or the plumbers, there are people coming and doing all this. It's a big job creator, housing, and that's why I'm pleased that our government, under Premier McGuinty's leadership, has seen fit to match the funding by Prime Minister Harper's government.

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The Chair (Mr. Garfield Dunlop): You must know exactly what four minutes is, because it's exactly—

Mrs. Joyce Savoline: We'll take it.

The Chair (Mr. Garfield Dunlop): Thank you very much, Ms. Savoline.

Now to the third party: We'll have 20 minutes in this round and another 10 after lunch. We'll adjourn at 10:20 a.m. The floor is yours.

Mr. Michael Prue: Thank you very much. I want to preface my remarks with the comment that my colleague Cheri DiNovo will be sharing my time. I intend to ask mostly questions related to municipal affairs, and it's my belief that she will be asking you housing questions later on, inasmuch as the NDP has determined, in its wisdom, that we actually split this portfolio.

I'd like to start with a topic that's very much in the news and the subject of a bill, and that's the Barrie-Innisfil boundary dispute and the legislation that is before the House at this time. It has passed second reading and is on its way to clause-by-clause discussion in committee. My question is a simple one, and I raised it during the leadoff speech. The town of Innisfil will lose somewhere between \$50 million and \$80 million in tax assessment as a result of the loss of these 2,300 prime agricultural hectares to Barrie. There are numerous precedents over Ontario in the last number of years. A couple that come to mind right away are Tecumseh and the city of Windsor, where compensation was given; the Woodstock example, where compensation was given; and there was another one as well that is not coming immediately to mind. These are 2003, 2004 and 2005 examples. Is the minister intending, through the legislation or later on, to arrange to provide compensation for Innisfil, because the loss of this much money for a small community is enormous?

Hon. Jim Watson: I did hear you; I was in the House when you spoke. I believe you used the figure \$80 million. I'm not sure where that figure came from, because certainly we don't believe that the value of the land is that much, as a starting point.

Secondly, our belief is that these kinds of compensation matters are best dealt with municipality to municipality, and at this stage I know there are discussions between Innisfil and Barrie. We've certainly offered our assistance in any way we can, but there are no plans at this stage to offer provincial compensation dollars to Innisfil.

Mr. Michael Prue: I do recognize that this was a 31-year process: Barrie coveted the land immediately south of them, and Innisfil jealously guarded it until the minister took action. What caused you to take action to take the land off a smaller municipality and give it to a larger one? Was it simply that Barrie needs room to grow, or was there some other consideration?

Hon. Jim Watson: The fact is that under Places to Grow and growth plans, Barrie was the employment node in Simcoe county and they were literally running out of land. If you look back over the 31 years, there's been a history of portions of Innisfil and other surrounding municipalities that have been carved away to give to Barrie.

We went through an extensive series of growth plans around the province and forecast 75,000 new jobs in the Simcoe area by 2031. We were not satisfied with the work that had been done by the county, because the growth was going everywhere. If you look at the figures that the county put forward, it was almost: "Who wants growth? Great, you've got it." That's not good planning. If we're going to have urban nodes that are going to be employment and residential nodes, we have to be serious about where they go, so that we don't create the kind of urban sprawl we've seen in too many jurisdictions around the world.

This thing had been percolating literally for three decades, and no one really wanted to take a stand and say, "What are we going to do?" We can't designate Barrie as the urban growth area in that part of Simcoe county and not give them the land they need to ensure proper, sensible growth.

We tried diligently to find an amicable solution. My philosophy and my background, and our government's background, is that we'd very much rather have the two parties work it out. We sent in the Provincial Development Facilitator; I met on a number of occasions, both separately and together, with Innisfil's and Barrie's elected representatives; and we brought in the county to see if they could be of some help. But the positions were too polarized; there was no give and take. Barrie had signed on to the Provincial Development Facilitator's consensus agreement; Innisfil did not. At some point, because the province does have that authority, we could either stick our heads in the sand and disavow our growth plan, which we weren't prepared to do, or we could take the proper action. We accepted the Provincial Development Facilitator's acreage in total and brought in the bill, and it's now before the committee.

Mr. Michael Prue: I fail to understand, though, if the whole reason was to develop these 2,300 hectares for housing and for commercial and industrial purposes, as a node for employment, why it had to be transferred to Barrie. If the ministry simply said, "Here are these 2,300 hectares; this is what we want to do with them," why couldn't it be part of Simcoe county and/or Innisfil?

Hon. Jim Watson: Well, because the corporation of the city of Barrie is the designated growth area.

Mr. Michael Prue: But the land is identically set there. It doesn't matter whether people come down from Barrie to work or come up from Innisfil to work. I'm sure both are going to happen whether Innisfil owns it or Barrie owns it. Since the ministry has said this is the growth area, why did it have to be given to Barrie?

Hon. Jim Watson: Because the growth area was not given to Innisfil. It was given to Barrie, and if we are going to expand Barrie's boundaries as the designated growth area, the land would have to be attached to Barrie, not to Innisfil. Innisfil is not one of the growth areas designated in the growth plan.

Mr. Michael Prue: The land doesn't move.

Hon. Jim Watson: The boundaries do.

Mr. Michael Prue: Okay, but the land does not move, so I don't understand why it could not have been accom-

plished with Innisfil getting the tax revenues, and the like, as opposed to Barrie. That's what I don't understand. The land is not moving; it's not going anywhere.

Hon. Jim Watson: No. I think I'm repeating myself, but Barrie is the designated growth area. In order for Barrie to fulfill its obligations, it is also required to expand its boundaries and get the bill passed by January 4, 2010, because that's when municipal elections take place. Barrie has the capacity and the financial wherewithal to service those lands, and we believe that Innisfil does not. If we are going to designate those areas for commercial or housing or subdivisions instead of farmers' fields, where there's a very low cost of servicing, there's a cost to provide those services. Barrie is in a much better place to provide those services because of the infrastructure they have as a separated city.

Mr. Michael Prue: There were two parcels of that 2,300 hectares that are puzzling to me. One of them is the forest that has been transplanted and maintained by Innisfil, and that has been transferred. How does the transfer of the forested lands work into the ministry's plans to have this developed? Is it the intention to take the forest down?

Hon. Jim Watson: No. Barrie will take ownership on January 1, if the bill is passed by this Legislative Assembly, and will maintain exactly the same zoning on those lands. It would be up to the city of Barrie to go through rezoning and site plan. It would have to be consistent with the provincial policy statement. I can't prejudge what their actions or plans are going to be, but they would have to follow all of the government rules as set out by the provincial policy statement and apply just as any other individual or municipality would.

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Mr. Michael Prue: So the ministry is anticipating that Barrie could come forward in the future to use those lands, which currently have a forest on them, for industrial or residential use?

Hon. Jim Watson: I can't speculate on what's going to happen in the future. I just don't know.

Mr. Michael Prue: The second one which was a little puzzling to me was that the industrial area known as Doral park has its water supply, which is part of Innisfil and Simcoe county now, supplied by a pond or something and that is going to be given to Barrie. I foresee some difficulties down the road with having the water supply in one municipality and the industrial park in another. Can you tell me why you separated that out?

Hon. Jim Watson: I can't. I'll be pleased to get ministry staff to get back to you on that.

Mr. Michael Prue: Okay. I still have about 10 minutes until we stop?

The Chair (Mr. Garfield Dunlop): Yes. Exactly 9 minutes.

Mr. Michael Prue: Okay. We'll get into another area which has also been in the news over the last few weeks and months. That is that you, as minister, recently reinstated a regulation allowing limousine and cab drivers to pick up fares in the city of Toronto. I asked this ques-

tion in the House and I was perplexed by the answer, so this is a better place to get the answer than the one minute that time will allow you or me to ask or answer the questions.

If a Toronto taxi driver drops someone off at the airport and wants to pick someone else up on a prearranged ticket, they have to pay a \$10 charge, wait in the compound for up to an hour or two hours and then oftentimes, as I'm given to understand, if the prearranged person gets frustrated and sees a whole lineup of Mississauga cabs and simply takes one, they're out of pocket \$10 plus the waiting. You have said that you made this decision on environmental grounds. I'll get to the environment in a minute. Why did you not simply state that the limo drivers would have to pay \$10 to pick up someone when they picked up in Toronto? I don't understand why it's all one way in your ministry.

Hon. Jim Watson: As you know, Mr. Prue, as a result of our intervention, nothing changes, because the Toronto bylaw did not come into effect. It was before the courts. I believe it technically still is before the courts. So these were the arrangements that were in place before.

What Toronto decided to do was to use its authority under the City of Toronto Act to make those changes that would have made it extremely difficult for a prearranged limo to come to Toronto to pick up a paying fare and then bring that person back to the airport. So as a result of my intervention, the status quo remains: The public will have those choices of whether they wish to take a cab from Toronto to the airport or whether they wish to prearrange—we call it a limo, but it's in essence a sedan service from the airport to pick someone up.

Mr. Michael Prue: You say nothing changed, but I sat in this very room with some of my colleagues opposite here when this bill went through. There was some opposition—and there were certainly a lot of cab drivers in the room—and the statement was made that the reason the anti-scooping bylaw and all of the provisions for the Mississauga limousine and cab drivers were being made to allow the passage of the bill was that Toronto would have the jurisdiction to protect its own drivers, and I was requested by my Liberal colleagues to please let the bill pass on those grounds. I feel somewhat duped, because the bill was allowed to pass and the cab drivers went out of here fairly happy. Mr. Zimmer, your colleague, attempted to make a motion to not allow the city to do that. I mean, it was a whole mess in here one day, but the promise was made: Toronto would have that authority. The city of Toronto people went out of here happy with that. When did this understanding stop?

Hon. Jim Watson: Let me just clarify: The anti-scooping issue is more than simply Toronto cabs coming to the Pearson airport. It was in many instances, as we all know, illegal cabs that didn't have licences, didn't have insurance, and I've experienced it. I used to; I don't anymore. When I arrive at Pearson airport, these people are waiting for you by the baggage carousels: "Hey, do you want a cab ride downtown?" We were trying to prevent that from hurting legitimate cab drivers and legitimate

limo drivers. That's a different issue than the one that you're dealing with.

The second thing is, you have to remember you had raised earlier the issue of the \$10 fee that the airport authority is charging. The airport authority is governed by the federal government. We have no jurisdiction over their rules and regulations; it's federal territory. They're entitled to set that fee structure as they are entitled to set whatever fee structure they have for their sedan service. I'm not familiar with what that structure is.

Mr. Michael Prue: But the city of Toronto wanted to have the same authority, which you and I granted them, to make that decision so that a limo driver would have to pay \$10 to pick up fares in the city of Toronto. It would put the Toronto cabbies and the limo drivers on the same equal footing, and you stepped in to make sure that didn't happen. I still don't understand the rationale as to why you decided that there could not be equality between the two sets of drivers.

Hon. Jim Watson: Again, I emphasize the fact that we can't control what the fee structure is by the federal government through the GTAA.

Mr. Michael Prue: But you know what it is.

Hon. Jim Watson: I know what it is but I don't know what it's going to be. We have no say in that. We also didn't know what the structure or the rules or regulations around the Toronto bylaw were going to be.

We felt that the current system worked well, that limos couldn't simply come and scoop people up; it had to be prearranged. We thought that was giving the consumer the choice. If I want to take a cab or I want to take a sedan, I should have that right, as a tourist or a visitor or a resident of the city of Toronto, to have that kind of service. It was simply giving consumers that choice and maintaining the status quo, which we think the system works well at.

Mr. Michael Prue: You also made a statement in the House that I found perplexing, which was that this was an environmental reason, that it made no sense to have a limo driver come all the way downtown and drop off the fare without being able to pick one up and drive back empty. I put the question to you that the opposite is equally and even more true: It makes absolutely no sense to have Toronto cab drivers drive a fare out to the airport and come back empty 99.9% of the time.

The Chair (Mr. Garfield Dunlop): A couple of minutes.

Hon. Jim Watson: Again, ultimately it's up to both drivers, whether you're a limo driver or a cab driver, to attempt to make those kinds of arrangements on prearranged pickups either way. They're both allowed under the status quo rules. You can have a prearranged cab pick you up at the Toronto airport and you can have a prearranged limo. If it works out that you're able to coordinate those pickups and drop-offs at the same time, then you're not going to have an empty limo or a cab either way.

Mr. Michael Prue: The system as it's set up, and you obviously are aware of it, is discriminatory against

Toronto cabbies at the airport, or in fact cabbies from any other jurisdiction other than Mississauga at the airport. Is there any chance that that will change, or is it your view that the status quo must prevail?

The Chair (Mr. Garfield Dunlop): A quick answer, Minister. We'll clean up these 20 minutes here, okay?

Hon. Jim Watson: The status quo is going to prevail. We've made that decision. We've notified the city of Toronto and we've notified all of the interested parties. The reaction has not been over the top, as I think some would suspect. I think people have recognized that nothing changed as a result of the decision I made as Minister of Municipal Affairs and Housing, and that the status quo will prevail because it's in the best interests of the industry and of the consumers who use the taxi and limo service and this city and the airport.

Mr. Michael Prue: Thank you. I'll get back to this topic when we come back.

The Chair (Mr. Garfield Dunlop): So a recess for now, and we'll reconvene right after routine proceedings this afternoon. We're recessed.

The committee recessed from 1020 to 1547.

The Chair (Mr. Garfield Dunlop): We'll reconvene the meeting. I'd like to welcome the minister and all the folks from the Ministry of Municipal Affairs and Housing back this afternoon.

SUBCOMMITTEE REPORT

The Chair (Mr. Garfield Dunlop): First of all we have a subcommittee report. Mr. Arthurs, I understand you could maybe move it for us.

Mr. Wayne Arthurs: Your subcommittee on committee business met on Tuesday, September 29, 2009, and recommends the following:

(1) That the Minister of Economic Development and Trade be requested to appear before the committee on Tuesday, November 17, 2009, during the consideration of the 2009-10 estimates of the Ministry of Small Business and Consumer Services.

The Chair (Mr. Garfield Dunlop): You've all heard that motion. Are there any questions on it? All in favour? It's carried.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

MINISTÈRE DES AFFAIRES MUNICIPALES ET DU LOGEMENT

The Chair (Mr. Garfield Dunlop): With that, we now go back to the third party. You have 10 minutes remaining in your first 30 minutes. Mr. Prue.

Mr. Michael Prue: Thank you very much. I think it behooves me to preface my remarks with a clear, unequivocal statement that I am not a candidate for mayor of Toronto.

Hon. Jim Watson: You're the one.

Mr. Wayne Arthurs: Prue for mayor.

Interjection: Maybe Ottawa?

Mr. Michael Prue: Maybe Ottawa, but not Toronto.

Mr. Bob Delaney: And not Mississauga.

Mr. Michael Prue: No; I love Hazel.

I was asking you questions about taxi regulations in Toronto. I'd like to go back to that topic. The first time I heard that the minister had made a unilateral change to the regulations—and I suppose that's within his purview and his mandate—was when I returned from the AMO conference in Ottawa. Can you tell me when you made the decision to tear up the city of Toronto's bylaw?

Hon. Jim Watson: I don't know the specific date, Mr. Prue, but I believe it was at some time in September that we notified the parties.

Mr. Michael Prue: It had to have been August. I was at AMO when it happened.

Hon. Jim Watson: I stand to be corrected. Where was the letter? My mistake; it was July 31, I believe, that we notified them.

Mr. Michael Prue: Notified the parties. Did you have consultations with the mayor or council of the city of Toronto before taking your action?

Hon. Jim Watson: My office did have some discussions with the mayor's office staff, but the first time we notified the mayor's office that we were going to go ahead with it and that the regulation had been signed was when I corresponded with him.

Mr. Michael Prue: Which date? July 31?

Hon. Jim Watson: I believe that is correct, yes.

Mr. Michael Prue: Was there anyone else other than the mayor's office? The reason I'm asking this is that as soon as I heard the news, I contacted Howard Moscoe, who is the chair of the licensing committee. He's a councillor and the chair of the licensing committee at the city of Toronto, and he had not heard of the news.

Hon. Jim Watson: I had no contact with Mr. Moscoe. I traditionally deal with the mayor or the mayor's office, as does my office.

Mr. Michael Prue: Was the mayor supportive of the action you were taking?

Hon. Jim Watson: No, he wasn't.

Mr. Michael Prue: Okay. Since this—did you discuss it with anyone else? I'm thinking specifically, and I don't want to get into caucus secrets—there are 18 members of the Liberal Party who represent ridings in Toronto. Was this discussed with them?

Hon. Jim Watson: No, I certainly didn't have any discussions with any of our caucus members. I didn't attend a caucus to discuss this. No.

Mr. Michael Prue: So the only person you had a discussion with, as far as I can understand—because you certainly didn't have one with me—was the mayor, who disagreed, and then you went ahead and did it without any other discussions. Did you discuss it with the taxi industry?

Hon. Jim Watson: No. We had discussions, obviously, internally with our own staff. We had representations, and I believe letters, from the taxi industry and

the limo industry. Both sides obviously had different opinions on what action should be taken.

This was in the context of—as you know, there’s a requirement under the City of Toronto Act for us to conduct a review of the act, initially a cursory review, of technical issues and then a more substantive review at the five-year mark. So this was, I believe, the two-year mark when we were reviewing the act, after the first couple of years in existence.

Mr. Michael Prue: Correct me if I’m wrong, but this is the only case since the passage of the City of Toronto Act where the minister has intervened and struck down a Toronto bylaw that they were empowered to write.

Hon. Jim Watson: I’m sorry, could you repeat the question?

Mr. Michael Prue: This is the first and only instance where the minister has intervened since the signing and the promulgation of the City of Toronto Act. This is the only time the minister has ever intervened and struck down—

Hon. Jim Watson: I believe that’s correct, and my deputy has just reminded me that officials from our ministry met with the taxi industry in August as well.

Mr. Michael Prue: This was after it was done.

Hon. Jim Watson: That’s right.

Mr. Michael Prue: And were any of them supportive?

Hon. Jim Watson: I’ll ask the deputy. I don’t know who took the meeting. I wasn’t involved in that meeting.

Mr. Fared Amin: We met with them, as the minister mentioned, in August and, no, they were not supportive.

Mr. Michael Prue: So I would take it then that the only people who were supportive of your action, since you did not consult with your caucus, the opposition, the city of Toronto other than the mayor’s office, which was opposed, no members of the taxi industry—the only people who would have been supportive, I would take it, would be the limo drivers at the airport.

Hon. Jim Watson: They were supportive; that’s correct.

Mr. Michael Prue: They were the only ones? They obviously were consulted.

Hon. Jim Watson: Well, I suspect that those people who use limo service or sedan service would be supportive of the ability to maintain the right to prearrange a limo drive to the airport, and I suspect that’s probably in the thousands. I’m assuming there are thousands of people on a weekly basis who use that service.

Mr. Michael Prue: Did you consult with any of those limo users?

Hon. Jim Watson: No. I didn’t personally.

Mr. Michael Prue: Did you consult with any of the limo drivers or the companies that hire them?

Hon. Jim Watson: I didn’t. Our ministry staff may have had meetings but I wasn’t involved with them.

Mr. Michael Prue: I’m just completely flummoxed. This whole thing happened without consultation literally of anyone other than the mayor’s office, which was not supportive—not the taxi drivers in advance, the limo drivers in advance, the riders in advance, the Liberal

caucus in advance, any members of the Legislature, and the decision was unilaterally made. Was the sole basis that I’ve heard from you so far—I’ve heard two answers. One in the Legislature was an environmental reason, so that the limo drivers wouldn’t have to drive back with an empty car. The second one was what you said today, that the purpose was to leave the status quo in place. Was that the only rationale for making this decision?

Hon. Jim Watson: No. As I mentioned to you this morning, it’s also about consumer choice and to give individuals the ability to prearrange a sedan service in Toronto to go to the Pearson airport.

Mr. Michael Prue: So this whole thing was done for consumer choice, then?

Hon. Jim Watson: Well, among the other reason I gave—the environmental reason.

I think you have to remember, as I’ve said a number of times, nothing changed. There was not a licensing system in place for the airport limo service because it was caught up in a court case. The bylaw was never enacted. So the taxi drivers and the limo drivers will see and have seen no change as a result of my actions. It’s maintain the status quo, as it has been for the past several years.

Mr. Michael Prue: The taxi drivers are amongst the poorest people in Toronto. Many of them earn less than minimum wage by the time the day is done. How is this action that you took going to assist them?

Hon. Jim Watson: Nothing has changed. Nothing changed the day before I made the reg, nothing changed the day of, nothing has changed the day after—

Mr. Michael Prue: So they will remain amongst the poorest-paid people in the city.

Hon. Jim Watson: No, you asked, “How is this going to change?”

Mr. Michael Prue: No, I said, “How is it going to help them?”

Hon. Jim Watson: Well, it gives them the right to continue to go to Pearson airport, pay the fee and have a pre-arranged pickup, just as airport limo drivers now have that right.

Mr. Michael Prue: My last question: Did your ministry or the Ministry of the Environment conduct studies to confirm that your regulation will actually reduce emissions of the limo drivers going back with or without a fare?

Hon. Jim Watson: No, I think common sense would tell you that going back with a fare makes more sense. You’re not going back with an empty vehicle.

Mr. Michael Prue: Thank you, Mr. Chair.

The Chair (Mr. Garfield Dunlop): Minister, you have up to 30 minutes to make further comments and respond to anything that has been said today, or if you don’t want to use it up, we can go right into rotations for the official opposition.

Hon. Jim Watson: I’m happy to offer some comments, in addition to responding to one of Mr. Prue’s questions that he asked this morning. If you’ll permit me, I’ll read the answer into the record.

Mr. Prue had asked about the Doral industrial park's water supply. The Doral Business Park is located in Innisfil, in an area known as Innisfil Heights, which is outside the areas proposed to be annexed to Barrie. The Barrie-Innisfil Boundary Adjustment Act does not include any reference to services outside the proposed annexed area, and to staff's knowledge there's no intention to transfer the water supply for this area to Barrie. The Innisfil Heights area includes a number of businesses which currently are not serviced with sanitary sewers. While most businesses in this area currently receive municipal water from the town of Innisfil, they rely on various forms of septic or communal treatment systems for their waste water. Currently, Innisfil Heights does not have appropriate land use planning approvals to allow for future service development. However, under the proposed Simcoe Area: A Strategic Vision for Growth, the government is proposing that the Innisfil Heights area become a strategic employment area, which, if approved, would allow this area to be developed for higher-order manufacturing and industrial uses, creating new jobs for the Innisfil area and expanding the tax base for the community of Innisfil. This designation would also facilitate this area to be serviced by sanitary services. As part of the Simcoe strategy, the Ministry of Energy and Infrastructure will be undertaking a Simcoe-area infrastructure plan, including a strategy for water and waste water in the Simcoe area.

Ms. Savoline talked about a number of issues and ran out of time before we got to some of the discussion on the Provincial-Municipal Fiscal and Service Delivery Review. So I thought, in anticipation of her questions that she ran out of time to ask, I would spend a few moments of my 30 minutes just talking and bragging a little bit about the Provincial-Municipal Fiscal and Service Delivery Review, which Minister Duncan and I had the opportunity to co-chair, along with AMO and the city of Toronto.

The Premier gave us pretty strict marching orders when he established this review a couple of years ago. He said that it must be a consensus report and it must be affordable to all orders of government. I think that was a wise set of directions, because if we didn't have a consensus report, we would be in a situation where we would simply be producing yet another report that would sit on the shelves at Queen's Park and collect dust. So when we were told that it had to be a consensus report, it gave us the impetus that we all needed to ensure that we all put a little water with our wine and come up with a compromise that we could live with, that met the principles, as Mayor Hazel McCallion had told us at the beginning of the process, and that was affordable to both orders of government.

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Those of you who have served on municipal government realize the unfairness of social services being tacked onto the property tax bill at the municipal level. We're the only jurisdiction in Canada that still has social services on the property tax bill. From a principle point

of view, this was inherently unfair, so we undertook to remove those social service programs off the property tax bill.

Just to go over where those uploads stand today: In 2008, prior to the signing of the review, we proactively removed 100% of the Ontario drug benefit plan. In 2009, we uploaded 100% of the Ontario disability support program administrative costs, and in 2010, on a go-forward basis, we will be eliminating 50% of ODSP and then a further 50% the following year. For the Ontario Works benefit, the first upload begins in 2010, and it's uploaded in its entirety by 2018.

We also undertook to upload court security and prisoner transportation costs. Again, this was one of these odd situations where a provincial courthouse is run by the province but the security is paid for by the municipal police service and, thus, the municipality. What was even more irritating was that, in those communities that hosted a courthouse shared by surrounding municipalities, it was the host municipality that had to pay 100% of the cost. So you get into a situation—I think of Mr. Bailey and the courthouse in Sarnia—where you've got all of the surrounding communities that end up having to use the courthouse but they don't pay any of the cost, and thus Sarnia is saddled with the entire bill.

We're going to start in 2012 with the first upload of prisoner transportation and court security costs, and the entire upload will be finished by 2018.

In the chart that's in the plan—I just wanted to give you a visual sense of where things were in 2003, with just a little over \$1 billion in provincial support. This is operating net dollars. By the time all of the uploads take place—and this also includes land ambulance and public health costs—the figure will be 3.8 billion net new dollars for the municipal sector. This does not include capital infrastructure, and as a result, the figure obviously is much higher.

The review, while not perfect, is a good example of a partnership that we developed with AMO and the city of Toronto. They obviously would like to have seen the uploading taking place faster, but we felt the prudent thing to do was to build into our financial plan at the province those figures that we felt we could absorb in a timely fashion. As I said, we didn't wait for the review to be completed. In fact, we started uploading the ODB and the ODSP administration cost, which was a substantial amount of money.

The review is over, but the work continues, because there are a number of tables that were set up and work that has to be done, including a request from the city of Toronto that we review the costs of administering the Ontario Works and ODSP programs, because the cost for the administration continues to be a 50-50 cost-sharing, which the municipal sector had agreed on, but we take over 100% of the benefit costs, if you will.

We're in the process of bringing the province of Ontario into line with every other province and territory, where those local municipalities and those local property taxpayers are not saddled with the cost of social services.

The other issue, as I mentioned, with court security and prisoner transportation: That will be an upload to a maximum value of \$125 million. That is an estimate that has been derived from AMO in consultation with our Ministry of the Attorney General as well as the ministry of public safety. We have a working committee now working with those two ministries and our ministry, as well as AMO and the city of Toronto, to roll out the exact plan for the upload of court security and prisoner transportation and look at all the different models, but recognizing there is a limit of \$125 million on the upper end.

I just wanted to give you a sense of the magnitude of the work that we have done with the municipal sector over the course of the last several years. I give credit to my predecessors John Gerretsen and Greg Sorbara, who started the process of the fiscal review.

I just wanted to use, for instance, my hometown of Ottawa and the numbers of dollars that have flowed to that municipality, some through our ministry and some through others. We've put together a comprehensive chart, and I think it's worth noting. I know my colleague from Orléans is a great defender of making sure the east gets its fair share, as we all do to our own communities.

The Investing in Ontario Act saw the city of Ottawa receive \$77 million. I had the pleasure of announcing that money with Mr. McNeely and the mayor of Ottawa and Councillor Bob Monette at Petrie Island, which is an important part of Mr. McNeely's community. Some \$33 million of that will go to the cleanup of the Ottawa River, because unfortunately, yesterday we reached the billion-litre mark of raw sewage going into the Ottawa River.

The MIII program: \$20 million, which will go to build new archives for the city of Ottawa library. Social housing repair money: \$8.2 million. The provincial gas tax for that one year: \$35.9 million. That's the two cents a litre. Provincial gas tax, 2008-09: \$36.7 million, for a total of \$155 million. The 2008 roads and bridges money: \$14.6 million. The projected estimated savings for the city of Ottawa as a result of the provincial-municipal fiscal review and the uploads will be \$121 million.

In addition—and I know Ms. DiNovo will probably have some questions on this—the city of Ottawa benefited to the tune of \$368,000 this year for the rent bank, for a total to date of \$2.6 million. That has prevented 1,551 families from being evicted to date.

Affordable housing program extension: The city received \$6.7 million. Social housing repair: \$46.8 million. The strategic infrastructure fund: \$125 million. The RInC program, which was for recreation facilities—we again made the announcement in Mr. McNeely's riding, at the YMCA out there: \$7.4 million.

So it's a significant amount of money. I think those of you who had the opportunity to attend the AMO conference will recognize that the municipal sector is pleased with the work and progress we've made. I commend AMO and their leadership and the city of Toronto for working in the spirit of collaboration on the Provincial-Municipal Fiscal and Service Delivery Review. It's a good document and a good road map and

role model, if you will, for other negotiations between other orders of government.

So I'm very happy to give you that quick synopsis. Thank you, Mr. Chair, for your time. I'd be happy to answer more questions.

The Chair (Mr. Garfield Dunlop): Okay. Thank you very much, Minister. So we now go right over to the official opposition. They can start asking in 20-minute rotations.

Mrs. Joyce Savoline: Mr. Minister, I'm going to go back to the area that I left off with this morning, and it had to do with housing. I'll just set the stage for that again.

I'm going to go back to the January 2009 announcement: that the federal government announced its \$620 million for social housing. An additional \$622 million was committed by the province three months later, in March of this year. So this is a combined, whopping \$1.2 billion of funding.

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Working with the federal government, Ontario is committed to renovate 50,000 units of existing social housing and to build 4,500 units of new affordable housing. My question, then, is, as per this joint investment between the province and the federal government, could you provide an update as to how many of the 4,500 affordable units have been completed, how many are under construction right now, and also an update on the 50,000 existing units that have been repaired to date?

Hon. Jim Watson: I'll ask our officials to give a specific—the number would not be large at this point because the agreement was just signed a couple of months ago. I had the pleasure of making the announcement with the Honourable Gordon O'Connor, the Minister of State for the federal government in Ottawa.

You're correct that the \$1.2 billion represents \$700 million over the next two years for social housing repair and energy retrofits and \$550 million for the extension of the affordable housing program that brings us to the 50,000 units and 4,500 new affordable housing units. To date, we've approved more than \$76.5 million for 39 construction-ready projects across the province. Under the social housing renovation and retrofit program, we've approved more than \$21 million for the repair of existing social housing units.

I don't know if the deputy has specifics in terms of starts at this point.

Mr. Fareed Amin: Just to complement what the minister said, under the affordable housing 2009 program, to date we've spent \$172 million, which would represent close to 2,000 units—1,969 units. On the retrofit program, we've approved 6,195 units to date. As the minister mentioned, the total expenditure in that category is \$21.05 million.

Hon. Jim Watson: I might point out that the incentive is for us to get this money out the door and shovels in the ground, because if the projects are not completed, then the federal government withdraws the money. So there's no incentive for us to foot-drag on this. We want to get it moving as quickly as possible.

Mrs. Joyce Savoline: Okay. In addition to the housing units that will be created, there was a statement made that this program would create 23,000 jobs. How many jobs have been created up until now that you know about? And I'd like to know how you're calculating this number.

Hon. Jim Watson: There's a formula based on the number of housing units that is accepted in the industry, and that's how we got to the 23,000.

In terms of the number of jobs that have been created to date, Deputy, I don't know if we have that number, because our estimate is that that's based on all of the projects being completed by March 31, 2011.

We're confident in that figure of 23,000 because it's reflected on similar agreements that we've had with the federal government on the original AHP program going back to Minister Gerretsen's time.

Mrs. Joyce Savoline: I'd like to just go back to a question that I had this morning and build on it just to get some clarification. It was with respect to how the 78% rebate was settled on for municipalities. I had asked you how the government settled on that number. Minister, you've explained to me that this was the number that would keep "municipalities whole" and that you were confident that 78% was the right figure. Since the rate and the tax itself are locked in to 2012, my question is, would the minister consider putting a clause in this piece of legislation that would allow for some modifications should the 78% rebate prove to be insufficient for municipalities to remain whole? I'm asking this because I have great concern that once everything's locked in, if we've made an error somewhere, or if you've made an error somewhere, the hardship remains in place and compounds over at least a three-year time frame. I think it really puts municipalities at a disadvantage if that rate should have been higher.

Hon. Jim Watson: I don't want to sound like a broken record, but it is tax policy questions that you're asking, and I don't have the authority or jurisdiction. I know the Minister of Finance did appear before the estimates committee. I don't know if this line of questions were asked of him, but certainly that's a question that is best directed to the minister responsible for tax policy, Minister Duncan.

Mrs. Joyce Savoline: Okay, and I guess I'll go back to the same question that I asked this morning, if I may: Given that municipalities look to the Ministry of Municipal Affairs and Housing to be their coordinator or their glue to kind of work amongst the silos at Queen's Park, they would be looking to you as much as they would be looking to the Minister of Finance. If these numbers were proven, would you step up and back the case for municipalities if they find themselves in that hardship? Would you go to bat for them?

Hon. Jim Watson: I think there are two answers to that. One, we recognize that we need to consult the municipal sector, and that's why we set up a table with municipal affairs, finance, AMO and the city of Toronto for the express purpose of making sure the transition and the rules regarding rebates and so on are fully understood by

the municipal sector. People on that committee tend to be the CFOs or the city treasurers and so on of the various jurisdictions.

I am the advocate for the municipal sector in the government of Ontario, and I take that role very seriously. Obviously, if there are concerns regarding areas outside my own jurisdiction, I would certainly undertake to raise those with the Minister of Finance. We did it, obviously, with the housing sector vis-à-vis the threshold of \$400,000 to \$500,000. The minister was very accommodating on that front.

But we feel that the 78% figure will keep the entire sector as a whole, whole. We're confident that the municipal sector, as a sector, will not suffer as a result of the implementation of the HST.

Mrs. Joyce Savoline: I'm just asking, Mr. Minister, that there is a mechanism whereby municipalities can appeal that 78%, should it not be adequate because, as you know, if it's for one year, it might be something that can be covered by the municipality, but when it's compounded over three years or maybe even more, then it becomes a different kind of hardship. So I'm hoping there's a way through AMO that that discussion can take place. From what I understood this morning, the discussions that are ongoing are about how to get the message to the municipalities. It isn't a discussion about whether or not the 78% is adequate.

Hon. Jim Watson: That's correct. I think the mechanism that we established a few years ago that works very well is the MOU table that we have with AMO, the memorandum of understanding table.

I should take a moment to explain how that works, because it's a very effective way, I found, to keep in touch with our municipal partners on a monthly basis. Every month we jointly put forward an agenda of items of concern. We tend to put most of the items on as the province—those items that are coming either before the Legislature or before cabinet, items that would affect the municipal sector as per the conditions of the agreement signed by municipal affairs and housing and AMO.

The meetings are very effective. They're done in confidence so that we can provide information on a confidential basis. To date, to the best of my knowledge, we've never seen a breach of that confidence. Ministers appear and often parliamentary assistants appear. The AMO staff and AMO members have advance copies of the documents so they can prepare for questions. It's a very invigorating two-and-a-half, three-hour session with everyone from Hazel McCallion to Ken Seiling, the regional chair from Waterloo; Roger Anderson, whom I know you know; and Councillor Peter Hume, who is the current AMO president—along with a number of others from Lambton county and across the province.

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I believe that's the kind of forum where these issues would come up. That was why we set it up in the first place. So it tries to break down those silos. We have all of the ministers who are appropriate to the issue on the agenda come forward and speak to it. Because of the

success of that AMO MOU, the city of Toronto, because they're not a member of AMO—we've established a similar agreement that I signed with Mayor Miller and we've had our first meeting of the province. Again, it's worked very well, as well.

Mrs. Joyce Savoline: Okay, and I know there's a special assistance to municipalities, a loan, a program that provides the short-term loans to municipalities that have faced unforeseen expenditures. This might be one of them, if they're counting on a 78% rebate and by some twist of fate it becomes higher or their costs become higher. Given that you've indicated that 78% is the amount that you believe will keep municipalities whole, if the HST does put undue financial pressure on municipalities, would this be a program that they could refer to to compensate them for these unforeseen costs?

Hon. Jim Watson: It wouldn't. It's called the special assistance grant, or SAG, program. The total budget for SAG is about \$2.7 million for the whole year. I'll give you some examples of expenditures to date. It tends to go to small municipalities that have extenuating circumstances affecting their bottom line—a paper mill shuts down or a plant shuts down. Red Rock received \$500,000; Smooth Rock Falls, a little over \$1 million; Brant, \$225,000 related to a landslide; Billings, \$30,000 accumulated tax arrears on First Nations land. Weather-related, Thunder Bay, \$7,000 for a severe storm; Belleville, \$71,000 for flooding and so on. The Smooth Rock Falls and Red Rock were a result of plant or mill closure.

So it tends to be, one, a very small fund, and second, quite often oversubscribed. We try and ensure that it's for a one-time circumstance so that the municipality doesn't become dependent on the money, because it defeats the purpose of special assistance.

Mrs. Joyce Savoline: Do I still have time, Mr. Chairman?

The Chair (Mr. Garfield Dunlop): You've got six minutes.

Mrs. Joyce Savoline: Okay, moving, on then. When we were at AMO—and I'm sure you had the same delegations that met with the leader and me—a lot of the folks from the north—FONOM was with us—have great concerns that the Ontario municipal partnership fund that was introduced about four years ago to replace the CRF, community reinvestment fund—has been providing funding through four different grant processes: the social programs grant, the equalization grant, the northern and rural communities grant and, finally, the police services grant. It acts as the province's main municipal funding model. Starting in 2009, this benefit to each municipality will be calculated as a combined benefit of its Ontario municipal partnership grant, as we lovingly call it, plus the value of the uploads of ODB, ODSP and the Ontario Works benefit, and will be compared to its 2001 OMPF-based grants.

My question, Mr. Minister: The Premier told municipalities that this government wouldn't be able to move as quickly because of financial concerns and obligations that the province has. Given that these programs that

you're talking about uploading will happen, what happens to OMPF for the northern municipalities through this process?

Hon. Jim Watson: Just a couple of points: OMPF is administered by the Ministry of Finance, but as part of the Provincial-Municipal Fiscal and Service Delivery Review, there were a couple of decisions made when we signed off on the document last October. One was that we would continue mitigation funds for 2009 but that we could not commit beyond 2009; secondly, that we would establish a review panel between AMO, ourselves and the Ministry of Finance. I don't believe Toronto was involved, because they don't receive OMPF funding. That panel has met, I believe, three or four times. The final decision as to what changes, if any, to OMPF will take place will be at the desk of the Minister of Finance, and we made a commitment that we would get back to the municipal sector in the fall, prior to most municipalities starting their budgeting process.

We have, in fact, over the last several years, ceded to the request of the municipal sector and provided mitigation funding, including this past year of, I believe, approximately \$75 million to keep the sector whole through those mitigation funds.

I can say that the province is providing 405 municipalities, which is 91% of the municipalities, with \$949 million in support through the combined benefit of OMPF grants, which is \$704 million, plus the upload of ODB and ODSP for another \$245 million. This represents an increase of \$330 million, or 53%, over funding in 2004 under the previous program. I think we all remember the previous program; it was rather complicated to figure out. What were the initials of the—

Mr. Fared Amin: It was the community reinvestment fund—

Hon. Jim Watson: The CRF. Remember the old CRF program? So this has been a fairer system. We've certainly provided a significant amount of money, more than we had in the past, but a final decision has not been made on future mitigation funds.

Just to come back to your comments with respect to the commitment on the uploading, the commitment is very much there. It's part of our fiscal framework. The Minister of Finance and I have both signed off on it and we're committed to meeting each of the milestones along the path of the fiscal review. To date, I'm pleased to report that every benchmark that we've come across, we've met or exceeded in terms of the uploads and will continue to do that. But it was made very clear, both at the AMO conference in a question in the bear pit session to Minister Duncan as well as at the launch of the review, that there was no commitment to mitigation of OMPF above and beyond 2009. We did find the money for mitigation in 2009, which was helpful.

The Chair (Mr. Garfield Dunlop): Just a quick question is all we've got time for here.

Mrs. Joyce Savoline: Okay. The question will be quick but the answer probably won't be, so what do you want me to do?

The Chair (Mr. Garfield Dunlop): You can ask the question later, or you can forfeit your time.

Mrs. Joyce Savoline: Okay. Again, the municipalities in the north—they've got real concern about this. They're not getting a good feeling for what's happening here and they believe that the upload versus what the benefits will be is going to be negative to their municipalities. So I'm just wondering whether or not you and the Minister of Finance have done a number check, run some numbers to see what the case scenarios may be for these municipalities, to see whether and how many of these municipalities will be worse off than before the change.

The Chair (Mr. Garfield Dunlop): The time's up for this rotation, so it's probably better if we started it out in the next rotation. Is that okay?

Mrs. Joyce Savoline: Yes.

Hon. Jim Watson: I can answer it in a minute, if you'd like, as to some of the things we've done.

A couple of things: First of all, in the 2009 budget, we allocated a record \$648 million for provincial highway projects in the north, which is a help to the north. We're also accelerating the business education tax reductions for northern businesses, ensuring that they'll benefit from the full reduction by 2010, which is four years earlier. So we have taken some measures specifically for the north. I know that our caucus colleagues in the north have pushed these kinds of initiatives that actually take some pressure off the property tax bill for northerners.

1630

The Chair (Mr. Garfield Dunlop): Okay, that's fine. Look, we really apologize for the noise from the construction, but it's just ongoing here this fall.

We'll now go to the third party. You have 20 minutes.

Mr. Michael Prue: For my next topic, I'd like to launch into one of my favourites, the institution everyone loves to hate: the Ontario Municipal Board. Board members often deal with quite contentious cases. I'm just wondering, board members, when they were before another committee—I'm trying to think which one I was at. Was it general government? I don't know. They were here just a few weeks ago, and I asked what kind of training board members received on environmental issues. Is the ministry satisfied with the amount of training that board members have on environmental issues?

Hon. Jim Watson: As you may know, Mr. Prue, the appointment process in the OMB falls under the jurisdiction of the Ministry of the Attorney General, not municipal affairs and housing.

Mr. Michael Prue: Yes.

Hon. Jim Watson: So you're best to ask the minister responsible for those appointments and the makeup and composition of the board.

Mr. Michael Prue: The Ontario Municipal Board oversees 450 municipalities and the decisions they make on planning issues. Is there anything the ministry oversees at all in this, then?

Hon. Jim Watson: I'm sorry?

Mr. Michael Prue: Is there anything that your ministry deals with at all in dealing with the OMB, or is it just an arm's-length agency of which—

Hon. Jim Watson: No, it's a quasi-judicial body. Obviously, the reporting structure is that the OMB is the responsibility of the Ministry of the Attorney General. The Planning Act, which is part of my ministry's responsibility, obviously is front and centre with the OMB. As you've correctly pointed out, a good number of the issues at the OMB are involving municipalities.

Obviously as a member of cabinet, all of the appointments for the OMB come through cabinet, through order in council. I support the appointments that we have made since forming government in 2003.

Mr. Michael Prue: The OMB is supposed to be there for sober second thought, but oftentimes—the OMB is sometimes involved, sometimes the cabinet is involved and sometimes the minister is involved.

Just some questions about SLAPP suits: The Places to Grow Act and the law in the province of Ontario for municipalities, and the ministry is supposed to abide by the growth plan. I don't think we have any disagreement at all that Bradford West Gwillimbury is not designated as a new urban growth centre, and yet the ministry did something that I do not recall happening, at least not in my eight years here and certainly since the time of the Harris government, and that is, it used the MZO, ministerial zoning order, for land swaps to facilitate this. Can you tell me why this was done?

Hon. Jim Watson: I was under the impression that you were asking about SLAPP legislation—

Mr. Michael Prue: I'm going to get into SLAPP in a minute, but first of all, why was the ministerial zoning order for a land swap done in the case of Bradford West Gwillimbury? I'm going to get into Big Bay Point. Mostly, that's what I'm interested in.

Hon. Jim Watson: I think I'll ask the deputy to refer to a staff member.

Mr. Fareed Amin: Yes, I'll invite Larry Clay, who is the director of our central region, to respond to that question.

The Chair (Mr. Garfield Dunlop): Go ahead, Larry.

Mr. Larry Clay: Thank you, Mr. Chair, and thank you, Deputy. Mr. Prue, the use of the MZO is an instrument that's available to the minister in situations where there's an interest in installing certain very specific land uses on a piece of geography. It has been used in the past across the province. In this instance, it was seen by the province as the most appropriate tool to ensure that the interests of the province were protected as the planning process went forward on these lands on OPA 15 and OPA 16.

Mr. Michael Prue: Why was the province so interested in environmentally sensitive agricultural land on the shores of Lake Simcoe?

Mr. Larry Clay: These lands that you're referring to, of course, are situated adjacent to Highway 400 near Highway 88. They are considered by many to be very strategically located, particularly for new industrial and

strategic manufacturing uses. The zoning order and the process that was put in place, which was approved by the OMB, in every way contemplate anything that's happening in that area to have to conform to the Lake Simcoe protection plan, the provincial policy statement, the Places to Grow Act. So everything that is anticipated for that development is consistent with legislation.

Mr. Michael Prue: Including the 2,000-unit condo resort, the 1,000-slip mega-marina?

Mr. Larry Clay: I think you're referring to a separate application proposal on Big Bay Point.

Mr. Michael Prue: Yeah, on Big Bay Point—that's what I was talking about. Is that consistent?

The Chair (Mr. Garfield Dunlop): Sorry. Are you talking about Big Bay Point, Bradford West Gwillimbury or both?

Mr. Michael Prue: Sorry. I'm trying to get into Big Bay Point. That's where I'm really—

The Chair (Mr. Garfield Dunlop): Okay. All right. Because I thought you were talking about Bradford West Gwillimbury for a sec.

Mr. Michael Prue: You're right.

Mr. Larry Clay: As was I.

Mr. Michael Prue: So can you tell me how those fit in with the provincial plans?

Mr. Larry Clay: Again, the Big Bay Point proposal was a situation on a development application where, through settlement discussions between the province, the municipalities involved and the various ministries and the agencies and stakeholders, a process was put in front of the OMB. The OMB, again, approved that. Again, any development that is contemplated on Big Bay Point has to conform to environmental legislation, has to conform to provincial legislation and the Lake Simcoe protection plan.

Mr. Michael Prue: Is this land not part of First Nations land or land that was used by First Nations for ritual purposes, burial sites and the like?

Mr. Larry Clay: I'm not aware of that, sir.

Mr. Michael Prue: Were the First Nations consulted at all before this proceeded?

Mr. Larry Clay: I understand that one of the First Nations, Huron-Wendat, was involved in the actual OMB proceedings.

Mr. Michael Prue: Was the Office of the Provincial Development Facilitator used?

Mr. Larry Clay: In the Big Bay Point proposal? Yes. The office of the provincial facilitator was responsible for bringing the parties together and facilitating settlement discussions.

Mr. Michael Prue: Could the parties be brought together? Obviously I think they were diametrically opposed.

Mr. Larry Clay: All parties to the OMB hearing participated in discussions, yes, and those were facilitated by the Provincial Development Facilitator.

Mr. Michael Prue: Including local farmers, residents, First Nations, environmentalists? Were they all brought into the tent?

Mr. Larry Clay: In this instance, the parties that participated in those discussions were those which were parties before the OMB.

Mr. Michael Prue: So other people who may have had a vested interest or something to say were not part of the facilitation?

Mr. Larry Clay: Not part of those discussions, no.

Mr. Michael Prue: Can you tell me why not?

Mr. Larry Clay: Typically, what happens when applications are before the board, you need to apply for either party or participant status. Those who do and are granted that status are able to either testify or participate in the hearings or if there are settlement discussions, they can participate in those.

Mr. Michael Prue: I'm aware of what happens at the Ontario Municipal Board, but does the facilitator's mandate not reach or can it not reach beyond simply facilitating those who are party to the case?

Mr. Larry Clay: In the instance of the Big Bay Point proposal, the mandate and the responsibilities from the facilitator were to bring the parties together.

Mr. Michael Prue: Can the Office of the Provincial Development Facilitator give us a list of the invitation—and whether or not any First Nations people were present?

Mr. Larry Clay: I think the Provincial Development Facilitator reports to the Minister of Energy and Infrastructure, so I'm not sure what protocol would be required for that.

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Mr. Michael Prue: It's my understanding that Mr. Alan Wells was the province's development facilitator, but he was not present. Is that correct?

Mr. Larry Clay: That is correct.

Mr. Michael Prue: Why was Mr. Wells not present?

Mr. Larry Clay: Mr. Wells engaged the services of another individual who was on contract with the development facilitator's office, and that individual facilitated the discussions.

Mr. Michael Prue: At the hearing, or during the hearing or immediately following the hearing, the opponents were slapped with \$80 million in lawsuits, I'm given to understand. Is that the correct amount?

Mr. Larry Clay: I understand that there were a number of legal actions involved between some people who had an interest in that application. We weren't, as a province, apprised of those, and we don't know the details.

Mr. Michael Prue: So the facilitator did not involve himself in that when ordinary people who were opposed to the development were slapped with giant lawsuits?

Mr. Larry Clay: Again, I don't think we can speak to the nature of those lawsuits, and I can't speak to whether they were of a nature that would be considered a typical SLAPP legal proceeding or whether they were other legal proceedings involving other issues.

Mr. Michael Prue: Back again—and I'm sorry for the confusion at first—to the Bradford West Gwillimbury circumstance. How did the Ministry of Municipal Affairs

justify the decision to pave some of the fine agricultural lands in Bradford West Gwillimbury, given that 84% of the land in that area is probably the best agricultural land in Ontario?

Mr. Larry Clay: First of all, the Ministry of Municipal Affairs—our role in these proceedings is that we have a one-window responsibility when we participate with other parties in front of Ontario Municipal Board hearings. We consult with and collect comments and information from all ministries, in this case including the Ministry of Agriculture, Food and Rural Affairs. As part of the negotiations and the settlement discussions, we take everything into consideration, and the eventual result that everyone agrees to typically provides the maximum value to all parties, but also ensures to the degree possible that provincial interests are protected.

In the situation of Bradford West Gwillimbury, all developments that will proceed in that area are required to meet very strict environmental assessment requirements and will be required to meet every requirement of the Lake Simcoe protection plan.

Mr. Michael Prue: Was that requirement contained within the staff report that's usually prepared in advance?

Mr. Larry Clay: That requirement is actually contained in the settlement agreement that was put forward in front of the Ontario Municipal Board, and the Ontario Municipal Board approved it. So, in effect, those requirements are set and they are required to be adhered to.

Mr. Michael Prue: When the OMB wrote its decision, they said:

"The appeal is allowed in part and OPA 15 is modified and approved as filed as exhibit 7 in these proceedings, contingent upon:

"1. the board being advised by counsel for Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing that a minister's order to implement OPA 15 has been made under section 47 of the Planning Act."

What has ensued since?

Mr. Larry Clay: Those minister's zoning orders are being finalized, and once they're finalized, they will be put to the minister for his consideration.

Mr. Michael Prue: And when might we expect that to happen?

Mr. Larry Clay: I think the staff are working very hard to get those done as quickly as possible.

Mr. Michael Prue: Can we expect them before the end of the year?

Mr. Larry Clay: That is the intent. The minutes of settlement contemplate those MZO's being in place before December and then the board will actually issue its final order. Once the board sees the MZO's are finalized and signed, the board will conclude and remove the conditional aspect of its approval.

Mr. Michael Prue: And is this the sole prerogative of the minister?

Mr. Larry Clay: The signing of the MZO's?

Mr. Michael Prue: Yes.

Mr. Larry Clay: Yes.

Mr. Michael Prue: So this is upon advice of staff, but in the end, the decision is the minister's and the minister's alone?

Mr. Larry Clay: Correct.

Mr. Michael Prue: Okay. Is the Premier's office involved in any way?

Hon. Jim Watson: No. This is a decision that I sign off on as Minister of Municipal Affairs and Housing.

Mr. Michael Prue: Without advice from the Premier's office? Often we see around Queen's Park the long fingers of the Premier's office.

Hon. Jim Watson: No, this is a task that has been delegated to the Minister of Municipal Affairs and Housing and it's mine alone.

Mr. Michael Prue: There was also the whole issue here—and I'm just curious about it—of a firm by the name of Toromont. Does the minister remember this issue?

Hon. Jim Watson: I'm familiar with the company, yes.

Mr. Michael Prue: There was some kind of statement made to the effect that Toromont had threatened to move to Manitoba if it was not allowed to consolidate operations on the Highway 400 corridor, followed in very short order by a Toromont statement from Mr. David Wetherald to the Toronto Star: "Our company, Toromont Industries Ltd., has no intention of moving 2,500 jobs from Ontario. We have never threatened to do so or set conditions for the province to meet to avoid this non-existent threat."

Did the province agree to the settlement discussion with the developers because this was hanging over the province's head?

Hon. Jim Watson: No, I certainly don't recall ever meeting anyone, and I don't even think I can name a principal from Toromont who ever came to see me saying that they would move their company. I certainly remember reading a letter to the editor in the Toronto Star that you referred to in the Legislative Assembly when we were discussing the Barrie-Innisfil piece of legislation that I have before the House.

Mr. Michael Prue: Did the minister's office receive correspondence from Toromont advising they were preparing to leave the province unless the minister's office intervened and issued the MZO's?

Hon. Jim Watson: I'd have to go back and check. I don't recall seeing a letter to that effect, but as you can well imagine, we get several hundred letters a week. Off the top of my head, I don't recall receiving a letter of that nature, no.

Mr. Michael Prue: Can the minister have the staff go back and see whether or not such a letter was written by Toromont?

Hon. Jim Watson: Sure. We'd be happy to.

Mr. Michael Prue: Thank you.

Was there any kind of report prepared in this particular case about Bradford West Gwillimbury and the plan? Was there a planning report prepared by staff for the minister's perusal or anything else?

Mr. Larry Clay: In respect of providing the minister with advice on whether the government should enter into and sign the minutes of settlement, yes. That's information that I've provided to him.

Mr. Michael Prue: And was the staff report favourable to proceeding in that way?

Mr. Larry Clay: The staff report provides a series of options and, at the end of the day, we provide a recommendation which the minister can consider.

Mr. Michael Prue: And was the recommendation from staff, at the end of the day, to proceed as the minister did?

Mr. Larry Clay: Yes.

Mr. Michael Prue: Is this cabinet secrecy, or is it possible to see a copy of such a memorandum?

Hon. Jim Watson: Deputy?

Mr. Fareed Amin: That's confidential advice to the minister.

Mr. Michael Prue: So it's not possible for anyone to see that?

Mr. Fareed Amin: I would have to take that under advisement, but I would suspect no, because it was confidential advice to the minister.

The Chair (Mr. Garfield Dunlop): Less than a minute here, just to clean up.

Mr. Michael Prue: Given that there's only a minute, I'll pass and go back to it later.

The Chair (Mr. Garfield Dunlop): Okay, thank you very much. We'll turn it over to the government. Mr. Ramal.

1650

Mr. Khalil Ramal: I want to first thank the minister for appearing before this committee and outlining the job of this ministry. This ministry, of course, touches every corner of the province of Ontario, dealing with all municipalities, from large to small, from urban to rural areas. I know every community has different problems and different requests, from social to affordable homes to health to ambulance and transportation and many different things.

I know you've been dealing with the gas tax over a long time and dealing with different municipalities and dealing with affordable housing. As we know—all of us—in this province, different governments came and left, and every government has a different strategy and direction in terms of affordable homes. We witnessed a big investment and then the previous government stopped the investment in affordable homes. The federal government also stopped their support for affordable homes. Since we got elected in 2003, we went back to it as a part of our strategy to deal with the poverty issue across the province of Ontario.

I know you participate with Minister Matthews and other ministers in order to deal with the poverty issue, and the poverty issue, as a part of it, deals with the homeless and deals with affordable homes, which is well indicated by many different stakeholders from across the province of Ontario who deal with poverty issues on a

daily basis. They outline how important it is to provide affordable homes.

I know affordable homes is a very complex issue. Some of it belongs to the federal, some to the municipality and some is supported by the province. So many different stocks of affordable homes have been neglected over the years, and some of them cannot be used, and many different municipalities ask for support. I know your ministry, not a long time ago, invested more than \$150 million or \$200 million in this regard to fix that housing and allow many low-income people to be able to use them and live in them again. But still, those problems have not been addressed fully.

I know you went across the province of Ontario to conduct a lot of consultations, I think in 14 or 15 communities across the province, to learn much about the needs of many different communities for affordable homes. I attended one with you in London not a long time ago in which many stakeholders came and voiced their concern—from Habitat for Humanity to the Sisters of St. Joseph to the Salvation Army, city of London and many others who voiced their concerns and told you how badly affordable homes are needed for the city of London and how many people are waiting to see new stocks and new places being built.

Minister, we have waiting lists—about 4,000 people in the city of London. I know you addressed this issue in various fashions, like rent supplements and many others. According to the statistics I read a couple of days ago, our investment reached \$1.2 billion so far between fixing the stocks and also building new housing. As you know, you committed, in the last budget, 2009, to fix almost 70,000 affordable homes and build 4,500. From your meeting in London and other jurisdictions, probably you got a lot of information.

How is the ministry going to address the badly needed affordable homes across the province—and whether the meeting in London was different than other meetings and whether the people from different communities have different issues.

As you know, many people voiced their concern on how the money is going to be allocated. As you know, we don't have similar sizes of communities across the province of Ontario. We have big and large and small and rural areas. So people are wondering.

As you know, in the first round, London didn't get any affordable homes, but I learned from your ministry, after I asked, that there is a second round and a third round. Hopefully London will be awarded some of those affordable homes.

Can you tell us and can you tell this committee how you are going to allocate the money, what the requirements are in order to apply for those affordable homes and whether those 4,500 are enough to deal with the issues, in conjunction with your strategy to deal with the poverty issue in the province of Ontario with the supplementary rent bank? As you know, some small municipalities and some small communities cannot take advantage of this opportunity and cannot deal with affordable

homes if you locate the money according to per capita. So what's your strategy? Can you tell the committee what your strategy is in order to allow many communities in the province of Ontario to participate in this endeavour?

Hon. Jim Watson: Thank you, Mr. Ramal, and thank you for hosting me in your riding when we did the London-area long-term affordable housing strategy session, which was, I guess, a few weeks ago now. We had a very good turnout at that meeting. We had people come in from Sarnia, Stratford and the surrounding area; London and St. Thomas. It was similar to all of the other sessions that I've had the privilege of attending.

Mario Sergio, my parliamentary assistant for housing, and my former parliamentary assistant, Carol Mitchell, did some of the sessions. I did a number of other ones, and I drew the long straw and got to go to London and speak with you and your colleague Deb Matthews.

It was interesting and important that Deb Matthews was there with us because one of the things that I certainly heard loud and clear in consultations that I held in my own riding in Ottawa West–Nepean on the poverty reduction strategy when I hosted a session at Foster Farm in a low-income neighbourhood in my community of Ottawa West–Nepean was that housing was paramount to dealing with poverty reduction in a significant and thoughtful fashion. The reason is that when people are spending 30%, 40% or 50% of their income on housing, everything else suffers, whether it's clothing for the kids, school lunches or any other activity that the family or the kids want to partake in. They're spending such a large portion of their money on housing that everything else suffers.

We've gone about it in two ways. In the short term, we've got \$1.2 billion spread amongst the federal and provincial governments to spend between now and March 31, 2011. That, by the way, is the single largest investment in affordable housing in such a short period of time in Ontario's history. So it's something that I think we can all be very proud of. It's going to make a difference—4,500 units.

I'll correct you, Mr. Ramal: It's 50,000 units for repair and rehabilitation. I think you mentioned 70,000, but it's actually 50,000.

I just wanted to outline to you what London has received from the provincial government since we had the honour of forming government in 2003. I give good credit to you and your colleagues Chris Bentley and Deb Matthews and certainly Steve Peters, who has a portion of London. London has done very well: the Investing in Ontario Act, \$33 million; the MIII infrastructure program, \$11 million; social housing repair, \$3.3 million; provincial gas tax, 2007-08, \$8.9 million, and 2008-09, \$9.5 million; roads and bridges, \$5.8 million.

The estimated cost savings for taxpayers in London as a result of all of the uploading: Court security—sorry, it doesn't include court security—just the social service uploads is \$52.2 million. Court security, because the courthouse is in London, will also relieve some of the pressure on property taxpayers.

The rent bank has seen \$188,000 go into London in 2009 and a total of \$754,000 since the program began. That has prevented 400 evictions in the city of London. The affordable housing program extension has seen a little over \$2 million go to it, and the social housing repair program for the next two years is \$18.8 million. That's based roughly on a formula of a combination of per capita as well as the number of units that each municipality has. London obviously has a fair number of units, so you get a fairly large portion of the dollars.

The Building Canada infrastructure component: London has benefited to the tune of \$50 million, and an additional \$32 million for ISF, and then the RInC funding—it has been a little over \$2 million for the recreation programs.

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The issue you asked about with respect to rent supplements—we do have a number of rent supplement programs. The largest in terms of the actual number of people helped is the ROOF program, which is rental opportunities for Ontario families. There are now 21,551 families that have received the ROOF housing allowance.

We sent out, in collaboration with the Canada Revenue Agency, a notice to all those people who were eligible for ROOF funding based on the criteria that were established in the program—their economic threshold, the number of children and so on—and the program is a five-year program beginning in January 2008 and it provides up to \$100 a month to a total of \$1,200 a year in rent supplements.

We don't have as many applicants as we know are out there, but we did send out two different mailings; we worked with community health centres and others to try to get the number up as close as possible. We're pleased that almost 22,000 families are benefiting from this particular program.

This is part of the exercise of going through the long-term affordable housing strategy. Why I was in London—and why I will be in Thunder Bay tomorrow evening—was to seek out answers from people primarily on the front lines of providing social housing and affordable housing options. It's not just about the government and it's not just about providing more tax dollars. It's about how we can work in a collaborative fashion.

I think one of the things I've learned very quickly is that housing in Canada and, for that matter, in Ontario, is very complex. It's multilayered. Many people have their hand in it. It's not as coordinated as I think it perhaps should be. Even within the government of Ontario, we have so-called silos. We've got supportive housing provided by the Ministry of Health; the BILD construction provided by our ministry; energy and infrastructure has a role to play in infrastructure; we have Comsoc that has a role to play; the Ministry of the Attorney General for halfway houses and so on.

One of the things we've heard from a number of the participants at these public forums—and I'm pleased that we've had close to 1,000 people; I think we'll pass the 1,000 mark as a result of the meeting on Wednesday in

Thunder Bay—is that people want us to simplify the programs and they want them to be less silo-driven and they want the left hand to know what the right hand is doing.

That's why we're trying to come up with a long-term plan, so that we can actually map out a road map similar to what we did with the fiscal review over a 10-year period and allocate dollars and mark milestones that we want to reach in terms of simplifying the system and so on. It's a fairly bold and ambitious undertaking but I'm very appreciative of the staff we have here at the ministry who are experts. They've been searching out case studies and best-case practices around the country, as I have when I meet with my provincial and territorial counterparts, as well as case studies without travelling around the world.

Mr. Khalil Ramal: Minister, thank you for the answer. When you were in London, I guess some of the people asked you questions about the formula you are using in order to award people the contract and to be eligible. I'm not sure—you said you were going to get back to them and outline the formula. I have no idea how we can advise our community, our stakeholders, about the formula so they can apply and not waste their time; so they'll know, if we have some kind of formula, before they apply and invest money in the application, when they apply.

Hon. Jim Watson: There are, I believe, 47 service managers around the province and London would have a service manager. We can certainly provide all members—I believe they're all on our website. The service manager, in essence, acts as our agent to coordinate those requests, so that we don't have seven or eight people taking in requests for funding but they're in fact done centrally through these service managers. The applications then are delivered and it's the service manager's role to make sure that the program is meeting the expectations. I would encourage you to go to the service manager in London.

As I mentioned, as of August 28 there have been 44 AHP extension projects that have been approved, for a total funding of \$87.59 million. The ministry has also recently completed round two funding approvals, and there will be a round three, obviously, because we want to make sure all of the money is used.

We're very close, if not already there, in terms of the current fiscal year, and we're going to have to start dealing with the next fiscal year, because we can't overextend our budget because the federal government is involved. We just don't have the money allocated to go above and beyond what was in the budget that the Legislative Assembly approved. But there's a new fiscal year that starts March 31, and approximately half the money will be available in the second year of the program.

The Chair (Mr. Garfield Dunlop): Mr. McNeely?

Mr. Phil McNeely: How much time do we have, Chair?

The Chair (Mr. Garfield Dunlop): You have four minutes.

Mr. Phil McNeely: Thank you, Chair, and thank you, Minister, for being in here today to answer our questions. Green energy and conservation are our principal means of reducing greenhouse gases in Ontario and in Canada. Canada's record of greenhouse gas reduction is abysmal, as we have increased greenhouse gas production over 1990 levels by 27%. When we actually signed the agreement at Kyoto, we were looking for a 6% reduction by now, so we're 33% off. The United States has their coal states and Canada has our oil sands.

Ontario has taken a good lead. We have reduced our greenhouse gases, and certainly taking coal out of production will take out 35 megatonnes per year by 2014. We're almost halfway there now with our reduction of coal generation. Quebec and BC are taking actions. We have the cap-and-trade legislation that's going through the Legislature now. It's certainly showing Ontario as leaders. We have our Green Energy Act and the regulations which have been rolling out in September for the feed-in tariffs etc.

When it comes to your ministry, the municipalities are taking the lead and reducing greenhouse gases through conservation and, in some cases, renewable energy. Your principal contribution to lower greenhouse gases is through a tougher building code, and I know that you've been doing considerable work there—tougher requirements for new homes and tougher requirements for renovations such as finishing basements etc.

My question to you is: How are you doing with strengthening the building code? What is your ministry doing to help accomplish the government's goals on green energy and conservation?

The Chair (Mr. Garfield Dunlop): And you have two minutes to respond to that, Minister.

Hon. Jim Watson: I'll ask the deputy to refer the specifics on the building code—they can get into some detail in terms of what we're doing. I consider Ontario a leader in making amendments to the building code that often other provinces and territories follow when it comes to energy efficiency and the like.

We have a golden opportunity to merge a number of government priorities together as a result of the housing portfolio. One is poverty reduction, which I spoke of. If we can reduce the wait-lists and increase the number of affordable housing units, that accomplishes one of our government's highest priorities, that being poverty reduction, specifically as it affects children.

The second initiative is the thrust that our government is pushing and I'm very proud of, and I spend a moment to commend you, Mr. McNeely, for the work you've done, both in your riding with particular high school students as well as the work you've done here in the Legislative Assembly. We have a golden opportunity to ensure that when we are investing in affordable housing projects, we make them much more energy-efficient than they have been in the past. I think all of us have visited those housing communities that are not in the greatest shape and were built with probably not the best-quality materials at the time and not only are showing their age

and their wear and tear but also are extremely drafty, have energy-inefficient appliances and doors and windows that let cold air in in the winter and hot air in in the summer. So as a part of the social housing renovation and retrofit program and the affordable housing extension program, our ministry set aside \$70.4 million of the total in provincial-federal funding to fund the renewable energy component. The rollout of this program is expected in the fall of this year.

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What this does is it gives a financial incentive to make these buildings greener and more energy-efficient. At the end of the day, it's a win-win situation: Not only is it good for the environment because you're reducing greenhouse gases, but it's also very good for the economy and, specifically, very good for the housing providers because their operating costs are coming down since their energy bill is going down.

I give credit to my colleague George Smitherman, who, when this program was being signed off, was very insistent on ensuring that a portion of the funds go toward energy conservation programs—

The Chair (Mr. Garfield Dunlop): That pretty well wraps up that minute or so.

Interjection.

The Chair (Mr. Garfield Dunlop): Okay, we can get back to that after, Mr. McNeely. The next rotation will be to the official opposition. Mr. Bailey.

Mr. Robert Bailey: Thank you, Mr. Chair. I'd like to welcome the minister here today.

Minister, you talked about the meetings you had around the province on affordable housing. I'm going to have a couple in my riding, one on October 13 and one on October 15. For my information before my meeting, can you tell me, if not today then when you can get back to me, how much money has been put into Sarnia-Lambton for affordable housing, in units or dollars?

Hon. Jim Watson: Yes, I can get you that in just a moment. I'm a little biased because I used to live in Sarnia, so I hope I have—

Mr. Robert Bailey: I know. You were a great reporter, they tell me.

Hon. Jim Watson: I'll just give you a quick synopsis.

Mr. Robert Bailey: Sure.

Hon. Jim Watson: I can give you a list of some of the specific projects. I think you'd probably identify with them. These are all in the county of Lambton, as you know, because Lambton has the responsibility for the delivery of housing in your community:

—a project of two units on Kathleen Avenue, with provincial funding of \$80,600, for domestic violence victims;

—Nasr Ltd. on Colborne Road, 17 units, for total provincial funding of \$727,000;

—Inn of the Good Shepherd on Confederation Street, five units, at the planning approval stage, provincial funding of \$230,000;

—the former MGM site at 1000 London Road, 57 units for seniors and persons with disabilities, at the

planning approval stage, an equal amount of \$2.9 million from the federal and the provincial governments.

That's a total of 81 units, for a total of roughly \$4 million in provincial funding and \$3.6 million in federal funding, for a total of \$7.6 million.

I might also quote someone you know well, Jim Burns, who said, "Not only will these new units alleviate the demand on our affordable housing waiting lists, but these projects will also generate employment and help stimulate our local economy."

If I could answer your colleague's question with respect to jobs created under the new funding: as of September 22, under the AHP, 4,332 jobs province-wide; and under the repairs component, 379, for a total of 4,771 jobs created under those two programs. Those are funds that are federal and provincial.

Mr. Robert Bailey: Okay. That's all I had.

Hon. Jim Watson: I might have some more. Under the rent bank program in Sarnia-Lambton, the 2009 allocation was \$45,597. Of the \$100 million of social housing repair money that was announced in 2008, Lambton county received \$595,000. I could go on, but that gives you a sense of the magnitude of the dollars in—it's called Lambton county, but most of those that I listed I believe were in Sarnia.

The Chair (Mr. Garfield Dunlop): Ms. Savoline?

Mrs. Joyce Savoline: I have a question regarding the calendar year for budgets for municipalities and for the province. They're not in sync because the province goes from April 1 to March 31; municipalities go from January 1 to December 31, and that sometimes creates issues when the province is developing new initiatives and making announcements about them at a time when municipalities are developing a budget that they need to have passed and implemented for a January 1 year, and kind of a mid-year. So you're doing different sets of announcements, and it puts municipalities at a disadvantage when those things happen.

Do you have a process in place in the ministry to help municipalities not be challenged with an announcement that encumbers them in a financial way, given that there's a different year-end and a different time for the budget process?

Hon. Jim Watson: There are a couple of answers to that. One, the MOU table really is to try to prevent those kinds of surprises so that the municipal sector can properly plan for a change in policy, direction or legislation. It has actually worked quite well. We often will bring things forward that are six, seven months ahead of them even seeing the light of day in terms of legislation. It's often a sounding board for the government to work with our partners.

There's an old Holiday Inn commercial that said, "We don't like surprises," and I think the municipal sector is the same. They don't want to be surprised. By and large, with I think a few exceptions where we've messed up, we have treated that MOU process relatively—we've treated it very respectfully, and I think it has helped to solve a lot

of the problems you've raised with respect to year-ends being different.

The second point is that, as you recall, we passed the Investing in Ontario Act; I guess it was about a year ago. The Investing in Ontario Act stipulated that any surplus above a certain threshold that would be paid to pay down the debt would go, through regulation, to a partner body. In the first year's case, it was actually the municipal sector. We're not going to have a surplus for a number of years, as you know, but it did send a very clear signal that the very first time we did pass legislation that directed dollars to a specific entity, that entity in fact was the municipal sector, to the tune of I believe it was close to a billion dollars—\$1.1 billion—and that was divided along a per capita basis around the province, so it was done in a fair fashion.

Mrs. Joyce Savoline: Did every municipality receive some money from that disbursement?

Hon. Jim Watson: Yes, they all received money. I can let you know that in Burlington's case they received \$7.3 million. Halton as a region, which you're very familiar with, received \$22 million.

Mrs. Joyce Savoline: Going back to the issues that were raised during the delegations at AMO: Municipalities obviously were very grateful for this program, especially since in the first year there was enough of a surplus to be able to spread some of that money around. However, what we heard loud and clear, without exception, from delegations is that while they're really receptive and happy about the money that comes out on an ad hoc, one-time, basis, what they're really looking for is some kind of stable, ongoing, predictable funding in a long-term way, whether it's a five-year period or whatever it is, but it's something that they can count on. I'm sure you're aware, having been the head of a council, that a lot of municipalities, progressive municipalities, budget in multi-years. So the one-offs are welcome. Why wouldn't they be? It's cash in the bank. But it's not a good way to plan your municipality. What they're saying is, "Can't there be something worked out, a formula worked out, which has more of a long-term basis?" They call it stable funding. Because otherwise it hinders them from planning in these multi-year processes, and when something comes up that says shovel-ready, less sophisticated municipalities really can't apply for those kinds of programs, to their disadvantage.

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They really appreciated that \$600 million or so that they got—\$700 million. But given that all the municipalities were provided the funds and they weren't expecting them, so they had to scurry up and create some kind of use for them within their municipalities, have those funds been fully used?

Hon. Jim Watson: I'll ask the deputy if he has an accounting on those funds. I recall seeing a note that well over 50% of the funds were used. But before I get to that specific issue, let me just talk a little bit about why we decided to go with the Provincial-Municipal Fiscal and Service Delivery Review. It was for exactly that reason:

It was very difficult to plan from a long-term perspective if you were waiting by the phone or the fax machine on March 31 to see if the government had any money.

There are two things I'd like to comment on. One, the whole purpose of the Investing in Ontario Act is that it gets us out of this, what some people call, March madness, where you're just rushing money out the door, which is not particularly wise financial planning, and it doesn't help the municipal sector because they then have to scramble to get the money spent. So it gave a little bit more predictability and stability based on, if we were doing well as a government and with our finances, we would share that surplus with our partners.

The second part of the answer to your question is really found in the provincial review. We do now have a 10-year plan for funding that municipalities can count on so that they can go through the chart—I showed you the large chart—that shows each year how much more is being uploaded. We've done it in a systematic fashion based on what we could afford, and so under Ontario Works—as you know, the municipalities are paying 20% of the fee—we'll remove that 20% over the course of the next several years and they will be saving \$425 million. I've given you the figures for ODB and ODSP, which is about \$900 million by 2011, and then the court security costs to a maximum of \$125 million by 2018.

What we were told time and time again was that they wanted predictability, stability and reliability. I think for you and me, as former heads of council, and Mr. Prue as well, that was one of the challenges we faced. Regardless of what political party was in office, it was often coming, cap in hand, hoping the province would give us some money.

This certainly does, in my opinion, address the issue that you've raised. With respect to the amount of money, the \$100 million or the \$1.1 billion on investing in Ontario, do we have a figure for that, Deputy?

Mr. Fareed Amin: Minister, this was an unconditional grant, and we can monitor some of it through the annual FIR process. But it is difficult for us to track exactly how much of it was actually used, because some municipalities may have used it to shore up their reserve funds, for example. So there is no indication as to how municipalities used it. They use it to meet their individual circumstances because it was unconditional, but we can perhaps track some of that through the annual FIR process.

Hon. Jim Watson: Also, I should mention that, for instance, in the case of Ottawa, when we were sitting down—I think Ottawa's share was \$77 million. When we sat down with the municipal leadership, we struck an agreement that a portion would be used for transit; a portion would be used for upgrading the sewer system, because we had a terrible situation with raw sewage going into the Ottawa River; and a portion would be used for affordable housing. It was actually spent along those lines. I believe, to the best of my knowledge, that the bulk of that money, aside from the sewer money, has gone out to the housing partners and to transit.

Mrs. Joyce Savoline: Okay. I just think it would behoove any government, when initiating a program that's worth this kind of money, to understand what happens when the money goes out the door, so that if there need to be modifications made or perhaps some kind of a condition apply in the future, that it's done before we find ourselves in some kind of crisis and say, "That really isn't what we thought you would do with it." We can't think about what they would do with it, and municipalities should have the autonomy to deal with this kind of money, but I think it would be good information to understand exactly how the money is being used, for future reference.

Hon. Jim Watson: Yes. As you may be aware, there are certain restrictions that a government can place on year-end money. We can't put conditions or strings attached to it. So when the money does go out the door, we can reach a gentler person's agreement with the municipality, as we did in Ottawa and some other jurisdictions. But the auditor, as I understand it, does not allow us to book that money for a specific purpose. It's considered what we used to call the old unconditional grants where the money goes to the municipality.

We have faith that the municipal sector will spend the money wisely and prioritize it based on their needs and that we won't micromanage that process. We did run into a situation, I know, in Ottawa, where roads and bridges money that was intended for roads and bridges found its way into the operating budget for snow removal, and we were not pleased with that. The Investing in Ontario Act is one response to that: That money is one-time money and has to be used for capital and not flow into the operating. In essence, we learned our lesson, I suppose, as a result of the behaviour in one municipality, so that it doesn't happen again in other municipalities.

Mrs. Joyce Savoline: Yes, and one-time money: That's really the most prudent and only way it should be used—

Hon. Jim Watson: Absolutely.

Mrs. Joyce Savoline: —but that's the kind of thing I'm talking about. It's just good information coming back. That's all. I'm not talking about an audit—nothing onerous. It's just information.

Hon. Jim Watson: As the deputy mentioned, the annual reports that every municipality is required to submit will see some of that information, because we'll see—obviously, if the reserves go up in one municipality and it's a corresponding number with the amount of money the province sent, that's a pretty solid indication that that money went into the reserves. But those statements are really our indication of the patient's health, and you know those documents very well.

The Chair (Mr. Garfield Dunlop): Ms. Savoline, you have two minutes left.

Mrs. Joyce Savoline: All right. Just a clarification: Are you saying that you can provide a list of the municipalities that fully spent their money and a list that didn't, or there's no such list?

Hon. Jim Watson: I think the challenge is, it would be difficult because it was considered unconditional. We could probably put together what we know, either through the financial reports or what we receive back from the municipalities in terms of press releases and so on, but it's very difficult, when it's unconditional money, to track that, unless we send a letter to all 444 municipalities.

Mrs. Joyce Savoline: Okay. Thank you. I'll stop there, then.

The Chair (Mr. Garfield Dunlop): With that, we'll move to the third party. You have 20 minutes. I'm not sure; we may have a vote coming up. Is that going to be—

Mr. Wayne Arthurs: I think so.

The Chair (Mr. Garfield Dunlop): We'll see what happens here. So we'll start with you, Mr. Prue.

Mr. Michael Prue: Thank you. Let me know.

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Hon. Jim Watson: On a point of order: To Mr. Bailey's question, I gave an address that was a home for victims of violence, and I shouldn't have done that. I'm wondering if we have the ability to strike that from the record, as I don't think it would be appropriate to alert people to that address.

The Chair (Mr. Garfield Dunlop): The clerk will look into that and we'll get back to you on that.

Mr. Prue.

Mr. Michael Prue: Yes, I want to go back to Big Bay Point, because this fascinates me. My understanding of the history of Big Bay Point was that the Ministry of Municipal Affairs and Housing was initially opposed to the 2,000-unit time-share and the 1,000-slip megamarina, but changed its opposition to the project at the Ontario Municipal Board without informing the public and then entered into what some described as secret negotiations with the Geranium Corp. Is this an accurate historical record?

Hon. Jim Watson: I'll refer to Mr. Clay, who is better informed on the issue than I am.

Mr. Larry Clay: The application for Big Bay Point was originally filed as a municipal planning application. It was appealed to the Ontario Municipal Board. Once it gets appealed, there are a couple of courses of action. It could proceed to a full hearing or it can, on the agreement of all parties, proceed to settlement discussions to see if there is a middle ground or an approach that is satisfactory to all the parties. In this case, I believe it was the county that asked that the Ontario Provincial Development Facilitator participate in the discussions and bring the parties together to see whether there was an approach that could satisfy all parties, including the province and the local municipalities.

Mr. Michael Prue: Was the Ministry of Municipal Affairs and Housing's initial planning report in opposition?

Mr. Larry Clay: What we do in situations where applications are referred to the board is identify the concerns that we have. In this instance, we initially had

some concerns because the original application had not, in our view, considered all the impacts on the environment, and some of the elements of the application, as originally designed, offended provincial policy.

Mr. Michael Prue: Did the ministry maintain its opposition? Did you change your mind? Did you support it? Did you simply facilitate a discussion? What went on next?

Mr. Larry Clay: What happens in these kinds of discussions typically is that they're a negotiation in many respects, where each party has an opportunity to identify what their issues are. A discussion ensues to see if those issues or those concerns, on the part of all parties, can be satisfied, typically by a change in the application, a change in the proposal or something added to the proposal which in fact addresses those concerns. In the Big Bay Point case, there were environmental issues. Through discussions, all parties came to an agreement that the approach that would go forward met all the existing and contemplated provincial policies around environmental protection and, at that point, the anticipated Lake Simcoe Protection Act.

Mr. Michael Prue: When you say "all parties," this obviously was not those parties which appealed the decision. This would have been the county, the developer and the Ministry of Municipal Affairs. Is that who the discussion was held with?

Mr. Larry Clay: The discussions, actually, in the end, included all parties. I don't have it in front of me, Mr. Prue, but there were two or three local ratepayers' associations who were party to the hearing, who participated in those discussions.

Mr. Michael Prue: And they were supportive?

Mr. Larry Clay: Not everyone was, at the end of the day, supportive, but many parties supported the settlement discussions. Those parties who did not support the settlement discussions represented those interests when the case was ultimately brought forward in front of the Ontario Municipal Board.

Mr. Michael Prue: And those same parties were the ones that were given the SLAPP suit.

Mr. Larry Clay: Again, I can't confirm whether there was any SLAPP suit. I have read media accounts to that effect, but we're not aware of any lawsuits that were filed in the context of what people typically refer to as SLAPP suits.

Mr. Michael Prue: Part of this thing which fascinates me as well is that the Lake Simcoe protection plan was released on June 2, 2009, and it specifically exempts the Big Bay Point mega-marina from the very strict rules prohibiting shoreline alteration. Why is that?

Mr. Larry Clay: Again, every piece of legislation has what we call "transition provisions." When you have an application or a proposal that is initiated prior to a policy being brought in—in this case, the Lake Simcoe Protection Act—the original application for Big Bay Point dates back to I'm going to say 2005, but I can verify that for you, well in advance of the Lake Simcoe Protection Act.

Often, legislation contemplates that and allows for what's called "transition." In this case the minutes of settlement, however, contemplate that the Big Bay Point development will in fact comply with the requirements of the Lake Simcoe Protection Act and all the environmental assessment acts.

Mr. Michael Prue: Under the Lake Simcoe Protection Act, it's my understanding that if you own a cottage on Lake Simcoe, you can't even move the rocks to firm up a dock under this act. You can't move the rocks off the shoreline even if you're trying to make your dock a little stronger, yet Big Bay Point is allowed to dig a 30-acre hole in the shoreline to permit development. How is it that they are complying with this act?

Mr. Larry Clay: Again, all the different environmental assessments, all the requirements that are in place—for example, to alter shoreline and restrictions around altering shoreline and the federal Fisheries Act—all those pieces of legislation, as part of the minutes of settlement and the board-approved settlement, are required to comply with legislation.

Mr. Michael Prue: Surely this legislation was contemplated and was well on the road when this case was facilitated and acted upon. Surely ministry officials would have known what was going to be contained in the Lake Simcoe shoreline act at that point.

Mr. Larry Clay: There were some—when the legislation is initially introduced, there are elements of the legislation that we're aware of. In some cases, legislation also has regulations associated with it which come later.

I think what the ministries that were involved in those negotiations attempted to do was to try and have a settlement that contemplated what might ultimately be in the act and built those into the settlement discussions and ultimate agreement.

Mr. Michael Prue: Does the government of Ontario permit or prohibit channel widening or shoreline alteration for marinas in Simcoe county?

Mr. Larry Clay: You're referring to some of the requirements of the Lake Simcoe Protection Act, and that's not something that is a responsibility of our ministry. It is the Ministry of the Environment's legislation.

Mr. Michael Prue: I understand that, but the negotiations took place through this ministry. This law, although it was not extant at the time, was well on its way through various ministries.

Does the government of Ontario permit or prohibit channel widening or shoreline alterations for marinas in Simcoe county? If you were to go out and facilitate today, does it allow for that?

Mr. Larry Clay: I think that's something, Mr. Prue, that I'll have to get back to you on. I'll have to check with the Ministry of the Environment just to confirm what exactly their regulations require under their legislation.

Mr. Michael Prue: That begs the question, why did Big Bay Point, and I guess Mr. Rumm, receive an extraordinary exemption in the negotiations?

Mr. Larry Clay: Again, I can tell you that as part of the discussions and as part of the settlement, the requirements for Big Bay Point meet all provincial legislation. They are required to conform with the Environmental Assessment Act, elements of the Lake Simcoe Protection Act, federal legislation governing shorelines and waterfront, and the Planning Act.

Mr. Michael Prue: I want to get on to the same thing and the SLAPP suits. My understanding is that the Ministry of Municipal Affairs and Housing attended the Ontario Municipal Board when the effort was made by the developer, in this case Geranium, to slap millions of dollars of lawsuits on their opponents. Question number one: Did the Ministry of Municipal Affairs attend these cost hearings? Yes or no.

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Mr. Larry Clay: No, I don't believe we were a party to the cost ones. Sorry, I was just checking with my legal counsel.

Mr. Michael Prue: I'm not saying you were a party; I just want to know whether you were present.

Mr. Larry Clay: Were we there? We were there as an observer? I'm just checking.

Interjection.

Mr. Larry Clay: Joanne Davies, legal counsel.

The Chair (Mr. Garfield Dunlop): Yes, just give your name, please.

Ms. Joanne Davies: Joanne Davies. Mr. Prue, we were not a party to the cost proceedings, but because we were a party to the main proceeding, we did actually have a staff member present and monitoring the proceedings.

Mr. Michael Prue: Were you allowed to speak at all by the Ontario Municipal Board?

Ms. Joanne Davies: No, because we chose to not be a party to the motion. We were not seeking costs, and costs were not being sought against us.

Mr. Michael Prue: Was there anything in the minutes of settlement that prevented the Ministry of Municipal Affairs and Housing from protecting the public's right to appear at the Ontario Municipal Board without threat of costs?

Ms. Joanne Davies: The Ontario Municipal Board Act provides for rules, as most adjudicative tribunals do. The rules of most tribunals have a provision that in extraordinary circumstances costs can be sought where behaviour is considered unreasonable. In the particular case of Big Bay Point, the OMB did not award costs in that matter.

The concept of a SLAPP is that someone is threatened with a lawsuit to stop them from exercising their rights to participate in an administrative process. In this case, I'd suggest it wasn't a SLAPP as it's classically considered. It was part of the OMB proceeding itself.

At the conclusion, a number of parties sought costs from each other, suggesting to the OMB that the other party had acted unreasonably. But no one had suggested that the province had acted unreasonably, and we suggested that no one acted unreasonably, thus it isn't really a SLAPP. It's part of the administrative system.

The board found basically that every party had interests and advocated for their interests responsibly and the board made a ruling, and that was the end of the matter, as far as I'm aware.

Mr. Michael Prue: Back to the minister, because we need to know ministerial feeling on this. This is a chilling exercise, when ordinary citizens want to oppose and exercise their democratic rights and go to a body such as the Ontario Municipal Board. The rules and procedures that the government has passed, and the OMB reforms, allow for such SLAPP actions to take place. Is it the ministry's intention to leave those in place or do you contemplate changing them?

Hon. Jim Watson: Well, a couple of points. First of all, the OMB has traditionally been authorized to award costs. It rarely does so. As our legal counsel indicated, that was not the case in the Big Bay Point issue. Costs were not awarded.

They have that authority to award costs when someone's conduct is unreasonable or frivolous or clearly in bad faith.

We don't have anti-SLAPP legislation in Ontario, nor does any province in Canada. BC did, but I believe it was revoked a couple of years ago. Quebec contemplated it but it has not passed, as far as I'm aware.

Mr. Michael Prue: Am I to take it from that statement that there are no plans by the ministry to bring forward anti-SLAPP legislation to protect the public?

Hon. Jim Watson: That's correct.

Mr. Michael Prue: My understanding as well is that the town of Innisfil had its legal costs paid by Geranium Corp. Is that the understanding of the ministry?

Hon. Jim Watson: I'm not aware—I don't know if we would know who would pay Innisfil's legal costs.

Mr. Michael Prue: Did the ministry have any of its costs paid for by Geranium Corp.?

Hon. Jim Watson: No. We wouldn't have a private company pay our legal bills.

Mr. Michael Prue: Okay. That's really all I have on that. How much time is left?

The Chair (Mr. Garfield Dunlop): Five.

Mr. Michael Prue: Five minutes. I'd like to talk a little bit now about smart metering. In August 2009, the Ontario Energy Board issued an interim order decision to authorize submetering in the rental sector pending the provincial government's taking action to comprehensively address issues such as tenant-consumer protection. The tenants took this case to the OEB and they were successful.

Is the ministry contemplating in any way the removal of tenant consent in section 137 of the Residential Tenancies Act?

Hon. Jim Watson: We're currently working with the Ministry of Energy and Infrastructure and tenants and landlords, and I've had a number of meetings with both tenant and landlord groups to ensure that there are rules in place for smart metering in multi-residential buildings that are both fair to the tenants and the landlords. Any final decision on what the rulings are going to be has not been made at this point. Obviously, we want to ensure the

protection of the tenants and their rights, but also from an overall government perspective, we believe smart metering is good public policy for a wide variety of reasons, including saving not only energy but saving money for the individual tenants. We're in the process of working with the Ministry of Energy and Infrastructure, and no final decisions have been made.

Mr. Michael Prue: The Ontario Energy Board came down, I think, quite forcefully, in my reading of their decision, that the tenants did not, even if they signed some forms, have the wherewithal to imply consent; that they were simply told to sign documentation, the smart metering was going in, their rent was going to be reduced, and they would thereafter be responsible for the payment of their electricity costs.

Are you contemplating, as the minister, removing that protection which the OEB said was not there in the first place? Are you going to change the legislation to allow tenants to be treated as they had been in the past?

Hon. Jim Watson: I think if you look back on our track record, when we made amendments to the Residential Tenancies Act, we tried to bring the balance back between the rights and responsibilities of both landlords and tenants. I think when you review, historically, where we've stood with respect to tenants, we've stood up for their rights.

We have not landed on any government-wide decision with respect to smart meters at this stage, but obviously the rights of tenants are always paramount in our minds because we understand that they, in many instances, can be vulnerable to decisions that are not in their favour.

We're working with the Ministry of Energy and Infrastructure. This is a two-ministry responsibility—Minister Smitherman, with respect to the policy of smart meters, and me, with responsibility for the Residential Tenancies Act.

Mr. Michael Prue: At this stage, because of the interim decision, it would appear to me that the tenants have an unfettered right to refuse smart metering, where even if they sign the document, they cannot be held to it. You're looking at ways, from my understanding of what you said, of taking away that unfettered right.

Hon. Jim Watson: No, I didn't say that at all. I think if you listened to my answer, you'd understand that we haven't made a decision one way or the other, and that as

the minister responsible for the carriage of the Residential Tenancies Act, obviously I bring that perspective from the tenants to the table in the discussions with the Ministry of Energy and Infrastructure.

So a decision has not been reached. The OEB made their decision. As a result, that has cascaded into action or non-action on the part of landlords not being able to implement without tenant consent, and we hope to be able to make a decision jointly between the two ministries within the next several months.

Mr. Michael Prue: The OEB wanted to revisit the call for an energy rate affordability program for low-income consumers. Is this something that you will be involved in, and if so, with what other ministries?

Hon. Jim Watson: The lead ministry would be the Ministry of Energy and Infrastructure, but I suspect our ministry and the Ministry of Consumer Services would also be consulted.

Mr. Michael Prue: Okay. Thank you.

The Chair (Mr. Garfield Dunlop): Okay, that's it for today.

Minister, on your comments about getting something stricken from the record, we have to have the consent of the committee to delay the publication of Hansard and broadcasting until we have a further review by the clerks' table.

Mr. Fareed Amin: Mr. Chair, if I could raise one issue. In response to a question raised by Ms. Savoline, we did indicate that on Investing in Ontario, that program is administered by the Ministry of Finance, and the ministry does have a requirement that municipalities report on how that money is spent. So it's a program from the Ministry of Finance and they do have a requirement that the municipalities report on how that money was spent.

The Chair (Mr. Garfield Dunlop): Okay. Thank you.

We have to deal with this, though. Can we have agreement from the committee to do that, then? Okay. Thank you. We'll do that, and we'll get that to the table.

With that, we're going for the vote now; I don't think we'll start five minutes after, so we'll adjourn until tomorrow at 3:30 p.m., after routine proceedings. Thank you. The meeting is adjourned.

The committee adjourned at 1750.

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