

## WITHDRAWAL OF THE FAR NORTH ACT Thunder Bay Chamber of Commerce

### Issue:

The Far North Act, initiated by the Provincial Government to set aside "at least 225,000 square kilometres of the Far North in an interconnected network of protected areas" which represents 50% of the land under review, has been the subject of numerous requests to have the Act withdrawn before it moves to second reading, likely in the Spring of 2010, as it will detract and delay effective development of the region.

### Background:

The Far North Act (Bill 191) was first presented in July, 2008.

The arbitrariness of setting aside 50% of the land north of the undertaking, without identifying which 50%, creates considerable uncertainty over all of the territory, and then embarking on a multi-decade planning process is also detrimental to strategic development of the region. Business investment and addressing new opportunities is hindered by uncertainty. As it is currently written, the Act has the potential to paralyze future developments in Ontario's far north. These investments are coming at a time when the Provincial Government should be welcoming opportunities for new revenue generation.

In a News Release July 22, 2009, Nishnawbe Aski Nation Grand Chief Stan Beardy, announced that "Chiefs across Nishnawbe Aski are calling on the Government of Ontario to immediately withdraw Bill 191." Grand Chief Stan Beardy continued "This legislation will set aside 225,000 square kilometres as a protected area within our homelands without our consultation, accommodation or consent and will lock down the land to prevent First Nations, the poorest people of Canada, from achieving economic independence by preventing the development needed to build our communities and strengthen the Ontario economy". A rally against the Act was held August 6.

The Act was imposed, not the result of consultations and recommendations coming from the North during the lengthy Northern Growth Plan consultations. It was requested by Municipal leaders and the Northwestern Ontario Associated Chambers of Commerce that reference to the Far North Act be removed from the Proposed Growth Plan for Northern Ontario.

A recent Fraser Institute study showed that Ontario was falling in our ranking on mining investment. There is a lot of competition for mining dollars throughout the world, and unless there are clear rules that are well-founded and implemented, the Province is not going to fully realize that investment.

In the 2010 Provincial Speech from the Throne delivered March 8, the Government referred specifically to the region known as the "Ring of Fire", "said to contain one of the largest chromite deposits in the world, a key ingredient in stainless steel. There is no substitute for chromite. There is no North American producer of chromite. It's the most promising mining opportunity in Canada in a century." ....2

It immediately followed up with “Together, we will create Ontario jobs and support northern families as we continue to protect 50 per cent of the northern Boreal Forest.” This continued framing of potential development within the Far North Act, which has yet to be passed, is not supporting investment.

## RECOMMENDATIONS:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Withdraw the Far North Act immediately.
2. Set up a process through the Ministry of Northern Development, Mines & Forestry to consider how to address the issues of enhanced planning and sustainability without the arbitrary removal of 50% of the land base.

## FOREST TENURE REFORM Thunder Bay Chamber of Commerce

### Issue:

There is a need to establish in law, through regulations, that there will be 26 million cubic metres of available fibre for industrial use on a sustainable basis for the creation of wealth in the Province of Ontario. (This is consistent with the statement made by Minister Gravelle on November 26, 2009 at the Provincial Wood Supply Competitive Process announcement in Thunder Bay).

### Background:

The Forest Tenure issue has long range implications for the future of Northern Ontario. Most of the Ministry of Northern Development, Mines & Forestry August 2009 Strategic Discussion document concentrated on suggestions to improve current forest management, when the more important issue is where do we want the Forest Industry to be in Ontario. Much of the document concentrates on issues related to managing the forests, not better maximizing the value of the forest resources, which should include better paying and skilled jobs, investment, research and development.

Our core forestry enterprises may be undergoing "a major transformation", but they still need to be supported by having the Province establish the ability to access long term fibre sources and reasonably priced energy to allow for the development of expensive infrastructure. We welcome opportunities for new entrants, either as partners or new direct users. We need to "diversify the forest industry portfolio" and have set measureable goals. Wood pellets should be utilizing the "wood waste" stream, not replacing current usage for high quality fibre.

At one time, Ontario had a policy of highest and best use of the sustainable fibre. This was approached by ensuring that the 'best' wood went first to a sawmill, with the residue then transported to a pulp and paper processor. With the advent of biofuels, and the creation of pellets, this policy must continue to apply but with a focus on highest and best employment creation possible. The main processor of fibre should continue to the sawmill, with that residual going to pulp and paper and the remainder, including slash, burned and diseased fibre being allocated to the bioenergy field.

The government of Ontario also needs to commit to socio-economic impact assessments associated with any legislation, regulation or policy that impacts the forest sector. For example, the Wood Turtle Habitat Regulation received Cabinet level approval without any socio-economic assessment. MNM&F needs to provide clear measurables/objectives associated with the tenure and pricing review. At a Toronto public session sponsored by the Canadian Parks and Wilderness Society (CPAWS) and the Ivey Foundation, MNM&F publicly stated that the overall objective of the tenure and pricing reform was "the health of the forest". This is unacceptable - government must provide clear and measurable objectives that include job retention and creation, overall/sector wide access to fibre, and competitive fibre costs (top quartile in Canada).

## RECOMMENDATIONS:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Permanently protect a minimum of 26 million cubic metres/year for utilization of existing mills and new entrants, even if it is not being used (provided the Provincial Wood Supply Competitive Process is pursued), and that the government ensure that the existing operational landbase is not further eroded.
2. Conduct socio-economic impact assessments of all legislation, regulation and policies that could reduce the provincial fibre supply.

**ENERGY**  
**Thunder Bay Chamber of Commerce**

**Issue:**

The Provincial Government is advancing its Green Energy Act, which will pay a premium Feed-in-Tariff for new sources of energy that will need then to be paid for by the industrial sector, in addition to commercial and residential users. However, there is not a mechanism for price reduction of energy when generating costs are lower such as for hydro, nor recognition that a region may have a competitive advantage in energy supply.

**Background:**

The major industrial users in Ontario have long cited high energy costs as a deterrent for growth and retention of our manufacturing base. For example, mined ore previously processed in Timmins is to be transported out of Ontario to other provinces for processing, with energy costs denoted as a key factor.

Due to production shutdowns at industrial facilities throughout the region, the Northwest is not using current generating capacity, and at the same time could bring on more hydro projects.

The current energy pricing actually penalizes energy users for the decreased energy usage in the province through the Global Adjustment. The surplus energy in the North should be strategically applied.

Minerals and metals are designated as growth areas for the Province, and would be significant users of energy, as the Province develops "industrial cluster centres".

In his March 6, 2010 article in the National Post, University of Toronto professor of law and economics Michael Trebilcock quoted the Ontario Power Authority's October 2007 Integrated Power System Plan: "The hydroelectric generation developments included in the plan are cost effective compared to developing additional wind generation; this comparison includes the cost of transmission reinforcements. In conclusion, development of major hydroelectric generation north of Sudbury, with major reinforcement of the transmission north of Sudbury, is the preferred alternative compared to developing additional renewable generation in southern Ontario and other parts of northern Ontario."

**RECOMMENDATIONS:**

**The Ontario Chamber of Commerce urges the Government of Ontario to:**

1. Address the use of energy developed in Northern Ontario as a powerful and compelling investment attraction and retention tool.
2. The North should be able to utilize its abundant natural energy sources and relatively inexpensively generated electricity, priced at a level commensurate with its costs.

**Issue:**

The Province of Ontario is embarking on its MoveOntario 2020 12 year building plan to deliver rapid transit in the GTA and Hamilton. There is an opportunity for adopting a 50% Made in Canada policy that would significantly increase the benefits of these tax-funded investments to Ontario our manufacturers and suppliers.

**Background:**

During the June 19 announcement of \$416 million by Premier McGuinty at Bombardier's Thunder Bay facility, the economic impacts of manufacturing the 204 street cars were detailed, such as 5,000 direct and 10,300 indirect jobs. However, these benefits were the result of data that had been developed for Bombardier based on a 50% content level; the Province followed through with a 25% content, which would yield a fraction of the economic impacts cited. The "high paying manufacturing jobs" will primarily be sourced by Bombardier in Mexico, not Ontario. This shortcoming could jeopardize the long term survival of the Thunder Bay facility.

The Province needs to consider the number of Ontario jobs that could be created when Provincial tax dollars are used to fund projects with larger Ontario requirements. A higher manufacturing content percentage is required in order to support long term manufacturing jobs in Ontario.

The benefit to Ontario in terms of jobs and increased tax revenue needs to be determined at various Canadian content levels. For example, at a 50% level, the \$416 million TTC investment by the Province was estimated to have yielded \$240 million in Ontario Tax Revenues alone. This will be substantially less at the 25% level.

Metrolinx's November 28, 2008 announcement of The Big Move stated "We plan to build over 1,200 kilometres of rapid transit – more than triple what exists now". It also identified the MoveOntario 2020 commitment of \$11.5 billion to begin the implementation of The Big Move and to get shovels in the ground as early as 2009 on key transit projects.

If it follows the recent TTC example, the much larger Metrolinx initiative for light rail development throughout Southern Ontario, will yield similar results for the Province. Without strategically optimizing the work for Ontario, our firms, contractors and suppliers, who are critical sources of tax revenue for the Province, would likely not be part of the supply chain.

Quebec's model is a 60% "Made in Canada" content. The US Federal Government announced on January, 28 2010 \$8 billion in high speed rail funds as part of its national stimulus spending, 13 rail corridors in 31 states. It will most likely follow the US domestic requirements.

## RECOMMENDATIONS:

The Ontario Chamber of Commerce urges the Government of Ontario to:

3. Adopt a 50% “Final Assembly” policy for the use in the Metrolinx \$17.5 billion Rapid Transit initiatives
4. Adopt a 50% “Final Assembly” policy for additional options on the TTC Light Rail contract.