

The Land Economist

Winter 2003-04, Vol. 34, No.1

Canada's cities need a Real Deal 2

NDP leader Jack Layton gives his perspective on what's needed to get our cities back in the black.

WSIB changes for construction sector 3

WSIB's construction sector program changes should have a positive effect overall on employer premium costs.

Mark your Calendars 3

Thunder Bay sees growth in health and services role 4

A new institutional and service focus is helping keep Thunder Bay's economy healthy.

Ontario's top transactions 6

RealTrack lists some of the province's top confirmed commercial and real estate sales in 2003.

In memorium: Alan Mott 7

Legislative Beat 8

2004 Budget • Democratic Reform • Electricity Shortages • Greenbelt Bill • Planning Reform • Labour Issues • Environmental Commission

Professional Journal of the



ASSOCIATION of ONTARIO LAND ECONOMISTS

1235 Bay Street, Suite 400
Toronto, Ontario M5R 3K4

Tel: (416) 934-5166

Fax: (416) 969-8916

Website: www.aole.org

E-mail: aole@interactiveoffices.com

Journal editor: rmoyes@idirect.ca



New hospital for Thunder Bay

PHOTOS: COURTESY OF THUNDER BAY REGIONAL HEALTH SCIENCES CENTRE (INTERIOR) AND DAWN M. POWELL (EXTERIOR)

Canada's cities need a Real Deal

by Jack Layton

Cities are vital to Canada's future prosperity. What happens in our cities fundamentally affects the Gross Domestic Product, the way we understand ourselves, and how we interact with the natural environment.

This is not a surprise given that almost 80% of Canadians live in cities. So why is it that Canadian municipalities are facing a \$60 billion infrastructure deficit, which has been growing annually by \$2 billion?

Any attempt to answer that question leads back to the federal liberals and Paul Martin. As finance minister - and now prime minister - Mr. Martin has consistently made policy decisions that have undermined cities.

This has been done against the advice of a wide range of Canadians from all political perspectives, who agree Canada must join with the bulk of the industrialized world and have a national government prepared to act to help our cities.

Effectively, since 1997 the Liberals have chosen multi-year tax cut expenditures of \$100 billion and paying down the fiscal deficit by almost \$50 billion - over all the other program choices. They also chose downloading, which has forced more central programs to be funded through regressive property taxes

instead of progressive income taxes. Today, Canada may have one of the lowest debt-to-GDP ratios among the OECD countries - but why so fast? And at what deliberate cost in social and infrastructure deficits?

A Real Deal for Canadian Cities

After spending years in municipal government, at the Federation of Canadian Municipalities, and now as leader of the NDP, I know we can do better. I call it a Real Deal for Canadian Cities.

Full exemption from GST

Yes, the Speech from the Throne announced that municipalities are getting a GST refund. This is good, but not great. It's actually just a promise not to collect as much money from cities as the federal government has done since the GST was imposed.

Municipalities should stop paying any GST. There is no point in municipal money going up to a federal bureaucracy and then coming back as a rebate.

And while a full GST rebate will put about \$525 million a year back into municipal budgets, the infrastructure deficit will still continue climbing by \$1.5 billion a year instead of \$2 billion. So a lot more is needed.

Half the federal gas tax

Second, the Federal government should share half the federal gas tax as a dedicated transfer for sustainable transport such as public transit, cycling and pedestrian infrastructure, and rural roads. Sustainable transport is key to our economic health, and central to fighting smog and climate change.

Let's dismiss the nonsense we've been hearing from the Federal government that sharing the gas tax is somehow 'complicated'. It's not. Nothing prevents gas tax revenue from being transferred immediately to provinces for redistribution to municipalities. It can be done



Federal NDP leader, Jack Layton

today on the basis of tax paid or population, with an understanding that future funding will be forwarded after all parties have worked out a plan that accomplishes national objectives concerning climate change and transportation while assuring maximum local flexibility.

Demanding cash-strapped provinces share the bill for cities is a delaying tactic that lets Mr. Martin take credit for trying, while being able to blame the provinces for failing. It's also hypocritical, given that he refused long-term investment plans when he was fighting deficits federally in the mid-1990s.

Affordable Housing Plan

Third, we need a national affordable housing plan. We know this is a good idea and works in Canada, because we've done it before. Some 2.2 million people live in homes built by the housing program that NDP leader David Lewis began with Pierre Trudeau in the 1970s during a rare period of federal minority government.

The federal liberals abolished that program in the 1990s and have repeatedly refused to announce a significant new program, despite housing crises in our biggest cities and smallest First Nations communities.

The NDP has consistently called for one per cent of the federal program budget to be dedicated to affordable housing. Affordable housing is key to fighting child poverty, increasing disposable income, creating jobs and

continued...

Mark Your Calendars!

**Annual General
Meeting
Sept. 16, 2004**

**Royal Canadian
Yacht Club
Island clubhouse**

WSIB changes for construction sector

Experience rating under the Workplace Safety and Insurance Board CAD-7 program (construction sector) changes significantly this year.

For injury years 2004 and 2005, until an injury has resulted in Loss of Earnings benefits for eight days, it will not be counted towards the employer's accident frequency rating. Those resulting in Non-Economic Loss without Loss of Earnings benefits will not be counted at all.

These changes will reduce the impact of minor claims on the employer's experience rating, and will give more recognition to early return to work.

Expected frequency factors and cost factors also change this year, and rating factors will rise to 150 per cent over 2005 and 2006. These changes will generally result in higher rebates or surcharges – with those incentives based more on accident costs and less on accident frequency than in the past. For details, see www.wsib.on.ca.

Overall premium rates for the construction industry decrease by 2.2 per cent in 2004. Two of the 12 groups remain unchanged (electrical and incidental services at \$3.03, and heavy civil construction at \$5.84). The largest decreases are: 4.8 per cent for homebuilding at \$10.43 for 2004, and 4.1 per cent for formwork, structural steel and demolition at \$16.47. ICI construction (general contractors) falls 3.4 per cent to \$4.83.



For comparison, professional offices and agencies, and technical and business services, are both unchanged at \$0.60 and \$0.30, respectively. Apartment and condominium services are down one cent to \$2.41.

Council of Ontario Construction Associations president David Frame has recently been quoted as saying the WSIB and COCA have been working on a program of accreditation for safe employers. Announcements are expected in the near future.

Meanwhile, the long term Strategic Plan for Construction, jointly adopted in 2000, would insure workers rather than payroll, address the issue of independent operators, and crack down on unreported operations.

“In 2004,” Frame said in a recent Daily Commercial News article, “fifteen WSIB operators will attempt to register 7,000 new construction firms, in order to reduce the underground economy.”

Continued from page 2

creating markets for our beleaguered softwood lumber industry.

I propose that Canada launch a national project to build 200,000 new affordable houses and renovate 100,000 existing houses at affordable rents over the next ten years. A flexible capital grant program producing an average 30,000 homes a year would cut the affordable housing deficit in half. The details of the plan have already been developed by the Federation of Canadian Municipalities. I know this because I was there, in charge of that project.

Permanent Infrastructure Program

Fourth, municipalities need a permanent infrastructure program, instead of starving municipalities and forcing them to privatize public services such as water. It's important to note that Mr. Martin is a proponent of deeply flawed P3s, which actually cost taxpayers more, and are profoundly unaccountable.

A dedicated, multi-year infrastructure program would help Canadians repair and upgrade their water and sewage systems, invest in green energy solutions, and improve their building infrastructure through energy conservation measures. As well, the program would create jobs – lots of jobs.

Unleashing Imagination

Fifth, we need to unleash our imagination. I am proud of my role implementing solutions in municipal government, and bemoan the absence of imagination we've seen at the federal level of late, despite enjoying massive surpluses. One of my proudest accomplishments is the Better Buildings Partnership (BBP) in Toronto, which created jobs through retrofitting buildings for energy efficiency, paid for through energy savings.

To date, the BBP has retrofitted three million square meters of buildings, created 3,800 person years of work, cut

132,000 tons of greenhouse gas emissions and reduced energy costs by some \$19 million – all without any cost to taxpayers.

There is no reason such a program could not be implemented across Canada, helping create safe rates of returns for pension funds, creating jobs, and reducing our unsustainable use of fossil and nuclear fuel. Yet, such ideas are found predominantly at the local level.

Canada must recognize the centrality of cities to innovative public policy – and export this innovation to the federal level in order to again show Canadians that wise government choices can improve our quality of life, economy and environment.

Jack Layton is the leader of the federal NDP and a longtime former Toronto city councillor.

Thunder Bay sees growth in health care

Article and photos by Dawn M. Powell AACI, PApp, PLE

The City of Thunder Bay is in a state of transition away from its traditional resource-based economy to that of a retail, health care and service centre. Thunder Bay is unlikely to see growth and development as a result of increased population. However, its growing role as a regional service and health centre could aid in its stability for the midterm.

Economic Shifts

For almost two centuries, Thunder Bay's economy evolved as a transportation hub, distributing raw and manufactured natural resources from the forestry and mining industries, and grain from the prairies.

The forest industry traditionally has generated a significant number of quality jobs in the city and region. However, the ongoing Canadian-American softwood lumber dispute has been responsible for the loss of almost 1,170 jobs in the past two years alone; 500 in Thunder Bay, and an additional 667 jobs in the surrounding Region.

Also, in December 2003, 87 jobs were lost when the Smurfit-Stone liner board mill closed in Thunder Bay. Efficiencies in timber harvesting and pulp and paper production have also resulted in downsizing.

Shipping volumes have declined steadily since the early 1980s. The Port of Thunder Bay reports total volumes fell to 8.2M metric tonnes in 2003, compared to 8.4M tonnes in 2002. Only 416 ships went through the port in 2003, down from 461 the year before. This is partially attributable to the increased use of the Port of Churchill, and the restructuring of the rail transportation system including improved north/south corridors.

Jobs losses in the forestry and shipping industries are significant as they represent the permanent loss of high paying jobs.

While there have been areas of job growth in the City, particularly in the retail and health care industries, wage levels in these sectors are often much lower than in forestry and shipping. This means less disposable income circulating in the community.

Retail Growth

The introduction of "big box" and "power centre" developments has brought lower prices and increased product selection. Consumers enjoy the competitive pricing brought about by Walmart, Superstore and Home Depot. Development of the Thunder Bay Centre by Camrose Developments (Ontario) Ltd. in 2003 to 2005 will see other retail opportunities such as Old Navy, Pier 1, Home Outfitters, and possibly Sam's Club.

Much of the new development has been in the Intercity area. This has affected traffic patterns, with new commercial and industrial development opportunities in and around the main retail area. However, growth in the Intercity area has been at the expense of the former cores of Fort William and Port Arthur, both of which are in a state of decline with high vacancies, low rental rates and depressed sale prices.



Thunder Bay Regional Health Sciences Centre

A recent tax sale held by the City of Thunder Bay saw eight South Ward (Fort William) properties sell at rock bottom prices. A former hotel sold for \$35,000; a small office building sold for \$5,000, and two adjoining commercial buildings sold for \$100 each. Unfortunately, these prices tend to reinforce the poor economic state of the core area.

This also occurred in the North Ward after 1997 when Eaton's, which had been operating in the community since the 1930s, closed the doors of its store anchoring the Keskus Harbour Mall. The loss of traffic reverberated throughout the mall and surrounding area. The North Ward has been recovering in recent years.

Casino

In 1999 the Ontario Casino Corporation announced its decision to demolish the failed Keskus mall and parking structures, to make way for the new \$40 million casino.

The impact of the Casino on the North Ward core remains unproven. It attracts residents from Northwestern Ontario, but appears unlikely to become a major tourist destination.

Hotels, restaurants, and other entertainment-related businesses report mixed results.

One restaurant within one block of the casino has closed its doors; others have reported increased sales. Weekend hotel traffic is reported to have increased.

While traffic has increased in the core area, the real estate market remains soft and sale prices continue to slide.

Health Sciences

The new Thunder Bay Regional Health Sciences Centre is scheduled to open in February of 2004. This 375 bed, \$255 million hospital will replace the Port Arthur General and McKellar hospital sites. Benefits from the new hospital are numerous, including the development of a new Northern Ontario Medical School, the ability to attract new medical practitioners to the region, and the proposed development of further medical-related facilities.

First is an ambulatory health care centre that will be constructed adjacent to the new Centre. This will provide space for physicians, offices and other medical services. It will also include a Native healing centre and an 85 room accommodation centre to house guests and patients of the hospital and university.

On the downside, the closure of the two existing hospitals is expected to affect the real estate markets in their respective neighbourhoods. It is unlikely that the Port Arthur General hospital building can be converted to an alternative use. And although interest has been generated for partial redevelopment of the McKellar site for a long term care facility, there are numerous hurdles to overcome.

Health and services role

Higher Education

Lakehead University also offers potential for growth within the City. A \$44 million “Advanced Technology and Academic Centre” was built with the assistance of the Province’s SuperBuild program.

The University also constructed a new 144 unit apartment style residence for the 2003 fall semester, to accommodate the increased enrolment due to the double cohort.

Plans are under way to build a second “Field House”, which would expand sporting events and programs. Funds are slated to come from a \$35 per semester increase in tuition fees. A positive result to the student vote on the proposal this month would see construction begin this spring.

The new medical school is one example of how the synergy between Lakehead University and the Health Sciences Centre will continue to benefit the city.

Confederation College’s new \$17 million, 60,000 square foot Aviation Centre of Excellence was completed in time for the 2003 term. Formerly, the College had been operated its successful “Flight Management” and “Manufacturing Engineering Technology” programs from two separate hangar facilities at the Thunder Bay Airport.

Aging Population

The changing demographics of the City cannot be overlooked. An aging population has resulted in demand for and construction of numerous nursing homes, long term care facilities, retirement homes and assisted living centres. This has been positive for the construction industry. Also, the city is mandated to replace the two city-operated seniors’ facilities, Dawson Court and Grandview Lodge. The Ministry of Health’s target for occupancy of the two new facilities is March 31, 2006. Budget totals \$42 million.

Stable Housing Market

The housing market has fared reasonably well through these changing times. According to Thunder Bay Real Estate Board MLS statistics, the average sale price of a house in 2003 was \$113,839.

There have been only minor fluctuations in sale prices since 1997, when the average was \$111,353. New home construction has

also remained relatively stable with 162 building permits being issued in 2003 compared to 168 in 2002. According to CMHC the vacancy rate for apartment buildings has decreased from 7.5% in 1999 to 3.3% in 2003. There has been no new private apartment construction in the City for more than two years.

Plans for the Waterfront

One of Thunder Bay’s greatest assets is its waterfront. However, any redevelopment must coexist within the context of functioning viable industrial operations, and the port’s proximity to a downtown core in a state of decline.

Many people hoped that the new Casino would attract private investors to the waterfront. As mentioned above, the tourism benefits have fallen short of expectations. Thunder Bay Waterfront Development Inc. had grandiose plans for a hotel, time share condominiums, restaurants, and entertainment venues.

When those plans fell apart in 2002, the fallout was devastating — government funding was lost, city council’s legal bills escalated, and public support waned.

A more conservative waterfront park is now being considered, including: expansions to the existing park, trail system and parking; larger marina; new amphitheatre; and opportunities for private development such as restaurants, shops, etc. Development will be staged over 10 years. Other long range proposals, including a Community Arts Plaza, commercial/retail, etc., are subject to securing funding and private investment.

Other proposed capital projects include \$77 million for a secondary sewer and water treatment plant.

Unique Lifestyle

Another great asset of the region is the vast natural environment known as Northwestern Ontario. Few other cities can boast cross country skiing, downhill skiing, cottaging, boating, snowmobiling, fishing, hunting, and other recreational pursuits available within minutes.

Although economic development agencies emphasize the quality of life when promoting Thunder Bay, businesses tend to look



High tech ATAC at Lakehead University

for economic advantages when seeking a new location; i.e., labour costs and access to large markets. The city has been reported to be one of the most unionized cities in Ontario, which often equates to high wage expense.

Greater success has been achieved in attracting professionals, particularly those who are the “outdoor” type. It is hoped that the new hospital and medical school will attract more professionals. Unfortunately, an outdoorsy lifestyle is often not enough to keep post secondary graduates from outmigrating to larger centres with more abundant career opportunities.

A recent report prepared for the Northwestern Training and Adjustment Boards suggests that there will be numerous opportunities for jobs when Thunder Bay’s baby boomers look to retirement. The Northwest is expected to have a higher percentage of workers retiring than the Ontario average. Between 2011 and 2016, the region will most likely be short of nurses, elementary teachers and professors, as well as trades workers such as industrial electricians.

Summary

Thunder Bay’s traditional resource- and transportation-dependent economy is in transition. A new, expanded role in health-care, retail and services is expected to contribute to stability over the years ahead.

Dawn Powell is president of Dawn M. Powell Appraisals Inc., Thunder Bay. The firm is involved in the appraisal of commercial, industrial, and residential properties, plus feasibility and other real estate studies, throughout Northwestern Ontario.

Ontario's top transactions — 2003

Ontario sees really large real estate sales. Here are some of the top transactions reported by RealTrack during 2003, by municipal area and dollar value. RealTrack provides information on confirmed commercial (ICI) real estate sales in southern and central Ontario of \$500,000 and over.

Toronto

\$112 million	5650-5700 YONGE ST	North York	North American Centre 1,146,752 sf	14 Apr	OMERS Realty Corp to 2024385 Ontario Inc
<i>50% Interest</i>					
\$89.02 million	70 UNIVERSITY AVE 11-15 KING ST W	Toronto	2 Office Bldgs 401,044 sf @ \$222	25 Jun	OMERS Realty Management Corp to University & King Toronto GP Ltd
<i>Portfolio Sale</i>					
\$79 million	4100-4150 YONGE ST	North York	Yonge Corporate Centre 639,673 sf on 7.8 Ac	3 Nov	London Life Insurance Co to CF/Realty Holdings Inc
<i>50% Interest</i>					
\$75 million	1 TORONTO ST	Toronto	Office Bldg 312,556 sf @ \$240	30 Oct	945169 Ontario Ltd / Royal Trust Corp of Canada to Blue Capital Canadian Investments Inc
\$72.61 million	151 YONGE ST	Toronto	Yonge Richmond Centre 290,073 sf @ \$250	5 Jun	London Life Insurance Co to O & Y REIT Holdings Inc
\$65.9 million	89 CHESTNUT ST	Toronto	Student Res/Former Hotel 721 rooms @ \$91,401	2 Jun	Singdeer Investments Ltd to The Governing Council of the University of Toronto
\$65.27 million	WELLINGTON ST W & SIMCOE ST	Toronto	Commercial/Residential Development Site	1 Dec	Canadian Broadcasting Corp to The Cadillac Fairview Corp Ltd ONTREA Inc

Ottawa

\$100.7 million	STANDARD LIFE CNTR, 280 SLATER, 333 LAURIER AVE W	Ottawa	2 Office Towers 377,928 sf @ \$266	14 Jul	Royal Trust Corp to 280 Slater (Canada IV) Holdings Ltd
\$52.38 million	QUEEN O'CONNOR TOWERS 155-161 QUEEN ST	Ottawa	Office Bldg 245,858 sf @ \$213	15 Jul	London Life Insurance Co to 155 Queen (Canada IV) Holdings Ltd

Other municipalities

\$71.58 million	6677 MEADOWVALE TOWN CENTRE	Mississauga	Retail Plaza 363,000 sf @ \$197	3 Dec	Penretail I Ltd to First Capital (Meadowvale) Corp
\$60 million	75 CENTENNIAL PARKWAY NORTH	Stoney Creek	Eastgate Sq Mall 534,616 sf @ \$112	8 Jan	CF/Realty Holdings Inc to Queenston Road Investment Inc
\$45.25 million	TWO & FOUR SILVER MAPLE CT	Brampton	2 Apt Bldgs 416 units @ \$108,774	16 Jan	Two Silver Maple Ltd / Four Silver Maple Ltd to Newvest Realty Ltd /Penvest Realty Ltd
<i>Portfolio Sale</i>					

SOURCE: REALTRACK. THE COMPANY'S FULLY SEARCHABLE DATABASE IS AVAILABLE TO SUBSCRIBERS FROM WWW.REALTRACK.COM.

In memoriam

Alan Joseph Mott

June 10, 1922 – Dec 31, 2003

Alan Mott, DFC, FRICS, PLE, was one of the first people to be given an honorary lifetime membership to the Association of Ontario Land Economists.

A familiar figure at the group's meetings, he joined the Association very shortly after it was established in 1963, serving most recently as a Council Member and Membership Chair until 2002.

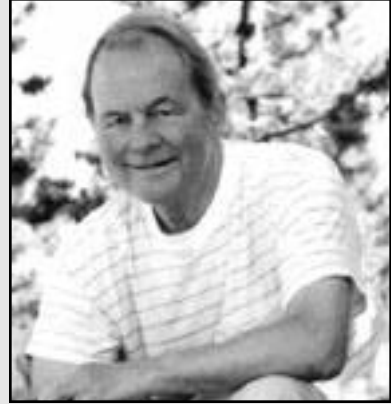
Born in England, Alan was educated at the Midhurst Grammar School, from which he graduated head of class.

He joined Britain's Royal Air Force while still a teenager, and served at the height of WWII's war in the

skies. After a stint which included more than 90 flights over Egypt and Germany, he was awarded the Distinguished Flying Cross, Britain's premier aviation award.

A quantity surveyor by training, Alan worked in surveying, construction and property development.

After emigrating to Canada in 1956, he rose through the industry, working for Famous Players and the Bank of Nova Scotia before joining Olympia and York Development Corporation. When he retired from O & Y at age 69, he had recently overseen major projects in Dallas, New York, and Boston.



Alan Mott during a hike in 1990.

Alan was an avid runner, hiker and sailor (cross-lake jaunts to the Shaw festival were highlights). He also appreciated art, architecture, life long learning, and travel. Recent trips included Egypt and Turkey.

He had two daughters, Nancy Mott-Allen and Sally Zeijlon, and three grandchildren.

The Association extends its condolences to his family.

The Legislative Beat

continued from page 8

The time frame for approving subdivision applications would double to 180 days from 90. Similarly, zoning applications would go to 120 days from 90 and applications for consent to sever a property would increase to 90 days from 60, before an appeal can be made to the OMB.

The Minister is concerned that in some instances developers attempt to short circuit the planning process by prematurely initiating OMB appeals. Gerretsen has also proposed to prevent appeals to the OMB of urban expansions that are opposed by elected municipal governments.

Labour Issues

Labour Minister Chris Bentley announced plans to end the previous government's "60-hour work week", and is seeking advice on ways to ensure that

an employee has the right to refuse work after 48 hours in a week. The Minister has a dual objective of protecting employees and providing the flexibility that businesses need to compete.

On Feb. 1, Ontario's general minimum wage rose to \$7.15 per hour, from the previous rate of \$6.85 per hour. The general minimum wage will increase annually until it reaches \$8 per hour on Feb. 1, 2007.

Environmental Commissioner

The Environmental Commissioner of Ontario, Gord Miller, released his annual 2002/2003 report in November. "Thinking beyond the near & now" is a well-researched document on provincial policy initiatives that impact on the environment. In the report, the ECO cites the case of the Preservation of

Agricultural Lands Society

(PALS). This group contends that municipalities are not properly implementing the PPS, since Planning Act changes of 1996 direct municipalities only to "have regard to" these PPS.

One result of this "greater municipal discretion and less provincial control", PALS says, is a loss of prime farmland to a golf course driving range.

ECO supported the view that the PPS is not applied by municipalities and the OMB in a consistent manner and recommended that the "have regard to" provision be reviewed by the Province.

Andy Manahan is Development Promotion Representative, Universal Workers Union, Local 183



2004 Budget

The Premier's pre-election plans have been hampered by an estimated budget deficit of \$5.6 billion. Dalton McGuinty has promoted the idea of results-based budgeting as a way of delivering on his election promises and balancing the budget.

Part of this exercise is dependent on a survey of the 63,000-member civil service.

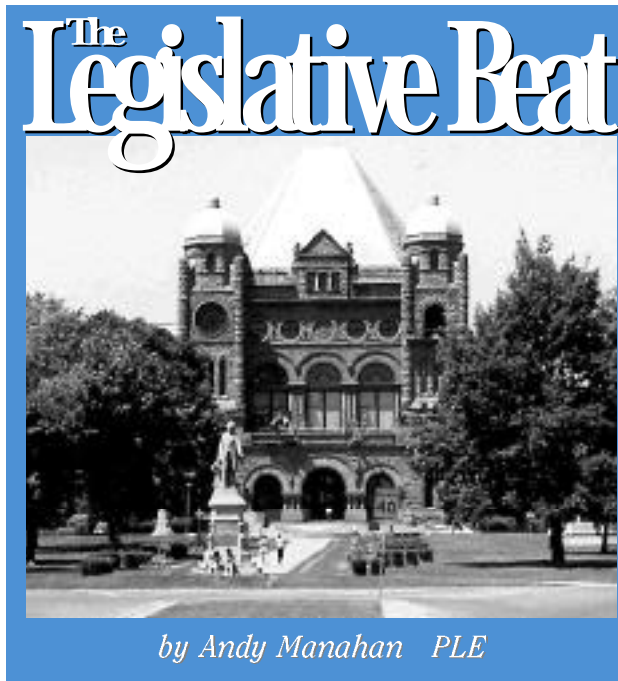
"Universal programs" that are available to all Ontarians regardless of their income are under scrutiny. Reducing government programs and making people pay for some services that they now get for free also will be considered by the Liberal government.

In his presentation to the Standing Committee on Finance and Economic Affairs, Finance Minister Greg Sorbara stressed the government's top priorities remain education, health care, clean communities and public transit. To balance the budget, the government has stated that we must live within our means.

Sorbara has suggested a significant redesign of the way government operates. Specific changes might include the elimination of certain tax credits to businesses, cancellation of the exemption of employer health tax for small businesses and an increase in 'non-tax revenues'. The reintroduction of OHIP premiums and higher driver's license fees fall into the latter category.

Democratic Reform

Attorney General Michael Bryant has introduced legislation which will require Cabinet ministers to attend Question Period at least two-thirds of the time. Ministers will be fined \$500 for each day they fall below the standard. Other reforms to be considered by the *Democratic Renewal Secretariat* include spending limits for political parties and new voting rules. In a similar vein, Gerry Phillips, Chair of the Management Board of Cabinet, has introduced legislation to ban the use of tax dollars on self-serving partisan advertising.



Electricity Shortages

In mid-January, Energy Minister Dwight Duncan released the report of the Electricity Conservation and Supply Task Force: *Tough Choices: Addressing Ontario's Power Needs*. The task force concluded that substantial enhancement is required if the market is to deliver the new generating capacity that Ontario needs. Greater price stability can be achieved by reducing the importance of the hourly spot market price in the calculation of final customer bills.

Greater reliance on long term contracting between generators and large volume buyers will help to encourage new investment. Power shortages are inevitable if the government keeps its commitment to shut down coal-fired plants by 2007 – unless new supply is built.

The Minister will be releasing requests for power supply proposals, with a goal of up to 2,500 megawatts of new generation capacity.

Look for the government to encourage load shifting by offering incentives for consumers to use power during low price periods, using smart meter technology. Building retrofit programs might be targeted by the Province to further conservation efforts.

On April 1, 2004, the price cap of 4.3 cents /kilowatt hour will be lifted in favour of a staged pricing structure based on consumption levels (4.7 cents for the first 750 kilowatts per month, and 5.5 cents/Kwh after that). The Ontario Energy Board will establish a new pricing mechanism by May 1, 2005.

Greenbelt Bill

In mid-December, the Hon. John Gerretsen introduced the *Greenbelt Protection Act, 2003*, in an effort to protect natural heritage systems, water resources, agriculture, and other features from urban development. Billed as the "first step toward the creation of a permanent Golden Horseshoe greenbelt", the legislation would result in a one-year moratorium on development of rural and agricultural lands or those lands

considered to be outside the urban settlement area. The study area covers a wide swath of land from Niagara Region to Northumberland County and includes all lands covered by both the Niagara Escarpment Planning and Development Act and the Oak Ridges Moraine Conservation Act.

If there are any appeals before the OMB on lands undergoing conversion to urban use, the Minister will have the power to amend the official plan or zoning bylaw and notify the Board that the hearing will be stayed. In this way, lands on the outer edges of the urban boundary will be protected from development while a comprehensive plan is prepared.

Planning Reforms

Gerretsen also introduced the *Strong Communities (Planning Amendment) Act, 2003* in mid-December.

One proposal will ensure that land use planning decisions revert to the pre-1996 wording, requiring municipalities' planning decisions to "be consistent with" Provincial Policy Statements (PPS). The currently used phrase of "have regard to" is viewed as being too weak by the government (see below). The Strong Communities bill will increase the time available for municipal review and public input into land use applications.

See Legislative Beat page 7