

The Land Economist

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Professional Journal of the



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of
Ontario Land
Economists

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Detail of the massing model for the East Bayfront lands, from the waterfront north across Queen's Quay and up to the Gardiner Expressway. Much of the area south of Queen's Quay from the Jarvis slip (at left) to Sherbourne, and Sherbourne Park itself, is now under construction. Designs for private sector development of the Parkside tower (east of park) have just been unveiled. See pages 4-5 for more details on Waterfront Toronto progress.



NEWS BRIEFS

Canada's high public debt

Canada's national government is fond of claiming the best net debt to GDP balance in the G-7. But, according to The Economist magazine's Intelligence Unit, Canada placed very high - number 19 - in the list of the world's most publicly indebted countries in 2009.

This country's total public debt of 72.2% of GDP is much higher than the United States' debt (51.9% of GDP). The U.S. is number 38 in the Economist's list. This despite the common perception here that Canada, unlike its neighbour to the south, has its public debt in order.

On a per capita basis, Canada's public debt is expected to be US\$ 32,506 in 2010. This is higher than debt predicted for Germany (\$32,200), the United King-



Source: buttonwood.economist.com

dom (\$29,500), Ireland and the United States (both approximately \$28,700), and much of the rest of the world.

How can this happen? The federal government seems to ignore debt of provincial and municipal governments when it publishes its national debt figures.

For a colourful view of public debt around the world, take a look at the Economist magazine's fascinating online map. (See buttonwood.economist.com and click 'Extras'.)

Countries are coloured on an eight-shade scale showing high to lower debt. Pop-up boxes give data for each country. Across the top is a timeline, which allows you to see how the map changes each year from 1999 to 2011. For the entire period, Canada is always shown in the highest debt category.

By the way, on a per capita basis, the Economist gives top place to Japan's public debt (almost \$80,000 pp), followed by Norway (about \$55,000).

Streamlined environmental assessments for infrastructure

Public infrastructure investment is the most likely form of stimulus to have a lasting positive impact on economic growth. But red tape can hinder delivery of infrastructure projects.

In recent articles in the National Post and The Planning Journal, Andy Manahan, executive director of the Residential and Civil Construction Alliance of Ontario (RCCAO) outlined that group's recommended 'Priority Infrastructure Projects' regulation.

Under this proposal, any infrastructure project that would normally fall under the Municipal Class EA or the GO Transit Class EA would be eligible to follow a streamlined process regulation as long as it is in conformity with:

- the Growth Plan for the Greater Golden Horseshoe and/or
- an Official Plan that is in conformity with the Growth Plan and the Provincial Policy Statement (PPS).

Controversial projects such as nuclear plants would not be eligible.

Under the streamlined process, projects would not have to evaluate 'alternative solutions'; the province would deem conformity with the PPS and the Growth Plan to have fulfilled that requirement.

Instead, proponents would be required to assess negative impacts, identify mitigation measures, undertake consultation, and make background information or documentation available. They would also have to complete an Environmental Project Report on the assessment and consultation process within six months.

RCCAO also recommends elimination of duplicative federal and provincial EA processes, greater coordination between EA and land use planning processes, and measures to dismiss appeal requests where projects have already gone through extensive public consultations.

Dealing with Municipal Class EA projects in this way "would represent progress in achieving a more streamlined and rational process," Manahan concluded. See also RCCAO's report, *Environmental Assessment Reform - A Tool for Economic Recovery*, at www.rccao.com, click 'Research and Reports' and 'Environmental Assessment Reform'.

Capturing road energy

This summer, UK food giant Sainsbury's began piloting use of kinetic energy plates to produce power from cars.

On the Labour Day weekend, a New Jersey Burger King franchise pilot tested similar technology at one of its drive-throughs.

Each time a car drives over the plates, its weight causes rocking motions, driving a generator and producing power. That power can be used, stored, or fed back into the grid.

Sainsbury's says its plates, from Highway Energy Systems, are expected to produce 30 kW of green energy an hour, "more than enough to power the store's checkouts". New Energy Technologies says its pilot test at the Burger King has helped improve the level of its energy capture.

Plates can be installed flat with the road surface, or raised like green speed bumps. If positioned properly - where vehicles are travelling downhill or coming towards a stop - they produce energy without affecting the car or fuel efficiency.

For more information, search 'kinetic energy 2009' at www.j-sainsbury.co.uk and/or go to www.newenergytechnologiesinc.com, click 'News' and search 'Burger King'.

RM

Welcome New Members!



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Founded in 1962, the Association of Ontario Land Economists (AOLE) is a resource and advocate for professionals involved with the economics of land ownership, use and development in Ontario. Members include leading economists, planners, appraisers, municipal assessors, property tax consultants and brokers. Qualifying members receive the widely recognized Professional Land Economist designation (PLE). See www.aole.org.

SUPERSIZE ME!

What do you do when your city's population jumps by almost 8 million people in the space of 15 years? That's like having all the people in a city the size of Hong Kong decide to move in – a growth rate of 1,000 a week. And it's what's happening to the city of Kinshasa in the Democratic Republic of Congo.

Kinshasa is expected to see the largest jump in population, and one of the fastest growth rates (77% in 15 years). That will catapult it onto the list of the world's Megacities (population 10 million plus) in position number 11. But it's just one example of the huge urbanization trend that Professor James McKellar, Associate Dean of External Relations at York University's Schulich School of Business, described to AOLE's September dinner meeting.

"We are about to see the advent of cities of a size and growth rate we have no precedent for," said McKellar, who is also Academic Director of the Program in Real Estate and Infrastructure. "We are going to see these cities predominantly in Asia and in Africa. And as western countries, I think we are going to have very little to offer. We can barely run our own transit systems."

Not surprisingly, most of the new Megacities will be in Asia and Africa. And unfortunately, up to 40% of the people seeking a better life in Megacities will end up in slums.

Twenty four of the world's 31 fastest growing cities (calculated by percentage increase) are in Africa. Another six are in Asia, and one in South America. The 'slowest' is expected to grow by 50% between 2010 and 2025; the fastest by 96%. On a similar list of fastest growing cities counting absolute numbers, 19 are in Asia, nine in Africa, two in South America and one in Europe. The smallest increase is expected to be 1.63 million people over those 15 years.

"Poverty, economic development and population growth are the main drivers of urbanization," said McKellar. The same forces led people to move to cities during the western countries' industrial revolution in the 18th and early 19th centuries.

"The population in Asia (already enormous) will increase by 15% in the next 15 years, to 4.8 billion," McKellar said. In the following 25 years to 2050, "Asia's population will 'only' grow by about 10%, to a total of 5.2 billion," he said.

Africa will see even more dramatic growth rates. Between now and 2025, population there "will increase by 40%, reaching 1.4 billion," McKellar said. Between 2025 and 2050, the continent will add another 600 million.

While Northern and Latin Americas' populations also are expected to grow relatively quickly over the next 40 years, Europe's is expected to fall. And virtually all the growth in Northern America will be in the US' Hispanic population.

"We may find we can no longer think of ourselves as the example," McKellar said in an interview after his speech. "Each city will face different problems – and each will have to have its own tailor-made solution. Most of them are going to come from within these emerging cities. They have the urgency."

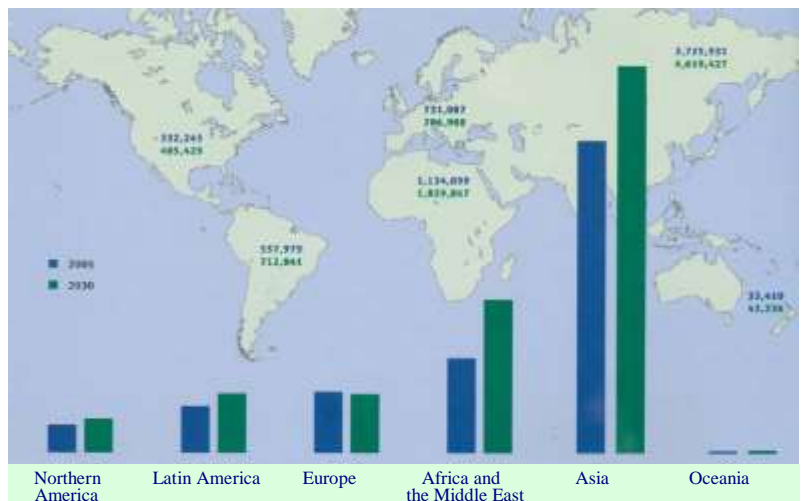
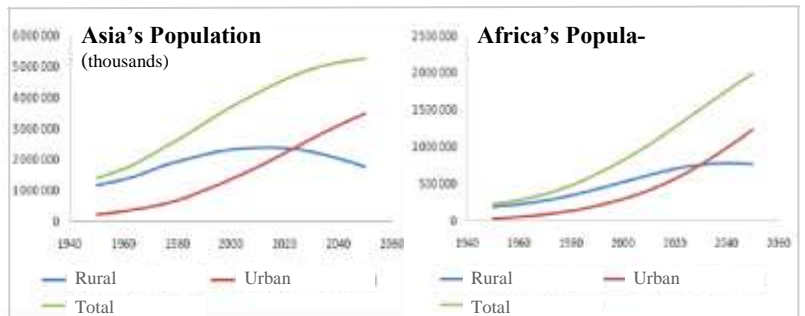
Western developed nations have developed their own hard-won physical, cultural and legal infrastructure and a very different view of urban issues, he said. "I don't think the current discussion of greenhouse gasses even recognizes the growth of these cities and their potential impact." RM



Above: Slum in Rio de Janeiro: Healthy economic indicators in Brazil have had little impact on inequality levels. Ceiso Pupo/ Shutterstock

Right: A boy plays with mud pistols in Mathare slum of Nairobi, Kenya. Manoocher Deghati/IRIN.

SOURCE (both photos): State of the World's Cities 2008/2009, UN Habitat: www.unhabitat.org/pms/getPage.asp?page=bookView&book=2562



SOURCE: United Nations Population Division: World Population Prospects, 2005 Revision. (Northern America includes the United States, Canada, Bermuda & Greenland.)

Toronto East Waterfront Revival

There has been a welcome flurry of positive news for private sector investment in the grand Waterfront Toronto plan over the past couple of months.

The first private sector development – Urban Capital’s River City in the West Don Lands – had already received 3,000 pre-sale registrations by the end of November. Plans for the second private sector development – Great Gulf’s Parkside in East Bayfront – were announced November 30. And Waterfront Toronto is currently reviewing proposals from shortlisted teams for the massive mixed use Bayside development, also in East Bayfront. An announcement is expected early next year.

The sight of TEDCO’s Corus Quay nearing completion, and the George Brown College groundbreaking brought a welcome solidity to all the planning and preparation.

Buzz from Toronto’s winning bid for the 2015 Pan Am Games is also helping. That bid includes an infusion of money for an Athletes’ Village, to be built in the West Don Lands and then converted into a mixed-use community for 4,000 people after the games are finished.

Lining Up

“Everything is lining up, with the Pan Am Games and the markets recovering,” says John Campbell, chief executive officer of Waterfront Toronto.

He admits the global downturn last fall was disheartening. The agency’s \$2.1 billion budget for land and transportation planning, soil remediation, infrastructure, public space and park projects is based on \$1.5 billion from governments and almost \$600 million in land sales to developers. And the financial shock came just as those sales should have been gearing up.

“The revenue from land sales has not come in as soon as we thought,” Campbell said in a recent interview. Although Waterfront Toronto does not release sale



ILLUSTRATION: Waterfront Toronto

Waterfront Toronto planning areas in East Bayfront, south of Lakeshore Blvd. from Jarvis to Parliament streets: Dockside (yellow), Parkside (blue), Bayside (pink) and Quayside (green). Some details of numbered projects are given on page 5. For an animated fly-through of the design, massing, streetscape and transit concepts, see www.buideastbayfront.com.

prices, it is believed that the revenue has been at the low end of appraisals as well. Urban Capital’s River City was billed as the “first step towards a \$250-300 million private sector investment in waterfront redevelopment” when the team was announced in April 2008. But its plans went on hold for a year.

Also, “when we went to France to market to international developers in the spring of 2008, there was great interest,” Campbell said. “But a lot of the ‘hot prospect’ international developers just disappeared” as markets and financing tightened. Timing for proposals was extended significantly.

All this means Waterfront Toronto “has had to stage things more carefully, and prioritize the order and sequencing” of its projects. “But we always knew we were going to go through two to three business cycles over the 25-year life of this project,” Campbell says.

“In many ways, the rate we can progress will be a function of the absorption rate for new private sector residential units.” Toronto’s condo market has defied forecasters with buyer line ups this fall.

A lot of people are crossing their fingers that the demand stays strong.

Upcoming development parcels include Quayside and two building lots in Dockside, north of the Corus Entertainment centre. Developer selection process for the Pan Am Athletes’ Village will take place in late 2010-11.

“Pan Am is a catalyst – we’ll be able to build a lot more, sooner, in the West Don Lands,” Campbell says. Where earlier plans had called for a 10-year build out, that’s now been moved up to 2015. On the other hand, it also requires “about \$80 million in infrastructure that we didn’t think we would have to do until later.”

Top priorities

Top three priorities now are the Pan Am games project, Bayside and a project on the Central Waterfront to revamp a section of Queen’s Quay Blvd, he said.

A major challenge will be getting the financing to go forward. Federal moneys for Waterfront Toronto are scheduled to sunset as of 2011.

Waterfront Toronto has been seeking longer term base financing from governments, as well as borrowing powers (probably an operating line of credit) and the right to create subsidiaries.

“The process of getting seed money is pretty sticky and awkward. At the moment, we have to make funding requests, per project, per government. We can’t take the money from one project and apply it to another.”

As well, there are major deadlines to contend with: e.g, Toronto Community Housing Corp’s financing requires building permits by early next year for its two projects in the West Don Lands.

RM

East Bayfront: 2010-2020+

Already under construction

① **Sugar Beach:** Claude Cormier Architectes Paysagistes (Waterfront Toronto). 2 acres across from Redpath dock. Completion: summer 2010.



② **Corus Quay:** Diamond + Schmitt Architects Inc./ Quad-rangle Architects Ltd. (TEDCO-lease). \$150 million building housing Corus Entertainment's 1,200-job office and broadcast centre. Occupancy: spring 2010.

③ **Waterfront Promenade:** West 8 and DTAH (Waterfront Toronto). 19 m wide patterned granite, 11 m boardwalk, plantings, etc. Phase 1 (Sugar Beach to Sherbourne Park) completion: late summer 2010.

④ George Brown College Waterfront Campus, Phase 1:

Stantec Architecture/KPMB (City of Toronto - lease). \$175 million Health Sciences Campus to serve 3,500 students. Completion: 2011-12. Future plans for student residence and athletic centre.



⑤ **Sherbourne Park:** Phillips Faarevag Smallemberg (Waterfront Toronto). 3.75 acres, incorporating 240 m long water feature along entire east side, and stormwater UV treatment in pavillion basement and sculptures. Completion: summer 2010 (south portion); fall 2010 (north portion).

Upcoming



⑥ Great Gulf's Parkside:

Moshe Safdie/Quadrangle 'gardens in the sky' design for this 540,000 sf mixed use podium, daycare and residential tower were unveiled Nov. 30, 2009. City land sale approved Dec. 7. Offer price is said to be "within the range of independent assessments of the property". Marsh reports Waterfront Toronto acquired old Chas Abel Co. portion in 2007 for \$10 million: \$197/sf land, \$208/sf buildings. Great Gulf Corp. will start sales "as soon as market allows". Agreement based on marketing start within two years, but extension possible. Land sale to close on construction readiness. Minimum LEED Gold, 6% low-end-of-market and 5% family units.

⑦ **Bayside:** In June 2008, four development teams were shortlisted for this huge (13 acre) waterfront parcel with 1.7 million sf of development potential. Use of a single developer (with phasing) aims to avoid ad hoc streetscape and animation. Proposals under review now. Announcement expected early in 2010.

⑧ **Quayside:** Future development RFQ/RFP(s) in East Bayfront. Contains 1.5 million sf of potential development rights. Marsh reports three parcels were closed in January 2009 for \$53 million (\$273/sf.)

⑨ **Parliament WaveDeck:** This is also part of the stormwater management program: raised openings allow UV treatment. Ties into main UV treatment in Sherbourne Park pavillion, and holding tanks below boardwalk.

West Don Lands: 2010-2015+

Plans for this 80-acre formerly industrial area south of King include 6,000 residential units (1,200 'affordable'), 1 million sf of employment space, 23 acres of public space, and Cherry St. transit line.



River City

Urban Capital's River City:

Selection of Urban Capital Property Group (Toronto) and Redquartz Development (Dublin) for northern mixed use community announced in April 2008. Saucier + Perotte architects/Zas Architects. Registration opened this fall for initial 360 condos, lofts and towns in glass and dark metal. LEED Gold. Includes 5% affordable ownership units.

Don River Park: An 18-acre, \$15 million park, making imaginative use of the flood protection berm now close to completion. Urban meadow, trails, hills, water play, etc. Groundbreaking: spring 2010.



Pan Am Athletes' Village: Toronto was named host city for the 2015 Pan Am Games in November. Bid book illustration above shows proposed site of the athletes' village and sports fields in Waterfront Toronto's West Don Lands. Housing for 8,500 athletes, etc. Typical athletes' apartment shown as 1,390 sf in mid-rise: four twin bedrooms around living room, one 4-pc., one 2-pc., elevator and no kitchen.

Lower Don Lands: 2015-2035



Rendering looking east from Parliament Street shows proposed naturalization and relocation of the Don River mouth through an extensive new park south of the Keating Channel, and massing of new mixed use communities. Plans for the 19.75-acre **North Keating neighbourhood** are to be submitted to the City of Toronto for approval early in 2010. Vision model shows mid-rise buildings and nine point towers north of the channel. Although an environmental assessment has confirmed that Waterfront Toronto's visionary plans for rerouting the mouth of the Don River are the way to go, there is no funding in place yet for this major environmental project.

Website Tracks Stimulus Projects

Ontario launched a new website to track the progress of infrastructure stimulus projects. It gives an easy and useful way to keep tabs on what is actually getting shovels into the ground.

The provincial and federal governments have invested \$11 billion for more than 2,600 projects since February. The program is expected to create 146,000 jobs in 2009-10 and 168,000 in 2010-11.

Searches can be done from maps, by community, by postal code, or specific job number. News releases and images are available. See www.infrastructureapp.mei.gov.on.ca/en/

Northern Ontario Growth Plan

The Growth Plan for Northern Ontario is the second regionally-specific plan to be developed under the *Places to Grow Act, 2005*.



If adopted, the plan aims to achieve a more diversified economy over a 25-year period. This will be achieved through more investment in transportation, energy and communications networks. Youth retention is also a goal that will be supported by social and learning infrastructure.

Queen's Park clearly wants to reach out to aboriginal communities as there are backgrounders in Cree, Ojicree and Ojibway. In addition, proposed legislation introduced in June would establish a leadership role for First Nations in land use planning in the Far North.

Comments on the plan will be accepted until Feb. 1, 2010. See the online comment form at www.placestogrow.ca.

Andy Manahan is Executive Director of the Residential and Civil Construction Alliance of Ontario, and AOLE's Legislative Chair.

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AOLE



2009 AGM

The 2009 Annual General Meeting of the Association of Ontario Land Economists (AOLE) was held Thursday September 24, at the Royal Canadian Yacht Club (St. George facility).

Registrar and Membership Chair John Morrison submitted the membership report. Numbers have remained relatively constant over the past two years at 189 members, he said. He expects the Association to have 10 - 12 new members in 2009-10.

During 2009, Treasurer Keith Hobcraft put the Association onto a sounder financial footing. With tighter control on administration expenses and a return of membership dues to the \$35,000 level, the year 2010 is expected to end with a \$5,850 excess of revenue over expenses.

Michael Cane reviewed 2008-9 activities. Highlights included the presentation by Michael McClelland, Principal

of E.R.A. Architects, on the 'Mayor's Tower Renewal' (MTR) initiative in Toronto, which has the potential to transform the city, and the tour of the Art Gallery of Ontario, which offered great insights into the Frank Gehry renovation project. Cane proposed three or four such events in the coming year, with perhaps some more informal meetings.

Retiring President Valdemar Nickel discussed progress on the new web site, which could go live this year. A member survey has strongly supported publishing the Journal in an online format only. Title of the AOLE Council was changed to Board of Directors. New President Andrea Calla of Tridel and candidates for the 2009-10 Board of Directors were voted into office.

York University Professor James McKellar then followed with a thought provoking presentation on Megacities. See article on page 3.

President's Message

These are definitely interesting times to be a Professional Land Economist.

Last fall, it looked as though the global financial system might implode. In July, the Bank of Canada announced that our recession was over. Today, we're seeing bidding wars for resale housing again. I think everyone can agree that we have been fortunate to be in Canada. But the global upheaval is not yet over and we don't yet know the outcome.

These times present a challenge and an opportunity for our members, and for our Association. They give us even more reason to work together and become more proactive.

AOLE's first objective has always been to bring together experts from the various fields involved in the 'economics of land'. By presenting and discussing the important issues that affect our members, we all become stronger. We can all take advantage of the diverse talents of our membership regarding all matters related to real property.

This year, your Board of Directors plans to hold more of these important events, inviting leaders in different fields to speak on current topics and issues.

We will continue to deliver the Journal to your inbox, with current, intelligent, topical articles. And when our new website goes 'live' later this year, it will give us a new, improved presence on the web, and another vehicle for communication.

All of this will help us to broaden and strengthen our membership and increase our profile. As well, I would like to see us increase our advocacy role, taking more positions on public policy.

Members, we are here to support you. We welcome new ideas/interests that will improve our Association. I encourage you to make recommendations for guest speakers and topics of interest, submit articles for our Journal, and get involved with our Board.

Call or email us any time you have any questions or suggestions.



My email is acalla@tridel.com. Contact information for all of your Board members is on page 6 of this Journal, and on the Association website (www.aole.org) under Contacts/Board.

My thanks to Past President Valdemar Nickel and our hard-working directors. I am proud to take up this position!

Andrea Calla



New AOLE Website

Work on the Association's new website is progressing well, says Mike Real, AOLE's internet chair. "We still have some updating and edits to do, but we're hoping to have the new site up and running next month."

Real says the new design is "more current, with a professional look and clean imagery highlighting the kinds of things our members are involved in." Along with continuing all the functions on the existing website, the new site will allow potential members to submit information and applications with the click of a button.

Inside the Art Gallery of Ontario

On July 29, AOLE members and guests enjoyed an insider's look at the new AGO and some great stories of its recent renovation, plus wine and cheese reception. PHOTOS (from left): the soaring Galleria Italia, Walker Court, 'baroque stair' detail, and foursome appreciating the General Idea.



Budget Woes

On October 22nd, Finance Minister Dwight Duncan delivered the fiscal news that the 2009-10 budget deficit is projected to be \$24.7 billion, due largely to a major drop in revenues.

If Health and Education spending cuts are off-limits (representing \$56 billion of provincial expenditures), then Queen's Park observer Graham Murray predicts that "the battles over the remaining ... \$53B of program spending will be nothing short of brutal."

A Treasury Board Working Group comprised of key cabinet ministers has been charged with reviewing expenditures on a line by line basis. The group will be co-chaired by Attorney General Chris Bentley and Community & Social Services Minister Madeleine Meilleur.

Harking back to the Social Contract of the early 1990's, there has been talk of reining in the budget with "Dalton Days" where public sector workers will take unpaid leave.

Auditor General of Ontario Report

A special report on *Ontario's Electronic Health Records Initiative* was released on October 7th as a result of a request by the Minister of Health and Long-Term Care in early June. (Usually the Auditor General releases his annual report in December.)

The report identified 'questionable procurement practices', which included numerous untendered and sole-sourced contracts to consultants.

Mini Cabinet Shuffles

Deputy Premier and Minister of Energy and Infrastructure George Smitherman officially announced his intention to run for mayor of Toronto and thus became a backbencher on November 9th. It was initially thought that Smitherman would announce his mayoralty ambitions early in 2010 so that he could make more progress on a number of initiatives, including the Green Energy Act.

Gerry Phillips takes over MEI on an interim basis until a larger cabinet shuffle is made by Premier McGuinty.

The Legislative Beat



By Andy Manahan PLE

As a result of the eHealth scandal, the Premier accepted Minister of Health David Caplan's resignation on October 7th. Deb Matthews takes over this mammoth portfolio while Laurel Broten returns to cabinet as Children and Youth Services Minister.

An earlier cabinet shuffle was made on June 24th as a result of the resignation of Michael Bryant. A key responsibility has been given to John Wilkinson as Minister of Revenue to sell the merits of the HST to Ontarians.

New Tory Leader

Niagara area MPP Tim Hudak was elected by the PCs as the new Leader of the Official Opposition in late June.

Columnist Jim Coyle indicates that the "long-suffering party has essentially pulled even [in the polls] with Premier Dalton McGuinty's government" as a result of Hudak's discipline and focus on key messages.

For instance, Hudak has stressed the need for a public inquiry into the "billion dollar boondoggle" at eHealth to determine whether there was financial gain for those with Liberal affiliations.

Good Government Bill

Attorney General Chris Bentley has introduced Bill 212 which would "increase the effectiveness, clarity and accountability of government".

If passed, the *Good Government Act* would result in amendments to a number of pieces of legislation such as:

- *Municipal Elections Act*
- *Municipal Act*
- *Planning Act*, and
- *City of Toronto Act*.

Bill 212 would give planning boards located in northern Ontario, but not under the jurisdiction of a municipality, the power to approve condominium plans.

Corporations established by municipalities would be able to establish their own subsidiary corporations.

In addition to new rules around campaign contribution limits, the date of municipal elections would be the fourth Monday of October – beginning on Oct. 25, 2010.

It would also require chief building inspectors to inform Tarion about home building permits that have been issued. Permit data could be cross-referenced to determine whether builders are enrolled with the home warranty corporation.

Environmental Commissioner's Report

Provincial Environmental Commissioner Gord Miller released his annual report in early October. One of the recommendations related to a project along Lake Simcoe and the decision by the developer to launch a Strategic Lawsuit Against Public Participation (SLAPP).

After winning the OMB case, the developer requested that the Board order the local residents' group to pay \$3.2 million in costs.

Although these SLAPP costs were not awarded, the Environmental Commissioner recommended that the Ministry of Municipal Affairs and Housing develop legislation to discourage practices that would frustrate public participation in the planning approvals process.

Minister Jim Watson stated that anti-SLAPP legislation is not needed because the OMB has handled past cases appropriately.

(Continued on Page 6...)