



The 2007 Ontario Budget: Analysis from the Pembina Institute

The Pembina Institute's analysis of the 2007 Ontario Budget is focussed on two areas with major climate change implications: transportation infrastructure and urban development in the Greater Golden Horseshoe Region; and electricity and energy issues. Although the budget maintains previously announced investments in public transit, and adds some modest funding for residential energy efficiency audits, on the whole its contents in relation to the environment and climate change are disappointing. Several counterproductive investments figure prominently in the budget.

Transportation Infrastructure and Urban Development in the Greater Golden Horseshoe

Transportation is projected to be the leading source of growth in Ontario's greenhouse gas emissions over the next few decades. Changing urban development patterns to reduce automobile use will be an essential element of any greenhouse gas reduction strategy for Ontario.

Public Transit

The 2007 Ontario budget continues the province's pattern of the past few years of major investments in public transit, both the gas tax revenue transfer mechanism and project specific capital assistance to municipalities. However, there is little in the budget beyond already announced projects and initiatives.

There continues to be a lack of clarity regarding what is guiding capital investment decisions in transit. The decision-making process remains a black box, and the rationality of some of the results, like the Toronto-York subway extension have been subject to serious question. There continues to be no system for ensuring that investments actually will result in significant increases in transit use and reduce greenhouse gas emissions or that they are supported by appropriate municipal land-use planning and transportation policies.

Highway Expansions

At 1.7 billion, spending on expansions of the provincial highway system will reach an all time high in the 2007-2008 fiscal year. Major highway expansions in the Greater Golden Horseshoe region are featured prominently in the budget. These include the extension of Highway 404 north to Lake Simcoe, the expansion of Highway 7 in Durham region, the eastward extension of Highway 407, and the proposed GTA-Niagara (a.k.a. Mid-Peninsula) highway.

All of these projects present serious challenges to the stated goals of the government's *Greenbelt* and *Growth Plans* of reducing automobile dependent urban sprawl. The northern and eastern expansions in particular the will encourage 'leapfrog' urbanization of rural areas beyond the Greenbelt and Oak Ridges Moraine, far from existing employment centres. These projects will embed long-distance commuting patterns as a result. In addition, the proposed route of the Highway 404 north extension runs entirely through Greenbelt lands and will facilitate the development of a 'business park' on Greenbelt 'protected countryside' lands outside of Keswick. The expansions of Highway 7 and 407 will pass over both the Greenbelt and Oak Ridges Moraine.

On the whole the government is continuing to struggle with the alignment of its major transportation infrastructure investments with its stated policy goals on urban development and transportation in the Greater Golden Horseshoe, as well as the requirements of strategy to reduce Ontario's transportation related greenhouse gas emissions. A transparent, criteria driven decision-making process needs to be established to ensure that investments are being directed towards projects that are supportive of the goals to curb urban sprawl, prevent leapfrog development, facilitate the development of 'complete' communities, significantly increase the use of public transit and other non-automobile based transportation modes and reduce transportation related emissions of greenhouse gases and smog precursors. Environmental assessments of major highway projects need to consider their cumulative and long-term impacts on greenhouse gas emissions, and future development and transportation patterns.

Ending Greater Toronto Area (GTA) Pooling

The ending of pooling of social service and social housing costs for GTA municipalities may have the effect of reinforcing the population growth trends highlighted in the preliminary 2006 census data. The data showed a strong shift in population growth away from the City of Toronto and towards the region's urban periphery. Under the pooling scheme 905 municipalities pay a portion of the costs of delivering social services and housing in the City of Toronto, which provides a very high portion of these services in the GTA.

The end of pooling may result in reductions in property taxes in the 905 region, attracting further population growth to that region. Such population growth is likely to increase urban sprawl and automobile dependent long-distance commuting, undermining the government's efforts to curb the urbanization of agricultural lands and increase transit use. The bulk of the costs of social services and housing should be carried through the provincial tax base, rather than municipal property taxes.

Electricity and Energy

The budget offers no significant expansion of current initiatives on energy efficiency, low impact renewable energy and cogeneration. The most notable proposal with respect to energy efficiency is for \$24 million to provide rebates on home energy audits, as part of the process of replacing the federal government's former Energuide for Homes program. This is a worthwhile initiative, but does not reflect the scale of coordinated effort required to realize the province's potential for cost-effective energy efficiency improvements. Such improvements are essential to the sustainability of Ontario's electricity system, its competitiveness and an effective greenhouse gas reduction strategy.

At the same time, the budget makes it clear that investments in nuclear power remain the centerpiece of the government's electricity strategy. The budget goes so far as to describe nuclear power as a "zero air emission source of electricity generation." The federal government's Competition Bureau is currently investigating a false and misleading advertising complaint against the Canadian Nuclear Association for making similar claims. A recent study by the Pembina Institute concluded that nuclear power production in Canada was associated with major releases of atmospheric pollutants, including radiation and radionuclides, smog and acid rain precursors, heavy metals, and other hazardous air pollutants as well as more than 800,000 tonnes greenhouse gases per year.

The only other climate change specific investment is for \$2 million for Trees Ontario Foundation. A number of energy related research investments, including \$27 million on biofuels and materials and \$3 million on hydrogen fuels were announced. Despite the lack of virtually any formal research, training and education programs at Ontario post-secondary institutions in the areas of energy efficiency and renewable energy, no investments were announced in these areas.

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