



ISSN 1181-6465

**Legislative Assembly
of Ontario**

First Session, 39th Parliament

**Assemblée législative
de l'Ontario**

Première session, 39^e législature

**Official Report
of Debates
(Hansard)**

Wednesday 29 October 2008

**Journal
des débats
(Hansard)**

Mercredi 29 octobre 2008

**Standing Committee on
Estimates**

Ministry of Finance

**Comité permanent des
budgets des dépenses**

Ministère des Finances

Chair: Tim Hudak
Clerk: Sylwia Przedziecki

Président : Tim Hudak
Greffière : Sylwia Przedziecki

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Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 29 October 2008

Mercredi 29 octobre 2008

The committee met at 1603 in room 151.

MINISTRY OF FINANCE

The Chair (Mr. Tim Hudak): Good afternoon, Minister, Deputy, members of the committee. We're back at our regular meeting on Wednesday, October 29, 2008, of the Standing Committee on Estimates—Ministry of Finance vote 1201.

We have about eight hours and 16 minutes remaining in our consideration. When the committee was adjourned, the official opposition had just over eight minutes remaining in its 20-minute rotation. I will now turn it over to the official opposition, followed by the third party and the government.

Do I have to actually read this: "Mr. Hudak, you now have eight minutes"?

The Acting Chair (Mr. Lou Rinaldi): He is so talented—

Mr. Tim Hudak: Thank you very much, Chair—a great job you're doing.

Minister, Deputy, welcome back. I think that in the last discussion we were talking about your \$108 million in restraint initiatives announced in the minister's economic statement last week. We were beginning to talk about internal government restraint. I'll say, perhaps, Minister, through you to the deputy minister: How do you allocate that \$10-million target among the various ministries?

Hon. Dwight Duncan: The \$10-million internal—

Mr. Tim Hudak: Exactly.

Hon. Dwight Duncan: A lot of these are kind of government-wide initiatives, Tim, whether it's travel and then you're setting priorities within. So there's a process through treasury board and Management Board and with our officials working in concert with treasury board, Management Board and then individual ministries. So there is what I would call, I guess, Deputy—and I'll ask you to perhaps elaborate—a give-and-take process. We try to allocate it in a way that is the least intrusive way, both from the public's point of view in terms of what the public would see or feel, and also internally from, "How do we cause the least disruption to the functioning of the government?" Deputy, did you want to add anything?

Mr. Peter Wallace: Yes, absolutely. It works, in my experience, in a way that's consistent with the way we've worked in the past. If I look past to other approaches

where we've taken, for example, 25% out of internal government administration, where we have taken a variety of other measures under earlier times or subsequent times, and another example is when this government committed to \$750 million worth of savings out of the Ontario public service, what's typically done is: We announce the measure; there's a set of criteria provided to ministries; the ministries then achieve the savings; we ensure that through a variety of treasury board and Management Board mechanisms; and then typically we would report on the success or lack thereof, if we haven't had success—but typically, we do have success—in a subsequent budget. So this very much follows the pattern and approach that have been used by treasury board for quite some time.

Mr. Tim Hudak: I'm not sure I follow. Do you assign those costs proportionally by ministry size? Do you set individual targets for each individual ministry?

Mr. Peter Wallace: No, we don't. We look for the overall expenditure objective.

Hon. Dwight Duncan: I like to think of it as a surgical procedure, one that—it might be easier to achieve a saving in one ministry, even though it's smaller than another ministry, because it's less disruptive both to the function of government and to the provision of services to the public.

Mr. Tim Hudak: Okay. You have a number of categories here, as we described yesterday. One of them is "Reducing print advertising for government jobs." Do you track how much you spent on print advertising for government jobs in, say, the last fiscal year?

Hon. Dwight Duncan: We track most items, yes. One of the first examples is one I referenced yesterday, and that is, in terms of the documents that were printed for the fall statement, you'll notice that this year's background documents are quite a bit smaller. That's because we chose to put a number of the tables online and didn't print them.

Mr. Tim Hudak: If I could request that, Minister, just so we, through the estimates committee, can help track this. If we could have the Ministry of Finance's estimate for two items that you list here, which are the print advertising for government jobs and government printing, photocopying and fax costs—if we could have the estimates that the ministry has for fiscal years 2004-05 to the estimates for this fiscal year.

Mr. Peter Wallace: We can certainly endeavour to get that. I'll offer a caution on that, which is of course

twofold: that these are typically tracked by the Ministry of Government Services in its various incarnations, and then looking back, I'm not sure we'll be able to find exactly those numbers, but we'll certainly endeavour to find the best estimates we can.

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Mr. Tim Hudak: I appreciate that. Best efforts are much appreciated, Deputy. Then the other item that falls in this category, freezing the purchase of government vehicles for the rest of 2008-09—a similar request, if you do have it, the number of government vehicles purchased in each of those fiscal years.

The last item in terms of your restraint initiatives, delaying the launch of the Ontario social venture capital fund—\$20 million. Minister, when do you anticipate that the social venture capital fund will actually be launched?

Hon. Dwight Duncan: When there's sufficient growth in revenues to allow us to proceed. Clearly, we want to do it during the course of our mandate, and we'll have to see how the economy performs moving forward.

Mr. Tim Hudak: Okay. Is there a guarantee that that will occur in the mandate of the current government?

Hon. Dwight Duncan: It's a guarantee that we want to continue to implement our mandate as the state of the economy and the state of our revenues allow.

Mr. Tim Hudak: Do the restraint initiatives as well, Minister, extend to agencies of the government or just within ministries?

Hon. Dwight Duncan: Just within ministries. That's within the government itself at this point.

Mr. Tim Hudak: For example, the LCBO or the OLG: They've not been given a mandate to reduce—

Hon. Dwight Duncan: What I announced in my fall statement was the government itself, not its agencies.

Mr. Tim Hudak: Are you contemplating asking agencies to similarly restrain their spending this fiscal—

Hon. Dwight Duncan: As I've indicated, depending on the state of the economy, we would have to consider a number of different responses, Tim, and we'll see how things unfold.

Mr. Tim Hudak: A couple questions—Chair, how much time do I have left?

The Acting Chair (Mr. Lou Rinaldi): Just two minutes.

Mr. Tim Hudak: The LCBO now reports to the Ministry of Finance. Minister, I had asked some questions yesterday about the number of employees on the sunshine list expected for this fiscal year and, secondly, I would also request the number of employees at the LCBO—FTEs for the fiscal years. I think I did 2003-04 until 2008-09.

One of the initiatives that you have through the LCBO and including the Ministry of Finance—it's Minister Takhar's ministry, but you're Minister of Finance—is the VQA enhancement program, which obviously is a great benefit to my constituents. It expires in this upcoming fiscal year. I would certainly support an extension of that program. Is the ministry planning on extending that program? Have you measured its success?

Hon. Dwight Duncan: To be candid, at this point, Tim, I would hope that we can. We haven't had what I would call a dialogue with the LCBO about that at this point in time, but we are very much, like you, interested in promoting the sale of Ontario's fine wines. A number of my constituents are in the business as well.

Mr. Tim Hudak: Certainly from an economic point of view, the spin-off benefits have been strong in the agriculture and tourism community as a result, and I would—

Hon. Dwight Duncan: And you know I've put \$25 million into the research institute in my last budget, and we've taken a number of other initiatives, but I'll take your advice and guidance very seriously.

The Acting Chair (Mr. Bob Delaney): Just to let you know, you have a little over 30 seconds in this round.

Mr. Tim Hudak: A different Chair—musical Chairs.

The marketing fund is my last question with respect to the LCBO. Unfortunately, the marketing funds that you've extended are also expiring in this upcoming fiscal year. Those are marketing dollars that have been assigned as part of the Ontario wine strategy, which I believe is \$2 million a year for five years. I'm just wondering if the ministry has reviewed that program, if they think it's a productive program, and considering—

Hon. Dwight Duncan: Well, the ministry would rely on the guidance of the board of directors of the LCBO. They report to the government through me, and I will endeavour to get you an answer from the board on that. I haven't, candidly, been briefed on that or I don't have an answer available to me.

Deputy, is there anything you can add to that at this point?

Mr. Peter Wallace: Nothing at this point.

Hon. Dwight Duncan: So we'll get back to you on that.

Mr. Tim Hudak: Okay. Thank you.

The Acting Chair (Mr. Bob Delaney): Thank you. Now it's the rotation of the third party.

Mr. Michael Prue: A couple of questions: Yesterday, I was talking to the minister and asked questions about the ministry's result-based plans, including three-year forecasts. Can you provide the committee with the plans for each ministry with three-year out-year estimates from the 2007-08 planning process? That is, I'm looking for 2008-09, 2009-10, 2010-11. I'm really looking at the forecasts from last year. I'm not looking for anything that's happened this year but the forecasts. Can you tell me where you anticipate or anticipated the ministry's plans going?

Hon. Dwight Duncan: We've already published projected expenditures in the 2008 Ontario budget document. Those remain the current projections of the government until the next budget.

Mr. Michael Prue: So you have not deviated anything whatsoever from the plans tabled last spring in spite of what's happened financially?

Hon. Dwight Duncan: We updated for this year in the fall statement. As I indicated in the fall statement, we did not update those yet because of the volatility that's going

on in the world economy right now and based on the best advice we have from a number of economists. So what I think we can say and what we did signal is that there will likely be changes by the time the budget is tabled in late March, presumably, next year.

Mr. Michael Prue: So I just want to be absolutely clear. Everything that was printed last spring in the budget process remains extant and has not been deviated from.

Hon. Dwight Duncan: Save and except those changes that were indicated in the fall statement as respects this year. Just to reemphasize what I said, the estimates for next year and the year after are the most recent numbers the government has provided. They remain the best numbers available to us, but I have signaled clearly and will signal again that we fully expect changes resulting from the enormous volatility that's gone on in both the world and the Canadian and Ontario economies.

Mr. Michael Prue: Thank you. My next question is more related to the bureaucracy than to the minister. The minister mentioned yesterday that the results-based planning process has only just begun—and I believe that to be true—but that some discussions had taken place at the senior levels around expectations. Have senior staff from the Ministry of Community and Social Services discussed implementation timelines for a poverty strategy with any of your finance colleagues?

Hon. Dwight Duncan: I can partially answer that and then turn it over to my deputy. Senior officials of the Ministry of Community and Social Services as well as the Ministry of Children and Youth Services have been involved in the poverty committee, and all of their deliberations have been—principal providers of information, if you will, have done a lot of the background work for us, as have officials from other ministries, and there are folks in that ministry who are dedicated to that task.

The last point I would make is that the Minister of Community and Social Services and the Minister of Children and Youth Services, as well as myself and a number of other ministers, are part of the poverty committee. With respect to internal-to-the-ministry discussions, I presume they've had those. Peter?

Mr. Peter Wallace: Senior officials in all of those ministries, cabinet office and others would of course be communicating in support of the government's poverty agenda.

Mr. Michael Prue: Has there been any discussion about a down payment or when that down payment might be realized? Is it in the next fiscal year?

Hon. Dwight Duncan: What the Premier has indicated and I've said is that we will—in my last budget, the March 2008 budget, we raised the child benefit. We have indicated publicly the funding for a dental program is included in the budget. It has not been taken out. In addition, we have also, as part of our work, looked at a whole range of strategies. But there have been ongoing discussions around cost and implementation. What both the Premier and I have indicated is that we will proceed

with implementation, perhaps not as quickly as we would like or others would like, but we will proceed with implementation. Once the plan is completed, once Minister Matthews has made the public aware of that, then we will proceed to begin implementation.

Mr. Michael Prue: It's fair to say that the dental plan monies have not been taken out, but I don't believe they've been spent, either.

Hon. Dwight Duncan: There's been enormous work going on with public health units and others with respect to how to set that up and how best to serve the need. I'm not sure when there will be an announcement, but it is, as I say, the government's intention to proceed with that.

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Mr. Michael Prue: There are less than five—well, there are five months and two days, not less than five, till the end of the fiscal year. When do you anticipate that expenditures will be made on the debt or on poverty initiatives—

Hon. Dwight Duncan: Well, expenditures have already been made in terms of the preparatory work that will go into setting up a program of this order of magnitude. I'm going by recollection, but there have been a number of consultations within government involving a range of stakeholders, as well as some preliminary work done on budgeting and so forth, so there is a lot of work going on. I think the question you're driving to is, when will these public services be available? I don't have an answer to that, but I'll endeavour to get back to you with as good an estimate as I can give you.

Mr. Michael Prue: Okay, because I'm trying to remember the figure, exactly—was it \$50 million or \$100 million that was going to be spent on this? I'm just trying to figure out—I know that a few dollars may have been spent in preliminary work, but how many dollars have actually been spent on fixing teeth?

Hon. Dwight Duncan: There have not been dollars spent on that yet. Our undertaking was to implement the program over the course of our mandate. I can tell you we've made good progress in terms of getting to the point where the public service will be available. We want to make sure we get it right, we want to make sure that the public funds that are allocated to this make their way to those people who require the services.

Mr. Michael Prue: Okay. My next questions relate again to poverty, and they may not be possible to answer, so if they're not, please feel free to give me a response later.

ODSP recipients who work have 50% of their earnings deducted from their monthly income support. If this clawback rule was not in place, how much money in total would flow to ODSP recipients, i.e., how much is the treasury taking in in terms of a clawback? You can put it either way: how much you're taking in in terms of the clawback or how much more would flow to ODSP recipients if you didn't do it.

Hon. Dwight Duncan: We'll have to get back to you on that, Michael.

Mr. Michael Prue: All right. The next question is similar: Do you have statistics on the number of ODSP

recipients who are developmentally delayed? I don't have a definition for that, but I would like to give an example of some young people—I see them as young because they're younger than me—who work in a place called Common Ground and another group who work in a group called Lemon and Allspice, where they prepare meals and treats that they sell. They work and they get the money; they are paid to work in that establishment. They are all recipients with developmental delays, and they have the majority of their wages clawed back so that they get the \$999 a month from ODSP and the work that they do largely goes unrewarded, except for the good feeling they have of going to work every day.

My question again is, do you have statistics on people who are developmentally delayed, and if the clawback rule wasn't in place, how much additional money, if any, in total would flow to developmentally delayed ODSP recipients?

Hon. Dwight Duncan: I don't have those statistics with me. If they're available, we'll get a response for you.

Mr. Michael Prue: The next question is similar again: Ontario Works recipients also face reductions or clawbacks in benefits when they have employment earnings. If benefits flowed to Ontario Works recipients without regard to employment earnings, how much additional money would flow to Ontario Works recipients? I'm thinking here about, say, a single mother who from time to time might get a job babysitting, because she's at home with her kids and might take in another child during the day, and has to declare that as income. How much money is the government clawing back from Ontario Works recipients, and the alternative: How much money would it cost if you did not claw them back?

Hon. Dwight Duncan: We'll get you those numbers. I would like to say to the broader question—and that is what Roger Martin, in his last report to the government, talked about, the marginal effective tax rate on the lowest-income individuals. I can tell you as part of the work of the poverty reduction committee, we are looking at a number of rules around the welfare system, whether it's ODSP or OW, in terms of what those rules do to constrain people from getting out of poverty or constrain them from being able to advance more quickly. So we're looking at a range of those things. In terms of the dollar amounts associated, as I say, we'll provide you with that. The other issue we look at too is assets—the amount of assets people can hold.

These are all the sorts of issues that the poverty committee has been looking at and we'll have more to say about, as I think the minister has indicated, in December.

Mr. Michael Prue: The reason I ask this, and I'll be very blunt—I'm asking about three groups. But the one that most seems unfair to me is that people with developmental delays, people who get \$999 a month, or the equivalent of \$12,000 a year—were they to keep or be allowed to keep \$600 a month, or \$7,200 a year, that would bring them to the poverty level. When we claw that back, what we're saying, in effect, is: "If you are born with developmental delays, you are destined to a

lifetime of poverty. You can never get out of it, even if you work."

What I'm trying to find out is how much—and I realize you're going to answer this, but I just want to put it on the record—it would cost the government to free up literally thousands or tens of thousands of people who could earn, or might realistically be expected to earn, \$600 or \$700 a month and actually, for the first time in their lives, be free of poverty. How much would it cost the government? I understand that you've already answered it, but that's the rationale behind this.

Hon. Dwight Duncan: I think you would find agreement among probably all of us in the political world that all of us want to do what we can to alleviate poverty, to help those who need our assistance. We're going to differ on method. But I think the government is very sensitized to the issues that the welfare rules impose on recipients. One of the government's major initiatives that deals with the marginal effective tax rate, not just on ODSP and OW recipients but also on the working poor, is the Ontario child benefit. The effect of that benefit is to reduce the marginal effective tax rate on the lowest-income people in our province. That constitutes an important response. But we will provide you with the response to the questions you asked.

Mr. Michael Prue: The next question is similar again, although slightly different. As part of a restructuring package in July 2008, the government reduced the basic needs allowances for Ontario Works and ODSP recipients. Some would call this a clawback. If this basic needs allowance or allowances were not reduced, how much additional money would flow to Ontario Works and ODSP recipients, or, in the alternative, how much money does the government realize in total dollars from enforcing this clawback?

Hon. Dwight Duncan: I'm not sure I would agree with the premise of your question. I don't think any steps that the government has taken over the course of its entire mandate would constitute a clawback or a reduction of benefits. So it's difficult for me to respond in that way, but I'll endeavour to get up to speed with respect to what you've raised. It certainly is not my view that we have, in any way, shape or form, reduced benefits.

Mr. Michael Prue: Then the minister thinks that in July 2008 the government did not reduce the basic needs allowances for Ontario Works and ODSP?

Hon. Dwight Duncan: I think what happened was a restructuring of the benefits and the components. The net effect was that people were not affected. But again, I'd have to defer to my colleague the Minister of Community and Social Services. I'll endeavour to speak with her and have a more fulsome response. Others have not characterized the changes that you have referenced in the way you've characterized them.

Mr. Michael Prue: I guess maybe I see the world from different-coloured glasses.

Hon. Dwight Duncan: You certainly do.

Mr. Michael Prue: Okay. Next question; again, also similar but different. This year, the government also cut

the winter clothing and back-to-school allowances to social assistance recipients. I realize that there were other monies that flowed, but you did cut the winter clothing and back-to-school allowances to social assistance recipients. The back-to-school allowance is \$73 per child under 13, or \$143 per child over 13. The winter clothing allowance is \$111 per child, irrespective of age. If these allowances weren't cut, how much more funding would flow to recipients?

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Hon. Dwight Duncan: Again, I would not characterize what happened as a cut. As you did indicate, monies flowed other ways. Again, those questions—I will have to speak again to my colleague the Minister of Community and Social Services about precisely the changes that were made, how money was flowed in other ways and what that meant in terms of direct impact on beneficiaries.

Mr. Michael Prue: Changing the line of questions, and I'm hoping and looking forward to these, when do you anticipate that last group of questions might be answered—the next day we're here, or might it take longer?

Hon. Dwight Duncan: That may take a bit longer, because those are really questions that are appropriate to another minister, but I will endeavour to—

Mr. Lou Rinaldi: Chair, on a point of order: In the past, and I'm just looking for a ruling here, questions that fall under other ministries—right now, we're dealing with the Ministry of Finance and I'm not so sure if the specific question as to the number of recipients and so forth is a direct responsibility of the Minister of Finance.

I would hope, if the Minister of Community and Social Services comes before this committee—I'm not sure of the schedule; I don't have it in front of me—that those questions should be addressed to that minister. I think they are quite specific, sir.

Mr. Michael Prue: On the same point of order: The Minister of Finance funds every single ministry. I asked that question, my very first one yesterday, and it was agreed that the Ministry of Finance funds and looks at the expenditures of each ministry, determines which ministries are going to get which monies, determines whether or not the ministries are going to get the full allocation they're requesting or less, and helps to determine and monitors with them how those expenditures are spent.

It seems to me that if this Minister of Finance does not have the information directly—and I acknowledge he may not—certainly, it is within his purview to find that out from his colleagues.

The Acting Chair (Mr. Bob Delaney): As you acknowledge that the Minister of Finance doesn't have the information directly, it might be, in the circumstances, more germane if you raise the matter with the applicable ministry, when and if they come to estimates.

Mr. Michael Prue: Well, the Minister of Finance is before us, and he has said he will endeavour to find that information. I don't know why the government member doesn't want the minister, who has agreed already to find that information out, to do so.

The Acting Chair (Mr. Bob Delaney): What the Chair would propose on this one is that, as the minister has given you an undertaking, perhaps the minister should honour the undertaking. The Chair would suggest to you that if you wish to raise a question pertaining to the spending or the estimated spending of a particular ministry that is not the Ministry of Finance, perhaps you might raise it when that ministry comes before estimates.

Mr. Michael Prue: Well, those would be the end of my questions for community and social services, in any event. I will try to bear that in mind when I relate to other ministries, because government is complex and the Minister of Finance ultimately controls the purse strings of each and every ministry.

Hon. Dwight Duncan: Chair, if I might? What I can tell the member is that, again, I'm quite certain that the government would not agree with your characterization of steps that have been taken, so it's difficult for me to respond to that. I will speak to my colleague.

I can tell you that general welfare benefits—the ODSP and the entire expenditure line on community and social services—have gone up. In my last budget, we raised benefits 2%. We've raised them in each of our last three or four budgets. So, from the question of the Ministry of Finance's response, those are the salient numbers. But again, I am curious to hear from my colleague the Minister of Community and Social Services. I know the creative efforts that ministry would have made to deliver this money in a better, more efficient way that sees to it that recipients would, hopefully, benefit overall from the changes.

The Acting Chair (Mr. Bob Delaney): Thank you. In looking at the clock, I have to move the rotation to the government.

Mr. Phil McNeely: Thank you, Chair, and Minister.

Municipalities and their infrastructure priorities benefited from the Investing in Ontario Act this year. My municipality of Ottawa—I think it's \$77 million that they're looking forward to receiving. How was infrastructure chosen as the beneficiary of this Investing in Ontario Act?

Hon. Dwight Duncan: There were a range of factors that went into the decision-making, Phil. The first is priority in this time. All levels of government have acknowledged what I would term the "infrastructure deficit." We had better-than-anticipated revenues last year. We chose to invest those in paying down debt, and also the \$1.1 billion in infrastructure investments that are going to our municipal partners.

Part of the challenge you have when you have a surplus in any given year—some folks kind of think it's like at home: If you've got a little extra money, you put it in the bank and use it down the road. We could have applied all of that money to pay down the debt last year. Instead of that, we applied about \$600 million to the debt and decided to help pay down some of the infrastructure deficit.

Because municipalities are not consolidated on the provincial books, that allowed us to flow the money to those municipalities. What the Investing in Ontario Act

did was set up a trust so the money could be held until the next year, even though it's against last year, so that we would have time to see if there would be any additional surplus. There was, so that trust was in effect set up.

The final numbers were finalized just before the release of public accounts, and so once that was done and ready, then the Premier announced at AMO the total amount, and those monies are now being allocated, essentially on a per capita basis—there are a couple of minor modifications—to municipalities. I would anticipate that those municipalities would be in receipt of the money probably within the next two to three weeks.

Mr. Phil McNeely: Minister—they got a big snow-storm in Ottawa today—how are we going to ensure that those dollars go to infrastructure?

Hon. Dwight Duncan: The municipalities give us an undertaking. Again, we have tried to build partnerships with these municipalities. We have report-backs associated with it, we have the right to independent verification and audit, and we have the right to recover funds if they don't. We had a lot of money in my last budget that was allocated, the MIII money, which I know Ottawa received a good portion of. As I've travelled the province, I've had an opportunity to look at a number of the projects that are in progress now.

One of the reasons we chose municipalities, too, which I didn't go into earlier, was they actually have projects that are ready to go. The engineering is done and environmental assessments are in place, a whole range of things.

We saw the challenges in the economy; we've been dealing with them really for some time now. We certainly didn't see what's transpired on world financial markets, but because of what had been going on in manufacturing and forestry, because of the state of the US economy, we were anxious to see projects that we knew could be in the ground and under way this year. The MIII money, you'll see that in communities across Ontario. I would assume that the money that's flowing next week—we probably won't see a lot of construction until the construction season resumes again. But again, we have all the normal checks and balances in place, and that includes reporting mechanisms that satisfy the Provincial Auditor.

Mr. Phil McNeely: Thank you, Minister. Amrit, you wished to ask some questions?

Mrs. Amrit Mangat: Minister, as we all know, the global economy is going through challenging times. Ontario has been hit hard, but I have good news to share with you. In my riding of Mississauga–Brampton South, there are companies, such as 6N Silicon and 2Source, that are doing well and they are creating jobs. During these challenging times and in the past five years, our government has created 550,000 net jobs.

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I had the chance to tour these companies. I met with the presidents of these companies. The question they were most talking about is their taxes, that if their tax burden can be reduced, they can invest that money in

research and innovation and they can further help in creating more jobs.

My question to you, is what is the government doing to alleviate the tax burden on the manufacturing and resource-based sectors?

Hon. Dwight Duncan: We've taken what I would call a strategic tax cut approach to the question you've raised. Back in 2004, we laid out a path for the elimination of the capital tax. The capital tax isn't a well-understood tax. Frankly, it's a bad tax and it's a disincentive to businesses to invest. The business community has told our government repeatedly that that was their priority for cutting. So we did that. We had originally programmed it over a seven-year period of time. We have since accelerated the period for elimination—in fact, have eliminated it—and made it retroactive for manufacturers in my fall statement last year. That put \$190 million right into the hands of manufacturers.

You pay the capital tax whether or not you're making money. The Conservatives have called for a cut in the general corporate tax rate. That won't benefit a number of manufacturers and others in the sectors that are struggling, because, again, you only pay those corporate taxes if in fact you're making money at any given time. Our desire was to get that money out the door and into the hands of these businesses.

The NDP have advocated a credit, which was advocated by a number of others. It's a very worthy alternative. It's something that I think we have to look at seriously. The reason we chose to do what we did was, the implementation of the credit that the NDP has advocated—money still wouldn't have flowed because, first of all, you have to go through your fiscal year. You have to determine whether you make money or lose money, and the Canada Revenue Agency would actually administer it. So the time lag from when we made these steps to when the money would actually flow to these businesses probably still would not have happened. Probably they wouldn't see any money till next year, even if we'd done it a year ago.

I still think it's a worthy idea. It's been advocated—I just had a chat with Ken Lewenza at the CAW, for instance, and some others. It's worthy of serious consideration. So we focused on that.

The other one we've done is the business education tax, lowering and equalizing it across the province. Again, that was scheduled to be phased in over a period of time. We've shortened that period of time. In fact, in my last budget—we've already taken it and fully implemented it in northern Ontario. Again, that was a recommendation of the Canadian Federation of Independent Business.

I think the final piece I would say is that we also increased the threshold to be eligible for the small business tax rate, which is a considerable savings for small business. Again, it was at the behest of a number of small business organizations. It was well received by those communities and allows more businesses to qualify for the lower tax rate for small businesses. Also, we changed

the amount of income you require over time to allow them to stay qualified for it longer. Again, that was in response to a number of organizations—the chamber of commerce, the CFIB and others.

Mrs. Amrit Mangat: Are there other programs in place to help the manufacturing sector?

Hon. Dwight Duncan: We have done a number of programs over time. We've been doing it for five years now. AMIS is a good example. We have loan commitments of \$90 million, which have generated more than \$880 million in new investments. These investments have retained or created 4,000 jobs. We had something called Oasys; \$500 million towards the automotive sector, which leveraged \$7.5 billion in new investments in Ontario. All of the Detroit Three, Toyota and Honda have benefited from that.

In spite of the challenges in the automotive sector and the very real issues we're confronting today that, frankly, are beyond anything that anybody contemplated even several months ago, those programs have helped better prepare both the assemblers and those who supply them with flex manufacturing capacity and so on, and better prepare them to accept new product mandate in the future. Again, we have the Next Generation of Jobs Fund, which is a \$1.15-billion fund. We've got a bit of money out so far for that. It's a relatively new fund. We'll continue to make investments, not just in automotive but across a range of sectors. A portion of that fund is being administered by my colleague the Minister of Research and Innovation, a portion by the Minister of Economic Development and Trade. Those initiatives are designed to encourage new investment and retain existing investment here in Ontario.

Mrs. Amrit Mangat: Is there any other program our government has to help the auto parts industry?

Hon. Dwight Duncan: Those are the main programs, but through economic development, through a range of other ministries—skills training, for instance; we do a lot of work on the skills training side—we provide a lot of opportunities and work with the automotive industry, with the CAW and with the parts folks as well in terms of helping ensure that our automotive sector can continue to be competitive.

We're watching very closely what's going on right now in Washington, in terms of the negotiations according to media reports—we don't have any inside track with these negotiations that are involving the government of the United States, General Motors and Chrysler—it would see the merger of General Motors and Chrysler. There's enormous concern around the implications for the industry, both in the United States and here in Canada. Of course, when you say "Canada" in the automotive sector, you're certainly speaking about Ontario.

We watch that very carefully. We'll see where this goes. My colleague Michael Bryant, myself and others in the government have been in pretty close communication with the industry, with the parts industry and with the unions. We'll watch that very carefully.

Mrs. Amrit Mangat: Has any auto parts industry approached your ministry for help or something?

Hon. Dwight Duncan: Oh, yes. In fact, this week I had a letter from the Automotive Parts Manufacturers looking for loan guarantees. We've done that in the past. We haven't responded to their specific request. We have engaged a dialogue with them over time.

The final point I would make is what is absolutely essential is that the federal government take the lead, the way it is in the United States. It is the Bush administration that is involved in these discussions with Chrysler and General Motors. We need the federal government to take the lead on this file as they've done in the past.

There's a long history of government involvement with the sector, going back to the Auto Pact. I was a young staff person working for the Minister of Industry at the time of the Chrysler loan negotiations, where the governments of Canada, the United States and Ontario provided loan guarantees to Chrysler Corp. at the time to prevent insolvency. Those loan guarantees were never executed; that is, Chrysler never actually borrowed the money. They were removed, I think, four years ahead of schedule. The people whose jobs and investments were protected—the plants continue to pay taxes and employ people, even in this challenging time.

We have to be cognizant of the important role the federal government plays, especially when the government of the United States is involved. We'll watch very carefully, and I've asked formally—I'm scheduled to speak with Mr. Flaherty; we're trying to line up the time. The finance ministers of Canada will be meeting on Monday next, but my advice to the federal government is that they need to take a leadership role in an industry that is extremely important.

In your community and my community, when you talk about Chrysler and General Motors, you're talking Windsor, you're talking about Brampton, you're talking about St. Catharines, you're talking about Oshawa, you're talking about Etobicoke, you're talking about a number of communities in between with suppliers and so on—you're talking about the leading contributor to GDP. We simply cannot just sit back and watch. We have to take, in my view, a more active role, and given that the government of the United States is involved, as a provincial government—we can't go directly to the government of the United States, but my hope is that our federal counterparts will recognize the significance of the industry to Ontario. Again, it comes back to what the Premier has been saying about how southern Ontario is the only part of the country that doesn't have a regional economic development fund that the federal government is involved in.

1650

Mrs. Amrit Mangat: Thank you, Minister. I think my colleague Kevin has a question.

Mr. Kevin Daniel Flynn: Challenging economic times often bring around a discussion about tax cuts. You'll get a few opinions on that. Some think we should have more; some think we should have less. Ontarians look to you to be the person who strikes that balance when decisions like this have to be made. I just wonder if

you could offer some opinions to the committee as to how you think the proposals that you've outlined strike the balance that Ontarians are looking for, allowing for the provision of public services yet having fair and competitive taxes.

Hon. Dwight Duncan: We have taken an approach to taxes that has strategic, or targeted, corporate tax cuts for the reasons I outlined earlier. By the way, our tax rates, in spite of what some say, are still very, very competitive. The federal government is now at a 19% corporate tax rate, and we're at 14% and 12%. They'll get theirs down to 15%, they say, by 2012. So we think that our corporate tax rates are fair and competitive. They're certainly below all—all—of our competitive US jurisdictions.

I don't know if you've been following the presidential election in the United States. Both McCain and Obama have talked about corporate taxes. McCain has talked about the US having a high corporate tax rate, combined, of 38%. So, given the circumstances and given our desire and how we wanted to proceed, and based on the advice that we had from the corporate sector here in Ontario, we chose the capital tax and the business education tax. By the time they're fully implemented, those reductions will be \$3 billion in tax cuts. We're already at \$1.5 billion. We balanced that against the need to pay down debt and the need to invest in things like infrastructure. We think that we have the right balance, and we'll continue to—

The Acting Chair (Mr. Bob Delaney): This is your two-minute warning.

Hon. Dwight Duncan: We'll continue to monitor that.

The one thing we won't do is borrow money for tax cuts, okay? It just compounds the problem. We see now the deep, deep deficit position and challenges that the government of the United States and other states face. We believe that the choices we've made are manageable within the context of all of our needs. We have a deficit in infrastructure. We have a deficit in education. We've had deficits in health care. There's more to be done. Obviously, we've had to slow down some of those new investments because of the financial situation, but the \$1.5 billion in targeted tax cuts we believe were the right cuts when they were needed.

In the case, particularly, of the capital tax, Amrit and I had the opportunity to be at Honeywell this summer, and we brought them a cheque I think for a rebate of \$600,000, which the president of the company indicated they'd be investing in employment and new machinery at the time. Manufacturers and others were receiving those cheques throughout the summer, and we thought that that was the most appropriate way to get money into those sectors that are particularly challenged right now.

The Acting Chair (Mr. Bob Delaney): Thank you, Minister. That basically takes you to the limit of your time. Mr. Hudak.

Mr. Tim Hudak: Just a couple of more agencies that fall under your ministry: I wanted to check again the number of FTEs from the fiscal year 2003-04 to this fiscal 2008-09 and any additions to the sunshine list. I

think I missed the Ontario Electricity Financial Corp.—I'm not sure any folks are actually working there, but I'll ask the question nonetheless—and the Financial Services Tribunal.

I had a couple of questions about Bill 114—I'm not sure if there are some folks from legal who can answer these off the top of their heads—specifically schedule U. The Taxation Act, 2007, is amended under schedule U of Bill 114 currently before the assembly. Schedule U is maintaining the dividend tax credit for Ontario purposes at 7.7% despite a decrease in the federal dividend tax credit under the Income Tax Act of Canada. So basically the federal government made an improvement in the dividend tax credit and you're not changing it. Can you explain that to me?

Hon. Dwight Duncan: I'm going to ask one of my officials to explain that, Tim.

Mr. Tim Hudak: No problem.

Hon. Dwight Duncan: Steve?

Mr. Steve Orsini: Steve Orsini, assistant deputy minister, office of the budget and taxation. When the federal government moved to integrate the personal and corporate income tax system, they brought a dividend tax credit into place. We paralleled that, but phased it in over several years. We tied ours to the federal dividend tax credit because we're harmonized with their system. As a result of their planned corporate income tax cut, they're adjusting their dividend tax credit, so we have to adjust ours linking up to theirs to keep ours steady. Does that make sense?

Mr. Tim Hudak: I think so. So we kept ours steady, but should we—

Mr. Steve Orsini: Because ours is tied to the federal dividend tax credit that's being reduced. As their corporate income tax rate falls, they don't have to have a large enough dividend tax credit to integrate the system. So we have to adjust ours to keep it steady because theirs is falling down and we're tied to them.

Mr. Tim Hudak: Right. But you say it would keep ours steady in terms of the revenue that comes in?

Mr. Steve Orsini: In terms of our target rate; we're still phasing it in so our dividend tax credit is increasing, but we have to make adjustments because ours is tied to theirs and theirs is declining.

Mr. Tim Hudak: Okay. The other part is—maybe Mr. Orsini can respond to this too—schedule U increases the income threshold to \$24,300 in the calculation of property and sales tax credits for seniors.

Mr. Steve Orsini: Correct. As the federal government has increased old age security and other seniors' benefits, we ensure that our property and sales tax credits max out as their incomes tied to the federal programs increase. So this is just to ensure that they can still benefit from the maximum property and sales tax credit tied to higher income levels, tied to the federal programs. When we announced it in the budget, we said it would be a \$1-million cost this year, then \$5 million on an ongoing basis. We had to wait until the federal government actually set their rate, and that happened in the summer.

Mr. Tim Hudak: Okay. So you're increasing the ceiling.

Mr. Steve Orsini: The ceiling, so that when you claim your property sales tax credit you benefit fully.

Mr. Tim Hudak: So no seniors will be falling off this?

Mr. Steve Orsini: They won't be falling off as a result of higher federal payments.

Mr. Tim Hudak: Thanks for clarifying, I appreciate it. Schedule O is this other one—

Hon. Dwight Duncan: I guess you could think of that as a tax cut.

Mr. Tim Hudak: Just the way it was written, I was worried that seniors were falling off, but I appreciate Mr. Orsini's—

Hon. Dwight Duncan: The government's made sure we looked after this, too.

Mr. Tim Hudak: Schedule O, the Ontario Capital Growth Corporation Act, 2008, under your bill, Minister—I'm not sure if that particular agency is going to fall under the Ministry of Finance or if it's the Ministry of Research and Innovation. Just by way of background—I know this is a thick bill—this is the agency that is going to administer and deal with the interests of the government of Ontario in the Ontario venture capital fund you launched in 2007. Does it fall under finance, or—

Hon. Dwight Duncan: That falls under research and innovation.

Mr. Tim Hudak: Maybe I could ask you this. You—

Hon. Dwight Duncan: And I should point out that it's a governance function. We've actually engaged TD to manage the monies on that particular fund. Gadi?

Mr. Gadi Mayman: Gadi Mayman, from the Ontario Financing Authority. Yes, that was set up with TD. There are four other private sector investors; the government is the lead investor with \$90 million dollars. The new agency that is being set up will be the one that is the government's representative as a limited partner; the general partner is TD Bank.

Mr. Tim Hudak: This was launched in 2007 with—was it \$80 million?

Mr. Gadi Mayman: It was \$90 million.

Mr. Tim Hudak: It was \$90 million in provincial funds.

Hon. Dwight Duncan: The government contribution in this is a total of \$205 million.

Mr. Tim Hudak: So who is advocating for the government's interests at this point in time?

1700

Mr. Gadi Mayman: The Ontario Financing Authority is the representative of the government until this new entity is set up.

Mr. Tim Hudak: So why don't we just continue with the OFA playing this role, as opposed to creating a new corporation?

Mr. Gadi Mayman: The new corporation is—this entity, or this project, should be under MRI because it's within their purview. We just didn't have an entity that would be able to do this at the time of the budget. We

wanted to move forward quickly with the setting-up of the project because the co-investors wanted to move forward on it. Therefore, as a stopgap measure, the OFA was put in place as the government's representative until a separate agency could be set up.

Mr. Tim Hudak: Okay. Has the venture capital fund made investments to date in firms?

Mr. Gadi Mayman: There have not been any investments made to date.

Mr. Tim Hudak: So the money is sitting in an account.

Mr. Gadi Mayman: There have been some start-up costs, which I think total around \$4 million, which have been paid out through TD, but there have been no actual investments.

Mr. Tim Hudak: For management of the fund?

Mr. Gadi Mayman: That's correct.

Mr. Tim Hudak: So if they've made no investments, how come they've spent \$4 million?

Mr. Gadi Mayman: These were the set-up costs. The process has been in place for, I think, close to two years now in preparing this.

Mr. Tim Hudak: Help me understand how those set-up costs could be \$4 million.

Mr. Gadi Mayman: This is the charge that is charged to us by TD as the general partner for the general costs that they have in order to prepare to set up the organization.

Mr. Tim Hudak: What has TD done for the \$4 million?

Mr. Gadi Mayman: I could get you more information on that.

Hon. Dwight Duncan: It's not unlike a fee you pay on a mutual fund and so on.

Mr. Tim Hudak: Which I'd appreciate if they'd made some exchanges, right? They haven't made a single investment yet.

Hon. Dwight Duncan: But there's a lot of preparatory work into these investments, and as you know, there's also an amount of risk associated with these investments. We have to make sure we get things set up properly. But we will get back to you on the specifics of what they've spent that money on.

Mr. Tim Hudak: Super. Thank you, Minister. I do appreciate it. Because it does, I think you'll appreciate, sound like a significant sum, if they've not actually made any particular transactions as of yet.

Mr. Gadi Mayman: I believe it's less than \$4 million.

Mr. Tim Hudak: Okay. Super. So through you, Chair, if you could get that information to the committee members, I would appreciate it.

The investors, then, are OMERS, Royal Bank, Capital Partners, the Business Development Bank of Canada, Manulife Financial. Do I have that correct?

Mr. Gadi Mayman: That's correct.

Mr. Tim Hudak: Do you know how much they've expended in the set-up to date?

Mr. Gadi Mayman: The first \$90 million comes from the province.

Mr. Tim Hudak: Okay. The goal, then, was to get an additional—I think my number's correct here. The goal was to get \$180 million in private sector investment to more than double the province's \$90 million. How much has actually flowed into the fund from the private sector investors to date?

Mr. Gadi Mayman: I believe \$135 million to—sorry, \$115 million to add up to the \$205 million.

Mr. Tim Hudak: They've flowed the money in?

Mr. Gadi Mayman: That money is committed. The same way as our money has not flowed yet either, it's just committed.

Mr. Tim Hudak: I want to make sure I'm following correctly. There's a press release that the ministry did—and I do apologize; I didn't check which ministry it was. I don't have who sent it out. There was some coverage—a Globe and Mail article I'm reading from. It says: "The government is injecting \$90 million into the fund and is counting on the private sector" for an additional \$180 million. This is Mr. Wilkinson, so I appreciate, Minister, it's not your ministry. I thought you might have some knowledge of it, however. It says that the four partners have invested a total of \$75 million. Has there been more—

Hon. Dwight Duncan: Well, that's increased since then.

Mr. Tim Hudak: It's increased since then?

Hon. Dwight Duncan: Yes, and our amount is committed; their amount is committed; and the corporation is being structured, the processes around how to administer the funds, and the decision.

I think what's important to remember here is that all the advice we've had—from universities, from business entities, financial institutions—is that Ontario and Canada do not have a good track record on venture capital. After numerous consultations and advice, we've been able to leverage now an additional \$125 million from the private sector, with a goal of \$180 million, which was the original goal, as I recall.

To be more specific—I just had a round table about three weeks ago with a number of firms that rely on venture capital—we are not good at commercializing. We're good at the research portion; we're not good at commercialization. This is designed to help that process along.

The total amount of money is a beginning, in our view, and when we compare ourselves, say, to the United States and other places where there are much larger pools of venture capital available, this is designed as a beginning.

So it takes time to get this set up appropriately. We have participation now from some very large organizations, who are very cost—I might add, particularly in this world, organizations like Manulife—is it OMERS or Teachers?

Interjection.

Hon. Dwight Duncan: Teachers.

Mr. Tim Hudak: No, it's OMERS.

But you know what, Minister? I appreciate your response. So \$125 million has been invested into the fund by the private sector, so there's another—

Hon. Dwight Duncan: Committed.

Mr. Tim Hudak: Committed, okay, and the goal is \$180 million. My concern is, it's been a year, so there have been expenditures of \$4 million in set-up. Then you have the Ontario Capital Growth Corp. that's going to be created, given that Bill 114 passes. So the OFA has currently been playing that role. How large of a corporation is this going to be? Are we creating a significant bureaucracy to play the province's role?

Hon. Dwight Duncan: No. We have partners involved with us who have a real eye to the bottom line, I think. Obviously, Tim, you don't think that this government does, but the partners we have do, and we do. I'll let Gadi respond in more detail to the size and so on.

Mr. Tim Hudak: What's the number of employees that will be there at the Ontario—

Mr. Gadi Mayman: I don't know. That would be under MRI.

Mr. Tim Hudak: In terms of your own department at the OFA, how many folks are currently playing this—

Mr. Gadi Mayman: We were just doing it from the resources we already have. There's no new resources that have been dedicated to this.

Mr. Tim Hudak: Okay. So again, I guess I wonder, if no new resources are required for the province to manage its funds—its funds are all into the kitty, so to speak—why do you need to create a new corporation and hire more people?

Hon. Dwight Duncan: My recollection is—and we'll get you the precise number—there's not going to be a whole lot of employees. It's a couple of people, a small number. But I'm going to have to get back to you on that.

Mr. Tim Hudak: Super. Thank you. And Gadi, thank you very much. I appreciate it.

I wanted to follow up on the discussion yesterday with respect to the risks to the contingency fund of some of the collective bargaining agreements currently happening. Some \$187.5 million has been taken from the contingency fund for the first round of bargaining with the teachers' unions. Now, that was with the Catholic teachers? There's still an outstanding agreement, right, with the—

Hon. Dwight Duncan: The Elementary Teachers' Federation is still bargaining, correct?

Mr. Peter Wallace: That's correct. It reflects the agreements concluded as of the time in which we locked down the numbers for the statement.

Mr. Tim Hudak: And to make sure I'm clear, that concludes agreements with which particular bargaining units?

Mr. Peter Wallace: I don't know offhand, but it would be the ones that were done at that particular point. So we can certainly get you that information.

Hon. Dwight Duncan: I believe it's the Catholic teachers and OSSTF, but let us just double-check.

Mr. Tim Hudak: Okay, so the elementary public teachers—

Mr. Peter Wallace: Are still outstanding.

Mr. Tim Hudak: So if they come in at the same level of agreement as their sister organizations, how much more will you have to go into the contingency fund?

Hon. Dwight Duncan: We don't know. We don't know what they're going to resolve at, but suffice to say, we believe we've built in enough in contingency, both in this year and into the out-years that we've already published, to cover those costs. Again, remember, the contingency identifies different types of risks. There's low risk up to high risk.

Mr. Tim Hudak: Okay. Let me ask you this, and I'll see if Mr. Whitehead wants to respond. I think he was responding yesterday to the questions. What's the relative size of the elementary public teachers relative to the other two units?

Mr. Peter Wallace: It is important in this context to remember that when we deal with the contingency fund, we don't only look at the particular allocation associated with teachers. Remember that in any labour agreement, there are a number of factors. There are productivity aspects to it, there are timing aspects and a variety of other elements. Obviously, we hold the size and rough allocation within the contingency fund very, very close to our chest, simply not to undercut our own BPS partners in their negotiations. That's been the practice for a considerable period of time.

Remember as well, this is an increase to a ministry's allocation. There are a number of factors that influence a ministry's allocation over the course of a year, as well as the specific labour agreements in place. So while we can and do track the notional size of settlements, and how those will not only work in terms of percentage but how that works in terms of the factors of the agreement, the actual draw on a contingency fund will be a function of a wide variety of other factors that are influencing that particular ministry's budget.

1710

Mr. Tim Hudak: Just to ask a simple question, I guess, in terms of the units remaining, so the elementary public teachers: What's the size of their organization compared to those I've already said—the OSSTF, or the Catholic teachers. This is about half of the cost, a third of the cost, the same?

Mr. Peter Wallace: That's a question that we will need to look back on and grab the information from the Ministry of Education.

Mr. Tim Hudak: I don't know, Minister, Deputy, if you have the expertise in the room, but certainly, it's a concern for my constituents with the state of the markets today.

In terms of the large public sector pension funds, what's the current status of—why don't we start out with HOOPP, given the state of the markets?

Hon. Dwight Duncan: With?

Mr. Tim Hudak: HOOPP, the hospital fund.

Hon. Dwight Duncan: I don't have that information. Is Bob here? What can you provide on that, anything?

What I can tell you is that we have not had representations expressing concern, similar to what you read about in the Globe and Mail, but one needs to assume, given what's going on in markets, that there are some fairly substantial challenges. Bob?

Mr. Bob Christie: I'm Bob Christie; I'm the superintendent of financial services. In terms of HOOPP, as you know, plans file their valuations at different times. I don't have with me the last filing that HOOPP did, but it may be somewhat dated as well.

Mr. Tim Hudak: Okay, I appreciate that. Do you have any information at hand with respect to any of the major public sector pension funds and how they've been impacted by the markets, whether it's OMERS, HOOPP, teachers, OPTrust?

Mr. Bob Christie: In terms of impact of the markets?

Mr. Tim Hudak: Yes.

Mr. Bob Christie: No, sir. We don't have that information. Of course, that, as you know, changes day to day.

Hon. Dwight Duncan: I should also say that none of those major pensions have made any representations to the government formally or informally with respect to concerns, but as Bob points out, they have filings, valuation dates and other factors like that.

Mr. Tim Hudak: Okay. Maybe I could ask this through the minister to Mr. Christie. We're back here next Tuesday and Wednesday. If you were able to check on this, this is obviously an issue that's going to concern a lot of constituents, members of the committee, members of my family, who would like to know the status of those pensions given the recent market losses that we've seen on the TSX—those large ones that I mentioned: teachers, OMERS, HOOPP and OPTrust.

I would ask, too—I think I've got about a minute or so left.

The Acting Chair (Mr. Bob Delaney): You've got exactly two.

Mr. Tim Hudak: Two—through you, Minister and/or Mr. Christie, on the auto insurance review: There was an expectation that we'd be hearing your report relatively shortly. When do you anticipate—I apologize; you already have. Have you given the minister your report on—

Mr. Bob Christie: No, I have not.

Mr. Tim Hudak: When do you anticipate that will be tabled?

Mr. Bob Christie: We expect and hope to do that before the end of the year.

Mr. Tim Hudak: Minister, do you plan on making that public?

Hon. Dwight Duncan: To the extent that I'm able to. I haven't done that before. Let me ask what the process is. Bob?

Mr. Bob Christie: This is the first of these reviews, Minister, so this will set the precedent. I don't think that there's any prohibition against it.

Mr. Tim Hudak: I don't see anything wrong with it.

Hon. Dwight Duncan: It is the first time. We like to operate with an eye to openness and transparency, subject to the opportunity to talk to the various stakeholders involved. I'd like to be in a position to make that public, yes.

Mr. Tim Hudak: Minister, do you have a time frame in terms of when you plan to bring legislation before the assembly in response to the auto insurance review?

Hon. Dwight Duncan: No, I don't.

Mr. Tim Hudak: In terms of the recent filings on auto insurance, Mr. Christie, what's the pattern that we've seen in the past month or so?

Mr. Bob Christie: We've been seeing a pretty consistent pattern. Because they're still under review, I'm not really in a position to talk about the most recent ones, but through the first nine months of the year, we have seen—and I think the information's on our website, but as a first-order approximation—that rates are increasing at roughly 1% per quarter.

Mr. Tim Hudak: In the first nine months of this year?

Mr. Bob Christie: The first nine months.

Mr. Tim Hudak: Some of the insurance companies have taken a hit on their investments in the current stock markets. Do you anticipate that they'll have an impact on auto filings in the future?

Hon. Dwight Duncan: I'll begin at a high level. I've stayed in touch with some of the largest P and C insurers. To this point in time, they haven't expressed what I would call any real angst beyond normal profits and loss. As I say, we have stayed in fairly close contact with them as all of the situations in the financial markets have unfolded. I'll just share that with you, and then Bob, you can—

The Acting Chair (Mr. Bob Delaney): I'm going to have to stop you. We're out of time on this rotation. Mr. Prue.

Mr. Michael Prue: This is a different topic; at least I think it's a different topic, because I've had to duck out a couple of times. It relates to Ontario Buys. According to the Ministry of Finance, Ontario Buys is a program that works with the broader public sector, such as hospitals, to reduce costs in the back offices and streamline the supply chains. Are there procurement guidelines in place through Ontario Buys and other government procurement programs to ensure that, to the degree possible, the public sector purchases products made in Ontario? In other words, is there a requirement that Ontario Buys buys Ontario?

Hon. Dwight Duncan: Deputy, did you want to—

Mr. Peter Wallace: We'll ask Dan Wright.

Mr. Dan Wright: Dan Wright, assistant deputy minister, BPS supply chain secretariat.

Thank you for the question. Currently, the answer is that there's a general requirement for value for money in how the BPS expends its funds, but currently, to my knowledge at least, and I guess I'm the person who's supposed to know, there's no specific requirement to buy Ontario.

Mr. Michael Prue: Has there ever been a requirement? I was not in the provincial government a number of years ago, but when I started municipally back in the borough of East York, and the municipality of Metropolitan Toronto, and later the city of Toronto, each one of those governments had a buy-local policy where we attempted—and I've belonged to all three over a number of years—to procure, wherever possible, goods and services made in East York, or later in Metropolitan Toronto, or Toronto, or Ontario, provided that they were cost-competitive within 10%. So we would buy goods made locally, provided that they weren't way over budget. Has there ever been such a policy in Ontario?

Mr. Dan Wright: I'm going to answer based on what I know, and I'm going to be careful here. I've been in my current position for three years, so my knowledge of the space would go back to January 2006.

To qualify my earlier response a little bit, our particular focus as a program is health care and education—school boards, colleges and universities. We are just starting to get to know the municipal space, so I should be clear that when I gave my answer earlier on, it didn't refer to the municipalities.

Your question specifically, as I understood it, was whether there are Ontario government rules. I'm not aware of Ontario government rules. Municipalities may have their own rules.

Mr. Michael Prue: I grant that. I'm just giving that as an example. Other levels of government have had those kinds of ideas for a number of years. Are you saying that Ontario has never had them?

Mr. Peter Wallace: I can answer the question. In the early 1980s—and I apologize for not knowing the date at which the formal policy was abandoned and under which government—there was, I believe, a 10% Ontario preference associated with a narrow range of expenditures associated with only the government of Ontario, and within the then Ministry of Industry and Tourism and later the Ministry of Industry and Trade there was a small secretariat whose function was to look at the procurement footprint of the government of Ontario. To the best of my recollection—and you'll understand that my recollection is a little hazy on this—that was not extended to colleges, universities, hospitals, municipalities or other areas. It was concerned primarily with a number of areas in which, frankly, we've greatly reduced our fiscal footprint. It was primarily looking at paper and a number of issues associated with that. It did not apply at the time, for example, to IT.

Mr. Michael Prue: But if we were, as a government, to adopt that policy and perhaps extend it to the MUSH sector—the municipalities, universities, schools, hospitals—the expenditures there, to my mind, would be about \$60 billion or \$70 billion a year. Is that how much that sector spends?

Hon. Dwight Duncan: The entire provincial budget is just a shade under \$100 billion, and 85% of that goes to our MUSH sector.

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Mr. Michael Prue: Okay.

Hon. Dwight Duncan: If I may, though, 85% of that is wages and benefits. So I think your figure is probably high.

Mr. Michael Prue: Okay. All right.

Hon. Dwight Duncan: Before your next question, Michael, if I may, just to respond a little bit: I have asked my staff to have a look at those procurement things. I'm also looking at, quite apart from whether there's a rule in place, how much do we actually procure locally; are we having success? Do local businesses have the opportunity to access government contracts? It is an enormously complex field, but I think the issue you're raising is worthy of looking at. I'm curious to know currently, of all the things the government purchases through its normal procurement functions, what percentage of that would accrue to Ontario businesses. My staff are working on that and hopefully we'll have an answer for you on that question fairly shortly.

Mr. Michael Prue: All right. Just so I can encapsulate this, there was a policy at some time in the 1980s but it was subsequently abandoned; we're not sure when—you can, I assume, find that out for me—and that at this time the government is looking at how much the MUSH sector is spending, exclusive of wages—I'm sorry; I was just trying to think on my feet here—

Hon. Dwight Duncan: I understand.

Mr. Michael Prue: —of the money. But obviously it would be in the billions of dollars in procurement, everything from textbooks to hospital supplies to rubber gloves to whatever. You name it; it would be a lot.

Hon. Dwight Duncan: The other thing to bear in mind too is drugs, and they would constitute, I assume, a fairly substantial purchase and they may not be available here. It's an enormously complex field, but you raise some valid questions. We'll certainly respond to the best of our ability.

Mr. Michael Prue: Has there been any call, other than my asking the question today, and I guess some of the things that have happened in the Legislature, from the manufacturing sector to have such a policy—I know that a policy that exists in many jurisdictions outside of Canada, a few in Canada—that we shop locally?

Hon. Dwight Duncan: No. In fact, some manufacturers are a little concerned that if we practise that type of policy, the product they export to places as divergent as Manitoba and Quebec and the US—that might cause them grief elsewhere. I personally have had no representations to the effect that you've asked. I quite often do get businesses, smaller businesses particularly, that will ask about how they get on to—what do you call that?—the preferred suppliers list, because they have to qualify. So I do get that a lot, but I've not had representations to me directly on the other side. I should tell you that I have had in the past others who have expressed concern that if we do that sort of thing, especially when they export—whether it's out of the country, other jurisdictions, other

provinces—if we were to pursue a policy like that, we'd have to be cognizant of that impact.

Mr. Michael Prue: The other day my colleagues—not my colleagues; my friends—in the Conservative Party raised the issue of sweater sales. I believe it was the RCMP or some level of police—

Mr. Tim Hudak: The OPP?

Hon. Dwight Duncan: I think it was correctional services.

Mr. Michael Prue: —Correctional services being contracted and given to Mexico as opposed to a supplier in Guelph. I stood, that same day, in the Legislature and talked about a very successful knitting mill in the former East York, although not in my riding now—it's in Don Valley West—called Dorothea Knitting Mills, which did a great deal of trade with the Americans but cannot do so anymore under the Sarbanes-Oxley Act. The United States says that all military equipment must be produced in the United States. I just give that as a couple of examples. If other jurisdictions are doing it, why do you think there will be a backlash against Canada? Obviously, other jurisdictions have acts in place that protect domestic supply.

Hon. Dwight Duncan: One of the biggest concerns that's been relayed to me, as finance minister and as a member of this government, is what a number of large manufacturers have called the “thickening of the border.” I can't answer for what the Americans are doing, but I can tell you about the angst that I have come across with respect to our ability to move goods into the United States. For a whole variety of reasons, there's great concern about that.

We are a trading people in Ontario. Large portions of our economy sell outside of the jurisdiction, so we have to be cautious in our approach, recognizing, in my view, and I don't disagree with you, that there are positive benefits to our trying to do business locally, just like we're encouraging our people to buy produce locally for a whole variety of good reasons.

Dan, can you add anything specifically to the question that was raised in the Legislature about those jackets?

Mr. Dan Wright: No, I'm sorry. Our focus is broader public sector procurement, and that sounds like that was an internal to government—

Hon. Dwight Duncan: That would have been the Ministry of Government Services, I suspect?

Mr. Dan Wright: Yes.

Mr. Michael Prue: Just in that same vein, and I guess to conclude, and I don't think you'll have the answer today, but if you could provide that for me later: What is the total value of government and broader public sector procurement? Can you separate that into goods and services for the procurement of goods, everything from MRI equipment to latex gloves? What is your best estimate of the percentage of that procurement from Ontario suppliers? I'm just trying to find out if we buy, say, just off the top of my head, \$10 billion worth of supplies a year, how much of that \$10 billion comes from Ontario suppliers and how much comes, I guess after

that, from Canada, and how much of it comes from abroad, if you can provide that?

Mr. Dan Wright: Right. We can certainly give you the first number. As the minister indicated, we've been asked to work on the second number to get better visibility to that.

Mr. Michael Prue: All right. I thank you, then. How much time is left?

Interjection.

Mr. Michael Prue: Oh, my God, I still have eight minutes. All right.

Hon. Dwight Duncan: We can take a break.

Mr. Michael Prue: Let's go to the next question I have, and that is year-end grants. The province has relied substantially on what you now refer to as fourth quarter investments. Dollars were sent out quickly before year-end so that they could be accounted during the fiscal year; this happened, I think, much to the last government's chagrin, before the election, around then-Minister Colle. Would you say, given today's economic conditions, that we will or will not have fourth quarter grants?

Hon. Dwight Duncan: First of all, a couple of things: The Provincial Auditor made a number of recommendations on that, and I believe they've all been implemented in their entirety. That was the other reason we set up the Investing in Ontario Act, so that there would be a clearly defined process for those unanticipated year-end monies. One of the alternatives, obviously, is that we could have chosen just to do all the auditor's recommendations, and then apply any unanticipated surplus to the provincial debt, or do what we chose to do instead, and that was to allocate a portion of the debt, and then any amount above that to a specified recipient as approved by the Legislative Assembly. With respect to this year, I don't anticipate that we will be in that position.

Mr. Michael Prue: In the year 2007-08 the government, much in advance, signalled an indication that the monies would go to municipalities. And indeed, \$1.1 billion, I understand—

Hon. Dwight Duncan: Some \$1.1 billion.

Mr. Michael Prue: —is flowing to municipalities.

Hon. Dwight Duncan: Yes.

Mr. Michael Prue: So you were very clear, when the bill was passed, that in the first year the money would go to municipalities and that each subsequent year another group, possibly municipalities, possibly someone else, would be chosen. I realize there may not be any money, but have you chosen the group for this year?

Hon. Dwight Duncan: No, we haven't. Again, I would venture to say that I doubt very much—and remember, the way the legislation is structured, because of the costs associated with the money going out: any amount over \$800 million, and we had chosen the \$600 million. Anything under \$200 million means that, depending on what you choose or how you choose to flow those funds—it would be very small amounts. So you had that gap between the first \$600 million, which we chose to apply to the debt, versus an amount that below

which really would not make a difference to a whole lot of people. That gave rise to that.

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The other thing that we chose was that these kinds of investments, obviously, are one-time in nature. The organizations we flow them to are not consolidated under the province's books. If you do that, if you flow it to someone who's consolidated—it would run down the surplus or run up the deficit, if they're consolidated into our books. But I don't anticipate, right at the moment, that we will be in a position next year to be doing that.

Mr. Michael Prue: Is there any plan in the upcoming budget, 2009-10, for earmarking a possible successor group, if there are funds left? I'm just trying to anticipate, not that you would know how much money there is, because you never would know until year-end, but it seems to me that a great many groups looked upon that bill that if there was money left over they would want to know whether they were going to be the possible beneficiaries. This year, you've not indicated any, and I understand the reason why. In the next budget, will you be indicating a group, whether it be schools or hospitals, or municipalities or—

Hon. Dwight Duncan: It may not be in the budget. I believe we can do that by regulation. I stand to be corrected, but I believe we do that by regulation, so it may or may not be in the budget.

We would clearly signal it, yes. At or around the time of the budget—I'm not sure. Remember, we wouldn't be in a position to know until the auditor signs off on public accounts, which would likely happen towards the beginning of August or mid-August of next year. So clearly, we would signal, but I can say right at the moment that my anticipation is that there won't be a surplus.

The Acting Chair (Mr. Bob Delaney): This is your two-minute warning.

Mr. Michael Prue: My next question is a rather long one. I think my next questions are going to take some time, so I will pass at this point, and I'll take it up when it comes back to me.

The Acting Chair (Mr. Bob Delaney): Okay. Mrs. Mangat.

Mrs. Amrit Mangat: Minister, I'm really delighted to share with all of you that the riding I'm representing has different types of businesses. Some produce solar panels, some produce airplane landing gear bushings, some are in information and technology, and others are pharmaceutical firms. I'm really delighted to share with all of you that while other parts in the manufacturing sector are facing crisis, these industries are doing really well.

Whenever I get a chance to meet them or they come to my community office, they always talk about this harmonization of corporate income tax collections. They say that it will reduce the cost and their paperwork, and they can use that time for certain other things in the expansion of their businesses.

Can you throw light on how it would help them if there is a harmonization of corporate income tax collection? They also know that our government has made a

move with the Canada Revenue Agency. How would it help them?

Hon. Dwight Duncan: We have, in fact, harmonized the collection of corporate taxes. I think this coming year is the first year that it's being administered. The Canada Revenue Agency will administer it. The estimates that we've been provided with are that this initiative will save \$90 million a year for businesses—that's the aggregate, obviously—and up to \$100 million per year in administrative and compliance costs.

This was something that was advocated by the business community—large business, small business. We moved to do it. It is, I think, the first step in the process that the Premier has been moving forward on in terms of reducing the regulatory burden of business. It's a very substantial step. It's enormously significant to all businesses and, as I say, we can put a dollar estimate to it. It was an enormously complex undertaking that, candidly, took the government somewhat longer than I think any of us had anticipated due to the differing natures of the federal corporate tax base and the Ontario corporate tax base. We were able to work with two different governments. Both governments were very co-operative in moving forward on it and we were able to do that. I think this year coming will be the first year that the harmonized collection actually happens.

Mrs. Amrit Mangat: So would it impact retroactively?

Hon. Dwight Duncan: I'm sorry?

Mrs. Amrit Mangat: Retroactively—it would start from the past years?

Hon. Dwight Duncan: No, it's just for this coming year.

Mrs. Amrit Mangat: Which year would it be?

Hon. Dwight Duncan: This coming year, 2009.

Mrs. Amrit Mangat: 2008-09? Or will it start in 2009?

Hon. Dwight Duncan: I think 2008-09, Steve? Or is it 2009-10?

Mr. Steve Orsini: The taxation years ending after 2008.

Mrs. Amrit Mangat: Then we can say it's from 2009-10, right?

Mr. Steve Orsini: That's correct.

Mrs. Amrit Mangat: My next question is about—as we know, we are going through challenging times. All of us know. Ontarians have always been good Confederation members, sending more to Ottawa than what we have been receiving, which is always less in transfer payments.

Let's take health: The federal government has recognized in their 2007 budget the inequity, but they said that they will not address this issue until 2014. That means my constituents have to wait another six years for more nurses, more doctors and service improvements, right?

Hon. Dwight Duncan: That's correct.

Mrs. Amrit Mangat: Similarly in employment benefits?

Hon. Dwight Duncan: Yes.

Mrs. Amrit Mangat: They are not treating us fairly. I will say it. Ontarians are not being treated fairly.

Ontarians have never raised these questions. They have always moved along, but now we are at a crunch time. We are going through different and extraordinary circumstances. That's why every Ontarian and lots of my constituents have asked me these questions: Why are we paid less whereas in other provinces the money is released right away? Why is the money not released right away to Ontario? Why doesn't the federal government do more to help Ontarians through these challenging times? What can they do and why are they not doing it?

Hon. Dwight Duncan: I think first of all, in fairness, Amrit, we have to acknowledge that it was, in fact, four governments of three political stripes, starting with the NDP government in the early 1990s, that began to speak quite loudly about the challenges that Ontario was faced with. Premier Harris's government member, Mr. Hudak, was one of the most eloquent critics of federal inaction in Ontario over the course of the Harris and Eves administrations. I do want to say, in fairness, I think all political parties in Ontario have acknowledged that.

There are a number of factors that have led to the situation that evolved in the early 1990s where it really started to be evident, everything from the impact free trade had on the east-west flow of goods and the traditional Canadian trade-off for protected markets and so on, through to a whole range of other things.

The four issues that the Premier has identified, and you have cited two of them—first of all, employment insurance. An unemployed worker in Ontario on average will receive \$4,600 a year less in benefits than an unemployed person in other regions or parts of the country. We think that's wrong. We think that, as governments in the past have done, they have to look at the regulations around employment insurance. What constitutes ability to qualify and so on? For instance, in my community of Windsor, we have the highest unemployment rate in the country, yet an unemployed person in my community will receive less money than in many other parts of the country where, in fact, the economy has not felt the same impacts as Windsor has. So that's first.

You referenced Canada health transfers. Those are over \$700 million per year less than other provinces. The federal government, to their credit, have acknowledged it. They're not denying that. They're not suggesting for a moment that it's not there, that that inequity does not exist. They acknowledge it and they've agreed to begin dealing with it in 2014. We think they should be dealing with it immediately and that it should be a priority. It would make it easier for the government of Ontario to enhance spending on health care, to provide other health services which would possibly free up money to do other things. Again, they have acknowledged it, and we have to acknowledge that and give them credit for acknowledging that, but we don't think it's acceptable that they should wait until 2014 before they begin to address it.

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Economic development: Some regions have federal ministers dedicated to regional economic development

initiatives in their area. The only part of the country that does not have that is southern Ontario. We do have a very small portion in northern Ontario, something called FedNor, and a minister gets responsibility for that. But, again, the southwestern Ontario and southern Ontario parts of the country, where so many millions of people live, such a huge portion of the Canadian population, is arguably struggling—certainly a number of sectors are struggling—and we think the federal government should have a regional development strategy for southern Ontario as well. Obviously, we would participate in that. We have something to do with that and we would welcome a partnership with the federal government. It's even more urgent today in your community, with Chrysler and the Brampton plant. It's even more urgent, given what's going on, that we have a federal partner that steps up to the plate, takes a leadership role, as the federal government has done over the course of the last 40 to 50 years, particularly in the automotive sector. So that's another one.

Infrastructure: When looking at even the Building Canada money, we are still receiving about \$970 million less than we should be, were we getting funding equal to what other provinces get. We signed an agreement. We're happy to do that to get the projects moving along and to get the money into Ontario communities, recognizing the state of the economy. But the advice I would offer the federal government is that they should be doing more for Ontario on the infrastructure file as well. That position has been advocated, by the way, by our municipal partners and others that we've worked with. I know Minister Watson today indicated that later this week he will be announcing the results of our provincial-municipal service delivery review.

Finally, the Toronto-Dominion Bank report dated September 29, 2008, in terms of the overall outflow of money versus what comes back to Ontario, pegged what they term the discrimination figure at about \$11.8 billion. That would represent more than 10% of our revenues. It would represent a little more than 10% of expenditure. It's a small portion of Ontario's GDP, but it's still a significant amount of money.

We will continue to try to build those partnerships. As a first order of business, we really think it's unacceptable for the federal government, particularly the federal finance minister, to suggest or otherwise say that Ontario is a bad place to invest; it's not at all. Ontario is still a very good place to invest. I think we're not hearing that so much any more, especially now that it looks like the federal government and other parts of the country are facing the kinds of economic challenges that we are, probably even more pronounced, given the boom-bust nature of the economies particularly in the commodities sector, and so on.

You raise a very valid point. Those are the points that we have raised with the federal government through our fairness campaign during the last federal election. Again, I applaud our friends in the other political parties who have endorsed resolutions of the House. Their governments, when they were part of the government of On-

tario, both took positions very similar to the ones we have. They identified certain other things, but I think this relationship between the federal government and the people of Ontario—not the government of Ontario, the people of Ontario—is extremely important.

Mrs. Amrit Mangat: As you have said, we are going through very challenging times, and the economy is very volatile. Why do you continue to push for a common securities regulator? I understand that other provinces are not in favour of this. How would it help Ontario?

Hon. Dwight Duncan: The Ontario Securities Commission regulates our capital markets in Ontario. Quebec has its own; other provinces have their own. We have, I think, 14 of them in Canada today. That, according to the folks who are in the capital markets, is unacceptable.

The other provinces have developed something called a passport system, which they believe achieves the goals that we and the federal government see as being important to the international marketplace. For instance, I think we're the only country with that kind of a—and it has a lot of historical roots in Canada, obviously. But the passport system does not make our regulatory system understandable to foreign investors. It's a very difficult, cumbersome system. We don't think it works.

This is an area where Ontario and the federal government are working together. We have the same position; we believe in a single, common securities regulator. We believe that one set of rules for the whole country is appropriate. We believe that will give a better flow of capital between Ontario and, in the broader case, Canada, and will give investors greater confidence in our ability to regulate our securities markets. So we continue to support a common securities regulator.

The federal government has a committee headed up by Tom Hockin right now that is scheduled to report to the federal finance minister, I believe, in December. We will look forward to his recommendations. We want to see what they are, obviously, before we can endorse them in their entirety.

I am more convinced than ever, as a result of recent events in world markets and the whole regulatory climate, that a common securities regulator is absolutely essential. You're seeing a movement led by President Sarkozy now around banks and common regulations, not only on a national basis but on an international basis. I just think that the time has come.

I applaud Minister Flaherty for the leadership he's taken on this issue. It's not an easy issue for a federal government to deal with. Quebec, obviously, has a very different point of view about these matters, as do some of the other provinces.

The passport system was designed to try to provide the benefits of a common regulator without having one. Frankly, I don't think it works. I think, in the current world climate, more than ever we need to move to a common securities regulator. I remind you: More than 70% of those capital markets are based here in Ontario, work through the Ontario Securities Commission—so we

are in an equal place in the passport system with Iqaluit. So, quite apart from the obvious efficiencies and benefits that have been well identified, it just doesn't make any sense for Ontario to allow the regulation of our capital markets to be so influenced by other jurisdictions.

Mrs. Amrit Mangat: Is there any timeline set for when you think we can achieve this goal?

Hon. Dwight Duncan: As soon as possible—but again, it's the old dilemma that Canadians have always been faced with. I think we are going to have to bring this to a head. The federal government will likely have to move. As a matter of fact, I'm going to be meeting with Mr. Hockin in the none-too-distant future to see where that panel is moving to. At some point, the federal government will probably have to act unilaterally. Depending on what the specific recommendations are and depending on what the specific legislative undertakings are, Ontario would likely support that, contingent that there's nothing in it that would prejudice Ontario in any way, shape or form. And we would likely support the federal government in defending any court action that might arise from one or any group of other provinces.

Particularly now, in light of all that has gone on in financial markets in the last eight to 10 weeks, I think it's absolutely more imperative than ever that we move on this, and move quickly.

Mrs. Amrit Mangat: Minister, do you have any information that that panel has consulted all the provinces? Is the consultation process over or is it still going on?

Hon. Dwight Duncan: My recollection is that the consultations are ongoing. They have been in fairly constant communication with the Ontario Securities Commission and others who have done work for us, including Purdy Crawford and others. I have not spoken with Mr. Hockin personally, but we are in the process of arranging that.

We just want to make sure that their recommendations—and I imagine they will likely recommend a legislative framework. Provided that there is nothing in it that does harm to Ontario, my hope is that we will be able to find our way to support it. So I'm looking forward to a briefing from Mr. Hockin and then his final report, and then of course the federal government's response to that report and whatever legislation they will bring forward.

Mrs. Amrit Mangat: Thank you, Minister.

The Acting Speaker (Mr. Bob Delaney): Mr. Flynn, if you can do it in a minute and a half, it's all yours.

Mr. Kevin Daniel Flynn: Yes, I can, I think. Very quickly—a short question, a short answer. Turmoil in the markets has probably got us all thinking about our senior years and retirement, RRSPs and investments. Some people in our society have already reached that level; they're in their senior years, they're on a low or fixed income. What specifically can you do for those people?

Hon. Dwight Duncan: Well, there is a range of things we have available. We're doing the seniors' property tax grant, which will begin next year—\$250 next year, rising to \$500. We already have a property tax credit in there for seniors. We have a number of programs and services, particularly—and the things I hear and I'm sure you do, Kevin, in your constituency, are things like home care, the aging at home strategy. There's a range of programs and services that are available to Ontarians that we endeavour to provide more of and in a better way. So we'll continue to make those investments. That's why we've chosen a modest, manageable deficit for this year, so that we can continue to offer at least what we are offering now. As I say, we're going to continue moving along with the property tax credit for seniors. It starts next year. It will start at \$250, rising to \$500, and that will help seniors. We'll continue to work with organizations as diverse as CARP and others around the issues of concern to seniors.

The Acting Chair (Mr. Bob Delaney): On that punctual note, you have exactly hit the end of your time, and we thank you.

Just to confirm, Mr. Hudak, you would like to have a full block of 20 minutes and not six now and 14 when we resume, right?

Mr. Tim Hudak: Yes, I prefer to do the full blocks.

The Acting Chair (Mr. Bob Delaney): Okay. Then, committee, we are adjourned for today. We will reconvene on Tuesday the 4th at 9 o'clock and at 4 o'clock, followed by Wednesday the 5th at 4 o'clock. The usual committee subpoenas will be delivered to you by the pages. Adjourned.

The committee adjourned at 1751.

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