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## **Official Report of Debates (Hansard)**

**Tuesday 23 November 2010**

## **Journal des débats (Hansard)**

**Mardi 23 novembre 2010**

**Standing Committee on  
Estimates**

Ministry of Economic  
Development and Trade

**Comité permanent des  
budgets des dépenses**

Ministère du Développement  
économique et du Commerce

Chair: Garfield Dunlop  
Clerk: Sylwia Przewdziecki

Président : Garfield Dunlop  
Greffière: Sylwia Przewdziecki

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Hansard Reporting and Interpretation Services  
Room 500, West Wing, Legislative Building  
111 Wellesley Street West, Queen's Park  
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111, rue Wellesley ouest, Queen's Park  
Toronto ON M7A 1A2  
Téléphone, 416-325-7400; télécopieur, 416-325-7430  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 23 November 2010

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*The committee met at 0903 in room 151.*MINISTRY OF ECONOMIC  
DEVELOPMENT AND TRADE

**The Chair (Mr. Garfield Dunlop):** We will call the meeting to order. We are resuming consideration of the estimates of the Ministry of Economic Development and Trade, vote 901. There's a total of four hours and 50 minutes remaining.

When the committee adjourned at the last meeting, the minister had up to 22 minutes remaining for a reply. We will now continue with the ministry reply. After that, the time will be apportioned equally among the three parties, starting with the official opposition.

Minister, you have up to 22 minutes to reply. Regardless, we're not going to get the full four hours and 50 minutes today. We are finished today.

**Hon. Sandra Pupatello:** Can we ask for some extended time?

**The Chair (Mr. Garfield Dunlop):** Maybe you could ask in the House for unanimous consent. We could even go into this evening, if you wanted to.

**Hon. Sandra Pupatello:** I'm game. We might miss the firefighters' reception, but—

**The Chair (Mr. Garfield Dunlop):** Okay, Minister, welcome to the committee, and to the staff of the ministry. You have 20 minutes.

**Hon. Sandra Pupatello:** Thanks so much, Chair. It is good to be back.

As I recall, when we wrapped up last week, we were in our rebuttal to the comments being put forward by the NDP. He had indicated some interest in a number of sectors. The lion's share of them fall within another ministry of the government, and we've appropriately advised those ministries that we would forward those questions or commentary that he had put forward and see what response they might provide. He had indicated items around mining, for example. Where there is some overlap, we were happy to comment regarding the activity that we've had.

In mining, for example, the world's biggest mining conference is in Toronto every March—the PDAC conference, it's called. MEDT has a strong role in this event, in that we play host: We host special receptions for certain countries of interest, where we have an interest in extending our activities in those markets. There are a

number of missions that we're on where there will be some part of our time spent either meeting with mining companies—like Grupo México, when we spent in time in Mexico; and in India, where we spent meeting with the Minister of Mines to discuss legislation that would be better for Ontario investment. So there is a lot of overlap in terms of our activity, and we wanted to assure members from both sides of the House that we are actively pursuing every opportunity when it presents itself.

Then he made a number of comments regarding the auto sector. This one is an area that I found particularly disturbing, mostly because we have spent so much time focused on the automotive industry and the manufacturing sector in general, because this was the sector that was the hardest hit during the world recession. But more importantly, it began back in 2001-02 as the American dollar started to fall against Canadian currency. Any of us who come from manufacturing jurisdictions in the province saw, as early as those years—and this is going back to the Conservative government of Ontario. I remember well the Minister of Finance at that time, Jim Flaherty, having to respond to questions that we were posing from the other side of the House related to what levels of support or interest was the government going to show to assist these manufacturers, who were already starting to see a tremendous struggle in volume drops at the time, as well as companies who were looking to other areas for import because, all of a sudden, our products became that much more expensive.

This has been a long, difficult road that our manufacturers have been dealing with. It's not just something that came upon us lately. In fact, southern Ontario, which felt that recession-type activity very early on—really, from southern Ontario, we sat back and said, “Well, the rest of the world finally caught up with what southern Ontario had been dealing with for some time.”

The automotive sector is probably that one big symbol of the manufacturing sector. We could see what was happening, related to volumes, for some time. People's behaviour was changing, coupled with a number of other factors, like the rising price of a barrel of oil driving up the cost of fuel. Suddenly, people's habits were changing and their commentary related to the cars that were available in our marketplace in North America was very different from what it had been. Where we were a big car—trucks, even for domestic use, not just construction industry use—they were starting to say, “We don't like this so much.” They were stopping. If you notice, the

value of the used cars from this segment, from the big-car segment, even the value of the used cars on those lots was dropping dramatically, which was also impacting the new-car purchases at the time.

This precipitated what then became a financial crisis. Our OEMs that we had to deal with—in particular, the American Big Three—faced bankers who beforehand were prepared to continue the debt financing that they were involved in and all of a sudden said, “No more.” That spiralled into quite a dramatic crisis for the automotive industry.

I recall very well getting calls and being asked to come into the Detroit area to meet with the OEMs at the time and to have conversations that I never thought in my lifetime we would be subject to, with that request that the Ontario government assist in working with the federal government to come forward with assistance to the Detroit Three, in particular GM and Chrysler at the time.

This was a tremendous and probably the most dramatic event for their history as well as for the government of Ontario. Then what came out of that was the most dramatic package to be delivered, literally to save GM and to save Chrysler. I think when we look back, we recognize that it was the right thing to do.

From those times of 2008-09, we saw dramatic fall-offs of volume and purchases. Cars were sitting all over lots. There was overcapacity in the production plants. The production had fallen, but there was still overproduction. There was a recognition that we needed to tighten up the capacity in those plants, not just in Ontario but in our other auto jurisdictions around North America.

The good news for us was that, starting in 2005, we had begun a partnership with the Ontario OEMs, namely, Ford, GM, Chrysler, Honda and Toyota. At that time, we had extended what we called the OAIS fund, the Ontario automotive investment strategy, which was a half-billion-dollar fund. That fund was meant to extend a partnership with those five OEMs, where we would say, “Come and make a significant investment in Ontario. We’re going to be assisting.”

We knew from our days in opposition that there were opportunities to be had, because we had been in constant contact with these companies, despite not being on the government side, and we understood what our competition was doing.

With this OAIS fund, and that half a billion dollars, the Ontario government secured over \$7 billion in investment in those five companies: Ford, GM, Chrysler, Toyota and Honda. What that meant was massive investment in the Ontario facilities of these companies. Those investments then started in 2006-07 and into 2008. So when the drama of the automotive sector hit the whole world, but especially hit North America, our Ontario plants were positioned in a much better way than our colleagues in the other jurisdictions, because these companies had just finished making massive investments in Ontario. That meant that when the decision came to which plant might be closed, where there was duplication and the various products were being made in more than

one site, we were very fortunate in that we managed to stave off more closure than would otherwise have been the case, because of the massive investments that had been made in Ontario.

We flash forward now to 2010, and we see the volumes starting to be restored. We see that GM has now launched their IPO shares. There’s some up-and-down this week with the value of that share, but we’re very hopeful that it will continue to go up. Unfortunately, ministers of the government of Ontario are ineligible to purchase shares, because of the integrity act. Our spouses also aren’t allowed to purchase shares of GM. But nevertheless, I think GM surprised the world when they were posting figures on that first day around the \$36 mark, when it had been predicted that they might be in the low twenties. Those are all very good signs of the great resurgence of what is one of the signature features of America, and that is General Motors.

#### **0910**

Chrysler, in the meantime, has been very successful in their alliance with Fiat, where we now have Fiat as a new OEM in Ontario, through their partnership with Chrysler. They are also doing well, and even today’s news is suggesting that people are impressed with the product line. The Jeep Cherokee is getting some tremendous reviews in their SUV market. Their sales are also strong. For Chrysler itself, Canada sales exceeded last year’s by 30%—just some really tremendous numbers.

And all of those numbers are starting to come back. GM also paid back their loans. There are obviously still monies outstanding in those companies both from the federal and the Ontario governments, but we also know that it staved off tremendous layoffs in Ontario.

Just by way of comparison, we managed to maintain the footprint of automotive production in Ontario against our American colleagues. When we look at the job loss, we know it was largely in the manufacturing sector because of the recession, but we also know that 75% of all the jobs lost during the recession have come back. We’re still worried about the 25% that aren’t back, but compared to our American counterparts—it’s always relative—their number is a mere 10% against the massive job loss that they’ve seen across the United States of America.

That compares, in my view, with Ontario’s 75% restoration—our companies are strong. Our companies did find themselves in a better position, so much so that in the year 2010, when they have to start looking at how they’re going to advance their models and what they’re going to be doing in the future, in the last six months alone, these OEMs in Ontario have invested over \$2 billion in Ontario—and that’s after having struggled, after having probably the most difficult years of their history in the last two years. Now they’re coming back with a vengeance.

We see some tremendous announcements around increased production of the RAV4 out of Woodstock; increasing the Equinox production out of Ingersoll with GM; recalls from layoff from these companies; recalls

from GM, adding new product to the Oshawa plant. The Impala doing well, the Malibu doing well—these are all really good signs that Ontario is well placed to maintain its share of production across North America in terms of auto production.

We also have a similar story in the automotive parts supply. The reason that the government decided very early on that we had to join with the federal government, convince the federal government that it was important to make this investment to help stave off total bankruptcy by GM and Chrysler was because there is a huge supply chain in the automotive industry that is probably unparalleled in any other industry in Ontario. The automotive supply chain saw the same drama that applied to the OEMs during the recession—that is, their volumes fell through the floor.

The beauty of our automotive supply in Ontario is that virtually none of them supply just one OEM; they supply many of them. One of them might have massive product going into the GM product line out of Oshawa, but they're also supplying Chrysler; they could also be supplying Ford. Those who might be supplying Toyota, for example, are also supplying the other four.

When they saw this drama, it was drama that was happening to all of their customers at once. Unlike other industries, where you might see one sector that's doing poorly, the automotive supply sector saw all of their customers suffering at the same time. So you can imagine the tailspin that it sent them into.

Some of them didn't survive. I'm going to suggest that we probably lost about 20% of all of the companies that were in the automotive supply chain, and this became very difficult. Our automotive supply is filled with all kinds of very highly skilled workers.

The result of that was the advent of the Second Career program. When we recognized that a number of people who were in their 30s, 40s or 50s—they had been in a career for a long time, in a tremendous level of skill set with that job that they may have had. We also recognized that some of those jobs may not come back. As a result of that, this Second Career program stepped forward, through the Ministry of Training, Colleges and Universities, to say, "How do we take those highly skilled workers and use what they have and make it applicable to what's going to be an altogether different sector?"—because they may never get called back to the automotive industry. This caused a number of people, again, largely in southern Ontario, to make tremendous choices, to say, "I've been at this for 20 years. I may have to look to do something completely different."

We stepped forward with what was considered, and is, unprecedented support to get these people back to school. We were prepared, as a government, to support things that were not traditionally supported under the standard OSAP program. In fact, middle-aged folks, which so many of them are, had to make huge choices—still dealing with family, still going to school full-time but having a different level of expenses than what someone in their early 20s might be having if they were in a college or

university program. So the Second Career program became very successful and returned over 30,000 people into the workforce—perhaps not what they were doing before. But they had additional training, and so many of them found jobs in different fields in different sectors. So it was very worthwhile.

We, as a government, also learned, having been through something that was unprecedented and seeing the writing on the wall for a particular industry—we stepped in when we had to step in. We're fortunate that we did. We still have hundreds of thousands of people in Ontario who are looking to say, "How did we do? Was it the right thing to do?" I think it's fair to say that when Ken Lewenza, the president of the CAW, looks back now, he says that it was absolutely the right thing to do. We partnered with the CAW in ways, I think, that were unprecedented. We worked together to make sure we were going to save pension plans, save jobs, get as many jobs called back as possible.

In the automotive industry, in that supply chain that I spoke of a moment ago, we are seeing the restoration now of some of those volumes that are gaining back, and we're also aggressively pursuing new markets for them. We're recognizing that there are other parts in the world where there is an automotive cluster that's growing and they need our Ontario supply. To that end, we've had a tremendous amount of work in the southern States, where we're bringing the Ontario supply chain to the new plants that are being built down there: to BMW in Tennessee, to VW in Chattanooga—and they need supply. They don't have the supply chain around that cluster, and we're suggesting to them that the transportation system, the border-crossing system, and the excellence that they'll find in parts produced here in Ontario are perfect to be able to supply those products that are going to come out of those plants.

We just finished what was probably one of our most successful IZB automotive supply shows in Germany. In Wolfsburg, we had about 25 Ontario automotive supply companies participate with us—some great companies showing their wares, showing what they do differently. That was a show targeted specifically to VW and the Volkswagen market, for Chattanooga, as well as getting into the world supply chain for VW. It was very successful. We were able to entertain audiences—with CEO Winterkorn, so that for the first time he was introduced to Ontario, so he could see the kind of excellence that comes from this part of North America.

Not to mention, we believe that if VW stays true to the course they're planning for their company worldwide, they will require more production in North America; not just one plant out of Chattanooga. I believe that presents a tremendous opportunity for our supply chain and for everything that our economy can feed into another assembler being present in Ontario. That may take some time, but they do have a significant plan. They called it Mach 12. Mach 12 was where they planned to be by 2012, in terms of worldwide production. They want to be the biggest car company in the world, and they want to

be in every marketplace. We want to be a part of their plan. So we've done that.

We've held missions and brought companies down to the southern States to show off our Ontario companies. What we recognize, in terms of our strength is, number one, our skilled workforce. Ontario is producing 9,000 math and science graduates every year, and these are the kinds of skill sets that these companies, where these clusters are being developed, need because they don't have them. They're busy having to make massive investments in training because they're just not found there. Ontario, on the other hand, has a great number of institutions that produce these people on an annual basis, which is exactly what the sector needs.

**0920**

So, from an automotive perspective, we've got to, frankly, not agree with what the NDP put forward. We see that it is coming back; it will be stronger when it is. At that same time, we were able to advance support for this industry through AMIS, which is the advanced manufacturing investment strategy, which reached out to companies that were prepared to make investments. Where they met our criteria, we supplied them with loans. The loans initially had been 10% of the investment. We changed that criteria to 30% investment so we could be more helpful.

We extended a \$25-million grant program to the Canadian Manufacturers and Exporters. That was specific funding that provided 50% grants to companies that were doing things that were going to improve their levels of productivity. If we talk to the CME, they will say that it is one of the most successful programs they've ever had. We turned that money to what they called the "smart program," and then we had tens and tens of companies that participated in that program. They increased the level of IT, for example. They bought new software so that they could have the latest and greatest—

**The Chair (Mr. Garfield Dunlop):** You've got a couple of minutes.

**Hon. Sandra Pupatello:** Thank you.

In the end, these are all companies, members of the CME, many of them in the automotive supply industry, that were able to make investments in their own shops so that they could come back stronger than ever.

Just last week, there was a big story in my local paper in Windsor talking about the resurgence of the tool-die mould industry, another industry that would be a few tiers down from the assemblers in the automotive industry. But they, too, suffered tremendously. Even now, they are seeing a resurgence in the amount of work that they do, the expertise that they have—where we're seeing reclamation of some of those projects that were being sent to other parts of the world, coming back and being done right here in Ontario.

While all of us suffered tremendously in that great recession, I think it's fair to say that we're back, that our companies are coming back, that they're stronger than they ever were, and that we're prepared, as a government, to continue this kind of support and partnership

with them because they are the biggest multiplier in the economy of any sector.

So when people ask us, "Why the support for automotive?", there are few sectors that will cause a seven-to-one rippling in the economy, like a dollar that might be invested in that industry. For us, manufacturing is part of our lifeblood. It is part of a number of our communities' lifeblood. We know that there is a change, a move into other sectors, still using the kind of expertise that we've garnered through this development of our automotive industry.

To that end, Chair, we'll wait for the next round of questions.

**The Chair (Mr. Garfield Dunlop):** We'll now go to the official opposition. You have 20 minutes. Mr. Shurman.

**Mr. Peter Shurman:** Thank you, Minister. It's good to be back again this morning. I want to follow up on where we were last week.

First of all, I want to follow up on an exchange we had in the House last Thursday, where I believe, to paraphrase—I won't say quote—I said that you were the best economic development minister ever. I'd love to see Hansard where I said that.

**Hon. Sandra Pupatello:** I don't think that's what I said, actually.

**Mr. Peter Shurman:** I think that's what you said.

**Hon. Sandra Pupatello:** I'll get Hansard and I'll check—and you said no. I think I said you said we're doing a good job. That's what I said.

**Mr. Peter Shurman:** No, what I said was that you were enthusiastic and had a lot of sales ability. If I were asked to categorize you, I might say you were the worst economic development minister ever, as far as I'm concerned. You can look at me as surprised as you want—

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** Okay. Mr. Shurman.

**Mr. Peter Shurman:** Thank you.

Statistics can be used, Minister, to say anything. I made a couple of notes here. You've talked about the automobile manufacturing industry being, although diminished, still the one that, in Ontario, produces more cars than any other jurisdiction in North America. That's statistically true. You've talked about the fact that we have a bigger GDP than any other province. That's true. You constantly talk about the fact that we have a huge economy. That's true. I can take statistics and tell you that milk causes cancer because everybody who ever got it drank milk. Just because those things are true in isolation doesn't make us a province that's in great shape.

Yes, you and I share the fact that we have an enthusiasm for building Ontario, but you haven't built Ontario.

What you did last week was, you told us about various examples of people who are, on their own, individually, doing some things. One of the best examples I remember is a company—and I believe it's up in my riding—that makes a mount for a movie camera that was used in

Titanic that allowed them to go around the front of the ship. You even demonstrated how the young lady in the movie put her hands up. The only thing I know that compares to the Titanic is the Dalton McGuinty government. It's a ship that's taking on water, Minister, and you and I both know that.

So I want to talk about—

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** I don't want everybody talking over the speaker at the time. If he can speak, and no one else, that would be fine.

**Mr. Peter Shurman:** Thank you. I'd appreciate that on the part of everybody.

I'm permitted, Chair, as I understand it, to speak if I want, ask questions if I want, whatever I want. I'd appreciate the fact that I'll tolerate everybody else if you'll tolerate me. I don't want to be mischaracterized—and I was in the House last week, and I've heard a lot of half-truths here that I want to correct.

I want to get back into where I was last week, Minister, on the question of figures. We have some new figures. I quoted figures last week that demonstrated that, as I said in the House on a number of occasions, Ontario has a set of statistics—GDP, CPI, employment figures, welfare figures—that demonstrate that everywhere we should be going up, we're going down, and everywhere we should be down, we're going up. The bottom line here is—I'll take a couple that are new to us this week. My colleague from the NDP last week asked for break-outs from 10 census measurement areas, metropolitan areas, the biggest ones in Ontario, obviously. He wanted to see what had happened in manufacturing between July 2004 and October 2010. In July 2004, approximately a year after your government took office, there were 1.121 million people employed in manufacturing, and in October 2010, the number is 777,000. That's 350,000 less.

You keep referring to the recession. This morning, the quote was that the recession began earlier in Ontario than it had anywhere else, and we felt it no more so than in the automobile industry. I can tell you, Minister, this afternoon we'll have figures on all employment in the province of Ontario. You talked about manufacturing being in trouble for some time. Your government, apparently, was in denial until the world went into recession, and I can quote Premier McGuinty as saying, "This too shall pass." So we've got a 350,000 margin in manufacturing figures between one year into your government's first term and now, and this morning we have CPI figures—I was quoting CPI figures last week—that say we continue the slide where Ontario is, as has been suggested by people who are much more broadly based than I in the economics field. The consumer price index in Ontario is still a full percentage point worse—inflation, in other words—for Ontarians than it is anywhere else in the country, and this is on an apples-to-apples comparison.

Canada as a whole for October—so we're talking about the month that ended three weeks ago—stands at 2.4%. Ontario is at 3.4%. Last month as well we were

that much worse. I could go back in and read it into the record, but it's already there—figures that look at employment, where you could say, "Well, EI claims are down." Yes, but they're not down as much as the rise in welfare claims, which simply says that people went off employment insurance, because it expired, and they wound up having to claim welfare because they couldn't afford to live here anymore.

The gross domestic product: We're growing, but we're growing more slowly than anywhere in Canada.

And as for the recession, I'm really tired of hearing about the recession. If we are as strong as you suggest, with 40% of the population of Canada and a huge amount of the land mass, with the transportation connections on land, sea and air that we have in the province of Ontario, we should be leading the pack. Instead, we're trailing it. We're just behind everybody else.

I suggest to you, Minister, that this is a result of the policies of your government and the execution that's being carried out by people and ministries like yours. I'd like your reaction to that.

**The Chair (Mr. Garfield Dunlop):** Minister, you can go ahead.

**Hon. Sandra Pupatello:** I think it's important that we look relatively at what we are as a province. I think it's important to note that Ontario has the most industry in all of Canada; that we have the largest manufacturing sector in all of Canada; that we produce more cars in Ontario than any subjurisdiction across North America; that we have the third-largest IT sector; that we have the third-largest financial service in all of North America.

**Mr. Peter Shurman:** Yes, we've been there already, Minister. I don't want to hear it again. And the reason I don't want to hear it again is—

**Hon. Sandra Pupatello:** Quite frankly, to have to sit and be told that Ontario is not doing well is, I think, appalling.

I think what's important to note is that Ontario is rebounding. When you're the biggest in a particular area, which is the same area that was hit the hardest in the entire recession—that is manufacturing, and we've got a massive base in manufacturing—guess what? Ontario is going to be the hardest hit. That means our recovery is going to be the more difficult of any of the provinces'.

Imagine being Alberta, when you just realize, "Well, we'll see what the price of worldwide oil is today per barrel," and then they'll decide just what their production might be. How simple it is, how nice it is for the largest sector in that province to be totally tied to world production that is actually on the rise.

**0930**

We have a manufacturing sector, and the largest sector within that is automotive. It suffers a worldwide recession. Naturally, Ontario is going to be hit the hardest—

**Mr. Peter Shurman:** Minister, you were down hundreds of thousands of jobs before the recession.

**Hon. Sandra Pupatello:** Ours is a government that never denied what was happening. In fact, what we did was step forward. So in the years 2003-04, when we

knew what had been happening in the manufacturing sector, we came out immediately with that OAIS program. Interestingly enough, just as we're extending a hand to the sector that's being hurt the most, and at that time because of the US dollar falling against the Canadian dollar, the opposition parties, including the official opposition today, voted against that program.

In 2005, when we then stepped forward, when the advanced manufacturing investment program—

**The Chair (Mr. Garfield Dunlop):** Excuse me, Minister.

**Mr. John O'Toole:** On a point of order, Mr. Chair: We are hearing the same occupation of time with very little content. I have a couple of specific questions on what is going to be released, and she's going to ramble on here on her motormouth—

**Hon. Sandra Pupatello:** Chair, I don't think it's—

**The Chair (Mr. Garfield Dunlop):** Mr. O'Toole.

Mr. Shurman, you can break into the conversation and ask her another question now. We allow that. We've done it all through estimates through the whole year.

**Hon. Sandra Pupatello:** Chair, do you want me to finish the question or no?

**The Chair (Mr. Garfield Dunlop):** He doesn't want to hear the end of the question; he wants to start another one.

**Mr. Peter Shurman:** I want to go back to the question that I asked.

**The Chair (Mr. Garfield Dunlop):** Go ahead.

**Mr. Peter Shurman:** The question that I asked that deserves an answer is why every statistic that's supposed to be going up is going down, and why every statistic that's supposed to be going down is going up? That's what I asked, not about the manufacturing sector on automotive. We've heard that tape several times, Minister. Please deal with why I've got a CPI figure in front of me this morning that is outstripping everywhere else in Canada. Please explain to me why the GDP is not recovering in Ontario while it is in the rest of Canada. Please explain to me why people are on EI and going off EI and on to welfare in Ontario and not the rest of Canada.

On an apples-to-apples basis, why hasn't your government addressed that and why are you looking at the manufacturing sector and relating it to a recession when the slide was down by hundreds of thousands of jobs before the recession even began?

**Hon. Sandra Pupatello:** I think it's fair to say that Ontario, especially southern Ontario, was faced with challenges in our economy that other parts of Canada and the world weren't. When we have a jurisdiction that has over 80%, at that time, export to the US, every single product that we export to the US market is all of a sudden subject to being a more expensive product simply because the Canadian dollar was valued higher than it was the day before. That trek upward started in 2001 and continued to climb. Today, even in these recent months, it is hovering near parity with the American greenback. The reason that that's important is that when Ontario has such a large segment of our economy in manufacturing, the

lion's share of which is exported into the US, then the strength of the Canadian dollar actually matters.

That was a trek that began in 2001-02. We were very cognizant of what was happening in this sector, so much so that we were pressing the government of the day—now the official opposition—to step forward with assistance to that sector so that we could stem that tide, so that we could do something to get them to have increased levels of productivity—everything they could do to fight the fact that their product was becoming more expensive simply because of an element that no provincial government can control; that is, the value of the Canadian dollar.

Hence, we became the government in 2003, and what we asked for when we were in opposition we actually delivered when we became the government. The OAIS program is one of those things. What it did was take half a billion dollars of taxpayer money, some through grants and some through loans, and leverage \$7 billion in investment. The reason that's important to this conversation is that those same facilities that were upgraded to become world-class facilities were saved from the wrecking ball when the recession hit in 2008-09. In that sector, they were already making significant decisions before 2008-09 because of the massive overcapacity that the automotive industry was facing, because we could see—

**Mr. Peter Shurman:** Let me jump in and ask you about that, Minister. You talked about what you were saying in 2001 and 2002 to a government from our party that preceded yours. You've been around now for going on seven and a half years, so that was 2003 onward. What did you do about the manufacturing sector, or for that matter any other aspect of work in the province of Ontario, to address those concerns? Because, surely you're not going to look back and say, "Well, you know, there were signs of it then." I just quoted your figures of 1.12 million employed in the manufacturing sector in 2004. You had an opportunity to address this.

Let me just quote something from this morning's paper. There's an article in the Globe and Mail today: "Ontario needs to pull up its socks: task force." You're talking about the productivity of workers. I'm quoting: "Workers are working harder ... but not smarter. 'Ontarians are among the world leaders in work effort—that is, the hours of work per person. But we are laggards in creating economic value per hour worked,' said task force chairman Roger Martin, dean of the Rotman School...."

You were asked last week by my colleague Julia Munro about productivity in the United States versus productivity here. You evaded that question. We both know it's because they went robotic in some of these plants and you, yielding to union pressure, obviously didn't. We're just not there. That's the problem, isn't it?

**Mr. John O'Toole:** I just have one more comment. I think—

**Hon. Sandra Pupatello:** I guess the—

**Mr. John O'Toole:** —Ontario lags behind US prosperity—

**Hon. Sandra Pupatello:** Sorry. Chair?

**The Chair (Mr. Garfield Dunlop):** Can we have an answer to that question?

**Mr. Peter Shurman:** I'd like an answer to that question.

**Hon. Sandra Pupatello:** Thank you. I think it's important to note that what we recognized when we were in opposition is a level of support that this particular sector needed, because there was a world phenomenon that we could not control—and no provincial government is able to—and that was the price of the Canadian dollar, which was rising beginning in about 2001-02, which continued through, and today we see it near parity on a regular basis.

When our government has come forward with significant elements to try to assist our companies to find higher levels of productivity, to find levels of competition that they can play in, what's important is that people like Jack Mintz—he's not a flaming Liberal by any stretch of the imagination; he's centred out of the University of Calgary. He says that the tax policies the Ontario government has put forward just in the last couple of years are unprecedented and the best in 20 years. What he's specifically referring to are things like the decrease in the corporate income tax rate, something that in opposition, we watched. The last government used to rail about how they needed to drop the corporate income tax rate, but in fact didn't. When our government stepped forward to decrease corporate income tax—

**Mr. John O'Toole:** Minister, if I could just get in, please.

**Hon. Sandra Pupatello:** —the members of the opposition voted against these kinds of measures.

**The Chair (Mr. Garfield Dunlop):** It looks like Mr. O'Toole is ready.

**Hon. Sandra Pupatello:** Chair, just this for clarity: Maybe a better system—

**Mr. John O'Toole:** Minister, I want to focus on a couple of questions—

**Hon. Sandra Pupatello:** Just for a moment, on procedure—

**The Chair (Mr. Garfield Dunlop):** Minister, I allow that to happen. It's been happening all through estimates.

Mr. O'Toole, you can carry on now, okay?

**Mr. John O'Toole:** Thank you very much. Minister, you mentioned Jack Mintz—

**Hon. Sandra Pupatello:** Do you actually want the answers? Or do you want to do it with a timer?

**The Chair (Mr. Garfield Dunlop):** No, we're not doing that. We allow the debate to take place. I've heard enough of your answer. You're wasting your time.

Go ahead, Mr. O'Toole.

**Mr. John O'Toole:** Thank you very much, Chair. I appreciate that.

Respectfully, Minister, this isn't time to just use the air, to fill it with words that have no content.

You referred to Jack Mintz. I do have a lot of regard for Jack Mintz—and I don't characterize them as political creatures. Roger Martin and Jack Mintz are people who are worried about Ontario.

The prosperity institute issued two directives to you—and you really have no plan. That's clearly what they're saying. One of the articles today is, "Green energy costs lowballed, task force says." Jim Milway, executive director for the Institute for Competitiveness and Prosperity, the task force's government-funded research arm, said he'd consider that they went too far and underpriced the cost of the Green Energy Act. In fact, he goes on to say that they're losing jobs because of the high cost of electricity. If you don't follow that, how do you explain in your budget that you've taken measures to reduce the cost of energy, knowing you made a fatal error?

We have job losses. You quote often that under Bill 150 you'll create 50,000 new jobs. This report says you're actually going to lose jobs.

It goes on in the further remarks today—Mr. Shurman quoted that—"Ontario needs to pull up its socks: task force."

Another article from the Star, a friendly media outlet for you: "Ontario lags behind US prosperity."

The reality is this: Ontario is lagging behind US prosperity. Let's look at this carefully. The US is going off the cliff in a recession, and we're tied to them. You've admitted that. And if we're lagging behind the US, what does that say?

When I look back at what you've said this morning, you're saying something that's not accurate. I don't think you're qualified to make those statements when I have the three leading economists from the prosperity institute saying exactly the opposite—including the media. Why do you fill the time here this morning with platitudes about what Dalton McGuinty has done when we're looking in the eyes of a recession caused mostly because of your last seven years of having control of the car? I am so disappointed about the families in this province that are suffering, including your own riding of Windsor.

0940

**The Chair (Mr. Garfield Dunlop):** Two and a half minutes remaining in this cycle.

**Mr. John O'Toole:** I cannot believe it for one moment. It isn't just a newspaper article; it's the reality throughout Ontario, paying more for everything. If you looked at the report yesterday, our hospitals are in chaos: Emergency rooms have 32-hour waiting.

And you think everything is okay. Well, I don't think you're fit to govern this province any longer. That's what the numbers say. Let's hear you respond to that. Tell us one thing, not just a bunch of bubble: What is your plan for the recovery of the province of Ontario?

**The Chair (Mr. Garfield Dunlop):** You've only got two minutes to respond to this, Minister, so do it quickly.

**Mr. John O'Toole:** That's about a minute longer than she needs.

**Hon. Sandra Pupatello:** I think what's important to note is that if we brought the CEO of GM Canada into this room today, he would disagree with everything that the member opposite has just stated at this committee.

The reality is that our government recognized the struggles of an industry. More so, our government has

recognized that our clusters, our industries in Ontario are subject to what is happening in the world because Ontario is an export jurisdiction. That means we worry about what's happening in India, in China, in the US and in the EU, because some of the many clusters in our economy are going to be impacted by those decisions. That's important to note.

If we're talking about cars, it matters what the Americans are doing. It matters that 80% of our exports go there, such so that we've decided that we've got to be far more aggressive on the international scene and find more export markets so that if that continues to lag in terms of the Americans growing themselves back out of their recession, we're going to have to find new markets for our companies. That's why 25 auto parts supply companies spent the better part of a week in Wolfsburg to get their products into VW, an automotive assembler that is not in Ontario, so we have to find wherever they are, in the southern US and in Europe.

When we talk about what we've done as a government, it has been to bring forward the most comprehensive changes in tax policy to benefit corporations so they can do better. Eliminating the capital tax is something governments have only dreamed about for years but that our government actually did. That meant the kind of incentive for companies to invest in themselves so they can raise those levels of productivity. We've recognized the need for increased levels of productivity.

We're the ones that asked the competitive institute to be commenting on these things. We are also the government that decided to create the institute itself, fund the institute itself so that we can see these kinds of studies so that we know the kinds of directions that businesses need to move into.

Chair, I appreciate the opportunity at a minimum to put some facts on the table as opposed to the kind of rhetoric that is really relegated just to an election.

**The Chair (Mr. Garfield Dunlop):** Thank you, Minister. We'll now go to the third party. You've got 20 minutes, Mr. Miller.

**Mr. Paul Miller:** I'd just like to start off with some figures. The minister is bragging about her 600,000 jobs that they're going to create and their 50,000 green venture jobs.

My stats are a little different. Let's talk about some of the greater areas here. Greater Sudbury is down in jobs. We're down 350,000 jobs. In Hamilton, I'm down 20,000 jobs since 2004. That's not counting the 27,000 jobs before that. Kingston, Kitchener-Waterloo, London, Oshawa, Ottawa-Gatineau, Thunder Bay, Toronto and Windsor are all down for a total of over 350,000 jobs.

Week after week, day after day, I see the Premier stand up and Dwight Duncan, the minister, stand up and say, "We're creating 600,000 jobs for Ontario. We've created 50,000." That's a lot of bunk. There are no jobs. I've got thousands and thousands of people out of work in Hamilton.

The 140,000 jobs that you said you've created: How many of those jobs are over \$50,000 a year and how

many of them are minimum wage or just above? I would estimate probably 75% of those jobs are minimum wage or just above.

You were in Hamilton a few weeks ago. The minister was bragging about the 300 jobs they created from China that were going to open up in my area, Stoney Creek, east Hamilton—assembly. You didn't tell me how much those jobs were going to pay, they didn't tell me if it was going to be managed by the Chinese or by our people, and it won't be for two years down the road.

This economic recovery that you're bragging about is certainly stalled. It certainly isn't happening in my area of the country. I can only speak about Hamilton because I don't have the ability to travel like you do and talk to people from all other sectors.

We've talked about your trips to India and China. I want to know, other than creating jobs for them and manufacturing jobs for them—it goes both ways—how many jobs are you creating in Ontario, in Hamilton, my area, which is a large area? How many of those jobs, how many contracts, have you got from India and China that are actually going to create good-paying jobs—not \$10- and \$11-an-hour jobs—good \$50,000, middle-range jobs in Hamilton? I want to know how many you're going to give me in Hamilton.

And don't talk about the medical area—that's great; we'd love to be a medical centre. But that's good for, let's say, researchers, specialists, chemists and doctors. How about Bill and Jane? How about the people who really need the work and the people who end up in the hospital under stress and are dying from lack of work and lack of food and lack of nutrition? There's going to be a march in Hamilton—if everything is so rosy—on Friday for people who have been cut off from nutrition too, cut off from their special diet.

Everything is so rosy in Ontario—I don't know what ball you're looking into, but my crystal ball doesn't see that. So maybe you can give me a short answer on that, and when I feel that you've answered the question to my satisfaction, I'll move on.

And I don't want to listen to four hours about the auto sector—because if you want to talk auto sector, I can talk auto sector.

**Hon. Sandra Pupatello:** I guess there's nothing I'm going to say that's going to change the kind of negative outlook that this particular member has. I see Hamilton in a whole different way.

As a matter of fact, I think that Hamilton, like other communities that have had a tremendous base of manufacturing, has seen tremendous change.

One of the visits that I had in India happened to be with a company called Mittal, which bought Arcelor. It is now ArcelorMittal Dofasco. Dofasco is a huge employer in Hamilton. Dofasco, since it was purchased by this Indian company, has become literally a jewel in the crown of Mittal worldwide. It is a plant in Hamilton that has continued to grow. They have made investments to the tune of tens of millions of dollars, and they've done these kinds of investments because we've had an

opportunity to build a relationship with this company, understanding that they're headquartered outside of Canada now. We've been able to sit with them. We've partnered with them on some of that. We've had some great announcements there. The jobs have followed. These are jobs at Dofasco that are good-paying jobs. They're pensioned jobs. They have great benefits at these jobs.

This is the kind of work that we do when we are in India—

**Mr. Paul Miller:** You talked about Dofasco, and thank you for bringing that up. I've got about 4,000 steelworkers out of work now because of US Steel. If your economic policies are so great—we can't even fill the demand in steel for Canada—why is a major steel company in Hamilton shut down? Why is US Steel trying to force concessions and break unions' backs in Hamilton if everything is so rosy?

By the way, the Dofasco jobs aren't union jobs; that's non-union. So you're a little confused there.

And Dofasco has hired 100 people in the last year and a half. I've got 4,000 guys out of work.

So don't tell me that things are all rosy in Hamilton. Come and visit. I'll give you a tour. It's not happening.

Negative? You're damned right I'm negative, because there's not a lot going on in Hamilton, I'll tell you that. You've been telling me for three years, since I've been here, "Oh, things are great in Hamilton." Well, sorry, it's not happening. I've got people coming into my office every day losing their—they can't afford their apartment, can't afford to pay for their hydro bill. There are all kinds of things going on in Hamilton.

ArcelorMittal is a foreign-owned company. If this government had a brain in its head—as well as the federal—they'd stop eroding our base industries. We have no control of our own economy, Minister, because the economy is owned by foreign conglomerates. We're in big trouble. We don't own a damned thing: 90% of our forestry, 95% of our mining, 100% of our major steel production in this country is foreign-owned. So don't tell me. You're making their pockets rosy. And this deal you cut with Samsung: That's another beauty. We're going to be paying even more for hydro.

I have to concur with my friend from the opposition that things aren't as good under your leadership and under this government. In fact, we're in big, big trouble, and it's not getting any better. You think because you're going to build windmills and some solar panels that's going to put everyone back to work? I don't think so. If you look at most of the stuff, all the technical stuff, there's going to be some built here, but most of it's going to be—it may be assembled here, but a lot of it is going to be built and the parts are going to be sold to us from over there. Do you think these companies are getting into it because they're not going to make a big profit off Canadian taxpayers? They are.

You keep bragging about all these little 10 jobs here, 20 or 30 jobs there. In Hamilton, in the last 20 years, we've lost over 40,000 manufacturing jobs, and you're

talking about Dofasco? It's a non-union company—great to have there, and they have a long history in Hamilton, but so has Stelco. When I started at Stelco in 1975, we had 13,800 hourly employees at Hilton Works and 5,000 salaried. That's 18,000 people in 1974. Do you know how many work there now? Nine hundred. You're doing a great job. If you'd like to answer that one, I'd like to hear it.

**0950**

**Hon. Sandra Pupatello:** I guess what's really important to note is, let's take a look at something that's pretty scary for me. Imagine that this member opposite was actually the minister. What would he do? Would he look at the kind of tax policy that encourages investment into Ontario by Ontario companies as well as by companies that have a foreign headquarters? I guess the answer is no. He would probably roll back all the initiatives we've made, when we can see from the right wing of the political spectrum their commentary on the best tax policy to be brought out by a government in Ontario in 20 years—that's what Jack Mintz said—

*Interjection.*

**Hon. Sandra Pupatello:** That's not what we said; that's what they said.

We recognize that it's a struggle; the competition is rife, in terms of government activity luring companies to make investments. We've had ourselves up against a \$6-billion US federal treasury energy fund that in some instances would put up 90% capital to land a plant in California, something the Ontario government by itself, without the assistance of the federal government, can't do, and still we see the kinds of investments that are coming to Ontario because they see that they need the kind of knowledge workers our post-secondary system can provide.

I think that when Dofasco makes a decision to make tens of millions of dollars' investment in their facility, 100 jobs is a big deal. I think 100 jobs would be coveted around the world, especially these kinds of jobs; very good jobs, high-paying jobs.

Then, in the same breath, we were in China just a couple of weeks ago, talking to a major telecom company there, and seeing that they are announcing a massive R&D centre in the Ottawa area to utilize the kind of capability they find in our workforce there. That's what we did when we were in China. That is the beauty of developing the kinds of relationships for decision-makers in companies who are looking at what they need to be successful as a company and what they can find in Ontario. We're there to present that case.

So opposition members can make whatever commentary they like about the kind of job they think we're doing—

**Mr. Paul Miller:** Thank you, Minister. Getting back to your—

**Hon. Sandra Pupatello:** —I think it's important that we know what we're doing and we can deliver results.

**Mr. Paul Miller:** —reference to the number of jobs you've created, I could go through a list of probably 50

major companies that have pulled out of Hamilton in the last seven years and the last 20 years: International Harvester, Procter and Gamble, Westinghouse, Siemens, John Inglis, Canada Works, the 20-inch mill, Parkdale Works. The list goes on and on and on. What's coming in? Zero. In fact, our latest fatality is Siemens, and you're bragging all over about what a wonderful relationship you have with Siemens. We're losing 500 jobs in Hamilton from Siemens, and your government is not pushing to put that windmill manufacturing in Hamilton.

You talk about your buddy Ken Lewenza, who is a personal friend of yours. That's great. Ken certainly would like to see auto worker jobs in Hamilton, but I don't know why you guys aren't coordinating an effort to bring the jobs. We've got the infrastructure, we've got the transportation, we've got the port and we've got the skilled labour in Hamilton, and I don't see it on top of the list of places for this new Siemens outfit for turbines to go. What are you doing about that? I don't hear anything about that. It died. It went off the rails—no pun intended. I've heard nothing about manufacturing jobs in Hamilton. A little solar panel assembly thing is coming there. I'm talking big time; I'm talking about 40,000, 50,000 jobs.

My area is hurting big time, and I stand up in the House week after week and say, "What are you doing for Hamilton?" I'm sure you hear me. "What are you doing for Hamilton?" Well, I don't get any answers. So I'm really frustrated.

Now we'll get into the meat of the issue: Can you tell me how much money is being spent in the Next Generation of Jobs Fund and what are the principal projects you are funding in this last year?

**Hon. Sandra Pupatello:** I think it's important to note that the Ontario government works to put jobs all over Ontario. Whether they're in the boundary of the city of Hamilton or just outside or in some other part of Ontario, it's important that corporations understand that the Ontario government wants companies to come. I guess it's difficult for me to envisage this particular member actually being welcoming to a company to come—

**Mr. Paul Miller:** Well, envision it, because I am.

**Hon. Sandra Pupatello:** —because this MPP has been opposed to every single initiative that's been taken, whether it's tax policy or otherwise—

**Mr. Paul Miller:** That's nonsense. Mr. Chair, I asked a question and she's personally attacking me. Is that an answer? Is that an economic minister who is personally attacking me? What is that?

**Hon. Sandra Pupatello:** Buck up.

**Mr. Paul Miller:** What is that?

**Hon. Sandra Pupatello:** Buck up, Paul.

**The Chair (Mr. Garfield Dunlop):** Are you satisfied? Would you like to go to another question?

**Hon. Sandra Pupatello:** On the Next Generation of Jobs Fund, I think—

**Mr. Paul Miller:** Obviously she's not answering it, so yeah, let's move on.

**The Chair (Mr. Garfield Dunlop):** Okay. Start another question, then.

**Mr. Paul Miller:** Thank you.

**The Chair (Mr. Garfield Dunlop):** The floor belongs to Mr. Miller.

**Mr. Paul Miller:** I guess we'll move on, because I didn't get an answer on that one. I never do.

Can you tell me how much money you spent on—here's your favourite—the Ontario automotive investment strategy, and what are the principal projects that it funded in the past year?

I would assume that automotive things would create steel jobs. I'd think that would. It makes sense. Cars are made out of steel and plastics and things like that. I don't see any new jobs in steel coming to Hamilton, and you're bragging about a big influx for the automotive industry. Steel was the base of the automotive industry for years. We have galvanized lines. We have EZ lines that create coatings and things for specialty steels for the auto industry. What are you doing with that?

In fact, Minister, maybe you want to explain to me why I see coils from Brazil and Romania sitting at the port in Hamilton. What's going on there? My guys are out of work, and they're bringing in steel from other countries. What's going on there? Maybe you can help me with that one.

**Hon. Sandra Pupatello:** Well, the OAIS program did come to an end. In about 2007, the last fund was announced out of the OAIS program, a half-billion dollar fund.

Probably the one that may impact Hamilton the most was significant participation by Toyota. They built a new plant in Woodstock. Toyota is seen by their headquarters in Nagoya to be doing very well, the result of which has been increased production and increased production sent to the Ontario plants.

Toyota probably uses exclusively Hamilton steel for their products. In fact, the Lexus gets its steel from Dofasco. That means that the kinds of volumes that Dofasco has seen have been increasing because of the success of Toyota in Ontario. To understand the supply chain for the automotive industry, we look at the growth of automotive supply parts around the new Toyota plants and the existing one in Cambridge. We see the birth of Toyotetsu; we see Toyota Boshoku. These are supply companies that are new to Ontario creating great jobs—50, 100 and 150 jobs in these communities—all linking back to the OAIS program—

**Mr. Paul Miller:** Thank you, Minister. I'd like to ask you a new question.

**Hon. Sandra Pupatello:** I bet you would.

**Mr. Paul Miller:** I want to talk about the GM IPO. How many shares does Ontario own?

**Hon. Sandra Pupatello:** We'll refer those questions to the Ministry of Finance, which has managed the IPO for the Ontario government.

**Mr. Paul Miller:** Okay. Did Ontario sell all or just some of its shares?

**Hon. Sandra Pupatello:** Well, it was reported in the media as well that we sold a minimum of 20% of our

total stock. We'll forward all these questions to the Ministry of Finance.

**Mr. Paul Miller:** What is the estimated revenue gain to Ontario from the GM IPO?

**Hon. Sandra Pupatello:** Same answer.

**Mr. Paul Miller:** Okay, no answer. How much will Ontario gain from the sale of its shares? Same answer?

**Hon. Sandra Pupatello:** These are all related to the Ministry of Finance, which manages this, as the MPP well knows.

**Mr. Paul Miller:** Isn't finance part of economic development?

**Hon. Sandra Pupatello:** The Ministry of Finance has carriage of the shares. We'll refer all these questions to the Ministry of Finance.

**Mr. Paul Miller:** Thanks.

The Green Energy Act is not your direct responsibility, but I'd like to ask a few questions about the economic spinoffs. Can you detail all manufacturing facilities—solar, wind etc.—that have been committed to as a result of the Green Energy Act?

**Hon. Sandra Pupatello:** We'll forward those questions to the Ministry of Energy, as well.

**Mr. Paul Miller:** Okay. I'd like to ask the minister—I imagine job creation would fall under your auspices—how many jobs? You said 50,000 green venture jobs. I'd like some numbers on that which say where those 50,000 jobs are coming from. How many green venture jobs—I can only speak for my area—will be coming to Hamilton? I guess not too many, because it sounds like Siemens is leaving. That would have been a nice one.

I don't know what your government is doing to help Siemens. I think Mr. Lewenza is in favour of keeping Siemens in Hamilton, if I'm not mistaken, because I had a meeting there with them. I don't know what you're doing with Mr. Lewenza to keep those jobs in Hamilton, because he was very frustrated. I'm sure he has approached you on that.

What are you going to do to keep green venture jobs in Hamilton?

**Hon. Sandra Pupatello:** Just to be clear, the Siemens jobs that Ken Lewenza was speaking about were in fact at the gas turbine engine facility in Siemens. It wasn't related to the Green Energy Act.

**Mr. Paul Miller:** Well, it is related, Minister, because you can retrofit that factory to deal with those kinds of things. So don't pass it off—

**Hon. Sandra Pupatello:** Well, if you'd let me answer the question—

**Mr. Paul Miller:** Well, you're not answering; you're changing it.

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**Hon. Sandra Pupatello:** —that in fact the kinds of product that—

**Mr. Paul Miller:** That company can be retrofitted to deal with those—

**Hon. Sandra Pupatello:** Chair?

**The Chair (Mr. Garfield Dunlop):** One at a time.

**Hon. Sandra Pupatello:** I guess it's important to note that the kinds of product that would be coming out of what Siemens would be supplying through the Samsung deal is a product where, in fact, the current facility can't be retrofitted—

**Mr. Paul Miller:** Wrong.

**Hon. Sandra Pupatello:**—simply because it isn't just about the facility itself, never mind the deep floors, high ceilings etc. Even if that was manageable on the site of the current Siemens facility that's building gas turbine engines, it's about the logistics of getting it from that facility to a harbour. The loads are unfortunately too small—

**Mr. Paul Miller:** I'm glad you mentioned that. Minister, thank you for the logistics. I'm glad you touched on that—

**The Chair (Mr. Garfield Dunlop):** You've got two minutes left.

**Mr. Paul Miller:** —because that facility is capable of handling it and it does have height requirements. It also has trains that run into the facility that can transport those sometimes 50-metre-long blades to Hamilton Bay on barges which will deliver it to the part of Ontario. If you put it anywhere else, I'm not quite sure they're going to have the ability to transport it.

We have all the facility, and not only that, Minister, we have 350 trained technicians and tradespeople who have been very versatile over the years and dealt not just with gas turbines; they've dealt with many different types of products. They can adjust very quickly and adapt to those windmills because basically, they're made out of steel. And where do we make steel? We make the steel in Hamilton, right down the road. So you've got the steel, you've got the transportation, you've got the port; you've got everything you need, and a skilled workforce. There is no excuse why Siemens shouldn't go to Hamilton.

**The Chair (Mr. Garfield Dunlop):** We've just got a minute to clean this up, Minister, if you could.

**Hon. Sandra Pupatello:** I think what we'll do instead is refer this member to the local economic development commission, which has worked very closely with us on these matters and has worked very closely with Siemens as well. We'll be pleased to get that local contact for him.

**The Chair (Mr. Garfield Dunlop):** You've got a quick question or something here?

**Mr. Paul Miller:** Yes. In fact, I was talking to the economic development people. They were in the meeting, Minister, with us, and they certainly were pushing for Siemens to stay in Hamilton, too, so I don't know what you're talking about. They're for it 150%. I think you'd better come and visit Hamilton again, because I think you've got your facts wrong.

**The Chair (Mr. Garfield Dunlop):** Okay. That fairly well cleans up the third party. What we'll do is, we'll do 10 minutes of the government members.

*Interjection.*

**The Chair (Mr. Garfield Dunlop):** We'll try to get the whole time in.

Go ahead, Mr. Sousa.

**Mr. Charles Sousa:** Thank you, Minister, for attending and for participating in this cordial exchange with the committee. Further to some of the discussions that I've heard, we recognize—and I think, indeed, we all noted that Ontario felt the impact early of the global recession, before other jurisdictions in Canada. We took the necessary steps then, like the elimination of the capital tax, and we started moving forward on full tax reform in order to maintain the strong fundamentals that Ontario already had in terms of its economic base. I want to ask you a number of questions and I want to get into our free trade discussions afterwards.

Just for the record, Minister, how big is Ontario's economy versus the rest of Canada?

**Hon. Sandra Pupatello:** I think it's imperative to note that Ontario, for a long time, has been the largest GDP participant in Canada. We're still standing between 39% and 40% of Canada's GDP. We're standing at about \$560 billion worth of economic activity.

**Mr. Charles Sousa:** Right. So we have the most at stake because we're the largest base. How dependent have we been on the US market?

**Hon. Sandra Pupatello:** Well, it was closing in on 90% in terms of the export market. That's going back about 10 years ago. It's moved down since then, and we're at about 80% today.

**Mr. Charles Sousa:** So when the economic downturn began, is it safe to say that Ontario felt it before anybody else?

**Hon. Sandra Pupatello:** In particular southern Ontario. Most of the communities that have the largest share of the manufacturing base as their economy could feel it immediately. This is going back to the early 2000s—2001, 2002. It was virtually synonymous with the starting rise of the Canadian dollar against the American dollar.

**Mr. Charles Sousa:** So recognizing then that we had this dilemma before us, what steps did we take at that point in order to provide either the tax cuts or tax reforms and incentives to try to safeguard our industries? And, noting that our manufacturers were in a period of transition, did we take steps then to try to facilitate?

**Hon. Sandra Pupatello:** Well, beginning in 2003, when we were the government, we came forward immediately with programs that could reach out and partner with the OEMs that, frankly, lead the activity for the balance of the supply chain in the automotive sector, which is the biggest share of the manufacturing industry in Ontario. I can't point to a single policy in 2001, 2002 or the first half of 2003 that the former government brought forward despite our pleading because we could see—I could see as an MPP from Windsor the effect that it was having. It was starting, frankly, with the tool-die mould sector, the automotive supply chain, all the way up to the tier 1s and then the OEMs. I recall those OEMs making significant changes to their payment policies, so that even for jobs that had already been delivered, there was a delay in payment where there was a credit issue among the supply chain where they were just barely hanging on.

**Mr. Charles Sousa:** Let's set the stage a bit. Here we are in a period of economic downturn. We're reacting more immediately than anyone else, recognizing that we had to, and we want to maintain our strong fundamentals. Can you now tell us the sector priorities and some of our primary industries, beyond manufacturing, that have grown or been supported by our government in order to safeguard our economy, our GDP? I'm thinking of financial services. I'm thinking of IT and other things that I know you've done in order to protect Ontario.

**Hon. Sandra Pupatello:** Well, I guess it's important. We're fortunate in Ontario because we have a diverse economic base, and that is something that many jurisdictions simply don't have. They have either all mining, all forestry. We have some communities that are called one-industry towns. We worry about those communities in particular because if something happens to that one industry worldwide, and most of them are worldwide industries, like forestry, like mining, subject to the commodity pricing of the day—you worry because it's a huge impact.

Ontario, overall, is made up of a number of sectors and every one of those sectors is dependent on what's happening in the world in their industry, in aerospace, in ICT, in financial services etc. So we're lucky that way because we have opportunities for some sectors that are doing very well, despite the recession, while we can focus on those sectors that are really struggling during the recession.

Ontario has done well. Our financial services sector, for example, compared to any other in the world, has grown. Not only have they grown, they're seen as the starlets on the world stage because IMF—worldwide institutions have pegged the Ontario financial services industry as the best in the world. That is something we're taking full advantage of.

**Mr. Charles Sousa:** We took steps around our tax reform. We talked about the need for a plan, and we've got something called the Ontario plan, and open for business and so forth. We've taken some initiatives and I hear a lot about job creation. Can you give us specifically how many more jobs have come back to Ontario? And how the 600,000 aren't created jobs but are setting the stage for creating jobs over the next 10 years? Can you elaborate?

**Hon. Sandra Pupatello:** Well, the 600,000 figure is a figure, frankly, that was put forward by economists, not by our government. That was strictly a response to the advent of the HST. When we take the time to change policy so that we blend both the federal and provincial sales taxes, that kind of tax reform—the economists have done the calculations formulaically that would result in 600,000 jobs over the next 10 years.

Likewise, the comment regarding 50,000 jobs: That was a number put forward by the Ministry of Energy three years after the advent of the Green Energy Act. That's what we can predict will happen in terms of job growth as a direct result of the Green Energy Act.

**Mr. Charles Sousa:** In keeping with our government's Open Ontario and Open for Business, where

we're trying to trying to help our small and mid-sized businesses succeed, we have now endeavoured to go outside of North America. Recognizing your answer earlier about our dependency on the US, the government has noted the requirement now: We've got to broaden our market base and open for new markets outside of the province part of our Open Ontario plan.

We're in the midst of our fifth round of a comprehensive trade negotiation involving Canada and the EU. It concluded earlier this month and there are going to be two additional rounds scheduled for January and April. However, the world's economy still struggles with a weak recovery and there's still a threat of protectionism, and that's a growing concern.

Given the current economic climate, Minister, can you explain how Ontario will benefit from CETA, which is the Canada-European Union Comprehensive Economic and Trade Agreement, and its role in boosting Ontario's trade?

**Hon. Sandra Pupatello:** I think it's important to start by saying that we're recognizing that we want to have more to do with a market of 500 million people than we've had in the past. If we compare who our largest trading partner is, and that is the US, we've fallen to a level of 80% of export. If you looked at just the years 2001 to 2008, our trade with the EU has actually gone up by 150%. That's notable. In fact, when our ministry looks at trading figures, it drives what kind of activity we're going to have in those markets, because we've already seen companies stretching to move into those markets—our numbers are representing that—so an increase of 150% of trade with the EU bloc tells us that we should have more to do; that if we decrease barriers between those two jurisdictions, we're going to have even more trade.

**1010**

There were a number of studies done, both at the provincial and federal levels, to suggest that this was the way for us to go. For those who are going to be anti-trade, I think we just have to say that we can't be. Ontario is an export jurisdiction. Virtually everything we do gets exported, and that is the way. Our economy is reliant on this. The more trade we do, the better Ontario will flourish in terms of our economy.

**Mr. Charles Sousa:** And this is trade now internationally, outside of North America.

At the same time, Minister, governments around the world are working harder than ever to promote their own markets and common rules, and opening up their barriers, but the tide of public opinion in some of these jurisdictions is counter to the unifying principles of free and open trade. We see that happening everywhere, and we saw some of that hostility recently during the US mid-term election campaign where some politicians were advocating to reopen the NAFTA.

Minister, are free trade agreements good for Ontario, and what are we doing in regard to the US?

**Hon. Sandra Pupatello:** We continue to work with the US. We saw some very protectionist attitudes and

policies coming out of their government. When they launched a massive infrastructure program, for example, they included Buy America clauses that essentially were exempting us.

We worked tirelessly, all the trade ministers across Canada, but especially Ontario because we would be the ones hardest hit.

We provide to the US the most in terms of trade products related to infrastructure development of any province in Canada, so we heard some terrible stories about the kinds of protectionist attitudes and behaviours by the Americans, and we had to get in there and say, "Wait a minute. NAFTA has wildly exceeded all expectations in terms of the level of growth of exports post-NAFTA that we could ever have imagined. We've got to keep this free flow, because when they do well we do well, and vice versa."

We actually managed to put a stop to Buy America. We managed to get those kinds of changes that we needed in an unprecedented time frame and we made some significant gains in that regard, and that's important. So every time we see some kind of anti-trade tirade, we've got to stop that, because our economy depends on export. If we didn't export our products, our car companies would have about one day's production in a year to satisfy just the Canadian market. There would be no jobs in that entire industry if we didn't have appropriate trade levels.

The good news is, we're not just stuck on North America. Out of that Oakville plant, for example, that Flex is being exported to South America, to Brazil. We've got great examples of where that is now happening, and that's just in one industry. I know we dwell a lot on automotive, but it's the one that has been the hardest hit and where we've done so much work to try to have levers, where a provincial government can, to actually make a difference.

I think it's important to note that we are looking at other markets where we can do more. China and India have a growing consumer demand, a growing middle class. Just their domestic consumption is driving their growth of GDP, never mind what they're doing with the rest of the world. They suffered, too, during the recession. Their exports fell because they export to the whole world, but they made up for those dropping exports by a massive growth of domestic consumption. That means that we need to be in those markets, because we make products that those people want to buy.

**Mr. Charles Sousa:** Can you share with this committee some of the expansions that you did with individual states, where before we weren't able to have some trade agreements, and then we were one of the few jurisdictions that were able to actually have some? I know it helped some of my manufacturers in my riding.

**Hon. Sandra Pupatello:** Some of the missions, you mean?

**Mr. Charles Sousa:** Yes.

**Hon. Sandra Pupatello:** We've had companies from right across the province participate in missions of every kind. We took a group of aerospace companies to

Wichita, Kansas, which is home to the massive Boeing, to participate. Ontario companies are the largest supplier to Boeing anywhere, so enhancing that relationship is really tremendous.

Some of the work we did this year: For the first time, Ontario held a supplier fair in Ontario. We called it a reverse trade mission. We brought all our supply companies in the aerospace industry together and then we got the executives from all of the big OEMs, if you will—Boeing, Airbus, EADS; you name it. They were here in Ontario so that we did that kind of matching. Some of these companies hadn't discovered that we have 350 aerospace supply companies that do some of the world's best work; that we sell landing gear to so many of these big aircraft; that we have the kind of technology, software improvements, that all of those companies are looking for.

This is the kind of activity that spurs the relationship and the networking that our companies need. On their own, as small and medium-sized businesses, they won't get to open the door to Parker Aerospace, but we can get the representatives to come here and they can have that kind of a meeting.

**Mr. Charles Sousa:** As part of our Open Ontario plan, it's not just about strengthening our trade with the US, which is obviously very dependent upon our success. It's not just about creating even more trade now and expanding that with the EU, which is critical for us to diversify our dependency and expand our markets and our exports. I can commend you and all the work you've done in that regard.

But you've also done some tremendous work locally—I mean in Canada, and I'm talking specifically about the trade agreement between Ontario and Quebec and your ability to show partnership in our base, because if Ontario succeeds, Canada succeeds. And in order for Canada to succeed, we need a partnership with Quebec so we can then market our wares. Can you expand upon some of those discussions with Quebec?

**Hon. Sandra Pupatello:** Sure. What was unprecedented was an accord between the Ontario and Quebec governments where we actually officially tied ourselves together. We said that Ontario and Quebec together represent 70% of Canada's GDP, and a number of our sectors actually work collaboratively and find some barriers in doing that. If we can smooth those barriers to doing business across the boundary between Ontario and Quebec, they can actually do more.

Quebec is our largest Canadian trading partner, and Ontario is Quebec's largest trading partner. That means huge opportunities for us.

Some of the sectors that drove this—and we're very pleased to see this kind of advent—industries like pharmaceutical; like the bio-industries, where they are speaking of the development of an innovation corridor so that we can do more together. We have great institutions in Ontario where there is research being done that has a very nice collaboration with what is happening in Quebec with some of their institutions.

We know that even at first glance, we could offer up a number of very practical examples of how well we can work together. Some of the regulation changes, for example, in transportation: When our products are going back and forth between Ontario and Quebec, we should probably try to smooth those regulations so they're dealing with the same rules on the Quebec side as they are on the Ontario side. There's no one jurisdiction that cares more for road safety, so let's both come on the same page.

We've made regulation changes in transportation that actually save businesses money. A big company like Maple Leaf Foods, for example, has probably saved half a million dollars just in the first year because of the transportation regulatory changes that we made. When they do well, that means they can do more business. They'll be lowering prices to be more competitive. They'll be hiring more people so that they can withstand the demand for their goods. That's the kind of work that we can do, as a government, that actually makes a difference to business every day.

**Mr. Charles Sousa:** One of the issues that is a priority for our government is to ensure that future generations have a clean environment, to ensure that we continue to create jobs and create an environment for job creation as well as clean air. The Green Energy Act was touted, especially by Al Gore and others, as one of the forefront acts in North America in order to enable both those issues. Can you elaborate further?

**Hon. Sandra Pupatello:** We've looked at what we can make in Ontario. We've looked at who our workforce is and what it is that we can do here. What we found was so much synergy between what we make in other products, and we can take that same skill set, that same manufacturing facility, and we can work in other sectors.

We started doing this in 2006 with our first mission to Alberta. I remember, in November, having about 30 people on a bus, driving at 5 o'clock in the morning to the Nisku region so that they could meet some of their counterparts, understanding that our manufacturing sector was under siege, that they were suffering already from a massive increase by 2006 to the Canadian dollar. So we said, "Even if you're manufacturing something that's not related to the oil and gas sector, we know that you can do something in the oil and gas sector." That started the trek westward. We've led missions there every year since, and it's topped 200 companies who now participate every March in the buyer-seller forum in Alberta.

Just a month ago, we brought three ministers from Alberta so they could meet our clean tech industry, because of their focus on greening the oil sands. We have the technology in our clean tech sector that can actually help them achieve their goals. We brought 200 companies from our clean tech industries here into Toronto, where they spent a day meeting leaders from the oil and gas sector and those three Alberta ministers, to talk about collaborative efforts. That's not even in manufacturing; that's in clean tech industries. This is the kind of

collaboration that we can do with industries that have a skill set in one area that can be applied to the other.

**1020**

If you come to Windsor and you go to Anchor Danly, on their shop floor—five years ago, their whole shop floor was filled with automotive parts. That’s what they did. Today, this same company has about a quarter of its floor space working in the mining sector. They’ve reached out because they know they can do it. They have at least a quarter, if not a third, of their floor space now dedicated to the green industries, because they know that they can also build those products.

So in some instances, it may not be considered a “new” job, but it’s breathing life back into a sector, giving our manufacturers something else that they can make with a whole new set of customers.

In my own hometown, I led an Alternative Manufacturing Opportunities Summit, and then you, as parliamentary assistant to this ministry, have led other seminars and summits of this nature, where we’ve gone out there and brought the industry leaders from different sectors in the green industries together to meet our manufacturers, to say, “Here’s what we need, here are the kinds of accreditation you would have to go through, and here’s how easy it is to do.”

**The Chair (Mr. Garfield Dunlop):** You’ve just got 30 seconds left, Minister.

**Hon. Sandra Pupatello:** We’ve brought the nuclear industry in, the wind industry, the solar industry, to discover that our companies can do this. Some of them have expanded into solar areas; some have expanded into wind areas.

This is the kind of job creation that a government policy can actually have some influence over, and that’s why we expect to have support from all members of the House, because we’re about creating good jobs in Ontario. When that happens, we want to see support from everyone.

**Mr. Charles Sousa:** Thank you, Minister. I appreciate all the work you do; certainly your support for small and medium-sized businesses, the backbone of our economy, and your concentration toward that.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Mr. Sousa.

**Mr. Paul Miller:** Mr. Chairman?

**The Chair (Mr. Garfield Dunlop):** Yes?

**Mr. Paul Miller:** Could I get a written response to all our questions? I want to show the people in Hamilton how wonderful things are.

**The Chair (Mr. Garfield Dunlop):** Mr. Miller, I think that we asked for that in the very beginning, so any questions that you’ve asked will be—

**Mr. Paul Miller:** Okay, any question. I’d like a written response.

**The Chair (Mr. Garfield Dunlop):** In a timely manner, yes.

Mr. O’Toole, did you have a question?

**Mr. John O’Toole:** Yes. We were just wondering if we were going to get something written from the ministry

on the—I know we had the statement last week about the fiscal update, but are we going to get one from the actions they’re taking, as opposed to all of the conversation we had?

**The Chair (Mr. Garfield Dunlop):** I’m not aware of anything—just the questions you’ve asked.

**Mr. John O’Toole:** We had a decent report from the researcher that indicated the jobs in manufacturing. People have that.

**The Chair (Mr. Garfield Dunlop):** Okay.

**Mr. John O’Toole:** There’s probably more to that from the jobs—the statistics, as opposed to a lot of words.

**The Chair (Mr. Garfield Dunlop):** But in the end, if you’ve asked a question, they’ll respond to the question in writing.

With that, we’ll recess until this afternoon at 3:45 or after routine proceedings. Thank you very much, everyone. We’ll see you then.

*The committee recessed from 1025 to 1606.*

**The Chair (Mr. Garfield Dunlop):** We’ll reconvene the meeting.

Thank you very much, Minister Pupatello. Welcome back again, and to members of the staff of the Ministry of Economic Development and Trade. It’s 4:06 p.m. We’re going to go until about a quarter to 6 tonight. We’ll each have a 20-minute round, and then we’ll divide the last 40 minutes or 30 minutes into the three parties.

With that, we’ll begin with the official opposition. Mr. Shurman, it’s yours.

**Mr. Peter Shurman:** Let’s do some mathematics, Minister. And I would hope to do a bit of back and forth on the figures, because I’ve tried to bring figures into this over the morning and in the last session, so I sat down with a calculator at noon and I found out the following. Working with the figures that my colleague from the NDP requested on manufacturing—and we’ll get into the broader perspective beyond manufacturing after this.

In 2004, the Ontario population was 12.39 million, and the number of people employed in Ontario manufacturing in the 10 CMAs that were requested totalled 9%. In 2010, as of two months ago, the population of Ontario is 13.2 million, and 777,000 were employed in manufacturing. That’s 6%. So forget about the numerical aspects of it: What we’ve sustained in that six-year period is a loss of 33% of all manufacturing jobs—from 9% to 6%, 33%.

Now, the recession explains some of it, but obviously, we and you have been tracking the numerical aspects of this for a very long time. This compares the period one year after you were elected to the period we’re in right now. And we know—as I say, we’ve been tracking for some time—several hundred thousands of those jobs had been lost before September 2008, when the recession is generally agreed to have started.

You alluded this morning to the fact that it started earlier in Ontario. Explain to us when you think it started, how you reacted to it and how you think that, wearing your portfolio, we looked at this from an economic

development perspective and sought to replace that significant number of lost jobs.

**Hon. Sandra Pupatello:** Thank you. I am delighted to be back. I regret that the amount of time is less than what we might have expected this afternoon, because I prefer to spend as much time possible so that the people of Ontario can understand the kinds of things that we've been doing for the economy in the roughest time that any of us have seen in our generation.

As the member opposite and my official critic from the PC Party notes rightly, the information that we've provided comes from Stats Canada. So none of us are going to bother to argue about the numbers; the numbers are what Stats Canada collects for us. We request this kind of information so that we, too, can track what is happening.

As I mentioned earlier when we were back here this morning, we noted—and I was an opposition member representing the Windsor West riding, which is frankly still the automotive capital of Canada, where we have had a history of building cars: The first OEM to venture outside of America was Ford in 1902, building a facility in Windsor, Ontario. That's how long our community goes back in the automotive sector. We noted changes beginning in about 2001, and they were directly tied to the Canadian dollar and its value against the American dollar when we started seeing—

**Mr. Peter Shurman:** But in 2001, Minister—and I don't mean to interrupt; I'll just give you a brief one.

I was in business in 2001. We were at about 70 cents at that point—

**Hon. Sandra Pupatello:** And the dollar started to rise at that time.

**Mr. Peter Shurman:** Sure it did, but not before about 2003.

**Hon. Sandra Pupatello:** Actually, it wasn't 70 cents, it was higher; it was about 85 cents, I believe. But we should go back and get you some exact numbers about the dollar—

**Mr. Peter Shurman:** Well, you could, but my point is, I was in business. I was doing business with the States and I was profiting by it because I had a low dollar. And I recognize that there has been a change since, but the point is that in 2001-03, we were dealing with 70 to 75 cents.

**Hon. Sandra Pupatello:** But in the year 2002—what I will do is go back and get you some of the commentary that was made by Conservative ministers at that time, standing in the House, preparing economic updates for the House at that time, recognizing in their statements that there were challenges in the manufacturing sector because we were facing, to the jurisdiction that we have the most export to, a significant challenge because of the change in the value of the Canadian dollar. So all of us in the House recognized that this was going on. The biggest part of Ontario to be impacted by that was southern Ontario, where you'll find most of the manufacturing sector, where most of the export is to the US market.

There were other changes within the sector itself also, depending on the sector and depending on what that

change was. In automotive, it was a change by the OEMs themselves—by Ford, GM and Chrysler—which were changing the manner that they were responding and working with their supply chain. For example, as they were feeling the crunch, they were turning to their suppliers and saying, "We're going to give you the same contract, but we're going to take 5% off what we're prepared to pay you." This started a crunch that went right through the supply chain of the automotive sector. It went right down to the tool-die and mould guys, who often work two years before the car is on a lot for sale in the design and build of the tools that are going to go into the new product componentry. I was having meetings in those years with our tool-die and mould sector, who were feeling the significant crunch because of all of these multiple factors.

But never mind, that was the past. As we became the government, we recognized that this was a sector under stress. What were we to do about this? In 2003, when we became the government, we started coming forward with programs that could reach out to the OEMs, understanding the supply chain impact. If we helped at the OEM level, that meant that that supply chain was going to get work. The best thing that we could do was ensure that our supply chain had work to be generating for the OEMs that they were supplying.

When we came out with the automotive investment strategy, that OAIS program, it was the first of its kind. That \$500-million fund—grant or loan, depending on who we were dealing with—leveraged over \$7 billion in investment.

When Toyota at that time was looking, "Where in the world would we place another plant that was going to build the RAV4," we could then land that plant.

**Mr. Peter Shurman:** Okay. Let me stop you there. I don't want to argue with anything that you've said to that point.

**Hon. Sandra Pupatello:** Well, I think you'd actually be supportive of that—

**Mr. Peter Shurman:** That's not a question. The question of supporting people who are manufacturing whatever in Ontario is not a question, not for me and not for anybody. What my question was addressing was the fact that we have lost a significant number of jobs. You're explaining, from a historical perspective, where it started and what you tried to do to address it. I understand all of that. Here's what I don't understand: why you weren't addressing, given what you knew—and you've just described well what you knew—what your portfolio says you're supposed to address, which is the economic development of Ontario.

If you were going to suffer in the auto industry, and you knew you were going to suffer in the auto industry because there are changes in that industry, why were you not addressing the attraction of other industries to supplant what you were going to lose in the auto industry so that you wouldn't have—and I'll get to these in a moment, as I said—figures that are as disastrous as they are now in the broader employment sector? Because

manufacturing is terrible. A loss of a third of the jobs—all jobs—in a period of six years is a disaster. If you look at the broader sector, you should have been pushing something else up if we were going to lose it to, for example, South Asia. You didn't. Why not?

**Hon. Sandra Pupatello:** Well, actually, that's not true, and I have to say that I wouldn't agree with the premise of your question at all.

To be fair, I won't give you the level of specifics that I can give you from 2006 on, because I wasn't the minister in this portfolio at that time. I can tell you, as a local MPP watching avidly when the Minister of Economic Development and Trade was actively pursuing additional sectors to come—and we have seen growth in other sectors. Let me speak from 2006 on, at least, because I've been in the portfolio since that time.

The amount of time that we spend on multiple sectors in Ontario is, frankly, historic. If we compare, just by the numbers, the number of missions that we do, the number of companies that participate with us on those missions, they are at historic levels now. We have never been a more active government on the international scene than we've been in these last several years. And there's a specific reason for that: When we leveraged our Open Ontario, it truly meant that we have to go out there in the world to see who we can get to come to Ontario.

But I do recall criticism, and receiving criticism at that time, when we brought a company in from France in the digital gaming business, knowing that we had to incent this company to come to bring a massive publisher, one of the world's biggest in the digital gaming industry, and that is Ubisoft, creating 800 jobs in the digital gaming industry, a subset of the ICT cluster—information and communications technologies. This is huge news for that sector.

Likewise, in the financial services industry, we have gone around the world to meet international banks, for example, inviting them to come and set up in Ontario because Ontario is the centre of the financial industry for Canada and the third-largest in North America, and moving to do more. Insurance companies that rank top in the world are housed here. And we're following these companies. We've actively pursued the financial services industry, and we've had growth in those industries, even despite the recession.

I picked those two examples for a reason. The video gaming industry is one of those that is actually recession-proof. When other sectors had massive decreases for a whole variety of reasons that the provincial governments of the world can't control, these are sectors that actually grew in the recession. These are the kinds of companies that we want to chase. These are the kinds of groups we want to have just because of that reason alone, let alone the fact that young people are walking out of educational institutions, which you and I fund through our tax base, great schools like Sheridan College—kids, we would call them, by their age only, who are walking into \$80,000-a-year jobs. These are great-paying jobs coming out of great institutions that our taxpayers fund. So it stands to

reason that we're going to focus on industry that lines up with the kinds of people that we graduate from our institutions.

**Mr. Peter Shurman:** When you describe it, it sounds great, and I have more than passing knowledge of technological aspects of industry, including the video gaming industry.

When you talk about addressing sectors, I really can't argue about addressing sectors, but I do argue—and I'm just putting this on the record, and I have before—there are sectors to address and then there are ways to address sectors. I think that's where the basic philosophy that you apply and your government applies differs from the way we would apply it, when we were in government, when we become government again, at whatever point that is. To use that example which you were just citing, you can't go out and say, "Ubisoft is a successful company and will create 800 jobs" by providing an incentive to that company alone. If you want to address sectors, you have to decide what you're going to do for the sector as a whole, and away you go.

The same thing, I would argue, would go for a deal like Samsung, which I'd like to get into later. Samsung wants to make wind turbines for the province of Ontario and, obviously from your government's perspective, create something for Ontarians that you believe in. I believe not in Samsung particularly but in renewables, if that's what you think the sector should be, and incenting the entire sector to come here. So where are the General Electrics and the Siemenses? You know what I'm saying. You're doing onesies and twosies, picking winners—

**Hon. Sandra Pupatello:** Come on. Let me answer.

**Mr. Peter Shurman:** Well, you make speeches; I'm going to make one too. You do onesies and twosies—

**Hon. Sandra Pupatello:** Let me in. Let me in.

**Mr. Peter Shurman:** I don't believe in picking winners and losers. I believe you pick a winner in a sector, and you transform that sector by creating the appropriate incentives to do so, not on a one-off basis.

Go ahead.

**Hon. Sandra Pupatello:** I'm going to call you out on this. As my official critic from the PC Party, I'm calling you out on the comments you just made, because what we've done in the last three years alone—

**Mr. Peter Shurman:** That's okay, because I call you out all the time.

**Hon. Sandra Pupatello:** I know—is we have made such dramatic tax policy shifts to the benefit of all business: small business, large business etc. Your party voted against every one of those initiatives, and the dilemma is why because it's—

**Mr. Peter Shurman:** Let me stop you right there. No, no, no, Minister.

**Hon. Sandra Pupatello:** No, I'm going to have to finish my statement so we know what to argue about, because there's more. I want you to argue it even more.

**Mr. Peter Shurman:** You'll finish your statement. You're not going to—

**Hon. Sandra Pupatello:** I'm going to give you more to argue about.

**The Chair (Mr. Garfield Dunlop):** Give a quick answer here and then over to Mr. Shurman, because he's got a debate to have here.

**Hon. Sandra Pupatello:** Thank you. When we come in with that policy that applies to all business—corporate income tax decreases, capital tax elimination, small business thresholds eliminated completely—these are the kinds of initiatives that your party purports to support. But it could truly be only for partisan reasons that when you see the kind of policies that you dreamed your party would have come in with but never had the nerve to, you voted against it even though, fundamentally and philosophically, you support that. You voted against it.

**The Chair (Mr. Garfield Dunlop):** Okay. Mr. Shurman.

**Mr. Peter Shurman:** My turn. May I remind my colleagues on the other side that if I choose to use the next 20 minutes and make a speech, that's what I'll do. It's my right.

**Hon. Sandra Pupatello:** This is more fun.

**The Chair (Mr. Garfield Dunlop):** Okay. Go ahead.

**Mr. Peter Shurman:** I'm not going to do that; I'd rather have the dialogue. But let me respond to what you're saying. We're not in the House, so this constant need that you seem to have to tell me what I voted against or what our party voted against doesn't hold any water here because the bottom line is your policy in addressing us is if we're not with you, we're therefore against you. That's not true.

**Hon. Sandra Pupatello:** But you voted against it.

**Mr. Peter Shurman:** I'll give you a perfect example. We just passed in the House today the accountability act—is that what it was, number 99? If we don't vote for that, therefore, we don't believe in accountability? No, what we don't believe in is how you address it. To suggest for a moment that in the field of economic development, broadly, if we don't go along with your policies, we're against the economic development of Ontario or any business sector is patently nonsense.

**Hon. Sandra Pupatello:** No, but what you said is that you want to do it in that blanket fashion that supposedly doesn't pick winners or losers. So to your point, when you come out with tax policy, which tax policy just by virtue of what it is as a tool is applicable to everyone, all businesses benefit. You come in with solid policy that you speak to all businesses, every sector; that corporate income tax is the same whether you're a banker or whether you're a toolmaker. That corporate income tax is that level—

**Mr. Peter Shurman:** Corporate income tax is, but tax incentives might not be.

**Hon. Sandra Pupatello:** So in that bill, three successive budgets delivered by the Minister of Finance that address tax policy—not programs that are incentive programs, I'm talking about tax policy: the small business threshold, elimination of capital tax, things that are applicable to all of them, which is the kind of thing that

would be part of a Conservative mantra. Those are the things that are smoothed out for everybody. It should be obvious that you would support that initiative, but you didn't. So you, frankly, have to explain to businesses why, when the government wants to give them incentive to reinvest in their businesses, just when they need to raise their levels of productivity, you would say no to such an initiative that is for all business. You explain to people why you do that.

**Mr. Peter Shurman:** You can paint me any way you want, but let's take an example, a very reasoned example—

**Hon. Sandra Pupatello:** But answer the question: Why would you be opposed to that?

**Mr. Peter Shurman:** Well, let's take a recent example that—

*Interjection.*

**Mr. Peter Shurman:** —that pits Ontario against Quebec.

**Hon. Sandra Pupatello:** But why would you say no to that? I don't understand.

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**Mr. Peter Shurman:** You went off on a trip to Israel looking at biosciences, life sciences. We were both at a plant one morning when you announced that trip. We were playing with robots.

**Hon. Sandra Pupatello:** Because I invited you to come.

**Mr. Peter Shurman:** What's that?

**Hon. Sandra Pupatello:** Because I invited you to come.

**Mr. Peter Shurman:** You didn't invite me to come; the Premier uninvited me to come.

**Hon. Sandra Pupatello:** He did not.

**Mr. Peter Shurman:** Yes, he did.

**Hon. Sandra Pupatello:** You were there, and I invited you.

**The Chair (Mr. Garfield Dunlop):** Get to the point.

**Mr. Peter Shurman:** All right, I'll get to the point.

So we're at this plant, and—

**Hon. Sandra Pupatello:** I invited you, and you were pleased to be there. You were happy to be there.

**Mr. Peter Shurman:** Minister, I'm going to get this question out one way or the other. You wanted to attract that kind of business and so did the province of Quebec, only the province of Quebec got about a two-year drop on you, and the tax credit for that kind of business where venture capital is concerned is 36%. Here, the tax credit—

**Hon. Sandra Pupatello:** Which business was it?

**Mr. Peter Shurman:** We're talking about venture capital tax credit: 36% in the province of Quebec; 10% in the province of Ontario. Why would anybody come here?

**Hon. Sandra Pupatello:** I'm not sure what business you were referring to just now?

**Mr. Peter Shurman:** We were talking about going to Israel and looking at life science, bioscience, biotechnology, that sort of thing. They have a jump on you. You could go and you could say, "We'll give you 50%,"

but the attitude of your government seems to be, “We can’t give anybody 50%; we’d lose 50% of the tax.” My attitude, as a businessman, is that I’d rather get 50% of something than 100% of nothing, and that’s what you’ve got.

**The Chair (Mr. Garfield Dunlop):** You’ve got three minutes left in this round, by the way.

**Hon. Sandra Pupatello:** If that’s what you’re saying, that you’re actually agreeing with the fact that when we come out in a budgetary fashion with the interactive tax policies for the digital gaming industry, then you should actually support that initiative, because what we did in that budget was, we came up to the level that Quebec was also offering for that industry.

I guess my frustration is that you’re saying that you disagree with something, but then when you advance it, you actually advance the very thing that we did, but then you don’t support it, and you don’t support it because you stand up with that cadre of Tory MPPs saying, “I guess we’re opposed to the Liberals,” but you need to be for business.

When there’s a good initiative and it’s going to be by tax policy, by an incentive program, by a way to reach out and drag these people to come to Ontario and make that investment, we want you to support us. So when you were invited—and you did come—to the launch of the Israeli mission, it was so that all of us could say, “That company that makes the most marvellous medical equipment, we’re going to help them.” That’s what our ministry does. We make connections for a company like that to reach into Israel and make perfect connections to do business and bring more jobs to the Toronto area; in fact, to your riding.

**Mr. Peter Shurman:** I cannot address—and it’s not for me to defend at these hearings. Okay? I cannot address what you did in the particular sector that covers video games.

What I can tell you is this: When you ask us to vote for your tax policy, you don’t ask us to vote on a one-off basis; you ask us to vote for a budget, an entire Liberal budget that is not basically on principles that are consistent with what we do—some are.

**Hon. Sandra Pupatello:** But in fact they are.

**Mr. Peter Shurman:** Some are—

**Hon. Sandra Pupatello:** You just admitted that they were.

**Mr. Peter Shurman:** —but most aren’t. And then you say, when we vote against the budget, that we’re against everything that’s there. That’s nonsensical, and you know it.

**Hon. Sandra Pupatello:** I’m going to presume that—

**The Chair (Mr. Garfield Dunlop):** We’ve just got a minute left here.

**Hon. Sandra Pupatello:** —at least on the economic matters, you would have supported those initiatives. You would support the elimination of the capital tax; you would support the elimination of the small business threshold; you would support the decrease in the corporate income tax, moving to literally 10%, so our combined

rate is going to be 25% better than any of the jurisdictions we compete against in the US—those were significant elements in that budget, and you would support those elements; that’s what you’re telling me today?

**Mr. Peter Shurman:** No, I didn’t say that at all.

**Hon. Sandra Pupatello:** Well, I need to know that you’re going to support that.

**Mr. Peter Shurman:** I said that there are elements of any budget that you present that are supportable. I would say that when you say, “Go ahead and vote for a budget as a whole,” it’s impossible.

**Hon. Sandra Pupatello:** True, but if you also say that you don’t like us picking winners or losers, as you described it—and I certainly don’t purport to be doing that at all with any of our policies because our programs are open for everyone to apply; it’s not picking winners or losers.

When it comes to a tax policy, it really is across the board, as you say. Those are the same things that Mike Harris talked about, those are the same things that Ernie Eves talked about, that Jim Flaherty talked about; in opposition you are now talking about that decrease of those corporate income taxes.

**Mr. Peter Shurman:** We’ll see how well you’ve done in the next round, Minister.

**The Chair (Mr. Garfield Dunlop):** That 20 minutes is up, and it went very quickly, by the way.

Now to Mr. Hampton. You’ve got the next 20 minutes, the third party.

**Mr. Howard Hampton:** As I did last day, I want to put a few things on the record. I know that the minister, of course, when she gets a chance to answer the government members’ questions, will no doubt want to comment on this.

What I find interesting is the report today of Ontario’s Task Force on Competitiveness, Productivity and Economic Progress. If I read one of the reports, “The recession and still-soft US demand for Canadian products is casting a long shadow over central Canada, one that risks sinking Ontario’s prosperity unless the province boosts its innovation and productivity levels.” This, by the way, is a report of an organization that, as I understand it, your government financially supports.

The report goes on to say, “Once the nation’s key economic engine and still its largest factory base, Ontario has fallen on tougher times in recent years. Employment and output remain below pre-recession levels. Last week, the provincial government predicted years of deficits, and cut its growth forecast for next year and 2012 because weak prospects for the US are seen to curb Ontario exports.

“Ontario businesses are investing less in research, and produce fewer patents than other jurisdictions, the report notes. Productivity levels trail US peers, undermining the province’s prosperity potential. Last year, Ontario’s per-capita gross domestic product was \$6,900 below the median of the 16 largest states and provinces in North America.

“The \$6,900 gap suggests the province is not realizing its full potential, for a variety of reasons....”

Then, it goes on to say, “‘We are laggards in creating economic value per hour worked,’ said the task force chairman Roger Martin, dean of the Rotman School of Management at the University of Toronto. For various reasons, ‘We are not leading the world in creating innovative products, services, and processes.’”

“‘So far, government innovation policies have been ‘inadequate,’ he said, focused more on ‘new-to-the-world inventions’ than on ... ‘relevant-to-the-market innovations.’”

That is one commentary.

The same report says, “‘Ontario’s government is overstating the benefits of its Green Energy Act and underestimating hydro rate increases, according to a new report on economic competitiveness....”

“‘The report—written by the Task Force on Competitiveness, Productivity and Economic Progress—points out that rising electricity costs could nullify some of the 50,000 new jobs the Liberals claim will be created.

“‘The task force notes a study of the Ontario green energy program by London Economics International, a global consultancy that estimated the act’s cost at between \$247 and \$631 per household per year—or the equivalent of two to six additional monthly electrical bills per year.

“‘The task force report also cites a study by Aegent Energy Advisors Inc., an energy consulting group, which estimated recently that partly because of expenses related to the act, residential electricity costs are expected to increase at an annual rate of 6.7% to 8% over the next five years.’”

Then it goes on: “‘The predicted job-creation impact is also based, the report says, on what happened in Germany, which has implemented a similar green energy program that initially saw job increases that were eventually eroded by rising’ electricity ‘prices.’”

The report quotes Jim Milway, executive director of the Institute for Competitiveness and Prosperity, saying, “‘I think the province would be wise to have a fresh look at this and really ask themselves, is this the best way to go.... I’d strongly reconsider it before we get too far wedded to this.’”

“‘Mr. Milway says the impact on rates ‘will probably be higher than what the government says.’”

He says, “‘While the GEA may create 50,000 new jobs, the higher energy costs may result in employment losses elsewhere in the economy, particularly in industries that are intensive energy users.’”

I pointed out some examples of that last day where, for example, Xstrata shut down their metallurgical plant in Timmins, which is basically a loss of 2,500 direct and indirect jobs, and they were very clear. They simply said, “‘We cannot afford to pay these electricity rates.’” They’ll mine the ore in Timmins, but they’ll now ship the ore to Quebec to smelt it, refine it and process it there. Vale Inco, now called Vale, already made that decision with respect to the copper refinery in Sudbury. They’ll continue to mine copper in Sudbury, but they will ship it to Quebec to smelt it, refine it and process it there.

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A similar thing has happened in the pulp and paper sector. We still harvest all kinds of some of the best wood fibre in the world in northern Ontario, but now, by and large, we semi-process it into pulp and ship it elsewhere where it’s made into the sophisticated paper products which capture the higher price, and also, by the way, which represent the best jobs. When you ask companies why they’ve done this, they simply say, “‘We can’t afford to operate this electricity-intensive industry in Ontario anymore, so we do the majority of the processing, the paper-making, outside the province.’”

That’s your Task Force on Competitiveness, Productivity and Economic Progress. They raise two serious questions. What I want to raise, and what I think needs to be answered—we saw, for example, the statistics that I requested last day on manufacturing jobs. In every CMA that I asked for, in fact, we have lost manufacturing jobs. The only place that shows an increase is Sudbury, and I think that’s probably related to the fact that, in 2004, there was a strike lockout at the Falconbridge-Xstrata mining and smelting operations and literally thousands of workers were off the job then. In October 2010, they’re back on the job and the strike at Vale had just been settled. I think that probably explains the differential.

But the reality is, in terms of good jobs that support families, that support communities, that pay taxes that enable us to support our education and health care systems, in just about every one of these regions—Hamilton, Kingston, Kitchener-Waterloo, London, Oshawa, Ottawa-Gatineau, Thunder Bay, Toronto and Windsor—we’re seeing a massive loss of those good jobs; a massive loss of those jobs that we need if Ontario is going to continue to have the kind of prosperity we’ve had in the past.

I still haven’t heard a strategy from this government as to how this is going to be addressed. I recognize now that you’ve put a lot of money into promoting the Green Energy Act, but your own task force is saying that it’s not going to generate the jobs that you claim; and if it does generate any of the jobs that you claim, you’re going to lose jobs in these other subsectors of the economy, which means you might have a wash or you might have a small net gain, but certainly not a 50,000 net gain and nothing that’s going to compare with the loss of manufacturing jobs that we’ve seen since July 2004—just a quick addition—over 300,000 good manufacturing jobs.

You can quibble back and forth about who voted for what bill or who didn’t vote for what bill. I think what these estimates are about is, what is the government’s strategy to address this? In my part of Ontario, where there is literally massive unemployment now, where virtually every town, every village, every city is staring at the loss of what was the centre of the local economy, people want an answer. They want to know what the future is.

You can only tell people to catch the flight from Thunder Bay to Winnipeg and then on to Fort McMurray for so long. You can only tell them to drive into Winnipeg and catch the flight to Saskatoon and work there for so

long. Becoming the new Cape Breton, where most people work away for six or seven months of the year, is not an economic strategy. It may help people until they're ready to retire. They can keep the home that they've already paid for, the mortgage that they've already paid off, but it's not a good long-term economic strategy.

That's what I think we're seeking here: What is the strategy? Your own competitiveness report says that simply relying on the Green Energy Act is not the answer. So I continue to come back to this.

How much time do I have?

**The Chair (Mr. Garfield Dunlop):** You have nine minutes left.

**Mr. Howard Hampton:** I continue to come back to this, and we haven't heard it here yet. We've heard some bravado about this particular—whether it be Ubisoft or that particular thing. But for all those people across Ontario who used to have a good job, who don't have a job now, and who are wondering how they're going to support their family, how they're going to keep their home and how they're going to continue to be a member of the community, they need an answer, and they're not getting it.

You and my colleague from the Conservative Party got into a bit of a discussion about taxes. I, too, want to touch on that because I think there is something for us to look at in that issue as well. It seems to me, in this argument about who cut taxes more, that we're missing some of the key points.

I simply want to read something, again—and this comes out of what happened in Ireland. Basically, what it says is:

“Research by economists at Trinity College Dublin into the impact of globalization on Ireland found that US companies accounted for 77% of Irish exports, while domestic enterprises made up only 10%. In 2002, the researchers found, foreign multinationals accounted for more than half of Ireland's corporate tax revenues, and foreign firms were earning a stunning 17% yield on investment. The researchers concluded that this impressive profitability and boost to the Irish treasury was not because of superior Irish productivity, but tax planning. The multinationals were funnelling profits through Ireland, attracted not so much by high skills but low taxes.

“The Irish tax haven is creating a stink in Brussels, where tax undercutting is seen as morally dubious and Germany is calling for a ‘severe reform program’ for Ireland.”

When you read through the column, what it suggests is that being able to brag, “Well, we cut taxes most,” is not a good economic strategy either. In Ireland's case, what I heard over and over again is, “Ireland is booming because it's cut taxes.” It wasn't really booming. What the research study shows is that multinational corporations, because they can arrange where they take their profits, simply said, “We'll take our profits in Ireland—a lower tax rate.” But it didn't do anything for the productivity of the country, and it didn't do anything to create a stable and solid base for the economy.

I would hope, when you have time—maybe government members will reiterate these questions again. I know that's usually what they do. I would hope that you would deal with some of that. Again, this argument, “We're going to cut taxes, and that's going to be the key,” didn't work very well for Ireland.

In fact, the other piece of this is that many of the companies that were routing their profits through Ireland, once they got a lower tax rate in Poland, simply moved their operation to Poland and took their profits there. That's the other side of this, which is why it's causing such a problem in the European Union: because they see this shell game. They see this shell game of the lowest common denominator: “We'll cut our taxes, you cut your taxes, somebody else will cut their taxes” It doesn't really lead to productivity, and it doesn't lead to skill building. What it leads to is multinational corporations manipulating the difference between jurisdictions' tax levels.

Again, I think people want an answer: What is the economic development strategy for Ontario? It can't just be the Green Energy Act. It can't just be having lower taxes than the guy next door, because it sure hasn't worked for Ireland. It can't be solely any of those things. There's got to be a strategy here. I think people want to know: What is that strategy?

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**The Chair (Mr. Garfield Dunlop):** You have four minutes. Go ahead.

**Hon. Sandra Pupatello:** How much time, sorry?

**The Chair (Mr. Garfield Dunlop):** There's four minutes remaining in the third party's time.

**Hon. Sandra Pupatello:** Super. Thanks so much, because you asked a lot of questions, and I'd love the opportunity to respond. In fact, today, we led off this morning, because you ran the clock the other day and I didn't get an opportunity, so I gave my response to your colleague from Hamilton. I'd love to reiterate what I was able to share with your member from Hamilton.

The reality is that we want to fund an institute like the competitiveness institute because we want to be informed by people whose job it is to seek out good, solid advice for government. That's something that governments of the past should have done all along. When it comes to competitiveness, Ontario has been through the wringer since the early 2000s. Everybody acknowledges that that's the case.

We also recognize the levers that provincial government, a subnational government, can push on to cause what kind of change in our economy. So we're trying to change the levers that we can actually access to make a difference for people for good-paying jobs.

Let me just give you an example. When we're busy trying to land FDI, foreign direct investment, in the energy sector, in the green energy sector, here's the challenge that Ontario's been facing: The federal US Treasury launched a \$6-billion energy fund for all of the states to access. So when one state is chasing the same company that we're chasing, that local state can turn to the federal treasury to access a multi-billion-dollar fund

to help land that company in their state instead of in Ontario. We give them a run for their money, but ultimately, is it appropriate that a federal government can allow a company 90% of its capital costs to build a plant in a particular state? What do we have in response to that? We don't have near that level of deep pockets—well, perhaps some would say that neither does the US, but in any event, this is the kind of struggle that we face as we realize what is out there in the world to be had and how we go about chasing it.

When you talk about tax policy, you're at the opposite end of where my colleague and official critic is with the Progressive Conservative Party—or the Conservative Party; let me say that. The reality is, that's probably a good thing, because the Liberals are, in fact, in the middle. One side is complaining that we haven't cut taxes enough. The other side is complaining that we've cut taxes too much. That probably means we're exactly in the sweet spot that we need to be in the game.

I actually believe that on tax policy, what we charge companies in terms of corporate income tax, we should be middle of the road. There are other areas in the sectors that we chase. What matters in a knowledge economy is the knowledge of its workforce, and that's where Ontario excels above all other jurisdictions.

I think all of us would be impressed to note that we have the highest percentage of education in our workforce of any province in Canada, of any country within the OECD. That is huge. That means that we, at 63%, the average Canadian percentage at 61%, in stark contrast to the US, in the forties—

**The Chair (Mr. Garfield Dunlop):** One minute left, Minister.

**Hon. Sandra Pupatello:** That means that we chase what our post-secondary education students can do. Those are the industries that we're chasing.

We're actually doing very well, considering that we've been through some tremendous changes over the last couple of years. Segments of Ontario still are not out of recession. My community still has not readjusted in jobs from where we used to be.

We have more work to do. But we also recognize, just as the other two governments have in the history of Ontario governments, that the province has a role to play, and we are playing our role well. I'd hate to see where we would have been had it not been for an aggressive Liberal government to respond to the challenges of the day when we saw them staring at us in 2003.

**The Chair (Mr. Garfield Dunlop):** That's down to 15 seconds.

**Mr. John O'Toole:** On a point of order, Mr. Chair: I must correct the record here. In an article in the *Globe and Mail*—

**Hon. Sandra Pupatello:** Whose time is he taking?

**The Chair (Mr. Garfield Dunlop):** No, you can do it in your 12 minutes. We're going—

*Interjection.*

**Hon. Sandra Pupatello:** I'm sorry, Chair. This is totally inappropriate.

*Interjection.*

**Hon. Sandra Pupatello:** He's totally inaccurate, Chair. Are you going to do points of order? Because I'll have a few of my own as well.

*Interjection.*

**The Chair (Mr. Garfield Dunlop):** Mr. O'Toole, you can bring it up in the 12 minutes you have left.

We'll now go to the government members. You have 20 minutes.

**Mrs. Maria Van Bommel:** Minister, I would just like to talk to you a little bit about southwestern Ontario, where my riding is. As you mentioned earlier, it certainly was and still continues to be an auto sector area, but a number of the jobs have been lost over the last little while and different things are starting to happen in the area in terms of new manufacturing and new job opportunities. Would you tell us a little bit about what you see happening in the southwest area in new jobs, economic development and trade?

Some of the things we were just talking about on the education front, because we certainly have our universities and colleges, where our kids are going to those schools; they're looking for future jobs. There's no point in going to school if you don't know where you're going to be working, so a lot of people make a decision based on what they see as their future opportunities as well as not just getting a higher education.

Would you kind of give me a little bit of an idea of what I can look forward to in the southwest and in my riding of Lambton-Kent-Middlesex?

**Hon. Sandra Pupatello:** Sure. The things that we've been talking about here at committee have been exactly how difficult it's been since the earlier 2000s and primarily in the southern part of Ontario, where we saw changes in the manufacturing sector, which is a predominant part of the economy in southern Ontario, because of the rise of the Canadian dollar against the American dollar. We saw those changes. We argued about what role the Ontario government could play. Even as an opposition member I would raise these questions to the ministers of the day in the House—and they were Conservatives at the time—to no response.

We watched a lot of the difficulties with our businesses at that time, and that really precipitated our drafting of our plan for when we did eventually become the government in 2003. When we came out with our programs, opposition members dared to dub them as corporate welfare. We knew that in fact they would work. I think that when we look in the rear-view mirror today we realize it was exactly the right thing and fortuitous that, had we known a recession was coming, we needed those large companies to make massive investments in the years that they did.

So we launched a program in 2004: The investments and partnerships started in 2005; the investments began in 2005, 2006 and 2007; and when we hit that recession in 2008-09, when we saw that was happening all over the world, we had already landed \$7 billion in the automotive sector alone because of our half-a-billion-dollar

fund to partner with these companies. That meant that those facilities were spared what other facilities in the United States then had to come to terms with: overcapacity, closing plants. We had our share of that as well, but not nearly to the degree of our southern counterparts, and that's because these companies could look and say, "We've just made a \$200-million investment in this facility. Surely we can't shut that one down." And, indeed, they did not.

What we see today, in only the last six months, is this resurgence of the automotive industry: shares for the company of General Motors higher than anyone would have predicted; \$2 billion in investment across that whole sector just by the OEMs alone, only in the last two months; getting ready for the future, getting ready for new product line, expanding; calling back workers who've been off for months and months. These are good-news stories that have an impact. The automotive sector, of all of the manufacturing generally, has a seven multiplier effect in the communities that they're in. That means that for every dollar they're investing, we're going to see seven more. There's no other sector that has such a huge multiplier. People would argue, "Why such a focus on manufacturing?" Because we recognize its importance in the economy at large, and that makes it critical for us, because it's a big part of what we do and what we do well.

We also note that we lost low-level manufacturing back in the 1980s. The triaging of labour costs hit Ontario years ago, and those jobs at the time were heading to southern parts of North America, like Mexico. Those jobs have since left Mexico and headed over to China. Then when India was less expensive than China, off they went to India; then from India they've moved over to Indonesia. Those are the things that have been happening in that triaging of labour.

What was good planning for Ontario? It was to focus on the kinds of industry that require knowledge in their workforce, because it's what we do best, and what we've done better than any government to historic levels. We don't say that; people in the business of education say it. They have never seen a government make this massive investment in education like the Dalton McGuinty government has done in the time that we've been in office; and that's true. Not only in infrastructure, not only in actual buildings: When you come to my hometown of Windsor and you see a brand new engineering school going up, cranes all over related to those kinds of buildings, in structure that means not just today for the investment of jobs in the future, but in 10 years when those engineers are coming out to claim those jobs—good-paying jobs, high-skilled jobs—because that's what we do best.

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We have seen more post-secondary education investment in Ontario just in these last few years than we have ever had in any period of time, as I like to say, since the tectonic plates separated. I think that is notable, and it plants our flag in the kind of industry that we want to see

in this province: a high-end, knowledge-based economy, and that means advanced manufacturing, ICT—information and communications technologies—and digital gaming, which is a big part of that and growing, and is recession-proof as well.

In sectors like aerospace where we know where our specialties are, we take the benefit of ICT and apply it to aerospace. So we do the best in terms of avionics for an aircraft, the systems of an aircraft, why you breathe clean air on any airplane—because of technology that's been built right here in Ontario, and when you land on any large aircraft, you're landing on Ontario landing gear.

As were in Israel on the last mission and we saw a huge plane fly overhead right in the middle of our reception, I could stop and recognize the EADS Airbus and say, "That, my friends, is Ontario landing gear," because it's true.

Those are great Ontario stories of how we are moving forward in what we want to create as a province. We want our businesses to do well, so we help them on tax policy. We want new businesses to come in, so we go out there to lure them, yes, with incentives also, to bring them into Ontario, because we want people to have good-paying jobs, and when they do that, they support the government so that we, in turn, can reinvest in the things that make a difference in their everyday lives, so that they can provide a good education for their kids—junior kindergarten, full-time. Find me another jurisdiction that gives our young children that kind of a start.

Let's move on: Why is it that we're the only place that we can find a law where those primary grades are 20 kids or less in those classes, so every kid gets the kind of attention they need, because more will go on to high school and graduate. That means more will go on to post-secondary because that's what children are going to need in 20 years to land the kind of job that they're going to want to be very productive. We need the kind of revenue to be able to do that, so we need people to have great jobs.

They want good health care. They want to know that when their loved ones need help, help will be there for them. That's a challenge that every single government of every political stripe has seen, the percentage of a government dollar going to the health care system, and we have to find a way to do it well. Hence, you see some of our activity on giving good care at the right time by the right professional. Those are key initiatives by our government to provide the kind of lifestyle that people in this province deserve. That's what our government's been doing.

If you go out there to people who are experts in their field—don't listen to the MPPs who are saying it. Go out into the field. Are we doing well by the economy? Ask the leaders of the manufacturing sector if they think they've seen another government that's been more activist than ours for that sector. They will say there isn't another that's been more active.

If you go to the aerospace industry and ask them, "Have you seen a government that's done more for you?"

they will say they have not. If you go to the ICT sector and ask them if they've had a government that's done for them than ours, they will say that there has been no other government more active than ours.

I will go sector by sector, because we don't sleep. We work on the economy because it's been stressed and it needs a lot of work. It needs good tax policy and good salespeople, and we need to be all over the world selling Ontario. That's what we do. There's not a person on the other side of the House who could do a better job than the McGuinty government. Thank you.

**The Chair (Mr. Garfield Dunlop):** Another question?

**Mrs. Maria Van Bommel:** Thank you, Minister. I'm going to carry that just a little bit further. One of the things in my riding that I'm particularly proud of is the fact that in Wallaceburg, which actually had a downturn long before the recession started—it was a very difficult time for that community even in 2003, when I was first elected.

One of the things that did happen for that community is—one of things that we've actually been able to bring to that community is Precismeca. I'm sure you remember that. Precismeca is an Italian company, but they actually had a plant in Alberta, and we were able to lure them away. I don't know if that's necessarily a good thing to be able to brag about, but I'm particularly happy that it landed in my riding, in Wallaceburg. We were able to bring them in.

We talk about corporate tax reductions. Those are part of the kind of package that we were able to offer to Precismeca to bring them from Alberta to Ontario.

I'm just wondering if you could talk a little bit further about things such as the AMIS program, the tax reductions and that sort of thing that we were able to do to bring this company in that builds equipment for mining—the conveyor belts and such—for the mining industry in northern Ontario.

**Hon. Sandra Pupatello:** Thanks so much—

**The Chair (Mr. Garfield Dunlop):** You have 10 minutes, Minister.

**Hon. Sandra Pupatello:** How much? Ten minutes.

We should talk about all sectors, because all of them are important, and they're important right across the province.

We've done some fabulous work in eastern Ontario. As you know, the eastern Ontario development fund that's landed—we were just in Kingston yesterday. When we were there, we were looking at a wonderful company that's been around for 112 years, almost as long as the country. It's called George A. Wright and Son. We met the great-grandson of this company, who took it—and only in the last 20 years has it moved from a shop of about 11 or 15 people to all of a sudden employing 100 people. It is a marvellous story there. They are making an investment of over \$10 million in that facility. It is the fifth time in recent years that they've had to expand that facility. This is a great news story.

The eastern Ontario development fund offered a \$1.3-million grant. It lined up with other assistance from

banks and institutions that they're working with. The company is on the hook for over \$10 million of investment—more jobs in that area for Kingston. It's a good story. They are going to be producing massive machining and fabricating capabilities, to the tune of structured steel 10 metres in diameter. This is about as large as this room, or more. It's massive.

The sectors that they're chasing are oil and gas, the nuclear industry, new green energy, and they know full well what they can produce is part of wind turbines for all of North America.

They've entered into a three-year contract with a hydro company, Andritz Hydro. They command 19% of the world market. Imagine: a company like that out of Kingston, with a little bit of help from the government, getting them to go and just take the plunge and invest in very expensive equipment, because they know there's a huge market out there that awaits them and it's not just the Ontario market. That's the beauty of the Green Energy Act that's been referenced by my colleagues in opposition in very unkind ways.

Let's be clear: If a company is going to set up shop in Ontario to be part of the green energy industries, it's not just because they intend to do work for Ontario, but because we want to launch them in North America. We want them to be poised to take just as much advantage of the strategic location of Ontario as other industries have done. Look at the northeastern quadrant of the United States and check out every one of those state policies on green energy. They are all moving to green energy. So we know, if we look—of course, California was at it before Ontario was, but even Texas, with massive wind turbines down there, and growing.

We're meeting companies that understand that green energy policies are coming to North America, and they're going to need to be served by good product. Why not take the capabilities that we have and have had for over a century in manufacturing and apply that to the kind of processing of products for the green energy industry?

When the NDP wants to ask about a plan and do we have a plan, of course we have a plan. We're in the middle of a plan and we're seeing the success of that plan.

I mentioned earlier this morning that if you go to a shop floor and look at a company that used to be wholly involved just in automotive—and understand that the volumes have fallen dramatically, that they don't see a rise in the volumes in automotive coming back for some time to the heyday of 18 million across North America—what are they going to do? They're going to get involved in the mining industry, and they're participating in our mining missions to find those customers because they know they can do that work. They're getting involved in the oil and gas industry, and they're joining with us in these Alberta missions so they can get involved and meet the OEMs of the oil and gas sector in Alberta. It's working. Those companies are finding work in this field and that is leading them to others.

I met a company called E.S. Fox, from the Niagara region. What a marvellous company. Because of their

involvement in our Alberta mission going back to 2007, that facility has doubled in size in the Niagara region, just because of the additional customers that they've found.

This is the kind of—not diversifying right outside of manufacturing, but using those capabilities to serve other clients with a specialty that only Ontario has with such a level of expertise. We're proud of this.

In the southwest in particular, where we see they were so hard hit, this kind of diversifying is an important move for our manufacturers to make, because they recognize that they do have those skills, that their workforce can do these things. They can become accredited to serve the wind industry because they have been accredited at ISO for the automotive industry for so long, and they realize, "We can do this."

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They need a little bit of bridging to meet the right customers and understand the supply chain in a different industry. So what do we do about that? We bring Bruce Power in to teach all of these manufacturers how to get into the supply chain of the nuclear industry. You'd be surprised that in a little town in southern Ontario, you've got these great companies that are serving in the supply chain of the nuclear industry and doing great stuff.

Then I meet these people when we're in Germany, talking to VW about doing some work for Volkswagen—whether that's in the southern states or direct to Germany, because once you get in, these OEMs are moving to world supply chains, and that's the opportunity for our companies. Can we find business for every company? No government can do that. Can we make the right connection so that they can do their job? Yeah, we can do that, and we're doing that, and we've never done it more than we've been doing it in these last few years.

Just comparing my expenses to my predecessors in previous companies, we spent less money and went to more places than the last government, which is an astonishing record. What was the percentage of our increase in trips covering much more ground—doing it with less money, but covering more ground? That, to me, is what we have to do as things tighten up, and we have to be mindful about even our expenses. Comparing \$81,000 to Minister Flaherty's \$89,000, they participated in a total number of 10 trips for the Conservative minister compared to 28 trips in the same time period for our government.

This is the kind of thing that is in our book of estimates. This is the kind of thing I want to get asked about. When you want to look at the lines in the book, let's look at expenses, since this is called the estimates committee. Let's talk about how much money we're spending on these things and what we get out of it for our businesses, because when I take our show on the road and we talk to businesses directly, we tell them the services that we deliver.

Do you know what we say, Chair? "Go to our website, ontario.ca." Here's what we guarantee those companies: "You go to our website and you wade through our website. It will save you time and money." So when I'm

speaking to these companies, they start telling me, "Well, I'm in this industry."

"If you go to our website, you're going to see that we have a mission exactly in that sector, and you should be on it." Or I tell them that our ministry has 10 offices around the world in key communities and markets for our sectors in Ontario. All they have to do is find our senior economic officer in Mumbai or in Munich or in London, England, and depending on that sector that they work on, there's a very related person over there who you can say to very easily, saving you time and money, "Here's what I do. Is there a place for my product in that market? Are there associations that you could hook me up with? Where would I go if I went to visit there?" These are the kinds of services that we give to our businesses in Ontario. It saves them time and money.

We have a geographic information system on our website for site selectors around the world. That website, that mapping system, has won international acclaim and award because it's so good; there isn't one like it. We built that. That's what we're doing for our businesses. We're doing things around networking, we're doing things around taking our message about Ontario so they can look and see that it's a place to invest. For the companies that are here, we're helping them with great tax policies of the likes we've never seen.

Chair, how much time do I have?

**The Chair (Mr. Garfield Dunlop):** You've just got a minute left in this round.

**Hon. Sandra Pupatello:** I need to read you this quote, because you, of all Chairs, will want to hear this quote.

**The Chair (Mr. Garfield Dunlop):** Okay.

**Hon. Sandra Pupatello:** This is one from that flaming Liberal named Jack Mintz from the University of Calgary, and this is what he said:

"Since 1980, when I began modelling the impact of taxes on investment, this is the largest change ever seen in a single budget, leading to the sharpest reduction in the tax burden on capital investment in any one province."

That was Jack Mintz's commentary about our last budget, that in fact across the board, with several changes in tax policy, it is to the betterment of industry, it is to help incent them to invest, to expand their business, to hire more people, to train people. This is what the Ontario government has been doing. This is what the McGuinty government goes out there to sell around the world.

**The Chair (Mr. Garfield Dunlop):** Thank you. That's very good.

Now we've got 12 minutes each to finish up. Are you—

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** Mr. Shurman, you've got 12 minutes.

**Mr. Peter Shurman:** That would be the same Jack Mintz who predicts 600,000 jobs out of the HST, I assume? Minister, hello?

**Hon. Sandra Pupatello:** It's 600,000—

**Mr. Peter Shurman:** I've been counting, you know, as the jobs have dropped each month since the HST was introduced. But I wanted to get on to the record that that's the same Jack Mintz you're quoting.

I also wanted to suggest to you, Minister, that you take 10 trips instead of 28 and you spend \$89,000 instead of \$81,000, just like Minister Flaherty. We'll get into the employment figures in a second, but they were a hell of a lot better than they are now. If you're into economic development, then you should be developing the economy.

But I want to call attention—and I want to get your response on this—to something that you said when my friend Mr. O'Toole was in here, and now we're on the record and in order. This is in today's press. I assume that you read the clippings, get briefed and are otherwise plugged into the various economic publications. So you know that Ontario's Task Force on Competitiveness, Productivity and Economic Progress came out, and what it says is, and I'm quoting from the *Globe and Mail*:

"Productivity levels trail US peers, undermining the province's prosperity potential. Last year, Ontario's per capita gross domestic product was \$6,900 below the median of the 16 largest states and provinces in North America.

"The \$6,900 gap suggests the province is not realizing its full potential, for a variety of reasons...." And one of the reasons that it gives, the top one, in fact: "Ontario's population has less university education than its US counterparts, it is less urbanized, and its businesses invest less in technology, the report said."

I didn't say that; the report said it. That's Roger Martin et al. You just said, if I'm not mistaken—we could get Hansard to read it back—about 20 minutes ago that we were the most educated jurisdiction in North America. Are you making this stuff up as you go along?

**Hon. Sandra Pupatello:** Are you going to let me finish now?

**Mr. Peter Shurman:** I'm going to let you start.

**Hon. Sandra Pupatello:** Thank you. And I am pleased. I think you and I had a debate last week when we were at committee, and we talked about issues around productivity. Actually, I think it was your colleague who asked this question—

**Mr. Peter Shurman:** It was my colleague. I'll get into that.

**Hon. Sandra Pupatello:** I said that academics and people in the business world have at least two areas where there is some common ground on productivity lagging and why in Canada. The Ontario numbers are difficult to pull out of the Canadian numbers, but overall, Canada does in fact lag in productivity against our American counterparts—

**Mr. Peter Shurman:** Ontario's per capita gross domestic product—it doesn't say Canada's—lags by \$6,900.

**Hon. Sandra Pupatello:** I'm talking about the productivity figures specifically, not necessarily GDP. But in any event—

**Mr. Peter Shurman:** Fine.

**Hon. Sandra Pupatello:**—the point being that what I said even then and acknowledge is that there are certain levers that the government can entertain, and we have, to make things better for business on matters of productivity. Why, we ask business, do we still have this lag? What academics have agreed, and this is one in particular—and I think our total to date in funding of the very institute that is making this report, because our ministry funds them—over \$9 million to date—for the express purpose of doing this kind of work, informing and advising—

**Mr. Peter Shurman:** Fine, Minister.

**Hon. Sandra Pupatello:** That's what the job is.

**Mr. Peter Shurman:** But that's not what I asked you. I asked you why you said that our education level is higher.

**Hon. Sandra Pupatello:** Listen, I don't know about you, but I actually look forward to their reports, because that tells me that they're using our money well, and that's what we want.

**Mr. Peter Shurman:** Well, I want to read anybody's report who's looking at Ontario. You and I have the same interest.

Having said that, why would you tell me and this committee that there's more education here, that everybody has a higher level of education here—

**Hon. Sandra Pupatello:** What I will tell you is this, and what I've reiterated a couple of times since estimates started: Ontario leads every OECD country on the greatest percentage of post-secondary education in the workforce, and that is true. We are at 63%, Canada is at 61%, and we are miles ahead of our American counterparts.

Where there is a difference between us and the United States is that, in the management level or executive level of companies, the education is in fact higher. For example, you will find more CEOs in American business with a Ph.D. or a master's compared to their Canadian counterparts. It's actually the level within post-secondary that is different, and we've acknowledged that.

I expect my opposition critic, when he sees elements, whether it's a budget or a bill that is promoting post-secondary education—this is going to be one member who actually understands why he needs to support government's ability to increase post-secondary education in Ontario, because there is that difference. We do have to make it more accessible. We have to make it easier for people to find a way to go higher in education than what they're currently doing.

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**Mr. Peter Shurman:** You constantly tell me what it is I need to support. I'm perfectly capable of making decisions about what I need to support myself. What you need to support is fact that comes out under the aegis of a legitimate institution that tells me factually what I should believe, not something that you made up as you went along. The fact of the matter is, the education level is down.

If I go on in this same report—I'm quoting Roger Martin, dean of the Rotman School of Management again:

“We are not leading the world in creating innovative products, services, and processes.”

“So far, government innovation policies have been ‘inadequate’—his word—“he said, focused more on ‘new-to-the-world inventions’ than on stimulating ‘relevant-to-the-market innovations.’”

That flies in the face of everything you have been saying as you wax poetic about all the great things Ontario is doing.

The fact is—and I'm going to use that to dovetail into these numbers that I wanted to get into the record. I asked not for manufacturing, but broader-based statistics on the unemployment and employment rates of the general population by a top CMA over the course of your tenure—not yours, but your government's—July 2004 to October 2010. In Greater Sudbury: 8.6% unemployed in July 2004, 9.6% unemployed now. Hamilton: 6.3% unemployed then, 7.6% now. Kitchener-Waterloo: 5.7% then, 7.5% now. London: 4.7% to 8.9%. Oshawa: 4.7% to 10.3%—there's your auto sector. Thunder Bay—the only one that has actually improved, but it's a tiny sample. Toronto—and this is the big one—7.5% unemployed then, 9.2% now. And your own neck of the woods: 8.8% in 2004 in Windsor, 10.9% now.

You talk about economic development; I would say economic regress. Are you going to take pride in what you've been able to do when you look at figures like that? We've been out of recession for five consecutive quarters, Minister Papatello.

**Hon. Sandra Papatello:** Thanks for the opportunity to respond. What's really important to note is that you have never heard me say that we're out of the recession, because I see every day that we have not regained everything that we've lost through the recession.

I think it's important to note also that since 2003, we've had an addition of over 300,000, almost 400,000 jobs. What we saw in the loss during the recession—you've got to look at what's happened to the rest of the world in terms of unemployment. In that regard, Ontario has actually done better than jurisdictions it competes against. You know this is true because you've seen this come out, and these figures that you're quoting are data that we collect from Stats Canada. This is Stats Canada.

**Mr. Peter Shurman:** It hasn't done better than the rest of Canada, Minister.

**Hon. Sandra Papatello:** Let me tell you, we don't compete against Alberta, we don't compete against the Atlantic provinces. We do compete in some sectors with Quebec. We don't compete, most of the time, with Manitoba. We compete sometimes, in some sectors, with BC. The lion's share of our competition and our customer base is actually the United States of America, so that, my friend, is the relevant comparison. They have regained 10% of the jobs that they lost during the recession. Compare it to Ontario: We've regained 75% of the jobs.

The numbers that you quote are StatsCan numbers that we look at every day. What they tell us is that we're not finished our work. But what I worry about is, where would a city like mine be if it hadn't been for the programs we came up with when we did? What would Chrysler be like today if we didn't make the investment in the paint shop? What, my friend, would Woodstock be today if we didn't have that incentive to land that Toyota plant to make the RAV4, and now they've announced their second shift? We went through a recession, and Toyota still announced their second shift. Where would we have been without you supporting the kinds of programs that we would have brought—

**Mr. Peter Shurman:** Well, my friend, as you like to put it, where would we be if, prior to the recession, we had been addressing the fact that we had lost 300,000 jobs? Because we had. Before the recession began, we had lost 300,000 jobs. If I were looking at these figures based on 2004, which I did, up until 2008 instead of 2010, we would have almost the same thing. Yes, it's been aggravated a little bit, but you know what, Minister Papatello? Those jobs under your regime haven't come back, and—sad news—they're not coming back.

Do you know what I worry about? I worry about, when we take government, what we're going to do with it, because you just keep aggravating it. You take credit for all of these little things and you never take a look at the big picture. You want to tell us about a company here and a company there that you've thrown some money at, but you don't want to tell us about the big picture because you haven't got a plan.

**The Chair (Mr. Garfield Dunlop):** We've just got a few minutes left in this 12 minutes, okay?

**Hon. Sandra Papatello:** Thank you, Chair.

I guess that brings us back to the debate that we had earlier, that whether we're talking about a particular success story that, frankly, is a bit of a symbol for the industry itself—I might talk about Héroux-Devtek in Kitchener, which has made a massive investment in Kitchener in the aerospace industry, so let's talk about the aerospace industry at large, the aerospace industry which is benefiting from all of the tax policies that have applied to all of the businesses in Ontario for three successive budgets, improving tax policy as it relates to corporations so that they can do more, eliminating a capital tax so it does incent them to make investments in their operations so they can enhance their productivity, the very things we speak of.

Don't listen to me or believe me if you don't want to believe me. Call Ian Howcroft at the CME. Ask him about an activist government that is supporting manufacturing. Don't listen to me; call Rod Jones at the aerospace council and ask him what his view is of our government's role with the aerospace industry. Has there ever been a government that has kept that aerospace council busier? That would be the question of the day. Doing what? Selling Ontario companies to the world. And do you know what? It's working, because we have companies today that never dreamed that they could service the aerospace industry, and it's working.

This isn't one company, picking one out of the blue to talk about. But I have to say, it's kind of nice to tell a story that we can all relate to for the things that we see in an industry at large, because the industry is doing well despite the challenges that are challenges that many modern economies have faced.

When it's tax policy and it's broad tax policy, you're opposed to that. If there are individual stories that can relate how well a program has worked, you're opposed to that. You're opposed to everything.

What I'm recognizing is that we've all faced the challenge of our lifetime here. What would we do if we didn't have an activist government just when our businesses needed it? Where would we have been?

I fear that you're not being honest with people. I fear that you're going out there and saying that I'm dreaming a blue sky, knowing full well that you would obviously reverse what you don't support, and that means they're going to see increases in their corporate income taxes, the capital tax put back on, elimination of programs that are meant to help these companies. An AMIS program would never exist under your government.

**The Chair (Mr. Garfield Dunlop):** Minister, that concludes—

**Hon. Sandra Pupatello:** A Next Gen would never exist—

**Mr. Peter Shurman:** Minister, I just have—I know we're out of time.

**The Chair (Mr. Garfield Dunlop):** That concludes the time.

**Mr. Peter Shurman:** One line, Chair.

**Hon. Sandra Pupatello:** Time.

**Mr. Peter Shurman:** I don't need a lecture from you about being honest—

**Hon. Sandra Pupatello:** Talk to the hand. Talk to the hand.

**The Chair (Mr. Garfield Dunlop):** All right. Now we'll go to the third party. You have 12 minutes, Mr. Prue.

**Mr. Michael Prue:** Thank you very much, Mr. Chair.

I want to preface any questions I have with profound respect and admiration I have for the interpreter in that little room. As the two of them went at it, I don't think I ever saw anyone try to speak so quickly in my entire life. I listened and I'm hoping to tone it down so that he can keep up, because I am sure that there are French-speaking people in this province who want to hear these answers. I would implore the minister, if it is at all possible for her, to speak in more measured tones so that it can be captured.

Having said that, I have a couple of questions. I'm sure the answers will be much longer than my questions. In the paper in the last couple of days there were articles in the United States about GM and the IPO and how they were being funded and how some of the shares were being sold back and questions of that nature. How many shares does Ontario own of GM?

**Hon. Sandra Pupatello:** I'm going to refer all of the questions on GM shares to the Ministry of Finance. We

had that this morning as well. Just in fairness, it does have carriage by the Ministry of Finance, but we'll be happy to submit any of your questions to them and then they'll provide you with some written responses if they can.

**Mr. Michael Prue:** I guess you can't tell me whether or not any of our shares have been sold. I know that I saw in the newspaper that Canadian and possibly Ontario shares were being sold. You wouldn't know that?

**Hon. Sandra Pupatello:** We will send you official responses from the Ministry of Finance.

**Mr. Michael Prue:** Okay, it doesn't look like there's much for me to ask in that category.

Here's another one, and this is on the Green Energy Act. I understand that this is not your direct responsibility, but I have a few questions about the economic spinoffs of the Green Energy Act. Can you detail all the manufacturing facilities—solar, wind, all of them—that have been committed to as a result of the Green Energy Act? I mean, it's all over the news every day, and every day in the House I hear you and other ministers of the government talking about the tens of thousands or hundreds of thousands of jobs that will be created. Can you detail those manufacturing facilities that have committed as a result of the Green Energy Act?

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**Hon. Sandra Pupatello:** Again, that level of detail would be better served by the Ministry of Energy which has carriage of the Green Energy Act. I will tell you, by way of example, a great company like WindTronics, that is a Michigan-based company that set up in my neck of the woods in Windsor, Ontario, is hiring up every day. They've taken up an old Magna plant that was shuttered, and we were delighted to see WindTronics enter into this facility.

It's along the lines of my discussion with my colleague Maria Van Bommel. That is that a number of our manufacturers are getting into the green energy business. I certainly know that, in an ad hoc way, this is happening repeatedly, especially in the manufacturing districts around Ontario. There are a number of announcements that have been made daily with companies that are out there selling their wares knowing that they have certain commitments to abide by the Green Energy Act. They need to make it public to others who are the developers in the green energy business who are actually getting the contract from the government of Ontario. They need to make it public that they, in fact, will be accessing local manufacturing. To this end, there are a number of announcements that have been made, and we're delighted by that. We're delighted by every one of them.

About two years ago coming up this spring, we had already started trumpeting the Green Energy Act around the world. We were in Germany talking to German companies, frankly, talking to the world's leading companies in wind and solar so that we could let them know legislation that was before the House, when we anticipated that it might be passed, what it might look like and that that would be of interest to them. We spent time talking

to them on the telephone. We met them in person. They came to Ontario to visit to see what the lay of the land would be like, and many of them have just been delighted to see the open arms. In fact they, in their words, feel that they have a government who understands the need to get into the green energy business.

From our perspective, it's two-fold. One is an environmental one that I would hope that the NDP would support, or the NDP used to support, and that is shutting down coal-fired generation. This is one of the single largest beneficiaries to decreasing GHGs in Canada; it's going to be shutting down Ontario's coal-fired generation. We're doing that, but we do have to replace that generation. To select that we can do with some of that generation being green, I think, is a great thing. Then being able to tie in the economic benefit to Ontario by going green, I think, is a great incentive for other jurisdictions so people can see the benefit. You can have good environmental policies, and you can see good for the economy in the same breath.

That's what we're hoping to achieve with the Green Energy Act. I think it is new; it's virtually leading in North America, so many people are watching carefully to see what's happening here. But we would expect that the NDP would support such an initiative: good environmental promotion for good economic gain. That's what we want to see. That's what we are championing.

**Mr. Michael Prue:** I'm trying to find out how many. You cannot detail all the manufacturing facilities. You gave me, anecdotally, one. Has your ministry determined how many jobs will flow from the investments? I've heard 50,000 repeated over and over and over again. How many have been created to date, and how many do you expect? Do you still expect 50,000 jobs?

**Hon. Sandra Pupatello:** Well, the initial commitment was that over three years after the bill was introduced—remember, the bill came into the House last spring. It was passed at the end of the spring session. The regulations were tabled last November. Essentially, we've had the act for a year. In that time, we've had tremendous activity on the economic front. In fairness, we need time for people to do things like build facilities. Then, they need to hire people. So when they said 50,000 people, it was over a three-year period after the bill became law. We're really at the beginning stages of it.

As you said, you're hearing about it every day; that's because there are companies making announcements every day. Many of them, we're reading about in the clippings, but they need to be public about the fact that they'll be manufacturing locally because that's a big part of the Green Energy Act.

I would expect that the NDP members would actually support that initiative, that they would see local economic benefit from good environmental policy.

We don't know what the exact number is today, but it would be impossible for any of us to know. When a company is making an announcement, have they actually done the hiring yet? Have they started the hiring? They may not need to hire until they have a facility. Do they

have the production levels yet to begin the facility? When is that going to happen? That is going to happen over time, and that process has begun.

Remember, this is a brand new law for Ontario. It's brand new to North America. It is light-years ahead of most of our colleague jurisdictions. That's not us calling it that; it's Al Gore, who follows these matters on the international scene.

I would hope that in your query—I'm going to suggest that perhaps you support these green jobs, and if you do support these good, good-paying jobs, you would support the Green Energy Act. You would support the shutting down of coal-fired generation. You would support that in the interests of our children breathing clean air. You would support initiatives that would lower greenhouse gases across Ontario, and if we do it well and do well for the economy, other jurisdictions would also say, "We can do this too."

I live in Windsor. I'm very mindful that the greatest part of the pollution in my hometown comes from across the river, in the United States of America. It's nice to clean Ontario's air, but we need to incent other jurisdictions to follow suit. If we can show them good economic benefit from this kind of environmental push that's pushing the Green Energy Act, I think that's a great thing for government to do.

**Mr. Michael Prue:** Well, I've listened again, and I've listened and listened here, and I'm still not getting any answers. I'm getting a whole bunch of political hyperbole. The only time that I ever hear about the jobs being created is mostly from your lips, not from anywhere else. Nobody else is touting that these are actually happening.

Today, in terms of the Green Energy Act, there was a task force report. "The report—written by the Task Force on Competitiveness, Productivity and Economic Progress—points out"—and I'm reading here from the National Post—"that rising electricity costs could nullify some of the 50,000 new jobs the Liberals claim will be created." Is that true?

**Hon. Sandra Pupatello:** I think that report is also speculating, as you are, in terms of what the job count will be.

Realistically, we've had the law for one year. We have had two tranches of contracts released by the Ministry of Energy so far. In one tranche of contracts, we saw a total of some 1,000 megawatts of power that would be released. Once those contracts are released, then a whole bunch of economic activity begins. The people who got the contract, that is, the developers, need to look for who's going to build their stuff. The people who build stuff need to find the developers, and that dance has been going on for several months now. Once they decide how they're going to match up, then that manufacturer has to say, "Well, I'm manufacturing in Ontario," and site selection begins.

There are a number of economic development officers across the province who have been engaging with green energy companies for months now. All you need to do is take a walk through most of Ontario and talk to the

economic development commissioners, and they will tell you that they've been showing sites. They've been showing some sites where they might, unfortunately, have had a plant closure. They've got the perfect opportunity for a quick start-up. This is the kind of activity that it's been generating.

Are we still in the early days? Absolutely we are—

**The Chair (Mr. Garfield Dunlop):** A minute and a half left, Minister.

**Hon. Sandra Pupatello:** We've just released the contracts for who is actually going to get paid with the FIT rates for the Green Energy Act, so we can't presume that at this point the manufacturing facilities are up and running, because they're not. It is very early stages in this process.

But I have to tell you, it's a new law. It's new to North America. It's the first of its kind. It's been dubbed by Al Gore as one of the best he's ever seen in the world. We think we're on the right track. We think that we will be seeing more and more activity as time goes on. But the right things are happening at the right time, and I think—and I would hope—that you would support this; that when you see companies wanting to get into the green energy business when they've been manufacturing in other sectors before, but they see an opportunity to have new customers, you would support that. We want to be able to tell that story: that we can do right by the economy and we can do right by the environment, and other jurisdictions will want to follow suit.

**Mr. Michael Prue:** Well, I think—

**The Chair (Mr. Garfield Dunlop):** You've just got a few seconds here.

**Mr. Michael Prue:** Yes, I think that Lee Greenberg said it best, to close: "Ontario's government is overstating the benefits of its Green Energy Act and underestimating hydro rate increases, according to a new report on economic competitiveness to be released" today. I think that pretty much sums it up.

**The Chair (Mr. Garfield Dunlop):** Okay, thank you very much to the third party. We have 12 minutes remaining for the government members.

**Mr. Jim Brownell:** In the answer to a question from the member from Lambton-Kent-Middlesex just a few moments ago, you traveled the province, with some great examples of our commitment to supporting business in Ontario. Not only did you refer to businesses there, but you went around the province and came down east to Kingston and talked about the eastern Ontario development fund. First of all, I want to say thank you to the province of Ontario and the ministry for supporting the call for the eastern Ontario development fund. I'm not going to deal a whole lot with that, but I just wanted to say thank you for that.

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Your passion, your interest—and if they talk about what's going on up there in the booth, it's because of your passion and your interest in making sure that our province is supported, not only with the businesses in the province, but supported as you travel the world. I want to say thank you for that.

I want to go a little further east. My riding abuts the province of Quebec, and we're very well aware of the Ontario-Quebec trade and cooperation agreement. This, as part of the Open Ontario plan—and in that Open Ontario plan, it says it will create an Ontario that is "open to new ideas, new people, new investment" opportunities.

We have this plan in place now, and I would like to know what some of the key objectives of that Ontario-Quebec trade and cooperation agreement are. What are some of the objectives of that?

**Hon. Sandra Pupatello:** Just as some of my earlier comments related to the economy and who we do business with, Quebec is our competitor in some instances. It's also our greatest customer. We do more business with Quebec—Ontario businesses do—than any other province in the country. Combined, we're 70% of the GDP of the country. When Ontario and Quebec decide we're going to work together on something, we are a powerhouse.

When we hosted the Minister of Economic Development and Trade from Quebec—and I had the privilege of introducing him to a business crowd here—I said, "Central Canada is back." It's been a long time since we've heard that, and that's for a whole host of reasons. But what really is important is that if you're in different parts of the world and you look at North America on a globe, people don't really distinguish where that boundary is that separates Ontario from Quebec; they just know we're in the middle of Canada. As an economic entity, we are a powerhouse, whether it's the pharmaceutical industry, the biotech industry, manufacturing, advanced manufacturing—that's what we both do very well. Imagine what happens when we put ourselves together to decide we're going to do something together.

What we knew was that there are a number of barriers that separate businesses doing business as easily as they could, so we went to them and said, "What can we do to make business simpler?" In fact, just a few weeks ago my colleague Minister Gignac, the economic development minister for Quebec, and I launched the private sector committee that is now, on an ongoing basis, tasked with coming back to us for more and more examples of work that we would do across our government and theirs to smooth out things like regulatory changes that would make it easier to do business; so that we would make it the same.

One good example is the LCVs in the transportation industry, the long combination vehicles. It seemed that we had different regulations, so that when the transport got to the border they would actually have to change their cargo to different vehicles to be in compliance with the regulations in the different provinces. Well, I don't think there's a Quebec father or mother or an Ontario father or mother who has a greater sense of safety for their family on the highway; we both do. Likewise, we both have an interest to have safe roads and to do right by business as well. So where we can make changes to make regulatory smoothness across our boundaries, we should do that. That was one example.

So, you saw our Ministry of Transportation align our regulations with our Quebec counterparts so that we would save our businesses the added time and burden of actually changing cargo between trailers so that they could be in compliance, depending on what side of the border they were on, which just sounded crazy to us. We needed to fix that.

It's a matter of how we do business. We've agreed that when we're going to make changes to how we do business, we're going to post our regulations on a registry. That means that people in Quebec get to see and their government gets to see what we're going to do and what kind of impact it's going to have. So before we actually implement these new initiatives, we already know. We can take their advice into advisement to say, "Should we be doing this? Because if we do it, we're going to create a barrier to trade between Ontario and Quebec."

These things are important. There are a whole host of areas still to be worked on. It's a continuing story. It's not just that we signed the document and the work is over; in fact, the work has just begun. Some of it is an understanding that we can do more together. We've talked about doing joint missions in different parts of the world. When the world hears "Canada"—we should all be cloaking ourselves in the Canadian flag right now because our star is rising, and we should be taking advantage of that, just like the financial service industry of Canada, the starlet on the world stage—take full advantage of that and take this time to sell financial services, because the whole world is watching right now.

Likewise, Canada, because we've done relatively better than other jurisdictions through the world recession—take advantage of that when people are watching to sell what we have to sell in Ontario. If Quebec does the same—what a powerful message, if we were to go out to the world stage together and sell central Canada.

To be honest, if they were to land an investment that we didn't happen to land, the Ontario economy will also benefit, and likewise. That's just because we have such an integrated market between Ontario and Quebec. We want to do more of that kind of work.

To be honest, businesses don't understand this difference, and if I ask people who live on my street, in my hometown, they would wonder: How did it come to be so different? And couldn't we have done it better? I think it merits taking a whole new approach, which is what we've done with the accord between Ontario and Quebec.

**Mr. Jim Brownell:** With regard to the consultation process, how involved was Ontario in the consultation process with the stakeholders?

**Hon. Sandra Pupatello:** With the Ontario-Quebec stakeholders?

**Mr. Jim Brownell:** Yes, with Ontario-Quebec.

**Hon. Sandra Pupatello:** Well, significantly. If we didn't see that there was an interest from the business community to do this, we would not be doing it. It was driven by the economic development and trade ministries of both provinces. If our businesses aren't interested,

we're not going to be spending time on a political activity.

What's turned out in the end to be an ongoing joint cabinet meeting, where all of our ministries who work with our colleague ministries—we work continually throughout the year and use that annual joint cabinet meeting to report, essentially, on the work that's been going on all year as an indication that this is not just a one-off event, where we head over there when we could have our cabinet meeting here instead. It really is an ongoing process.

Our businesses responded very positively. They asked us to do more, so we've created a private sector advisory committee that will be spreading out across sectors to talk about the things that they would like to see—in particular, those who do significant business with Quebec.

**Mr. Jim Brownell:** Very good. How much—

**The Chair (Mr. Garfield Dunlop):** You have four minutes left.

**Mr. Jim Brownell:** I'll just go back a little bit, now back over across the border to eastern Ontario. I mentioned before the success of the eastern Ontario development fund, and I'd just like to spend a minute on that.

All the words can be said by the opposition with regard to the progress that we're making. We are making wonderful progress in this province. In 2006, Cornwall, a major city in my riding—the only city in my riding, I should say—was very severely hit with the paper mill closure. We have rejigged a city like no city has ever been rejigged, with regard to economic prosperity and stability.

The eastern Ontario development fund—I attended this summer down at Reynolds Food Packaging in Summerstown, just to the east of Cornwall, and saw the smiles on the faces and the excitement in the workers. The workers came out that day, and they couldn't have been happier with knowing that there was stability and that their company would have these opportunities to expand. Those are quite exciting times.

I'm just wondering if you could give a little more detail on what you're seeing with regard to that eastern Ontario development fund and the effects of it.

**Hon. Sandra Pupatello:** Sure. I guess I'm impressed, because you do recognize that when you're in a community—in eastern Ontario, the cities are certainly not as large as Toronto; they're smaller cities—and a lot of it is rural Ontario. So when you have a company that has 50 employees, that's a big deal. That's a big employer for a lot of our smaller towns in Ontario. The eastern Ontario development fund will tend to focus on smaller companies—just a little bit of help in some instances.

Reynolds packaging that you referenced: What we're doing there is providing \$102,000—that may not seem like a lot, but that's a lot of money—creating 45 new jobs.

But, better yet, I think the point you made is more important. It's the notion that people can see, when they work there already, that there's a sense of stability. If we've learned one thing through this recession, some-

thing that hasn't gone away yet, it's that even when people still have a job, there is, more than ever, a feeling of, "Oh, I don't know how long I'm going to have this. How long is there going to be certainty in my own world?"

For a company like Reynolds to say very publicly, "We're here for the long haul; we're making a massive investment in our company"—security for the people who already work there—"and we're going to add 45 more jobs," that is a big deal, and frankly, it wouldn't have happened without the eastern Ontario development fund. We've got to recognize that, that sometimes all it takes is to make that kind of investment.

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All of the experts in economic development will say, "You can spend as much time chasing new people to come into Ontario, or you can spend half the time expanding the ones you already have." That is a whole element of what we do in economic development. How do you retain, and how do you expand businesses that we already have?

**The Chair (Mr. Garfield Dunlop):** You've got a minute, Minister.

**Hon. Sandra Pupatello:** So the services that our ministry provides around export services, finding new markets, finding new customers—is it next week we're going to be in London with Home Depot? At Home Depot, December 13, in London, Ontario, we're bringing small businesses together with a big retailer. It's on eco products. We're going to have our small businesses, which could never get in the door of the buyers for a big chain like Home Depot. We're creating the environment, we're creating the supplier fair, to put our Ontario companies in the same room with the big buyers from Home Depot. We can't guarantee that Home Depot is

going to buy that product and pick it up as a product on their shelves, but they've got to have that opportunity to even offer it.

Those are the kinds of services that our ministry does very well, and it makes a big difference for small business in Ontario, whether you're in eastern Ontario or southern Ontario.

**The Chair (Mr. Garfield Dunlop):** That concludes your time today. Thank you very much to everyone.

Minister, do you want to say anything in closing?

**Hon. Sandra Pupatello:** How much time is there left? Are you going to talk otherwise?

**The Chair (Mr. Garfield Dunlop):** No.

**Hon. Sandra Pupatello:** Okay. I'm all set.

**The Chair (Mr. Garfield Dunlop):** Thank you very much then. Ladies and gentlemen, that concludes the committee's review of the estimates of the Ministry of Economic Development and Trade.

We will now deal with the votes. There are two votes.

Shall vote 901 carry? Carried.

Shall vote 902 carry? Carried.

Shall the 2010-11 estimates of the Ministry of Economic Development and Trade carry? Carried.

Shall I report the 2010-11 estimates of the Ministry of Economic Development and Trade to the House? Agreed.

Thank you very much, Minister Pupatello, to all your staff and to the Legislative Assembly staff, especially to the translators, Hansard etc.

The House has ordered that the estimates committee present its report on all estimates considered by tomorrow, November 24. Therefore, this committee now stands adjourned until the call of the Chair.

*The committee adjourned at 1745.*



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Mr. Michael Prue (Beaches–East York ND)  
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### Clerk pro tem / Greffier par intérim

Mr. Trevor Day

### Staff / Personnel

Mr. Larry Johnston, research officer,  
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