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Thursday 24 February 2011

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Jeudi 24 février 2011

**Standing Committee on
Finance and Economic Affairs**

Pre-budget consultations

**Comité permanent des finances
et des affaires économiques**

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Thursday 24 February 2011

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 24 février 2011

The committee met at 0902 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We are here this morning for report writing on the pre-budget consultations of 2011.

Does the committee want to make any comment about the draft report that everyone should have received from our research?

Mr. Norm Miller: I'd just like to commend—I know Larry Johnston has worked very hard on the draft report. He's put in a lot of time and met all the deadlines, so I'd like to thank Larry for all the hard work he's put into trying to capture what people who came before the committee have said.

The Chair (Mr. Pat Hoy): Any other comments?

Mr. Peter Tabuns: I echo that, because I know that the volume of material that came in to us was huge, but I don't see mention of commentary about deaf-blind services. I wonder if you could speak to that? Maybe I missed it.

Mr. Larry Johnston: I think it's here, but it may not be where you expect it to be. I think you'll find it on page 7, the last paragraph: "Community services stakeholders spoke about the inadequacy of the new funding model for deaf-blind intervenor services;"

Mr. Peter Tabuns: Okay. It's there then. Thank you very much. I'd missed that.

The Chair (Mr. Pat Hoy): Any other comment?

Ms. Leeanna Pendergast: I also want to thank Mr. Johnston, whom we call Larry, for the excellent work. Thank you. I mean, as an educator, I thought I was taking copious notes, but this is outstanding. So thank you for what you do. You're very talented.

I just have a couple of comments about words—you know, descriptors and such. On page 2, in the first paragraph under "Economic Outlook," where you're just outlining the challenges facing Ontario's economy, the words "high" and "energy prices": If we're listing the challenges, I would say energy prices are the challenges but I wouldn't quantify them. I would say, "The challenge is energy prices," and remove the word "high." On the same focus, second-last line, "to expect low economic growth." Those are superlatives, "high" and

"low"; perhaps "more moderate economic growth." Just suggestions.

The Chair (Mr. Pat Hoy): You're suggesting that change?

Ms. Leeanna Pendergast: Yes, sir.

The Chair (Mr. Pat Hoy): Is the committee aware of Ms. Pendergast's request?

Mr. Norm Miller: On page 2, she wants to drop "high energy prices" and just have "energy prices," and she wants to, I believe, switch "low" to "moderate economic growth?"

Ms. Leeanna Pendergast: Thank you, Norm. Yes.

Mr. Norm Miller: I don't have a problem with "moderate" versus "low." I think it means the same thing. I think we did hear from a lot of people who were concerned with high energy prices, so I don't see a problem in saying "high energy prices."

Mr. Peter Tabuns: How would you argue that they're not high?

Ms. Leeanna Pendergast: I think "high" is a judgemental word. I would say "increasing." I think we're all agreeing, and we're saying that energy prices are increasing, and that's what we're looking at dealing with. But "high" is a relative term, and it's also a superlative term. I think in fairness—

Mr. Norm Miller: It was subjective. We had presenters come in and tell us that energy prices in Ontario—I don't recall the exact number, but they were very specific about how much higher the energy prices in Ontario are versus Manitoba and Quebec. We had presenters very specifically saying that it's this much higher.

Ms. Leeanna Pendergast: Sure, absolutely, but what we heard is people telling us that energy prices are increasing, and that's their concern. I mean, "high" is like, okay, that's the end of it. But to be honest with the people of Ontario, they're increasing.

The Chair (Mr. Pat Hoy): Mr. Tabuns.

Mr. Peter Tabuns: If they were low and they were rising, I don't think most people would be concerned, frankly. But people find them high. When I go to talk to people in their homes, they complain consistently about high energy prices, not just electricity—high gasoline prices, not so much natural gas prices; they're currently relatively low. But "high energy prices" is a fair description of one of the problems that's faced by the Ontario economy right now.

Ms. Leeanna Pendergast: I hear you. I hear what you're saying, and I don't disagree with you, Peter. I think it's just more hard-hitting to say they are increasing. "High" puts a ceiling on it. Energy prices are increasing.

Mr. Peter Tabuns: I would go for "high and increasing." That would be fine. I think that's good middle ground.

Mr. Norm Miller: I would simply say it's a relatively minor change, but if you want to make a change, you have a majority on the committee, so make the change, and you can use your majority to make it. Otherwise, I'm not in favour.

Mr. Peter Tabuns: I don't think it will look good for you to change that commentary. It's sort of like Bev Oda's "not," although done in committee. The simple reality is prices are high; they are rising. There is great concern about them. What's reflected in the report is simply what we've heard from a variety of sources. This is an issue in Ontario. You can slice it and dice it a lot of different ways, but it's a fair comment.

The Chair (Mr. Pat Hoy): So your proposal is to change it to "increasing energy prices"?

Ms. Leeanna Pendergast: My proposal would first be to drop the word "high" and just say "energy prices" because we're listing the challenges facing Ontario's economy. The challenge is energy prices. We're not quantifying it. The challenge is energy prices. We didn't quantify the rest of them; parallel structure, as the English teacher says. Let's just be consistent with the rest of the sentence, that's all. But it was a good discussion.

The Chair (Mr. Pat Hoy): So there is no other word. She wants to strike "high."

Mr. Norm Miller: And if she wants to make the motion and vote for it, that's fine.

Mr. Peter Tabuns: If you want to make the motion, then we can have a bit further debate on it. Politically, textually, I think it's a mistake for you to do that, but I'm not here to save you from mistakes. I think—

Ms. Leeanna Pendergast: My mum will be happy with you, Peter, for that comment.

Mr. Peter Tabuns: Quite honestly, it's simply a reflection of what we heard and not inconsistent with what a lot of commentators in the media and the energy community have said. If one were to say "irresponsibly high prices," I could understand why you would object. Or if one were to say "high prices as a result of Liberal government policy that has abandoned reason," I would understand that is a problem for you. But if you simply say "high prices"—

The Chair (Mr. Pat Hoy): Might I suggest that if there is some concern about the word "energy", it doesn't specify what sort of energy we are talking about. There are many sources of energy.

0910

Mr. Peter Tabuns: You just watch the news, see what's coming out of Libya and figure out what the energy prices are going to be next week.

The Chair (Mr. Pat Hoy): I just point out, it's not specific to one source of energy.

Mr. Peter Tabuns: Absolutely correct.

Ms. Leeanna Pendergast: You know, you make a compelling argument. Let's just leave it as it is.

Mr. Peter Tabuns: Wow.

Ms. Leeanna Pendergast: I can hear reason.

My team said, "Where were you 10 years ago?" when you said you're not here to save me. They're jabbing me from this side, too.

Mr. Peter Tabuns: It's rough when you have infighting in parties, Leeanna.

Ms. Leeanna Pendergast: It wasn't a party thing, it was just at me.

Sorry, Chair. What about the "low", changing that to "more moderate"?

Mr. Norm Miller: That's fine.

Ms. Leeanna Pendergast: Okay, thanks.

The Chair (Mr. Pat Hoy): Is that agreed? It's agreed.

Ms. Leeanna Pendergast: So we can do that without a motion or anything?

The Chair (Mr. Pat Hoy): We had agreement, so—

Ms. Leeanna Pendergast: So as long as there's consent?

The Chair (Mr. Pat Hoy): Unanimous consent to change it. But if that was not the case, I'd want a motion.

Any other comments? Yes, go ahead.

Ms. Leeanna Pendergast: Same page, last paragraph: December 2010 unemployment rate, Ontario's annual rate of inflation in December 2010. I believe that the January 2011 numbers are more recent and would prefer to use the January 2011, the 2.9%.

Mr. Peter Tabuns: I'm sorry, in the last paragraph on page 2?

Ms. Leeanna Pendergast: I'm sorry, I didn't read the whole thing. So the last paragraph, the last full sentence beginning on the second-last line: "Ontario's annual rate of inflation in December 2010 was 3.3%...."

Mr. Peter Tabuns: Right.

Ms. Leeanna Pendergast: We would prefer to use a more recent statistic. I'm not sure why we used that one.

Mr. Larry Johnston: Because the January figure wasn't out when this section was prepared.

Ms. Leeanna Pendergast: Okay, so the January figure is out. Can we use a more recent figure, please?

Mr. Peter Tabuns: What is that figure?

Ms. Leeanna Pendergast: It's 2.9%.

The Chair (Mr. Pat Hoy): What is the January figure?

Mr. Norm Miller: And what's the January figure for the year before? What's the comparison? What's the January figure for both years, because we have a comparison of 2009 and 2010 at this time.

Mr. Peter Tabuns: Good point. January 2010: What was it?

Ms. Leeanna Pendergast: Are you asking me?

Mr. Peter Tabuns: Yes.

Ms. Leeanna Pendergast: I don't have those numbers.

Mr. Norm Miller: This is a comparison of one year to the next.

Ms. Leeanna Pendergast: So could we ask for those numbers to be put in and we'll look at it when we come back to it? Is that acceptable? If we have more recent numbers we should use them.

The Chair (Mr. Pat Hoy): We can ask for anything from research, I suppose. The question is when they might get back to us with the answer.

Mr. Norm Miller: It seems to be a relevantly minor fact to us.

The Chair (Mr. Pat Hoy): It would be a question of when research could get back to us with the answer and we're writing the report today.

Ms. Leeanna Pendergast: Okay.

The Chair (Mr. Pat Hoy): I don't know when we could get the answer.

Ms. Leeanna Pendergast: It's just a quick Google—

Mr. Kevin Daniel Flynn: You could find that out.

Mr. Larry Johnston: I can go out and make a call across the street and get somebody to get the answer back to us.

The Chair (Mr. Pat Hoy): It could be 5:30 today.

Mr. Larry Johnston: If I had Internet here I could tell you but I don't have my StatsCan access here. I could go up to the library and ask somebody to run it down.

Ms. Leeanna Pendergast: Great.

The Chair (Mr. Pat Hoy): Are we agreed on that?

Mr. Norm Miller: It's a relatively minor change, whether it's a month later or not. We've got accurate figures that are comparing one year over the other. I don't think it's that significant, even if they change a very minor amount for the next month.

Ms. Leeanna Pendergast: In your own words, "that significant," meaning it is significant to have the most recent figures and if we're writing a report we want to be accurate. So if we could look at those and then make a decision when we have them it would be appreciated.

Mr. Peter Tabuns: So you're asking that we hold down this paragraph, then?

Mr. Norm Miller: That's what I hear.

Ms. Leeanna Pendergast: We could possibly come back to it if we get the information from Mr. Johnston.

The Chair (Mr. Pat Hoy): In my view, we would need the figure to discuss whether we can put it in or not. Shall we get the figure?

Mr. Norm Miller: I'm happy with the December figures, frankly, but if the government wants to get a month-later comparison to include, and we'll have it for discussion purposes, that's fine.

The Chair (Mr. Pat Hoy): Yes, we will get the figure for discussion first. All right. Anything else?

Ms. Leeanna Pendergast: Yes, sir. Just a question on page 3, third paragraph down, beginning "Net provincial debt": I'm just wondering what source was used where you're talking about net debt to GDP and that it "is expected to peak near 41.0% in 2014-15"? What's the source for that, please?

Mr. Larry Johnston: It's the 2010 outlook.

The Chair (Mr. Pat Hoy): Any other questions or points about the report?

Ms. Leeanna Pendergast: Just one, please.

The Chair (Mr. Pat Hoy): Yes.

Ms. Leeanna Pendergast: You guys aren't going to like this one at all. On page 6, third full paragraph down, "Several existing programs which should be strengthened...." I don't remember, as a committee, agreeing that they should be strengthened. I think the word is conditional: "could be strengthened." I think we heard that, but I don't think we ever came to a consensus that they should be, so change "should" to "could," please.

Mr. Peter Tabuns: But we're reporting what people said to us. The beef and pork farmers said they should be strengthened. The grain and oilseed people said they should be strengthened. It's a fair representation of what they said to us. Unless I'm wrong—I haven't done this committee very often—my understanding is we're reporting what people said to us.

Mr. Norm Miller: I would agree with Mr. Tabuns. I guess it's a question of whether the language represents what people told us or if we can change it if it doesn't represent what people told us, and if there's tweaking required to properly represent what they told us. Certainly, we heard from many different agricultural groups that this is something that they were looking for, that they would like these programs strengthened.

The Chair (Mr. Pat Hoy): The researcher might—

Mr. Larry Johnston: Would it be appropriate to insert "by stakeholders" after "identified," therefore making it clear that it was not the committee's conclusion that the programs need to be strengthened?

Ms. Leeanna Pendergast: Yes. As Mr. Miller was saying as well, I would agree that we could just insert that "presenters suggested programs should be." Yes, I think that works very well. Thank you.

Mr. Larry Johnston: "Identified by presenters"?

The Chair (Mr. Pat Hoy): "Identified by presenters"?

Ms. Leeanna Pendergast: Sure.

Mr. Peter Tabuns: Fair enough.

Ms. Leeanna Pendergast: Is that okay?

Mr. Peter Tabuns: Yes, I think that's a fair representation of what happened.

Ms. Leeanna Pendergast: Thank you.

The Chair (Mr. Pat Hoy): Agreed? Agreed. Is there anything else?

Okay, we'll have the researcher look for that percentage that was requested.

If there's nothing else about the draft report, we can move to the motions. We'll go to the motions now. Everyone should have a packet. They're numbered 1 through 8. We'll have them read into the record.

If you'd do the first one, Mr. Tabuns—NDP.

Mr. Peter Tabuns: Motion 1: Take the HST off of electricity and home heating.

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its fiscal year

2011-12 budget, remove the HST from electricity and home heating bills.

I think we've made this argument before, and I'll make it for the record today. We disagreed with the HST. I would say that every MPP will find, as they go through their riding, that there's broad disagreement with the HST. When we look at what is most central to people's concerns, it's HST on everyday necessities.

It's a cold country. We try to keep ourselves warm. People have to keep themselves warm. Thus, the HST imposed on top of heating bills—electrical and gas—provides quite a burden on people. We think it would be prudent for the government to remove that burden by taking the HST off electricity and off of home heating.

0920

I think the government would be well advised to take this step. It brought in the \$1 billion a year Ontario clean energy benefit, recognizing the political turmoil that has arisen from rising hydro bills. Let me tell you, the political turmoil from heating bills is also quite substantial. This committee would, I think, reflect opinion in Ontario and the needs of Ontarians, particularly seniors, if it were to adopt this resolution.

The Chair (Mr. Pat Hoy): Any other comment? Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you for your comments, Mr. Tabuns. You said your comments for the record; I'd also like to make comments for the record. In fact, the McGuinty government has gone above and beyond the 8% with the Ontario clean energy benefit and taken 10% off electricity bills for the people of Ontario, specifically helping seniors. For that reason, we will not be supporting this motion.

The Chair (Mr. Pat Hoy): Mr. Miller.

Mr. Norm Miller: Just a brief comment: Having been part of the committee when the HST bill was coming through the legislative process and having proposed many amendments to exempt various services from it—and recognizing the reality of what people are facing in their heating bills across the province—we've already seen electricity rates rise some 75%. Every day, it seems, there are new increases coming along: most recently another 6% increase, a predicted 46% increase over the next five years. So I'll be supporting the motion.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour—

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Pat Hoy): Recorded vote requested.

Ayes

Norm Miller, Tabuns.

Nays

Albanese, Flynn, Jaczek, Leal, Pendergast.

The Chair (Mr. Pat Hoy): The motion is lost. Number 2: NDP motion, Mr. Tabuns?

Mr. Peter Tabuns: Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its fiscal year 2011-12 budget, reverse the corporate tax cuts and capital tax giveaway to the banks and reallocate some of the money saved towards highly targeted, jobs-focused, refundable tax credits. These credits would directly reward employers for making new investments in plant machinery, training and innovation. One example of this sort of credit is an investment tax credit that would encourage manufacturers and processors to make capital investments in plant expansion and create jobs. Such a tax credit has been widely credited for contributing to the strong recent job creation records of provinces such as Manitoba and Quebec.

If we look at the history of corporate tax cuts, we can look at Paul Martin who, as the finance minister of Canada, delivered—I think it was in 2000 or 2001—what he called the largest corporate tax cut in Canadian history. As everyone around this table is well aware, Canada's manufacturing sector continued to be hollowed out throughout the past decade. Go to Peterborough, go to London, go to Hamilton, go around the GTA and you will see manufacturing plants that have been closed down. In fact, in my riding, we have large brownfield areas where we used to have factories. Go to York South-Weston: the Kodak lands, where there used to be factories.

Corporate tax cuts, as delivered at the federal level, did not in fact protect the economy of Canada from being hollowed out. I don't see that this committee, having seen the presentation on the correlation between corporate tax cuts and actual corporate investment in equipment and machinery, can support a continuation of tax cuts. As we were shown in the presentations in Toronto, as the corporate tax cuts continued, investment in machinery and equipment continued to drop. That's the reality in Canada.

For us, if we are going to go forward and represent the interests of the people in this province who want jobs, then we should, if we do in fact distribute support to corporations, tie it to the creation of jobs. It's the only way you can justify that to the majority of people who understand the necessity of employment and understand measures to create employment.

A general corporate tax cut is not going to preserve the Ontario economy. It's not going to preserve jobs. It will make bottom lines far richer; I have no doubt of that. The banks in Canada have done very well over the years. They don't need a corporate tax cut.

We don't need to cut the corporate taxes of large development companies or construction companies. They aren't competing on the international level for construction in Ontario. I think that this committee, to act responsibly, should be supporting this amendment.

The Chair (Mr. Pat Hoy): Thank you. Any other comment?

Ms. Leeanna Pendergast: There's certainly no question that Ontario must remain competitive. I would add

that we heard loud and clear on this committee to not raise taxes on the forestry industry, for instance. We heard that loud and clear in the north. This continues to be about jobs and about being competitive. For that reason, we will not be supporting this motion.

The Chair (Mr. Pat Hoy): Mr. Miller?

Mr. Norm Miller: Yes, just very briefly. I won't be supporting the motion. We need a competitive tax structure in Ontario to attract jobs and businesses here. It's a global world. The capital tax noted is a very unproductive tax that discourages investment in the province, so I won't be supporting this motion.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Hearing none, I'll put the question.

Mr. Peter Tabuns: Recorded, please.

The Chair (Mr. Pat Hoy): Recorded vote requested.

Ayes

Tabuns.

Nays

Albanese, Flynn, Jaczek, Leal, Norm Miller, Pendergast.

The Chair (Mr. Pat Hoy): The motion is lost.

Now we'll go to page 3, which is also an NDP motion.

Mr. Peter Tabuns: Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its fiscal year 2011-12 budget, tables a fiscal framework that acknowledges the widespread belief by economists that sustained economic growth can bring the budget into balance within a reasonable period and that cutting public services will only serve to dampen demand for Ontario goods and services, thereby reducing economic growth.

I'll just say briefly that there's a lot to learn from the recent experience in the UK, where the Conservative-led government in its deficit-cutting activities has actually undermined the recovery of that economy. A variety of economic commentators have noted that their deficit-cutting activities and the reduction of public services have led to job losses, increased numbers of people on social assistance and a reduction of the ability of that economy to finance government and sustain business.

I don't think we should fall into the same trap. I think we need to be prudent in our spending, but should recognize that we're going through a business cycle within which revenue will be down and revenue will return. Cuts to public services are not going to give us the kind of economic growth that we need or want.

The Chair (Mr. Pat Hoy): Thank you. Any other comment?

Ms. Leeanna Pendergast: I want to thank Mr. Tabuns for his comments. He's always very eloquent and very well-spoken. Certainly we agree about being on the right track and share your thoughts in terms of the intent

of this motion: promoting economic growth. The government believes in bringing the budget back to balance and in the importance of protecting our public services. However, in the way that this is worded, we cannot support it.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Mr. Miller.

Mr. Norm Miller: Yes, certainly. I think the motion is well intentioned. But I also believe that we need to have respect for the families that are paying the bills in this province, so I won't be supporting this motion.

0930

The Chair (Mr. Pat Hoy): Any other comments? I'll put the question.

Mr. Peter Tabuns: You're a good man, Chair. If we could have it recorded, I'd appreciate it.

The Chair (Mr. Pat Hoy): Recorded vote is requested.

Ayes

Tabuns.

Nays

Albanese, Flynn, Jaczek, Leal, Norm Miller, Pendergast.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 4: We have a government motion. If Ms. Pendergast would read it into the record.

Ms. Leeanna Pendergast: The Standing Committee on Finance and Economic Affairs recommends that the government continue to reduce the deficit and work towards a balanced budget.

The Chair (Mr. Pat Hoy): Any comment? Mr. Bisson.

Mr. Gilles Bisson: What exactly do you mean by this? That's a pretty wide-open statement. That could be interpreted as, "I'm going à la the UK" or, "I'm going à la Dalton McGuinty." What does it mean?

Ms. Leeanna Pendergast: It means no more than the words on the page, Mr. Bisson: that we continue to work to reduce the deficit and move towards a balanced budget.

Mr. Gilles Bisson: So this is a McGuinty-ism?

Mr. Norm Miller: It's a motherhood statement.

Mr. Gilles Bisson: I'm not going to filibuster on this point, but what does this really mean, that we're going to continue to reduce the deficit and work towards a balanced budget? The government has seen record increases in spending over the last seven to nine years. We've got a deficit of over \$18 billion. I agree with my friend Mr. Tabuns—this is a business cycle—but I think it's more than that. I think there are some structural issues in regard to the amount of activity in the Ontario economy. I just look in my backyard and look at what happened with Xstrata and others who close their doors, which means to say fewer taxes for government.

I see this as a bit of a motherhood-and-apple-pie kind of comment. It's like saying, "We're going to do something about it but there really isn't any plan." Is there a plan to deal with the deficit? Is the government going to announce something in your electoral platform? And when are you going to come clean with what's in your platform?

The Chair (Mr. Pat Hoy): Mr. Miller.

Mr. Norm Miller: Just very briefly: Yes, it is a motherhood-and-apple-pie statement. Of course, we're supporting moving towards a balanced budget. The plans that the government has outlined so far in its budgets—frankly, I don't buy them. They're planning to balance the budget by 2017-18, based on reducing government spending far below what their track record has established in the first seven years. It's a motherhood-and-apple-pie statement, but we'll be supporting it.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour?

Mr. Gilles Bisson: Recorded vote.

The Chair (Mr. Pat Hoy): Recorded vote is requested.

Ayes

Albanese, Bisson, Flynn, Jaczek, Leal, Norm Miller, Pendergast.

The Chair (Mr. Pat Hoy): The motion carried.

Number 5 is also a government motion. Ms. Pendergast.

Ms. Leeanna Pendergast: The Standing Committee on Finance and Economic Affairs recommends that the government continue to make strategic investments in our workforce and create further opportunities for growth in Ontario.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Gilles Bisson: Can I just say "ditto" from the last one?

The Chair (Mr. Pat Hoy): Yes, you can.

Mr. Gilles Bisson: Okay. Ditto.

Mr. Norm Miller: Ditto.

The Chair (Mr. Pat Hoy): Any other comments? Hearing none, I'll put the question. All in favour? Carried.

Number 6: government motion, Ms. Pendergast.

Ms. Leeanna Pendergast: The Standing Committee on Finance and Economic Affairs recommends that the government continue to pressure the federal government to re-evaluate the equalization and transfer system and promote fairness for Ontarians.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Carried.

Number 7 is also a government motion. Ms. Pendergast?

Ms. Leeanna Pendergast: The Standing Committee on Finance and Economic Affairs recommends that the government take full advantage of the economic potential

of the Ring of Fire, including promoting the processing of these minerals here in Ontario.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Obviously we're supportive of getting all the full potential from the Ring of Fire. I would just say—as was captured, I'm sure, in Mr. Johnston's report—we heard from many presenters that the risk to the value-added development of the Ring of Fire and the processing of the ore that would come from the Ring of Fire development is that the high industrial energy prices in Ontario, as compared to Manitoba and Quebec, would result in the value-added processing happening not within the province of Ontario. Really, the big risk to the jobs staying in Ontario and the money being spent in Ontario is the energy policy of the current government. We heard from the mayor of Timmins how Xstrata closed last year and 700 jobs moved from Ontario to Quebec.

The interesting thing is, if you look at the ironic part of that—other than losing 700 jobs and the city of Timmins losing \$4 million in property tax revenue—the smelter in Timmins was more environmentally friendly than the one that's in Quebec, so we actually have more environmental damage happening to the country of Canada and to the world as a result of that plant moving out of Ontario. Obviously, there's the 700 jobs in Timmins. So this is another motherhood-and-apple-pie statement which we'll support, but I simply point out that the biggest threat to the money being spent in Ontario is the high energy prices that we currently have.

The Chair (Mr. Pat Hoy): Mr. Bisson.

Mr. Gilles Bisson: My first question to whoever on the government side is willing to answer: Does this mean to say you're actually going to amend the Mining Act, as proposed by me last spring, to say that all the processing of materials is going to be done here in Ontario? The first question—question to the government.

The Chair (Mr. Pat Hoy): Ms. Pendergast.

Ms. Leeanna Pendergast: I'll just say that that answer goes beyond my auspices here in this committee, but I would suggest—Mr. Miller, I appreciate your comments, and I want to thank you for that and wish that you had submitted some recommendations that we could have taken a look at, because I do appreciate your input. Thank you.

Mr. Gilles Bisson: Back to me again and back to the government. Listen, we've seen this show before. Xstrata, as was pointed out by Mr. Miller—and I'm sure you heard from others as you travelled out on committee—left Ontario primarily for two reasons. They left because of high electricity prices, and you touched on it, because they said so at the cabinet table when I sat at the cabinet—not that I'm in cabinet, but at the cabinet table with the Premier and the mayor of Timmins and others when we met to talk about Xstrata with Xstrata themselves. They said, "One of the reasons we're leaving is that your environmental regulations are too tough," and

presumably they were saying, “We’re going to go where they’re less.”

So I ask you the question, is the government proposing to change the Mining Act so that the Mining Act clearly says that minerals that are extracted from Ontario will be processed in Ontario? And what I get as an answer is, “Well, it’s outside my purview.” The answer is no, because I’ve already seen this show, because the government voted no in the House. That’s the first issue.

The second issue: Is the government proposing to put in place an industrial hydro rate in order to ensure that financially they can actually build the smelter refinery in Ontario? To the government: Yes or no? Are you proposing an industrial hydro rate?

The Chair (Mr. Pat Hoy): Ms. Pendergast.

Ms. Leeanna Pendergast: I’ll just answer Mr. Bisson by saying that we’re not changing the Mining Act. That much I can tell you.

Mr. Gilles Bisson: Okay. And on the industrial hydro rate: Are you going to be creating an industrial hydro rate to make us competitive with the Manitoba prices?

Ms. Leeanna Pendergast: We are supportive of creating economic opportunity in the north.

Mr. Gilles Bisson: All right. There’s only one problem. You’re not going to create economic opportunity if I have to pay higher prices for electricity in Ontario as compared to Manitoba or Quebec.

Just to put this into context, the building of the refinery and the smelter in Ontario, if it happens, is a billion-dollar project roughly; grosso modo, about a billion dollars. The capitalization for that can be recouped in 30 years just on the savings of electricity if they were to build the very same plant in the province of Manitoba. If you look at what the price of electricity is in Ontario and what it would cost to operate a refinery smelter of that type in Ontario compared to Manitoba or Quebec, there’s a \$1-billion savings in the cost of electricity over 30 years, so essentially, the capitalization for the plant is paid through the savings just by moving over the border to Manitoba or Quebec.

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I’m going to support your motion. Why? Motherhood and apple pie. I love mining. I love minerals. This is great; make it happen in Ontario. But other than motherhood and apple pie, this doesn’t mean anything, because these are economic decisions that the proponents of the Ring of Fire are going to have to make. “Is it cheaper to build my plant in Ontario, yes or no?” That’s the question they’re going to ask themselves, because they’ve got to raise money in order to build this. When they go to their shareholders or they go to the market in order to raise the money to build it, the ability to do so will be based on how profitable this thing is. If electricity prices make it less profitable, there’s going to be one heck of a push to build it outside of Ontario. Unless we change the Mining Act, there’s going to be nothing that’s going to prevent them from taking the ore out of the Ring of Fire by rail once it’s concentrated and shipping it wherever—to

China, to Manitoba, to Quebec or Wisconsin. They’ll be able to go where they want with it.

So I would ask you this last question: Is the government prepared to make the significant changes that need to be made to public policy in order to ensure that the ore that is extracted from the Ring of Fire will actually be processed in Ontario—hydro, Mining Act, or others?

The Chair (Mr. Pat Hoy): Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you for your comments, Mr. Bisson. The motion says that we’re committed to creating economic opportunity in the north. Clearly, you’re from the north and you’re a strong voice for the north. Thank you. You clearly understand the issues. This motion does say that we’ll continue to create economic opportunity in the north, and we appreciate the support of the NDP.

Mr. Gilles Bisson: So this is more or less saying, “Vote for me and I’ll give you more of the same.” Okay, that’s all I wanted to know. Thank you. At least your platform is becoming clearer now.

The Chair (Mr. Pat Hoy): Any other comments? Hearing none, I’ll put the question. All in favour?

Mr. Gilles Bisson: Recorded vote.

The Chair (Mr. Pat Hoy): Recorded vote requested.

Ayes

Albanese, Bisson, Flynn, Jaczek, Leal, Norm Miller, Pendergast.

The Chair (Mr. Pat Hoy): Carried.

Number 8 is a government motion. Ms. Pendergast.

Ms. Leeanna Pendergast: The Standing Committee on Finance and Economic Affairs recommends that the government promote financial literacy among Ontarians of all ages and encourage everyone to start saving early for retirement.

Mr. Gilles Bisson: I didn’t need this. If I had just listened to my mother, I’d be doing better.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Miller.

Mr. Norm Miller: It’s a general statement again, but I think there is a real need for Ontarians, for Canadians, to increase their level of financial literacy. We’ve seen recent reports where consumer debt levels are going up pretty dramatically in the last few years. That is a real concern. Also, there’s a real need for people to be aware of what they need to do to plan for retirement and to be saving for retirement, so I support the motion.

The Chair (Mr. Pat Hoy): Any other comment? Ms. Pendergast.

Ms. Leeanna Pendergast: Sorry, I couldn’t resist. I just want to say on the record that the McGuinty government convened a working group on financial literacy of which I had the privilege of being the co-chair, and recommendations were made to the minister. The minister has adopted the recommendation that financial

literacy be mandatory in all schools in Ontario as of September 2011.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Hearing none, I'll put the question. All in favour? Carried.

Are there any other motions?

Mr. Norm Miller: Just a question. How long do I have for my dissenting report?

The Chair (Mr. Pat Hoy): We'll get to that. I have that as the last item of business.

We stood down the question of the rate of inflation on page 2 at the bottom. I think the researcher has found some statistics here, so I'll let him speak.

Mr. Larry Johnston: The rate of inflation in January 2011 would be 2.9%, up from 1.9% in January 2010.

Mr. Gilles Bisson: The rate of inflation was 2.9%? I didn't know that.

The Chair (Mr. Pat Hoy): Everyone clear on that?

Interjections.

Mr. Norm Miller: For Mr. Bisson's benefit, they want to change the statistics that are reported on page 2, on the last line, where it says that Ontario's annual rate of inflation in December 2010 was 3.3%, up from 1.2% in December 2009, to January's figures, which are slightly better and which we just received—2.9% in January 2011 and 1.9% in January 2010. They want to change that.

Mr. Gilles Bisson: That's fine.

The Chair (Mr. Pat Hoy): All right. Everyone understands the point being made to change these figures? We all understand that? Is there any discussion about this? Are we in agreement that we change the figures for the purposes of this report? Agreed? Agreed.

I have some questions for the committee: Shall the draft report, as amended, with the inclusion of recommendations, be adopted, subject to the authorization of the Chair?

Mr. Gilles Bisson: No.

Ms. Helena Jaczek: Agreed.

The Chair (Mr. Pat Hoy): Any questions?

Mr. Gilles Bisson: I said no.

The Chair (Mr. Pat Hoy): No? Then I will put a vote. The question is: Shall the draft report, as amended, with the inclusion of recommendations, be adopted, subject to the authorization—

Interjections.

The Chair (Mr. Pat Hoy): Since we heard a "no," would somebody make the motion: Shall the draft report,

as amended, with the inclusion of recommendations, be adopted?

Ms. Leeanna Pendergast: I'll do that.

The Chair (Mr. Pat Hoy): Ms. Pendergast has moved that.

Any comment?

Mr. Gilles Bisson: No.

The Chair (Mr. Pat Hoy): Hearing none, all in favour? Opposed? Carried.

Shall the Chair sign off on the authorization of the recommendations etc.?

Mr. Norm Miller: Again, Chair, when do we get to the time frame?

The Chair (Mr. Pat Hoy): We're getting there.

Mr. Norm Miller: You're not going to forget that?

The Chair (Mr. Pat Hoy): No.

Mr. Norm Miller: Good. Thank you, Chair.

The Chair (Mr. Pat Hoy): It's right here.

Agreed? Agreed.

Shall the final report be translated and printed? Agreed? Agreed.

Upon receipt of the printed report, shall the Chair present the committee's report to the House and move the adoption of its recommendations? Agreed?

Mr. Gilles Bisson: No.

The Chair (Mr. Pat Hoy): I heard a "no." I'll read it again: Upon receipt of the printed report, shall the Chair present the committee's report to the House and move the adoption of its recommendations? Would someone move that, please? Thank you, Ms. Pendergast. All in favour? Opposed? Carried.

The deadline for dissenting opinions to be filed with the clerk of the committee pursuant to standing order 131(d) is Monday, February 28, 2011, at 4 p.m. Agreed?

Mr. Norm Miller: Sorry, say that again: Monday, February 28—

The Chair (Mr. Pat Hoy): Monday, February 28, 2011, at 4 p.m.

Mr. Norm Miller: Next Monday?

The Chair (Mr. Pat Hoy): Traditionally it has been that.

Shall the committee transmit a confidential advance copy of the report in English only to the Minister of Finance prior to the report being tabled in the House? Agreed? Agreed.

We are adjourned.

The committee adjourned at 0949.

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