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Monday 16 April 2012

Standing Committee on General Government

Attracting Investment and Creating Jobs Act, 2012 Assemblée législative de l'Ontario Première session, 40<sup>e</sup> législature

# Journal des débats (Hansard)

Lundi 16 avril 2012

Comité permanent des affaires gouvernementales

Loi de 2012 visant à attirer les investissements et à créer des emplois

Chair: David Orazietti Clerk: Sylwia Przezdziecki Président : David Orazietti Greffière : Sylwia Przezdziecki

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# STANDING COMMITTEE ON GENERAL GOVERNMENT

Monday 16 April 2012

The committee met at 1407 in room 228.

# ATTRACTING INVESTMENT AND CREATING JOBS ACT, 2012

## LOI DE 2012 VISANT À ATTIRER LES INVESTISSEMENTS ET À CRÉER DES EMPLOIS

Consideration of the following bill:

Bill 11, An Act respecting the continuation and establishment of development funds in order to promote regional economic development in eastern and southwestern Ontario / Projet de loi 11, Loi concernant la prorogation et la création de fonds de développement pour promouvoir le développement économique régional dans l'Est et le Sud-Ouest de l'Ontario.

**The Chair (Mr. David Orazietti):** Okay, folks, good afternoon. We'll get started. Welcome to the Standing Committee on General Government. We're here today to consider, clause-by-clause, Bill 11.

I don't know if there are any comments or questions before we get started; otherwise, I'll move to the first NDP motion and ask Mr. Marchese to read it.

Seeing none, let's go to the first section before you introduce your motion. There are no amendments to section 1. Seeing no amendments to section 1, all those in favour of section 1 carrying? Opposed? Section 1 is carried.

Section 2 of the bill: There are no proposed amendments to section 2. Shall section 2, as presented, carry? All in favour? Opposed? Carried.

Section 3, a new subsection: NDP motion. Go ahead, Mr. Marchese.

**Mr. Rosario Marchese:** I move that section 3 of the bill be amended by adding the following subsection:

"Industry clusters

"(3) The development of industry clusters is a priority for each program."

Just as a brief note, Mr. Chair, during the hearings we had heard from one presenter in particular who talked about including criteria that would give extra priority to clusters by way of funding, whether that be loans and/or grants, and I thought it was a good idea. This motion attempts to reflect the concern that was raised by one of the presenters, and I thought it was a good one, so I move it.

The Chair (Mr. David Orazietti): Further comments? Ms. Cansfield.

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

# COMITÉ PERMANENT DES AFFAIRES GOUVERNEMENTALES

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**Mrs. Donna H. Cansfield:** We already have a cluster development that is currently listed in the programs in subsection 3(2), along with other purposes such as attracting and retaining investment and creating and retaining jobs. One of the effects of this—the KPMG study clearly identified how flexible this program really was and therefore how effective it really was, so we feel that would be restrictive when we've already addressed the issue of clustering by really constricting it even more. The idea here is to have a far more nimble, attractive fund that is open to a variety. It doesn't preclude the cluster, because it's already identified, as I said, in section 3(2).

This whole process is applicant-driven—so the applicants come in, and they do the review—as opposed to cluster-driven. We believe that's been very successful and the proof is in the third party analysis through the KPMG report. We therefore do not support this.

**Mr. Rosario Marchese:** Mr. Chair, I missed it. I see it in the bill, and I obviously missed it. So I'll withdraw my motion.

**The Chair (Mr. David Orazietti):** Okay, thank you. If you want to proceed with the next motion, go ahead.

**Mr. Rosario Marchese:** I move that section 3 of the bill be amended by adding the following subsection:

"Announcements

"(4) If a public announcement is to be made about the provision of financial assistance or incentives within eastern Ontario or southwestern Ontario, as the case may be, the MPP who represents the affected area within the region must be given the opportunity to make the announcement."

I think what we're trying to do is correct some past errors where MPPs have been excluded. I think this motion would make it certain that the MPP will be there at the announcement, either making the announcement or being part of the announcement. I think this is important to us all, not just to government members but to opposition members as well.

**The Chair (Mr. David Orazietti):** Thank you. Further comment on this motion?

**Mrs. Donna H. Cansfield:** Again, announcements are made by ministers, and there's nothing in this that precludes who can come to the announcement, to be honest with you. But it would restrict the ability of a Premier or a minister who has the responsibility for that portfolio to make the announcement. So I have no difficulty with the second one: "If a public announcement is to be made about the provision of financial assistance ... the MPP who represents the affected area within the region must be given the opportunity to participate in the announcement." I think that's fair and reasonable.

So the first one, no. I think it's the responsibility of the government, the minister. Nothing precludes participation and encouragement. And secondly, I have no problem at all with any member who is a representative of an area being a participant in an announcement.

Mr. Rosario Marchese: Mr. Chair?

The Chair (Mr. David Orazietti): Go ahead, Mr. Marchese.

**Mr. Rosario Marchese:** If you look at the motion, it simply says "as the case may be, the MPP who represents the affected area within the region must be given the opportunity to make the announcement." It doesn't preclude the minister being there at all. We assume that the minister would probably be there. What the language of this one says is that the MPP must be given the opportunity to make the announcement. So we would hope the minister would call the MPP and say, "Would you like to make the announcement?" or, "We can do it together." This makes it possible for that to happen.

**The Chair (Mr. David Orazietti):** Thanks for your comments. Ms. Scott?

**Ms. Laurie Scott:** In the past, when the member was a minister, she was obviously very gracious and good when she came into different ridings that were held by opposition members, but I think that my NDP counterpart is just trying to make the point that there were some cases where members weren't notified, and even if they did go to the function, they weren't allowed to be on stage or make any comments. So I think I see the background that he's coming from on this. It's a minor amendment. It just puts it in writing, and I appreciate Mrs. Cansfield's comments. But sitting in opposition before, I think it's just that sometimes things kind of happen that aren't quite appropriate when ministers come to the ridings.

The Chair (Mr. David Orazietti): Ms. Cansfield?

**Mrs. Donna H. Cansfield:** I appreciate that, and as I said, I have no difficulty. I think the idea of the second, where they're given the opportunity to participate in announcements—but putting in legislation that the MPP will make the announcement precludes the decision of the minister, and that's a protocol issue that would impact and affect all ministries. So I think that it needs to have some consideration here. I have absolutely no problem, as you know, encouraging the participation by a local member in an announcement. They should be—absolutely. But putting in legislation that they will make the announcement, regardless of who is in government, changes the whole protocol procedure within government, and I think that that has a challenge when you put in legislation.

That's why I say I'm very supportive of the second amendment, but I think the first amendment is a little bit of "be careful what you ask for."

**The Chair (Mr. David Orazietti):** Further comment? Ms. Scott.

**Ms. Laurie Scott:** Is there clarification that can be made, then, if it's out of order the way this is, as Ms. Cansfield has said?

**The Chair (Mr. David Orazietti):** Well, as far as my understanding is, the motion is not out of order.

**Mr. Rosario Marchese:** You guys will have to speak up. My right ear is not good.

**The Chair (Mr. David Orazietti):** My understanding is, the motion is in order. It's certainly fair comment. You've heard the comments from members of the committee, so it's a matter of—yes, Ms. Cansfield, go ahead.

**Mrs. Donna H. Cansfield:** If I may, I apologize. I didn't mean to suggest that it's not in order. What I'm suggesting is that this is a protocol, and it would probably be better established by protocol than by legislation that demands that the member make the announcement, when—participation is something else, but the member must make the announcement is what the first one says.

**Mr. Rosario Marchese:** If I can, Ms. Cansfield, it says "within the region must be given the opportunity to make the announcement." It doesn't say that they will be the one making the announcement. I know it's nuanced; I understand that. But I really do believe that the minister should be there for the announcement. This motion assumes that he or she will be there. The way it's worded, we want to make sure that the MPP is given the opportunity to make the announcement. So that's something that can be worked out. If nothing else, the MPP will be there and be part of the announcement and will make the announcement with the minister. This will make sure that happens.

**Mrs. Donna H. Cansfield:** If I may, I agree. I understand the concern, and, actually, your points are well taken. If there are situations where someone has not been notified when someone is coming in to make an announcement, that's a broader issue. That's a protocol issue, and so there should be some protocol guidelines established that say that when you go in, you should be able to call that member, let them know—regardless. And that's what the second actually identifies. But whether it's a nuance or not, it's "given the opportunity to make the announcement." I just think that's a protocol issue for a minister and not for legislation.

**Mr. Rosario Marchese:** It's a back and forth, and I really appreciate this, because in the Trillium funds it's the MPP who makes the announcement. It really works well because it makes it appear that the MPP has a great role, even though he or she may not have that much of a role. But I do believe that the MPP should have a bigger role in making announcements—with the minister. It does give us a better role—and it doesn't matter who's in government. So whatever future government is there, they will have to deal with this kind of precedent, I hope.

The Chair (Mr. David Orazietti): Clearly, you've got two points here: one, where you suggest that the MPP—

Mr. Rosario Marchese: I understand.

The Chair (Mr. David Orazietti):—the MPP in the region makes the announcement and sort of usurps the

right of the minister to make the announcement within their designated area of responsibility, because you're saying that the MPP in the area will make the announcement. Now, clearly, there are politics involved here. This is something where every government that has been in government, every party that has been in government here at Queen's Park, has operated under this particular protocol, where the minister of the day, in whatever party was in government, decided whether or not they made that announcement. And you have the other motion here that indicates that they're given the opportunity to participate in the announcement. That, I don't think, has been as-you know, there are examples, and we're aware of examples, where that has perhaps not been as extended as it could have been or should have been. But I think there's a very clear difference between the two motions—

Mr. Rosario Marchese: There is, Mr. Chair. You're quite right.

**The Chair (Mr. David Orazietti):**—just to point that out: one, that the individual—and I don't know that at any time that any government party had—

**Mr. Rosario Marchese:** Mr. Chair, if I can, remember, you're the Chair. Remember, you're the Chair.

The Chair (Mr. David Orazietti): I understand that.

**Mr. Rosario Marchese:** You should not be engaging in this kind of debate.

The Chair (Mr. David Orazietti): I'm not suggesting what way members on this committee should vote—only to point out that I don't believe, at any time when any party was in government, that the opposition MPPs or other MPP of the riding made the announcement when the NDP was in government or when the Conservatives were in government or when the Liberals were in government.

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So it's past tradition, and your motion clearly would change that, although the second motion that you've put forward clearly makes the point around participation, which is for members of the committee to decide.

**Mr. Rosario Marchese:** I understand. Remember, Mr. Chair, you're the Chair. I don't mind you participating every now and then, and I heard the argument from Ms. Cansfield, but this is a bit stronger. It doesn't say that the member "will." It allows for the minister to go to the MPP and say, "Would you like to make the announcement?" That's what it does. In the end, he or she may decide that they will both make it or that the other MPP will be there and participate in some way, but the minister still obviously retains the big role in this. It's implicit. It doesn't exclude him or her.

The Chair (Mr. David Orazietti): Further comment?

**Mrs. Donna H. Cansfield:** Again, it's the way you interpret and it's the wordsmithing. I'm sorry. "Must be given" is a very strong term. "Must be given the opportunity to make the announcement" is quite different from "if the minister decides" whatever, whatever.

Mr. Rosario Marchese: I understand.

Mrs. Donna H. Cansfield: So it's very clear. As I said, one is based on a protocol and I think there's a

broader issue. I have no difficulty in the government supporting the second. It makes good sense, and probably there should be a whole process established, but certainly on the first one you're changing the entire framework under which governments have worked in the past by usurping the authority of the minister to make the announcement, or a Premier, for that matter, because you're indicating that they must be given the opportunity, and "must" is a very strong word.

The Chair (Mr. David Orazietti): Any further comment?

**Mr. Michael Coteau:** Mr. Chair, I'd like to just echo my colleague's point. The language here forces only one direction, and that's for the local MPP within that region to be given—they "must be given"—that opportunity to make the announcement. I would agree that the wording is a bit restrictive and I think perhaps the member could consider something just to loosen it up a bit.

The Chair (Mr. David Orazietti): Mr. Marchese, further comment?

**Mr. Rosario Marchese:** This is to show how conciliatory we can be and how we can co-operate, you see, with all the other parties.

The Chair (Mr. David Orazietti): I have faith in you.

Mr. Rosario Marchese: I'm happy to hear that.

The Chair (Mr. David Orazietti): Maybe.

**Mr. Rosario Marchese:** I'm going to withdraw (2) and introduce the next one for the record.

The Chair (Mr. David Orazietti): Very good. Go ahead.

**Mr. Rosario Marchese:** I move that subsection 3 of the bill be amended by adding the following subsection:

"Announcements

(4) If a public announcement is to be made about the provision of financial assistance or incentives within eastern Ontario or southwestern Ontario, as the case may be, the MPP who represents the affected area within the region must be given the opportunity to participate in the announcement."

For all the arguments we have made.

The Chair (Mr. David Orazietti): Okay. Further comment?

**Mrs. Donna H. Cansfield:** If I may, I like this, and I think there has been an issue that's been raised where it has not been consistent around the province—

Mr. Rosario Marchese: It never is.

**Mrs. Donna H. Cansfield:** I agree with you: That needs to be addressed. I think there's a chance here for an additional conversation on how this can be accomplished, so thank you very much.

**The Chair (Mr. David Orazietti):** Is that your support for the resolution?

Mr. Rosario Marchese: She's supporting it.

Mrs. Donna H. Cansfield: Yes.

The Chair (Mr. David Orazietti): Go ahead. Further comment?

Mr. Rosario Marchese: All in favour.

The Chair (Mr. David Orazietti): Okay. Any further comment?

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**Mr. Michael Coteau:** Just one quick little point. I'm assuming that in some cases—

Mr. Rosario Marchese: Can you speak in the mike, please?

**The Chair (Mr. David Orazietti):** Mr. Coteau, can you come a little closer to the mike?

**Mr. Michael Coteau:** I'm assuming that in some cases there's more than one MPP that would be affected by a specific fund; correct?

**Mr. Rosario Marchese:** It could be, but this would make it possible that in the event that there are two MPPs that have some connection to the issues, I'm assuming the ministry would take care of that, based on this motion.

Mr. Michael Coteau: So the MPPs who represent the affected areas—that's fine. I think I'm being a little too technical maybe.

**Mr. Rosario Marchese:** But we could, if we wanted to, say "MPP or MPPs."

Mr. Michael Coteau: No, that's fine.

Mr. Rosario Marchese: Okay.

Interjection.

Mr. Rosario Marchese: Yeah, that's okay.

**The Chair (Mr. David Orazietti):** Okay. All those in favour? Opposed? The motion is carried.

Mr. Marchese, do you want to continue—

Mr. Rosario Marchese: Yes, yes.

**The Chair (Mr. David Orazietti):** —or are we into section 4?

Mr. Rosario Marchese: Yes, yes.

**The Chair (Mr. David Orazietti):** Before we go to the other section here, 3.1, shall section 3, as amended, carry? All in favour? Opposed? That's carried.

Section 3.1: Go ahead, Mr. Marchese.

**Mr. Rosario Marchese:** I move that the bill be amended by adding the following section:

"Administration of programs

"Corporations established

"3.1(1) The following corporations are established for the purpose of administering the programs:

"1. A corporation without share capital to be known in English as the Eastern Ontario Development Fund Corporation and in French as Société de gestion du fonds de développement de l'Est de l'Ontario.

"2. A corporation without share capital to be known in English as the Southwestern Ontario Development Fund Corporation and in French as Société de gestion du fonds de développement du Sud-Ouest de l'Ontario.

"Composition

"(2) Each corporation is composed of the members of its board of directors, and its board of directors is composed of the following persons:

"1. The minister, who is the chair of the board of directors.

"2. At least 11 other persons to be appointed by the Lieutenant Governor in Council for a specified term.

"Residency requirement

"(3) The members of the board of directors, other than the minister, must be ordinarily resident in eastern Ontario or southwestern Ontario, as the case may be. "Powers

"(4) Each corporation has the capacity, rights, powers and privileges of a natural person for carrying out its objects, except as limited under this or any other act.

"Financial authority

"(5) Each corporation is authorized to determine who receives financial assistance and other incentives under the program, and in what amounts, and may provide financial assistance by way of grant or loan.

"Local advisory committee

"(6) The board of directors shall establish a local advisory committee and appoint its members. The composition of the committee must reflect sectoral and subregional interests within eastern Ontario or southwestern Ontario, as the case may be.

"Annual report

"(7) Within 90 days after the end of every fiscal year, each corporation shall give the minister an annual report on its affairs during the fiscal year, and the report must include the audited financial statements of the corporation.

"Same

"(8) The minister shall lay the report before the assembly at the earliest reasonable opportunity."

Mr. Chair, I know we were trying to work out something that might be agreeable to both of us, but it just didn't work out. We are insistent on the idea of having an independent board, and it's modelled after the northern Ontario heritage fund. We understand that the northern heritage fund deals with more money than this one, but I think the principle is the same. I really do believe that this independence, if nothing else, at least in terms of political perception, is a model that is appealing to many of us. I think this was an important part of our debate on this, and I wanted to put it forth in this way. I know that the other motion might have gotten to what we want within a year, possibly, but we weren't quite sure. This does it.

The Chair (Mr. David Orazietti): Thanks for your comments.

Further comment on this motion? Ms. Cansfield.

**Mrs. Donna H. Cansfield:** We have an existing process that's in place that has been third party-reviewed by KPMG that has identified that, in fact, this fund is working and working very well and has been quite successful. The idea of modelling it on a \$100-million fund similar to the northern heritage, when this is a \$20-million fund, speaks to me yet again of another agency and another set of bureaucracies, and that is going to take money away from the fund because there are not separate dollars set aside. The idea here is to put the money into the programs as quickly as possible. They're applicant-driven.

The idea here, as well, is to ensure that it's the smaller—if you especially look at the eastern, I'm more familiar with the eastern development fund because I've spent some time in eastern Ontario, but the needs there and the needs in the southwest will be different. The needs there are for the smaller companies, companies that are not going to establish 10 right away but maybe five and start up with three. It doesn't need the bureaucracy. There is a group of six people already identified in Kingston that has been working and working very well within the community, and successfully, to get these projects up and going. The biggest barrier has been the required amount for start-up, which has been reduced, and also the number of jobs that would be created.

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So for me it seems to be inappropriate at this time, when we know we have something that's working, to start something up that's going to take at least six, seven, eight months to incorporate some incorporations, to do these advisory committees. The whole idea is to get the money out the door and get it into the communities and get these jobs up and going as quickly as possible. We have a mechanism that's put in place that is working. I guess I don't understand why we would want to create two more agencies when actually our government agenda is to reduce the number of agencies and to reduce the bureaucracy as much as possible and get the money out to the individuals.

We did say, if you look at the government motion, that we would put a review in place; it addresses the issue of the review. If we find there are failings, then we can address them through the review, but in fact it would take us months to get this up and going if we had to put boards together. So we're not supportive of this particular approach. We think that we have something that's working, working well and effectively. We would like to continue with that model and get the money to the individuals so they can start up their companies sooner rather than later.

The Chair (Mr. David Orazietti): Further comment on the motion?

**Mr. Rosario Marchese:** I don't think that when we're talking about the northern Ontario heritage fund, we speak of it as a heavy bureaucracy. I'm assuming you speak of it well and that you think it works well.

Mrs. Donna H. Cansfield: It still has a major bureaucracy behind it.

**Mr. Rosario Marchese:** And if you thought it was a major bureaucracy, you would probably change the northern Ontario act on the basis of the argument that you just made on this one. So if it is working there, one would assume that it would work here.

The numbers are different, I agree. If it's the number of people that we're talking about in terms of the appointments on the council, I think 11 might be too many. I'm not sure that's one of your concerns. But I would be happy to reduce that number. Instead of 11, we could have six. I'm not quite sure whether the other members want to speak to that. But if that's a way of reducing it so that we could get to it faster, I would be happy to look at that number, because I think it makes sense—it's a smaller fund—if that helps.

But in my mind the independence of this board, modelled on the other, is critical. I understand what you're saying. I don't want to create a bureaucracy that simply would take longer to approve things. That's not the intent at all. I am not thinking that this independent board somehow would be a layer of blockage to getting the money out. That's not the idea. I think it's working well in the north, and I think this can work in very much the same way. You would have the same bureaucracy making decisions; it's the same staff that make the decisions. Whether it's modelled in the way that you want or modelled in this way, you still have staff doing whatever they would be doing under either model, except they would be seen to be independent of the minister, which is something that I think is important. I think some of you probably might agree with that.

But if you believe that reducing that number might be helpful with the case that you're making, I'd be very happy to make an amendment.

**Mrs. Donna H. Cansfield:** Well, in fairness—through you, Mr. Chair, to Mr. Marchese—if the idea here is that you have to have some structure in place that provides you some oversight, you could have gone to an order in council, which is far more effective and less bureaucratic than opening up two corporate entities. Corporate entities have a whole rigour and structure around them that are quite different from an order-in-council process, which, if what you wanted was oversight, would provide the oversight with less of the bureaucracy in place. Yes, the number 11 is an onerous number; significantly reducing it to seven would make some sense. If you're looking at an order in council, that might make some sense, as opposed to corporate entities that are created. Then maybe some consideration—

**Mr. Rosario Marchese:** I don't mind—could I make that amendment on number 2, in terms of the number, if the Conservatives think it's a reasonable amendment to make? We could say at least six—

Ms. Laurie Scott: Six or seven.

**Mr. Rosario Marchese:** —or seven, whatever Ms. Cansfield thinks is a reasonable number based on your experience as a minister in this area.

**Mrs. Donna H. Cansfield:** I would think six or seven would be fine. It would be six, and seven would be the chair, I guess. Or it could be six and five. It could be either way. I just want something, in fairness, that works, that isn't going to be a cumbersome process to put in place.

The Chair (Mr. David Orazietti): Okay. Ms. Scott, go ahead.

**Ms. Laurie Scott:** It's kind of a comment in general. I don't know if you're willing to amend the motion, but federally they use the CFDCs, the Community Futures Development Corporations. That works quite effectively, in that in the case of the eastern Ontario federal fund, whatever the technical name is, the money is transferred to the CFDCs, the Community Futures Development Corporations, and that's composed of a local board of directors, because people are closer to the ground—business initiatives, whatever. I just wanted to put on the record that that actually works quite well. It's a big stretch from what you have here, but I just want to put on the record that although they're a federal body, the Community Futures Development Corporations' whole

intent is that they're more local and get money transferred to them, and they make the decisions locally. I just wanted to put that on the record. I'm fine with the change to the seven or six—whatever we decide.

You mentioned the northern heritage fund. I just wanted to mention that this is very well done, well researched and all very local and doesn't cost a great deal of money or have a big bureaucracy.

**Mrs. Donna H. Cansfield:** Mr. Chair, if I may, I wonder if I could call for a five- or 10-minute recess. I would like to consider looking at it through the eyes of an OIC and proposing an amendment.

The Chair (Mr. David Orazietti): You want a 10minute recess?

Mrs. Donna H. Cansfield: Ten minutes.

The Chair (Mr. David Orazietti): Okay folks, a 10-minute recess.

The committee recessed from 1437 to 1451.

The Chair (Mr. David Orazietti): Okay, folks, given the time, I think we should just wait until the vote is done. Let's just suspend the clause-by-clause until we can—

**Mr. Rosario Marchese:** So, Mr. Chair, next time it won't be a five-minute pause; it'll be a longer pause?

The Chair (Mr. David Orazietti): Perhaps.

**Mr. Rosario Marchese:** But if we say five minutes, we have to bring people back next time.

The Chair (Mr. David Orazietti): As soon as the vote is over, within a couple of minutes please come back to the committee, okay? Thank you.

The committee recessed from 1451 to 1501.

The Chair (Mr. David Orazietti): Let's continue discussion of clause-by-clause. Go ahead.

**Mr. Rosario Marchese:** I just want to make an amendment on my own motion with respect to "Composition", paragraph 2, that "at least seven other persons be appointed by the Lieutenant Governor in council for a specified term."

The Chair (Mr. David Orazietti): Okay. Further comment?

**Mr. Rosario Marchese:** No, we already made many arguments.

The Chair (Mr. David Orazietti): Mrs. Cansfield? Mrs. Donna H. Cansfield: No comment.

**WIS. Doma II. Canshelu.** No comment.

The Chair (Mr. David Orazietti): First we're going to vote on the amended motion.

Mr. Rosario Marchese: If you want to vote on it now or at the end—

Mrs. Donna H. Cansfield: You want to do them all?

**Mr. Rosario Marchese:** You could do it at the end with the amendment, obviously. Or do it now, Mr. Chair. Your call.

The Chair (Mr. David Orazietti): I was just going to ask for consensus on the amendment to your motion.

Mr. Rosario Marchese: Sure.

The Chair (Mr. David Orazietti): All in favour that the motion be amended to include seven members on the committee? All in favour? Opposed? The motion is carried and the motion is amended. Any further discussion on the motion? Seeing none, all in favour?

Mrs. Donna H. Cansfield: Sorry, we've submitted a new amendment.

The Chair (Mr. David Orazietti): Excuse me one second.

Mr. Rosario Marchese: You can share with the whole committee, if you like.

The Chair (Mr. David Orazietti): Legal counsel has informed me that the government side has requested an amendment to the motion separate and independent from the seven you've—

Mr. Rosario Marchese: What we just passed.

The Chair (Mr. David Orazietti): Correct. So the main motion hasn't passed, but we've amended it to reflect seven on the committee.

Mr. Rosario Marchese: Right.

The Chair (Mr. David Orazietti): Legislative counsel would like a few minutes to be able to draft the motion for the government side and introduce the motion, the amendment to this, so that it could be discussed in context with this motion. They're asking for a recess, is that my understanding?

**Mr. Rosario Marchese:** I'm sorry. We just passed the motion with my amendment.

Ms. Laura Hopkins: Yes.

Mr. Rosario Marchese: So do I understand-

**The Chair (Mr. David Orazietti):** We just passed the amendment. We didn't pass the motion.

Mr. Rosario Marchese: The amendment, and it passed.

The Chair (Mr. David Orazietti): Right.

Mr. Rosario Marchese: So now we are-

**The Chair (Mr. David Orazietti):** —debating your motion.

**Mr. Rosario Marchese:** You said, "Is there any further discussion on the motion?" and there was none.

Mrs. Donna H. Cansfield: No, I did say that there was an amendment—

**Mr. Rosario Marchese:** So you have an amendment, and you need to review the amendment that the Liberals are proposing?

**Ms. Laura Hopkins:** I need a little more time to finish drafting it.

**Mr. Rosario Marchese:** I see. Okay. And that would take you how long?

Ms. Laura Hopkins: Guessing? Maybe 10 minutes.

Mr. Rosario Marchese: I see. Okay.

**The Chair (Mr. David Orazietti):** Okay. To avoid what happened previously, we'll come back after the next vote and deal with the amendment to this motion that's proposed. Okay?

**Mr. Rosario Marchese:** It just means that, okay, it's another 20 minutes. But if it doesn't take more than 10, I prefer that we just do this. Otherwise, we're going to stay here the whole afternoon just dealing with these little things. If you just need 10 minutes, we'd come back in 10.

Mrs. Donna H. Cansfield: Well, it may take 12; who knows?

**Ms. Laura Hopkins:** I'm not confident that I can get it done in 10 minutes.

The Chair (Mr. David Orazietti): Plus the clerk needs to make copies of it so that everybody can have a copy of it in front of them.

Mr. Rosario Marchese: Very good, thank you.

The Chair (Mr. David Orazietti): I appreciate it. Thank you.

The committee recessed from 1508 to 1539.

The Chair (Mr. David Orazietti): Okay, folks, let's call the committee back to order. We have the proposed amendment; I think all members of the committee have it now or just received it. So I'll ask Ms. Cansfield to go through it.

Mrs. Donna H. Cansfield: Thank you very much, Chair.

I move that amendment number 4, as amended, be further amended to read as follows—motion showing proposed amendments.

I move that the bill be amended by adding the following section:

"Committees established

"3.1(1) The following committees are established for the purpose of reviewing applications to the programs and making recommendations.

"1. A committee to be known in English as the Eastern Ontario Development Fund Review Committee.

"2. A committee to be known in English as the Southwestern Ontario Development Fund Review Committee. **1540** 

"Composition

"(2) Each committee is composed of seven members to be appointed by the Lieutenant Governor in Council for a specified term.

"Criteria and guidelines

"(3) Each committee shall consider the criteria and guidelines for the program when reviewing applications and making recommendations.

"Financial authority

"(4) Each committee is authorized to recommend who receives financial assistance and other incentives under the program, and in what amounts, and whether to provide the financial assistance by way of a grant or loan."

**The Chair (Mr. David Orazietti):** Further comment? Do you want to elaborate, perhaps, a bit on the rationale for the motion?

**Mrs. Donna H. Cansfield:** The idea here, Mr. Chair, is to be able to establish by order in council as opposed to creating separate agencies—which is something I believe that all of us would like to see fewer of in government—where it still deals with the accountability process; that, in fact, it provides for the oversight. We also have put a government motion, if you look further along, which speaks to the accountability, and it's quite rigorous in its motion around transparency and accountability.

The idea here is that we have proposed an amendment that is friendly, provides for an order in council for seven people in both funds, but at the same time does not create additional corporate entities that would take a significant amount of time, effort and resources to put in place.

## The Chair (Mr. David Orazietti): Mr. Marchese.

**Mr. Rosario Marchese:** I think it should be ruled out of order. If you notice, most of the elements of my previous motion are deleted, and it's quite inconsistent with what it is that I was trying to propose. This works well for the north; I think it will work well regionally for the east and the west—my motion, not this one. I don't think this comes close to meeting what we've been talking about.

If the minister and ministry are eager to get it up and running, they can do it quickly or they can simply delay it and hold it off forever. I think that the corporation can be set up quickly. I'm eager for them to do that. The minister and the government, I think, are eager to do it. I think they should just proceed and get it done.

I'm opposed to this proposed amendment that radically massacres mine.

**The Chair (Mr. David Orazietti):** Okay. I think that's fairly clear.

Any other comments? Ms. Scott.

**Ms. Laurie Scott:** I guess because I don't know the northern heritage fund that well, when the ministers made all these changes, which my NDP counterpart has certainly pointed out changes a great degree of the bill, in your thoughts, Donna, do you think that this is going to streamline this and be less costly than the northern heritage? This is because I don't really know how that northern heritage fund works, exactly. Can you give a little comment of the drastic change that has occurred?

**Mrs. Donna H. Cansfield:** The northern Ontario development fund is a \$100-million fund. It has a certain amount of rigour that has been put behind it. It doesn't mean that one day it may, itself, not be reviewed. What we're talking about here is something that is up and working in eastern Ontario. It has been third party-validated by the KPMG report that, in essence, says, "You've got something that really is working; don't change it," if you read the report.

So what we're proposing is really a compromise. By putting in an order in council, by putting up the review committees, by putting that structure in place, we can give it some more rigor without going into the heavy burden of a government agency, which is what a corporation would be. We already have the office established in Kingston. It has six people that man it. I think you get the best of both worlds. We have something that works. We want it to get out the door as quickly as possible.

I'm sorry; I think that corporations do take a significant amount of time if you do due diligence in government. It would be longer before we'd be able to get the money out to either region, and both regions could desperately use the opportunity to develop jobs and funds. I think this is a compromise between the two. You've got an order in council. You've got seven people. You've got folks that'll come from the area. You've got someone who's established. I don't think you need an advisory committee on top of an order in council, which would be made up from folks from the area. The committee has a significant amount of opportunity to review the applications programs and make the recommendations in terms of what they see.

Then, as I said, if you go to the government motion at the end, it puts the rigour around the transparency and accountability. It's got far more rigour in it, actually. It says, "If this isn't working after a year, we can evaluate and we can change it."

I'm just suggesting to you that we have something that works and has been working really well. We found a compromise with an order in council. Seven people are far more reasonable, obviously, than 11. We've all been there where too many people on a committee makes things difficult.

I'd like to get this out the door, obviously, as soon as possible. We're saying that we've found a compromise. I don't think we've massacred anything. There's no question that the same amendment will have to be done in appropriate French language, which we didn't have the chance to do.

We've actually said that the composition of the committee is seven. We just took out the minister from being on it and made it an order in council, which I think gives it far more.

The residency requirement isn't necessary, but you're going to choose from that area in all probability anyway because you're going to have people whose expertise you want. That comes before us anyway, right? To me, this is a nice compromise.

Each committee can establish the criteria and guidelines for the program when reviewing applications and making recommendations. So that deals with the whole cluster issue. It deals with being an application proponent; it's more the application itself as opposed to developing the cluster. I think it actually is a good compromise to what was being proposed and it services everyone.

The Chair (Mr. David Orazietti): Go ahead.

**Ms. Laurie Scott:** My friend in the NDP, though, feels strongly that it should be to his original amendment with just the number change from 11 to seven.

Mr. Rosario Marchese: We already did that.

**Ms. Laurie Scott:** Yeah, that's what I mean. I just was trying to get the rationale of the two.

The Chair (Mr. David Orazietti): Any further comment on the proposed amendment? Seeing none, we're voting on the amendment first and then we're voting on the main motion. All those in favour of the government amendment? All those in favour? All those opposed? Okay, the motion is lost.

Back to the main motion that was amended to reflect, under item 2, "at least seven other persons to be appointed by the Lieutenant Governor....": I think that's the only clarification and the only change. The main motion: Unless there's any further comment, I'll call for a vote. Seeing none, all those in favour of the NDP motion, as amended? All those opposed? The motion is carried.

Next motion? Mr. Marchese.

**Mr. Rosario Marchese:** I move that the bill be amended by adding the following section:

"Accountability mechanisms

"3.2(1) The minister shall ensure that guidelines for each program are available to the public, setting out the performance standards to be satisfied by participants in the program with respect to the creation of jobs and other economic development targets.

"Agreement

"(2) Before receiving financial assistance or incentives under a program, a person or entity must enter into an agreement with the minister that includes the details of the performance standards to be met and other accountability measures that apply with respect to the funding.

"Clawback

"(3) The agreement must provide for the repayment to the applicable fund of the financial assistance or the amount of the incentive if the performance standards are not satisfied.

"Public inspection

"(4) Each agreement between the minister and a person or entity receiving financial assistance or incentives under a program must be available for inspection by the public. However, commercially sensitive information in an agreement may be redacted from the version made available to the public."

Mr. Chair, I think it's all self-evident.

**The Chair (Mr. David Orazietti):** Okay. Thank you very much for your comments. Ms. Cansfield?

**Mrs. Donna H. Cansfield:** I'd like to speak to some of these as well. In the accountability mechanisms, actually the eastern Ontario development fund program criteria thresholds as well as performance measures are published online and are available to the public, so the amendment is actually not required as all government documents and applications are available to the public. **1550** 

In terms of the agreement, currently under the eastern Ontario development fund both parties enter into a conditional grant agreement that includes the schedules, the milestones and the accountability measurements, so really the act should speak to the program requirements, not to the contents of an agreement created pursuant to the programs. Right?

So when you think about this, you really need—I'll repeat that. The act should speak to the program requirements, not to the contents of an agreement that's created pursuant to the program being created. So these requirements are contained in all administrative directives such as the transfer payment accountability directive.

In terms of the clawback, this is congruent with current conditional grant agreements used in the eastern Ontario development fund for the repayment of the application fund if milestones and deliverables of both investments and job targets are not achieved. Clawbacks are exercised as well in the event of defaults like closures and bankruptcies etc., and the level of the clawback is based on a formula that includes several factors for jobs and investment commitments that range from full to partial repayment. On the issue of public inspection, an individual agreement specific to a company would not be available, as it infringes on competitive issues and privacy concerns, and I suspect that that would become a significant legal issue, so that when you have a contractual obligation, making those contractual obligations in that kind of specific detail public is not something that's available. This amendment could actually jeopardize business application uptake because often confidentiality in business is really critical. It's an issue with the existing eastern Ontario development fund as it is and we must, and always have, respected confidentiality and privacy.

Under FIPPA, the public already has a general right of access to the agreement subject to specific statutory exemptions, and if a requester is concerned about the ministry access decisions, the request can actually go to the Information and Privacy Commissioner to review the minister's concerns. So we feel that these things are all in place now, with the exception of what I've identified as very significant challenges to what's being intended in this amendment.

The Chair (Mr. David Orazietti): Thank you. Mr. Marchese, go ahead.

**Mr. Rosario Marchese:** Just quickly, if the member feels that much of it is already in place, then this is consistent with what you're doing, so having it in writing simply repeats or emphasizes what you say we are already doing. So presumably you have no reason to disagree with leaving it there.

With respect to one of the points you make about sensitivities, it is for that reason that under public inspection we say, "commercially sensitive information in an agreement may be redacted from the version made available to the public." That's in response to some sensitivities and we understand that, so I think we cover your concern in that regard.

The Chair (Mr. David Orazietti): Further comment?

**Mrs. Donna H. Cansfield:** Thank you. I think I made a couple of comments, though, that actually speak to things that are also existing, obviously, but also, in terms of the agreement you've put in, I'm quite clear that the act should speak to the program requirements and not to the contents of agreements before you create the program. You're kind of telling everybody what to do before you create the program, so it doesn't, to me, make any sense.

There are some things, obviously, that we are doing that are already in there and I agree, and there are others that raise considerable concerns for us, for both of them.

The Chair (Mr. David Orazietti): Any further comment, folks? Okay.

**Mr. Rosario Marchese:** She's making an argument and what I am reading on the record, to me, is quite clear and makes sense. I understand she's presenting an argument, but what we say is "Before receiving financial assistance or incentives under a program, a person or entity must enter into an agreement with the minister that includes the details of the performance standards to be met and other accountability measures that apply with respect to the funding." I just don't see what the problem is. For me, it's quite clear. I understand that she made an argument, but I don't agree with her.

**The Chair (Mr. David Orazietti):** Any further comment?

Mrs. Donna H. Cansfield: I think we have a difference of opinion.

Mr. Rosario Marchese: I think so.

**Mrs. Donna H. Cansfield:** I believe that you should speak to the program requirements and not to the content, as I said, of the agreements created pursuant to the program requirements. That's just the way we could—

Mr. Rosario Marchese: I'm ready to go.

The Chair (Mr. David Orazietti): We may hear more in a minute.

Mr. Rosario Marchese: Sorry?

The Chair (Mr. David Orazietti): We may hear more in a minute and then we'll get to the vote.

Mr. Rosario Marchese: She's consulting.

**Mrs. Donna H. Cansfield:** Actually, Daniel was just saying there's an issue around—again, a problem or a potential problem around the opportunity for flexibility. So if in fact there was a program and you had predetermined the criteria, you'd have to claw back, whereas you don't have the flexibility, and that's what he was suggesting.

Again, we're just saying, if you go to the first—it's not necessary. You don't need to put in an amendment for something that's already there, so why put an amendment through?

Then secondly, we disagree on the issue around the agreement, and I think that's a critical one. When you get to the public inspection, again, it's the issue around specific to a company. You identified each of those. You said, "However, commercially sensitive information in an agreement may be redacted...." Who makes that determination?

We're just saying that it doesn't have to be as complicated, I think, as you're making it. We want this fund to be flexible and creative, the way it has been, so that it can move forward and do the work it's determined to do. We, as I said, had a third party analysis done by KPMG that virtually said, "Don't change the way the fund is working. It's working well." So by putting more, you're making it more difficult for the fund to be as flexible as it needs to be to be able to create the jobs in eastern or western Ontario.

Mr. Rosario Marchese: I don't think so.

**The Chair (Mr. David Orazietti):** Okay. NDP motion number 5: All those in favour? All those opposed? The motion is carried.

The next motion—actually, give me one second. All right, folks: government motion number 6. Ms. Cansfield, go ahead.

Mrs. Donna H. Cansfield: Thank you, Mr. Chair.

"Initial review of programs

"3.1(1) The minister shall conduct a review of the programs one year after the date on which section 2 comes into force.

"Same

"(2) The review must consider the following matters and such other matters as the minister considers appropriate:

"1. The geographic areas within which each program operates and whether to revise them.

"2. The types of financial assistance and incentives that have been provided under each program, their effectiveness and options for other types of financial assistance and incentives.

"3. The accountability measures in effect under each program, their effectiveness and options for strengthening them.

"4. The governance and administration of each program and options for other service delivery arrangements, such as the arrangements established under the Northern Ontario Heritage Fund Act in connection with the Northern Ontario Heritage Fund."

This amendment refers to a one-year review to give a very serious consideration of specifically the geographical area, the financial assistance and incentives, accountability measures, and administration of each of the programs. The idea here is to make sure that we've established appropriate effectiveness and efficiencies in the programs.

**The Chair (Mr. David Orazietti):** Okay, thank you. Further comment? Go ahead, Mr. Yurek.

**Mr. Jeff Yurek:** I have concerns about the changing of the geographical area after a year. This fund is supposed to be for certain areas of the province and there's nothing really to stop the minister from moving it to an area, which kind of takes away from the purpose of the fund to start with. If you look at my riding per se, during the election campaign there was a promise of a hospital redevelopment and they pulled it out of the area, so there's nothing to stop the government from actually pulling this funding from southwest Ontario after a year. I have great concerns with point number 1.

**The Chair (Mr. David Orazietti):** Okay, thank you. Mr. Marchese?

**Mr. Rosario Marchese:** I understand the member's point, but I think number 1 was intended to deal with two areas that were excluded, based on the presenters. A group came from Muskoka and the other group came from Durham, and they were saying that they're left out of these two funds. I understood the problems that they were expressing.

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Muskoka, in particular, is not part of the northern community, although it is in the federal boundaries, the way they set them up. But here they're excluded, so one is sensitive to that argument. I think part of why 1 was there is to reflect on the inclusion of possibly other areas that are, at the moment, not part of any funds.

I'm okay with 1, 2 and 3. I was concerned about 4, given that we passed our amendment to section 3.1 of the bill, the administration of programs, corporations established. Given that we have set it up on the basis of how it is done in northern Ontario, the northern Ontario heritage fund, I don't think this is necessary anymore. So I would move that we delete 4.

The Chair (Mr. David Orazietti): As a proposed amendment.

**Mr. Rosario Marchese:** I move that we delete 4 because we already have something that establishes it.

The Chair (Mr. David Orazietti): Ms. Cansfield, do you want to comment on—

**Mrs. Donna H. Cansfield:** Yes, thank you. The intent around the geographic was to actually respond and listen to those folks who felt they had been excluded, as was identified by Mr. Marchese. After a period of one year, we would review and see whether or not those geographical areas should be included, because there's one in each area that feels they've been left out.

But the intent is not to remove from the existing, but probably to include or find a solution for those who feel that they don't have the same opportunities, because they certainly are in some similar challenges when it comes to job creation.

So while I can understand maybe you feel that way, the intent was whether or not they should be expanded to include those areas which are currently excluded. It's meant to find a mechanism to be able to do that, and I have no problem with deleting number 4. You're correct.

**The Chair (Mr. David Orazietti):** Okay. Any further comment?

**Mr. Rosario Marchese:** So I would move that we delete 4 from that motion.

**The Chair (Mr. David Orazietti):** Okay, we'll vote on that first, unless there's any further comment.

Okay, so the government motion, item number 4: We're going to move that that's deleted from the motion. All those in favour? Opposed? Okay, item number 4 is deleted.

The balance of the motion stands. All those in favour of government motion number 6, as amended? Opposed? Okay, the motion is carried.

Okay, sections 4, 5, 6, 7 and 8 have no amendments, unless anyone is bringing any forward. We'll vote on those together. Seeing no amendments, shall sections 4, 5, 6, 7 and including 8 carry? All those in favour? Opposed? Okay, they're carried.

Shall the title of the bill carry? All those in favour? Opposed? Carried.

Shall Bill 11, as amended, carry? All those in favour?

**Ms. Laurie Scott:** Can I make some comments just before the bill carries? Is that the final—

The Chair (Mr. David Orazietti): This would be the appropriate time. Yes, go ahead.

**Ms. Laurie Scott:** Okay, good. I just wanted to state on the record—and I know we've said it many times in the Legislature before—our concerns about this bill and why we wouldn't be supporting it.

Just a little bit of background: The eastern Ontario fund was set up because eastern Ontario, as Mrs. Cansfield has noted, does have some unique problems: the fact that it's a large network of roads, a smaller population, low household incomes, low industrial base. So it was set up back in 2008 with that intent, and I know some of our members—even before that, we discussed it. It was a \$20-million fund that was originally set up. I don't believe at the end of the day—I still don't know for sure the figures, if it was all taken up or used up. But we felt that that should have been—as a fund, it didn't have legislation; it was set up as a fund—carried over. There was some discussion at the Eastern Ontario Wardens' Caucus about maybe some tweaking, because there was still money left over in the fund, in which more businesses could apply and maybe be successful.

So it had some success, for sure, in our ridings with leveraging some opportunities. We are now in a financial situation in the province with record debt and deficit, and I won't repeat all the numbers. Also, I mentioned and highlighted eastern Ontario's specific needs, because, as Mr. Marchese has pointed out, you have other areas of the province that came to committee. So you have Durham and Niagara and Muskoka, and everybody goes, "Why not me?" This is the difficulty, and now that we've tried to bring in the legislation, including southwestern, why not the other territories? I wanted to highlight the fact that eastern Ontario did have and still has unique needs. As northern Ontario has a separate fund, so does eastern Ontario.

We wanted to put on the record that we won't be supporting the bill when it does go back. Those are some of the reasons. We're in an era of fiscal restraint. The fund still had some money and could have been carried over without legislation. There was no legislation to have more government spending exist here, and I don't want to pit region against region. That's not my intent. That's why I explained the eastern Ontario situation that existed.

I just wanted to put that on the record. I know it's been in Hansard in the Legislature many times, but I just wanted to put that forward.

The Chair (Mr. David Orazietti): Any further comments? Ms. Cansfield.

**Mrs. Donna H. Cansfield:** I guess I should respond. The challenge, of course, has been that this world has changed in the last number of years since the fund was first established to help create—which was a requirement and a necessity in eastern Ontario, without question. Certainly, I'm quite familiar with the area. It is not without its challenges. However, as I indicated, the world has changed and the rest of the province is not without its challenges. As your party has indicated and ours has made it a priority, job creation is number one, and that means that there's a fiduciary responsibility to look at all of the province, not just part of the province, to be able to capitalize on what's our greatest asset, which is our people, and to create those jobs.

So by promoting and encouraging the eastern development fund to continue and then modeling another fund on what we know—because, as I have indicated many times, the third party analysis by KPMG says that it's one of the finest funds they've ever come across in terms of job creation. I don't think that should be minimized—the amount of work, effort and commitment that's occurred in eastern Ontario, due not only to the people but to the objectives of this fund. To be able to model that over into other regions of this province, to me, should be something we should all be finding ways and means to do. That's why we're looking to see in the amendment whether or not we need to expand our geographical arena in case we have omitted anyone.

While I appreciate the political reality of not being able to support it, I think sometimes it is a good idea when we go beyond politics and look at what are the best needs of the people in this province. There's no question in my mind that where you can spur job creation and encourage that creative entrepreneurism is exactly what we needed to be able to do.

So I'm sorry, and I feel regret that you're not able to support this. Hopefully, it will pass in the House because it is desperately needed in all regions of this province, not just in eastern Ontario.

The Chair (Mr. David Orazietti): Mr. Marchese.

**Mr. Rosario Marchese:** We can't lose that opportunity, either. Although we'll be making that hopefully when this comes back to the Legislature, but the real—I mean, everything is politics. Everything we do is political, and we all do it from different perspectives. Would that there would be a politics that is beyond politics. I just don't know of any such place that is able to do that. So everything is political.

This program is created through offsets. This is not new money, which means that whatever money was being provided for job creation could have been provided by the existing programs. I appreciate the fact that when you send them regionally, you might be able to do a better job. But the point is, it's not new money. This is the same set of dollars that probably would have created similar jobs, and maybe not as sensitive, perhaps, to one area or another—sorry, it could have been biased towards one particular area versus another. That's possible, but job creation would have happened through this fund. We're just taking some of the money here and saying, "Okay, we're going to create some jobs there and some jobs here." That's why I was particularly sensitive to the fact that some areas were not getting access to that particular fund. So that's why I support the whole idea of this review, because it's important for other areas to be able to access it some way or other, and if they're excluded, that's a problem. So we need to look at that. 1610

The point is that the amendments we made with the support of the Conservatives—we understand the position they're taking—I think are helpful. I think that the Conservatives want some independent board to make sure that the money is given independently and without undue political influence, and that's something that I think we can agree on, and, to some extent, that's why you supported the amendment. So we're happy about that. We'll debate why you don't support it on third reading. It's okay. Thank you.

**The Chair (Mr. David Orazietti):** Thank you. Okay. I think that's all the comments.

A couple more items to vote on, folks, the last two items: Shall Bill 11, as amended, carry? All in favour? Opposed? That's carried. Shall I report the bill, as amended, to the House? All in favour? Opposed? Carried.

Okay, folks, that concludes clause-by-clause on Bill 11.

#### COMMITTEE BUSINESS

Mr. Rosario Marchese: Wait, we have another item. The Chair (Mr. David Orazietti): We do. Go ahead.

**Mr. Rosario Marchese:** I'm ready to read it on the record. Thank you, Mr. Chair.

I move that pursuant to standing order 111(a), the Standing Committee on General Government initiate a fair and balanced study into a range of auto insurance industry practices and trends with the purpose of developing recommendations on how to make insurance rates more affordable, and that the committee report its findings to the House. The study shall include witnesses to be called upon to assist the committee and shall include, but not be limited to:

—the current overall profitability of the property and casualty industry, with an analysis of current and future trends in both investment and underwriting income;

—the profitability of auto insurance underwriting in Ontario and costs related to Ontario underwriting, with particular emphasis on profits in the post-September 30, 2010, era where the statutory accident benefits were amended;

—assessing the adequacy of med-rehab treatment as per the capped minor injury guideline;

—the relationship between insurance underwriters and their sales representatives and/or the role independent brokers of insurance play in the industry. This would include an in-depth look at the extent to which brokers that portray themselves as independent of insurers really are independent;

—the impact of fraud in the insurance industry and how that impacts insurance rates;

—assessment of the adequacy of the current definition of "catastrophic injury";

—ongoing and future trends in claims fraud as well as the impact of recent anti-fraud initiatives in combating such activity;

—the appropriateness of the 12% return-on-equity rate and the approvals mechanisms related to the ROE rate;

-reviewing the auto insurance dispute resolution system; and

—reviewing risk assessment factors of drivers and the corresponding rates assigned to particular drivers, as well as the eligibility and classification factors that currently determine individual, corporate and fleet coverage.

The Chair (Mr. David Orazietti): Do you want to take a minute to make some general comments about it and elaborate?

Mr. Rosario Marchese: A few comments, Mr. Chair? The Chair (Mr. David Orazietti): Yeah.

**Mr. Rosario Marchese:** We understand that fraud exists. We would like to have a balanced study about fraud, how big it is, and if we have some objective study, we would get a better sense of the problem.

We know that many are facing unaffordable premiums. To the extent that fraud is contributing to this problem, we need to take a close look at what is going on. We're basically saying to the government that it needs to take steps to find out why claim costs are ballooning and to get a handle on the spiralling cost of injury claims that are driving up auto premiums and hurting household budgets, especially in some areas like the GTA and others.

We're very concerned because when we talk to people at the Alliance of Community Medical and Rehabilitation Providers, they state things that are of concern to us that should be investigated and talked about. Some of the more disturbing results of the survey that they have done include the fact that 42% of treatment requests are now being rejected, compared to only 11% before the reforms. So something is going on here, because it's an incredibly huge increase of 282%, and we'd like to know what is happening. Of those that are declined, only about half are now being referred for a second medical opinion. Something is happening; I'd like to know what that is.

In about 50% of the cases where an independent examination has been ordered, it's now taking longer than 30 days for the report to be produced, whereas before the changes were made it had to be done before 30 days, and it was. So now there is a greater delay happening. Survey respondents report that when treatment plans are turned down by the insurance companies, in most cases this is now done without a medical reason being given, which appears to be a breach of the regulation. So we'd like to be able to bring in witnesses to talk about this.

We want to look at the dispute resolution mess. These revelations follow a recent Auditor General's report which revealed that 33,000 insurance claims—almost half of the annual total—are in dispute and stuck in a one-year backlog awaiting action by the Financial Services Commission of Ontario. That's a serious problem that needs to be addressed, and I think this committee can get to it.

We're concerned about how-and we call it discrimination by neighbourhood, because we feel there is discrimination by neighbourhood. I want to just give you one example. Based on the lowest quotes available, a 40year-old driver with a spotless record, driving a subcompact car, living at Weston and Jane, will pay an approximately \$2,500 premium, while if that same person was living in Lawrence Park-the Lawrence area on the east side of Bathurst-with the same car and driving record, he or she would pay approximately \$1,150. This is the same person, the same car, with the exact same risk of being in an accident, and the rates are more than double. So we need a change that helps some drivers out. Insurance is incredibly costly for a lot of people, and a lot of folks need to drive, as much as we want to discourage as many as we can by taking TTC where it's available. Some of these rates are hurting people.

We know, based on a number of statements made by various insurance companies, that their profits are okay.

They're doing well. I could read them for the record, but I don't think I need to. I was looking at the profits from Intact, Dominion, Co-operators, Aviva, and Royal and Sun Alliance, and they're all doing well. It would be good to review all of this, and I suspect other members might have other opinions on this in terms of other issues that they might want to bring to our attention. I would be happy to hear those concerns from other members, but this is our opportunity to be able to get people who would come and give us their experience, who would come and give us their research—as objective, obviously, as possible-so that we would get a better handle on how we are able to, yes, make sure that insurance companies make profits while at the same time making sure that those who need to drive have affordable rates and that those who are affected by injury get the benefits that they deserve.

I think we could do a good job of this if we get the right witnesses here and the right evidence.

**The Chair (Mr. David Orazietti):** Further comment? Go ahead, I saw—sorry?

Mr. Todd Smith: We have a motion as well.

**The Chair (Mr. David Orazietti):** You have a motion as well?

**Mr. Rosario Marchese:** Well, we can deal with this, and then we'll deal with the other.

**The Chair (Mr. David Orazietti):** Yeah, let's deal with this. Comments on this motion? Go ahead, Mr. Yurek.

**Mr. Jeff Yurek:** I think it's pretty timely to have a review. I've been looking at auto insurance for the last six months, and I think it would be a good idea to take a look at some of the changes made in 2010.

In my talks, the rural component of Ontario is suffering with getting proper assessments due to the costs that are incurred. Fraud is huge and mainly occurring in the GTA, which is inflating our rates beyond belief. I don't believe this government has the capability or the wanton attitude to actually tackle fraud. They've been putting it off for so long.

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My reports are that the mediation is 12 months behind, and they have yet to have a mediation with these new changes post-September 2010. FSCO's problem with changing rates—I'm just listing off a bunch of problems that I think we can get—the process is so cumbersome and the bureaucracy involved is actually causing some companies to not lower their rates immediately, because by the time it gets approved, things have changed and they'll be losing money due to the fact that it takes so long to get their rates lowered. So I think the bureaucracy that his government has built into the insurance system needs to be looked at.

With regards to the definition of the catastrophic injury, the government does have a report sitting on someone's desk by a group of experts defining "catastrophic event," and I'd love to see that report out and have a big discussion as to how we can define "catastrophic injury." I'm not getting any answers with the current government, so bringing them in to have a good discussion, a good study of where insurance is going in this province, being the province with the highest rates in Canada—we definitely want to see what we can do to bring relief to everyone in Ontario.

**The Chair (Mr. David Orazietti):** Thank you, Mr. Yurek, for your comments. Further comment? Mrs. Cansfield.

**Mrs. Donna H. Cansfield:** I don't think anybody who's been involved with their constituency is not aware of the challenges with the issues of auto insurance, each and every one of us.

I have a couple of questions. First, my question is, is this the right committee? Or should it be finance and economic affairs?

Mr. Rosario Marchese: This is the right committee.

**Mrs. Donna H. Cansfield:** Well, I wonder if it should not go to finance and economic affairs. It would seem to be the place where this particular analysis should take place. Anyway, I'd like to sort of put that on the record, that that should have been a consideration, that it should go forward to finance and economic affairs as opposed to this committee. I guess the committee ultimately will make a decision, but I don't know if I need to put a motion forward for that, Chair, or not, that this particular motion be forwarded to the finance and economic affairs committee.

**Mr. Rosario Marchese:** But Mr. Chair, I would like—if the clerk could speak to this, that would help. As far as we know, because we work through the clerk—

**The Chair (Mr. David Orazietti):** Mr. Marchese, can we have the list back? Thank you. That would be—

Interjection.

The Chair (Mr. David Orazietti): No, not the motion. It's the list of the appropriate committees.

**Mr. Rosario Marchese:** As far as we know, it's quite in order, and if she could speak to it, that would solve your question.

The Clerk of the Committee (Ms. Sylwia Przezdziecki): Mr. Marchese has moved this particular motion under standing order 111(a), which reads, "Standing committees set out in standing orders 108(a), (b) and (c)"—which are the three policy field committees— "shall, in addition to any other powers granted to them, be authorized to study and report on all matters relating to the mandate, management, organization or operation of the ministries and offices which are assigned to them from time to time, as well as the agencies, boards and commissions reporting to such ministries and offices."

The assignments of the ministries to the standing committees, outlined in (a), (b) and (c), are made by the Standing Committee on the Legislative Assembly. This was done on March 21, 2012. So the Ministry of Transportation—

Interjection.

The Clerk of the Committee (Ms. Sylwia Przezdziecki): So a member of a policy field committee, such as this is, has the right, under standing order 111(a), or the committee as a whole has the ability to engage in a study. The finance committee, I suppose**Mrs. Donna H. Cansfield:** If I may, Chair, I don't disagree with the right of the member to put forward a recommendation. I'm just asking a simple question of whether or not it would be more appropriate for this analysis to occur at economic affairs as opposed to this committee. That's all I was asking.

**Mr. Rosario Marchese:** But this committee has the power to do so, and if finance committee members want to come and sit in this committee to replace some of the other members who are here, that's fine, but we have the powers in committee, under the standing orders, to do this. So we're going to do it here.

**Mrs. Donna H. Cansfield:** Okay, well, I guess I was going to say that finance bills and matters—and this is finance; there's no question there are financial issues here—are usually sent to the finance committee. That's why I was questioning. Should it not go—

Mr. Rosario Marchese: I understand—

**Mrs. Donna H. Cansfield:** I mean, it's well within its purview. I'm just suggesting, because we actually have something in front of that here; we have the Aggregate Resources Act, which is already on the table for review, before this. I'm just suggesting it might be more appropriate for it to go to economic affairs.

**Mr. Rosario Marchese:** We hear you, but we do have the power to be able to introduce this, pursuant to standing order 111(a), in this committee, and we will bring witnesses here. Those who have expertise in that committee can come and replace some of you or some of us. We can do it.

**Mrs. Donna H. Cansfield:** Okay, I just need, also, a clarification. In my understanding, this is on my agenda—unless you have another agenda that I didn't get. It says, "Notice of motion filed by Rosario Marchese, MPP, pursuant to standing order 126" and you keep referring to 111(a). Which—

**Mr. Rosario Marchese:** Sylwia? I thought maybe they only had one, but if the other one is on the order paper, what I would say is that I withdraw that and introduce this, which is what I read on the record.

**The Chair (Mr. David Orazietti):** So 126 has been withdrawn; it's 111(a).

**Mrs. Donna H. Cansfield:** It has been withdrawn? Okay. Now it's 111(a); all right. Anyway, we're going to deal with the Aggregate Resources Act first, and then we'd have to deal with this second. That's why I'm suggesting, if it has such an issue of importance, it maybe should go to the finance committee to get the level of—to get it done.

Mr. Rosario Marchese: I understand.

**The Chair (Mr. David Orazietti):** The Ministry of Finance, that area of jurisdiction—

**Mr. Rosario Marchese:** I'll be very blunt, Mr. Chair: If the Conservatives support this motion, we can get it done; if we refer it to the other committee, it will not be done. That, just bluntly, is the problem. That's why we're doing it here in this committee.

#### The Chair (Mr. David Orazietti): Okay.

Mrs. Donna H. Cansfield: Well, there are a couple of other things, if I may raise them? I just saw this. I don't

disagree with what you're saying. What my comments are, though, is that there's obviously a huge cost associated with this. You want in-depth analysis. You want independent analysis. You want to be able to call witnesses.

#### Mr. Rosario Marchese: Yes.

Mrs. Donna H. Cansfield: I mean, there's a cost associated and time associated. So what I'm going to ask is, can this be deferred to the next meeting so that we can have a chance to-I've never seen this before-look at this and to look at the cost impact of this and be able to come back to you? As I said earlier, all of us have these issues. There are probably some on here you have not identified that maybe others might like to put on. But we just got it. We haven't had a chance to review it. I wonder whether or not we could just defer it for a week or to the next meeting, where we could have a good look at this and then also maybe add to it and ask some of the questions around time frame. If we're going to do the Aggregate Resources Act, when does this come in? What kind of time frame are you looking at? Because we're going to hit the summer, or maybe not; we may be doing other things. So there are just some questions. I don't think it's unreasonable to ask for a week's deferral, so I'd like to put that on the table.

**Mr. Rosario Marchese:** If I can, Mr. Chair? Pursuant to standing order 111(a), we can do this. Once we agree, then discussions can happen next week and other matters could be added to it. I don't think this is exhaustive in terms of what we're trying to do. So we will have the discussions, obviously, with the whole committee. Next week, they can bring other matters to this and we can add to it and talk about it—whatever we can—but I think we should pass it today.

**Mrs. Donna H. Cansfield:** Excuse me, Chair. If I may, as I recall, at one of our other meetings, when the member of the NDP asked for a deferral for something very similar, we acquiesced and said we were more than pleased to be able to provide a deferral of a week. I'm just making the same reasonable request that you asked us for.

**Mr. Rosario Marchese:** See, I understand reasonableness. The point is that we don't want to change what is here; I really don't.

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Mr. Joe Dickson: She's not saying that.

**Mr. Rosario Marchese:** I understand. And because we're not changing anything, whatever you want to add the following week, we can, and we can discuss it. It doesn't change anything that you might want to bring forth by way of other things you would like to add. So I'm prepared to proceed.

**Mrs. Donna H. Cansfield:** Okay, I'm just asking again, and I'll look at—"This would include an in-depth look at the extent to which brokers that portray themselves as independent...." Well, I'd like to flush that out. I'd like to have an opportunity to talk to—

Mr. Rosario Marchese: Well, we will be able to-

**Mrs. Donna H. Cansfield:** No, hang on. If I may, Chair, all I'm asking is for a deferral of a week so I can read something that is actually quite in-depth and I've never seen before. I don't think it's unreasonable. You asked us, we acquiesced and said, "Sure, we understand that." I'm just asking for the same reasonableness and—

Mr. Rosario Marchese: Mr. Chair, procedurally-

**The Chair (Mr. David Orazietti):** Hang on a second. Just to clarify what you're saying here: You're putting forward a motion for deferral first?

Mrs. Donna H. Cansfield: Just for a week.

The Chair (Mr. David Orazietti): Mr. Marchese.

**Mr. Rosario Marchese:** I think, procedurally, we either accept or reject this, and then we will be able to add other things to it. This is not the time, today, where we discuss the details of each one of these items, as far as I understand it. Perhaps if there's something else, procedurally, that they want to comment on, the clerk or others, they can comment on it. But as far as I know, we make an argument, and then we move on.

The Chair (Mr. David Orazietti): Procedurally, we'll vote on a deferral or not, and then we'll vote on your motion.

Mr. Rosario Marchese: Okay.

**The Chair (Mr. David Orazietti):** So, speaking to the deferral: I'm hearing defer it; I'm hearing not defer it. Mr. Coteau?

**Mr. Michael Coteau:** I will speak in favour of deferral. It just gives us an opportunity to look at the scope of the work, and I think it's reasonable for any committee member to ask for it to be delayed for a week so we can take a look at probably adding some more content to it. I think one of the members opposite even brought up the fact that he had some ideas around auto insurance in Ontario. I think it would be a good opportunity to wait a week or until our next meeting, and I think that's a reasonable request.

The Chair (Mr. David Orazietti): Mr. Yurek, further comment?

**Mr. Jeff Yurek:** Well, this is isn't really a new issue. There have been changes since 2010. We're almost at the two-year point, and I think this would be a perfect time to actually get the ball rolling. As I said, this looks good to me. I don't see changing it any. You could add to it, and certainly we could add to it next week, but I think we should get this ball rolling and pass it on.

**Mr. Rosario Marchese:** Mr. Chair, I appreciate Mr. Yurek's comments. I disagree with Mr. Coteau and Ms. Cansfield. The motion is quite clear. It says "witnesses to be called upon to assist the committee and shall include but not be limited to...." So when Mr. Coteau or Ms. Cansfield consult the ministry, they can come back and bring other matters to this standing order, which is quite fine. I think we can proceed and allow them the time to come back and add more things to it. We'll be okay.

**Mrs. Donna H. Cansfield:** If I may, Mr. Chair, just as a final comment: I'd like to put it on the record that, in fact, if I had placed this in front of you without prior knowledge, you would be most distressed, I would suspect.

**Mr. Rosario Marchese:** Possibly, depending on what it is.

**Mrs. Donna H. Cansfield:** Exactly. All I was asking for is some time to give this an analysis, and I'd just like it on the record that that was not something that you were pleased to be able to provide for a committee member. So I thank you for that.

The Chair (Mr. David Orazietti): Request for a deferral has been asked for. I'm going to ask for a vote on a deferral. All those in favour of the deferral? All those opposed? Okay, we're not deferring the matter.

Any further discussion on the motion?

**Mrs. Donna H. Cansfield:** Can I again clarify that the resources act will go first before this, because it's on the committee's agenda beforehand?

**Mr. Rosario Marchese:** Pursuant to the standing order, does this take precedence?

The Chair (Mr. David Orazietti): That's subcommittee, House leaders, further discussion. The committee can decide order, precedence, priority for committee business.

Mrs. Donna H. Cansfield: So, Mr. Chair, could we have a 20-minute recess before we vote, because we have—

**Mr. Rosario Marchese:** I think we're ready for the vote, Mr. Chair, and she's just doing this—

**Mrs. Donna H. Cansfield:** Every member can ask for a recess—I'm sorry—for a period of time.

The Chair (Mr. David Orazietti): She can ask for a 20-minute recess before the vote. We'll come back after the other vote, as well, and vote on this. Recess.

The committee recessed from 1635 to 1655.

**The Chair (Mr. David Orazietti):** Let's carry on. Okay, Mr. Marchese, go ahead. Your motion—

Mr. Rosario Marchese: I moved the motion, and we're ready to vote.

The Chair (Mr. David Orazietti): Moved the motion, ready to vote. Any other comments?

All in favour? All opposed? The motion is carried.

Mr. Todd Smith: Mr. Chair?

The Chair (Mr. David Orazietti): Okay, Mr. Smith.

Mr. Todd Smith: I move that pursuant to standing order 111(a), the Standing Committee on General Government study and report on the mandate, management, organization and operation of the ministries of: Economic Development and Innovation; Environment; Finance; Infrastructure; Labour; Municipal Affairs and Housing; Tourism, Culture and Sport; Consumer Services; Finance; and Transportation vis-à-vis the economic, social and environmental impacts of traffic congestion or "gridlock" in both the greater Toronto area (GTA) and the Ontario side of the National Capital Region (NCR). The committee would call upon the aforementioned ministries, as well as appropriate stakeholders to study "gridlock" and solutions to it so as to bolster economic development, job creation and the more efficient flow of people and goods throughout the GTA, NCR and connected regions. The study would include but not be limited to:

—determining the level of any adverse effects that "gridlock" may have on economic development and job creation;

—assessing the true economic costs of traffic congestion in the GTA and NCR;

—determining any human costs associated with traffic congestion and the impact it may or may not have on families;

—determining the localized effects in the GTA and NCR of traffic congestion vis-à-vis economic development, business improvement areas, localized job creation and the business/personal profitability and productivity of small businesses;

—assessing and reporting on ways to lessen the burden of "gridlock" burden on businesses and labour vis-àvis enhancing and promoting productivity, logistics, flow of goods and commuting times;

—determining innovative short-term and long-term solutions on improving the efficiencies of highway, rail and other transportation corridors and how to improve transportation methods in those corridors to move people and goods in the GTA and NCR more efficiently, costeffectively;

—studying new models of affordable, sustainable and viable public transportation and identifying innovative options that enhance modalities of regional, interregional and municipal public transportation within the GTA and the NCR, whether public or public, and assessing the costs of implementing those options and operating them, including capital funding and operation fare/payment models;

—studying new and/or alternative and sustainable approaches to funding transportation and transit solutions in the GTA and the NCR; and

—determining innovative ways to enhance efficiency of freight in the region including regional freight rail options, grade separations, intermodal freight facilities and methods to improve environment efficiencies to reduce fuel costs and environmental impact.

**The Chair (Mr. David Orazietti):** Thank you, Mr. Smith. Do you want to make any general comments about the motion?

**Mr. Todd Smith:** Just the fact that I think we all understand that in our urban areas, specifically in the GTA and the National Capital Region, we are facing gridlock which is unprecedented in North American cities. It obviously is having an impact on our economic growth; we've seen hundreds of thousands of jobs lost in Ontario over the last several years and obviously gridlock is playing a role in that. There are many, many different witnesses we could call to examine the effects of gridlock on our economy, and we look forward to having an opportunity to do that.

**The Chair (Mr. David Orazietti):** Thank you. Further comment?

Mrs. Donna H. Cansfield: I was just curious around the—I mean, again, it's something that impacts significantly, but there are some federal jurisdictions in

here that are not under the purview of the province. Rail freight is one of them; we have no jurisdiction in that. As a matter of fact, I think it was the previous Harris government that took that out of the Ministry of Transportation.

The other is the regionalization around the NCR. There are some very restrictive—so I guess I'm just asking for some—it doesn't have to be today clarification around those jurisdictional issues, because there is no point trying to study something we have no authority over studying and wasting the kind of time. Because I must admit, I think this is a fairly significant undertaking, to say the least, and it involves a significant number of ministries, and so I would suspect it will be a long time in coming. It's certainly something that seems to be addressed—I don't have any difficulty with it—but recognize jurisdictional issues and it's going to be a huge undertaking.

I guess the other question—and it goes to the same with the previous motion—is that at some point the subcommittee is going to have to talk about money, because you're into a significant amount of money with the kinds of studies you're going to do; witnesses won't cut it all for the things you're asking for in either of these motions. We need to put on record exactly what kind of money we're prepared to spend during this time of constraint to do this kind of initiative so that we're are all well aware of the impact of that financial event that may be put in place.

**The Chair (Mr. David Orazietti):** Thank you. Mr. Marchese?

**Mr. Rosario Marchese:** We will be supporting this motion because we think it's a good one. Now is the time to start taking a more holistic view of the impacts of gridlock on people and the economy. We know the Toronto Board of Trade has pronounced themselves on this issue and have talked about people in the GTA facing the longest commute times of 19 major cities, including New York, Los Angeles. We know that traffic congestion costs the city of Toronto \$3.3 billion a year and that Toronto Public Health reports that vehicle pollution leads to over 400 premature deaths from the air pollution each year. So the financial implications of not dealing with this issue are big and serious.

So whatever investments we need to make to try to get a handle on this I think are worth it. Because if we can prevent deaths and we can deal with congestion, we would be saving the city and the province a whole lot of money in the future. I'm prepared to look at whatever undertakings this committee needs to look at so we can do a proper study.

The Chair (Mr. David Orazietti): Thank you. Any further comment on the motion? Seeing none, all those in favour? Those opposed? Motion's carried.

Anything further today, folks? No? Okay. Committee's adjourned.

The committee adjourned at 1701.

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