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**Official Report
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(Hansard)**

Thursday 19 July 2012

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des débats
(Hansard)**

Jeudi 19 juillet 2012

**Standing Committee on
Estimates**

Ministry of Finance

Ministry of Health
and Long-Term Care

**Comité permanent des
budgets des dépenses**

Ministère des Finances

Ministère de la Santé
et des Soins de longue durée

Chair: Michael Prue
Clerk: Valerie Quioc Lim

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Thursday 19 July 2012

Jeudi 19 juillet 2012

The committee met at 0802 in room 151.

MINISTRY OF FINANCE

The Chair (Mr. Michael Prue): I call the meeting to order. Good morning, committee members and everyone else who's here on this fine and wonderful day. We're here today for the consideration of the estimates of the Ministry of Finance, which was selected for a total of seven and a half hours of review.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officers.

I will now call vote 1201. We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party. Then the minister will have up to 30 minutes for a reply. The remaining time will be apportioned equally amongst the three parties.

So, over to the minister.

Hon. Dwight Duncan: No statement.

The Chair (Mr. Michael Prue): No statement.

Official opposition, do you have a statement?

Mr. Michael Harris: Absolutely.

Good morning. Thank you for joining us, Minister.

I know you oversee the province's finances, but I'd like to remind you that Ontario is now at \$266 billion worth of debt. That's \$266 billion coming off a year in which you ran a \$15-billion deficit.

You would think, in light of these numbers, the government would immediately work to reduce the deficit in order to take Ontario off its collision course with a \$30-billion deficit which your own hand-picked economist Don Drummond forecast would be the price of inaction. But, Minister, as you so strikingly demonstrated to us earlier this year, these numbers didn't and still don't faze you in the slightest. Why else would you present the Legislature with a budget that raises spending in 14 of 24 ministries and keeps the deficit unchanged at \$15 billion? Why else would two serious credit downgrades from Moody's and Standard and Poor's not get you to act? I think if anything is clear, it's that you and your Liberal

government are intent on digging our province deeper and deeper into debt.

Now, we've all learned you say you plan to reduce spending over the long term. You say, "Don't worry about it. We'll get to it later." But the expenses just keep piling up. Just last week, we learned your Liberal seat-saver program to cancel the Mississauga power plant is already going to cost the province \$190 million. Minister, I'm sure the cost is much, much more, but I'm sure we'll get to that a bit later.

Now, we also learned from the Minister of Energy that you didn't include this cost in your budget and you'll be pulling the money from an emergency reserve. Why this \$190-million expense wasn't properly costed in the budget is a concern we'll also address later today.

But, Minister, I want to start by asking you, how can the Ontario people have any confidence in your government to run this province's finances when you continue to dig us deeper into debt, ignore warnings from major credit rating agencies, and fail to plan for major expenditures like the \$190-million relocation of the Mississauga power plant?

I'll leave it to you, Minister, to address that.

Hon. Dwight Duncan: [*inaudible*] re-elected us last October.

The Chair (Mr. Michael Prue): You'll have to wait, because these are the opening statements. You've made an opening statement. The minister may respond, but Mr. Bisson has the floor next for up to a half-hour, if you have a statement to make.

Mr. Gilles Bisson: I would like to use my time in questioning.

Interjection.

The Chair (Mr. Michael Prue): Okay. I've been reminded it is your half-hour.

Mr. Michael Harris: We could add the balance to our questioning though, can we not? Because yesterday in public accounts they were adding the balance to questioning.

The Chair (Mr. Michael Prue): The minister declined to make a statement. You then had an opportunity to make a statement. The NDP does not wish to make a statement.

We are going to go right into questioning. I will recognize you next, unless—the minister now has a chance to rebut or make any—

Interjection.

The Chair (Mr. Michael Prue): And he chooses not to. Now it is your questioning. You may ask any questions. You have 20 minutes.

Mr. Michael Harris: All right. Well, based on that initial statement that I had made, I'll ask that question again; he will have a better chance to answer now that he's heard it for the second time. So I'll ask the minister again: How can the Ontario people have any confidence in your government to run the province's finances when you continue to dig us deeper into debt, ignore warnings from major credit rating agencies and fail to plan for major expenditures like the \$190-million relocation of the Mississauga power plant?

Hon. Dwight Duncan: I think last October the people of Ontario, Mr. Chair, put their confidence in us. I think that was about eight months ago. I think they see beyond what I would call the sort of talking points that are written by people in backrooms. I think they recognize that Ontario has come through a very difficult recession. I think they recognize that we've taken the deficit from just over \$19 billion down to approximately \$15 billion, and I will be reporting out at public accounts with respect to last year.

I think the Legislature passed the government's budget. The budget was a confidence measure. I think the Legislature expressed the confidence of the people of Ontario there.

I don't share your view with respect to Ontario's position, nor do the credit rating agencies. You have mischaracterized what they have said. I'll read into the record later on some of the more salient comments from the credit rating agencies.

I think Ontarians recognize that as we move back to deficit, we don't want to close schools and hospitals. They recognize that investments in public services are important to a better future, particularly in education, particularly in health care.

I think they recognize that, for instance, the federal government has increased spending, increased its debt, increased its deficit. Its deficit-to-GDP is slightly lower than ours, but on the same order of magnitude. Total debt has risen.

I would remind my colleagues as well that if you look at Ontario over the last generation, four governments of three political stripes have all, in their turn, almost doubled the debt, each time. In good times, say from 1995 to 2003, when we experienced real growth in the North American economy of over 5% most years, the debt increased 40%.

So I agree: We do have to address the debt. We've laid out a plan to do that. It is carefully costed out. We, for instance, would not close schools the way you would. We would not close hospitals or cut funding to community health centres the way you would.

Mr. Drummond, a couple of weeks ago, said we were actually making good progress, as have the credit rating agencies.

0810

I think Ontarians recognize that the global economy and the circumstances the global economy is in have challenged not just Ontario; certainly, virtually every industrial jurisdiction in North America has experienced the same thing. Again, the government of Canada and other governments of all political stripes have faced the same thing.

Our numbers reflect the reality of Ontario. Our plan is to get back to budget; we are on track to do that. We laid out a plan two budgets ago, and we have achieved the targets. In fact, we have more than achieved the targets in each of those years. I'm confident that as we move forward, the numbers will continue to improve, while at the same time we're able to maintain important investments in health and education.

Mr. Michael Harris: Thank you, Minister. At the end of my question, I highlighted the \$190-million cancellation and relocation of the Mississauga power plant. I'll now turn it over to my colleague, who I know has some questions pertaining to that.

Mr. Rick Nicholls: Good morning, Minister. Just off the top, I want to thank you for joining us today.

Minister, on Monday, you contradicted testimony provided to the committee by the energy minister. With this new information that you provided to us, and given the importance of getting to the bottom of this serious matter, will you voluntarily table documents that you have in your office and at the Ministry of Finance that pertain to the Oakville and Mississauga gas plants?

Hon. Dwight Duncan: There are a range of documents that are available through the Ministry of Energy, and that is the lead ministry, so I would recommend that that question would be more appropriately put to the Minister of Energy.

Mr. Rick Nicholls: Well, we feel, Minister, that you do have access to the financial—because after all, you are the Minister of Finance for the province of Ontario. We need to be open and honest with this committee, and of course, we need you to co-operate with us as well.

But since you're refusing, or deferring it to another department, let's talk about some of the campaign decisions in the last election that were very evident to many.

The first question I have for you, Minister, is a very simple one: Were you a part of any of the campaign decisions?

Hon. Dwight Duncan: When Mr. Hudak urged us to move the plant and Ms. Horwath urged us to move the plant—all campaigns took decisions in this regard—

Mr. Rick Nicholls: I might add, Minister, though—sorry for the interjection—I don't believe it was a case of Mr. Hudak urging you to move the plant. We wouldn't have put that plant there in the first place, just for the record.

Hon. Dwight Duncan: But you did say you'd move it, and I presume that you would have to pay to move it. You applauded us when we did it. You said it was the right decision to do. That's what you said.

Mr. Rick Nicholls: Were you a part of that campaign decision, sir?

Hon. Dwight Duncan: I was a proud part of our campaign, absolutely. I had lawn signs up; I knocked on doors; I got re-elected—

Interjection.

Hon. Dwight Duncan: I did.

Mr. Rick Nicholls: Okay. When did you become aware of the fact that you were going to be moving, or at least cancelling—let's not say “moving” right now—the Mississauga power plant?

Hon. Dwight Duncan: There was a campaign commitment made—I don't recall the date; it would have been during that campaign period—

Mr. Rick Nicholls: So it was a Liberal campaign decision to close the Mississauga power plant?

Hon. Dwight Duncan: No, it was a campaign commitment. It was not a government decision. When we were re-elected, at that point we had to either proceed with the undertaking—which we did.

I do need to go back: There will be a full accounting, from finance's perspective, of all of this, likely when I table Q2 accounts, which will come in the early fall—I'm sorry; October, Deputy?

Mr. Steve Orsini: Yes, around that time.

Hon. Dwight Duncan: October. It's all ready. We are required to report publicly on all of these matters. I don't want to leave that hanging.

We made a number of campaign undertakings. For instance, I'm looking forward to moving on the tax credit. I think you people called it a foreigners' tax credit. We're going to move on that. We didn't agree with your position on that.

We made a number of other decisions during the campaign and in the lead-up to the campaign. We published a campaign document. We listened to the people in the Mississauga/Etobicoke area. There was strong local opposition. We, in fact, took the advice of both opposition parties, moved forward, made a campaign commitment. But, in fact, it was the government—and there was a whole range of decisions that had to be taken after the election by the re-elected government, and that's what we did.

Mr. Rick Nicholls: So, in fact, then, it was a Liberal campaign decision involving yourself and other, I suspect, cabinet ministers to close the Mississauga power plant, ironically, a couple of weeks prior to the election?

Hon. Dwight Duncan: It was a campaign commitment, but had we not been re-elected, obviously, we couldn't—it takes the government to implement.

Mr. Rick Nicholls: When was that decision—you say it was a campaign commitment. When did that actually become a campaign commitment, sir? Because all along, prior to—

Hon. Dwight Duncan: During the campaign. I don't remember the day.

Mr. Rick Nicholls: You're not sure when. Okay.

Hon. Dwight Duncan: No, no; I said during the campaign. So it would have been—

Mr. Rick Nicholls: Within 30 days, roughly.

Hon. Dwight Duncan: It would have been prior to election day, but after the writ. I just don't recall the day.

Mr. Rick Nicholls: Okay. If you could get back to us on that, I would appreciate that, sir.

Hon. Dwight Duncan: I think you can look it up in the newspaper.

Mr. Rick Nicholls: Thank you.

Were you aware that as early as February 2011, the Premier had a meeting with Mississauga mayor Hazel McCallion saying that he would cancel the Mississauga power plant?

Hon. Dwight Duncan: I know the Premier and I both meet—in fact, I had a nice conversation with Mayor McCallion last evening. She's out on vacation in her hometown in the Gaspé. Mayor McCallion is a terrific Ontarian. The Premier meets with and talks to mayors, municipal leaders from across the province, on a regular basis. Mayor McCallion is not one to shy away from her positions. We were talking yesterday about a court case involving Pearson airport and the leases at Pearson airport which MPAC and Mississauga are appealing to Divisional Court based on a decision that would impact on Mississauga's revenue.

So I can't confirm when he spoke to her. I know he speaks to her frequently, as I do. I don't know—I'm not privy to what's discussed. I can tell you that Mayor McCallion and others from Mississauga did make representations to your leader and to the NDP about their wish to see that plant relocated.

Mr. Rick Nicholls: We have information stating that that meeting did, in fact, occur back in February between Mayor McCallion and the Premier. Assuming—

Hon. Dwight Duncan: I should say there has probably been more than one meeting between Mayor McCallion and the Premier, and there would have been meetings before February. I know she meets and talks to the leadership of your party on a fairly regular basis—you're now in possession of letters from her with respect to what I just spoke about, for instance—as she does with other political leaders.

Mr. Rick Nicholls: Well, Minister—

Hon. Dwight Duncan: Are you suggesting we shouldn't be meeting with mayors and hearing their opinion?

Mr. Rick Nicholls: That's not what I'm suggesting at all, sir.

If this meeting did, in fact, happen back in February 2011, I guess one of our questions, sir, would be, what took so long? What took so long? Would it not have reduced the \$190-million price tag if your colleagues had acted faster? Again, February to October or late September: There are a number of months in there where construction continued, costs continued to rise. Had that decision been made sooner, sir, I would assume that the \$190 million that you claim is the cost for the Mississauga gas plant would be considerably less.

Hon. Dwight Duncan: I can't answer; I don't know. I don't know the answer to that. What I do know is it's

considerably less than the \$1 billion your leader said it would cost to relocate the plant. So would making the decision in February have changed the relocating costs? I don't know the answer to that. I can't give you that. I'm not in the business of moving gas plants.

What I can tell you is this: Once we had made the decision, the company continued to build, and I suspect they would have taken the same tactic had we announced in February—whenever we had done it. I can't give you an accurate answer to that question because it's not one that I have any expertise in.

Mr. Rick Nicholls: Well, just for the record, Minister, the comment of our leader, Mr. Hudak, with regard to the \$1 billion was in reference to the Oakville, not the Mississauga, gas plant.

0820

Again, we'll be talking to you a little bit more later on with regard to your numbers of \$100 million, the cost for the Mississauga gas plant, because, quite frankly, sir, I think we need to challenge you on that.

What I'd like to do now, sir, is to turn it back over my colleague Mr. Harris.

Mr. Michael Harris: Minister, last week you contradicted your colleague the Minister of Energy when you said that it was in fact the Premier and not the Liberal campaign team who decided to cancel the Mississauga power plant. Exactly when did you find out about the Premier's decision to cancel the Mississauga gas plant?

Hon. Dwight Duncan: There would have been a cabinet minute, because a campaign promise, if you're not the government, you can't implement, unless you want to co-operate and make the—

Mr. Michael Harris: So this was a discussion of the cabinet, then?

Hon. Dwight Duncan: Absolutely.

Mr. Michael Harris: But during our time in estimates—

Hon. Dwight Duncan: Up until the election—remember, when a writ comes down, the government is dissolved. There's no Legislature. Implementation would require the government to do it. The government had been dissolved. Cabinet can't take decisions. There are certain emergency powers available in extraordinary circumstances, but once the writ has come down, there is no longer a Legislature, therefore there is no longer a government. You can do certain housekeeping things, as I understand it, but, in fact, there had to be a decision of the government that went through the normal cabinet processes.

There was a campaign commitment, absolutely. The Minister of Energy was absolutely correct about that. But, in fact, had we not been re-elected, we could not have proceeded with that commitment. It required a decision of the government of the day, the government that was elected in October, to follow up with that.

Mr. Michael Harris: Were you part of that campaign decision to make that commitment to relocate?

Hon. Dwight Duncan: I was not, personally. I was not on the campaign team or campaign committee.

Mr. Michael Harris: Who was, in fact, on that team that would have been part of that decision, then? Was the Premier—

Hon. Dwight Duncan: Again, I wasn't privy to it. Obviously, any campaign undertaking would have been approved by the Premier, which is exactly what I said on Monday. Anything on that order of magnitude—well, in this case, it would have been the leader of the party, because a campaign document is not a government document.

Mr. Michael Harris: Are campaign commitments run past ministers or members of the executive council?

Hon. Dwight Duncan: Not individually, because government resources aren't used to make those—often, like I'm sure in your caucus, we'll bandy things around in caucus, discuss issues; caucus members will have the opportunity to put forward views on issues in the hopes that the leader of the party will incorporate that into a campaign document.

By the way, I think you know how it works: If we think the opposition has a good idea, we'll look at it and we might incorporate it.

Mr. Michael Harris: We had a lot of good ideas, actually, back in the fall and, unfortunately, come budget time, you weren't interested in implementing any of them. That's why we voted against your budget.

Hon. Dwight Duncan: Unfortunately, the people of Ontario didn't concur with that opinion. What I would say is—and, by the way, we did. Certain parts of the budget were taken right out of your campaign document.

Listen, you make your decisions based on the overall budget; I respect that. All I'm suggesting is that every campaign puts together certain undertakings; campaigns announce positions—

Mr. Michael Harris: Right. Based on that, exactly when did you find out about the cancellation or the potential relocation?

Hon. Dwight Duncan: As I indicated earlier, sometime after the writ was dropped and before election day. I don't remember the day—

Mr. Michael Harris: But you'll get back to us on that.

Hon. Dwight Duncan: No, I can—it was 31 days; it's somewhere in that period of time.

Mr. Michael Harris: So you were part of that—

Hon. Dwight Duncan: Was it October 4 at 5:30 p.m.? I can't remember. But it was subsequent to the writ and prior to the election.

Mr. Michael Harris: Did they ask you your opinion of doing so, and did they involve you in potentially some of the costs that—

Hon. Dwight Duncan: Not in the campaign period, no.

Mr. Michael Harris: You were not asked to provide your—

Hon. Dwight Duncan: Our caucus, over the years, had discussed a range of energy issues, many of which were controversial. We often discuss these issues—not just the relocation, but a whole bunch of things. I remem-

ber that the Hearn plant was very controversial a number of years ago, and others: Mattagami, getting that off the ground, which is a very important thing. Doing the Niagara tunnel: We had huge discussions about that. As a caucus, as the Liberal caucus, we often discuss these issues, I think it's fair to say. As a cabinet, we have a different responsibility. As I say, it was a campaign undertaking. When we formed government—folks have often accused us of making undertakings and not fulfilling them. This time, we felt that it was appropriate, given the fact that both opposition parties publicly advocated to move the plant. We proceeded to take the necessary approvals of the government to put in place the mechanisms we needed to try to mitigate the obvious liabilities that would accrue as a result of the decision to relocate. We proceeded, and fulfilled our undertaking.

Mr. Michael Harris: Don't you think that a \$190-million line item should be at least run by the finance minister prior to making such a large commitment in terms of how it would affect Ontario's fiscal situation?

Hon. Dwight Duncan: As I said, we had a number—

Mr. Michael Harris: Prior to making that commitment?

Hon. Dwight Duncan: We had a number of discussions about this issue over the years. I forget the year that this contract was originally awarded. I think it was 2004 or 2005. I don't recall specifically.

Mr. Michael Harris: You had discussions on relocating the plant for several years?

Hon. Dwight Duncan: Pardon me?

Mr. Michael Harris: You had discussions on the relocation of the plant for several years?

Hon. Dwight Duncan: No, on this particular company. There have been a number of issues involving this company over time. Obviously this issue had been a contentious issue in the western part of the GTA. Like everyone else, I assume you folks talked about it in your caucus. We had ongoing discussions.

The budgets are built. Any budget has reserve contingency throughout to accommodate these kinds of undertakings. It was not unusual, in the sense that the real decision wasn't taken until after the election.

Mr. Michael Harris: You mentioned budgeting for these items. In the 2011-12 budget, it actually itemizes, for example, emergency forest firefighting at roughly \$200 million; affordable housing at \$60 million; and Pan Am Games investments at roughly \$60 million. Don't you think a \$190-million expenditure is significant? And why wasn't it included in your estimates?

Hon. Dwight Duncan: There is contingency. For instance, you cited firefighting. Yesterday or the day before yesterday we approved moving money out of contingency into forest firefighting because we've had a particularly bad season. As well, I understand, we've sent crews to other jurisdictions to assist there.

There is considerable reserve and contingency built in the budget. There are explicit lines that we're very readily able to see, and yes, governments do move money in and out of contingency regularly. It goes in and out, by

the way, so sometimes there will be an underspend somewhere and you'll move that money into contingency. If you take the opportunity to look at the quarterly reports as well as the fall update, you'll see where those changes happen. The auditor looks at these things. It's quite a regular occurrence. On a budget the size of Ontario's—\$125 billion less interest on debt; probably \$116 billion or \$115 billion—you're going to have variances across lines over a year, particularly in areas—for instance, one thing I'm concerned about that I know will be of grave concern to all members is what's happening with our crops this summer in the drought. Down our way, there's deep concern. We now have a risk management program in place which I think will be a great help this season.

Mr. Michael Harris: I can imagine. So, Minister, just back to the—

Hon. Dwight Duncan: These contingencies and reserves are built in in order to accommodate changing circumstances.

Mr. Michael Harris: So will that actual \$190 million be included in the fall economic statement as a clearly defined item? Is it \$180 million or is it \$190 million?

Hon. Dwight Duncan: It will be in our Q2 accounts, so therefore it probably won't be captured there, but it will be certainly part of the audited financial statements. It's material. The auditor will look at it and report on it.

0830

Mr. Michael Harris: Will it be \$190 million or \$180 million? Or will it be more?

Hon. Dwight Duncan: Well, \$180 million for relocation costs, yes.

Mr. Michael Harris: Last week, you announced it would be \$190 million, correct? Will it be \$190 million, the total expenditure to the Ontario taxpayer?

Hon. Dwight Duncan: Not related to relocation, but in terms of the dealings with this particular company, yes.

Mr. Michael Harris: Can Ontario taxpayers expect this relocation cost to increase beyond the \$180 million or \$190 million?

Hon. Dwight Duncan: The relocation cost wasn't \$190 million. The relocation cost was \$180 million. There was an additional \$10 million that I described on Monday that are part of the government's relationship with this company. They have other obligations, we have other obligations, and in the interest of clarity, we simply pointed out that that money was there. The relocation costs remain \$180 million, and that additional \$10 million was in regard to another outstanding legal matter that was an involvement with this company that was apart from the relocating costs.

The Chair (Mr. Michael Prue): Just over a minute.

Mr. Michael Harris: Could we add it to our next rotation, then?

The Chair (Mr. Michael Prue): What are you trying to do?

Mr. Michael Harris: Add the extra minute to our time next time.

The Chair (Mr. Michael Prue): Just finish it.

Mr. Michael Harris: All right. We'll pass it off to our colleagues in the NDP, then.

Mr. Gilles Bisson: Well, thanks. I'll take their minute. No, no, just joking.

So I guess I'm supposed to say welcome; I hope you had a nice night and I hope the coffee's still warm.

Let's get to the Mississauga gas plant. The first question I have is, there's the Ontario Electricity Financial Corp. that falls under your ministry, right?

Hon. Dwight Duncan: Yes, that is accurate.

Mr. Gilles Bisson: Were they involved at all in regard to the settlement with Eastern Power?

Hon. Dwight Duncan: With respect to the relocation costs, was OEFC involved? No.

Mr. Gilles Bisson: Oh. Well, we have an email here in what was provided by the Minister of Energy from one Michael Killeavy. He's the director of contract management at the OPA. He sent an email to JoAnne Butler, who is the vice-president, electricity resources, and it reads, "Colin will not go beyond amount we discussed. It sounds like OEFC has actively involved"—pardon the grammar; it's not mine, it's the way it was written—"in these negotiations which limited OEFC set on the payout Eastern Power."

It goes on in the response from Butler, saying on November 19, "Then at some point we have to think about getting the Keele Valley contract. Asked Colin to ask OEFC to ask Greg to let them give us a copy."

It's pretty clear that they are involved in the process. So you can understand my question.

Hon. Dwight Duncan: Absolutely.

Mr. Gilles Bisson: To what degree have they been involved in the discussions around the settlement?

Hon. Dwight Duncan: There's two separate issues. The one you're referring to goes back to a NUG contract with this company that was subject to a legal dispute.

Mr. Gilles Bisson: And that's a non-utility generator contract, just so we don't just talk in acronyms.

Hon. Dwight Duncan: Absolutely—which was, I think, entered into in 1994. There has been outstanding litigation with respect to that.

Mr. Gilles Bisson: That's the one at Keele?

Hon. Dwight Duncan: Yes, Keele Valley. So there's outstanding litigation with respect to that, and that's where that additional \$10 million came in. Not to put too fine a point on it, but the reason we felt it was important to make sure the public knew about that \$10 million was, although it wasn't part of the relocation, it was part of dealings we had with this company overall. The OEFC was involved in the administration of that but they were not involved in the—because they have responsibility now for the administration of the NUGs contract. Is that correct?

Mr. Steve Orsini: Exactly.

Hon. Dwight Duncan: But they were not involved in the decision or the settlement of the relocation costs.

Mr. Gilles Bisson: So you're saying that \$10 million related to Keele had nothing to do with Oakville or Mississauga.

Hon. Dwight Duncan: It's with the company.

Mr. Gilles Bisson: I know; I understand they're one and the same.

Hon. Dwight Duncan: So the reason we wanted that number out, Gilles, was because one could reasonably assume that—even though it didn't—our ability to resolve other issues would impact on the willingness or the ability of the company to deal in good faith and try to minimize the costs associated with relocation.

So they were two separate matters, but I think one could reasonably conclude that, in order to resolve the bigger one—before you could get to that, you may want to resolve the smaller one. I think that's fair to say.

Mr. Gilles Bisson: As to the \$180 million, how did that come up? What's the accounting for that \$180 million?

Hon. Dwight Duncan: The Ontario Power Authority did that, Gilles. We could, I suppose, defer that to them and pass on that kind of inquiry to the Ontario Power Authority.

Mr. Gilles Bisson: Could you please provide this committee with the details as to the \$180 million? How did they get up to that number? Was it so much for cancellation, so much for this, so much for that? That \$180 million—what it all means.

Hon. Dwight Duncan: We can follow up with energy on that, yes.

Mr. Gilles Bisson: And you'll get that to us. All right. This was essentially a decision in order to save that riding. That's essentially what that was all about, right?

Hon. Dwight Duncan: I think it was a decision that reflected the will of the people of Etobicoke and Mississauga, one that all three of the political parties concurred in.

Mr. Gilles Bisson: So the point is, though—

Hon. Dwight Duncan: And we now have a willing host, as I understand it.

Mr. Gilles Bisson: Is this a riding that you held, for the record?

Hon. Dwight Duncan: It wasn't a riding; it was a range of ridings. But the decision was not about that decision—

Mr. Gilles Bisson: All right, let me try the question another way. Were there Liberal incumbents in the areas that were affected by this gas plant?

Hon. Dwight Duncan: I think they would have been re-elected with or without this decision.

Mr. Gilles Bisson: Oh.

Hon. Dwight Duncan: I think what our government did—well, I mean, if you want to speculate about electoral outcomes, I'll speculate about electoral outcomes.

Mr. Gilles Bisson: No, it's okay. That's fair—

Hon. Dwight Duncan: But let me finish, because you've asked the question. It's a legitimate question. The people of Etobicoke and Mississauga, en masse—Liberals, New Democrats and Conservatives—objected to this site. The leader of your party, the leader of the Progressive Conservative party, the leader of the Liberal

party—the Premier—all made campaign undertakings to move the plant. We did make the original decision, so we bear responsibility for that.

Mr. Gilles Bisson: So my point is that you decided to reverse yourself on this in the middle of the campaign because of political consideration: yes or no?

Hon. Dwight Duncan: We decided to respect the overwhelming opinion we were hearing from the people of Etobicoke and Mississauga. And by the way, I'm happy that we found a willing host municipality.

Mr. Gilles Bisson: I think you probably would have been able to find—

Hon. Dwight Duncan: In fact, Mayor Bradley of Sarnia was quite complimentary, and he's not normally complimentary of this government. I was very pleased that Sarnia–Lambton, which had a number of difficulties in the last few years, was a willing host. The power enters the grid at the appropriate place. We can still feed the western GTA through that.

Do politicians respond to public will? Yes, absolutely.

Mr. Gilles Bisson: That's exactly what we do. That's the institution of Parliament.

Hon. Dwight Duncan: Yes, we all do.

Mr. Gilles Bisson: But my point is that it's pretty clear to say that—so this did result in an expenditure of \$180 million, right; this decision?

Hon. Dwight Duncan: Yes, for relocation.

Mr. Gilles Bisson: So let me ask you, as a parochial northern politician: If you can come up with \$180 million to save a couple of seats in Mississauga, why the hell couldn't you come up with \$26 million to run a railway in northern Ontario?

Hon. Dwight Duncan: The railway number is completely inaccurate. It's approaching a \$100-million-a-year subsidy.

Mr. Gilles Bisson: You're not answering my question.

Hon. Dwight Duncan: It can be better run. Northerners know it's not well run—about 17% occupancy of the railway.

Mr. Gilles Bisson: Would you—

Hon. Dwight Duncan: We're divesting, and I believe, when this is through, we will have better service to northerners.

Mr. Gilles Bisson: We've seen this picture before. We lost the air arm of—

Hon. Dwight Duncan: I'm quite pleased with the new smelter that's going into northern Ontario as well.

Mr. Gilles Bisson: We'll see if that one happens. I hope it does, but that's a whole other question. Let's get back to the thing. The point I'm making is—

Hon. Dwight Duncan: Just if I may, though, just to set the record straight: In the addendum, you'll find the accurate numbers. The three-year total cost avoidance is in the order of magnitude of \$265.9 million. That's to run a train that only has 17% occupancy.

Mr. Gilles Bisson: We'll get to the numbers on the ONTC a little bit later. The point that I'm asking is this—

Hon. Dwight Duncan: And their expenses have risen 274% since 2003.

Mr. Gilles Bisson: We're going to come to that in a minute. We'll come to that in a minute. I can argue those numbers quite easily.

My point is, did you not make a decision for the last election, for political reasons, that cost the taxpayers \$180 million? The answer was: Yes, you made the decision.

0840

Hon. Dwight Duncan: We responded—

Mr. Gilles Bisson: Number two—

Hon. Dwight Duncan: First of all, let me correct the record. I did not say—

Mr. Gilles Bisson: I'm not trying to be combative. Let me ask the question.

Hon. Dwight Duncan: What I said was all three political parties supported relocating the plant. They—

Mr. Gilles Bisson: And all three political parties supported the ONTC. The Premier signed a pledge and said he would never privatize it—

Hon. Dwight Duncan: They heard the people of Etobicoke and Mississauga, and our government responded, once we were re-elected, based on the campaign undertaking that we had made.

If I may, in 2003, we did make an undertaking to try to make the ONTC work. We have increased expenses by 273% over that time. Ridership has continued to go down. We are divesting, and what will be left will be a better service for northerners and one that is affordable and—

Mr. Gilles Bisson: There's not a mayor in northern Ontario, there's not a chamber of commerce in northern Ontario, there's hardly a citizen, that agrees with you, but that's beside the point.

My question is to you is this: If your government was able to make a decision to cancel the construction of gas plants in Mississauga and Oakville so far for which the bill is \$180 million and climbing, why can't you come up with a subsidy to Ontario Northland for \$26 million a year?

Hon. Dwight Duncan: It's not \$26 million a year.

What we're doing is we're building a new smelter up north. We made huge investments in northern roads. There's a lot of indirect provincial money involved in that. Second of all, we've put a new medical school up north, a new law school, roads, hospitals, schools. That's where our priority is. The new university in Sault Ste. Marie is going to be extremely important—all of these investments in the north.

I think we'll have a better service when we get out of—

Mr. Gilles Bisson: Minister, nobody argues that the government of Ontario shouldn't be making investments across Ontario in post-secondary education or the health system or whatever it might be.

The point that I want to make is—and rather than a question, I'll make a statement and then I'll go on to the rest of the questions—to people sitting in northern Ontario watching this government's decisions, they find it very irritating, to say the very least, that the government

can come up with \$180 million in order to save a couple of seats in the Toronto area, but yet they cannot provide a basic subsidy to run transportation infrastructure in northern Ontario. You are, in my view, doing more to fan the feelings of anger against the province and against this Legislature and against your government by doing that than is necessary, but that's a whole other point.

We'll go back to the ONTC in another round.

Let me just get back to where we were at on the Ministry of Finance and the gas plant. What financial compensation was provided to Eastern Power in order to get their agreement in 2001 to stop the construction?

Hon. Dwight Duncan: I'm sorry; you referred to 2001?

Mr. Gilles Bisson: Excuse me; 2011.

Hon. Dwight Duncan: Could you just give me the question again? I apologize.

Mr. Gilles Bisson: What financial compensation was provided to Eastern Power in order to secure their agreement in 2011 to cease the construction activities at the Mississauga gas plant?

Hon. Dwight Duncan: The relocation amount of \$180 million.

Mr. Gilles Bisson: That's it? No more?

Hon. Dwight Duncan: We put out the other \$10 million because that settlement made it easier to precipitate a settlement on the relocation cost, so one could indirectly say, yes, that that was part of it.

Mr. Gilles Bisson: Do you expect any more money to be spent in order to deal with this little cancellation?

Hon. Dwight Duncan: Cancellation or relocation?

Mr. Gilles Bisson: Relocation—well, they're not building it anymore.

Hon. Dwight Duncan: Not directly for the relocation.

The other thing to bear in mind: On the relocation costs, there could be variances there, for instance, positive or negative. Those costs are agreed-to estimates. Oftentimes, there are variances on a project of that order of magnitude: it could come in at \$178 million; it could come in at \$182 million.

Mr. Gilles Bisson: Is the government, beyond the \$180 million, expecting to have to pay for anything else in order to settle this particular issue with the constructor?

Hon. Dwight Duncan: Not the relocation—

Mr. Gilles Bisson: What about any penalties?

Hon. Dwight Duncan: —not that we're aware of.

Mr. Gilles Bisson: Penalties in the contract—there was obviously a contract signed between—

Hon. Dwight Duncan: The relocation costs, as I understand it—and these questions, again, would have to go to energy—the \$180 million covers all of those costs. It covers them all off.

Mr. Gilles Bisson: So you're not expecting anything else other than minor variances over the \$180 million on Mississauga?

Hon. Dwight Duncan: On relocation, absolutely. Yes.

Mr. Gilles Bisson: Do you expect any additional claims on penalties?

Hon. Dwight Duncan: No. The \$180 million should cover all of that. That was part of the comprehensive agreement.

Mr. Gilles Bisson: Did the OPA provide an adder to the Eastern Power Keele Valley power plant contract as part of its agreement?

Hon. Dwight Duncan: I'll have to refer that to the Ministry of Energy.

Mr. Gilles Bisson: Can you get us an answer to that question, please? For the record, again, did OPA provide an adder to the Eastern Power Keele Valley power plant contract as part of this agreement? Please provide all of the details. If you could provide that, please.

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: Prior to the election announcement to relocate that plant, did OEFC provide the government with estimates of costs and what forgone revenue would be associated with relocation of the plant?

Hon. Dwight Duncan: Not to my recollection, but I'll undertake to check and get back to you.

Mr. Gilles Bisson: If you were provided with—

Hon. Dwight Duncan: It may not have been provided to me. It may have been provided to energy. I don't have a recollection, Gilles, but we'll see. I'll undertake to get back to you on that.

Mr. Gilles Bisson: Give me that information and any details related to it.

What efforts were made by the OEFC and the Ministry of Finance more broadly to minimize the cost to the taxpayer? Did you guys try to figure out—

Hon. Dwight Duncan: Minimize the cost of what? The relocation?

Mr. Gilles Bisson: The relocation, yes. And any penalties that are associated.

Hon. Dwight Duncan: As I indicated earlier, that wasn't undertaken by the OEFC. That was undertaken by the Ontario Power Authority, so the OEFC was not involved in that.

With respect to the legal issues around the NUGs agreement, this was a long-outstanding legal matter where there was considerable risk to the taxpayer on either outcome. There has been a history of litigation with this particular company. I believe, from my understanding of this particular lawsuit, that over time it wasn't resolved because of the difference of opinion and that there was risk to the taxpayer, regardless of the outcome.

Mr. Gilles Bisson: But were there any efforts made by your ministry or OEFC in order to try to mitigate our losses? That was my question.

Hon. Dwight Duncan: I'm sure over the years there were. This legal matter—Deputy, I can't recall how long it was outstanding, but it was many years and there were many efforts made before legal action was taken.

Mr. Gilles Bisson: Did you want to add?

Mr. Steve Orsini: Yes, if I can. Eastern Power had launched, related to the non-utility generator power purchase agreement—

Mr. Gilles Bisson: The Keele?

Mr. Steve Orsini: The Keele Valley. Ontario Hydro entered into that in the early 1990s.

They launched two court actions—

Mr. Gilles Bisson: Eastern did?

Mr. Steve Orsini: Eastern did, to the original contract that Ontario Hydro entered into: one in 1996 that they didn't pursue further, and one in 1998. Over the course of more than 13 years, that was litigated in the Superior Court and then went to the Court of Appeal. In the original Superior Court decision, the judge found that of all their asks, only one had merit. That was, when Ontario Hydro entered into that contract, they had a program in place that they offered to other generators, non-utility—NUG—contracts, of what they call an inter-area transition credit. So the judge found that all their other claims had no merit. This one did, but they didn't determine the amount of what the damage would be. So that was still subject to further litigation.

Eastern Power appealed to the Court of Appeal. The Court of Appeal agreed that there were damages they couldn't estimate, and then scheduled further hearings to determine the amount that Eastern Power would be owed because that original Ontario Hydro contract was underpricing the energy or electricity they were supplying.

0850

Mr. Gilles Bisson: So the \$10 million in regard to the Keele part of this: Why was the announcement made in July? Why was it done now? That's a bit of a mystery to me. Why did you choose now? You've known for a while that this is going on, so why did you raise it in the context of the Mississauga relocation?

Hon. Dwight Duncan: As I indicated, we felt that in the interest of transparency—this was part of an ongoing legal dispute, and in the interest of complete transparency on this, we felt that you, the opposition, the Legislature and, through you, the people of Ontario should be aware of this. It wasn't directly linked to the relocation but it was another dealing with this company.

Deputy, did you want to add to that?

Mr. Steve Orsini: Just in terms of: as part of the settlement—so this was tracking for a court review to determine the punitive damages. The OEFC agreed to settle at the \$10-million amount, but it was subject to the concurrence of other matters related to the company. The money wouldn't have been concluded until those other matters were settled. That was all part of a court settlement which all parties were embargoed from discussing until those matters were recently settled.

Hon. Dwight Duncan: And they were just recently settled.

Mr. Gilles Bisson: I'll come back to this a little bit later.

You said on Monday that the \$180 million would not increase your deficit because it was in your contingency fund. Does that mean that you knew that the payout was \$180 million before you put your budget together?

Hon. Dwight Duncan: No, but you'll see there's a much larger figure of contingency in each year's budget. We don't know where any of these will land, necessarily.

For instance, on a much smaller scale, yesterday or the day before, I had to move money from contingency to firefighting—

Mr. Gilles Bisson: How much is the contingency, again?

Hon. Dwight Duncan: How much is it this year?

Mr. Steve Orsini: About \$500 million.

Hon. Dwight Duncan: It's \$500 million this year.

Mr. Gilles Bisson: So you're saying you didn't know at the time that you drafted the budget that the figure would be \$180 million?

Hon. Dwight Duncan: That's absolutely correct.

Mr. Gilles Bisson: The \$180 million doesn't appear anywhere except under the contingency. If I try to account for the \$180 million—

Hon. Dwight Duncan: Right now, yes.

Mr. Gilles Bisson: —I'd have to look in that \$500 million. So it's \$500 million less \$180 million—

Hon. Dwight Duncan: And it's not broken out. So yes, you're accurate. It does not show right now, but it will. At the time of the budget, we didn't know what it was.

Mr. Gilles Bisson: And the same thing with the \$10 million for the Keele Valley—is that where that's coming from, out of contingency?

Hon. Dwight Duncan: That's through the OEFC and from the rate base, so that may not show. Deputy?

Mr. Steve Orsini: In the determination of the \$180 million and then the additional \$10 million, our understanding is, it will be applied to the tax base. It's how it's recorded, because they are separate, individual transactions.

Mr. Gilles Bisson: Hold it. I've got to get you to back up. The \$180 million or the \$10 million? I didn't hear.

Hon. Dwight Duncan: Both.

Mr. Gilles Bisson: Both?

Hon. Dwight Duncan: Go to the tax base, and they will be recorded separately because they're separate items.

Mr. Gilles Bisson: Okay. The \$10 million is coming out of the contingency?

Hon. Dwight Duncan: Yes, effectively.

Mr. Gilles Bisson: When the Liberal Party made that decision during the election, did they have any idea what the number was going to be?

Hon. Dwight Duncan: We had a range of numbers, I think it's fair to say. You don't know these things and you don't know how long they'll get tied up in litigation. That's why, after the election, the government then had to make a decision as to—

Mr. Gilles Bisson: Okay, but you said—

Hon. Dwight Duncan: Let me just finish, to try to answer your question as completely as I can. The government then had to make a determination as to how to proceed, what the potential range of costs would be—there was speculation all over the place about what it would be—and we didn't know until we actually sat down and talked to the company through the Ontario Power Authority. Those discussions didn't begin until well after the

election, as I understand it. We'll have to confirm the date.

I became aware of what looked like the \$180-million relocation not that long ago because it has been subject to ongoing discussion.

Mr. Gilles Bisson: You said you had a range of numbers that the Liberal Party was aware of, I take it, probably based on the OEFC, or somebody made up those numbers. What was the range?

Hon. Dwight Duncan: No, it would not be the government—

Mr. Gilles Bisson: I have two questions; I'll get to that one in a minute. The first question is, what was the range of numbers that the Liberal Party had? They, as we did, had to account in their platform for how they would balance the budget by 2017-18; \$180 million is a lot of money when it comes to that. So what was the range they were working on? They thought it was—

Hon. Dwight Duncan: I'll have to get back to you on that, Gilles.

Mr. Gilles Bisson: Could you provide us the range?

Hon. Dwight Duncan: Yes. And I want to be clear: That range of numbers did not come from the public service. This was an undertaking of the Liberal campaign.

Mr. Gilles Bisson: Okay, but they would have had to base that from somewhere, right?

Hon. Dwight Duncan: Yes, and I'll have to get back to you. I will get back to you as to the range, where it shows in the campaign document.

Mr. Gilles Bisson: No, no, what I'm asking is, how did they come up with their range of numbers? Where did those numbers come from? That's what I want to know.

Hon. Dwight Duncan: Yes, I will get back to you on that.

Mr. Gilles Bisson: The OEFC made the commitments to expenditures related to the Mississauga gas plant relocation. I think I've already asked the question, but I'll ask it again: You're not thinking there's anything in addition to the \$190 million related to Mississauga? We're not expected to be on the hook for any more money than what has already been announced for the Mississauga gas plant relocation?

Hon. Dwight Duncan: That's correct. The relocation is \$180 million. The \$10 million is apart from the relocation—

Mr. Gilles Bisson: No, no, I understand that, but I had to get in the \$180 million and the \$10 million.

Could you also provide this committee with any documents, emails that you may have that are related to this decision? Your ministry would have been involved, and OEFC certainly was involved—

Hon. Dwight Duncan: With respect to relocation, that was something of the OPA. I'll pass that request on to the Minister of Energy.

Mr. Gilles Bisson: But the OEFC and your ministry were involved in the process. So my question is, would you please provide whatever documentation that you have that is related to this decision to this committee?

Hon. Dwight Duncan: I'll have to get back to you on that, because some of that may be subject to confidentiality agreements with respect to the settlement; I'm not sure. You have the ability, through freedom of information, as well, to request that.

Mr. Gilles Bisson: We also have the ability through this committee. As you well know, there is a fairly strong precedent that was created in regard to the federal Parliament where, God, they were releasing information having to do with national defence in regard to Afghanistan at a committee. The government was not able to hide behind national security, let alone a contractual agreement with a company. So as a member of the committee, I'm asking for this information. Standing order 110(b) says that we can; precedent allows it. So please provide that information.

Hon. Dwight Duncan: To the best of my ability, we will.

Mr. Gilles Bisson: For the record, I just want to be clear: You have an obligation to this committee; you have an obligation to provide that information under the standing orders and, I would argue, under the precedents. I would ask you to provide all information that you have from your ministry, including those organizations such as the OEFC that you're responsible for, to the committee that is related to this decision.

Hon. Dwight Duncan: I will fulfill all legal obligations that I have.

Mr. Gilles Bisson: Okay. We'll come back to that a little bit later.

How much time have I got left, Mr. Chair?

The Chair (Mr. Michael Prue): Three minutes.

Mr. Gilles Bisson: Let me just use the three minutes to say a couple of things in regard to the ONTC and we'll get back to it again.

I just want to say, Minister, that we've heard the line from Mr. Bartolucci and yourself: "Oh, my God, this is terrible. It's \$500 per ride, blah, blah, blah." People are getting a bit weary of the comments that have been made by the government, because the reality is, there's not a public transportation system, when it comes to trains or a transit system, that doesn't provide for some form of subsidy from a senior level of government.

Northeastern Ontario, as you well know, needs the Ontario Northland for a number of reasons, one of which is rail freight services along the Highway 11 corridor. There are many companies, from Constance Lake, Moosonee, all the way down to North Bay, that rely on the train in order to move their goods, and there's a large amount of skepticism amongst the Ontario population that if you get rid of the rail passenger service, so shall the freight service go, and that puts our shippers at a disadvantage. As you know, the northeastern Ontario economy, like everywhere else in the province, is fairly fragile, and everything that affects the bottom line affects the ability to keep some of these places open.

0900

We'll get an opportunity to get into a little bit more detail on the ONTC, but I've just got to say, in my

closing comment before we go back to the next part of the rotation, it is really difficult for people to accept that you can come up with \$180 million for the cancellation and relocation of one gas plant, let alone two—because we'll get the price on the second one in the not-too-distant future—and yet the government can't come up with the \$26 million or \$28 million to subsidize, on an annual basis, the running of one of the basic parts of the infrastructure for transportation in northeastern Ontario.

With that, I just wait for the next round of questioning.

The Chair (Mr. Michael Prue): Okay. Now, before we do this, the statement that I made initially was wrong. It has been remedied in the course of events. The clerk reminded me that it is a half-hour, half-hour, half-hour, and so we did give additional time to the Conservatives up to the full half-hour and we have given Mr. Bisson his half-hour. It would now go to the minister, who has a half-hour, and then following that we will go into rotation of 20 minutes.

Mr. Minister, you have half an hour, if you wish it.

Hon. Dwight Duncan: I'd just as soon do questions and answers.

The Chair (Mr. Michael Prue): All right. Thank you. Then we will go into rotation and I'm advised we go back and start with the official opposition. We are now—

Hon. Dwight Duncan: Wait a minute. I didn't know that. I thought it should go to the government. They had a half-hour for questions; they had a half-hour—

The Chair (Mr. Michael Prue): No, it goes to the minister.

Hon. Dwight Duncan: Okay, then I'll take my half-hour.

The Chair (Mr. Michael Prue): All right.

Hon. Dwight Duncan: First of all, I'm delighted to be back here today. As always, it's a privilege to be part of the process, to have the opportunity to meet with my colleagues from all sides of the House as we thrash out our various opinions on the economy and on the fiscal situation in Ontario.

I'd like to go back and speak about the highlights in this year's budget, because I think it's important that we remember all the aspects of the budget, all of the aspects of what's going on, and the fact that for the first time in many years we passed a budget in a minority Legislature here in Ontario, which was, I think, a noteworthy achievement.

Let me speak first about knowledge and skills. We are continuing to fully implement full-day kindergarten by September 2014 and maintaining small class sizes, which will preserve the progress that we have made over the past eight years to ensure that Ontario continues to have world-class schools. If we listened to Don Drummond on these issues, if we listened to the official opposition, not only would we not continue the progress we've made in education—we have made considerable progress when one looks at graduation rates, when one looks at post-secondary attainment rates. The results have put Ontario now I think among the top 10 jurisdictions in the world in education. Not only would we have set back the cause of

future productivity growth, but it would have resulted, we think, in the layoff of some 20,000 teachers and other educators. We didn't think that was particularly good public policy.

Another thing that has largely gone unnoticed is that the government proceeded with its 30% off tuition grant, which was provided in the budget and has been approved by the Legislature. Now, it's interesting to contrast what hasn't happened in Ontario versus what happened in Quebec and what we have been able to do with our partners in post-secondary education, whether you're talking about our universities or our colleges. They are seeing record-setting investment, both on the capital and operating side. Our Reaching Higher plan was the largest increase in post-secondary funding really since the 1960s. Again, it was based on an economic priority—not just a social priority but an economic priority.

The Jobs and Prosperity Council we appointed received a paper from Kevin Lynch, the former clerk of the Privy Council in Ottawa, on productivity. He has said, as Roger Martin has said, that of all of the pedagogical information, the one key thing government can do is to invest in education to improve future productivity.

I had the opportunity in the run-up to the last budget to meet with David Dodge, the former governor of the Bank of Canada, former Deputy Minister of Finance in Ottawa, and somebody who's a truly great Canadian, in my view, and he spoke about the importance of productivity improvements. Sometimes we associate productivity improvements with lower wages, and that's not the case. In fact, improved productivity results from higher education; it results from investments in plant and equipment.

One of the more interesting statistics that's shown up in quarterly accounts over the last year, I think, Deputy, is the enormous increase in private sector investment in new machinery and equipment. That's a bit obscure in terms of the day-to-day issues that we all face. We're all concerned about labour markets, we're all concerned about employment, about taxes, but that, in my view, is a signal of something very important in the future, as our plants modernize.

Interestingly, manufacturing, particularly in the auto sector, has grown much more quickly than most of us thought it would at this point. I think US vehicle sales are going to hit 14 million. AutoNation in the US reported their earnings, out this morning—I think they were out before the bell this morning: up incredibly. US vehicle sales are going to hit 14 million. They went as low as nine, they peaked at 17, and nobody thought they would get back to this level by now.

Part of the challenge in the auto sector, of course, is that, again, we're producing cars with less people, and that speaks to the need for investments in education: in training, particularly, and retraining. Our Second Career program has helped transition thousands—thousands—of people from manufacturing jobs that no longer exist into new careers where there's opportunity for good-paying jobs in areas that are of interest to the individuals. They

choose things like—I've run into a couple of chefs and others. I know literally thousands—the placement rate out of Second Career, which was part of the 2008 budget, has been very high, a very successful program. So those kinds of investments, I think, are extremely important.

We have a range of employment and training services which we are more fully integrating and coordinating as part of this budget, and there will, of course, be new measures to help apprentices complete their training. We're very proud of the fact, for instance, that we've created, I think, an additional 30,000 apprenticeship positions in Ontario since we came to office. We're proud of the fact that many of those apprentices are working right here in Ontario and that we're actually starting to see a number of people who at the bottom of the recession sought employment elsewhere and are now actually coming back to Ontario, which is encouraging. There's still a long way to go.

Jobs: Every decision we took was about jobs, trying to preserve jobs that exist both in the private and public sector and enhance the opportunities for employment and more job creation.

On the fiscal side, of course, we do have to get back to balance. We have to do so in a responsible fashion. That's why I spoke about and cited the importance of proceeding with full-day learning and smaller class sizes, because we didn't want to be laying off 10,000 to 20,000 teachers. We simply didn't think that would have constituted good public policy, particularly at this time.

Productivity speaks to the longer term. It speaks not just to the kinds of jobs that we have, but it's very directly related to government revenue. As Mr. Drummond, Roger Martin and others have pointed out, our failure to address the productivity gap—and that, by the way, is a Canadian challenge, not just an Ontario challenge. If you look at the OECD's numbers, it's the one area where Canada is lagging, particularly relative to the United States. The way, in the long term, to get the better-paying jobs, to improve government revenues, is to improve productivity. There's a direct link. Governor Dodge kind of took me through all that and we incorporated, in this new Jobs and Prosperity Council which is headed up by Gord Nixon, the CEO of Royal Bank of Canada—I know a lot of people don't like bankers; I think they have a lot to offer. There's actually, I think, 12 or 13 people on that council representing every sector: representing unions, representing management, representing the auto sector, forestry, I believe—a whole range of things.

0910

We are spending some \$2.5 billion a year on various forms of support that are designed to assist business. When we looked at it, and looked at it in what I would call a very sharp light, we realized that all these different programs didn't necessarily have the same goals. They had different criteria, and there wasn't enough flexibility to allow government to work together with companies—for instance, Cliffs, in terms of the Ring of Fire, which is an enormous development, and we will see come online a new smelter in northern Ontario.

Mr. Gilles Bisson: Used to have one.

Hon. Dwight Duncan: Pardon me?

Mr. Gilles Bisson: Used to have one.

Hon. Dwight Duncan: So did a lot of places—and they're just not there, and not just Ontario.

That's why we're taking the steps we are, and that's why we lowered taxes, to keep competitive, because we can't have a tax rate that's a third higher than Alberta's, Saskatchewan's, New Brunswick's and British Columbia's. It's just not very smart. That's a jobs policy for the US; that's a jobs policy for Alberta.

We decided to take the appropriate steps, bring our taxes into line with others', in order to ensure that we're competitive, and everybody agrees we're now competitive.

Our tax rates, by the way, on lowest-income Ontarians are the lowest in Canada. That was part of the package that created the harmonized sales tax, which is receiving—I think people are beginning to realize, as did groups like the centre for policy alternatives and the Toronto Anti-Poverty Coalition, the importance of that tax package, not just for business but for Ontarians of more modest means. As I go about the land, people come up to me, particularly small businesses, and say, "I didn't realize how much hidden tax I was paying until I started getting my input tax credits." They're saying that they're going to reinvest that.

I have a good friend who I golf with. He's a very successful guy. He's quite a bit older than I am. His family employs about 800 Ontarians. We were walking down the fairway one day and he said, "Dwight, I've got some good news, and I've got some bad news." This was way back in 2010.

I said, "Okay, Rich, give me the good news first."

He said, "Dwight, I'm going to vote for you. It's going to be the first time in my life I've ever voted Liberal."

I said, "That's great, Rich. Why is that?"

He said, "Well, the HST is the right thing to do."

Mr. Gilles Bisson: They tell us all the same thing.

Hon. Dwight Duncan: Wait till you hear the end of the story; you'll appreciate the end more than you appreciate the beginning.

He said, "The HST was the right thing to do. I'm going to be able to take my tax savings and hire more people."

I said, "Okay, Rich, what's the bad news?"

He said, "I've never voted for a winner."

I'm hearing that from more and more people. Our tax credits and the Trillium benefit—the Chair of the committee, I think, has introduced a very useful piece of private member's legislation that I'm looking forward to working with him on, in terms of the consequence of the change we made, which, frankly, we didn't anticipate. I said that in the House, and I'll say it again. I think the Chair of the committee has come up with a very interesting way of trying to resolve the issue, and I've asked him to meet with my officials so that we can explore further how we can bring about the change that he proposes.

The Trillium benefit is being hailed by many groups, anti-poverty groups and others, as a very useful way to flow people money throughout the year. It builds on things like the Ontario child benefit, which is a tax cut for people of very modest incomes and, I think, important to the future of Ontario, particularly for young families who are struggling in an economy, I think we all agree, that is still struggling—a great deal of uncertainty.

In terms of getting back to balance, the key is, how do you deal with, particularly, health care? Anybody that suggests they will cut the health care budget is suggesting that they will eliminate accessibility to good-quality health care.

I think what's important, and what the Minister of Health is doing in helping us achieve the 2.1% growth that we need to achieve—and understand the enormity of that undertaking. We have cut the rate of growth in health care over the last couple of years, as employment of nurses has gone up, as has access to services, as has the average cost of health care. It's a question of managing, more value for money.

The minister is particularly keen on the reorientation to more home care, and the home care budget is actually going up 4.4%, if I'm not mistaken, which signals where the priorities are, and that is delivering more services closer to home, building on our aging at home strategy. It involves a whole range of new approaches to health care and exciting approaches. It does involve some difficult choices; it does involve moving money from one source to the other.

We are particularly proud of the LHINs and particularly proud of the local input that goes into health care decision-making. Have there been challenges? Absolutely. Can we do things better? All the time. But I believe and our government believes that the closer to home decisions are made, the better those decisions will be.

One of the more interesting aspects of the budget that didn't get as much controversy as I thought it would was imposing the fee on the Ontario drug benefit, the copay. That was a big step in terms of helping to manage drug costs going into the future, and our government has taken a number of steps there. Our moves on generic drugs, which reduce costs to government and therefore to taxpayers by some half a billion dollars per year: Those are the kinds of changes that will allow us to transform health care.

“Transformation” is a key word. Don Drummond himself said the worst approach you can take is just across-the-board cuts. You've got to transform. It takes a little longer, it's a little harder, but in the long term it serves everyone's interests. Our view, the view of the government, is that this kind of transformation, whether you're talking about drugs, whether you're talking about physician services, whether you're talking about acute care, whether you're talking about long-term care—regardless of what you're talking about, it's that kind of transformation that's going to make Ontario a better place in the future. It's going to allow us to be competitive, allow us to grow an economy that has the

kinds of services that will build productivity enhancements that will build a better future for all of our kids.

In spite of the global situation—let me address for a few minutes, because everybody's talking about it, what's going on in the world, what's going on in Europe and what's going on in the US. Everybody's nervous about it and there has been a marked change in outlook since the first calendar quarter of this year.

I have the good fortune of dealing with my finance minister colleagues across the country from all political parties. I've had the opportunity to deal with the governor of the Bank of Canada through fairly regular discussions, as well as others. As you know, a couple of days ago, the Bank of Canada reduced its projections for growth in the balance of this year and next year. The good news is, the growth numbers we have projected in the budget for this year and for the next two years are well within where the consensus is right now. But we keep an eye on these things—we have to—and that's why quarterly reports are so important. When we look at economic accounts, for instance, and see—the last economic accounts we put out were actually fairly positive. They go back to the first calendar quarter of this year; looking forward to see what is in the second quarter economic accounts, because that will give us an indication as to how the rest of the world is impacting on Ontario more directly and it obviously would be more timely.

We can't avoid it. A lot of people—I shouldn't say a lot of people. A few people who really don't understand things try to suggest all the problems here in Ontario were caused by this government. In fact, when one looks at the United States, when one looks at Europe, when one looks even at China—even though I think their growth rate this year is now projected at 7.8% or 7.9%, that's down considerably from where people thought it would be.

I can tell you, our sister provinces are going to start running into more challenges, particularly those that are energy based. The price of oil is down considerably; potash demand is moderating. This is going to pose real challenges for our sister provinces, which poses a challenge for Ontario, because when Alberta is successful, when Saskatchewan is successful, we're successful. A lot of—

Interjection.

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Hon. Dwight Duncan: Absolutely, and that's why we're so excited about Cliffs, that's why we're so excited about the record new mining investment in northern Ontario this year. But I do worry about commodity prices, Gilles, and I do worry about demand in China, because that will very much impact on a sector that has been, in my view, one of the better-performing sectors in our economy over the last few quarters.

Yesterday, I saw Minister Bartolucci put out a release indicating that there has been record investment in new mining opportunity in Ontario—I think some \$4.1 billion, if I'm not mistaken.

The Ring of Fire remains an enormous opportunity for all Ontarians, particularly northerners—for all Canadians, for that matter. It will become a major, major piece in the Canadian context, and from a mining perspective, and from a global context. Those kinds of things are important.

Unemployment has come down. Employment has gone up. The unemployment rate is still higher than we would like. It's below the US. We are now tacking towards the Canadian average, which we expected. Because of the hit that manufacturing took, particularly in the southwestern Ontario corridor—and I'm particularly proud of the southwestern Ontario economic development fund, which is going to help communities like Chatham; communities like Wallaceburg; communities like Sarnia; communities like my hometown of Windsor, which but for one quarter had Canada's highest unemployment rate throughout most of the last three years of the downturn. That is going to be an important stimulus and an ongoing way to help incent new business activity.

There has been a lot of talk—and I have to applaud the third party; they quite correctly pointed out that corporate balance sheets are full of cash right now and corporations need to step up to the plate. We did lower taxes for them; we've cut the general rate from 15% to 11%. They need to step up to the plate. I think that when you speak to more sophisticated business, they agree. But there is that uncertainty in the world, and part of the Jobs and Prosperity Council's work is to look at how we get them to start spending more, investing some of the cash that's on their balance sheets right here in Ontario and in those sectors, particularly, where there's an opportunity for real employment growth.

I'm thinking of financial services. Toronto has gone from 12th to 10th now in the world financial centres. We have now gone from third to second in North America. We created the Toronto Financial Services Alliance. I think it's now the largest employer in the GTA, not to mention London, Ottawa, across the province—generally speaking, good-paying jobs and high-value-added jobs.

I had the opportunity a couple of years ago to open an in-house software service for a major international investment bank here—they chose Toronto; they could have gone anywhere in the world—and I went in to cut the ribbon. Mayor Miller was the mayor at the time, and he was there. When we got there, we kind of laughed, because we walked into the room to two observations: (1) We raised the average age in the room, because the 160 employees looked to be, on average, in their mid-20s; and (2) we could have walked into the United Nations. People of every colour, race, background were in that room, and they came from all of our great universities. When we talked to the principals of the company, what they said was, "The kids you're turning out at your universities"—whether Guelph, Waterloo, U of T, York, University of Windsor, Laurentian—"are highly skilled, highly trained." The really great thing about the GTA, particularly, and many Ontario cities is the diversity, these people who can speak languages. The young people

who will be developing this in-house software—and they're still there in spite of some of the challenges that the company that set this up has had—can speak a range of languages and communicate either online or over the phone and develop these in a multiplicity of languages.

That speaks to the future, and that relates back to what I said at the beginning about education, and why that is so important and why tax credits to encourage foreign people to come to Ontario and to invest in Ontario are so important. Our future growth is going to be tied to our ability to bring new people to Ontario.

I know that my colleague Deb Matthews did her doctoral dissertation on the importance of robust immigration to a growing economy. Our birth rates are declining in Canada, and without robust immigration we will see a real decline in our standard of living. That's why we think you need to have an open policy and welcome more people to this great province.

We've seen wave after wave of this in our provincial and our national history. My grandparents came here because Henry Ford was paying \$5 a day; they came from Ireland. Then, wave after wave of immigration, whether from eastern Europe, southern Europe—now we're seeing more from Asia, from the Middle East. It's really quite remarkable. The GTA is particularly diverse.

I know my community—I think Deb, in her dissertation, said that we are the fourth most diverse urban area in Canada. Having grown to—

Mr. Gilles Bisson: Toronto, no?

Hon. Dwight Duncan: No; Windsor. Toronto is first. Having grown up there, there were no mosques when I was a kid. I now have five mosques.

I have one school, Begley school, a great school—one of the schools we rebuilt, by the way, because we believe in rebuilding schools and serving and investing not only in the infrastructure but providing these new kinds—at Begley school, there are 54 languages spoken. In fact, the flagpole base is sustained by a rock from the country of origin of every country represented in that school.

That is fundamental to our future prospects and our future growth. If we welcome new Canadians, if we welcome investment from offshore, we will do well.

I also think we should respect our strengths. I'm very pleased that the Maple Group bid to retain Canadian ownership of our stock exchange looks like it has cleared virtually every regulatory hurdle and is going to come to pass. I think that is remarkable. It troubled me greatly—

Interjection.

Hon. Dwight Duncan: Pardon me?

Interjection.

Hon. Dwight Duncan: No, no. You'll recall that I was quite handily criticized by a number of people for asking questions.

I was pleased to work with the Maple Group and others to bring about the bid that will ensure that the city, the province, that is the home of Canada's financial services—it's not a matter of them coming and taking us over; it's a matter of us continuing to lead the world, as we have, in financial services.

There's a Canadian predilection to bash banks—anybody who has been turned down for a loan. But there's also good reason to be supportive of them. Your pension savings, your RRSPs, your defined contribution plan have bank stocks in them. The Canada pension plan has bank stocks in it; Teachers' has bank stocks in it. Their success is the success of working people. They employ more than 400,000 people here in the GTA in good-paying jobs, not to mention, as I said earlier, London and other urban centres. Financial services are important, and I think that leading in that sphere is important as well.

The Canadian brand is alive and well in the world. In spite of the economic challenges we have, Ontario is still seen as a safe haven in world bond markets, and we continue to sell our bonds at a record pace and at record low interest rates.

It does worry me—and I think the one thing the Legislature and the people of Ontario need to be concerned about is interest costs. Every 100 basis points, every 1% increase in interest rates, in yield, will cost the treasury half a billion dollars. That is significant.

Last year, Spain and Italy saw their yields go up 3% and 4% in the span of a couple of weeks. That's a vulnerability.

I said in a speech to, I think it was, the Canadian Club that, for a generation now, since 1990—21 years; this was in 2011—Ontario has only reduced its net debt in one year, and that was due to an accounting change. It has doubled over the life of all governments. It hasn't quite yet with us. It will by the end of this mandate. And that is simply no longer sustainable. Our view is that our focus needs to be on education and health care, getting back to those core principles, what is important.

0930

That gives rise to difficult choices. Regardless of who's sitting in this chair a year from now, they are going to be faced with those difficult choices, and I believe that we're making the right ones. We engaged Mr. Drummond and he did, I thought, an outstanding report. I'm pleased that we have acted on all but a handful of his recommendations. The ones we've rejected we've given a very clear reason for.

We talked about transparency and accountability earlier today, and one of the things that I'm particularly satisfied with is the addendum which we provided in the most recent budget. This is new, this is an innovation, where it outlines on a line-by-line basis where program savings are coming from. In the old days, you had to go through estimates and you had to rely on—and we actually got this idea from the Obama administration, who provide a similar thing in their budget. I had the opportunity to meet with the director of the Office of Management and Budget. We had a look at this, and this gives people an easy way, a quick way, to see what the government is doing. You don't have to wait for estimates anymore. We spell it out not just for this year but for the next two years. This will become a regular feature. Accountability and transparency is important.

Is my time up?

The Chair (Mr. Michael Prue): And with that the half-hour is up.

Hon. Dwight Duncan: Okay, great. Thank you very much.

The Chair (Mr. Michael Prue): We now go into 20-minute rotations, starting with the Conservatives.

Mr. Michael Harris: We're going to move back to the relocation of the Mississauga power plant. There's clearly about 190 million reasons why we should, so we've got some further questioning on that.

Mr. Bisson actually spoke about lawsuits, so I want to ask you, with regard to due diligence and mitigating risk in terms of your ministry's involvement on that, if you can tell us how the ministry—does the ministry do due diligence when entering into significant contracts with vendors such as Greenfield? What due diligence was done, in fact?

Hon. Dwight Duncan: Deputy, would you like to?

Mr. Steve Orsini: In terms of relationships to the gas plant, that was the Ministry of Energy's decision, working with the OPA. The Ontario Electricity Financial Corp., under its charter and requirements, has certain functions. One of the things that the OEFC is responsible for is administration of the NUG contracts, the non-utility-generation power purchase agreements that Ontario Hydro entered into. These contracts, when they were transferred to the OEFC—those contracts are being managed by the Ministry of Finance until they expire, and some of them have different end dates. That is a clear role for the Ministry of Finance in terms of providing oversight of those contracts.

A key contract that was part of the discussions was related to Keele Valley, and certainly the ministry had oversight over the management of that contract and had assumed the responsibilities as being party to the court challenge that was originally launched against Ontario Hydro. The Ministry of Finance, through the OEFC, had a responsibility as a party to the court challenge that had started in 1998 and had come to a conclusion through a settlement. That was clearly the role of the Ministry of Finance with respect to that contract related to that company.

Mr. Michael Harris: I'm just wondering, then, if there were two outstanding or pending or previous lawsuits with Greenfield, why would the government or the ministry not advise OPA of the previous dealings with Greenfield and not enter into such a third agreement?

Mr. Steve Orsini: The OPA, I think, in their materials they've shared, actually made reference to that settlement. So I think they acknowledge the existence of that settlement. They are aware of that settlement. In fact, in materials they've shared publicly, they've actually referenced that settlement.

Mr. Michael Harris: A question for the minister: Were you aware that Greenfield actually missed a payment to EIG? I believe it was a November payment to EIG. Were you aware of that?

Hon. Dwight Duncan: No.

Mr. Michael Harris: In fact, it was a \$1.2-million payment that they missed. Were you aware that the OPA covered that payment to EIG?

Hon. Dwight Duncan: I believe that fell under the jurisdiction of the Minister of Energy.

Mr. Michael Harris: So was this \$1.2-million payment to EIG accounted for in the \$180 million that was tabled last week by you or the Minister of Energy?

Hon. Dwight Duncan: I have to get back to you on that.

Mr. Michael Harris: All right; get back to us on that. I believe I'm going to turn it over to my colleague Rick Nicholls.

Mr. Rick Nicholls: Thank you very much, Mr. Harris. Minister, as early as November 20, 2011, the OPA estimated that the cost for the cancellation of the Mississauga gas plant would be between \$150 million and \$200 million. When were you made aware of this estimate?

Hon. Dwight Duncan: Probably around that time. I don't recall.

Mr. Rick Nicholls: Okay. It's a shame that there's a bit of a divide in the Liberal government, that the Minister of Energy wouldn't really tell you precisely that the government would be happy to spend this amount of money.

Hon. Dwight Duncan: Well, he did. I'm sure that was part of discussions. You asked when I became aware of it. It would have been around that time.

Mr. Rick Nicholls: One of the things that we've discovered, Minister, is that the Minister of Energy couldn't say with certainty how the \$190 million would be paid for, but he did table documents that showed that, as late as November 20, the OPA's CEO, Colin Andersen, and his staff were also under the impression that the cost of the cancellation would be through the rate base; in other words, higher hydro bills. So my question, sir, is: Why did OPA's CEO, Colin Andersen, whom Minister Bentley was negotiating this deal with on behalf of the government, say that this would be paid for by higher hydro bills when you told the media that you were budgeting for this through the tax base? Which is it, sir?

Hon. Dwight Duncan: It's a government decision, and the decision had not been made at that point. There were options. I haven't got the document you've got in front of you, but that's the point. The government makes that decision. We felt, in the circumstances, that it was appropriate that the cost fall to the tax base as opposed to the rate base. I'll remind you that Eastern—the plant that we're talking about, they won that through an RFP, as I recall, years ago. This is an energy ministry question. I'm trying to be helpful, but at that point the decision had not been taken. Once the government took the decision to attempt to settle and to relocate, there were a whole range of decisions that fell from that. Among them is: Where would the cost of the settlement be borne?

Mr. Rick Nicholls: Who would be making the decision to change from ratepayers to taxpayers?

Hon. Dwight Duncan: It would be the cabinet.

Mr. Rick Nicholls: The cabinet themselves. I see. And how was this decision made, sir, from ratepayer to taxpayer?

Hon. Dwight Duncan: We meet every Wednesday, and ministries bring forward what are called minutes. Those are recommendations with a specific decision. Those decisions are then taken by cabinet. Cabinet acts in a consensual manner, with the minister responsible taking the lead. We discuss the matter and we settle on it.

Mr. Rick Nicholls: I see. In their decision, what were the criteria, then, for them to switch from ratepayers to taxpayers? Obviously, they had their—

Hon. Dwight Duncan: No, we didn't switch. The government decision hadn't been made at the time that that memo—and I haven't seen the whole memo; I'd want to see the whole thing before I could comment on it.

Mr. Rick Nicholls: But one had mentioned "ratepayer" earlier and another one had mentioned "taxpayer."

Hon. Dwight Duncan: But that's not the government; that's the OPA. So that may be an option that was looked at; I don't know. I haven't got the document. If you want to share it with me, I'll have a look at the whole thing. But it's one document out of, I'm sure, hundreds that went into the government's decision, which was taken subsequent to the election, in order to do what your leader, your party, asked us to do, as well as the people in Mississauga and Etobicoke, as well as our own caucus, and that is to relocate the plant.

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Mr. Rick Nicholls: Well, in an email exchange, the OPA also said that the cost to taxpayers would be split into different years.

Hon. Dwight Duncan: The OPA is not the government. The government makes that decision.

Mr. Rick Nicholls: Okay.

Hon. Dwight Duncan: We often get advice from all kinds of people as part of the decision-making process. I don't know what that's part of. I can't even really answer. I would probably refer these questions and that memo to the Minister of Energy.

Mr. Rick Nicholls: So would that \$190 million be in this year's budget or will it be in next year's budget?

Hon. Dwight Duncan: It is in this year's budget. It will crystallize this year, from an auditing perspective. It is in the budget now in the form of contingency. It will not affect the bottom line. The auditor, because it will be material—that is a material amount of money, obviously—will look at it.

Mr. Rick Nicholls: So just to be clear, then, this amount of money, this \$180 million or \$190 million, as you mentioned earlier this week, will be borne on the back of the taxpayer?

Hon. Dwight Duncan: This will be borne on the tax base, yes.

Mr. Rick Nicholls: I see. I see. A question for you, Minister: What year was the Mississauga power plant first decided, where they started building? What year?

Hon. Dwight Duncan: That's energy; I'll refer that to the Minister of Energy.

Mr. Rick Nicholls: I'm sorry. Say again?

Hon. Dwight Duncan: I'll have to refer that to the Minister of Energy.

Mr. Rick Nicholls: You're not sure what year?

Hon. Dwight Duncan: I'm not sure—

Mr. Rick Nicholls: Because there would have been finances involved in that, so I would think—

Hon. Dwight Duncan: Pardon me?

Mr. Rick Nicholls: There would have been finances involved in that, so I would think that you would be aware.

Hon. Dwight Duncan: Yes; I just don't have the information here. The Minister of Energy can answer that question. It was in the middle part of the last decade. I don't recall specifically, and I don't want to give you wrong information.

Mr. Rick Nicholls: I see. I would imagine, sir, that there would be many studies conducted prior to the decision to build the Mississauga power plant: engineering studies, environmental studies—you name the studies; I'm sure that they were all in there. That would all be incurring costs along the way. Who did you consult with, with regard to—because, again, if there's finance involved, sir, I have to believe that you would be part of that team and part of that decision-making. So, again, who was consulted with regard to the locating—

Hon. Dwight Duncan: I'll refer that to the Minister of Energy.

Mr. Rick Nicholls: I see. So you have no idea who they consulted with?

Hon. Dwight Duncan: I don't have accurate information with me—

Mr. Rick Nicholls: You can give us some inaccurate, if you like.

Hon. Dwight Duncan: That's a Ministry of Energy file, and I'm reluctant to speculate lest I give you wrong information. I certainly wouldn't want to do that.

Mr. Rick Nicholls: I can appreciate that, sir.

Going into the costs—and perhaps you can help us out here—once the decision was made, studies completed, they started digging the hole, as I would call it. There would be labour costs; there would be material costs and so on. I'm sure that, with your contracts, there were also penalty clauses in there as well.

What was the initial estimated cost of the Mississauga power plant, sir?

Hon. Dwight Duncan: I'll have to refer that to the Minister of Energy.

Mr. Rick Nicholls: But, sir, it's finances—

Hon. Dwight Duncan: No, it's not.

Mr. Rick Nicholls: You should know.

Hon. Dwight Duncan: No. With respect, power plants are not part of the tax base; they're part of the rate base, and it gets reflected into energy costs. So I'll refer that to the Minister of Energy, and I'm sure he will be able to provide you better information than I can.

Mr. Rick Nicholls: I see. All right. So you will pass on the opportunity to expand further as to what the initial estimated costs—

Hon. Dwight Duncan: I want to make sure that you get the accurate information from the minister responsible.

Mr. Rick Nicholls: I see. So would you have any idea, sir, since cheques come from your department, how much money had been initially put into the plant prior to cancellation?

Hon. Dwight Duncan: The way the electricity system works, no money came from the treasury for that. That's through the rate base. That's why we distinguish between the rate base and the tax base. Now, the taxpayer is largely the ratepayer; I understand that. The way these power purchase agreements are entered into is done through the Ontario Power Authority, and there's no tax dollars that commingle with that.

Mr. Rick Nicholls: I see. So—

Hon. Dwight Duncan: The cost of the power purchase agreement is borne through electricity prices.

Mr. Rick Nicholls: Of which the government would then enter into contractual agreements so that—

Hon. Dwight Duncan: The power authority enters into contractual agreements, not the government.

Mr. Rick Nicholls: I see. And the power authority—

Hon. Dwight Duncan: The Ontario Power Authority enters into those contractual agreements.

Mr. Rick Nicholls: Okay. I'll turn it back over to my colleague Mr. Harris.

Mr. Michael Harris: Thank you, Rick. Minister, during the negotiations with Greenfield South, as Minister of Finance and chair of the treasury board, were you ever asked to provide advice from a fiscal standpoint in terms of how much the province could afford?

Hon. Dwight Duncan: I wasn't personally, no. I don't know; were our officials involved in that at all?

Mr. Steve Orsini: That's something we could follow up on.

Hon. Dwight Duncan: We'll follow up, to see what precise involvement there was.

Mr. Michael Harris: I would appreciate that. There would have likely been an analysis within your ministry officials undertaking this cancellation—and the impact the decision would have on the province and our finances.

Hon. Dwight Duncan: Let me try to give you a bit of flavour as to how these things occur. First of all, the lawyers that work in our various ministries report to the Attorney General. The Ministry of Finance's lawyers are actually employed by the Attorney General, and they work within our ministry.

Energy would have had the lead on these negotiations. I'm not sure at what point they actually began to enter into formal negotiations when it became evident that a settlement could be reached in terms of relocating the plant, so I'll refer it again to the Ministry of Energy. Finance—

Mr. Michael Harris: They would have had to have negotiated with finance—

Hon. Dwight Duncan: No, they wouldn't.

Mr. Michael Harris: —in terms of coming up with the \$190 million, in terms of where it was going to come from.

Hon. Dwight Duncan: Finance would become involved at the point in time when they thought they had reached a settlement and they had crystallized a number.

Mr. Michael Harris: You talked about the ranges, though. Would there not be consultation between those parties and finance in terms of the ranges and where that line item was going to go within the budget or not? There had to have been discussions. Would there not have been?

Hon. Dwight Duncan: No, that is simply for budget purposes. Let's say, for instance, that the settlement cost way more than we had provided for in contingency. Then there would have been—

Mr. Michael Harris: They came to you before they started negotiating, though, to ask where this money was going to come from, and you said it would come from contingency.

Hon. Dwight Duncan: No, no. The negotiations started—

Mr. Michael Harris: So they negotiated with Greenfield, not knowing where the money was coming from in the first place.

Hon. Dwight Duncan: They negotiated with Greenfield, knowing that they had the government's direction to negotiate. They couldn't have known what the ultimate outcome was. Finance—

Mr. Michael Harris: Were your officials from the Ministry of Finance, though, involved in that discussion or negotiations?

Hon. Dwight Duncan: No, not directly. We would have simply looked, in our budget, for budget purposes, in the coming year, at what potential liabilities are out there. Again, that's why we have contingency and reserve: to deal with things that are, at the time the budget is set, unpredictable.

Again, take forest firefighting, which is a regular thing. Some years, your costs go way above what you budget; some years, they come in way under. You try, through contingency and reserve, to provide a cushion to manage these unanticipated expenditures.

Mr. Michael Harris: I'm glad you brought unanticipated costs up, because—I guess I'll draw your attention to the fact that contingency funds and reserves are used for unexpected costs. Would you agree with that statement?

Hon. Dwight Duncan: Yes. Not just unexpected costs, but costs that we are reasonably certain are going to happen but we don't know what the amount is.

Mr. Michael Harris: We knew that you knew, fairly early on, the amount it would cost Ontarians. Who decided not to include the amount in the 2011 fall economic update, which you presented, in fact, three days later, on November 23?

Hon. Dwight Duncan: First of all, you're wrong. We didn't know what the amount was going to be. But let's say we did. Let's say we had settled on an amount we

were willing to pay. You're telling me that when you're in litigation, you should tell the world what you're going to pay the guy? Is that protecting the taxpayers' interest?

Mr. Michael Harris: Well—

Hon. Dwight Duncan: That's why comments about Oakville at \$1 billion are, frankly, reckless.

0950

Mr. Michael Harris: What will Oakville cost taxpayers? If taxpayers are on the hook for \$190 million to move Mississauga, what can taxpayers expect Oakville to cost to relocate? I believe Mississauga was one third the size.

Hon. Dwight Duncan: You know what? At this point, I think if you're suggesting that last fall I should have put a line in the budget saying, "Here's how much we'll pay," that, sir, in my view, would be a huge disservice to taxpayers. So no, I wouldn't have.

Not only that, but we didn't have a sense; we really didn't know. We defined a range that we thought it would likely fall within so that whatever the eventual—and there was no guarantee, by the way, that we'd reach a settlement at that time. There wasn't. I don't recall when talks actually began, but there was no guarantee that there would be a settlement.

Mr. Michael Harris: A \$190-million expenditure is a fairly significant one.

Hon. Dwight Duncan: It's very significant.

Mr. Michael Harris: Are you aware that that's the entire operating budgets of both labour and francophone affairs combined?

Hon. Dwight Duncan: Yes.

Mr. Michael Harris: Significant. So a lot of folks in my riding seem to think that it was obviously a seat-saver program. Would you agree with that?

Hon. Dwight Duncan: Given the fact that your leader openly supported the decision, and we're delighted to have that support, the people of Mississauga and Etobicoke were unequivocal, and the government, the opposition and the third party all responded, all made the same undertaking, here we are.

The Chair (Mr. Michael Prue): And with that, we will go to the NDP. Mr. Bisson.

Mr. Gilles Bisson: Carrying on to where we were a little bit earlier, just some follow-up questions.

The first one is, when was the Premier made aware of what the cost would be for the cancellation of these projects?

Hon. Dwight Duncan: I'll have to refer that to energy.

Mr. Gilles Bisson: You're the Minister of Finance, so you have to account for the money.

Hon. Dwight Duncan: I do have to account for the money; I agree. You asked me when the Premier was made aware. I don't know. I want to give you accurate information.

Mr. Gilles Bisson: Well, that's really appreciated, but prior to the last round of questioning you said—

Hon. Dwight Duncan: I became—

Mr. Gilles Bisson: Let me ask the question. I'm not being combative. In the last round of questioning, you said that this issue was discussed at cabinet. When was that discussed at cabinet: after or before the election?

Hon. Dwight Duncan: After the election.

Mr. Gilles Bisson: So there was no discussion, prior to the election, at cabinet regarding the cancellation of those gas plants?

Hon. Dwight Duncan: Not to my recollection. There was talk about the gas plants. There was obviously a lot of conversation in cabinet around the provision of electricity, and that was part of it in terms of particularly meeting the energy demands of the western GTA.

Mr. Gilles Bisson: Were there discussions at cabinet prior to the election around the difficulty that the construction of these plants presented to your local members?

Hon. Dwight Duncan: There was discussion among us, but I don't remember a formal cabinet discussion about it, Gilles.

Mr. Gilles Bisson: Okay. So there were discussions amongst individuals of cabinet in regard to the difficulty—

Hon. Dwight Duncan: Our local members raised the issues with us, what they were hearing from their constituents—

Mr. Gilles Bisson: I would imagine. That's where I was going. So your local members, as I would, were raising this issue with you and others within cabinet. Was it raised at caucus prior to the election?

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: And if it was raised at caucus, then I would take it there had to have been some kind of conversation at cabinet prior to the election on this issue.

Hon. Dwight Duncan: Not on relocation. As I said, we've talked—

Mr. Gilles Bisson: But the general issue of the politics of it: Was it discussed at cabinet?

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: Okay. So the Premier and the ministers at cabinet were aware that this was a political problem?

Hon. Dwight Duncan: They were aware that it was an issue.

Mr. Gilles Bisson: An issue. All right. Issue, political problem; I won't get into the semantics.

So was there a conversation prior to the election that, "Listen, if we make a decision to cancel this, it's going to cost some money"?

Hon. Dwight Duncan: Not a formal cabinet discussion that I'm aware of.

Mr. Gilles Bisson: Was there informal discussion amongst yourself and others in regard to "If we decide"—

Hon. Dwight Duncan: Not that I was part of.

Mr. Gilles Bisson: But let me see if I understand this. Your local members are lobbying members of cabinet, they're raising it at caucus—

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: —there's a discussion at cabinet in regard to the politics of all this, or, as you said, the issue, or whatever way you had put it.

Hon. Dwight Duncan: The issue of energy in general and then the western GTA: How do we ensure adequate supply at the same time as ensuring that we can build a plant in a location that's suitable to the people of Mississauga, Etobicoke—

Mr. Gilles Bisson: There must have been a realization that there's a cost associated with cancelling prior to the election.

Hon. Dwight Duncan: For me, the decisions came post-election. That's when I was first part of what I would call a—

Mr. Gilles Bisson: So you were taken by surprise during the election. You had no idea that this was going to get cancelled.

Hon. Dwight Duncan: No, I wouldn't say "taken by surprise," but there was no cabinet discussion prior to the election, formal or informal, about relocation.

Mr. Gilles Bisson: So this was strictly a political decision.

Hon. Dwight Duncan: This was a campaign undertaking—

Mr. Gilles Bisson: This was a political decision.

Hon. Dwight Duncan: —at a time when I think we were still behind in the polls, so it required a government decision, which occurred after the election.

Mr. Gilles Bisson: Let's be clear here. We have lobbying going on prior to the election about this being a political problem for certain members in the area. There are discussions at caucus; there's a discussion among cabinet members; everybody—

Hon. Dwight Duncan: I think there was quite a bit of public discussion about it—

Mr. Gilles Bisson: Obviously there was public—

Hon. Dwight Duncan: —in the media: television and newspapers. I read newspapers; I watch television—

Mr. Gilles Bisson: Minister, let me ask the question. I'm trying—

Hon. Dwight Duncan: But I'm trying to answer your previous question, which you didn't give me a chance to. Was there a formal cabinet minute or discussion? No.

Mr. Gilles Bisson: This is where I'm going: What you're saying is, this decision was made strictly during the period of the election; this decision had not been made prior to the election; the decision was made—

Hon. Dwight Duncan: There was no decision made during the election. There was a campaign commitment made.

Mr. Gilles Bisson: So this was a political decision.

Hon. Dwight Duncan: There was a campaign commitment made.

Mr. Gilles Bisson: All right. We can call it what we want.

Hon. Dwight Duncan: The government that was elected in October made the decision—

Mr. Gilles Bisson: Let's agree that there was a decision by the campaign to reverse the position of the Liberal Party on this particular issue.

Hon. Dwight Duncan: There was a campaign undertaking that, if elected, a Liberal government would relocate the plant, a decision that was supported by the leader of your party and the leader of the official opposition.

Mr. Gilles Bisson: We never talked about ripping up the agreement. We always talked about—we were opposed to it.

Hon. Dwight Duncan: Relocating the plant without ripping up the agreement?

Mr. Gilles Bisson: Listen, I was campaign co-chair. I know what was going on, so let's not get into that one.

Hon. Dwight Duncan: You said we did the right thing. My recollection is—

Mr. Gilles Bisson: This is my chance to ask you questions.

Hon. Dwight Duncan: —you said we did the right thing.

Mr. Gilles Bisson: No, no. The record is quite clear.

Hon. Dwight Duncan: Are you saying, then, you'd put a gas plant in Mississauga?

Mr. Gilles Bisson: We would have never put a gas plant there in the first place.

Hon. Dwight Duncan: Wait a minute; you just said you wouldn't rip up the agreement.

Mr. Gilles Bisson: This is time that I have to ask you questions, Minister.

Hon. Dwight Duncan: I'm just trying to get to the point here.

Mr. Gilles Bisson: My first question was—and you've answered that there was no decision prior to the election by the cabinet of Ontario or the Liberal caucus of Ontario to cancel this gas plant.

Hon. Dwight Duncan: Absolutely not.

Mr. Gilles Bisson: The decision was made by the campaign during the election.

Hon. Dwight Duncan: No, the campaign team did not have the ability to make the decision. Only the government of Ontario could do that.

Mr. Gilles Bisson: The decision to—

Hon. Dwight Duncan: What the campaign did was, the campaign made a campaign commitment. The Legislature had been dissolved. There was no—

Mr. Gilles Bisson: Listen—

Hon. Dwight Duncan: I am listening. You're trying to put words in my mouth, and I'm not going to let you.

Mr. Gilles Bisson: I'm not putting words in your mouth.

Hon. Dwight Duncan: There was a campaign undertaking.

Mr. Gilles Bisson: The Liberal Party—

Hon. Dwight Duncan: We had no ability to deliver unless we were re-elected.

Mr. Gilles Bisson: Of course you can't deliver until the government gets elected. We all understand that.

Hon. Dwight Duncan: That's right. Thank you for acknowledging that.

Mr. Gilles Bisson: My point is, the decision to reverse the Liberal Party's position on this was made by the campaign and so therefore this was a political decision.

Hon. Dwight Duncan: There was a campaign commitment during the election.

Mr. Gilles Bisson: That was my only point. On to the next question.

Hon. Dwight Duncan: You make political decisions; campaign teams make undertakings—

Mr. Gilles Bisson: That's right. You made a political decision; we understand that. We hear what you said.

The Premier, then, in this whole process, I take it—like every political party, the leader of the Liberal Party happens to be the Premier of Ontario. He was part of the decision-making process during the election, was he not?

Hon. Dwight Duncan: I'm sorry; give me that again, Gilles. He would have, yes. And as he said yesterday, it was his decision.

Mr. Gilles Bisson: That's right. Just for the record—

Hon. Dwight Duncan: And I said that Monday.

Mr. Gilles Bisson: Yes. So the Premier said, "Yes, okay, go ahead. As a party, if elected, we're going to reverse this."

Hon. Dwight Duncan: We did that, yes. He's the leader of the party.

Mr. Gilles Bisson: Okay, very good. That brings us back to a political decision. This was a seat-saver.

Hon. Dwight Duncan: This was respecting the views of the people of Mississauga and Etobicoke. I think that's part of what—

Mr. Gilles Bisson: You can call it a chocolate bar or a candy bar; I understand. But it's still a chocolate bar.

Hon. Dwight Duncan: I think that's the role of elected officials.

Mr. Gilles Bisson: Minister, you can call a chocolate bar a candy bar; it's still a chocolate bar. Okay?

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: Okay. So it was a political decision.

Were there any discussions around the costs of settling this dispute among the cabinet during the election?

Hon. Dwight Duncan: No.

Mr. Gilles Bisson: So during the election, at no time did the Liberal Party canvass the ministers responsible, such as the Minister of Energy, the Minister of Finance or others, about, "Hey, guys, how much is this going to cost?"

Hon. Dwight Duncan: I was not canvassed as Minister of Finance. I'll refer that question to the Minister of Energy.

Mr. Gilles Bisson: All right, but the Premier made the decision, and I would have to believe that the Premier making the decision would have to have somewhat of an idea of how much this is going to cost, because it's going to affect your campaign commitments.

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Hon. Dwight Duncan: I mentioned earlier that I would get to you what those estimates were. I think I

made that undertaking either in your first round or in the Conservatives' first round.

Mr. Gilles Bisson: So you were not canvassed during the period of the election by the Liberal Party or your cabinet colleagues as to the cost of this cancellation?

Hon. Dwight Duncan: I was not. And I—

Mr. Gilles Bisson: The OEFC—

Hon. Dwight Duncan: If I may complete my answer, I'll remind you that at that time there wasn't even an indication, first of all, that there would ever be a settlement, and, number two, whether it would be out of the rate base or the tax base. So I will refer that question as well to the Minister of Energy.

Mr. Gilles Bisson: Okay. But in the email on November—part of the emails that we received from energy that were released, not all the information we wanted, but some of it, there's clearly a discussion going on between the OPA and the OEFC with regard to how much this is going to cost and who's going to pay for it.

So my question to you was, the Liberal Party, in making the decision, and ultimately the leader of the Liberal Party, being Dalton McGuinty, made this decision without knowing how much it was going to cost either the ratepayer or the taxpayer?

Hon. Dwight Duncan: I undertook to get you a response later with respect to what the estimates were. In our campaign document, we laid out a range of—

Mr. Gilles Bisson: But, Minister—

Hon. Dwight Duncan: If I may finish—

Mr. Gilles Bisson: But, Minister, my question is—

Hon. Dwight Duncan: You know, let me finish answering you.

Mr. Gilles Bisson: Okay, very good.

Hon. Dwight Duncan: Thank you.

Mr. Gilles Bisson: You're so welcome.

Hon. Dwight Duncan: I undertook, I think about an hour ago, to get you the information on the campaign stuff.

With respect to the emails from energy, I think we responded to that when we indicated that the OEFC was in fact involved in the non-utility generating contracts but was not involved in the relocation. At the time of the campaign, no discussions had occurred between the company involved and the government. In our campaign document, there was again prudence built into our numbers that would allow us to accommodate—and again, I was not—

Mr. Gilles Bisson: Canvassed.

Hon. Dwight Duncan: —canvassed with respect to the potential cost. I can't answer for energy or anyone else, but I have undertaken to get you that information.

Mr. Gilles Bisson: But being the guy who signs the cheques—you're the Minister of Finance—I find it passing strange that the Ministry of Energy or the Premier or somebody associated with the decision of the Liberal Party wouldn't have said, "By the way, this is going to have a hit on your budget of X amount of dollars. What's your thought?" You never had those kinds of conversations?

Hon. Dwight Duncan: At that time it was not necessarily going to be on the tax base.

Mr. Gilles Bisson: It could have been on the ratepayer.

Hon. Dwight Duncan: It could have been, in which case I—

Mr. Gilles Bisson: Or in plain English, people who pay hydro bills.

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: Okay. So here we are, the Liberal Party making a decision, with the head of the party being Dalton McGuinty. At this point you're saying he didn't have any conversations with you, so it leads me to believe that either he had a conversation with the Minister of Energy and provided the number, or they didn't have that conversation, at which point not only was this a political decision to save a couple of seats; it was a pretty irresponsible one, because they didn't know what the hell the cost was.

Hon. Dwight Duncan: The party would, as other parties—

Mr. Gilles Bisson: I thought you guys had costed your platform.

Hon. Dwight Duncan: We had, and we—

Mr. Gilles Bisson: It sounds like you're off by at least \$180 million.

Hon. Dwight Duncan: No, because, unlike you, we actually provide contingency.

Mr. Gilles Bisson: We did provide contingency in ours as well, just so you know.

Hon. Dwight Duncan: Good. All right. Bully for you, because you had undertaken to do the same thing and you didn't include it in your costs.

Mr. Gilles Bisson: But you follow my point. I think if you were sitting in this chair you'd be asking me the very same question.

It appears from the outside that this was a political decision in order to save a couple of seats, and either the party knew and Mr. McGuinty knew what the cost was because they had conversations with somebody within government, at which point that raises a whole bunch of other questions, or, quite frankly, they didn't know and made this decision on the fly, which I think makes it pretty incompetent as far as the decision. That's my editorial view. You don't have to respond to that.

Let me get to the other point I asked earlier. You were saying earlier that there are no other costs, you figure, that are going to be associated with adding up the bill beyond the \$180 million for the Mississauga gas plant relocation.

Hon. Dwight Duncan: That's correct.

Mr. Gilles Bisson: The cancellation—let's be clear about this. The cancellation—penalties, potential settlement of lawsuits: no other costs beyond the \$180 million?

Hon. Dwight Duncan: For the relocation, the cancellation, yes.

Mr. Gilles Bisson: So that deals with potential lawsuits, relocation costs. This is the total all-in bill, \$180 million, give or take a bit on contingency—

Hon. Dwight Duncan: For the relocation, yes.

Mr. Gilles Bisson: —and the settlement of the matter with the company: any contracts, cancellation fees, all that kind of stuff.

Hon. Dwight Duncan: That would be energy to ask. As far as I am aware, the \$180 million covers all of that. We'll refer that to energy.

Mr. Gilles Bisson: All right, but understand my skepticism at this point. You're the Minister of Finance. You have to balance the budget. It comes out of your pocket now because you decided it's not going to be those who pay hydro bills who are going to pay for this; it's going to be the taxpayer. I'm asking you, as the Minister of Finance: Is there any other money that you possibly could expend beyond the \$180 million to deal with the cancellation of the contracts? Yes or no? Will there be more money?

Hon. Dwight Duncan: Not for the relocation of the Mississauga plant.

Mr. Gilles Bisson: I understand the relocation, but there's the issue of the contracts. Those contracts were basically made null and void by the relocation. There's probably some form of penalties within those contracts.

Hon. Dwight Duncan: Relocation costs cover, as I understand it, all of the penalties.

Mr. Gilles Bisson: You're saying it covers it all. So the answer to the question is, you don't expect anything beyond the \$180 million on the Mississauga issue.

Hon. Dwight Duncan: With respect to the Mississauga relocation and the contracts associated with it.

Mr. Gilles Bisson: I understand what you're saying, that you don't want to get into actual figures. I understand what you said there earlier for the reasons you did, but you have a \$500-million contingency fund, of which you've already spent \$180 million, and you spent how much extra for forest fires?

Mr. Greg Orenszak: Seventy-two.

Mr. Gilles Bisson: Another \$72 million, and maybe more. Who knows? That's \$310 million less \$72 million. Does that lead us to believe that the settlement will be something less than \$230 million?

Hon. Dwight Duncan: No, because money will go into the contingency fund when there's an under-spend on other things. There will be other draws on the contingency fund. Again, Gilles, it's designed to be a buffer, and it works both ways. Sometimes you take some out; sometimes you put some in.

Mr. Gilles Bisson: So the settlement on Oakville could be contained within the contingency fund, which has about \$240 million left, or it could be more?

Hon. Dwight Duncan: I'm reluctant to comment on the Oakville situation because, as I understand it, it is subject to negotiation.

Mr. Gilles Bisson: No, no. I understand. I'm not asking for a figure. All I'm asking you is—

Hon. Dwight Duncan: The Oakville—

Mr. Gilles Bisson: Let me ask the question. You take into account the \$180 million for the Mississauga deal, the \$10 million on Keele, the \$70-some-odd million on forest fires, and it leaves you with \$240 million. My question is: Can you contain the settlement of the Oakville relocation, whatever that might be, in the contingency fund of \$240 million?

Hon. Dwight Duncan: I don't know right now, because I don't know what the settlement—

Mr. Gilles Bisson: So it could be more?

Hon. Dwight Duncan: It could be. It could be less. And it may not crystallize this year.

Mr. Gilles Bisson: So it might be more; it might be less.

Hon. Dwight Duncan: And it might not crystallize this year.

Mr. Gilles Bisson: So there is a possibility this might throw off your fiscal plan.

Hon. Dwight Duncan: No. You're forgetting about reserves, and you're forgetting about, again—

Mr. Gilles Bisson: But—

Hon. Dwight Duncan: Let me finish, just so that we don't—

Mr. Gilles Bisson: Okay, I'm going to listen to you. You listened to me. I'll listen to you.

Hon. Dwight Duncan: No, you're not listening to me because you just asked the same question which I answered two questions ago.

Mr. Gilles Bisson: I do want to listen to you. You know I like to listen to you.

Hon. Dwight Duncan: Sometimes you bring the contingency down; sometimes it goes up, in-year. It also would hinge on what the amount is. There's also a reserve built into the budget. Finally, we don't know what it is, and then, finally, it may or may not crystallize this year.

Mr. Gilles Bisson: I hear you, but the point is that it could or could not be above the \$240 million as far as the settlement. My point is this: When we were having this whole discussion around the budget motion and eventually around the budget bill, you kept on saying, "Every penny counts." What kind of signal are you sending here when you say, "Every penny counts, but what the heck, saving a couple of seats in Mississauga, that's \$180 million, plus some more, maybe \$500 million, maybe \$300 million"? What signal are you sending to people out there that you're serious about balancing a budget and that every penny counts?

Hon. Dwight Duncan: I will be reporting public accounts and Q1 results fairly soon. We do quarterly reports as well as public accounts, which the auditor goes through, and we'll see where all these numbers land.

Mr. Gilles Bisson: Wow. I don't know. This is something else.

Moving on, some more questions in the same area: We talked earlier about how the OEFC, the Ontario Electricity Financial Corp., was part of the myriad of people who were involved in a decision about how to come up with the money for this, right?

Hon. Dwight Duncan: Not with respect to the relocation.

Mr. Gilles Bisson: No, the money.

Hon. Dwight Duncan: They were not.

Mr. Gilles Bisson: So what was the OEFC's relationship to the decision around the \$180 million, just so I'm clear?

Hon. Dwight Duncan: Deputy?

Mr. Steve Orsini: The Ontario Electricity Financial Corp. had an important role with respect to the settlement of the legal dispute between the company, with the former Ontario Hydro—that the OEFC took over that NUG contract. So the OEFC's role was working with the company to come up with the settlement. That was occurring at the same time that they were also having discussions with the Ministry of Energy on the relocation.

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Mr. Gilles Bisson: Okay, so OEFC, essentially, was the one who negotiated with Eastern Power. Is that what you're saying?

Hon. Dwight Duncan: On the NUGs.

Mr. Steve Orsini: Yes, just on the legal settlement. So if we go back—

Mr. Gilles Bisson: Just on the Keele Valley?

Mr. Steve Orsini: Keele Valley.

Mr. Gilles Bisson: Was the OEFC involved in the discussion around the settlement on the Mississauga?

Mr. Steve Orsini: That was the Ministry of Energy's responsibility to lead. OEFC had the lead—they were a party to a legal dispute with a company that had started back in the late 1990s and that only recently concluded.

Mr. Gilles Bisson: So, just to keep it in simple, plain English: You're saying the OEFC was not involved in any of the discussions that led up to the \$180-million settlement with Eastern Power?

Mr. Steve Orsini: The Ministry of Energy had the lead with the OPA in terms of the negotiations on the relocation. It was their costing—the OPA's costing—of the \$180 million. The OEFC had the lead responsibility for settlement of this legal claim that goes all the way back to the late 1990s that originated from an original contract between Ontario Hydro for the Keele Valley—

Mr. Gilles Bisson: I understand the Keele Valley part, but my question is—

The Chair (Mr. Michael Prue): I have to stop you there. The 20 minutes are up.

Mr. Gilles Bisson: I was having so much fun.

The Chair (Mr. Michael Prue): I know you were, but that's why I'm stopping you now.

To the government, Ms. Cansfield.

Mrs. Donna H. Cansfield: Thank you, Minister, for the conversation you had earlier. Actually, I'd like to ask a question that relates to some of the discussion you had. It's really about how the government is actually going to be reducing the deficit and getting Ontario back into a balanced budget. If you could share some of those thoughts with us, please.

Hon. Dwight Duncan: First of all, a little bit of history: Prior to the downturn in 2008-09, we had balanced

three budgets in a row and we had, in fact, eliminated the hidden deficit that had been left behind by the previous Conservative government. As I indicated in the budget, there are many difficult choices ahead in order to balance by 2017-18. Many other governments around the world and indeed here in Canada face very similar challenges.

Here are some of the initiatives included in the budget that are designed to help get us back to balance. First: freezing the general corporate income tax rate and the business education tax rate reductions until the budget is balanced. In both cases, those taxes have come down quite dramatically over the course of the last number of years, as a result of decisions of this government. The third party, on the corporate tax, suggested the freeze of the rate at where it's at as of July 1 of this year. We thought that was reasonable and responsible in the circumstances, and does help get us there.

We've also capped the Ontario clean energy benefit at 3,000 kilowatts per month.

As I indicated in my opening remarks, we're changing the Ontario drug benefit program so that about 5% of the wealthiest seniors, those with the highest incomes, will pay a larger share of their prescription drug costs. I don't know about you, but I heard repeatedly from people of better means, retired people who were better off, that they couldn't understand why they got their drugs free, essentially. We're pleased with the reception that has had.

We're ensuring that Ontario user fees recover more of the cost of providing programs and services. Governments of all political stripes over the years have been reluctant to raise user fees, for a whole variety of reasons. The challenge with that is, over time, if the fee stays the same and the cost of delivering the service goes up, then you're borrowing the money to provide the service because the fees haven't kept up. So we're moving a number of fees up in order to recover costs. Something called the Eurig decision compels us to recover only the cost. If we go beyond recovering the cost, then it's viewed as a tax. So, we are, in fact, moving to recover the costs associated with providing a service, whether it's the tags for your vehicle licence, your driver's licence—those are the ones that most Ontarians are familiar with.

We found savings in the capital plan which will result in reduced borrowing of more than \$3 billion over the next six years.

Over the next three years, to go back—it's right in the budget—there are \$4 of expense measures being taken for each dollar in revenue measures. That is, for each dollar in revenue increase, whether through freezing the corporate tax rate, the new tax bracket that was created for the highest-income Ontarians or freezing the corporate tax rate where it's at—for every dollar we get through revenue, that is, the money we get in, there's \$4 that we're taking out in program savings, expenditure reductions or cost avoidance. That's one that people tend to overlook but is very important, particularly in the out years.

We are ensuring that the annual average growth in program spending is held to 1% between 2011-12 and

2014-15. That's an extraordinary achievement. No government has ever done that in Ontario that I'm aware of. People talk about how spending is going up. They're right, but the rate of demand for things like health care and education goes up, based on the people who come in. So to say you're going to actually cut, I'd like to see how the Conservatives particularly are going to do that and what they are going to do to achieve it, because they haven't been clear about that. What they did when they were in office was they closed hospitals and schools and laid off teachers, nurses, meat inspectors, water inspectors—and, by the way, expenditure growth continued. It wasn't like they were reducing the overall footprint of government.

By the end of 2014-15, the fiscal action we've outlined in the budget will reduce the accumulated deficit by \$22.1 billion from what it would have otherwise been. So if we had just the status quo, that scenario that Don Drummond talked about, we will have reduced those expenditures by \$22.1 billion, at the same time, Donna, as we continue to make the important investments in maintaining the progress we've made in education and health care.

In 2011-12, our program spending per capita is projected to be \$8,540. That, by the way, is the lowest among the provinces and considerably below the average across the other nine provincial governments. That was a point that Don Drummond made in his report when he said, in spite of what some would say, Ontario's spending is actually not out of control. In fact, it is the lowest of the provinces on a per capita basis.

The government's approach to managing spending isn't just about saving money; it's also about reforming the programs and services to ensure that they continue to deliver the results that we need on a sustainable basis. We believe our approach is balanced, we believe it's fair, and it's responsible. The five-year plan will balance the budget by 2017-18 while protecting those investments that I spoke about earlier.

So we're seeing incredible transformation going on across a range of programs and services. There will be more of that in the weeks and months ahead.

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

The Chair (Mr. Michael Prue): Oh, sorry. Mr. Dhillon.

Mr. Vic Dhillon: Thank you very much, Minister, for appearing before this committee this morning.

Could you tell us what the government is doing to restrain its own salary increases?

Hon. Dwight Duncan: In the 2012 budget, we proposed that MPP pay would be frozen for another two years, bringing the total length of pay freeze to five years. Our government believes that it's an honour and privilege to serve the people of Ontario and it is public service.

During this time, it's critical that we continue to focus our attention to protecting the continued investments our government has made in education and health care. Again, I keep coming back to this, but that is at the es-

sence of what we are doing. We have made considerable progress in education and health care. As the Premier often says, there is still more to do. Those are our priority areas and we will continue to make those investments, but leading by example is, in our view, doing the right thing for Ontarians.

That's what we are doing with MPPs and the leadership of the provincial government.

The Chair (Mr. Michael Prue): Ms. MacCharles.

Ms. Tracy MacCharles: Thank you, and welcome, Minister.

When I talk to folks about the budget, people seem very happy about the plan to tackle the deficit while at the same time preserving the gains we've made in health care and education, as you said.

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Can you talk a bit more about how the government, and the Ministry of Finance in particular, has found and is continuing to find cost savings? Sometimes, as you said earlier, people forget that there are actually elements of the budget that speak to savings.

Hon. Dwight Duncan: This whole process is actually an annual process; it starts in the fall of the year preceding with something we call results-based plans. We ask ministries to look for efficiencies and hold the line on their own spending.

Within finance, for instance, I'm pleased to report that our planned operating spending for 2012-13 is \$1.7 billion less than our voted operating appropriation in the 2011-12 period. I should point out, in fairness, that this reduction includes the \$1.4 billion provided in 2011-12 to assist Ontarians during the transition to the harmonized sales tax. The estimates also incorporate administrative savings resulting from the wind-down of the retail sales tax program as a result of the move to the HST.

Remember: One of the advantages to harmonizing the sales tax was, instead of having the federal government administering the GST and the provincial government administering the PST, we agreed to consolidate that. A number of our employees moved to the federal government, so that reduced our employment footprint quite considerably.

More importantly, it reduced the regulatory burden on business. I think it has been, in one fell swoop, probably the largest reduction in regulatory burden since we eliminated paying separate corporate taxes to the federal and provincial governments. That's a good example of some of the really important strides we've made. In the old days, you had two binders of regs roughly this thick that businesses had to follow. Now they've only got one. They only have to worry about one appeal, and they only have to worry about one set of auditors coming in. Most businesses that I've been meeting with, including the large organizations that represent them, including the CFIB, recognize that this is an important step forward in terms of managing the regulatory environment.

I don't want to brag too much more about my ministry, but they've done a terrific job, as have our other senior

public servants, who do good work for all Ontarians on a routine basis.

Ms. Tracy MacCharles: Thank you.

The Chair (Mr. Michael Prue): Ms. Sandals.

Mrs. Liz Sandals: Good to see you this morning, Minister. When you talk to people in the community, they talk about “We’ve struggled through the recession; we’re recovering,” and then they want to know, “But what are you on the government side, the public service side, doing in terms of you having to tighten your belt?” I know that that’s something that at treasury board, Minister, we’ve focused on a lot. I wonder if you could share with us some of the work that’s being done to make the Ontario public service more efficient, more streamlined.

Hon. Dwight Duncan: Thank you, Liz. You and Donna have both had the opportunity to serve on treasury board and have made an enormous contribution.

Since 2009, our government has been working to reduce the size of the OPS and enhance the efficiency of public service delivery in Ontario. It should be noted that Ontario delivers public services with the lowest number of provincial public servants across the country; that is something that is often overlooked. However, we’re still working hard to make the Ontario public service more efficient to deliver better value to Ontarians. We’re on track to reduce the size of the OPS by 4,900 full-time equivalent staff between the 2009 budget and March 31, 2014, saving close to half a billion dollars each year. This target will be achieved by transforming the way government delivers programs and services to ensure value for taxpayer dollars and by finding organizational efficiencies within the OPS. The government has considered the recommendations of the Drummond commission in this regard and is making its decisions.

Details on staffing reductions that contribute to savings and avoid costs continue to be announced by the government. For example, the 2011 budget announced the transfer of responsibility for the collection of sales and corporate taxes to the federal government, which will save the province approximately \$150 million annually.

The government has achieved its full commitment of a 5% reduction in the size of the Ontario public service while ensuring that our focus remains on delivering critical public services. It’s important to note that over two thirds of the 3,400 full-time equivalent reductions were achieved through attrition. Of those who received layoff notices, most were redeployed into other jobs, which is contrary to the approach that others would take which would simply be sweeping cuts to the Ontario public service and, as a result, would diminish the quality of public services in the province. The average age of the public service is quite up there, so there is an opportunity now, working with AMAPCEO, working with OPSEU, working with our non-bargained employees as well, to transform and, through attrition, through other measures, to help reduce the impact, at the same time as we reduce overall employment in the Ontario public service.

Mrs. Donna H. Cansfield: Thank you, Minister. Actually, the last few days I’ve been having a number of

discussions with folks on a variety of issues but in particular around the managing of the deficit and focusing on the budget. I can speak for my own constituency how important it is to manage that budget and to reduce the deficit and get our books back to balancing.

There has been a lot said about the processes that we’ve been putting in place, and I wonder if you could share some information around the issue of the legislated public sector wage freeze and, at the same time, some discussion about bargaining and the rights of employees.

Hon. Dwight Duncan: I think that’s an extremely important question. First, it’s important to note that all the provinces in Canada are bound by the same constitutional protection for collective bargaining. The PCs, unfortunately, haven’t done their homework in this regard. Their approach to a legislated wage freeze without consultation or negotiation would end up in the Supreme Court.

British Columbia showed us that when governments rush, without proper consultation with labour stakeholders, those groups have recourse through the courts. It has also been shown that the courts will undo the government’s actions.

Our government’s approach is one that is balanced and understands the collective bargaining process but also understands the fiscal challenges our government must deal with to protect our gains in education and health care.

Mr. Hudak talks about \$2 billion in additional savings, but the current fiscal plan already accounts for no incremental increases in compensation. The budget includes \$6 billion in savings over three years through compensation restraint, including school boards, physicians and other public servants in both the public and broader public sectors.

The budget is also about making tough choices, while at the same time creating jobs and protecting the investments that have been made and continue to be made in health care and education. By working together, we have been able to achieve shorter hospital wait times, better access to a family doctor, smaller classes, and a higher graduation rate and test scores.

The PCs, on the other hand, want to make different choices. When in power, they cut public services, and Ontario families paid the ultimate price. The PCs have a terrible record when it comes to labour relations, specifically with education and health care. When the PCs were in power, they fired 15,000 teachers, closed 500 schools and, worst of all, Ontario students lost more than 26 million learning days. Their mismanagement resulted in lower test scores, one in three students dropping out, larger class sizes and a diminished learning experience.

We will balance the budget while at the same time protecting jobs and protecting the investments we’ve made in education and health care.

The PCs also have a poor record when it comes to health care in Ontario. Rather than investing in our province’s health care infrastructure, they fired 6,200 nurses, closed 28 hospitals and added no new medical school spaces. Their lack of investment and poor choices led to a

fractured health care system which had the longest wait times in Canada. Their broken system also left one million Ontarians without access to a family physician.

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

The Chair (Mr. Michael Prue): Mr. Dhillon.

Mr. Vic Dhillon: Thank you very much, Chair. Minister, can you tell us how the 2012 budget will protect teaching positions in Ontario?

Hon. Dwight Duncan: Yes. In the Drummond report, Mr. Drummond recommended increasing class sizes at all levels. Increased class sizes means a higher student-to-teacher ratio and fewer teaching positions. So as you raise the number of students in a class, you reduce the number of teachers who are needed, particularly in areas where there's declining enrolment. The commission also recommended cancelling full-day kindergarten, which would result in further losses in teaching positions.

The 2012 budget takes a different approach by exercising restraint in other areas, including compensation. By keeping classes sizes low, the government is preserving thousands of teaching positions—particularly for young teachers, I might add—and the continued investments that have been made in education. For instance, adopting the Drummond commission's recommendation on class sizes and cancelling full-day kindergarten would have resulted in the loss of approximately 10,000 teaching positions, which would significantly impact the educational development of our children when it's most critical.

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In addition, the government is protecting 9,700 non-teaching positions which were recommended for elimination in the Drummond report and which the Conservatives have said they would eliminate if they were elected.

The current labour framework agreement for school board staff expires on August 31, 2012. The 2012 budget includes funding to meet the government's remaining commitment under the current labour framework. The government's proposed approach to discussions with school board staff is reflected in our budget for the 2012-13 school year and onward.

In order to preserve the gains in education while balancing the budget, the government has put forward parameters for a new labour framework that manages costs while protecting classrooms.

The Chair (Mr. Michael Prue): Ms. MacCharles.

Ms. Tracy MacCharles: Minister, I think we all agree that the fiscal climate requires strong action, as outlined in the budget, and we tend to focus on the financial aspects of that.

But another important topic that keeps coming up is poverty in Ontario. We know that ties to other elements of the budget: health care, education and jobs.

Can you talk a bit about how the budget specifically provides for continued reduction of poverty in Ontario?

Hon. Dwight Duncan: The government is taking important steps, in our view, to reform programs and ser-

vices to ensure that they continue to deliver the supports and social services Ontarians need, and on a sustainable basis. Our innovative approach does not involve across-the-board program cuts. It involves pursuing ways to transform and improve service delivery while reducing costs.

Moving forward, the government will continue, as I indicated earlier, to implement full-day kindergarten—this is an important component of poverty reduction—and continue to deliver important programs such as the youth opportunities strategy, the Student Nutrition Program and Pathways to Education.

The Chair (Mr. Michael Prue): And with that, I'm going to have to stop you. You're going to have to come back to that.

Official opposition.

Mr. Michael Harris: Minister, I noticed you've obviously brought your talking points. We're going to move on to a subject that we've talked about in our last few rotations, and that's back to the Mississauga relocation of the power plant.

I'd like to ask you this. You made some comments to the media on July 16. People often ask, when we're out there—you know what? This was a Liberal government decision to build the power plant in Mississauga initially—one that our party, for the record, said we would not have undertaken in the first place—only for the government, the Liberal Party or Don Guy or whoever, to make the decision to then cancel the power plant, costing Ontarians \$190 million. People often say what that would pay for. They reference 900 doctors for a year, the 21,000 people in my community who are short a family doctor. The list goes on and on in terms of what \$190 million could pay for.

They want to know that decisions like this, mistakes like this, don't occur again, so we're going to ask a few questions pertaining to the decision-making process, now knowing that in fact Oakville, which is about three times the size of Mississauga, will be the second figure to hit taxpayers this year in terms of just sheer waste.

You said on July 16, "I'm part of this government. It was a government decision, and, you know, we made a commitment to the people of Mississauga and Etobicoke during the election, which we are fulfilling." Minister, you just told this committee that it was a campaign decision. Which one is it: Was it a government decision? A campaign decision? Which one is it?

Hon. Dwight Duncan: There was a campaign undertaking made, a campaign commitment, and the government, once elected, fulfilled its undertaking to the people of Mississauga and Etobicoke.

Mr. Michael Harris: We've mentioned before that the Premier actually had a meeting with Hazel McCallion back in February 2011, and in fact in that meeting he said he would be cancelling the power plant. The government then announced it in September—a massive delay in there.

Again, it was a campaign decision made by the government of the day. Were you a part of that campaign decision?

Hon. Dwight Duncan: I think I've answered that question about 14 times now, so I'd refer you to Hansard.

Mr. Michael Harris: You said earlier, too, that the politics of this decision were talked about in cabinet. Do you want to allude to that or expand on politics?

Hon. Dwight Duncan: No. I gave a full answer earlier.

Mr. Michael Harris: And what was that answer?

Hon. Dwight Duncan: I'd refer you to Hansard. Thank you.

Mr. Michael Harris: All right. I'll bring up an email, in fact, that we received last week as part of the Minister of Energy's package. It was, in fact, an email from Rick Jennings, the assistant deputy minister of the Ministry of Energy. He referred to the Liberals winning all five seats in Mississauga handily. What would that have to do with the cancellation of the gas plant?

Hon. Dwight Duncan: I don't have the email in front of me, so I wouldn't rely strictly on one aspect of it. If you could share the full thing with me, I might. By the way, that's the Ministry of Energy, not the Ministry of Finance.

Mr. Michael Harris: Do you believe there was an ulterior motive to the cancellation of the gas power plant?

Hon. Dwight Duncan: I think we wanted to respond to the overwhelming views of the people of Etobicoke and Mississauga. Just for the record, on September 24, 2011—this is a PC press release—"A Tim Hudak government will cancel this plant."

Mr. Michael Harris: A Tim Hudak government wouldn't have built the power plant in the first place.

Hon. Dwight Duncan: Yes, but you also said—

Mr. Michael Harris: The Premier said, though, when they made the commitment to build the power plant, throughout the process, these same folks in Mississauga—

Hon. Dwight Duncan: You told us to cancel it, so we did. But more importantly, the people of Etobicoke and Mississauga told us to. Part of our job as politicians is to listen to the people.

The people of Sarnia-Lambton, by the way—let me just read you another quote. This is from a letter from MPP Bailey to Minister Duguid dated November 30, 2010: "I urge you to consider the benefits of keeping the Lambton generating station open and am prepared to support converting the plant to natural gas and biomass energy production."

We go further with Mayor Bradley, Mayor Arnold of St. Clair and Warden Burns of Lambton in a letter to the Premier: "With the recent decision not to move forward with the Oakville natural gas plant, we would urge you to consider that option now be applied to the Lambton generating station, which, as you are aware, by your government's direction, has just closed two units and has two more scheduled"—that's closing coal—"which will be fully closed by 2014."

We had two communities—large communities population-wise—that were clear and unequivocal they did not want the plants. Fair enough. We had an opportunity to give another community, which will benefit from—I think there are some 90-odd jobs associated with this—that welcomed it. In fact, your caucus colleagues, your leader, urged us to not proceed.

Mr. Michael Harris: We'll get back to the whole Sarnia-Lambton decision later on.

Hon. Dwight Duncan: And you provided no contingency in your own campaign numbers for that.

Mr. Michael Harris: Minister, you know what? Ontarians expect governments to make good fiscal decisions. Unfortunately, over the last nine years we've not seen that—a record deficit; massive debt. In fact, payments to debt are one of the third-largest commitments today.

This was a decision made by your government to build this plant. In fact, the Premier said that he wasn't going to tolerate the NIMBYism effect throughout the process, only until, as you had stated last time, a review of the polls showed you down and it was a campaign decision to move that plant. Ontarians don't want governments to be reckless with their finances, which your government has done—in fact, \$190 million worth of reckless spending.

Your government made this commitment, only to, during the campaign, when five seats were in jeopardy of going south, step in and make a commitment to waste \$190 million to save five Liberal seats. Would you not agree with that assessment?

Hon. Dwight Duncan: The people of Mississauga and Etobicoke were quite clear that they didn't want that plant and it was overwhelming—

Mr. Michael Harris: Why didn't you listen to them previously?

Hon. Dwight Duncan: We did.

Mr. Michael Harris: What happened a few years before? I believe—

Hon. Dwight Duncan: We listened to them and we responded. We also listened to the call of your leader to not build the plant and to the call of the third party to not build the plant. So, here we are.

Mr. Michael Harris: It's just amazing how, all of a sudden, days before an election campaign, and months prior—again, the Premier had stated that he wasn't going to tolerate this NIMBYism mentality and that this plant would proceed. People want to know: Who makes these decisions? Who is making these decisions in government? Is it Don Guy and the campaign team making major policy decisions? Who's making decisions that recklessly spend \$190 million? And on top of that, what will Ontarians see hit their tax bill for the cancellation of the Oakville plant, which is probably three times that?

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Hon. Dwight Duncan: As the Premier said yesterday and I said Monday, it was ultimately the decision of the leader of the party to make that campaign undertaking.

Mr. Michael Harris: What do you tell people in your home riding of Windsor when they say—what do you tell people when they ask you why you just wasted \$190 million of taxpayers' money when there's so much need in Ontario for a variety of different things?

Hon. Dwight Duncan: A number of people in our community actually lobbied to get the plant moved there. We built one in Brighton Beach and opened it back in 2005. It employs 90 people. I was personally hoping that my community could benefit from it, but it made more sense, from a planning perspective and from an electricity perspective, to put it in Lambton.

The people in my community want us to stay focused on education and health care. The people in my community do not want us to close hospitals, which you would do. They do not want us to close schools, which you would do. They want a southwestern Ontario economic development fund, which you, sir, voted against and your colleague from Chatham voted against. They want us to keep full-day learning. They want us to continue to build the new engineering faculty we're building at the University of Windsor. They're proud of the fact that they now have a medical school. Those will continue to be our focuses.

By the way, they also recognize that—

Interjection.

Hon. Dwight Duncan: Let me finish. You asked the question; you asked about the people of my community. You've given me an opportunity to respond.

Mr. Michael Harris: But I asked about what they're saying about the wasting of \$190 million.

Hon. Dwight Duncan: The people of my community rejected your leader and your party in October. The people of my community knew that we had made the commitment to cancel the plant as part of an election commitment. So the people of our community did have a chance to express their point of view, and I think they are interested, in my view, principally in ensuring that the gains we've made don't get lost as we move back to balance. The people of my community understand full well the kind of devastation that would have been brought about if the approach that your government took in its previous incarnation were to come back to Ontario.

Mr. Michael Harris: But, Minister, the people of your riding did not know during the election what it was going to cost them to move that plant, because you hid it from them. You knew full well what the range would be to move or relocate that plant. You hid it from Ontarians until after the election.

Hon. Dwight Duncan: If I may, sir, earlier you suggested that we made the decision without knowing the cost. Which is it?

Mr. Michael Harris: Well, you tell me.

Hon. Dwight Duncan: You've got to get your story straight between 9 o'clock and 11 o'clock.

Mr. Michael Harris: You tell me. You knew the range of numbers.

Hon. Dwight Duncan: I told you. We knew a range—

Mr. Michael Harris: Why didn't you publicly—why wasn't it a line item under your contingency—

Hon. Dwight Duncan: It wasn't in the budget. As I say, the full reporting of it will be very clear. It was a campaign undertaking.

Mr. Michael Harris: So you did know exactly, before the commitment, as to—

Hon. Dwight Duncan: No. You just said I did; then you said I didn't. You need to get—

Mr. Michael Harris: Well, which one is it?

Hon. Dwight Duncan: Which one is it for you? You said earlier that I knew; now you say I didn't know. No, you said earlier I didn't know and now you say—

Mr. Michael Harris: I was saying—

Hon. Dwight Duncan: It's very confusing. I think the people of Ontario need this to be clear.

Mr. Michael Harris: I was saying that residents in your riding didn't know the cost of what that relocation was going to be.

Hon. Dwight Duncan: The residents in my riding re-elected me on October 11, knowing that we would move the plant.

Mr. Michael Harris: But the residents in your riding and Ontario did not know what the costs were going to be. So I'm asking you, did you know what the costs would be—

Hon. Dwight Duncan: You told me earlier that I—

Mr. Michael Harris: —and did you hide it from Ontarians?

Hon. Dwight Duncan: Earlier, you were critical because you said I didn't know, and now you say I knew. What I answered to you earlier is that we did not know precisely. We did not know if we'd get a settlement. So, no, we didn't know. But you can't say one thing one hour and another thing another, so at least be consistent.

Mr. Michael Harris: No, I'm just simply saying that your residents in your riding—

Hon. Dwight Duncan: No, you're being confusing. You're playing fast and loose—

The Chair (Mr. Michael Prue): Order. I'm asking that it be just one person at a time. I mean, I'm watching the poor interpreter up there, and she's trying to give two conversations at once. Please, if you can possibly do it, one conversation, so that it can be translated for all of those people who are trying to listen in French. Okay?

L'hon. Dwight Duncan: Alors, les conservateurs ne donnaient pas un estimé dans leur contrat avec les gens de l'Ontario pour établir un prix de déménager le plant de Mississauga à une autre location. There you go.

Just to help the translator, I'll remind you that in spite of the fact that you had committed to move that plant, there was no accounting for it in your campaign platform either, or the amount associated with it.

Mr. Michael Harris: I just think people, when we're out there, want to know how these decisions are made, because \$190 million, as I had stated before, in fact, represents the operating budgets of two fairly significant ministries. That's a significant commitment.

You had known about this in November. A question for you: This week you came out and stated—you actually contradicted your Minister of Energy, because last week he had said it was \$180 million. Did you have a discussion with the Minister of Energy prior to your announcement this week?

Hon. Dwight Duncan: Yes, our ministries did. By the way, the minister was absolutely correct. The cost of relocating was \$180 million. We felt, upon reflection on the Keele Valley transaction, which was separate and apart from this, that it was prudent to disclose that because of the legal nature. The settlement had not been reached at that point, by the way. The settlement was just reached recently.

Mr. Michael Harris: How recently was that settlement reached? Between the time—

Hon. Dwight Duncan: Tuesday.

Mr. Michael Harris: —Minister Bentley came in to committee—

Hon. Dwight Duncan: It was Tuesday. Tuesday this week. So we felt it prudent to, given the fact that that resolution, at the time I announced it, had been agreed to but not signed on, as I recall—Deputy, is that correct? We felt that, as soon as the settlement had been reached, it was appropriate to disclose.

Mr. Michael Harris: So why, when negotiations were still ongoing, did the Minister of Energy release the statement of it costing the taxpayers \$180 million when actually—

Hon. Dwight Duncan: Because they were separate matters by separate ministries. In fact, one was by the Ontario Power Authority and the other was by the Ontario Electricity Financial Corp., which does have a direct accountability to the Ministry of Finance. So you had two separate events.

What we felt it was important to disclose once the settlement had been reached—and we actually disclosed once the settlement had been reached but before it had been signed so that people would be aware that this other transaction was happening. It had been ongoing, by the way, since 1998, Deputy, if I'm not mistaken, and it was related to another matter entirely.

That being said, we decided the moment the settlement was reached that we needed to disclose it, so we came out with it. The Minister of Energy was absolutely correct when he stated that the relocation costs were \$180 million. The one thing we did add this morning, as I said to Mr. Bisson: There may be a variance, either positive or negative, in that. It may come in at \$178 million; it may come in at \$182 million. But that is the best estimate. On a project of this order of magnitude there are bound to be change orders in construction, bound to be unanticipated savings and unanticipated costs. There will be some variance around that number.

Mr. Michael Harris: But your ministry is involved now or was involved in all those undertakings.

Hon. Dwight Duncan: We were not involved in the relocation. The separate Keele Valley thing, which goes back to 1998, is related to contracts that were signed, I

think, in 1994 under a non-utility generating program that had been established by the government of the day. My deputy took you through the issues that were before the courts, the findings of various courts through this process. A settlement was reached on the weekend, possibly on Monday, and signed on Tuesday morning. In the interest of full disclosure, even though it was an unrelated matter, a different matter, we felt it important to disclose that addition.

Mr. Michael Harris: But again, your ministry worked with the Ministry of Energy in terms of assessing and allocating the \$190 million.

Hon. Dwight Duncan: No, no; not on the \$180 million. They're separate items.

In fact, it was the OPA, working with the ministry—the OPA reports through the Ministry of Energy. The decision that the government had to take which was a government decision, not an OPA decision, was the question of: Would this come from the rate base or the tax base? I recognize that it's largely the same group of people, but that was a government decision. It was at that point that finance, once there was a number reached, an accord with the proponent of the plant reached—at that point, the government's next decision—that's when finance became involved—was: How do we manage it? We had built-in contingencies so that the government would have the option, should it reach a settlement, of either doing it on the tax base or the rate base.

Mr. Michael Harris: That being said, you'll provide, as an earlier request from the committee today, those documents from that step forward to this committee. You had committed to providing those documents, as per standing order 110(b).

Hon. Dwight Duncan: I have committed to ask the Minister of Energy to provide that information.

Mr. Michael Harris: No, but you said that your ministry was involved. From that statement you just made, we are wanting to get information pertaining—the ministry's involvement from that standpoint forward, this committee is asking you to provide documents to this committee, as per standing order 110(b).

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Hon. Dwight Duncan: I will fulfill all of my obligations, both legal and in the standing orders, to this committee.

Mr. Michael Harris: So when can we expect those documents?

Hon. Dwight Duncan: I don't know. But I will fulfill all of my legal obligations.

Mr. Michael Harris: To this committee. I guess I'll turn it over to my colleague Rick. He had a few questions outstanding, still.

The Chair (Mr. Michael Prue): And he has about a minute and three quarters.

Mr. Rick Nicholls: Can I defer that to our next 20 minutes?

The Chair (Mr. Michael Prue): Just use it. You can ask the question and it can be answered in the next—

Mr. Rick Nicholls: Randy, you have the floor.

Mr. Randy Pettapiece: Minister, you have said that you have listened to the people in Mississauga about moving the gas plant. They didn't want it there, so you listened to them. Your government made the decision to move it and made that campaign promise in September. Did you poll the residents of Mississauga about whether they wanted it there?

Hon. Dwight Duncan: No.

Mr. Randy Pettapiece: You had no poll?

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

Mr. Randy Pettapiece: So you just got this through your candidates that were running in that election. Is that correct?

Hon. Dwight Duncan: No. It was all over the news. It was in newspapers. We did meet with the mayors. We meet with local mayors. I did meet with Mayor McCallion—not on this issue, but she did raise it with me. I've met with the mayor of Brampton. I have met with councillors in the city of Toronto, not necessarily on this issue. I heard from our local members. I read the newspapers. I watched the news.

Mr. Randy Pettapiece: Here's my question, sir. May I ask a question, sir?

Hon. Dwight Duncan: You asked it. I'm just answering.

Mr. Randy Pettapiece: We did a poll in my riding of Perth–Wellington. There's a wind farm project going up. Ninety-six per cent of the people who were polled do not want that project going in there. Will you listen to them, sir?

Hon. Dwight Duncan: Every circumstance is different. We have an important policy—

Mr. Randy Pettapiece: No, sir. Will you listen to them?

Hon. Dwight Duncan: We have a policy to develop renewable energy sources in Ontario, which is effective—

Mr. Randy Pettapiece: Sir, you tolerate NIMBYism in Mississauga that you won't tolerate in the country. Why won't you listen to the people in the country on these wind farm issues?

Hon. Dwight Duncan: We have built other power plants where it wasn't popular. We have put in windmills where it is popular.

Mr. Randy Pettapiece: Well, then put these—

The Chair (Mr. Michael Prue): I'll have to stop you there. I'm going to stop you. You can come back to that on the next round. Mr. Bisson, the floor is now yours.

Mr. Gilles Bisson: I'm a little bit, at this point, Minister, perplexed, because what you were saying in the last round of questioning is that there were no formal discussions at cabinet prior to the election in regard to the cancellation. I just asked staff to go through the documents that we received from the Ministry of Energy that this committee requested. I've got one document here dated June 7, 2011, that essentially looks at the power plant and what the ramifications are for cancellation. That's one document, right from the Ministry of Energy—

Hon. Dwight Duncan: Is that a cabinet document, Gilles?

Mr. Gilles Bisson: This is a document that was supplied to us.

Hon. Dwight Duncan: Is that a cabinet document?

Mr. Gilles Bisson: It comes from the ministry. That's what I said.

Hon. Dwight Duncan: So it's not a cabinet document.

Mr. Gilles Bisson: No, but my point is—

Hon. Dwight Duncan: I did indicate that there was stuff going on in the Ministry of Energy. That's an energy document. I can't answer for you.

Mr. Gilles Bisson: That's fine.

Hon. Dwight Duncan: I just want to be clear; that's not a cabinet document.

Mr. Gilles Bisson: And I want to be clear as well. My time. Hang on. On June 7, 2011, there's a document prepared by the Ontario Ministry of Energy that looks at the pros and cons of the cancellation of that plant and the other one in Oakville, and then there's one on January 10, 2011. I'm not clear who presented this one. It's somebody within the government, but I'm just looking through it very quickly here as to who did it. But the point is, there are two documents here, clearly prior to the election, having pros and cons. I know, from being in government, that when these kinds of documents are created, they're normally created in order to give the minister some options. Normally, a minister goes to cabinet every week and says, "By the way, just so you know, we're having these discussions. Here are my options." You still maintain that there was no discussion at cabinet, prior to the election last year, on the cancellation of these gas plants?

Hon. Dwight Duncan: I think I indicated that there were discussions at cabinet and in caucus. I'll have to check precisely what I said an hour ago, but there is no minute that I'm aware of. I believe I attended most of the cabinet meetings at the time. That, I don't believe, is a cabinet document. I did indicate at the time that there's no doubt that there were many discussions going on with the Ministry of Energy. I wasn't privy to those. I wasn't the minister at the time. With respect to those documents, I'd have to refer your questions to the Minister of Energy because I don't recall seeing them and I'm not even sure what's in them.

Mr. Gilles Bisson: The point I'm trying to get at—and I'm not saying that this is a cabinet document; I clearly said that this is from the Ministry of Energy and some other ministry, one document dated June 7, 2011, and the other one January 10, 2011, both of which talk about what the ramifications are for cancellation of those plants. My point is: If the ministries are having this conversation—the other one is the Ministry of the Environment, if I understand it correctly as I read through it, but I can double-check that. So, I've got two ministries of the crown prior to the last election who are preparing documents to give pros and cons of the cancellation. I have to assume that at least two ministers knew about this, and

there was no formal discussion at cabinet prior to the election about cancelling those power plants?

Hon. Dwight Duncan: No formal discussion—

Mr. Gilles Bisson: Okay, I take you at your word.

Hon. Dwight Duncan: I did indicate in my earlier answer that there may well have been informal discussions—

Mr. Gilles Bisson: Okay, informal discussions, but there was—

Hon. Dwight Duncan: If I may, please, give me a chance to respond.

Mr. Gilles Bisson: Please do.

Hon. Dwight Duncan: Just to reiterate what I said earlier, this was a highly publicized issue. We heard from caucus colleagues. I'm sure that options were being devised to see what options would be available to a government should it decide to take a decision. To the best of my knowledge, there was no minute with respect to this out of a cabinet meeting, no formal discussion, but it doesn't surprise me that those kinds of option papers were being generated because it was a very highly topical issue. I don't recall if there were questions in the Legislature at the time. I assume that there might have been some, so it doesn't surprise me. As I indicated earlier, there were certainly informal discussions around it. It was talked about quite a bit, both within caucus and cabinet but more importantly in the general public.

Mr. Gilles Bisson: Okay, so you're more or less maintaining that the decision was a decision by the Liberal Party of Ontario as a campaign commitment to cancel those plans, right?

Hon. Dwight Duncan: The decision was to make a campaign commitment that, if elected, we would cancel the plant. It was not a decision of the government. The government made the final decision, by the way, once it had full information with respect to (a) whether or not we could get a settlement, and (b) if we could proceed with it or if there may have been other impediments to it.

Mr. Gilles Bisson: Okay. So the Liberal Party made a decision and, during the election, a commitment. Did they have conversations with the government in some way in coming up with that decision?

Hon. Dwight Duncan: No, we—

Mr. Gilles Bisson: Okay, did they have a discussion—you said no; I take you at your word. Did they have a discussion with any of the agencies of the government to come up to that decision?

Hon. Dwight Duncan: We have a range of, among us—for instance, on the campaign team, a variety of people, like you. We have outside, non-government people who provide us advice, whom we turn to for campaign undertakings. When the Premier made the decision, he would have had the benefit of discussing it and getting advice from outside of the Liberal Party and outside of the government. He would obviously, having been Premier for, at that time, eight years and having been part of the decision-making process that brought on I forget how many thousand megawatts of new power, including the gas plants, have been fairly informed in respect to the

challenges that would be associated with the plant relocation—

Mr. Gilles Bisson: In fairness, Minister, at this point you're ragging the puck, and I have a question. So, the Liberal Party made a decision in the last election to make a commitment, should you get re-elected, that you would scrap these plants. We understand that.

Hon. Dwight Duncan: No, that we'd move it—relocate it.

Mr. Gilles Bisson: Yes; it wouldn't be constructed in that area. It would cause this \$180-million expenditure, and climbing.

What I'm trying to get at is: When the Liberal Party made the decision, did they or did they not get in touch with the OEFC, the OPA, any of those people?

Mr. Steve Orsini: In terms of the dealings with the company, the OPA was the responsible agency dealing with the relocation. The Ministry of Energy provides oversight to that organization. The Ministry of Finance is responsible for oversight for the Ontario Electricity Financial Corp. There was a long history around the Keele Valley site that the OEFC was actively involved in. The Ministry of Finance's role was with regard to the settlement of that contract.

Mr. Gilles Bisson: Would the OPA or anybody outside of the Liberal Party of Ontario have acknowledged that this decision was coming down during the election? Were they alerted?

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Hon. Dwight Duncan: No, they wouldn't have been. It was a campaign decision. It was a campaign undertaking.

Mr. Gilles Bisson: So they would not have been alerted to the decision?

Hon. Dwight Duncan: Who?

Mr. Gilles Bisson: OPA, OEFC, Ministry of Finance.

Hon. Dwight Duncan: Not in the normal course of things. It was a campaign undertaking; it was not a government undertaking.

Mr. Gilles Bisson: Well, in the documents that we got from your Minister of Energy, there's an email here from September 23 of last year, smack dab in the middle of the election, from a pretty reliable source: Colin Andersen, head of the OPA. It says, "A political announcement may go out Saturday morning"—pretty goldarn specific, what day the announcement's going to be made—"that might have an impact on one of our initiatives. I would remind everyone that we don't comment in any way on political platforms or individual promises until after the election. These are promises, not government policies."

Hon. Dwight Duncan: Yes. That's right.

Mr. Gilles Bisson: But the point is, OPA was aware that the Liberal Party was going to make the announcement. How did that happen?

Hon. Dwight Duncan: There had been plenty of speculation in the media that we were going to do it.

Mr. Gilles Bisson: So you're thinking they just were pretty clairvoyant about all of this?

Hon. Dwight Duncan: That's all—Gilles, that's the best answer—

Mr. Gilles Bisson: Okay. They're clairvoyant.

Hon. Dwight Duncan: No. It was all over the news for several days and speculation was present for weeks that it might happen, so I think Mr. Andersen was simply cautioning his officials that this is not a government policy, which it wasn't. It was a campaign undertaking. He's quite correct—

Mr. Gilles Bisson: Listen, I understand it's a campaign undertaking.

Hon. Dwight Duncan: —and he wanted his officials to be careful, because quite—

Mr. Gilles Bisson: Let's agree that it was a campaign undertaking.

Hon. Dwight Duncan: It was a campaign commitment—

Mr. Gilles Bisson: That's right.

Hon. Dwight Duncan: —and what he was doing, quite candidly—you could well have been the Minister of Energy last October, and he did not—

Mr. Gilles Bisson: Not unless I would have crossed the floor, and I'm not about to do that.

Hon. Dwight Duncan: No, no. But had things turned out differently—so he was doing, I think, what's appropriate for the public service, cautioning his folks, “Do not comment on this because this is not a government policy.” I'm glad you flagged me to that.

Mr. Gilles Bisson: So this email is strictly based on their understanding of what they read in the media, and at no time was OPA flagged, or anybody else, of the Liberal announcement officially?

Hon. Dwight Duncan: As far as I know, Gilles; as far as I know.

Mr. Gilles Bisson: Okay. You're on the record. That's all I wanted.

Hon. Dwight Duncan: That's the OPA, which I'm not responsible for. So you'll have to, more appropriately, put that to the Minister of Energy.

Mr. Gilles Bisson: All right. Give me a second here. I want to get through these questions.

How did the Liberal Party know what the heck the range was going to be for the settlement? Because you talked about earlier that the Liberal Party knew there was a range of numbers that it would cost to make this decision, and obviously the Liberal Party had to cost that in their platform, as far as balancing the budget by 2017-18. So how did they come up to the numbers on the range? Did OPA provide it? Did OEFC provide it? Ministry of Finance? Minister of Energy? Any or a combination?

Hon. Dwight Duncan: I mean, for instance, on our campaign committee we had a number of lawyers and others who have experience in these kinds of matters. We might have spoken to people in the energy sector who might have some knowledge. But I think the answer wouldn't have been that we had a specific number; we didn't know that we could even get a settlement. What we would have said, and the thinking that would have gone on, I suspect, in the campaign committee—I wasn't

part of the campaign committee—is, is there enough contingency in our platform numbers to meet whatever obligations would result from this undertaking? And they would have satisfied themselves that, yes, there was.

Mr. Gilles Bisson: Okay. So I just want, for the record, to be clear: The Liberal Party did not have formal contact with the government or one of its agencies in coming up with the numbers so they could make this decision?

Hon. Dwight Duncan: To the best of my knowledge, no.

Mr. Gilles Bisson: Okay, that's all I wanted.

I want to get to the Keele Valley part of it, because the Keele Valley issue was an issue that had been brewing around since the early 1990s with Eastern Power and the government of Ontario in regard to that contract.

Hon. Dwight Duncan: That's correct.

Mr. Gilles Bisson: Eastern Power was pretty clear. It would appear from the documents that I look at that they more or less took a position—and I just want you to say, yes or no, this is the case. But it's my read through these documents that they sort of said, “We're not talking to you until you settle the Keele Valley thing. Don't talk to me about Mississauga. I've still got a lawsuit with you guys. Settle that one and I'll talk to you about Mississauga.” Is that more or less what happened?

Hon. Dwight Duncan: Yes, and that's why we disclosed the \$10 million.

Mr. Gilles Bisson: Okay. No, no; I'm just trying to make the connection. Okay.

Hon. Dwight Duncan: And as soon as we had settled that—which was settled this week—that is precisely why we included that.

Mr. Gilles Bisson: Okay. So my read through it is correct, and essentially this was a way to get them to—that was a condition put by Eastern Power, so that's fine.

Hon. Dwight Duncan: That's correct.

Mr. Gilles Bisson: Was there anything added to the Eastern Power settlement on Keele Valley as a sweetener, to get there, beyond what we would have normally paid?

Hon. Dwight Duncan: Deputy, I'm going to turn to you for that.

Mr. Steve Orsini: Let me recap just briefly the Keele Valley court settlement. Part of the Keele Valley court settlement was, the courts were very clear that they were entitled to damages.

Mr. Gilles Bisson: But the amount was never—

Mr. Steve Orsini: The Superior Court judge said, “I don't have the information to determine the damages, but if I had to give nominal damages, it would be \$5 million.” Then the next court said, “You probably can't do it through nominal damages. You need to go through a very detailed review of damages,” and there were different ranges. In fact, it went much higher. The company had asked for \$13 million. Their claims went higher than \$13 million. For the precise number, we can get back to you.

The question was: Because this was outstanding, how can we resolve this without going through protracted legal discussions on determining the damages associated

with the Ontario Hydro contract with Eastern Power for Keele Valley that then was transferred to the Ontario Electricity Financing Corp.?

Mr. Gilles Bisson: To the answer to my question: Did you have to sweeten the deal to get them to settle?

Mr. Steve Orsini: The Ontario Electricity Financing Corp. had the original \$5 million nominal, but the court ruled that that wasn't sufficient. The court said, "No, you have to go through a more detailed review of those costs." The company had asked for significantly above that amount. The choice was to either go through that lengthy court process to determine the amount of the damages, or put a settlement that met with what the OEFC board felt was reasonable and justifiable, from an audit perspective, and put forth a \$10-million settlement.

The settlement was contingent on the other negotiations being concluded, and once that happened, the finalization occurred this week. The money was transferred. The OPA payment earlier of \$10 million—the OPA was refunded a portion of that legal settlement as part of another agreement the OPA had with the company.

Mr. Gilles Bisson: To the answer to the original question: Did you have to sweeten the deal to get them to move off Keele Valley so you can get to the Mississauga settlement?

Mr. Steve Orsini: The OEFC board would say that the \$10 million was—

Mr. Gilles Bisson: I see the minister shaking his head up and down. I take it the answer is yes?

Hon. Dwight Duncan: No. Give him—

Mr. Gilles Bisson: I just was trying to understand what you were trying to tell me, Minister. Sorry.

Mr. Steve Orsini: The OEFC board felt that the \$10-million estimate was reasonable, based on the information and the adjudication and the review by the courts that said, "Look at a number of things." It was an inter-area transmission credit that Eastern Power wasn't eligible for, but they were asking that they should be.

The court said that in determining that amount, a number of factors would have to be considered. Do they get the full credit? Do you provide interest? Remember, this is going back to the mid-1990s. So the OEFC board—

Mr. Gilles Bisson: I asked a very short question that took two seconds to ask, and you're now two minutes into the answer. I understand how this place works. I was just asking a simple question: Did you have to increase the settlement in order to get them to settle? Yes or no? That's all I'm asking.

Hon. Dwight Duncan: No. We simply had to reach—and that's why we disclosed the full \$10 million.

Mr. Gilles Bisson: Okay, fine. That's fine. The second question is: It would be safe to presume there would still be no settlement, possibly, with Keele Valley, had it not been for the pressure put on settling Keele Valley because of Mississauga, right? The Mississauga situation accelerated the settlement of Keele Valley: yes or no?

Mr. Steve Orsini: It was a factor to conclude resolution on that.

Mr. Gilles Bisson: Okay, the answer is yes. Okay, I got you. I don't want to be combative.

Hon. Dwight Duncan: Don't, please—no, no—

Mr. Gilles Bisson: I don't want to be combative.

Hon. Dwight Duncan: There's not an easy yes or no. I need to respond to this.

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Mr. Gilles Bisson: All right.

Hon. Dwight Duncan: My deputy is trying to give you—and he's trying to be transparent and accountable. There are not easy yeses or noes here.

I need to say this. What I indicated to you earlier, Gilles, and I will restate: One of the reasons we declared the \$10 million was in fact because one of the factors that went into that settlement was the issue of trying to get a settlement on the relocation plan.

Mr. Gilles Bisson: I've got two minutes, so please.

Hon. Dwight Duncan: Fair enough, but I have to simply say that the deputy was giving you full disclosure. It was one factor. I said earlier and I will stress—

Mr. Gilles Bisson: It was a factor. That's all I wanted—

Hon. Dwight Duncan: And I will stress—

Mr. Gilles Bisson: It's a factor in the decision; I understand that.

Hon. Dwight Duncan: And I will stress, and I need to put on the record—

Mr. Gilles Bisson: You did, three times now.

Hon. Dwight Duncan: I just want to make sure it's clearly understood—

Mr. Gilles Bisson: Now you're ragging the puck.

Hon. Dwight Duncan: —because you're trying to distill something into a simple yes/no which doesn't lend itself to a simple yes/no.

Mr. Gilles Bisson: It certainly added to the motivation to settle. That's the point.

Hon. Dwight Duncan: Yes, which I indicated, I think, at around 9 o'clock this morning.

Mr. Gilles Bisson: That's all I was asking. I'm not being combative. I just asked a question.

You answered earlier that the OPA and others were not notified by the Liberal Party of the decision, other than what they saw in the public domain. Did anybody from the Liberal Party, after the decision, contact the OPA, the Ministry of Energy, the Ministry of Finance and say, "Okay, guys. Here's what we did"?

Hon. Dwight Duncan: To the best of my knowledge, not until after we returned to government.

Mr. Gilles Bisson: So none of that happened until after.

Hon. Dwight Duncan: To the best of my knowledge.

Mr. Gilles Bisson: All right. How much time do I have?

The Chair (Mr. Michael Prue): Not much. One minute.

Mr. Gilles Bisson: One minute. I guess the last question is: When can we expect the settlement on Oakville? When would you expect that?

Hon. Dwight Duncan: I'll pass that question on to the Minister of Energy.

Mr. Gilles Bisson: And as far as costs, we're not sure. It could be anything.

Hon. Dwight Duncan: I can't speculate on that, Gilles.

Mr. Gilles Bisson: All right. I don't have enough time to really work up a good question here. I'm not going to rag the puck.

The Chair (Mr. Michael Prue): Okay, on to the government. Ms. MacCharles had the floor the last time. I'll cede it to you.

Ms. Tracy MacCharles: Minister, when the round of questioning was over on this side, you were in the process of talking about how the budget addresses continued reduction in poverty, so I'm just wondering if you wanted to continue with that, or we can move on.

Hon. Dwight Duncan: Sure. Yes. Poverty reduction is an important part. I had indicated at the concluding of the last round that full-day kindergarten is part of that. I talked about the youth opportunities strategy, the Student Nutrition Program, Pathways to Education. We will continue to implement the comprehensive mental health and addictions strategy, which we believe is an extremely important part of our poverty reduction strategy. We will provide additional resources to the Second Career program—I indicated in my opening statement how successful that has been—and additional resources to the Ontario student financial assistance program. We talked about the 30% tuition grant. We are moving forward in providing additional child care supports. We've increased the Ontario child benefit to \$1,310 in 2014, a change that will extend benefits to an additional 90,000 children in 46,000 families. We're building on the advice of the Commission for the Review of Social Assistance in Ontario to reform the social assistance system to make it more sustainable by reducing barriers and ensuring that people who are able to work have access to the right supports to find employment while meeting employers' needs for skilled workers.

It's quite comprehensive. It builds on the anti-poverty strategy that the government developed a number of years ago and we believe will help over time to reduce particularly the level of child poverty in Ontario.

Ms. Tracy MacCharles: Thank you very much.

The Chair (Mr. Michael Prue): Ms. Sandals.

Mrs. Liz Sandals: Minister, in your earlier remarks, you mentioned the whole concept of transformation. Certainly, given the size of the health budget, one sector where transformation is absolutely required, absolutely key, is the health sector. I wonder if you could give us a bit of an explanation as to the government's plans to modernize health care, to enhance health care delivery in Ontario.

Hon. Dwight Duncan: Yes, sure. Absolutely, Liz. Thank you for the question. The McGuinty government has and remains committed to increasing access to quality health care for all Ontarians. In fact, between 2003-04 and 2011-12, we increased health sector funding at an

average rate of 6.1% annually, for a total increase of \$17.9 billion.

When in power, the PCs cut recklessly and made the wrong choices, such as closing hospitals. Our investments have improved health care in Ontario after years of neglect and have produced meaningful improvements for Ontario families.

But with the current fiscal challenge, we recognize that funding for the health care system cannot continue to grow at past rates. Health spending is driven by inflation, population growth, aging, the cost of new drugs and related technology, and a number of other factors. All of these factors individually and collectively exert pressure on the fiscal plan. If no changes were made to transform the way health care is delivered and how health costs are managed, these factors would continue to drive health spending up by 4.5% per year. The delivery of health care has to be transformed to continue to provide high-quality health care services that Ontarians need and expect.

That's why the McGuinty government is working with its health care partners to bring about a transformation to a more sustainable, higher-quality health care system which would reduce the growth rate from 4.5% to 2.3% in 2012-13, this current fiscal year. We appear at this point to be continuing to meet our targets in that regard. We are focusing on better value for money and creating a system that delivers health care in a smarter and more efficient way that will lead to better outcomes for all Ontarians.

Our government's plan is based on three key strategies to realize better value for money. The first involves shifting investments to where they have the greatest value and health care benefit. Second, we are preventing illness and helping Ontarians stay healthy and active by focusing on health promotion, including reducing smoking rates and childhood obesity. Third, we are providing better access to primary care, home care and community care so patients can receive the care they need where they need it and when they need it.

The government will move ahead with the critical reform agenda through key measures in the budget to manage health care spending and build on the action plan for health care which was detailed by my colleague Deb Matthews, who, in my view, is doing an outstanding job on moving Ontario's health care system forward and improving access and quality at a rate that is sustainable from a fiscal perspective. Transforming the system is essential to managing the rate of health care spending growth to meet the government's commitment to balance the budget.

The Chair (Mr. Michael Prue): Mrs. Cansfield.

Mrs. Donna H. Cansfield: Just building on that, there are folks, Minister, in our society that need some support now and then, and social assistance. I'm going to ask you maybe two questions together. One is, we've always had a commitment towards social assistance. What are we doing to sustain and maintain or to deal with that? The other is the whole idea of helping people, and I use the

minimum wage as an example, and what we've done with that.

Hon. Dwight Duncan: Our government continues to be committed to supporting the families and individuals who are on social assistance. Since 2003, we have increased social assistance program expenditure by \$3.2 billion, or 75%. In 2012-13, the government is implementing a 1% rate increase for Ontario Works and the Ontario Disability Support Program, resulting in \$55 million annually in additional benefits to families and individuals receiving social assistance. With the proposed 1% increase, social assistance rates would have increased by 14.9% compounded since the government took office in 2003. Where other governments have tried to balance their budgets on the backs of those who need assistance, we are choosing to increase the Ontario Disability Support Program and Ontario Works payments by 1% in the fall of 2012.

To continue to protect the most vulnerable, we will drive reforms to our benefit programs to create a more efficient and integrated system that helps Ontarians get back to work.

I know you've done a lot of work, Donna, and had a lot to say about how municipalities deliver Ontario Works and we deliver ODSF. It's really quite astounding. We've got a commission that has been appointed to help the Minister of Community and Social Services look at where these efficiencies can be found, how we can better deliver all these programs and services.

Mrs. Donna H. Cansfield: And a little bit about minimum wage?

Hon. Dwight Duncan: We continue to raise the minimum wage. We're up to \$10.25 an hour, which is the highest among provinces. It's almost a 50% increase since 2003. But remember, it had been frozen, I think for the previous nine years, by the previous government. We chose not to do that.

In setting the minimum wage, the government considers the needs of both businesses and employees. So you had a nine-year freeze, and we brought it up—by the way, it was a campaign undertaking to bring it to \$10.25 in 2007, and we fulfilled that undertaking. It was clear, it was unequivocal, and it was made before the last election. Further increases right now, at a time when the global economy is weakening, could cause additional problems for our fragile job market, particularly for young workers.

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Our approach is multi-faceted, as you pointed out earlier. It's not just about minimum wage and social benefits. It's also about 30,000 fewer children now living in poverty in Ontario. It's about a range of other initiatives that I discussed earlier that help families deal with the reality, everything from the Ontario clean energy benefit through to improved, enhanced daycare. Full-day learning has an enormous positive impact, particularly on Ontario families of more modest means.

Mrs. Donna H. Cansfield: Thank you.

The Chair (Mr. Michael Prue): Mr. Dhillon?

Mr. Vic Dhillon: Minister, can you please discuss your infrastructure plan and the jobs that will be created?

Hon. Dwight Duncan: Well, yes, Vic. Infrastructure investments, as you know, create high-quality employment and support growth in Ontario. Our planned investments of more than \$35 billion over the next three years will create and preserve more than 100,000 jobs, on average, each year.

During previous periods of restraint in Ontario, governments have significantly reduced key infrastructure investments. By contrast, this budget preserves a high level of infrastructure investment.

The McGuinty government will focus its infrastructure expenditures on the most critical areas, such as transportation networks, hospitals, and post-secondary institutions, to maximize return on investments. These investments will strengthen Ontario's economy for future growth and prosperity, and support the government's priorities in health care and education.

The province has carefully reviewed its capital plan and found savings to help Ontario balance the budget. This will result in reduced borrowing of more than \$900 million and provide—and that hospital in Brampton that you fought so hard for? Congratulations. It's beautiful. I had an opportunity to tour it. It was something. You delivered, and our colleagues in the Brampton area delivered. It was something that had gone on far too long. I remember when even Premier Davis came out in support, and the Tories had the audacity to picket an event that a former Conservative Premier was at. I think you should be proud of that, along with the investments you've made in Brampton in a range of things, including public transit, including roads. It's remarkable what you and your colleagues in Brampton and the whole Peel region have been able to do, and we've been pleased to support you in that. I don't believe it's a laughing matter. I think it's important. I think these are significant.

Some of the changes we have made will involve borrowing \$900 million less and provide fiscal savings of over \$120 million over three years, yet we still have a very robust infrastructure program moving forward. I applaud you and your colleagues who have fought and been very successful at helping address the infrastructure gap that had existed for many years, particularly in the Peel region.

Mr. Vic Dhillon: Thank you very much, Minister.

The Chair (Mr. Michael Prue): Ms. MacCharles?

Ms. Tracy MacCharles: Just as I move to my next question—

Mr. Gilles Bisson: One question at a time.

Ms. Tracy MacCharles: Pardon me?

Mr. Gilles Bisson: I was just saying how efficient you were.

Ms. Tracy MacCharles: I just want to say, as we enter our fourth hour here of questioning, first of all, thank you to you and the deputy for the extensive information you have provided on the gas plant. I hope others appreciate that it is important to talk about other aspects of the budget. We do want to continue with that, because

I think Ontarians do want to hear about the other elements of the budget, not just about the gas plants. I hope the opposition appreciates that as well.

Moving back to a health question, I'm wondering if you could tell us, Minister, a bit about how the budget addresses tobacco enforcement in Ontario.

Hon. Dwight Duncan: That is a priority of this government, to strengthen the enforcement against the illegal manufacture and sale of tobacco products. My deputy minister is quite passionate about this particular issue, in his previous capacity as associate deputy at finance and deputy at revenue.

We have been working together with our partners—the First Nations, the federal government, the Canada Border Services Agency, the Cornwall Regional Task Force, police agencies, the province of Quebec and the state of New York—to develop solutions. Our government is engaging all stakeholders to ensure that we develop solutions that help us move forward together as a province.

A recent piece of legislation, the Supporting Smoke-Free Ontario by Reducing Contraband Tobacco Act, 2011, is a critical part of our tobacco enforcement strategy in Ontario. This legislation provides for stronger controls over all types of raw-leaf tobacco, restructured fine levels for possessing illegal cigarettes, and the authority for police officers to seize illegal cigarettes.

Our enforcement efforts from 2008 to 2011 have been successful. From April 2008 to September 2011, government investigators and inspectors have seized more than 172 million illegal cigarettes, one million untaxed cigars and 48 million grams of fine-cut tobacco. Since May 2006, penalties from violations to the Tobacco Tax Act have totalled over \$21.1 million.

While tobacco enforcement is a priority of our government, there are some who do not agree. Tim Hudak, along with six other PC MPPs, voted against the Smoke-Free Ontario Act. The government intends to take the necessary steps to increase fines on those convicted of selling tobacco to youth and to impose stronger sanctions for repeat offenders of Ontario's tobacco-related laws. The government will work with key partners to further educate the public about health and social problems associated with tobacco and will undertake research to help measure the impact of its tobacco strategies on smoking levels in the province.

Ontario has also committed to doubling enforcement efforts to address the supply of cheap illegal tobacco. As part of this commitment, the government will focus on the implementation of additional regulatory enforcement and other provisions in Bill 186, which was enacted in 2011. Amendments to the Tobacco Tax Act related to raw-leaf tobacco will come into force on October 1, 2012. They will impose stronger controls over all types of raw-leaf tobacco grown in or imported into Ontario. That makes my deputy very happy. He tells me that this particular statute, when it comes into force, will give us still greater powers to seize and eliminate illegal tobacco products.

Ms. Tracy MacCharles: Thank you.

The Chair (Mr. Michael Prue): Ms. Sandals.

Mrs. Liz Sandals: Minister, you mentioned in passing earlier that various members of the government frequently meet with mayors from all over the province and city councillors; I know that almost the whole cabinet goes to the Association of Municipalities of Ontario meetings and has a lot of meetings with municipalities. I wonder if you could tell us something about what the government is doing to assist municipalities.

Hon. Dwight Duncan: We actually have a very strong record of supporting our municipal partners. This government, in an effort to further support municipalities, developed something called the Ontario municipal partnership fund, or, as it's affectionately known, OMPF. This fund provides \$1.8 billion to municipalities through both the OMPF grants and provincial uploads. The combined benefit has increased the level of funding by three times that of the previous program that was in place under the previous government.

Additionally, the province has increased ongoing support to municipalities by almost three times, from \$1.1 billion in 2003 to \$3.2 billion in 2012. The government also remains committed to the upload of municipal costs, unlike the PCs, who downloaded \$3 billion in costs on to municipal property taxes, raising property taxes, particularly for seniors, right across Ontario. We will continue to honour our commitment regarding the uploads agreed upon with municipalities through the provincial-municipal fiscal and service delivery review in 2008. I had the honour of representing our government along with the now mayor of Ottawa, Jim Watson, who was at the time the Minister of Municipal Affairs.

In 2012, we continued the phased upload of Ontario Works benefits and began to phase in the upload of court security and prisoner transportation costs. This builds on the previous uploads of the Ontario drug benefit and Ontario disability support costs. In addition, the province has uploaded more than \$170 million in support of municipal Ontario Works administration costs.

What, in effect, happened under the PCs was, they took all of these costs and put it on to the property tax base, which, frankly, wasn't the right tax base. It was more designed to allow them to look like they were balancing the budget when in fact they were shifting the burden and not, frankly, funding things on the proper tax base. It's quite good to see how many municipalities are able to hold the line on tax increases now, while at the same time meeting the needs of their communities. It does put pressure on the provincial budget, there's no question, but we made a very strategic decision that, in spite of the challenges associated with the downturn in 2008-09 and the obvious attendant problems it has put our fiscal situation in, it was important to honour the undertakings we made. Over time, through growth in the economy and a number of other factors—better management and transformation—we would, in fact, be able to continue the uploads. We saw that as important and as part of a better future for Ontario and the sustainability of those public services which are so important to us.

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Mrs. Liz Sandals: I thank you for mentioning things that people don't necessarily publicly spend a lot of time thinking about. You mentioned court security. Having spent some time at community safety I know that for those municipalities who had a courthouse located in their jurisdiction, it was a huge issue. I think of my municipality, which is the location in Guelph, but for all the courts for all of Wellington county; I think of Owen Sound, which is a much smaller municipality, where it was a huge issue that they were footing the court security bill for the entire county. So I know that this is an issue where the municipalities were delighted to see the uploads starting to flow this year. It's really making a difference for those affected municipalities and their budgets.

Hon. Dwight Duncan: Owen Sound, I think, is the real—I remember Bill Murdoch constantly advocating for us to undo the decision that his government had made. We were able to do that, not just for Owen Sound, but it had a particular impact on those mid-size communities that were hosting courthouses. It has eased their burden and, more importantly, eased the burden on the property tax base. Frankly, the property tax base was not designed to support the provision of court services and so on. It was bad public policy that shifted the burden to property taxpayers, and unfortunately, that hits seniors and people in smaller towns disproportionately.

Mrs. Liz Sandals: Exactly. Thank you for that.

The Chair (Mr. Michael Prue): And your timing was perfect. I'll stop you there. To the members of the loyal opposition.

Mr. Rick Nicholls: Minister, that was certainly a slam Duncan, if I might add, as you went after previous Tory governments and decisions that were made, which were probably made in the best interests at that time, based on the conditions at that time.

However, I want to move back to the Mississauga power plant for a moment, sir. I have some questions for you. Were you aware of the announced figure that the Mississauga power plant would cost? When that plant was announced, what was the announced figure at that time?

Hon. Dwight Duncan: I'm sorry; do you mean the cost to build the plant at the time?

Mr. Rick Nicholls: Yes, sir. I'm sure that numbers came out, but do you recall what they are?

Hon. Dwight Duncan: I probably was, yes. It was subject, as I recall, to a tender. They were successful. There were challenges on implementation in the first couple of years associated with that, that went beyond it, but, yes, I probably would have been.

Mr. Rick Nicholls: And that number would be?

Hon. Dwight Duncan: I don't recall.

Mr. Rick Nicholls: You don't recall the number?

Hon. Dwight Duncan: If you have it, I'd be happy to hear it again.

Mr. Rick Nicholls: Will you provide us with that? I believe I may have asked that question earlier.

Hon. Dwight Duncan: I'd be happy to. I think it's a matter of public record.

Mr. Rick Nicholls: Thank you. All right. Based on that, though, now being the finance minister, I look at it and I think, okay, so you signed the cheques. I guess the question that I have for you is: How much had the government—your government—invested in the Mississauga power plant up to and including the time when you decided to close that plant?

Hon. Dwight Duncan: I have to stress again that that plant, the Lambton generating station, all the various power plants that have been built since we've taken office, are not paid for by tax dollars. They're paid for through the regulated price of energy, which is done by the Ontario Energy Board. So there would not be—

Mr. Rick Nicholls: But somebody has to be put on the hook for that, sir, after—

Hon. Dwight Duncan: It's the ratepayers; it's not the government. When this company won that particular bid—that was one of a number at that time, as I recall—it would not have had an impact on the fiscal plan because we would not pay the costs out of the tax base. The cost of the power purchase agreement—that's essentially what they wanted; they wanted a power purchase agreement. The Ontario Power Authority agreed to buy the power from them under a certain set of terms. Those costs would be passed on to electricity consumers on their electricity bill, so there would be no cost associated with the acquisition or building of that—

Mr. Rick Nicholls: But somebody has to pay down the road.

Hon. Dwight Duncan: Yes, ratepayers.

Mr. Rick Nicholls: And if the government made that decision—

Hon. Dwight Duncan: Ratepayers.

Mr. Rick Nicholls: Okay. So you're putting that burden on the ratepayers. I guess an additional question—

Hon. Dwight Duncan: Let me just finish; don't put words in my mouth. The government has made the decision to put the relocation costs on to the tax base as opposed to the rate base. When we enter into a contract with a power provider, the costs of that power go to the rate base. Rates are regulated by the Ontario Energy Board and the power purchase agreement price is blended into that, as I understand it.

Again, I want to stress, when that plant was part of an RFP, as I recall, they were one of the successful proponents. They would have entered into a power purchase agreement. The costs of that, whatever the terms of that were, were borne on the energy rate base; that is, they go on to the electricity bill. The government of Ontario would not have written a cheque. The costs are recovered over the life of the agreement. I think most of these are 20 years, Deputy; I can't recall specifically. They come in at different terms, depending on the timing. For instance, the price of natural gas today is much lower than it was at the time this plant was built.

However, for the relocation costs, the government has made the decision that those costs will be borne on the tax base.

Mr. Rick Nicholls: All right. Do you have any idea of the value of what's been left in the ground in Mississauga?

Hon. Dwight Duncan: I suppose part of the \$180 million would give us an approximation of that. Let's see: The cost of relocation was \$180 million. The costs include \$85 million for site-specific costs that can't be reused at the new facility: labour, permitting, construction materials; \$7 million for additional site-specific costs that have yet to be charged. So there's \$92 million. The balance, the \$88 million for an early termination payment, brings us to \$180 million. I guess that might serve as an approximation. So, say, roughly \$92 million.

Mr. Rick Nicholls: Roughly \$92 million has been left in the ground unrecoverable.

Hon. Dwight Duncan: Not left in the ground per se, but for labour, permitting, and construction materials; \$7 million for additional site-specific costs. That's an approximation. That's not—

Mr. Rick Nicholls: So \$92 million. I see. Again, will the electricity consumers assume any of those costs associated with the cancellation?

Hon. Dwight Duncan: No. We have assumed that on to the tax base.

Mr. Rick Nicholls: On to the tax base.

Hon. Dwight Duncan: But in full candour, the rate base is pretty much the same as the tax base. Taxpayers are paying for it; they're ratepayers as well.

Mr. Rick Nicholls: All right. You say that the cost of relocation is \$180 million. Just very quickly, a quick definition of relocation? When you say relocation, what does that mean to you? I'm sure that there's a lot of confusion. Maybe the deputy minister can help us.

Hon. Dwight Duncan: I'm going to refer that to the OPA. But that is the amount that's been agreed to by the proponent—the company—and the Ontario Power Authority. That is appropriately answered by the Minister of Energy and the OPA.

Mr. Rick Nicholls: I see.

I'm sure that when you put things together, these contracts, there are penalty clauses, escape clauses within the contract. What was the actual penalty that government or taxpayers have had to pay, if we can break that down?

Hon. Dwight Duncan: There's an \$88-million payment, the third number I gave you a couple of moments ago, for early termination.

Mr. Rick Nicholls: So \$88 million.

Hon. Dwight Duncan: If you take \$88 million and \$92 million, that gives you \$180 million.

Mr. Rick Nicholls: I see.

Who owns the land at Mississauga?

Hon. Dwight Duncan: I'll follow up with the Minister of Energy and the OPA.

Mr. Rick Nicholls: The reason being, sir, that if it was the government that owned that land, obviously there's a

cost associated with that as well, which may or may not have been included in that \$180 million. And then, looking ahead, I'm a little bit concerned about the cost of lost opportunity as we move into the Lambton generating station as well, lost opportunity for the cost of that land as well. I'm wondering, has that been taken into consideration?

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Hon. Dwight Duncan: Yes.

Mr. Rick Nicholls: Because quite frankly, sir, there is some skepticism relative to the total cost of this cancellation. You constantly say, "The relocation, the relocation," and based on the history or past performance of this government, we feel there may be some hidden costs in there that perhaps have been moved into a different category; we're just moving figures around. I'm just hoping, sir, that you could expand on that a little bit further for us because we do have concerns about property and who—

Hon. Dwight Duncan: I will refer that to the Minister of Energy and the Ontario Power Authority.

What I can tell you is that this is a material transaction. The Auditor General will look at it as part of his audit of this fiscal year and he will be in a position to comment on it in addition to the information we have provided you with.

Earlier this week we came out with the additional \$10 million. As Mr. Bisson pointed out, I think quite properly, one of the reasons we came out was that the settlement of that particular long-standing legal agreement needed to be reached in order, we felt, to get to a settlement on the bigger question. We have tried to be as transparent as we can.

The other thing I indicated today in questioning from Mr. Bisson: That \$180 million could vary slightly.

Mr. Rick Nicholls: I recall that, sir.

Hon. Dwight Duncan: We are trying to be as transparent as we can and I believe that, as I say—I shouldn't say "I believe"—the auditor will look at this as part of his routine annual review of our books.

Mr. Rick Nicholls: What was the percentage completion of the project at the time of the cancellation?

Hon. Dwight Duncan: I'll refer that to the Minister of Energy and the Ontario Power Authority.

Mr. Rick Nicholls: But you would know that, I would think.

Hon. Dwight Duncan: No, I wouldn't. The Minister of Energy's responsible for that.

Mr. Rick Nicholls: Your ministry should.

Hon. Dwight Duncan: With respect, no.

Mr. Rick Nicholls: There needs to be dialogue in between there.

Hon. Dwight Duncan: That's why we have a Minister of Energy. I understand he spent a number of hours here answering questions and I'll refer that to him.

Mr. Rick Nicholls: Any progress payments made?

Hon. Dwight Duncan: We've disclosed all the payments. I'll refer that, again, to the Minister of Energy.

Mr. Rick Nicholls: Well, maybe we have a new Minister of Finance, it would appear, because we're not getting the information, sir, that we need. I respect the fact that you're deferring that but I would also ask that some of those documents be made available to our committee.

So we're not sure of the estimated total cost, the announced cost. We're not sure on that. We're not sure on the percentage completion of the—

Hon. Dwight Duncan: No, we never said that. With respect, don't put words in my mouth. If you don't know the right minister to ask the question of, I've undertaken to pass those on and you'll get an answer to your question. I will fulfill all of the obligations I have to the Legislature and this committee. So please don't put words in my mouth.

Mr. Rick Nicholls: I'm just summarizing—

Hon. Dwight Duncan: No, you're not summarizing. That is not what I said. Mr. Chair, I apologize, but I do have to set the record straight. I did not say that and do not put those words in my mouth.

You had the Minister of Energy here for some nine hours or so, at which time you could have put these questions. You may very well have put them, I don't know. I didn't watch all the proceedings because I was out in my constituency. But I will undertake to get you the responses to those questions from the appropriate minister and, as I've undertaken to Mr. Bisson and to the Chair of the committee, myself and my ministry will fulfill all of our obligations to this committee and to the Legislative Assembly.

Mr. Rick Nicholls: Thank you. I appreciate that.

If we may, sir, I'd like to talk about the Lambton power plant for a moment. Obviously the land at the Lambton generating station is a valuable asset to the government. Now that you've given it to Greenfield in your sole-sourced, sweetheart relocation deal, as we might add, what's the cost of lost opportunity for that land?

Hon. Dwight Duncan: Just so you'll be aware, that plant was closed. It was a coal plant. So it had actually been written off. Again, it's an asset of OPG, which is a crown corporation. But the cost of writing that off would be reflected, again, in the price of electricity. You need to understand how these things work.

There was a coal plant there. The government took a decision to close Ontario's coal-fired generation. We took a writedown on the value of those assets. I'm not sure what year the writedown came in on Lambton. I think we took it, Deputy, in 2005 or 2006; I can't recall.

The assets were impaired. That's an accounting term; we followed all the accounting rules; the Auditor General looked at this. There was no value to that asset on our books. In fact, this puts value back in. I don't know—and you'll have to ask the Minister of Energy—what the arrangement is. Whether that land is being given to Greenfield, if it's leased, I can't answer that. That's appropriately asked of the Minister of Energy. For your purposes—and your party disagrees with our plan to

close coal plants. We wrote off the value of that asset some years ago.

Mr. Rick Nicholls: I think we initiated the very first coal plant closure.

Hon. Dwight Duncan: Yes, but then you opposed it, and you voted against every appropriation we made to do that over a number of years.

We wrote the value of that off some years ago. I can't recall when. I'll undertake to get you the information as to when we wrote that off. From the government's books, we had already written it off, so in fact this may put more value back into an asset that is owned by OPG. I don't know what the arrangement is between Greenfield and OPG. That would be appropriate for the Minister of Energy to answer and I undertake to pass on your concerns to him.

Mr. Rick Nicholls: Your government decided to sole-source the Lambton conversion to Greenfield South. Was there a cost-benefit analysis conducted for that decision?

Hon. Dwight Duncan: I'll refer that to the Minister of Energy.

Mr. Rick Nicholls: He's going to be a busy man.

Mr. Michael Harris: But Minister, on major decisions like that—doesn't your ministry typically engage in cost-benefit analysis for other major government decisions such as this?

Hon. Dwight Duncan: The Ministry of Energy does, and the Ontario Power Authority. They're the ones who enter into these agreements, not the Ministry of Finance. I've undertaken to get you the answers from the appropriate minister, who I think spent some nine or nine and a half hours in front of you just last week or the week before. But I'm happy to pass it on.

Mr. Michael Harris: In making major policy decisions or major purchases, I would assume that the Ministry of Finance is an engaged partner in such decisions to evaluate proposals, tenders.

Hon. Dwight Duncan: If the government is making a purchase, yes, but this is not a purchase by the government; this is entering into a contract with a private sector provider to provide power into the Ontario power grid, which is administered by the Ontario Power Authority. It does not go on to our books. The cost of relocation does; we've disclosed those numbers. We'll continue to do that. I will refer the questions you've asked, which are appropriate and legitimate, to the Minister of Energy.

Mr. Rick Nicholls: Well, Minister, we do know from details and the facts that we have from the past that when the Lambton generating station was built several years ago, the cost of that was about \$440 million; probably the energy minister at that time would have those figures to verify. At that time, too, the Lambton generating station was built to produce 2,000 megawatts of power.

A new gas plant: You're suggesting here—I believe a number that I'd heard was costs of about \$380 million to relocate?

Hon. Dwight Duncan: I'm going to refer that—the \$180 million to relocate. I gave you the breakdown of what those costs were—

Mr. Rick Nicholls: To build. To build, sir, and then to produce 300 megawatts?

Hon. Dwight Duncan: That would be up to the developer and that would be reflected in the price of electricity. It would not be reflected on the tax base.

What they do is they enter into a power purchase agreement. The Ontario Power Authority agrees to buy the power at a certain rate over the life of the contract. It does not come on to the government's books that way. What did come on to the government's books, as I indicated starting at about 8 o'clock this morning, was the \$180 million to relocate. I broke down for you \$85 million for costs that had gone into the previous site, \$7 million for some further site things and then \$88 million for essentially what is called a termination payment.

I will ask the Minister of Energy to again take you through the details of the power purchase agreement that has been entered into with this particular company on the new site.

Mr. Rick Nicholls: Well, let's talk about—I guess the term I would be looking for—if you were to convert the existing—you say that the Lambton power plant has been kind of put aside. I won't say "mothballed." If you were to convert that, what would be the cost of conversion versus the cost to build? I believe that you're awarding the same company the contract to build in Lambton. Is that correct, sir?

Hon. Dwight Duncan: Again, I'm not a person who can adequately answer that, but to my knowledge, you can't convert a coal plant to a gas plant. The new gas technologies are cleaner than the old ones, certainly cleaner than coal. But I'd have to refer that to the Minister of Energy. My understanding is you can't take a coal plant, other than possibly leaving the walls up, and convert it to a gas plant.

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Mr. Rick Nicholls: I see. Well, sir, again, as you can see, I believe that we're just starting to scratch the surface here with regard to actual costs involved with the relocation. There are some serious concerns that there may be some other costs, maybe called by a different name, in a different category. When it's all said and done, when it all washes out, that number, whatever that number will be, will be on the backs of the taxpayers—additional costs. Sir, we find that considerably appalling as well, the fact that it's going to be going on these people, on the backs of all taxpayers as well.

Would you have anything further?

Mr. Michael Harris: Carry on.

Mr. Rick Nicholls: Carry on with that? Okay.

Do you really feel, though, that the government is getting the best value for money by getting Greenfield to build the Lambton power plant?

Hon. Dwight Duncan: We had a contract with them. They had won a competitive process, and came in—

Mr. Rick Nicholls: Minister, respectfully—

Hon. Dwight Duncan: Let me finish. You asked a question. They won a competitive process where they came in at the lowest price.

Mr. Rick Nicholls: Yes, sir.

Hon. Dwight Duncan: That was to locate a plant in Mississauga. The site was selected. The people of Mississauga/Etobicoke, the leader of your party and the leader of the third party all agreed that that was not a good site. We made a campaign undertaking that, if elected, we would move the site. We did that. The party that won the contract had won it on a competitive basis and had the lowest price for gas.

Mr. Rick Nicholls: I see. It's just that you're referring—or deferring, rather—a lot of the questions we have to the energy minister—respectfully. But to me, when there's money associated, when there are finances involved, I would think that there would be some dialogue. Just—

The Chair (Mr. Michael Prue): I can't let you ask another question, because you've just run out of time. Think about what you want for the next round.

Mr. Bisson, the floor is yours.

Mr. Gilles Bisson: How much time do we have in this round?

The Chair (Mr. Michael Prue): Twenty minutes.

Mr. Gilles Bisson: Twenty minutes? My God, that was the fastest 20 minutes I've seen. It felt like half that.

Let me bring you back to the package that we received from the Minister of Energy. Inside that package, there's an appendix to a presentation that was made by the Minister of Energy. It's entitled Southwest GTA Gas Generation Cancellation: Options Presentation to the Premier's Office, September 2010. So it's pretty darned clear that there were conversations happening in government—

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson:—prior to the election, about cancelling this.

Hon. Dwight Duncan: Yes, I think I agree with you there.

Mr. Gilles Bisson: So I'm going to go back and ask—okay, so you've said yes; that's fair. Were you part of any conversations around the cancellation, prior to the election?

Hon. Dwight Duncan: Can you repeat the question?

Mr. Gilles Bisson: Were you part of any conversations with the Premier or the cabinet around the cancellation, prior to the election?

Hon. Dwight Duncan: Prior to the election?

Mr. Gilles Bisson: Yes.

Hon. Dwight Duncan: I was privy to a number of informal conversations, yes.

Mr. Gilles Bisson: Were you—

Hon. Dwight Duncan: Just for the record, let me indicate again: There were conversations within our caucus; there were conversations between and among ministers. I had meetings with Mayor McCallion; I recall having meetings with the mayor of Oakville; I had meetings with the mayor of Brampton, on all kinds of subjects, and this would have been part of that. But there was no formal cabinet minute. I don't recall seeing those particular notes. They may well have come to a cabinet committee, for instance, that I don't sit on. But they did not come to

cabinet and, to the best of my knowledge, did not generate a cabinet minute.

There was a very clear public debate going on about the appropriateness of this site and which site would be more appropriate. There was a need back in the mid-part of the last decade for additional power in the western GTA. So there was considerable cabinet discussion around all of these issues.

With respect to specifically answering your question, I was not privy, prior to the election, to those documents, but I certainly was part of conversations about this whole issue.

Mr. Gilles Bisson: Did you attend any of these briefings that the Premier was at in September?

Hon. Dwight Duncan: No, I did not; not to my knowledge.

Mr. Gilles Bisson: Okay; fair enough. Were you aware of any rumours or discussion in regard to what the cancellation costs would be, back in September 2010, or prior to the election?

Hon. Dwight Duncan: I was not. I don't think anybody had an accurate handle on that. In fact, the one thing I can recall for you is that, in any kind of conversations we had, everybody always acknowledged that there would be costs, but nobody knew that we could get to a settlement without going to court. I mean, the public data, others had speculated how much it was—

Mr. Gilles Bisson: But that does beckon another question. Your comment now is that nobody knew there could be a settlement, and the Liberal Party made a political announcement during the election. God help us, but anyways—

Hon. Dwight Duncan: Well, as did you. You could not look the people of Ontario in the eye and say you could get a settlement.

Mr. Gilles Bisson: No, no, we were very clear in the last election. I'm not going to get into the debate, but we said—

Hon. Dwight Duncan: I think it's relevant—

Mr. Gilles Bisson: Listen, Andrea Horwath was quite clear that we would not comment on the cancellation costs because we didn't have all the information before us. If you remember, the Conservatives that ran—

Hon. Dwight Duncan: And you couldn't legitimately do that.

Mr. Gilles Bisson: Let me finish the comment. I respect your comments; you need to respect mine. Prior to the election, when the Tories talked about cancelling the Samsung deal, we went out of our way to say we would not cancel those contracts because we thought that would cost Ontario far more money than it was worth. In the context of the Oakville and Mississauga plants, we made similar comments.

But my point is, had you any idea what the cancellation costs would have been ahead of the election? Any range of ideas as far as cost?

Hon. Dwight Duncan: I personally did not. Now, whether or not the Ministry of Energy—you had the minister. I've now confirmed he was here for 15 hours two

weeks ago. Whether the Ministry of Energy had documents and discussions with the Premier's office, that's quite possible.

Mr. Gilles Bisson: So is it fair to say it would have been a heck of a lot cheaper if we had done this in September 2010?

Hon. Dwight Duncan: I don't know the answer to that, Gilles.

Mr. Gilles Bisson: Well, there would have been less construction—

Hon. Dwight Duncan: It could have been more expensive. I don't know. I don't know.

Mr. Gilles Bisson: All right. So I guess the problem a lot of us are having is that it was a bad decision to start with, and we all agree on that. That's why you cancelled it in the end; that's fine. But the government had been sort of hobbling along as best it could in regard to this whole issue, and I use your quote when you said a little while ago, "We did this when we were down in the polls." So it's pretty clear that the Liberal Party said, "Hey, we've got a problem with a number of ridings around these gas plants, so we need to save them. So let us make an announcement during the election." Either the Liberal Party knew how much it was going to cost in the end and didn't take that too much into consideration other than their political interests, or somebody had been talking to them. Either way, the point is that taxpayers are caught with the bill.

So—and you don't need to respond if you don't want to—it just seems to me that you had plenty of opportunity, leading up to the election, because there were all kinds of discussions, from what we can see inside the emails, between the OPA, the ministry, between the Premier, between various people. You've said yourself the caucus had the discussions—there were informal discussions, probably more formal discussions, on the issue—and decided not to deal with this until it became a political problem. When it was a political problem, you guys acted. Do you think that's responsible to the taxpayer?

Hon. Dwight Duncan: I think the 8,000 new megawatts of electricity we've brought on with \$7 billion in investments that have brought the system back from the brink were very responsible. This particular project proved to be untenable to the people of Mississauga and to the people of Etobicoke. We listened to them. Our campaign made the decision to undertake, should we be re-elected, that we would relocate the plant. We did that. We've now fulfilled that undertaking.

Mr. Gilles Bisson: But I guess what—

Hon. Dwight Duncan: I know where you're going. I'll sit here and you can lecture me all day.

Mr. Gilles Bisson: You're doing the lecturing right now, not me.

Hon. Dwight Duncan: This is what we've done. Your leader supported it at the time. The leader of the Conservative Party supported it at the time. Yes, governments and politicians and political parties do respond to people. That is part of our job. Sometimes you have to do things

that you don't want to do. Sometimes you have to do things that aren't popular. The HST was not popular; I acknowledge that. It was a very difficult thing to do politically, but you do those things and we all make our choices. So we made a campaign undertaking and upon re-election we then formally began to move to fulfill the undertaking, which we have done over the course of the last number of weeks.

Mr. Gilles Bisson: I understand that political parties respond to political issues, but I just want for the record to be clear: Andrea Horwath and the New Democrats never promised to rip up these contracts before and during the last election. We always said that we were opposed to the plan, but you couldn't make that decision without looking at the numbers, because the numbers, quite frankly, may offset the benefits. So it's pretty hard to make that kind of accusation.

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The point that I guess I'm getting at is that essentially, what all of this leads to is that the Liberal Party had a problem in that area and it essentially made a political decision to try to save a number of seats. They said, "Heck, if we don't win, maybe we'll win those seats just on the basis of the promise. And if we do win, well, we'll worry about how we deal with that later," and we, the taxpayers, are caught with it later. I guess my point is that it seems to me a pretty bad way of doing policy. That was just my point.

The other thing is, you had said earlier though—I remember seeing this in the documents, and I wish I had the document handy. You said last fall that the Keele thing was not related to the Mississauga thing. So why is there a change of position?

Hon. Dwight Duncan: At that time, it wasn't. It goes back to 1998—

Mr. Gilles Bisson: Last fall I'm talking about.

Hon. Dwight Duncan: Yes, I know, but the deal went back to 1998. It happened long before this company won a competitive bidding process.

Once we got into, as I understand it—again, this was handled by the OPA, on the relocation. Why we disclosed the additional \$10 million, once we had a settlement on the other matter, was that it became evident that in order to really deal with the larger relocation and try to attain a settlement there, we in fact had to reach an agreement on the outstanding legal suit. So out of an abundance of caution, we simply said that this settlement came about and it's another \$10 million. It's not part of the relocating cost, but to your question, yes, indirectly, it did have an impact on getting the larger settlement.

Mr. Gilles Bisson: I just make the point again: You had said last fall that the two were not connected. You're saying today that—

Hon. Dwight Duncan: They weren't.

Mr. Gilles Bisson: You just said earlier they were. Which is it?

Hon. Dwight Duncan: Last fall they weren't connected. With respect—

Mr. Gilles Bisson: Eastern Power at no time last fall said, "You know what? Nudge, nudge, wink, wink. If you don't settle us on Keele Valley, we're going to have a harder time coming to a decision on Mississauga?" You just said, in fact, that it was part of the enticement to get them to settle Mississauga. But I don't want to waste time on it. It's on the record; that's all I have.

When did we find out the \$180-million figure? When did you guys find out about that?

Hon. Dwight Duncan: I became aware of it—I'll have to get you the specific date. It would have been within the last three to four weeks, because the negotiations were ongoing.

Mr. Gilles Bisson: But I remember seeing an email somewhere—and I wish I had my staff guy to bring it up to me. The \$180 million was talked about in the emails last November—OPA.

Hon. Dwight Duncan: Again, the OPA handled that, and it didn't come to finance until they had concluded a settlement. That would have been speculative at that point because the settlement—when was the settlement reached, Deputy? Do you recall? I'll refer it to the Minister of Energy.

There would have been speculation around it, but from finance's perspective, you don't publish numbers based on speculation.

Mr. Gilles Bisson: This is far from speculation. This is from officials within the OPA who essentially say that at that point the cost was—wow, wow—\$190 million. That's \$180 million plus \$10 million. That's pretty darn exact. If the OPA knew back in November, if they knew this after the election, on November 20, 2011, how come cabinet didn't know and why did you not know as Minister of Finance? That's a bit of a stretch.

Hon. Dwight Duncan: That's an internal document which I haven't seen. I'll refer to the Minister of Energy.

Mr. Gilles Bisson: But nobody's telling you, as Minister of Finance, that there's an add-on to your budget of \$190 million?

Hon. Dwight Duncan: There wasn't a decision at that point in time, and it wasn't \$190 million; it was \$180 million. The \$10 million came from—I don't have that document, and I will refer—it's an Ontario Power Authority document. I'll refer it to the Minister of Energy. You had him here for 15 hours.

What I will say is what I've said from the beginning. The cost of relocation is \$180 million. We did settle another suit with the same company for \$10 million, which was a separate matter, but once we began to, as I understand it—again, I was not the minister responsible for this. As the negotiations began, it became evident that in order to reach a settlement on the larger piece, we would have to achieve a settlement on that particular piece.

Mr. Gilles Bisson: If officials within the government—and I'm not talking about government members here, but people who work for the government, the OPA and others—had the figure of \$190 million back then, which is the \$180 million plus the \$10 million, because this document clearly talks about the Keele Valley settle-

ment along with the Mississauga gas plant settlement—they come up to a total of \$190 million. Bang on to what was announced a couple of weeks ago.

Hon. Dwight Duncan: It was speculative at that point because they didn't have the agreement of the company.

Mr. Gilles Bisson: Wow, they're clairvoyant.

Hon. Dwight Duncan: No, it was speculative at that point and may have gone through all kinds of other iterations.

Mr. Gilles Bisson: But you understand my point. Wouldn't these guys be talking to somebody?

Hon. Dwight Duncan: They were talking. The OPA had the lead on the negotiations on this.

Mr. Gilles Bisson: All right. So if they came up with \$190 million back then it would probably mean to say they've had some kind of conversation with Eastern Power to come up to that number; right?

Hon. Dwight Duncan: I would defer that. I don't know what conversations were held between the OPA and Eastern Power.

Mr. Gilles Bisson: But is it fair to assume—and I don't know the answer to this and maybe you don't. But if they came up to the exact number of what it would cost to settle this on November 20, is it fair to think that they've had some kind of conversation with Eastern Power to come up to that number?

Hon. Dwight Duncan: I don't know the answer to that. I don't know. I will ask the Minister of Energy to respond to your questions about what conversations occurred between and among the company, the OPA, the Ministry of Energy.

Mr. Gilles Bisson: I would hope that there was some discussion between the government, the cabinet—in other words, when I talk about the government, I mean the cabinet—and cabinet ministers in regard to the OPA. They were bang on the number back in November and we only find out about that now, so you can understand why we're a little bit—

Hon. Dwight Duncan: There were conversations subsequent to the election at the cabinet table, yes. There was not—as I understand it, in my recollection of events, a settlement reached, and that the negotiations—

Mr. Gilles Bisson: Was there any of this—

Hon. Dwight Duncan: Let me finish now.

Mr. Gilles Bisson: Okay. Fair enough.

Hon. Dwight Duncan: The negotiations were ongoing until relatively recently. I'll double-check with the ministry as to when they actually got a settlement. Once the settlement was reached, then, in turn, the government looked at the cost of that settlement, whether it was reasonable in the circumstances in terms of what we wanted to achieve. The government then had to make a decision with respect to ratifying the settlement that had been reached and then make a decision with respect to how it would be paid for. That, Gilles, to the best of my ability, is how things unfolded.

With respect to what estimates were provided by the power authority to others and on what basis those were made, I would have to refer those to the Minister of En-

ergy because, again, finance's involvement really didn't come about until minutes of settlement had been achieved.

Mr. Gilles Bisson: My point is that we know there were briefings in the Premier's office the fall before the election, because we have the documents that prove that. We know there were other briefings by the Ministry of Energy and the Ministry of the Environment to their ministers which essentially talked about what the pros and cons were to cancellation, and I would assume there would have been some cost tied to it. Then we have this email that points to the exact number of the settlement on November 20, 2011. I presume that this information had to have been given to the Minister of Energy, at the very least, probably the Premier, because he's the guy who made the decision, because we know he got the briefing by the ministry. So they knew what the hell the cost was. This decision by the Liberal Party, I guess is what I'm saying, wasn't exactly in isolation to what the government was doing. Is it fair?

Hon. Dwight Duncan: There was no settlement at that time.

Mr. Gilles Bisson: I realize there was no settlement. Listen. I agree, there was no settlement.

Hon. Dwight Duncan: I don't know. I don't know where that number comes from. What I can tell you is that at that point there was no settlement. So from finance's perspective, from an accounting perspective, you can't crystallize a number when there's no settlement. Even if we had heard—and I may well have heard that number by November—that number, we would have said, "Well, we can't crystallize this because that's an estimate right now." Until there is a signed and agreed-to settlement, you cannot crystallize a number.

Mr. Gilles Bisson: Okay, we're making progress. So you might have heard—

Hon. Dwight Duncan: Subsequent to the election—I've said right from the beginning cabinet was involved in these things.

Mr. Gilles Bisson: Okay. So now you might have heard that number back in November 2011, is what you just said; earlier you said you just found out three weeks ago.

Hon. Dwight Duncan: I would have heard a speculative number, and I would have sent it back and said, "Well, that's all good and well, but until we have a settlement"—and I've been very clear that since the election finance has been involved, absolutely. And we would have said, "Until we get a settlement—signed, sealed and delivered—we will not crystallize a number because it's not accurate."

Mr. Gilles Bisson: I understand that. God, if I was—my finance minister—

Hon. Dwight Duncan: But don't put words in my mouth.

Mr. Gilles Bisson: I'm not trying to put words in your mouth.

Hon. Dwight Duncan: You are.

Mr. Gilles Bisson: No. I'm using your words.

Hon. Dwight Duncan: You are. Come on, Gilles.

Mr. Gilles Bisson: Okay. Did you say before, yes or no, that you just found out three or four weeks ago what the number was? Isn't that what you said to this committee just about a few minutes ago?

Hon. Dwight Duncan: What I said was—yes, because there was no number.

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Mr. Gilles Bisson: Okay. Then—

Hon. Dwight Duncan: That is speculation. I don't know who wrote it. You said Colin Andersen. I don't know. Here's what I know, Gilles—

Mr. Gilles Bisson: Then—

Hon. Dwight Duncan: Gilles, let me finish, because you're putting words in my mouth again. And you know what? This is—

Mr. Gilles Bisson: I think you're putting your own words in.

Hon. Dwight Duncan: You are putting words in my mouth.

Mr. Gilles Bisson: I think you're the one putting the words out there.

Hon. Dwight Duncan: No, I'm sitting here, answering questions as best I can, trying to be as transparent as I can, and what I've told you is don't twist my words. What I've said is, after the election, yes, we were very clearly involved. I would have to check on the whole way this thing unfolded, what happened at cabinet versus cabinet committee. What I can tell you is that finance would not crystallize a number until there's a settlement.

The \$190 million in that November 21 memo, I have no idea where it came from. If they came to us and said that, we would have said, "Well, that's all good and well, but bring me minutes of settlement."

Mr. Gilles Bisson: Okay, but you understand the point that I'm making here, which is—

Hon. Dwight Duncan: Actually, I don't. I think you're twisting my words.

Mr. Gilles Bisson: Well, let me explain it, then tell me if you disagree. You said to this committee not too long ago that you found out about this \$180 million plus \$10 million number for a total of \$190 million about three weeks ago, whatever it is. I read this email to you that was written on November 20, 2011, and you said, "I might have very well heard that." So you can understand where I'm coming from.

Hon. Dwight Duncan: I can't, no. Here's what I said, and let me reiterate: the \$10 million didn't get arrived at until this week. There was no settlement. As finance minister, I am responsible to you and to your constituents to not bandy about numbers in the absence of a minute of settlement.

Mr. Gilles Bisson: You just said now that you guys were clearly involved in this discussion by November.

Hon. Dwight Duncan: We were involved in the discussion. We had no numbers. We had speculation. I may have heard different numbers. I can tell you, some people in public were saying this was going to cost hundreds of

millions more than it has. So as finance minister, I can't take a position other than—and I would say to my cabinet colleague, whether it's the Minister of Energy or whoever the minister is, my job as finance minister is not to arrive at these settlements. My job as finance minister—

Mr. Gilles Bisson: So—

The Chair (Mr. Michael Prue): I'm just going to let him finish his sentence. Don't get another one in.

Mr. Gilles Bisson: We're out of time? Okay.

Hon. Dwight Duncan: My job as Minister of Finance is to say, until you have a minute of settlement on these things, all these numbers are pure speculation.

The Chair (Mr. Michael Prue): And we'll leave it with that. I'm going to ask that we run just until about 12:32 so that you can get your full 20 minutes in.

Mr. Gilles Bisson: Maybe you can forgo your questions and we can go for lunch.

The Chair (Mr. Michael Prue): All right. You have 20 minutes. Ms. Cansfield.

Mrs. Donna H. Cansfield: Thank you very much, Chair. Actually, I want to build on something that we chatted about before, because this is of great interest in my community and my constituency and it's property tax.

Prior to 2003, I remember having a conversation with a Tory cabinet minister who said, "We should have done this ourselves." Nothing happened. Certainly we have done some things. So I guess I'm asking you, what are the things we've put in place to deal with those issues around property tax?

Hon. Dwight Duncan: Well, you're quite right. I think there were seven different bills in the course of a few years on property tax by the previous government that all left the system in a bit of shambles.

Starting with the 2009 tax year, reassessments are being conducted every four years and assessment increases resulting from reassessment are being phased in over a four-year period: a four-year cycle of reassessments, together with a four-year phase-in. This provides greater stability and predictability to property owners and ensures that they will not face sudden property tax changes from year to year. It maintains regular revaluations of property so that similar properties of similar value pay similar taxes, and enables municipalities to continue relying on a stable revenue source to fund important public services. Property owners will no longer face sudden tax changes from year to year. For example, a 20% assessment increase will be phased in gradually in increments of 5% a year over four years.

By and large, this system tried to undo the damage that had been done in the previous years where some people would see assessments skyrocket literally overnight. It's a very difficult process—I think we all acknowledge that—first of all, keeping assessments up to date and consistent across the province, and then allowing people time to adequately have the opportunity to adjust to assessment changes.

Mrs. Donna H. Cansfield: Thanks, Minister. I could share with you, and I'm sure others could, that since

we've made those changes, the calls to my office have gone down exponentially. It's just incredible what a difference this made.

The other things that we have done involving modest-income—

Hon. Dwight Duncan: Sorry?

Mrs. Donna H. Cansfield: Modest- or low-income folks that are homeowners and also for seniors, some of those programs: Can you give us an idea of what some of those are?

Hon. Dwight Duncan: Sure. For seniors and low- or modest-income homeowners, there are a number of tax relief mechanisms available through the property tax system and the personal tax system.

Through the property tax system, municipalities are required to provide relief from reassessment-related tax increases to homeowners who are or whose spouses are low-income seniors or low-income disabled persons. The eligibility criteria and the amount of relief are determined by the municipality. In addition, local municipalities have the option of providing property tax reductions to residential property owners if the taxes are unduly burdensome. Municipalities determine the eligibility criteria and the amount of relief.

The province also provides relief for the sales tax on energy and for property taxes to low- to moderate-income families and single people, including seniors, through the Ontario energy and property tax credit. This program will deliver about \$1.3 billion in relief for the sales tax on energy and for property taxes to about 2.8 million individuals and families annually.

As well, the Ontario senior homeowners property tax grant provides up to \$500 each year to help low- to moderate-income senior homeowners stay in their homes. Over five years, this grant will provide approximately \$1 billion in property tax relief to more than 600,000 seniors.

Mrs. Donna H. Cansfield: Wonderful; thank you very much.

The Chair (Mr. Michael Prue): Mr. Dhillon.

Mr. Vic Dhillon: Minister, the 2012 federal budget announced that the age for eligibility for old age security would increase from 65 to 67. Can you tell us the implications for Ontario with these changes?

Hon. Dwight Duncan: The federal government has indicated that this proposed change will gradually increase the entitlement ages of the OAS system by two years, beginning in 2023 and fully implemented by 2029. This will have wide-ranging implications for Ontario seniors, social and health services and the retirement income system and create additional financial pressures for Ontario and municipal programs that support low-income adults. The federal government has indicated that provinces will be compensated for additional costs borne by this change. We will bring up this issue in forthcoming discussions.

It's estimated that the proposed change will likely increase provincial social assistance expenditures by

about \$300 million to \$330 million—I think those are current dollars—when fully implemented in 2029.

Mr. Vic Dhillon: Thank you, Minister.

The Chair (Mr. Michael Prue): Ms. MacCharles.

Ms. Tracy MacCharles: As we enter our, I believe, fifth hour now, I think it's important that we continue to ask a range of topics, notwithstanding that as soon as we stop talking about the gas plant, all members opposite save for one are out of the room. So I'm pleased to continue discussion on some other important elements—

The Chair (Mr. Michael Prue): I really must admonish you. You're not allowed to say that. You cannot talk about a member's attendance or absence, even in committee.

Ms. Tracy MacCharles: Thank you, Chair. I'm just very pleased to be able to move on to other topics, is what I want to say.

Something that I think there's still a bit of confusion about is: What is going on in health care in terms of what we're spending and what we're not spending? I think the minister has clarified that. I think what would be really helpful is to hear a bit more about the Ontario action plan for health care. Minister, you alluded to that earlier in terms of what Minister Matthews is talking about, but I think it would be very helpful to talk specifically about that and I think it's an opportunity to dispel some of the myths out there about what that action plan is saying. We're all hearing some of the myths and, I'd like to think, some facts too about what's in the action plan. I get a lot of calls in my office about it, as I'm sure other members do, so I think it would be just great for all members here today to talk about what that plan is about and perhaps what it's not about.

Hon. Dwight Duncan: Thank you, Tracy. I'd be delighted to. Our colleague Minister Deb Matthews, in my view, has done just an amazing job on a very difficult file. I want to just reiterate the sorts of initiatives she has taken and that we have provided the resource to, through the budget, to allow her to undertake these.

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Our government is committed to increased access to quality health care for all Ontarians. We will build on Ontario's action plan for health care to create a sustainable and high-quality health care system in the following ways: first, transforming health care, as I indicated earlier, to reduce the rate of growth of spending to an average of 2.1% annually over the next three years. We'll do it also by enhancing community-based care to treat patients in alternative settings such as non-profit clinics and at home instead of hospitals. I had the opportunity, with Minister Matthews, in my own riding to visit a man in his home who has been incapacitated for a number of years. He has been able, with the home supports that we offer, to stay in his home, live a very good quality of life with his wife, his children and his grandchildren outside of an institution, outside of complex continuing care or long-term care. He at the time indicated to us that the reason he was able to do that was because of the home

services that are offered and which have been increased rather substantially by this government.

We're moving to patient-centred funding models to improve the value and quality of care. It's interesting. Right now, everything is centred around the hospital, the doctor, the long-term-care facility. It's not centred around the patient. As individuals, as people, our needs are different. If you look at a chart of when health dollars are spent on us throughout our lives, you see a high number at birth, it tends to taper off, and then as you get older it obviously goes up. We want to make sure that with the money we're spending, the priority is the patient and not the institution.

That's a dramatic transformation that has been looked at widely, and governments and health providers everywhere are moving to this model. It involves a lot of dialogue, I think. It involves a change in how we approach things. But Tracy, you and I are old enough to remember when health care was delivered very differently. When you went to the hospital, if you had surgery, you might be there for two weeks, in some instances. Now you can have major surgery and be home within a few hours.

These kinds of changes, as well as the \$17.9-billion increase in funding since 2003, have given us the shortest wait times in Canada, more than 3,400 new doctors practising in the province, and today, more than 2.1 million more Ontarians have a family doctor. This is very different than the PCs, who left one million Ontarians without access to a family doctor.

Mr. Hudak and the PCs have fought against every investment that has been made in health care. Our government is continuing to increase these investments in home care and community services by \$526 million over the next three years. This will help that transformation. It will generate savings over that period of time because we're delivering services in a more effective, efficient and, in my view, a more sensitive fashion that allows people to stay in their homes longer.

Due to our continued investment in health service delivery in Ontario, there are now more than 12,600 new nursing positions. When in government, the PCs fired 6,000 nurses, comparing them to out-of-style hula hoops.

This transformation is important for us to continue to keep surgical wait times down, to provide the best possible care in the best place at the right time to all Ontarians. That I think Minister Matthews deserves enormous credit for. She's taken a number of very difficult choices resultant from the need to make the fiscal plan targets, which we are making. I'm confident that Ontarians will have a better system that delivers better-quality care to all Ontarians.

Ms. Tracy MacCharles: Thank you, Minister. I think the information you're providing certainly helps dispel some of the myths and facts out there, especially around the so-called doctor shortage. I get very worried—and I heard about it earlier this morning—when statements are made like that when in fact there are some other challenges, like getting residency placements for doctors. There's more factual things. I thank you for clarifying

that. That health care comes in a lot of different forms, and the whole agenda of the right care, the right place, the right time I think speaks to that. I just want to say thank you for providing such an in-depth answer.

The Chair (Mr. Michael Prue): Ms. Sandals.

Mrs. Liz Sandals: One of the concerns that we often hear talked about in the health care system is that historically, the health care system has focused on treatment of acute disease once it occurs. Obviously, with the elderly, we're looking at longer-term, chronic care.

One of the places where we've traditionally been weaker is looking at prevention as a strategy. As we've talked about before this morning, we need to be able to transform the system, we need to be able to manage costs, and part of that is moving more resources into prevention so we can decrease the number of resources required to address disease.

I wonder if you could give us some indication of some of the preventative care initiatives that we're taking to actually reduce the occurrence of certain illnesses.

Hon. Dwight Duncan: To reduce future costs associated with preventable illnesses, initiatives are needed to help Ontarians stay healthy and productive. For example, obesity has a direct effect on the development of type 2 diabetes, and diabetes costs the Ontario economy about \$4.9 billion per year—excuse me; that costs the Ontario government about \$4.9 billion a year. It's probably a much higher figure when you look at the economic impact of those costs. Currently, approximately one in five youth in Ontario are overweight.

In addition, tobacco continues to be the leading cause of preventable disease and premature death in Ontario, accounting for \$1.9 billion in health care costs and approximately 13,000 deaths per year.

The government is committed to promoting healthy living and supporting better management of chronic conditions by setting up a panel of advocates, health care leaders, non-profit organizations and industry partners to develop a childhood obesity strategy that will reduce childhood obesity by 20% over five years.

The 2012 Ontario budget includes action to increase fines for those who sell tobacco to children—I spoke about this earlier—and double enforcement efforts to address the supply of cheap illegal tobacco in Ontario.

We are providing all Ontarians with access to an on-line personal cancer risk profile that will use medical and family history to measure cancer risk and then link those at a higher risk to prevention supports, screening or genetic testing, and are continuing to expand comprehensive screening programs for cervical, breast and colorectal cancer. Participants will be notified and reminded when they are due for their next screening.

There are all of these initiatives going on. I'm confident that our government is moving ahead and at the front of the curve, in terms of transformation to a prevention orientation in terms of health care, to help manage costs down the road.

Mrs. Liz Sandals: And it's interesting, when we look at the childhood obesity strategy, that that builds on the

work that has already happened at the Ministry of Education.

In our previous mandate, there was a focus there, first of all, on getting daily physical activity into the schools. Then we began to look more at the nutrition piece, first of all, with getting rid of junk food in vending machines, but then moving on to nutritional guidelines and making sure that vending machines had healthy foods, and getting into the whole area of, when food is actually sold in schools, making sure that it's nutritional food that is an appropriate, healthy food that is being sold.

Certainly, childhood obesity is a huge issue, and there's a lot more to do. Even the tax credit for kids' activities that you introduced, Minister, in our last term—

Hon. Dwight Duncan: Oh, the activity tax credit.

Mrs. Liz Sandals: —that helped too. It was interesting: My daughter was looking at something she was signing up my six-year-old grandson for and said, "This doesn't say"—she's involved with the organization. She said, "This doesn't say anything here about the fact that it's eligible for the tax credit for childhood participation in activities." We've got to make sure that this year we get the logo on there that says that if you sign up for this program, Mom and Dad are eligible for a tax credit. But it all links back to the kids getting more physical activity.

So there's a whole bunch of activities here—

Hon. Dwight Duncan: And don't forget that we restored gym classes across Ontario. That was seen to be not a priority in earlier days.

Mrs. Liz Sandals: Absolutely. Absolutely. It's interesting: I had a gentleman in my office just last week who wanted to come in and talk about childhood obesity and what initiatives we were taking, and it was very much related to physical activity in school and out of school. So thank you for updating us on the next step with the childhood obesity strategy.

The Chair (Mr. Michael Prue): Ms. Cansfield.

Mrs. Donna H. Cansfield: Thank you. I wanted to ask you this, Minister. You spoke in your opportunity to have a little bit of an opening statement around the issue of the changes to the drug benefit plan. You spoke about it in terms of the more affluent seniors, but it's a broader plan than that. I think we would all benefit from having a more insightful and full description of what exactly we're doing.

Hon. Dwight Duncan: Sure. As you know, Donna, the Ontario Drug Benefit program provides assistance to seniors for the cost of their prescription drugs. The ODB is a critical element of the health care services and supports that Ontario provides to seniors.

Since 2006, the government has made reforms to the Ontario drug system to improve the value for money that Ontarians pay for prescription drugs. These changes include reducing the prices of most generic drugs to 25% of the comparable brandname products. The government's reforms are saving seniors money on their prescriptions.

By 2011-12, the savings in the Ministry of Health and Long-Term Care drug programs were about \$500 million

per year. An additional \$100 million in savings was achieved in 2011-12.

The government is taking steps to ensure the ODB program is effective, properly administered and providing the most help to those in the greatest need. The fairness of the program will be improved by asking the highest-income seniors to pay more of their own prescription drug costs while ensuring that these costs do not impose an unreasonable burden. About 5% of senior ODB recipients will be paying more under this change.

I should tell you—I'm sure you heard this too—I'd meet very affluent Ontarians through my work. They are oftentimes business leaders and that, and they say to me, "Why in goodness' sake are you paying for my drugs?" That led to the creation of this program.

The key, however, is to ensure that those of more modest means don't get caught or side-swiped. So, in effect, we're making the program like our income tax system. Ontario's income tax system, by the way, is the most progressive income tax system in the country. It was before this last budget; it continues to be.

As a result, under the current ODB program, seniors will pay the first \$100 of their drug costs each year and a copayment of \$6.11 for each prescription after the \$100 deductible amount. The \$100 deductible is waived for lower-income seniors but they are required to pay an existing \$2 copayment for each prescription. I can tell you, in some of the neighbourhoods in my neck of the woods, some of the pharmacists and the pharmacies waive that \$2 fee or cover, which I think speaks volumes about that profession and the people in it.

The Chair (Mr. Michael Prue): I'm going to have to stop you there, because we've now run out of time, the 20 minutes.

We are now recessed until 1 o'clock. There is lunch available for members of the committee and staff in committee room 1. We'll see you back here at 1 o'clock.

The committee recessed from 1232 to 1305.

The Chair (Mr. Michael Prue): We will call the meeting to order and we'll get right into it. The rotation is now with the Conservatives.

Mr. Michael Harris: Okay, I'll press my start button here. Well, welcome back, folks. I'd like to address my first few questions over to the deputy, give the minister a bit of a break after lunch.

Deputy, in the last fiscal year, how much would you say your department has spent on external consultants, in your estimation?

Mr. Steve Orsini: I know we track that information. I don't have that readily available, but that's something that we would be able to get back to you.

Mr. Michael Harris: Oh, great. Would your department be able to table that to the committee within the near future or the next 30 days, even?

Mr. Steve Orsini: As part of our response to working with legislative research and the Chair, we'll be responding as part of our general response to other requirements.

Mr. Michael Harris: Would you be able to break that down, also, by unit in your ministry, including the minister's office, any and all invoices and contracts for external consultants in the last two fiscal years and notes as to why those consultants were retained?

Mr. Steve Orsini: That would be a broader undertaking, so that would add a bit more time. We would commit to following up on that and seeing what level of detail is available, but that's something we will report back to you.

Mr. Michael Harris: Could we say within 30 days?

Mr. Steve Orsini: In terms of how quickly we can do it, I'll have to get back to you. But that's something that we will endeavour to follow up on.

Mr. Michael Harris: Would you also be able to table with the clerk the ministerial transition binder you prepared for the minister immediately following the election?

Mr. Steve Orsini: I wasn't Deputy Minister of Finance at that time. I assumed the post in December. So I'll have to follow up what materials were prepared for the Minister of Finance.

Mr. Michael Harris: Okay. We would appreciate it. It's just a simple photocopy. If we could have that, if not by tomorrow, a week from today, even.

Over to the minister: In the last two fiscal years, how much has your office, would you say, in your estimate, spent on travel and expenses per se?

Hon. Dwight Duncan: I'm going to have to get back on the specific amount. We implemented some changes to travel budgets which were designed to save some money. I'll undertake to get back to you with the full amounts. That's been published.

Mr. Michael Harris: What would have been your office's total budget per year over the last three or four years?

Hon. Dwight Duncan: I'll have to get back to you with the specifics on that. I can probably get that later today—

Mr. Michael Harris: Today?

Hon. Dwight Duncan: I believe it's gone down.

Mr. Michael Harris: All right. If you could table that with us, that would be great, including all records, invoices, receipts for all ministerial—

Hon. Dwight Duncan: I think you guys routinely FOI those. I think you've got most of the ones, and of course, they're also approved by the Integrity Commissioner, as I recall.

Mr. Michael Harris: As per standing order 110(b), it would be appropriate for this committee, for them to be tabled here.

Hon. Dwight Duncan: I'll re-table them. That will cost some money since we've already given them to you, but heck, we'll do that.

Mrs. Donna H. Cansfield: Why don't you just share what you've got with us?

Hon. Dwight Duncan: Yes.

Mr. Michael Harris: Would you also be able to table, to the clerk, your House book?

Hon. Dwight Duncan: I'll fulfill whatever obligations I'm required to.

Mr. Michael Harris: This committee would appreciate that request of fulfilling, to the clerk, the House book.

Hon. Dwight Duncan: I think you've gotten most of that through FOI so, again, we'll repeat it; we'll spend staff time on that.

Mr. Michael Harris: Would you also, to this committee, table any emails, correspondence and briefing notes from within your office, and also ministry, as to the projected costs related to the deal you agreed to with the NDP prior to the budget?

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Mr. Gilles Bisson: Do I have to give you approval for that?

Hon. Dwight Duncan: I have no idea. We'll fulfill our obligations both to the committee and to the Legislature.

Mr. Michael Harris: All right. We'll make that noted, obviously.

Back to the power plants: I think there are still a lot of unanswered questions pertaining to the \$190 million that taxpayers will now be on the hook for, in addition to probably three times that or even more for the Oakville plant. You talked about the fact that there was a lot of political—

Hon. Dwight Duncan: I'm sorry, did you say that you know the price of the Oakville—

Mr. Michael Harris: I do not, but if you do, we'd be happy to—

Hon. Dwight Duncan: Just for the record, I want the record to show that you said that the settlement of that will exceed \$500 million. You said three times more than what we did for this one.

Mr. Michael Harris: Now you're putting words in my mouth.

Hon. Dwight Duncan: No, you just said three times. You said at least three times what we just said, and we'll review Hansard.

Mr. Michael Harris: It could possibly be.

Hon. Dwight Duncan: I just want to make sure that I get that on the record because you did say that.

Mr. Michael Harris: Well, you should check Hansard, Minister, because I said—

Hon. Dwight Duncan: You did. You just said three times more than we—

Mr. Michael Harris: I said it could possibly be, but if you know today, we'd love to hear it.

Hon. Dwight Duncan: I don't, that's the problem. I can't do these things until they're crystallized. That was the point I was making earlier. In any event, thank you. It's good to know what your party says the settlement costs will be.

Mr. Michael Harris: Now you're putting words in my mouth.

Hon. Dwight Duncan: No, you said it. I didn't say it.

Mr. Michael Harris: Have there been discussions pertaining to the cost of relocation for Oakville? You had mentioned that there were some political discussions—

Hon. Dwight Duncan: I have not been involved in those. I know you had the Minister of Energy here for 15 hours a week and a half ago. I will relay that question to him.

Mr. Michael Harris: All right. So just back to the Mississauga plant, then. You had disclosed earlier to the committee that there was some political discussion pertaining to the relocation of the power plant. In fact, there are a lot of still-unanswered questions in terms of it being a campaign decision or a government decision. Nonetheless, we'll move on from that part of it.

Hon. Dwight Duncan: Mr. Chair, I'd just like to set the record straight. Again, I did not say that. What I said was—

Mr. Michael Harris: If you check Hansard, you actually did say “campaign decision”—

Hon. Dwight Duncan: —there was a campaign promise made. I also used the words “campaign undertaking,” but the decision remained the government's decision subsequent to the election.

Mr. Michael Harris: If you check Hansard, you did say “campaign decision,” but nonetheless—

Hon. Dwight Duncan: Hansard has not been published yet, so you can't say that.

Mr. Michael Harris: Well, you said it, so—

The Chair (Mr. Michael Prue): In any event, the record will show, so please go on.

Mr. Michael Harris: It will show. Your colleague, the Minister of Energy, did state that it was a campaign decision, so I'll leave the ramblings between the two of you for another time.

However, it was noted that you said today that there was some polling done that showed things were tight in the Mississauga area and that a decision was made by the campaign team to make the commitment to relocate this plant. Those funds are coming from the contingency area of the budget. I'm not sure if you want to talk about some of the items that have come out of that contingency. We reference a lot of the emergency funding. What sorts of funding will come from the contingency this year that relate to emergencies?

Hon. Dwight Duncan: Mr. Chair, I do need to first of all say that what I in fact said earlier today was that I was not aware of any polling. I'm just not aware of any polling. That's what I said; Hansard will reflect that.

Again, the rest of your question, I'm sorry?

Mr. Michael Harris: We wanted to talk about the area of where the \$190 million was coming from and that's coming from the contingency area of your ministry. That's where you've said this \$190 million will be paid out of. Why should emergency monies be used to fix campaign team or Liberal government missteps, misdecisions? Shouldn't this be used to fight fires, help farmers in drought, help citizens in Elliot Lake?

Hon. Dwight Duncan: Yes, that's a good example of where it's used as well, but it is routinely used to settle lawsuits that crystallize during a fiscal year. I didn't know this until relatively recently: I guess I'm one of the

most sued guys in the province—I'm named in all kinds—in my capacity as Minister of Finance.

Mr. Michael Harris: Why do you think that is? Is it because—

Hon. Dwight Duncan: Because government does business with thousands and thousands of people and businesses. We have a whole department of the Attorney General that has lawyers in every ministry. Part of what they do is deal with lawsuits. Some of them are frivolous; some of them are real.

Contingency doesn't deal just with emergencies, with all due respect. It deals with a whole range of things, including unanticipated things like Elliot Lake. I think the money that—no, actually we were able—

Mr. Michael Harris: Are you comparing the Mississauga gas power plant relocation to the disaster and the unfortunate loss of life at Elliot Lake?

Hon. Dwight Duncan: You're a joke. You're a pitiful joke. I didn't say that.

Mr. Michael Harris: You're the one comparing it—

Hon. Dwight Duncan: You know what? You don't even ask questions that have any intelligence. You don't understand how the energy sector works. And don't put words in my mouth. At least Mr. Bisson asks difficult and tough questions that make sense.

Mr. Gilles Bisson: We're not friends; I just want you to know, for the record. It's just professional respect.

Hon. Dwight Duncan: I know we're not. Oh, yes, we are. We've been getting along well.

Mr. Michael Harris: Minister, Ontarians have a right to know why a government wasted \$190 million of their hard-earned taxpaying money.

Hon. Dwight Duncan: And we've explained it. I explained it.

Mr. Vic Dhillon: Where would you have gotten the money?

Hon. Dwight Duncan: Yes. You promised to do it.

Mr. Michael Harris: We wouldn't have built the power plant in the first place.

Hon. Dwight Duncan: Yes, but your leader promised to relocate it. Where would you get the money from?

Interjections.

The Chair (Mr. Michael Prue): Order, please. There are many conversations.

Mr. Michael Harris: Minister, we have, as committee members, a right to know and Ontarians have a right to know why their hard-earned taxpaying dollars are being wasted. Your government made the decision in the first place to build the power plant—

Hon. Dwight Duncan: I don't believe responding to the legitimate concerns of the people of Mississauga and Etobicoke is waste, nor did your leader when he said we did the right thing, nor did the leader of the third party when they supported the decision. We have now revealed what the costs are. We added to that because of another matter, unrelated initially, but because of the overall circumstances, in order to provide transparency.

I believe that we've been responding to the people of Mississauga and Etobicoke. We made the same under-

taking that the other two political parties made in the last election.

Mr. Michael Harris: Minister, I take offence to the fact you said that I'm a joke. My constituents sent me here to ask the tough questions of you and your government.

Hon. Dwight Duncan: Then don't put words in my mouth. With respect, don't, Mr. Harris, put words in my mouth. Keep the debate honest and don't keep putting words in my mouth. Don't quote Hansard that you haven't seen. Don't say I said something I didn't say. This is about integrity. I'm here; I'm happy to answer questions. I'm happy to answer them; I'm delighted. I always enjoy estimates, but you know what? When you put words in my mouth, don't expect me just to sit back.

Mr. Michael Harris: I'll refer to Hansard, then, Minister.

Hon. Dwight Duncan: You can't. It's not printed yet, so you're playing games.

Mr. Michael Harris: I have an electronic copy of it.

Hon. Dwight Duncan: The good news is, nobody cares about what you're saying at this point on those kinds of things—

Mr. Michael Harris: Well, I think that they do. We'll let Ontarians be the judge of that, perhaps.

Hon. Dwight Duncan:—and they take offence when you put words into my mouth.

Mr. Michael Harris: I have an electronic copy of Hansard where Mr. Bisson said, "So this was strictly a political decision." You said, "This was a campaign undertaking—" Mr. Bisson said, "This was a political decision." Then you said, "—at a time when I think we were still behind in the polls, so it required a government decision, which occurred after the election." Again: "at a time when I think we were still behind in the polls." That's Hansard. I'm simply referencing what was said earlier and the fact that your government and the campaign team made a decision to squander \$190 million of taxpayers' money to save Liberal seats. Correct?

Hon. Dwight Duncan: No.

Mr. Michael Harris: All right. So we'll go back to the contingency funding. I'll think we'll let folks decide for themselves. How much would actually be in the contingency fund this year? What is the dollar amount?

Hon. Dwight Duncan: Deputy? It's in the budget.

Mr. Steve Orsini: Yes. There's a line item in the budget that would show, through the course of the year, that the government does record amounts drawn from the contingency fund. In every quarterly reporting period, the amount is reported back in terms of, "Here's the amount spent; here's the amount drawn from the fund."

Mr. Michael Harris: Earlier today, you said that that contingency fund—there's money that comes in, comes out. How do monies come back into the contingency fund?

Hon. Dwight Duncan: As I indicated earlier, under-spending in areas—say, we crystallized something in-year and it would be reported either at the fall statement or at the end of the year through public accounts. But

money does go in and out. We watch the contingency fund because it is designed to meet—for instance, we're now through a little more than a quarter of the year, and the draw on the contingency fund—one thing I mentioned, for instance: We know there are some severe challenges going on in the rural sector right now. We know that it looks right now like there's going to be very substantial crop losses in certain areas.

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So we keep track of where the contingency is. For instance, last year we underspent the contingency, as I recall. We actually had money to put back in because, frankly, we didn't have a lot of unanticipated circumstances. The ones that did occur weren't as costly as they can be in some years. Historically, for instance, in the agricultural sector, we will often have to respond to a horrible crop year through direct spending. I remember in 2005 or 2006, we had to put several hundred million dollars into grains and oilseeds, as I recall. But now, of course, with the risk management program, that risk isn't as high. But we do monitor the contingency fund throughout the year because we're now a little more than a quarter of the way through the year.

Mr. Michael Harris: Where are we, at a quarter of the way through the year, with the contingency fund as is?

Hon. Dwight Duncan: It's down to about \$300 million, I think, Deputy?

Mr. Steve Orsini: We'll report quarterly, so it depends on when, as the minister correctly noted, it gets crystallized. If it's before—

Mr. Michael Harris: And that number will include the \$190 million for the Mississauga relocation?

Mr. Steve Orsini: If the time crystallized—depending on what quarter. So it may not be the first quarter; it could be the second quarter. It's the timing of when these costs are crystallized.

Mr. Michael Harris: You're saying there's only the \$300 million left, but that does not include the \$190 million?

Mr. Steve Orsini: No, I'm not saying that. What I'm saying is that the drawdown on the contingency fund happens when the cost is crystallized. It depends on when these costs are reported or crystallized for our financial statements, and then in the next quarter, when the government publishes our quarterly reports, the amount is then shown in that report.

Mr. Michael Harris: Just to be clear, what do we have left, or what is it drawn down to as of right now or as of last—

Hon. Dwight Duncan: Well, technically at this moment, I think it's still pretty much full, other than a couple of small commitments.

Mr. Steve Orsini: Again, what we'll be reporting on in the next little while is the amount for the first quarter. It will be dependent on when these costs are incurred, and then as these costs crystallize, in the subsequent report—and we'll need to get back to you on the exact amount because it gets reported through each quarter.

Mr. Michael Harris: So Q1 isn't out yet, then.

Mr. Steve Orsini: That's correct.

Mr. Michael Harris: When do you expect the \$190 million to crystallize?

Mr. Steve Orsini: Because the transaction occurred this week, it would be in the second quarter.

Mr. Michael Harris: Second quarter. Okay, Q2. Roughly, though, in your estimate, by the end of Q1, what will we have drawn that contingency fund down to?

Mr. Steve Orsini: We'll have to get back to you. That's part of the reporting. We either give it to you when the quarterly report is out, or we'll get back to you as soon—

Mr. Michael Harris: You don't have any rough idea? I think you had mentioned it may be around \$300 million.

Hon. Dwight Duncan: That was for the second quarter, really. But again, I'm reluctant to give you a specific answer on Q1 in case the number comes—because we haven't finished the Q1 reporting. I don't want to give you an inaccurate number right now.

Mr. Michael Harris: Just to be safe, though, take the \$300 million number, deduct the \$190 million. We just finished Q1; we've got three more quarters to go. What happens when such disasters like drought and others occur? What's the plan when we draw it all? Will we not be able to have the necessary money to support those folks?

Hon. Dwight Duncan: We also have reserve. We also have, throughout the course of the year, under-spends.

Interjection.

Hon. Dwight Duncan: Pardon me?

Mr. Gilles Bisson: Or you create an under-spend.

Hon. Dwight Duncan: Yes, that's true. We could say—

Mr. Michael Harris: Will you be introducing a new tax to cover—

Hon. Dwight Duncan: Ministries can reallocate. For instance, throughout the year, ministries will reallocate. A ministry will say, "On this program, we have spent \$40 million less than we thought. We'll reallocate it to this." There is a contingency over and above the specific contingency line. There is prudence built into the budget throughout.

The specific contingency amounts in the reserve are explicit, but again, throughout the year—and that's why I'm reluctant to give you a number short of what is reported quarterly, because that number will vary. Throughout the course of a year, if a situation develops, whether it's a drought or any kind of unanticipated circumstance, a lawsuit that we lose, any number of things, we can reallocate both within ministries, across ministries, through the contingency fund, and that's why you build contingency in.

You'll recall Mr. Drummond talked about the level of contingency in the budget and whether it's adequate—

Mr. Michael Harris: I just want to close now, because I know I've got 30 seconds.

The Chair (Mr. Michael Prue): I'm going to stop you right there. I don't know how much. You're right, 30 seconds.

Mr. Michael Harris: I'm double-checking here just in case. I think it's important to add that taxpayers are fine with some of their money being set aside for people in need and natural disasters such as farmers with their crops. But something tells me that they don't feel comfortable or find this situation worthy of those same funds in terms of relocating that gas plant. I hope that the crystallization of the Oakville plant doesn't happen in the next three quarters.

The Chair (Mr. Michael Prue): There's no opportunity to answer that.

Mr. Bisson.

Mr. Gilles Bisson: For the record, we actually do get along.

Hon. Dwight Duncan: Yes, we do, on a personal level. Our differences are political.

Mr. Gilles Bisson: We're not personal friends. We're not great friends. I just thought that whole exchange was interesting.

Hon. Dwight Duncan: Although this year they've been pretty calm.

Mr. Gilles Bisson: Yes, we get along. I think all members here—all BS aside, all of us have our political views and we also have what our political ideology is, but at the end of the day we're all honourable members and we try to do the job the best we can.

I want to switch tracks. I want to talk about ONTC a bit and I want to ask you a couple of questions to that end. How involved have you been, other than announcing in the budget—actually, you didn't announce it. It was Mr. Bartolucci who announced it. You just read in the budget that Mr. Bartolucci had announced it. To what degree are you involved or were you involved in the decision leading up to the decision to divest the ONTC?

Hon. Dwight Duncan: On that particular issue, I have been involved. This issue, particularly in my capacity as Chair of Management Board, goes back to 2003. We have injected, I think, some \$473 million since 2003 across a variety of attempts by the board over the years to—

Mr. Gilles Bisson: I give you credit for that, and let me just put on the record that those investments were needed and we give you credit for that. That's not my question.

Hon. Dwight Duncan: But to answer your question, I've been involved kind of intimately in my capacity as Chair of Management Board from the beginning.

Mr. Gilles Bisson: Okay.

Hon. Dwight Duncan: To give a little fuller flavour, given the fiscal constraints we have, we actually begin the budget process in the fall of the year previously through something called a results-based planning process where with every ministry we basically say, "This is the dollar envelope you have to live within. We need you to come back with the plan to show us how you're going to meet that."

The results-based plan is managed by the treasury board. Liz Sandals is on it. Donna Cansfield is on it now; she was not on it last year. I've been involved with it not just this fiscal year but over my tenure as Chair of Management Board.

Mr. Gilles Bisson: Whose suggestion was it to divest? Did it come from the ministry or your ministry? Did it come from northern development or did it come from your ministry?

Hon. Dwight Duncan: I think it was a meeting of the minds, Gilles, to be candid. There's toing and froing on these things and the ministry has some challenges. Finance will often work with officials at the political level. You discuss these things with your colleagues as well. It would have come from all of us together. I can't say one person stood up and said, "Let's do this."

Mr. Gilles Bisson: So when was the decision made to divest?

Hon. Dwight Duncan: It would have been made in the budget process.

Mr. Gilles Bisson: Not prior to the election.

Hon. Dwight Duncan: No, definitely not. In fact, in the last fiscal year, we put more money in and the RBP process started subsequent to the election.

Mr. Gilles Bisson: Okay. I talked a little bit earlier in regard to the freight part of the rail business. Everything from Moosonee south and everything from Constance Lake south: There's a fair amount of freight that is shipped from industry and into the community of Moosonee, obviously, because it's the only way in.

The question is, do you envision that after divestment, there actually will be a freight service on rail south of Cochrane?

Hon. Dwight Duncan: I'm going to refer that to the Ministry of Northern Development and Mines for a more detailed answer, but yes, we believe that services will continue and, in our view, with better governance, better management, will actually improve.

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Mr. Gilles Bisson: So you think that there will be a freight service once this divestment is done?

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: And who would deliver that, a private sector entity or—

Hon. Dwight Duncan: Well, I don't want to prejudge what will happen as part of the whole process to divestment, but on that particular issue, we'll see where it lands.

What we do know is that the amount of subsidy, which is \$100 million per year, is not sustainable, not when the occupancy of the passenger service is 17%. There are aspects of the business which are quite viable—Ontario, I think, is a good example of that—which I believe will be better run, better administered, in another fashion. What the effect of it—

Mr. Gilles Bisson: Is there a—sorry.

Hon. Dwight Duncan: Just to complete my answer: What that looks like at the end of the day? At this point, I don't know.

Mr. Gilles Bisson: Is it a possibility that some form of ONR will continue to run the freight service, if nobody buys it? In other words, is the government—if no private sector investment comes forward—

Hon. Dwight Duncan: I can't speculate on that because, again, this is subject to—I know that there's active interest from a number of potential investors in various aspects of this business, so it would be premature to speculate on that.

Mr. Gilles Bisson: So there are private sector investors who are prepared to buy the freight service, rail freight?

Hon. Dwight Duncan: I said that private sector interest has been expressed; the formal process has not, to my knowledge, begun.

Mr. Gilles Bisson: No, no, I understand. You're not into the RFP process. I understand that.

Hon. Dwight Duncan: But there has been interest expressed.

Mr. Gilles Bisson: So let me ask you this question: Are you confident that there will be rail freight service after divestment?

Hon. Dwight Duncan: I believe that the services that northern Ontarians need will be met and will be met in a more efficient—

Mr. Gilles Bisson: That wasn't my question. Sorry, Minister.

Hon. Dwight Duncan: Well, I'm not in a position to speculate. I can't speculate on that.

Mr. Gilles Bisson: Is it possible there will be no rail freight service? Is that a possibility?

Hon. Dwight Duncan: I don't want to speculate on that, Gilles. I'm confident that the divestment will result in better service across the freight and passenger.

Mr. Gilles Bisson: If you have been contacted by some private sector interest in the rail freight—

Hon. Dwight Duncan: I have not been contacted.

Mr. Gilles Bisson: No, no, the ministry.

Hon. Dwight Duncan: The ministry—I know there have been expressions of interest brought forward to the government from a number of potential people who are interested in exploring the opportunity.

Mr. Gilles Bisson: Are you prepared to share who those people are?

Hon. Dwight Duncan: I'm not even aware of who they are at this point.

Mr. Gilles Bisson: Could you request that and provide it to this committee?

Hon. Dwight Duncan: I could. I'm not sure that the ministry would be in a position to release those names at this point.

Mr. Gilles Bisson: God, it's a public railway. You would hope—

Hon. Dwight Duncan: There are commercial interests involved and there will be—

Mr. Gilles Bisson: Not to be combative, but the last time we went through this, we knew who the players were.

Hon. Dwight Duncan: And at the appropriate time, when the processes are in place, they will be full, open, and there would likely be some kind of oversight by a fairness commissioner or what have you.

Mr. Gilles Bisson: So what we know so far, from what you've said, is there's interest in the private sector of engaging in discussion around rail freight. We don't know how secure that is, as far as a final decision if somebody wanted to come in. But let's speculate that somebody is interested in actually taking it over. Do you believe that that can be run without a subsidy?

Hon. Dwight Duncan: We believe that it can be run by the private sector, yes.

Mr. Gilles Bisson: Without a subsidy?

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: Wow. Because even Mike Harris, when he went through this 10 years ago, came to the conclusion that CN said, "We can't do this unless you give us a subsidy." What's different from 10 years ago?

Hon. Dwight Duncan: Well, we'll have the Minister of Northern Development and Mines respond to you, but—I'll tell you what's different: We're putting a heck of a lot more money in, volumes are down, it's not well-run, and that's in spite of an investment of more than \$430 million of additional funding. It's just not sustainable. I think in fairness to the north, we have to come to terms with this, and we'll see what the process yields and where this gets us.

What I can tell you, Gilles, in my view and in the view of the government, this is actually a decision that will ultimately improve freight service in the north, will improve ground transportation through different modes of transit, and ultimately will wind up being more efficient and effective.

Mr. Gilles Bisson: In our renewed friendship, I'm asking 10-second questions. I appreciate you've got to give some detail, but please, don't try to do long answers on my 10-second questions.

My question, just to be clear: Do you believe that, if you are able to find a private sector entity, they can run this without a subsidy?

Hon. Dwight Duncan: I'll answer it again: I don't want to speculate on that. My view is that we can provide better service—and also, remember, this year alone we have spent some \$551 million on northern highways—

Mr. Gilles Bisson: Listen, I'm fine with that.

Hon. Dwight Duncan:—including the continued expansion work—

Mr. Gilles Bisson: We've got ambulances in northern Ontario, we've got hospitals, we've got schools—

Hon. Dwight Duncan: But you can't take these things out of the context of the broader investments.

Mr. Gilles Bisson: Minister, I've got 20 minutes and I'm trying to ask you questions on one section of our expenditures. All I'm asking is—let me ask it a different way. Is it possible that in fact you will have to provide a subsidy to a private sector—

Hon. Dwight Duncan: Again, I don't want to speculate on that until I see what actually comes back.

Mr. Gilles Bisson: My sense is, you're going to have to, and just let me make this one-minute comment. There's not a rail service anywhere in the world that, quite frankly, can stand on its own without a subsidy, because it is a very expensive business. But why do we do it? For all kinds of reasons, which I'm not going to get into: environmental, intermodal, and all of that stuff.

But the point is, if you're going to have to provide a subsidy to the private sector, I would assume that just the rail part of the Constance Lake line going down to Cochrane and from Cochrane going down to North Bay is going to cost at least \$5 million, \$10 million, with the subsidy. So if the province is going to be stuck giving a subsidy to the private sector, why would we get out of this business in the first place and not try to figure out how we can find ways to make the ONTC run in a way that's more in keeping with what we all want?

Hon. Dwight Duncan: I don't have any experience running a railway—

Mr. Gilles Bisson: It's pretty clear.

Hon. Dwight Duncan:—so I'm not going to speculate on that. What I do know is, who'd have thought you could fly from Toronto to Timmins for 179 bucks?

Mr. Gilles Bisson: Thank God for Porter.

Hon. Dwight Duncan: And we're subsidizing the train \$400-and-some per ticket.

Mr. Gilles Bisson: But let me tell you what will happen once we become a monopoly, because we had that in Timmins as well. When Air Ontario was alone and there was no competition with Porter, we were paying 2,200 bucks. My point is, there is a competition going on, a very healthy competition, between two services—

Hon. Dwight Duncan: Not with the railway—

Mr. Gilles Bisson: My point is—that's exactly the point.

Hon. Dwight Duncan:—because nobody's taking the railway.

Mr. Gilles Bisson: I don't interrupt you. Don't interrupt me, Minister. We're friends now; remember that.

So the point is that there's a competition between Porter and Air Ontario that's causing both of them to compete with each other and, quite frankly, to have loss leaders. They are dropping their flights in some cases, where they are not making money, trying to get a larger market share. We understand the principles of competition.

What you're going to end up with at the end of this is, if a private sector investor picks up the freight service—and we're just talking freight for Constance Lake south and Cochrane south—there's not going to be any competition, so there's going to be one person paying the bill: the client. Either the rates have got to go up to pay for the ongoing maintenance of that rail system and the operation of it, or there's going to have to be a subsidy put forward.

My thinking is, rail services, like roads, take money to fix bridges and fix ties and railbeds and all that kind of stuff. The amount of business may be a little bit lacking

when it comes to offsetting it. So let's agree that there's probably going to need to be some form of subsidy of that system.

Hon. Dwight Duncan: I won't speculate on that until the process is done and until we actually see it—

Mr. Gilles Bisson: All right, fair enough.

Hon. Dwight Duncan: —because, again, I don't run railways.

Mr. Gilles Bisson: Okay, well, let's talk about a separate railway. The government has decided it's not going to divest the route north of Cochrane that goes up to Moosonee, which is the Little Bear and the Polar Bear. Do you expect to provide it with a subsidy, once you privatize?

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: How much is that subsidy, in your mind?

Hon. Dwight Duncan: I'll refer that to the Minister of Northern Development and Mines. I don't know what that subsidy is right now.

Mr. Gilles Bisson: Does the deputy have a sense? You seem to.

Mr. Steve Orsini: No.

Hon. Dwight Duncan: We'll have to get back to you.

Mr. Steve Orsini: No, I think that would be a question for the Ministry of Northern Development and Mines.

Mr. Gilles Bisson: Can you provide that to us?

Hon. Dwight Duncan: I will ask them to, yes.

Mr. Gilles Bisson: Okay. So, again, it's going to take a bit of a subsidy in order to—for the record, it's going to take a subsidy to run the rail service from Cochrane north up to Moosonee.

The other question is the equipment that is run on the Polar Bear and Little Bear. Have you seen what that equipment is lately? You don't run a railway, but are you aware of the condition of the equipment, like the cars that run from Cochrane going up to Moosonee?

Hon. Dwight Duncan: I'm told they're not in very good shape—

Mr. Gilles Bisson: That's right. Are there any plans to upgrade?

Hon. Dwight Duncan: —and that's why northerners don't like to—again, I'll refer that to the Minister of Northern Development and Mines.

Mr. Gilles Bisson: They don't have a lot of choice, going to Moosonee. It's an \$800 airplane ride or the train.

Hon. Dwight Duncan: No, I understand that—

Mr. Gilles Bisson: Or snowshoes.

Hon. Dwight Duncan: —and that's why we're keeping the service.

Mr. Gilles Bisson: Okay, very good.

Hon. Dwight Duncan: That's the only mode of transport.

Mr. Gilles Bisson: I'm glad we're in sync in one part of northern Ontario.

Hon. Dwight Duncan: So we're in sync on that, and we are in sync that, for some reason, in spite of some 400-million-odd dollars over the last eight years, those trains are in a deplorable situation—

Mr. Gilles Bisson: Okay, we're going to get to that part later. We're going to get to that later.

Hon. Dwight Duncan: Gilles, we're friends again. Let me respond in total. Let's be buddies.

Mr. Gilles Bisson: Aw, Dwight.

Hon. Dwight Duncan: Come on.

Mr. Gilles Bisson: Come on, buddy. What are you doing?

Hon. Dwight Duncan: Listen, we've had this wonderful exchange all morning.

Mr. Gilles Bisson: Oh, Lord. We're going to get to that later. I'm going to blow sunshine your way in a minute, okay?

Laughter.

Mr. Gilles Bisson: I said in a minute. I didn't think— you guys have bad minds. That's all I've got to say about all of you Liberals.

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My point is, there's going to be a subsidy that's going to have to be provided for the train going north. I'd like to have from you, if you could provide the committee, how much you expect the annual subsidy is. I would imagine you're going to have to spend capital as well when it comes to maintaining the rail line from Cochrane going north. You'll have to provide some of those dollars; right?

Hon. Dwight Duncan: Again, Gilles—yes. We've agreed to keep that service because of the nature of it—

Mr. Gilles Bisson: So you're going to have to do some capital; right?

Hon. Dwight Duncan: At this point, I'm not going to speculate. I'm going to leave that to the people who are helping us work through this.

What I can say is that we believe that the overall impact of this policy will be to in fact improve service to the north. It will be to run a more efficient railway and it will deal with some long-standing issues that government after government have attempted to do.

I will remind you, if I can, that during her visit last week to the north, your leader admitted that she was not willing to go to an election over this. We were reminded as well that when you were part of a government you cut subsidies by \$5 million, you closed the trucking business, you reduced bus service, reduced passenger train service and eliminated plane service.

Mr. Gilles Bisson: No, we didn't eliminate plane service. It wasn't us.

Hon. Dwight Duncan: NorOntair.

Mr. Gilles Bisson: It wasn't us.

Hon. Dwight Duncan: No, it was.

Mr. Gilles Bisson: No, it wasn't.

Hon. Dwight Duncan: In any event, all I'm saying—

Mr. Gilles Bisson: Point of order. Whoa. Mike Harris stopped the planes. Let's be really clear about that.

Hon. Dwight Duncan: The long and the short of it is—

Mr. Gilles Bisson: No, no, Minister, you can't put on the record things that are not factual.

Hon. Dwight Duncan: All right. I'll have that fact checked. This comes from comments that—

Mr. Gilles Bisson: Mr. Bartolucci makes all kinds of comments and he's hyper-partisan—

Hon. Dwight Duncan: My experience is he's pretty accurate—

Mr. Gilles Bisson: —and I understand it. He's a pretty partisan guy; that's fine. But, Minister, I'm asking you questions and I don't want to get into a political discussion.

My question to you was, you're going to have to provide a subsidy for the operation of the rail north of Cochrane and, yes, you're going to have to provide ongoing capital to maintain the rail system and the bridges north of Cochrane; right?

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: And you're going to have to provide money in order to upgrade the equipment as well.

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: Okay. Now, the other part—

Hon. Dwight Duncan: Over time. I didn't say when, I didn't say how.

Mr. Gilles Bisson: Oh, you're not going to do it in one year.

Hon. Dwight Duncan: I'm going to leave that to the people who are going to operate the business—

Mr. Gilles Bisson: Listen, you're not going to fund it all in year one. I understand that.

Hon. Dwight Duncan: I'm sorry, pardon me?

Mr. Gilles Bisson: You're not going to fund it in year one, I get that. But my point is—

Hon. Dwight Duncan: I think one of the advantages, by the way, Gilles, to bringing the private sector in is they have capital, they have more capital than—

Mr. Gilles Bisson: Can I tell you what happened when they brought the private sector in to run what used to be NorOntair? We used to have 30 communities that had air service in northeastern and northwestern Ontario. We've lost about two thirds of that. Places like Earlton, Kirkland Lake—

Hon. Dwight Duncan: Polar Bear goes up there, I think—

Mr. Gilles Bisson: No, no.

Hon. Dwight Duncan: —and a number of other options.

Mr. Gilles Bisson: My point is, the private sector—

Hon. Dwight Duncan: All we're looking to do is improve service—

Mr. Gilles Bisson: Listen, what the private sector does well is where you've got a market. Part of the problem in northern Ontario is the market is pretty thin and that's why the government got involved in this business. But let's get back to our questions—

Hon. Dwight Duncan: In those areas where the private sector won't serve, we are in fact—the Polar Bear Express is an area that we're going to stay with.

Mr. Gilles Bisson: Okay, you're going to subsidize it, I understand.

Hon. Dwight Duncan: We're continuing to invest in roads. Why, for instance, we would continue to put the kind of money—

Mr. Gilles Bisson: Minister. Dwight.

Hon. Dwight Duncan: —into what is an inefficiently run service is beyond me—

Mr. Gilles Bisson: Dwight, come on, buddy.

Hon. Dwight Duncan: Speaking as a friend, I'd much rather take the money we save there and put it into better schools in the north—

Mr. Gilles Bisson: Come on, buddy.

Hon. Dwight Duncan: —to put it into better health care in the north.

Mr. Gilles Bisson: Work with me here. Work with me.

Hon. Dwight Duncan: I am. We have been. Remember, you guys helped with the budget.

Mr. Gilles Bisson: Yes. Well, sometimes we might help you; sometimes we might trip you up.

The Chair (Mr. Michael Prue): Work with each other. There's only about two minutes left.

Mr. Gilles Bisson: So the point is, you're going to have to subsidize rail freight in the end, you're going to have to subsidize north of Cochrane, you're going to have ongoing capital that you're going to have to do—let me just finish, it's my time—and the Premier is now on the record saying that they want to maintain the bus services that are in all of our communities in northeastern Ontario that are currently served by the ONR.

I've talked to the people who are actually bidding on trying to do that work. They're saying, "The only way we can do it, number one, give me a monopoly," and number two, it's going to probably take some form of subsidization. So we're going to have to give the private sector a monopoly and I know what happened last time we had a monopoly with air service into Timmins: We were paying \$2,200 return—

Hon. Dwight Duncan: We now have a public monopoly that's losing money hand over fist, is not reinvesting in capital, is diminishing service—

Mr. Gilles Bisson: Minister, I—hey Minister. Hey, I wasn't finished.

Hon. Dwight Duncan: I thought you were supposed to ask questions.

Mr. Gilles Bisson: Come on, buddy. I wasn't finished.

Hon. Dwight Duncan: I'm just trying to respond, trying to work with you, here. Work with me.

Mr. Gilles Bisson: Be nice.

Hon. Dwight Duncan: Work with me.

Mr. Gilles Bisson: So my point is that you're going to have to subsidize it in the end.

My final question is: How much money do you expect you're actually going to save on an annual basis when it comes to the subsidy? Can you provide—

Hon. Dwight Duncan: Not only will we save—

Mr. Gilles Bisson: Let me finish the question. Can you provide this committee with how much you expect to save on the subsidy at the end of this privatization, if you have to privatize rail freight, if you have to privatize rail going north, passenger service to Moosonee, and you've

got to provide either a monopoly or some form of subsidy to the bus service—not talking about ONR; we’ll get to that one later. Can you provide us with that?

Hon. Dwight Duncan: I don’t agree with any of your presuppositions and I’m not in a position to know until any final—

Mr. Gilles Bisson: How much do you want to bet that’s what you’re going to have to do?

Hon. Dwight Duncan: Do you know what? We can have a gentleman’s bet, but at this point, I’m not going to speculate on what the final will look like. But I can tell you that I believe, at the end of the day, that you will have much-improved service, both on the freight and passenger side, to the north at a lower cost.

Mr. Gilles Bisson: The only one who buys that is Rick Bartolucci. Nobody else buys it up north. Sorry, Minister.

The Chair (Mr. Michael Prue): With that, it’s now the government’s turn. Ms. Cansfield.

Mrs. Donna H. Cansfield: Minister, we were interrupted. I didn’t know if you had anything else you wanted to say about the prescription drug program. And then I have a couple of questions I’d like to ask.

Hon. Dwight Duncan: We were on the property tax system, right?

Mrs. Donna H. Cansfield: No, we were on prescription drugs.

Hon. Dwight Duncan: Oh, I’m sorry.

Mrs. Donna H. Cansfield: I was thrilled about the answer on the other.

Hon. Dwight Duncan: I didn’t move my pages up enough. There we go. I think I got it all out. We talked about the ODB and the first \$100. The \$2 copayment: I had a chance to speak about that.

Income thresholds will not be indexed to inflation, so there won’t be a creep on this. It covers more and more people over time. I think that pretty much covers that particular question.

Mrs. Donna H. Cansfield: Thank you very much. In the last file, you identified that—I think it was in the beginning of your discussion—we had identified some savings in the budget. Could you elaborate on that for me?

Hon. Dwight Duncan: On April 25 of this year, we announced updates to the fiscal plan to make the budget still stronger. The proposed changes contain no net new spending and include the following new savings proposals to support other important priorities: the government is moving to lower the cost of the top 10 generic drugs to achieve an additional \$55 million a year in savings; the government has committed to further reducing spending on consultants by \$20 million in 2012-13.

Between 2002-03 and 2011-12, Ontario reduced spending on consultants by about 45%. You’ll recall that the previous government laid off all kinds of public servants and rehired many of them as consultants at higher rates, so there were no real savings achieved. I’ll provide to the committee and table the information with respect to just how many were involved and what the dollar costs

were, but we have reduced the cost of consultants by almost 45% since assuming office.

Mrs. Donna H. Cansfield: If that’s the case, if we are doing well, why aren’t we accelerating? Why aren’t we saying, “We’re going to deal with this budget deficit earlier than what we had proposed”?

Hon. Dwight Duncan: Returning to a balanced budget is the key fiscal objective. It’s not the only goal. As I indicated earlier and I think most of us would agree, it’s a means to an end: ensuring that Ontarians continue to receive the best value through the best education and health care systems possible, and a stronger economy. Our plan, we believe, is reasonable, it’s responsible and it’s balanced. Over the next three years, as I indicated earlier, there are \$4 of expense measures being taken for each \$1 of revenue measure.

I also believe it’s important to note that the deficit isn’t the only indicator of fiscal health and sustainability. In fact, even before the budget achieves balance in 2017-18, the measures in this budget will help support the province in improving its fiscal health and sustainability even earlier, which will provide a strong foundation for the longer-term sustainability of core services like health and education.

Another indicator that the government’s fiscal plan is on track for sustainability is measuring the province’s primary budget balance; that is, the surplus deficit, excluding interest on debt expense. Achieving a primary surplus is generally an important step in reducing the net debt-to-GDP ratio.

Consistent with the peaking of the province’s net debt-to-GDP ratio, we expect Ontario to achieve a primary budget balance by 2014-15; that is, our expenditures without interest, based on the debt that goes back to Confederation, will be in line with the revenues. That’s the primary. That’s the first step. It’s at that point that the rate of growth in the net debt-to-GDP ratio begins to level off. That actually happens in 2014-15. That’s when we get back to primary surplus.

In effect, from 2014-15 through to 2017-18, the deficit is equal to the amount of interest we pay. That interest, of course, is based on debts that have been incurred since Confederation.

1350

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

The Chair (Mr. Michael Prue): Mr. Dhillon.

Mr. Vic Dhillon: Minister, what has the government done to ensure that taxpayer dollars are being used effectively and responsibly?

Hon. Dwight Duncan: In 2009, the Premier announced new accountability measures to protect Ontario taxpayers, including rules that prohibited consultants from being able to bill for food expenses, hospitality or incidental costs, and the establishment of a public website with expense information for cabinet ministers and senior management in government ministry. The website was launched on April 1, 2010, with expense information for the Premier and all other cabinet ministers, parlia-

mentary assistants, political staff and senior management of the Ontario public service.

The travel, meal and hospitality expense directive sets out expense rules for staff at ministries and government agencies to help ensure that taxpayer dollars are used wisely. The directive was updated in 2010 to provide increased accountability and transparency by expanding the coverage to 21 of Ontario's largest agencies and organizations, requiring the public disclosure of expense information for senior ministry management and senior executives in those agencies and organizations, and also ensuring that the rules are clearly articulated.

The Public Sector Expenses Review Act, 2009, provides further oversight by giving the Integrity Commissioner the authority to review expense claims of the senior officials in the 21 agencies and organizations.

In 2010, the government introduced the Broader Public Sector Accountability Act, which includes new rules and higher accountability standards for hospitals, local health integration networks and the broader public sector, including hospitals, universities, colleges and school boards, around the use of external lobbyists, consultants and expenses. There are now three directives targeted to the BPS organizations covered by the act: procurement, expenses and perks. These measures protect the interests of taxpayers and strengthen the government's accountability.

Mr. Vic Dhillon: Thank you, Minister.

The Chair (Mr. Michael Prue): Ms. MacCharles.

Ms. Tracy MacCharles: Minister, in my riding as, I'm sure, in most of our ridings, I do get a lot of calls about the future of the CPP. In these challenging economic times, people are thinking about their future, and we talked about old age security earlier. You've referenced before a modest increase to the CPP, and I'm wondering if you could elaborate on that, please.

Hon. Dwight Duncan: Thank you, Tracy. In 2010, Canadian Ministers of Finance committed to working together on pension reform options, including a modest, fully funded and gradual expansion of CPP retirement benefits. Since then, Ontario has continued to advocate for such an expansion of CPP.

It's important to strike a balance between the need for more predictable retirement incomes, particularly for those individuals in the middle-income range, and the additional costs that will be imposed on businesses and workers as a result. Compromise will be necessary. Improvements must be pre-funded, intergenerationally equitable and affordable for employees and employers. Ontario also believes any increase should be phased in to ensure a smooth transition for workers and businesses.

Our discussion paper on the retirement income system, entitled *Securing Our Retirement Future: Consulting with Ontarians on Canada's Retirement Income System*, which I released in October 2010, sought input from Ontarians on possible approaches to CPP enhancement and pooled registered pension plans. Moderate-income families simply are not saving enough for retirement. We, as a

society, need to address this issue now rather than later when, frankly, it will be too late.

Both the federal government and the Ontario government commissioned economists to look at retirement income savings. Both economists found that a significant minority of middle-income Ontarians are not saving enough for their retirement. The good news is we have time now to begin to address this, just as federal governments in the past—I remember the Chrétien government in the late 1990s moved to put the Canada pension plan on a more sustainable footing. It was not a particularly popular thing to do at that time, but now it is one of the safest public pension plans in the world and is looked at from around the world. So we have time to address this, because this problem is going to unfold over time.

To address the concerns about the timing of a CPP enhancement and the impact that an increase in contributions may have during this economic recovery, Ontario is working with other governments to develop what I would call a responsible and manageable phase-in strategy.

I've also had the opportunity to work with the Canadian Federation of Labour and other groups, as well as business groups, to continue to force the debate on post-retirement income because we do still have time to address this, and address it appropriately, to avoid what could be very challenging social issues for the elderly in the future.

Ms. Tracy MacCharles: If my constituents in Pickering-Scarborough East, or anyone in Ontario, for that matter, wanted to find more information about these planned changes, would they go to the Ministry of Finance website, look through the budget? What would you recommend?

Hon. Dwight Duncan: Yes, there's information that can be linked to on our ministry's website. Frankly, I haven't gone there myself; that's why I looked at my deputy and hesitated. I believe there is information available there. Deputy?

Mr. Steve Orsini: The CPP site itself has a lot of information—the federal government. A number of discussion papers have been written by research groups. If you're interested, as part of providing support for the committee, we can provide that information.

Ms. Tracy MacCharles: Great. Thank you. I was just interested in where to direct people.

The Chair (Mr. Michael Prue): Ms. Sandals.

Mrs. Liz Sandals: Minister, one of the regulation areas that falls under your ministry is auto insurance. Before we rose in June, one of the things we dealt with was a private member's bill from one of the NDP members with regard to auto insurance. I know in Guelph, with my constituents, there was significant concern about what impact that would have on them. I wonder if you could help us understand what the impact of that private member's bill would have on auto insurance rates for people in Ontario.

Hon. Dwight Duncan: That particular private member's bill was a poorly thought-out piece of legislation that would lead to a substantial increase in insurance

costs for Ontario drivers. For instance, according to FSCO, it could mean average premium increases in the north of over 30%. Effectively, the legislation would require people from northern Ontario to subsidize the insurance of people living in downtown Toronto. The legislation would unfairly require people in one area of the province to pay for the costs incurred in another.

In today's challenged global economic climate, it would be unfair to place an additional burden on Ontarians by supporting legislation that would cause average premiums to go up across the province.

Territory is only one factor in the price of a premium and relates to the geographic risks based on where those people tend to drive.

The NDP and the member who introduced it want drunk drivers and other reckless drivers to pay less for insurance. In their private member's bill, a driving safety record only includes actual accidents. Effectively, if you get caught drunk driving but don't get into an accident, your premium won't go up.

Others across the province are talking about the significant flaws with the bill. Mothers Against Drunk Driving Canada CEO Andrew Murie was quoted as saying they "would strongly advocate that this bill be rejected. In our view, the bill sends all the wrong messages, punishes responsible drivers, rewards dangerous drivers, and will increase the risk to Ontario road users."

He then goes on to say, "By excluding reliable evidence of crash risk, the bill treats high-risk drivers the same way as low-risk drivers. In essence, the bill will force responsible drivers to subsidize the insurance premiums of dangerous drivers"—

Mr. Gilles Bisson: Dwight, I thought we were friends.

Hon. Dwight Duncan: We are, Gilles. I'm trying to protect you from your colleague.

"This aspect of the bill is blatantly unfair. Moreover, by keeping the insurance premiums artificially low for dangerous drivers, the bill will encourage them to continue driving.

"The flawed proposal also does not take into account the make, model and year of the car. The bill is poorly modeled after California legislation."

California, by the way, has some of the highest average insurance premiums in the United States, with benefits coverage that is substantially less than what we have here in Ontario.

Our government's plan is different. Instead of pitting one group of people against another, we are addressing the pressure of premiums head-on by looking at the cost in those areas affected and taking a strong stance against fraud and abuse in the system.

Mrs. Liz Sandals: I understand, looking at some data that came out recently, that in fact there has been a significant flattening of the curve in terms of auto insurance rates, so that bears out the policy decisions that have been made.

1400

The Chair (Mr. Michael Prue): Mrs. Cansfield.

Mrs. Donna H. Cansfield: If I may, I'd like to build on that, though. The auto fraud is an issue.

Hon. Dwight Duncan: Absolutely.

Mrs. Donna H. Cansfield: It's a very significant issue. It's probably one of the most non-partisan issues; it impacts so many people. We've done some things—I think that's really important to acknowledge. Maybe we could talk about that and then the future as well.

Hon. Dwight Duncan: For sure. We recognized this a couple of years ago; in fact, in the 2011 Ontario budget, the Auto Insurance Anti-Fraud Task Force, which includes representatives from the insurance agency, academia, the justice sector and consumers. The task force is mandated to make recommendations aimed at addressing fraudulent and abusive practices.

The 2012 budget announced the adoption of strong new measures to reduce auto insurance fraud and enhance consumer protection, including enhanced auto insurance fraud training for police officers. We started a pilot project using health care claims for an auto insurance database to help health care providers to flag clinics misusing their credentials and cut down on identity theft. We also amended regulations to enhance the ability of insurers to seek verification of invoices to ensure that treatments were in fact provided. We issued a superintendent's guideline to ensure that insurers are not being invoiced for medical devices at significantly higher than the market rate.

We've also encouraged the industry to communicate the issue of fraud across a number of media platforms and measure the current state of consumer engagement and awareness on the issues, and require the CEOs of automobile insurers in Ontario to annually attest that their accident benefit cost controls are effective and that legitimate claimants are fairly treated.

In December of last year, the task force issued its interim report, which was posted on the Ministry of Finance's website. The task force is continuing its important work and will, by the end of this year, submit final recommendations on the following:

- the regulation of health clinics;
- other gaps in regulation;
- the establishment of a dedicated fraud unit;
- consumer education and engagement strategy;
- a single Web portal for auto insurance claims.

The government is also proposing amendments to provide the Superintendent of Financial Services with powers to impose administrative monetary penalties for contraventions of legislation and regulations; for instance, fraudulent health care claims. The automobile insurance reforms that came into effect on September 1, 2010, introduce measures that address abuse and fraudulent activities in the system. These measures include a \$3,500 minor injury cap, which covers the most common injuries found in fraudulent claims; optional benefits and new controls for housekeeping, caregiver and attendant care benefits, another frequent area of abuse; restrictions on assessments and longer response times to adequately

review claims; and a wider discretion on the use of insurer examinations to help combat fraud and abuse.

The Financial Services Commission of Ontario, commonly known as FSCO, has raised the profile of its enforcement actions in the auto insurance sector. Over the past year, it has laid a number of charges against health care clinics and individuals affiliated with those clinics who have billed insurers for goods and services that were never provided. FSCO works closely with law enforcement agencies, the Insurance Bureau of Canada, industry stakeholders and other jurisdictions to combat this type of fraud and abuse. FSCO also helps consumers by using its websites to alert them to scams that FSCO has investigated in its regulated sectors and by distributing brochures on these scams.

One of the best defences against scams is a well-informed consumer. In 2003 and 2005, the government added new provisions under the Insurance Act to address various unfair and deceptive practices. This included the activities of tow truck drivers and vehicle repair services.

Fraud is a very serious issue and leads to higher premiums for Ontario families. It's clear that we have implemented and continue to implement policies that address this issue. Our government is committed to protecting Ontario drivers and their families from fraudulent activity.

Mrs. Donna H. Cansfield: Thank you very much, Minister. I think the other important part of this is the discussions you've had also with the insurance industry and their acceptance of their responsibility in this area as well, and I'd like to say thank you for that.

The Chair (Mr. Michael Prue): Mr. Dhillon, we have about a minute and a half—less than a minute.

Mr. Vic Dhillon: Minister, you mentioned that Ontario remains the largest net contributor to the equalization program. Doesn't equalization come from the federal government instead of provinces paying provinces?

Hon. Dwight Duncan: Equalization payments are paid by the federal government. Ontarians contribute to the program through the the federal taxes they pay to Ottawa. It's estimated that Ontario taxpayers contribute approximately 40% to total federal revenues. Therefore, in 2012-13, Ontarians will contribute approximately \$6 billion to the equalization program. In return, we will receive \$3.3 billion back. The difference between what Ontarians pay into the program through their federal taxes and what the province receives back from the program is \$2.7 billion, making Ontario the largest net contributor to the federal equalization program.

The Chair (Mr. Michael Prue): And thank you very much. It's now the turn of the official opposition. Mr. Nicholls.

Mr. Rick Nicholls: Minister, you clearly said, and Mr. Bissonne has already brought out this—

Mr. Michael Harris: Bisson.

Mr. Rick Nicholls: Bisson, sorry—that the decision to cancel the Mississauga power plant was made at a time when your party was behind in the polls, and you've since been clear that you're comfortable with that. You

then try to justify that form of decision-making by saying that you were listening to the will of the people.

Do you believe that every piece of government policy should require a referendum?

Hon. Dwight Duncan: No.

Mr. Rick Nicholls: Well, I have an email that I'm going to ask the clerk to distribute to you. While it's being distributed, this was something that was quoted from the Globe and Mail, and other news outlets were reporting that your decision was based on polling that showed that you were behind. Is that the way you formulate sound public policy? Are your policy decisions based on that?

Interjections.

Mr. Rick Nicholls: My question is to the Minister, thank you very much.

Hon. Dwight Duncan: You didn't mention that above that, the authors, who by the way are Ontario public servants, say that the Premier said that if we took this decision, it had nothing to do with getting votes. You ought to read into the record the full tenor of what's in there.

This is a memo from one official at the Ministry of Energy to the other, so it's hard for me to comment on what they were getting at. I'm just trying to read the last piece here.

Mr. Rick Nicholls: Well, the quote in there is also—as you're reading that, Minister, Rick Jennings, the assistant deputy minister of energy, in this email which we have just passed on to you, is quoted as saying “The Liberals have won all five seats in Mississauga handily so they will see this ... cancellation as a big success.”

I guess my question is, what did he mean by that? Do polling-based decisions have anything to do with that?

Hon. Dwight Duncan: This is a memo between two officials at the Ministry of Energy. I know Mr. Jennings; I don't know this Mr. McKeever. As I read this, Mr. McKeever is simply speculating that because the Liberals won the election in the fall, they would be happy. He's right about that.

Mr. Rick Nicholls: Polling-based decisions.

Interjection.

Mrs. Liz Sandals: But it's speculation by a couple of bureaucrats.

Hon. Dwight Duncan: It is. This is pure speculation on the part of a couple of officials at the Ministry of Energy, one of whom I do know, not well, but we have worked together in the past. I can't comment on this.

Mr. Rick Nicholls: You can't comment on it at all? It's just ironic or coincidental that the fact that—

Interjections.

Mr. Rick Nicholls: Mr. Chair?

The Chair (Mr. Michael Prue): Go ahead. You have the floor.

Mr. Rick Nicholls: Thank you. So “speculating” is what you're calling that. I call it perhaps purely coincidental that your polling in fact led you to that decision, perhaps, and these gentlemen were perhaps implying that perhaps you kind of won out because of the fact that you

listened to the people in your polling—decision-based polling.

Hon. Dwight Duncan: I'll remind you of what I've said, and I've reviewed Instant Hansard. I said earlier that I was not aware of any polling.

Mr. Michael Harris: That's what it is now.

Hon. Dwight Duncan: Instant Hansard is. I will also remind you that this doesn't say anything about that at all. What was important was that on October 6 we won the election and we proceeded to implement a campaign undertaking that we had made and that, frankly, your leader and the leader of the third party had made.

Mr. Rick Nicholls: I see. I find that the comment made by Mr. McKeever to Mr. Jennings—and I'll read it for the record: "Just saw some liberal types in a Mississauga election" headquarters "being asked, 'What about the cost of cancelling this plant where they have already poured concrete?'. Answer was, 'They were warned back in May that any work they did was at their own risk and not the responsibility'.... Interesting." And that was sent from Garry McKeever on that.

1410

So I guess, again, sir, we talk about this polling that you've done. I guess my question to you is—and I want to go back to the point that I made earlier, where you clearly said, and Mr. Bisson had already brought it up, that the decision of the Mississauga power plant cancellation was a decision made at a time when your party was behind in the polls, and that you've since been clear, and you've said you're comfortable with that. Then you try to justify the form of decision-making by saying that you were listening to the will of the people, keeping in mind that that decision to cancel that power plant was a couple of weeks before the October 6 election.

I asked the question; I'm not so certain that I got a response, but I'll ask it again: Do you believe that every piece of government policy should require a referendum?

Hon. Dwight Duncan: What I said before and will say again is, no.

Mr. Rick Nicholls: No. Every piece of government policy should not require referendum. Except shortly afterwards—

Hon. Dwight Duncan: You just created a double negative. Let me be clear: Every decision government takes should not be put to referendum.

Mr. Rick Nicholls: Every decision that the government makes should not be put to a referendum?

Hon. Dwight Duncan: Yes. I don't want to give a double negative, lest it be misinterpreted.

Mr. Rick Nicholls: All right. Except shortly thereafter, you said the HST was tough medicine that most people didn't want, but it was the right thing to do. So which is it?

Hon. Dwight Duncan: Yes, we didn't put that to a referendum.

Mr. Rick Nicholls: No. But in your opinion, what should a government do? Bend to the will of the people with no regard for long-term outcomes?

Hon. Dwight Duncan: The government should lead and do what's in the best interest of all Ontarians, something that this Premier and this government clearly are prepared to do. The people in Mississauga and Etobicoke overwhelmingly were opposed. We heard representations from their municipal leaders, community leaders and their local elected officials, and the government chose in the last election to make a campaign commitment that, if re-elected, we would move to relocate the plant.

We were subsequently re-elected, and upon re-election, we began the process of making the decision that led to the decision to relocate the plant, that led to the settlement that takes \$180 million to relocate that plant to Sarnia-Lambton, to a coal-fired generating station that had been mothballed by the government—I don't know if it had been mothballed, but it had been written off as the asset had been impaired when the government's policy was established—which will now create a new gas plant, which will create jobs during the construction phase. It will also create permanent jobs, I think in the vicinity of about 90 or 100, if I'm not mistaken. We believe that in the circumstances, as difficult as it was, that we did need to undertake to fulfill the undertaking we made in the general election.

Mr. Rick Nicholls: Well, it did create jobs; I'll grant you that, Minister. But again, all that money and all those jobs since went down the drain. Again, is it the will of the government to bend to the will of the people with no regard, or to play father-knows-best and impose a policy on people without any consultations? Because, sir, if the proper consultations had been done in the months prior to, then I would think that there would not have been a Mississauga gas plant. There wouldn't even have been a hole dug if the proper consultations had been happening.

Why did it take up until two weeks prior to an election that the government decided to pull the plug on the Mississauga gas plant? You're wasting taxpayers' money, and that's what we—and you're aware of it as well. It should have been handled considerably earlier, way before there was tremendous wasteful spending, as the taxpayers will see it. And now they bear the burden of this unfortunate blunder at the Mississauga gas plant, sir.

Hon. Dwight Duncan: I think the net benefit associated with a new gas plant in Sarnia-Lambton, coupled with the fact that we have respected the will of the people of Etobicoke—

Mr. Rick Nicholls: Sir, I'm not talking about the Sarnia gas plant right now.

Hon. Dwight Duncan: —and Mississauga, as expressed by their leadership.

The Sarnia gas plant will provide electricity to Ontario for the next 20 years, however long the power purchase agreement is. It will provide power, so there will be that benefit. It will employ people. It will pay property taxes. It will serve Ontarians. I think—

Mr. Rick Nicholls: Sorry, I understand that, but that's Sarnia. I'm not talking about that, Minister.

Hon. Dwight Duncan: We were acting in the interests of the people of Mississauga and Etobicoke—

Mr. Rick Nicholls: I'm talking about the Mississauga gas plant—

Hon. Dwight Duncan: Yes, and that's where that plant is being moved to. Maybe you didn't understand.

Mr. Rick Nicholls: —and the proper consultations that should have taken place long before. Why, all of a sudden, when they got really, really loud and noisy just before an election, did you then decide to pull the plug on the Mississauga gas plant? Now, with all that money that had been poured into it and all the other deals that you had working with regard to property in Mississauga, labour, materials, penalties, all those other due diligence things that have to have been acquired, suddenly the decision was made two weeks prior to the election.

Why wasn't proper consultation done way back to ensure—because then, at that point in time, I would have thought that the mayor of Mississauga and the other people would have said, “No, we don't want it.” You might have been listening to them then, and hence not have wasted all this taxpayer money.

Hon. Dwight Duncan: In fact—and I'm going to ask the Minister of Energy to give a more complete response to the history of this—there were a number of different sites that were looked at and there was considerable public consultation. As is the case when we did the Hearn plant, for instance, here in Toronto, there was—

Mr. Rick Nicholls: The Hearn plant? Wasn't that one, sir, that was a coal-fired plant that was converted to natural gas?

Hon. Dwight Duncan: If I may—

Mr. Rick Nicholls: I believe it was.

Hon. Dwight Duncan: —there was considerable opposition to the establishment of a gas plant. No, there was not a coal plant at the Hearn site. You're thinking of the Mississauga coal-fired site.

Mr. Rick Nicholls: Back in the early 1980s—

Hon. Dwight Duncan: I don't know what was there in the early 1980s. There was nothing there at the time we approved going ahead with the new gas-fired plant down there. I'll undertake to ask the Minister of Energy to respond to you with respect to the range of consultations that went into both the RFP that awarded this contract as well as the different sites that were looked at, as I recall, over a number of years. I think it would be more appropriate for him to respond to that particular question.

Mr. Rick Nicholls: Thank you. I'm going to turn it over to my colleague.

Mr. Michael Harris: Thank you, Rick. Minister, I hope we can—

Hon. Dwight Duncan: First of all, Michael, I would like to apologize for my outburst earlier. It was inappropriate, Mr. Chair. I apologize to you.

Mr. Michael Harris: I was hoping we could continue in a more parliamentary—

Hon. Dwight Duncan: I know you're a fine—now, hopefully, when the lights are out, we're still friends. I apologize. It was out of order.

Mr. Michael Harris: Absolutely. You know what? We've all got a job to do and I know these are some

tough questions. It was a big decision and it's not an easy thing, perhaps, if I was in your chair, but thank goodness I'm not for now.

Hon. Dwight Duncan: Now, that's one thing we do agree on.

Mr. Rick Nicholls: He did say for now, though.

Mr. Michael Harris: Yes. I wouldn't want to be explaining \$190 million.

My question, just slightly back to that, would be, are there any plans, or are you considering a new tax to cover the costs of relocating the Mississauga power plant, or even, if the contingency fund runs out, for the relocation or the cancellation of the Oakville plant at all?

Hon. Dwight Duncan: No.

Mr. Michael Harris: Obviously, your government is always looking for new sources of revenue. Are you familiar with the Western Climate Initiative and Ontario's obligation to the WCI?

Hon. Dwight Duncan: Actually, we have cut taxes quite substantially in the last four years. We have reduced, first of all, the personal income tax rate on the first \$37,000 of income. We have taken the general corporate rate and reduced it from 15% to 11.5%. We have reduced the business education tax—evened it out and reduced it, depending on where you are in the province. We've cut the small business tax rate. We've eliminated the capital tax. We've created enormous sales tax credits for Ontarians of modest incomes. We have reduced the regulatory burden associated with the collection of corporate and sales tax for our businesses, which has been widely applauded—

Mr. Michael Harris: I appreciate that, Minister. I appreciate that for sure, and the answer, but what I had asked was, are you familiar with your government's obligation to the Western Climate Initiative?

Hon. Dwight Duncan: There are no binding obligations in that climate initiative.

Mr. Michael Harris: Are you committed to the Western Climate Initiative?

Hon. Dwight Duncan: There are no binding obligations. We're committed to the reduction of greenhouse gases in the environment, because we do think global warming is a reality, but there are no binding undertakings in the Western Climate Initiative.

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Mr. Michael Harris: I will submit to the committee an order paper question that actually states that the government is committed to the Western Climate Initiative and its obligations. I'll pass that over to the clerk, I guess. I only have two copies.

Are you familiar with or aware—obviously, Quebec is a member of the WCI and met its January 1 start date to implement the cap-and-trade scheme, or what we'd like to call a carbon tax scheme. Ontario is still a part or a member of that organization. It plans to raise about \$2.6 billion in new revenue through this cap-and-trade scheme over seven years. Have you provided, or has your ministry done, any estimates on how much new revenue your

government would plan to raise through this cap-and-trade program?

Hon. Dwight Duncan: No, because we're not participating in that, and I think that was announced some three years ago. When the United States decided not to proceed on cap and trade, even though there were no binding undertakings in the Western Climate Initiative, that all fell apart.

I'm not familiar with the correspondence you handed out, which I think is from the Ministry of the Environment. I'll refer the balance of that to the Ministry of the Environment.

To your specific question: We have not looked at that because the government has no intention of moving forward on that.

Mr. Michael Harris: Have you ever talked to the Minister of the Environment about cap and trade and its obligations under the Western Climate Initiative?

Hon. Dwight Duncan: There are no binding obligations. We have said publicly, I think three or four years ago, that we were not moving to cap and trade in the absence of agreement among all provinces and states and the federal government of the United States.

Again, I'm going to refer to the Minister of the Environment, but my recollection of the Western Climate Initiative is that none of the undertakings of it are binding.

Mr. Michael Harris: Do you know if your ministry has had any financial assessments to the effect of how cap and trade would affect Ontario businesses?

Hon. Dwight Duncan: I certainly haven't seen anything, but I will undertake to see. There are a lot of studies that are done within the ministry that never make their way to me personally. They're certainly not part of government policy, and certainly not part of any of the six budgets that I have delivered or the three budgets that Mr. Sorbara delivered. I can tell you at this point that there has been no discussion, no debate, as to whether or not we proceed with that, to my knowledge. Certainly, at finance, that has not been in any budget that I or my predecessor have tabled with the Legislature. In fact, I'm pleased that we've made Ontario's personal and corporate taxes much more competitive than they were when we came to office.

Mr. Michael Harris: I think a lot of folks are nervous, obviously, about how Ontario is going to afford or pay for the future cancellations costs for Oakville. Has your government, or have you, been in discussions or considered a carbon tax at all?

Hon. Dwight Duncan: We have rejected a carbon tax.

Mr. Michael Harris: I've got a quote from one of your colleagues, Glen Murray, in 2007. He said, "It is time for all of us to start to get comfortable with two words: carbon tax. Without it, all these dreams of a green tomorrow are hallucinations." What would you say to that?

Mr. Gilles Bisson: Maybe he was hallucinating.

Interjection.

Hon. Dwight Duncan: Come on. We're trying to get along here.

This government will not be introducing a carbon tax.

Mr. Michael Harris: Okay. I guess, just to close out—I think we've got about a minute left?

The Chair (Mr. Michael Prue): Two minutes.

Mr. Michael Harris: Two minutes left. On the contingency funds—I have a question coming in here. No, that's just confirming the order paper question that was submitted to the Clerk.

In your own backyard, in fact—Leamington, I believe—there was a lot of circumstances around Leamington in terms of the crops, obviously; drought is a situation, scenario. How much are you planning for, or does the ministry make any estimates or expectations of possible commitments that will have to be made under the contingency fund on top of what has already been drawn?

Hon. Dwight Duncan: Well, in fact, working with the OFA and farmers across Ontario, we created risk management, which is a much more responsible approach to this. Unfortunately, your party opposed that. The federal government has refused to participate in it. We think the Risk Management Program will help us manage these situations in a way that we weren't able to in the past.

Mr. Michael Harris: Thank you very much. I'll pass it on to our friends in the NDP.

The Chair (Mr. Michael Prue): Mr. Bisson.

Mr. Gilles Bisson: We have friends on both sides of the House. It's so much fun.

So, carrying on in regard to the ONTC, a couple of questions, this time more along the lines of the pensions, because, as you know, there's a liability when it comes to ensuring that there is proper financial support for the ongoing pension and benefit liability for retired members. So who do you expect will administer the ONTC pension benefits in the event of the closure of the ONTC?

Hon. Dwight Duncan: The pension has been horribly mismanaged and underfunded; that's true. It's completely mismanaged. That is one of the reasons we've had to take the moves we have. It's unfortunate that there hasn't been a more responsible management of that particular pension.

I'm going to refer that to the Minister of Northern Development and Mines, because that is part of how we're going to resolve this. But, again, I would point out that, like so many other things that went on there, the pension itself was horribly managed.

Mr. Gilles Bisson: Wow. Can I, for the record, just very quickly—you keep on saying how badly managed the ONTC was, and to what degree that enrages, I think, a whole bunch of people in northeastern Ontario, not just the employees and the management staff at the ONTC, but northerners, because it's long been known that part of the problem at the ONTC is they are not properly able to make the decisions that they need to make because the Ministry of Northern Development and Mines is always running interference on the decision-making.

For example, prior to the last election, there was a decision in regard to the refurbishment contracts that were going on at North Bay in regard to a contract that came from Montreal. Northern development essentially told that organization it couldn't bid on a multi-million dollar contract which would have brought much-needed revenue to the ONTC. It wasn't because it was mismanaged, quite frankly; it was because northern development and mines did not allow the ONTC board and its management and staff to make the decisions that needed to be made.

So if you're going to start throwing rocks around in this glass house, please recognize you live within that glass house.

Anyway, that's my point.

So you'll provide us information in regard to who will administer the ONTC pension benefits?

Hon. Dwight Duncan: No. I'm going to refer that to the Ministry of Northern Development and Mines.

Mr. Gilles Bisson: Okay. And what do you estimate are the legacy costs of those benefits?

Hon. Dwight Duncan: I'm going to refer that to the Ministry of Northern Development and Mines.

What I can tell you unequivocally, Gilles, is that that pension has not been properly funded. The other thing I can tell you is that that contract you just referenced wouldn't have made much of a dent at all in the ongoing challenges faced by that organization. I think, realistically, we want to put in place a better service for northerners at a sustainable cost where there are realistic budgets set. We have had to intervene with some \$470 million over the last nine years. We have worked with the board repeatedly. Business plans have repeatedly not been met, projections repeatedly not met. Customers using particularly the rail service have been going down. Costs associated with the pension plan have not been adequately covered.

It is a litany of these things. We have tried over the course of the last nine years to get it on a stable footing. Not only has that not happened; things have gotten progressively worse, to the point where the workers' pensions there are horribly underfunded.

We will move forward, and I'll refer that to the Ministry of Northern Development and Mines to give you a more complete response, as they have oversight for that.

Mr. Gilles Bisson: Listen, Minister, let's be clear here: The ONTC board and its management have been fairly severely handcuffed by decisions from northern development and mines and this government. Yes, you've given capital in order to upgrade the line, in order to replace locomotives, in order to do a number of investments at the ONTC, and those are well appreciated. But to try to lay this entirely at the feet of the ONTC, I think, is a bit much. To say it's a terribly run organization is stretching it, at best.

What northerners have said from the beginning is that we recognize there are things that can be done in order to find revenue streams for the ONTC that could result in less subsidy being provided to the ONTC, and that there

are decisions that could be made that would increase the benefits to northerners, increase the service and make it more efficient. The thing that really irks people in northern Ontario—mayors, chambers of commerce, unions and others—is that those decisions aren't being done by northerners. Essentially, the cabinet has decided it knows best: Queen's Park is going to tell northern Ontario what it needs, and hardly a conversation has happened with anybody in regard to what's going to happen with the ONTC. This whole divestment process that you've laid out essentially is a conversation between the ministries of northern development and infrastructure renewal and some private sector entities, along with the ONTC board that you have appointed. Mayors, councils, chambers of commerce, customers—God, I've talked to customers on the line, and they have really not been consulted either.

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We're having a bit of a problem with your discourse. It's a line you keep on repeating. I understand it. Joseph Goebbels had a great line: If you repeat it often enough, maybe people will believe it. But people in the north aren't buying it.

Let's get to the question. On the question of the unfunded liability of the ONTC plan, do you expect to honour the unfunded liability on the wind-down or the—

Hon. Dwight Duncan: I'm going to refer that to the Minister of Northern Development and Mines.

Mr. Gilles Bisson: All right. And does that mean to say that you're going to provide us with a question through his answer?

Hon. Dwight Duncan: Whatever the normal processes are, we will respond and meet our obligations, both to the committee and to the Legislature.

Mr. Gilles Bisson: Do you intend on the divestment to continue to fund the plan, where there are no more employees contributing to the plan? Because, obviously, the contributions of ongoing employees helped to pay the ongoing benefits. How do you plan on dealing with that?

Hon. Dwight Duncan: The employee contributions and the employer contributions have been way below what are necessary to make it sustainable. That's another part of the mismanagement, in my view, that's gone on there.

Mr. Gilles Bisson: Well, those were decisions that were made that got—listen, let's be clear here.

Hon. Dwight Duncan: I am being clear, Gilles.

Mr. Gilles Bisson: A lot of those decisions were not able to be made because the Ministry of Northern Development and Mines wouldn't allow them to make them. So let's be clear for the record here.

Hon. Dwight Duncan: I disagree with you entirely.

Mr. Gilles Bisson: Plus FSCO and the rest of them are looking out on—

Hon. Dwight Duncan: That is completely inaccurate.

Mr. Gilles Bisson: Oh, FSCO's not looking at the pension of the ONTC?

Hon. Dwight Duncan: No, this problem is much deeper than that. It fundamentally comes down to the fact that fewer and fewer of the northerners are using the ser-

vice. I mean, 17% seat occupancy with a ticket subsidy of I think some \$470 per ticket—that is not sustainable for northerners. Northerners pay that, by the way, through their taxes too. The vast majority of northerners don't use—

Mr. Gilles Bisson: And so does everybody else. I, as a taxpayer, pay for GO Transit. I, as a taxpayer, pay for Toronto city transit, and gladly so.

Hon. Dwight Duncan: At much less, much smaller per capita funding. It's much less.

Mr. Gilles Bisson: No, all taxpayers pay for infrastructure in Ontario. Minister—

Hon. Dwight Duncan: Sorry, with respect, this service is not being properly run. It's been improperly run. It's losing money. You're taxing—

Mr. Gilles Bisson: Well, then, where the hell have you been for the last eight years?

Hon. Dwight Duncan: We tried repeatedly to get it working, and it didn't. In fact, the hole got deeper.

Let me just give you some facts and figures, just so that you'll know. The average subsidy per rider on GO Transit is under \$2, so there is a big difference. I believe, frankly, that there will be better service, through buses and other modes, that will result from the decision we're taking that I believe—we disagree on this, Gilles; I get that, I understand that—will improve service for northerners.

Mr. Gilles Bisson: So why don't you allow northerners to make the decision about what has to be done?

Hon. Dwight Duncan: Northerners are very involved in the decision. There are northern members of cabinet. There are northern members. The minister responsible—

Mr. Gilles Bisson: They are not involved in the decision, Minister. Call Tom Laughren, call Al Spacek, call Al McDonald, call Mr. Palangio—

Hon. Dwight Duncan: And hopefully, the next time we meet, when they come down, they'll take the train and not the plane.

Mr. Gilles Bisson: Listen, call all of the mayors and the chambers of commerce. None of them are involved in the decision-making.

Hon. Dwight Duncan: That's a good example, though. You have meetings—and we'll be happy to have meetings with them, but we are moving forward in what we believe is in the best interests of northerners, which will enhance service to the north. The Ministry of Northern Development and Mines—

Mr. Gilles Bisson: But that's the key word, here: It's what you believe and not what northerners believe.

Hon. Dwight Duncan: We'll see where this goes, but as I say, this is unsustainable as it is.

Mr. Gilles Bisson: Listen, Minister, you and I can debate this ad infinitum. Let's agree that we disagree.

Hon. Dwight Duncan: Yes, we could. We're not going to agree. That's right. I want to do what's in the best interests of all northerners.

Mr. Gilles Bisson: If your argument is that this thing is so badly run, my only question to you would be, where the hell have you been for the last eight years?

Hon. Dwight Duncan: We've been trying to fix it.

Mr. Gilles Bisson: No, you haven't.

Hon. Dwight Duncan: Why should somebody in Kenora subsidize this?

Mr. Gilles Bisson: You've not allowed North Bay to bid on contracts—

Hon. Dwight Duncan: Why should somebody in Kenora—

Mr. Gilles Bisson: —and you're still not allowing North Bay to bid on contracts that they're able to get to provide revenue for that agency.

Hon. Dwight Duncan: Why do taxpayers—answer me this: Why should somebody in Kenora—

The Chair (Mr. Michael Prue): One at a time. I'm looking at the poor interpreter. Please, one at a time.

Hon. Dwight Duncan: Why should somebody in Kenora subsidize this? They pay taxes.

Mr. Gilles Bisson: Oh, whoa. Why should somebody—what a statement. Are you saying you should hypothecate taxes in Ontario so that only southerners—

Hon. Dwight Duncan: No, you did. You suggested northerners don't have a say in this. Well, I suggest to you they do. They do in Kenora; they do everywhere across Ontario.

Mr. Gilles Bisson: No. Are you suggesting, Minister—

Hon. Dwight Duncan: You're the one who suggested northerners should make the decision on this, and they are involved in the decision, just as they are in deciding everything else.

Mr. Gilles Bisson: But Minister, are you suggesting that you should hypothecate taxes by region?

Hon. Dwight Duncan: No. You did. You just did.

Mr. Gilles Bisson: No, I did not.

Hon. Dwight Duncan: You just said—not only northerners, you just said—you didn't mention anybody from the northwest. All you talked about was the northeast; you didn't even include the northwest. What do you have against the northwest?

Mr. Gilles Bisson: Because the ONTC is a—

Hon. Dwight Duncan: This is a political game, Gilles, with respect. You want to continue to foist on the north an inefficient railway that very few of the people there are using—

Mr. Gilles Bisson: Keep on digging a hole there, Dwight.

Hon. Dwight Duncan: It's their taxes that are paying for this, as well as southern Ontarians, as well as people in the northwest. You did not mention one community in the northwest.

Mr. Gilles Bisson: Because there's no service from Ontario Northland in the northwest.

Hon. Dwight Duncan: There's no service in the northwest. That's exactly right.

Mr. Gilles Bisson: From the Ontario Northland—

Hon. Dwight Duncan: You're the one who started dividing these things up originally, not me.

Mr. Gilles Bisson: Oh, my God.

Hon. Dwight Duncan: I think all Ontarians have a stake in this. By the way, I think the vast majority of northeastern Ontarians who don't take advantage of the service—I can tell you, I've met with them—have told me they won't take advantage of it because it just has not been well run. And we will—

Mr. Gilles Bisson: Are you done?

Hon. Dwight Duncan: —at the end of the day, have a better service at a more reasonable cost that will service all northerners.

Mr. Gilles Bisson: Are you done?

Hon. Dwight Duncan: Not quite. No, I'm not, as a matter of fact.

Mr. Gilles Bisson: Okay. Tell me when you're done, because—

Hon. Dwight Duncan: We're going to proceed—

Mr. Gilles Bisson: Are you just going to talk out the clock for the next 15 minutes?

Hon. Dwight Duncan: We are going to proceed to offer a better service at a reasonable cost. Yes, the pension plan is in deep trouble—

Mr. Gilles Bisson: So you're not going to answer questions?

Mr. Vic Dhillon: He's answering the question.

Mr. Gilles Bisson: No, he's not. He's editorializing.

Hon. Dwight Duncan: I'm answering the question. I've listened to your rant and your editorializing, which was laced with factual inaccuracies. You put words in my mouth. You want to get into the corner with Gordie Howe, and the elbows are going to go up.

Mr. Gilles Bisson: Ontario Northland—northern development and mines has nothing to do with Ontario Northland? Come on, Dwight.

Hon. Dwight Duncan: We're tight, we're friends, but you get in the corner with Gordie Howe, the elbows are going to go up.

You, in my view, are defending the indefensible. You want to preserve—

Mr. Gilles Bisson: Carry on. Carry on.

Hon. Dwight Duncan: —a status quo in the northeast that is costing average northerners a lot of money.

I would much rather take the savings from that and build newer highways in the north, build better hospitals in the north. We're putting an architectural school in Sudbury. And, yes, the north includes Kenora. The north includes Rainy River. The north includes Thunder Bay, Nipigon—I've been all through there—Red Lake. That's all part of the north.

So, with respect, I don't think the money is being properly used. I think northerners are paying a heavy price for the inability of us to get this under control, and the time has come to make it right.

Mr. Gilles Bisson: You guys should be applauding at this point. The Liberal members should all applaud, because if you took that Hansard and you ran it across northeastern Ontario, nobody would agree with you. Ontario Northland is—

Hon. Dwight Duncan: It's about all Ontario and northwestern Ontario.

Mr. Gilles Bisson: I got three words and he's editorializing already. So you've had your rant.

The point is, the Ontario Northland is an organization that serves northeastern Ontario. It's an organization that was set up over 100 years ago by way of legislation from this particular Legislature. It doesn't serve the northwest; it is a northeastern Ontario organization, primarily along Highway 11 north from Cochrane to Moosonee.

Hon. Dwight Duncan: So because we did something 100 years ago we should continue to do it?

Mr. Gilles Bisson: No, no. You're trying to categorize this in a way that it's not. This is a transportation infrastructure along Highway 11, when it comes to rail, from Cochrane up to Constance Lake, from Cochrane up to Moosonee. That's essentially what this service is, all right? There's a number of customers along that rail service, from Lecours Lumber to Columbia Forest Products to Tembec, Xstrata and many others, who utilize the Ontario Northland rail service to ship their goods. Plus, there is a rail passenger service on it.

My point to you, my friend, is that the Ontario Northland in itself has not been able to make the decisions that it has wanted to make in order to make services better and make it more efficient because, quite frankly, northern development and mines, the ministry responsible for it, has never given it the ability to do that. That's why many, including myself, have said that this thing should be a stand-alone crown corp. It should be operated as a crown corp, with a proper subsidy. I've argued this with you privately. You can operate that thing for about \$28 million a year on subsidy and about \$10 million a year on capital. Yes, at the end of the day, decisions have to be made within the organization, but allow people who utilize the service, the customer base along the northeastern Ontario railway that is called Ontario Northland, to be part of the decision-making about what's going to happen with this organization.

Everybody accepts change; everybody knows change is going to happen. But throwing the baby out with the bathwater is not the solution.

So let me get back to the questions.

In regard to the pension liabilities—not pension liabilities, but in regard to continuing the benefits for retirees once the company is wrapped up, because I take it that's what you guys are intending on doing here, does the government intend to continue making sure that the retirees are going to get the benefits that they're entitled to?

Hon. Dwight Duncan: I will refer that to the Ministry of Northern Development and get a complete answer back to you.

Mr. Gilles Bisson: Okay.

I asked you earlier, and I'm going to put these questions down in writing, can you provide this committee now with what you think the operating subsidies will be for the Little Bear and the Polar Bear from Cochrane to Moosonee?

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Hon. Dwight Duncan: I think you asked that earlier—

Mr. Gilles Bisson: Yes.

Hon. Dwight Duncan: —and I've referred that to the ministry.

Mr. Gilles Bisson: As far as the capital needed on what they call the—anyway, the rail service from Cochrane to Moosonee. There are bridges along that line; there's going to be some need for capital as far as rail. Is it the intention of the government to continue to make sure that's in good repair?

Hon. Dwight Duncan: Oh, yes.

Mr. Gilles Bisson: As well as upgrading the cars that travel up to that line? Because currently there is some pretty old equipment there.

Hon. Dwight Duncan: Yes, it's astounding, when you think of the hundreds of millions we've put into that organization in the last nine years, that they're dilapidated.

Mr. Gilles Bisson: Oh my God. Oh, jeez.

Hon. Dwight Duncan: And I think that's part of the reason why northerners don't take it.

Mr. Gilles Bisson: No, the reasons northerners don't take it are far more complicated than that.

Hon. Dwight Duncan: But yes, we have undertaken to maintain those services and we will maintain them appropriately.

Mr. Gilles Bisson: Listen, there used to be a time where people didn't take airplanes from Toronto to Timmins to the degree they do now.

Hon. Dwight Duncan: Yes, and that's why I don't think we need to have things the way they were 100 years ago.

Mr. Gilles Bisson: And now that you have a competitive situation between both Porter—

Hon. Dwight Duncan: This railway's not competitive.

Mr. Gilles Bisson: Can you let me finish?

Hon. Dwight Duncan: No; this railway's not competitive.

Mr. Gilles Bisson: Minister, Minister—

Hon. Dwight Duncan: Sorry, it's not.

Mr. Gilles Bisson: I listened to you.

Hon. Dwight Duncan: It's going down.

Mr. Gilles Bisson: Minister.

Hon. Dwight Duncan: Passengers are just not taking it.

Mr. Gilles Bisson: Minister, you're fixated and not listening. The point I'm saying is, there used to be a time that, when it came to flights coming out of Timmins down to Toronto, it was very non-competitive and not a lot of people took it to the degree they do now. We have far more ridership. Why? Because we do have some competition.

As I said earlier, it's pretty hard to have competition along a rail line. You're not going to set up a second rail line in order to compete. That's why subsidy is provided.

Hon. Dwight Duncan: We're now running buses and rails to the same places at the same time.

Mr. Gilles Bisson: Yes, and you do the same thing—

Hon. Dwight Duncan: And they're both running less than half full.

Mr. Gilles Bisson: Does that happen anywhere else in the world?

Hon. Dwight Duncan: No; that's why it's crazy.

Mr. Gilles Bisson: Oh, nowhere in the world do they run a bus and a train?

Hon. Dwight Duncan: I can't speak for other countries—

Mr. Gilles Bisson: How about Brampton? How about Niagara to—

Hon. Dwight Duncan: You don't have buses and rail running to the same towns at the same time run by the same company. I can assure you that a private company—

Mr. Gilles Bisson: Do you know a thing called GO Transit?

Hon. Dwight Duncan: Yes, and they run at different times, and they're full—

Mr. Gilles Bisson: Do they have buses?

Hon. Dwight Duncan: They're not running at 20% capacity.

Mr. Gilles Bisson: Minister, you just said you don't have somebody who runs bus and rail at the same time. Go Transit runs bus and rail at the same time.

Hon. Dwight Duncan: And they're full.

Mr. Gilles Bisson: Yes, because you have higher density of population here.

Hon. Dwight Duncan: Yes, exactly.

Mr. Gilles Bisson: Wow; imagine that.

Hon. Dwight Duncan: So why do you need to have both a train and a bus when both are running two-thirds empty?

Mr. Gilles Bisson: So because you live in an area of the province that doesn't have high density then you just say, "The hell with it; we don't have to do it"?

Hon. Dwight Duncan: No, there will be a better service resultant from proper investment in one mode of transportation—

Mr. Gilles Bisson: Minister, Minister. Mon ami, mon ami.

Hon. Dwight Duncan: And more northerners I think will continue to avail themselves of the \$179 ticket from Timmins to Toronto.

Mr. Gilles Bisson: Mon ami, mon ami.

Hon. Dwight Duncan: The world has changed; I agree with you. It's very different than it was 20 years ago.

Mr. Gilles Bisson: The first step is a long one.

Hon. Dwight Duncan: And the first step is important. You can have your opinion, my friend, but you can't have your own facts. The fact is—

Mr. Gilles Bisson: Oh, Minister. You're playing with the facts hard and loose here. Come on.

Hon. Dwight Duncan: —you've got buses and you've got rail lines running three-quarters empty to the same towns at the same time in dilapidated cars. The best way to fix this is to divest it—

Mr. Gilles Bisson: And whose fault is that? Whose fault is that?

Hon. Dwight Duncan: I don't know how you can spend \$479 million and not fix the cars. We're going to fix it—

Mr. Gilles Bisson: First of all, you're not spending \$479 million.

Hon. Dwight Duncan: —and we're going to make it better for northerners.

Mr. Gilles Bisson: Listen, you're trying to take what is a 10-year investment and try to make it as if it's a one-year amount. The subsidy to the Ontario Northland on an annual basis is about \$28 million. There are times in the past—

Hon. Dwight Duncan: It's \$100 million a year—

Mr. Gilles Bisson: It's \$28 million a year on the operating—

Hon. Dwight Duncan: —plus there have been special bailouts in I think—

Mr. Gilles Bisson: It's \$28 million a year on the operating side.

Hon. Dwight Duncan: —four out of the five years I've been treasurer of Management Board—

Mr. Gilles Bisson: Because you provided capital.

Hon. Dwight Duncan: —plus the pension fund is underfunded—

Mr. Gilles Bisson: Is there a difference between capital and operational?

Hon. Dwight Duncan: —plus the—

The Chair (Mr. Michael Prue): One at a time, please.

Mr. Gilles Bisson: Well, I would ask him to shut up.

Hon. Dwight Duncan: —ridership has been going down continually—

The Chair (Mr. Michael Prue): Either that, or we're going to double that man's pay.

Mr. Gilles Bisson: Well, no, we should double his pay. He's just agreed.

Hon. Dwight Duncan: Why don't you say it in French, I'll say it in English, and that'll get—

Mr. Gilles Bisson: There we go. That'll save the trouble.

So there's a difference between capital and operational, and you're mixing the two of them together.

Hon. Dwight Duncan: Really? I wouldn't have known that.

Mr. Gilles Bisson: You just figured that out. That's good.

Hon. Dwight Duncan: I didn't learn that. I wouldn't have known that.

Mr. Gilles Bisson: I know you did. But you're trying to lump all the numbers together—

Hon. Dwight Duncan: I have to because we have to pay for it. Yes, you do have to look at all the numbers, Gilles, with respect. What happened to all the capital? Why are the trains dilapidated?

Mr. Gilles Bisson: It's like saying, "First of all, over 10 years, I hire you as an employee and I give you \$50,000 a year"—

Hon. Dwight Duncan: Why are northerners not taking the service? Why, when the mayors came down here to talk about it, did they fly and not take the train?

Mr. Gilles Bisson: Minister, two points—why do you profess so hardly—man, you guys. Wow, you're bad on this one.

Hon. Dwight Duncan: No, I think I'm right on, because northerners are going to get a better service—

Mr. Gilles Bisson: So you pay somebody \$50,000 a year, and then the next line is, "I gave you \$500,000. What did you do with it?" That's essentially what you're saying: \$50,000 times 10 years is \$500,000. You're trying to argue—

Hon. Dwight Duncan: First of all, we're talking about \$400 million or \$500 million, number one—

Mr. Gilles Bisson: That's right; over 10 years.

Hon. Dwight Duncan: That's a lot of money.

Mr. Gilles Bisson: Yes.

Hon. Dwight Duncan: A huge amount of money.

Mr. Gilles Bisson: Wow, and I give you \$50,000 a year, and I just gave you half a million—

Hon. Dwight Duncan: The number of riders has been going like this.

Mr. Gilles Bisson: Minister—

Hon. Dwight Duncan: So what's going to happen, Gilles, in my view—and we're going to disagree on this—is there will be a better service—

Mr. Gilles Bisson: You're using the figures to argue your own argument.

Hon. Dwight Duncan: There will be a better service for northerners—

The Chair (Mr. Michael Prue): Time has now expired.

Mr. Gilles Bisson: Oh, come on.

The Chair (Mr. Michael Prue): I'm not sure how much was gained in this last interchange—

Hon. Dwight Duncan: I agree. I completely agree.

The Chair (Mr. Michael Prue): But in any event, it is now to the government side. Mr. Dhillon.

Mr. Vic Dhillon: Thank you very much, Chair. Minister, continuing on with the equalization issue, you've mentioned that equalization is outdated because it does not take into account the relative cost of providing public services, which is higher in Ontario. Can you please discuss this further?

Hon. Dwight Duncan: Yes, as soon as I get my notes. There we go.

In addition to private sector wages, the prices of property, goods and services are higher in Ontario than in many other regions of Canada. StatsCan has shown that prices in cities such as Toronto and Ottawa are considerably higher than the national average. As a number of studies have pointed out, as a result of these factors, Ontario faces higher cost pressures than other provinces.

These studies also demonstrate that because equalization does not take into account these relatively higher costs, Ontario is shortchanged in the program. In terms of delivering public services, in 2011-12, Ontario's per-person program spending is projected to be \$8,540. This

is the lowest among the provinces and considerably below the average spent across the other nine provincial governments. As the Drummond report put it, “Ontario runs one of the lowest-cost provincial governments in Canada relative to its GDP.”

I think the other thing to note is that groups as diverse as Queen’s University, David Dodge, the former clerk of the Privy Council, the governor of the Bank of Canada, and a number of others have pointed out the inadequacies and the unfairnesses contained in the equalization formula and how, to characterize Ontario as a have-not province is really not honest—certainly not intellectually honest—and is more designed to play politics than to deal with reality. The Ontario Chamber of Commerce did a great paper a couple of years ago—I’d refer everybody to it—that shows that not only are we net contributors to it, but we’re getting shortchanged in what we get back.

By the way, other provinces agree with us. The whole equalization program has been so gerrymandered over the years that it really doesn’t reflect anything.

Mr. Vic Dhillon: Thank you, Minister, for your answer.

The Chair (Mr. Michael Prue): Ms. MacCharles.

Ms. Tracy MacCharles: As some of the committee folks here know, I’m a former executive of Manulife and a small business owner. Now, as an MPP, I get lots of questions about corporate tax rates. That’s something I’d like to focus on in this question. A number of people simply ask me why we are freezing corporate income tax and the business education tax rates. Again, I’m wondering if you could help clarify what’s in the budget on that and what the plans are, going forward.

Hon. Dwight Duncan: Thank you, Tracy. We’re asking Ontario businesses to do their part as we move back to balance.

It’s clear that the actions that the McGuinty government has taken over the past eight years have turned Ontario into one of the most competitive places for businesses to invest and create jobs. A recent analysis of 134 countries by Forbes magazine ranked Canada as the best country for business, crediting a reformed tax structure in Ontario as one of the key factors in this country’s ranking. The government has significantly reduced business taxes, benefiting both large and small Ontario businesses. In total, we have reduced business taxes by more than \$8 billion per year. In 2011, the Financial Times of London ranked Ontario third only to California and New York as the world’s favourite destination for foreign investment in North America.

Now we’re asking businesses to do their part to help Ontario balance its budget. We are not raising the corporate tax rate; what we’re doing is freezing the general corporate tax rate at 11.5% until our budget is balanced. I remind you, Tracy, and through you, your constituents and the people of Ontario, that we have taken the general rate from 15% down to 11.5%. As I indicated earlier, we’ve also reduced the small business rate in Ontario. We have eliminated the capital tax. We have created a whole range of other savings through less tax compliance costs.

Instead of having two sales taxes to comply with, they now have one. Input tax credits represent a huge unlocking of hidden taxes that were foisted on Ontario businesses for many years.

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We’re also proposing to temporarily freeze business education tax rate reductions, beginning in 2013. This move would avoid revenue decreases, providing fiscal savings growing to more than \$300 million annually by 2014-15.

In 2017-18, when Ontario returns to a balanced budget, we are committed to resuming both the corporate income tax and business education tax rate reductions.

Ms. Tracy MacCharles: Great. I’ll take the next question, if I may, Chair?

The Chair (Mr. Michael Prue): Surely.

Ms. Tracy MacCharles: Thank you. That’s great to hear we’re committing to resuming both the corporate income tax and the business education tax rate, once the books are balanced. I think that’s a great message.

The other question that we always ask in business is, how are we doing? I think we have to ask that question in government too, in terms of the performance of our economy. My question is, how did the economy do in Ontario overall in 2011, and what’s your assessment of how we’re doing so far in 2012?

Hon. Dwight Duncan: I think this is a very important question. I think this is what people are actually talking about at Tim Hortons and other places.

Ms. Tracy MacCharles: Absolutely.

Hon. Dwight Duncan: It’s certainly in every newscast around the province, and I think it does merit serious discussion, not only in terms of what has happened but what we think may happen and what others are saying.

In 2011, Ontario’s real gross domestic product increased by 2.1%, following a gain of 3% in 2010. Business capital spending was a major contributor to growth in 2011. Remember, earlier today I talked about the heavy investment in new machinery and equipment. That accounted for more than half the total increase in GDP. Investment in machinery and equipment was particularly robust. It rose almost 18.7% last year, which is a very high level. Household consumption was also a major contributor, rising 2.3% last year.

Ontario’s strong economic fundamentals and government actions to stimulate the economy have helped to promote recovery and create jobs. Employment increased last year by 1.8%, or 121,300 new jobs in the year 2011—the strongest annual advance since 2003.

Job creation remains solid so far in 2012, with the Ontario economy generating 28,500 net new jobs over the first six months of 2012. Full-time employment has been particularly robust, with over 55,500 net new Ontario jobs created over the period.

We’ve been hearing from around the world, and this is what people are actually talking about. They’re worried about their job; they are worried about the state of the economy. There has been a market slowdown in most of the world in the last quarter. The first quarter of 2012,

we'll be reporting out those numbers very shortly. I think they'll continue with the trend of what we saw through most of 2011. However, the second quarter is when things started to change elsewhere.

At this point, all we have is anecdotal stuff from businesses and others. You talk to people in the coffee shops, you go in to a shop floor in your riding or my riding, and you will start to hear that people are more concerned about the future.

We know that growth has slowed in China, in the United States. We are very cognizant of the situation in Europe. In my last conversation with the governor of the Bank of Canada, he said that Canada will be insulated from whatever happens, to some extent, but we will not be immune to it. So there's uncertainty about that future, and I think we need to be poised to respond as best we can, just as we did in 2009. We ran this deficit; we made the investments in infrastructure to keep people working.

Candidly, at this point in time, we are not in as strong a position as we were. We come off three balanced budgets in a row and off of very robust growth, so we are in a period—not just Ontario, but virtually all of North America.

Interestingly, the other thing that's starting to happen—unfortunately, you're seeing the price of oil and natural gas coming down. That's going to mean less revenues for the provinces that have had very strong performance in the last few years, which helps all of Canada, including Ontario. So I'm very worried about that as well, and I think most analysts are.

The consensus estimate, I think, has come down in the last few weeks, but we took a very prudent approach in our budget with growth numbers, so we're still well within that, but I think—and again, this is what people are talking to me about. They're talking about the economy. They're talking about jobs. There are some bright spots. I talked about the auto sector. Again, unfortunately, auto production is up but there are fewer people building more cars. But it is still a bright light. Manufacturing has actually been fairly robust in the first half of—well, the first quarter is what we know with some certainty.

So there is a great deal of uncertainty. That's one of the reasons that we've taken a number of the steps we have to get ready in case that growth slips further. But I think analysts and commentators around the world, that's what they're talking about. That's what's important to people. That's what's important to working families here in Ontario. I think, again, if we work together we can weather this storm as well. I don't think it helps denigrating Ontario, saying that we're somehow second-rate, because we're not. The fact of the matter is, I pointed out just some of the quotes from outsiders and independent sources, including bond-rating agencies, who, while they recognize our challenges and have urged us to get back to balance, they also recognize the diversity and strength of this economy, and that, while we've had some difficult years as a result of circumstances well beyond the control of the government of Ontario, we will get back to where we were. In fact, jobs and GDP are ahead of where we

were when things went south, unlike the UK, unlike the United States. But there's still more to go and there's still considerable uncertainty and angst among economists, businesspeople and others out there.

Ms. Tracy MacCharles: My sense is, on the job front, that your comments really underscore the importance of making sure we have the right education and training initiatives so we have the right skills for jobs today and in the future, because we want the growth that we've seen happen to continue. So it has to very much align with our education and training strategy. I couldn't agree more that it is very unhelpful to have external negative comments on the economy when we're making, I think—

Interjection.

Ms. Tracy MacCharles: Sorry, what did I say?

Mrs. Donna H. Cansfield: Or Ontario.

Ms. Tracy MacCharles: Or Ontario, yes—when we are making progress in the context of some very difficult global fiscal realities. So thank you very much, Minister, for your answer.

The Chair (Mr. Michael Prue): Ms. Sandals.

Mrs. Liz Sandals: Yes, we're talking about pressures over which we don't have a lot of control, and that includes the weather. Certainly the other topic of conversation in southwestern Ontario, at least from your riding across to mine, has been the dry weather we've been having and what impact that could have on farmers. You mentioned earlier the Risk Management Program. I wonder if you could give us some more detail about what the government is doing to help farmers.

Hon. Dwight Duncan: The 2011 budget announced a permanent extension of the pilot Risk Management Program for grain and oilseed farmers. The government has also developed a new Risk Management Program for cattle, hog, sheep and veal sectors, as well as a self-directed Risk Management Program for the edible horticulture sector. I think—

Mrs. Liz Sandals: The non-edible is flowers?

Hon. Dwight Duncan: It's flowers, yes. That refers to vegetables. Since 2003, our government—and that is truly a government word. The first time I saw that—but we have to use that to be, to your point, Liz, accurate.

Since 2003, our government has provided over \$2 billion in farm income stabilization programs. In addition, since 2003, investments of \$167 million for 418 rural economic development projects have generated over \$1.2 billion in new economic activity, creating and sustaining over 35,000 jobs.

It should also be noted that our federal government counterparts have not matched the Risk Management Program. We will continue to work with the Ontario Federation of Agriculture to urge them to do that. Again, the Ontario PCs voted against financial help for farmers and better roads for rural municipalities, both through the RIM program and a number of other budget initiatives.

The government has provided \$2.1 billion in ongoing support for Ontario farmers through farm income stabilization support programs, as I indicated earlier, from

2003-4 to 2010-11, including the Growing Forward suite of programs in partnership with the federal government, which are helping improve competitiveness and sustainability in the agricultural sector.

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Our government has also invested \$100 million in programming to support Ontario foods and continues to promote them through such initiatives as Foodland Ontario. The government has also launched programs to increase markets for local food producers through improved branding and marketing, and has made significant investments in research and innovation.

I think it's important to note that under the previous government, farmers were leaving their land because they were unable to earn a decent living. The PCs sat idly by while Ontario lost 1,000 farms per year, a decline of 25% in all jobs in agriculture in the province. It should also be noted that the former government cut \$164 million from the agriculture budget and closed 42 OMAFRA offices. There was, of course, no Buy Local strategy to support local Ontario food back then.

Our tax plan for jobs and growth, including the transition of the harmonized sales tax and corporate income tax cuts, benefits the agricultural sector. The HST will benefit Ontario farmers and help them compete with farmers in Quebec and the HST-charging provinces because they'll no longer pay sales tax on many items that are reimbursable in those other provinces. That's why I think we had a fairly positive response on the HST from groups like the Ontario Federation of Agriculture. We will continue to work with our rural partners as we go through what appears to be shaping up now to be a fairly difficult year, particularly in certain sectors.

Mrs. Liz Sandals: Yes. Certainly the response to the HST with some of the agricultural community when they finally understood how it worked was actually quite positive.

Given the challenges we have, there has been some conversation in the farm community trying to understand the details of the Risk Management Program, and one of the things has been the issue of capping the funding. I wonder if you could explain the rationale for that. What's happening there?

Hon. Dwight Duncan: With agriculture being a shared federal-provincial responsibility, the federal government to date has not come to the table with any funding, or its fair share of funding, to support agri-food in Ontario. Ontario is again asking the federal government to support the province's farmers by funding its 60% share of the agricultural Risk Management Program. Without the support of the federal government, the province's demand-driven farm income support programs cannot be sustained in the long term, which includes the Risk Management Program. The Hudak PCs will not stand with us and ask their federal cousins to match our support for farmers through the Risk Management Program.

Given our province's fiscal challenges, the Ontario government will work with farmers to redesign the Risk Management Program to focus on supporting productiv-

ity while capping the program at a sustainable level. The commitment to support the program remains, capping it at up to a maximum of \$100 million in taxpayer support, net of any producer premiums.

Again, the federal government should be treating Ontario appropriately. They should be stepping up to the plate here. I'd ask the Legislature to unanimously urge the federal government to do that. Hopefully we will get a couple of inches of rain shortly—I am told time is of the essence now, certainly in some crops—and if not, we will be calling on the federal government to join us in assisting those agricultural sectors that are particularly hard hit by what appears to be shaping up as a difficult growing season.

Mrs. Liz Sandals: And I think it's important for people to understand that the traditional split in these support programs has been 60% federal, 40% provincial. That's the historic split. The fact that we've been paying 100% of this program presents a real challenge.

Hon. Dwight Duncan: I have to tell you, the other reason that I, as finance minister, was so taken with risk management is because, as I indicated in an earlier question, when there have been bad seasons, we've had to come in through contingency. Now we actually have instituted the principle of insurance here—

Mrs. Liz Sandals: Exactly.

Hon. Dwight Duncan: —which gives greater certainty to farmers, greater planning certainty to farmers—certainly more certainty that they will, at a minimum, recoup their losses. And it gives greater certainty to the government in terms of knowing that there is this fund that will help offset those losses. I think it just is good public policy to take—and by the way, farmers are contributing to this. This is an insurance program.

So we need a third partner, the federal government. We're happy to do our part. Farmers, to their enormous credit, were the ones who proposed this. As finance minister, this actually gives you greater planning certainty. You have to rely less on contingency in very bad years, because they're completely unpredictable.

So this, in my view, is the way to go, and my hope is that the federal government will join with us, and with the farmers who themselves are paying premiums for this insurance, and move to more of an insurance-based system.

Mrs. Liz Sandals: I think it's a credit to the way the program is designed that when we piloted it with grains and oilseeds, the other sectors came to the table and said, "We want risk management too."

You mentioned edible horticultural. The non-edible horticulture sector is looking at this and saying, "This is the way to go," too, as you well know. I think that—

The Chair (Mr. Michael Prue): I'm going to have to stop you there. There can't be a question, but it was a good—

Mrs. Liz Sandals: No, it was just to wrap up. I think that the support that we've gotten from the agriculture sector and the Ontario Federation of Agriculture is a

testimony to the fact that this is the way the program needs to work and we need the feds to be a partner.

The Chair (Mr. Michael Prue): We are now in our last one hour. Each group will have the last 20 minutes. Govern yourselves accordingly. It's now the—

Mr. Rick Nicholls: Thank you very much, Chair.

I just want to relate a few facts, Minister.

In 2003, the provincial debt: \$125 billion, give or take. In 2011, the provincial debt: \$260 billion. In other words, I look at the stats and I say, you know what? It only took 37 Parliaments and 145 years to accumulate a debt of \$125 billion, yet it took this government two terms, two Parliaments, to more than double the debt that, again, it took 37 Parliaments and 145 years in previous.

Minister, we've heard and read about the Moody's downgrading of Ontario's credit rating from AA1 to AA2. We know that a credit downgrade will impact interest rates and increase the costs of servicing the Ontario debt. This, of course, followed the previous day's decision—this is back on April 26—whereby Standard and Poor's reduced Ontario's credit outlook from stable to negative.

As you know, and as you've made quite clear, the Ontario PC Party voted against the Liberal budget. Sir, I recall in question period whereby, when this issue was brought to the attention of the Legislature, your comments were kind of like, "Well, yes, but don't worry about it. It's not as serious as you think it is." To me, you kind of fluffed it off.

Ms. Tracy MacCharles: I don't remember him saying that.

Mr. Rick Nicholls: Well, I do, and you can check the Hansard for that. It increased the spending and it failed to take us off—

Interjections.

Mr. Rick Nicholls: We voted against the budget—

The Chair (Mr. Michael Prue): Please, order.

Mr. Rick Nicholls: We voted against the budget because it increased spending and failed to take us off the path to a \$30-billion deficit. We warned the government to take urgent action.

Then, of course, Ontario's credit rating by Moody's confirmed our fears. This was catastrophic news for Ontario. The consequences of this are very real and they're very troubling for our province, because we know that this will drive up interest rates and increase the costs of servicing our \$280-billion debt, give or take. The point is that for every percentage increase in interest rates, it will in fact cost our government—or rather, it will cost the taxpayers of Ontario—\$500 million, money that didn't have to be spent had things been handled properly. So, again, it's a caution. They're kind of throwing it our way.

That's \$500 million that could have paid for 1,200 first-year elementary teachers, 8,700 first-year nurses or 250,000—

Interjection.

Mr. Rick Nicholls: I don't see the humour in this, Minister—250,000 MRI exams. So more than ever right

now we need to take urgent action to get our debt crisis under control. Only then can we ensure that Ontario is the economic engine and the leader of the federation once again.

Minister, I'm getting to a question here for you. Ontario has already suffered numerous credit downgrades since you introduced your last budget. Confidence in this government's management of the economy is at an all-time low. What is your plan in the event of further credit downgrades? How will you change direction, sir?

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Hon. Dwight Duncan: We laid out the plan in the budget. Let me address some of the so-called statements. First of all, I take the debt very seriously. I refer you to Instant Hansard and what I said this morning. You took the \$500-million figure that I put on the table here today. I have said in the Legislature, I have said in speeches, I have said in the print media that in fact Ontario does have a debt challenge. We need to get that under control, but let's put this into some context.

Every major government in the western world, save and except those governments that have an abundance of oil and gas, have faced similar, comparable numbers, including the government of Canada, whose debt has almost doubled in the last 10 years, including the European Union, including the United States.

In US states, in many instances they don't have the constitutional or legal authority to run deficits. What's happening there: You've got the federal government spending money to stimulate the economy and state and local governments laying off teachers, laying off firefighters. You have close to 200 municipalities in the United States on the verge of bankruptcy. You have a number of municipalities in the United States right now that can't meet their pension obligations. We are meeting our pension obligations. When you look at—

Mr. Rick Nicholls: A \$15.3-billion deficit, Minister. That's the concern that we have, sir.

Hon. Dwight Duncan: You know, I listened carefully: You just said a minute ago we're having a \$30-billion deficit, which is pure fiction. It never even approached \$30 billion, it is nowhere near \$30 billion, and it is now at approximately, we're projecting for this year, \$15 billion, and we're not at the end of it. So quit throwing out false numbers.

We have met our deficit targets and have stuck with our original plan in terms of balancing since we first laid it out in 2010. No, I will not close schools and fire teachers. I know you want to do that.

Mr. Rick Nicholls: We didn't say that.

Hon. Dwight Duncan: Yes, you have.

Interjections.

Mr. Rick Nicholls: Now, you're putting words in our mouth, Minister. We are not saying that.

Hon. Dwight Duncan: You have no choice but to do that. You don't understand the numbers. If you listen carefully, 55 cents of every dollar we spend is spent on teachers; it is spent on firefighters and policemen; it is spent on public servants; it is spent on doctors; it is spent

on the people who provide the front-line services; it's spent on meat inspectors, water inspectors.

Mr. Rick Nicholls: Minister, we're concerned about future downgrades.

Hon. Dwight Duncan: We saw what your government did in Walkerton. We will not let that happen.

Interjections.

Mr. Rick Nicholls: Point of order, Chair.

Hon. Dwight Duncan: I am responding—

The Chair (Mr. Michael Prue): On a point of order, yes. Mr. Nicholls.

Mr. Rick Nicholls: We exercised restraint when we were listening to the Liberal Party addressing the minister, and I would ask for the same courtesy, that they exercise the same restraint as we are in fact addressing the minister.

The Chair (Mr. Michael Prue): I would ask all members to—Mr. Nicholls has the floor. Give him the courtesy of asking his questions.

Hon. Dwight Duncan: I was trying to answer a question, Mr. Chair.

Mr. Vic Dhillon: He was misleading—

The Chair (Mr. Michael Prue): Wait a minute.

Interjection.

The Chair (Mr. Michael Prue): Mr. Dhillon, you cannot use that word in this committee the same way as you cannot say that in the House, so I would ask you to withdraw that.

Mr. Vic Dhillon: I withdraw, Chair.

The Chair (Mr. Michael Prue): You cannot accuse a member of that. All right. It has been withdrawn.

Mr. Nicholls has the floor, and he is entitled to ask the questions. The minister is entitled to answer them as he sees fit. But please try to speak one at a time and show each other courtesy. I think that's the only way we're going to get through this last hour.

Mr. Nicholls, you have the floor.

Mr. Rick Nicholls: Thank you, Chair. Minister, again, our concern, and I'm sure it's your concern as well, is that we don't want to have a further credit downgrade, because you know as well as we know that it's going to cost the Ontario taxpayer severely. Again, if in fact there is a credit downgrade, I guess my question to you, sir, is, what are you going to cut? Where is that \$500 million going to come from?

Hon. Dwight Duncan: First of all, the \$500 million could occur without a credit downgrade if interest rates go up, therefore the yield that we pay on our borrowing goes up. So make sure you understand where that number comes from. It doesn't necessarily have to come from a credit downgrade, so let's make sure we're dealing in facts.

The second point I would make is that our credit rating from Moody's, for instance, was brought down, but Moody's still has us double-A. My bigger concern at this point is that we meet our fiscal targets, which we have been. The deal with OECTA is an indication of the government's ability to come to terms with this.

I would say this: The federal government has run huge deficits, record deficits, record debt, as have a number of other provinces. Quebec's debt is high as well. Alberta, Saskatchewan—absolutely, they're doing very well. God bless them, it's important to the country. And, God bless them, they have oil and natural gas in abundance. They don't rely on manufacturing. They're going to start to run into some challenges now because of the price of oil, because of the price of potash. Growth in China, which is a key consumer of potash, has gone down, much lower than was originally projected.

Those provinces do have an abundance.

I would also remind you that Standard and Poor's gave us no change, DBRS kept us stable, and all had positive comments about the fiscal plan and where we're going.

These are challenging times. They are not brought about by the actions of this government any more than the federal challenges were brought about by the actions of the federal government. In my view, and I think the view of thoughtful analysts who are less interested in making political statements than they are in dealing with the reality of the problem, they have been brought about by a cataclysmic decline in the economy, second only to the Great Depression, where we did exactly what the federal government asked us to do, what the OECD recommended governments do, where the IMF said—and that is, we invested I think a little more than 2%, in stimulus, of our gross domestic product.

The deficit did peak at \$19 billion. It is down to \$15 billion right now and it is continuing its downward track. This plan we laid out was laid out in the 2010 budget. We have achieved each of the targets. In fact, in each of the years that we have gone through now, the deficit has come in lower than we projected in that original plan.

Mr. Rick Nicholls: But the debt has doubled, sir.

Hon. Dwight Duncan: The debt has not, nor has the Canadian debt, nor has the debt of the United Kingdom, of France, Italy, Spain, the United States of America. It has happened in every industrialized country, the countries that have been spared it. You can try to say that we're the only guys facing this; we're not. It's simply not the case.

You have a different plan. You say we've got a deficit and debt and you have pledged to cut taxes more. If you're going to pay down the deficit—the first thing you've got to do to stem the debt is start paying down the deficit. You plan to cut taxes, and somehow, magically, that's going to fix things. It won't, and that's why your government left a hidden \$5.5-billion deficit when they left office in spite of the fact that, through most of the period they governed, the growth rate in the United States of America and the western world was over 5%, real.

I categorically reject the notion that Ontario is the only government faced with this. I categorically reject the notion that—and by the way, our government balanced three budgets in a row before the downturn, three budgets in a row, and our credit rating and our bonds are still selling very well. The credit adjustments that we got this

year were far fewer and far less than many other comparable jurisdictions.

I would urge you to quit denigrating Ontario. I think we have a great and strong economy, and this government was re-elected after the downturn. The people of Ontario support our investments—

Mr. Rick Nicholls: After the downturn, Minister—

Hon. Dwight Duncan: —in education and health care, with respect, and we have laid out a clear, consistent plan that will get us back to balance. It is an ambitious plan, I guarantee. I grant you that. But it is one that we will meet. We have met it up until now, and I have great confidence—and this province still is the engine of the Canadian economy, with all due respect. It is still the driver of the Canadian economy and is by far the largest economy. It has the most corporate headquarters, the highest employment, the best rates of growth in large part—

Mr. Rick Nicholls: Thirty-seven Parliaments, 145 years, a \$125-billion debt, and in eight years—

Hon. Dwight Duncan: Yes, and it doubled between 1990 and 1995 and it went up 40% between 1995 and 2003. You know what? We have to change the culture.

Mr. Rick Nicholls: Maybe one of the things that we need to do, sir, is to stop spending.

Hon. Dwight Duncan: Then why would you cut taxes further right now? Why would you cut corporate taxes further at this point?

Mr. Rick Nicholls: Maybe it's about managing—

Mr. Gilles Bisson: Are you guys fighting over taxes?

Hon. Dwight Duncan: Yes, because we took your good advice, Gilles, and we froze the corporate tax rate. But you can't have it both ways. You can't say—

Mr. Rick Nicholls: One of the things, Minister, that we have suggested in our white paper is that wages and benefits make up a huge portion of this government's expenditures.

Hon. Dwight Duncan: Yes.

Mr. Rick Nicholls: Well, why haven't you taken our advice and implemented a real public sector wage freeze, then?

Hon. Dwight Duncan: I addressed that this morning. If we follow your advice, we'll lose in court and we won't achieve what we need to. That was in my opening comments in response to a question I had. I'd refer you to what happened in British Columbia. I'll refer to you—I forget how many lawsuits the federal government is confronted with right now as a result not of a wage freeze, but they voted, I think, a 1.5% increase and froze it at that.

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We've been able to negotiate. It's not just about a wage freeze. Your party has been conspicuously silent on benefits, on pensions and on everything else. So a wage freeze, frankly, doesn't get us to where we need to be. It's got to be real zeros, and your plan, not only would it not survive a court challenge, it doesn't really get us to where we need to be.

I want to applaud OECTA and others who have worked with us. We've been able to reach agreements that none of us—that aren't the best agreements; we're in difficult times. I think that's the right approach to this.

Mr. Rick Nicholls: The Working Families Coalition as well, sir. You forgot to mention them.

Hon. Dwight Duncan: I don't know anything about the Working Families Coalition. What I do know is that we've been able to achieve a much better outcome with OECTA than we would if we simply tried to do what previous governments have done, which, by the way, now would not survive the test of a court. For instance, the social contract: Today, even if a government wanted to do a social contract, it likely wouldn't survive a court challenge. The policy put forward by your leader and your party would not survive that. British Columbia is the test case there.

Mr. Rick Nicholls: I find it a little surprising when you say you don't know anything about the Working Families Coalition—

Hon. Dwight Duncan: The courts found that. Everybody did. You know, you've tried every which way, and you know—

Mr. Rick Nicholls: Well, we certainly do know that it's out there. Your government's been in power now for eight years—

Hon. Dwight Duncan: That's not what the court says. That's not what the Chief Electoral Officer says. It's been tested.

Mr. Rick Nicholls: Why haven't you done anything to reform the labour laws in Ontario, sir?

Hon. Dwight Duncan: We think we have a fine balance in the labour laws. In the most recent budget, I have announced some proposals to enhance the accountability and timeliness of arbitration laws. We have, in fact, enhanced health and safety rules in this province. We think that those are important strides forward. We don't think that health and safety is something that should be lightly taken. We have increased our authority to police health and safety—

Mr. Rick Nicholls: Well, for the record, we don't think that health and safety rules should be lightly taken either. I don't want you to imply that that's what we are saying.

Hon. Dwight Duncan: Yes, but you're proposing to gut Ontario's—that's labour law. You asked me about labour law; that's labour law. That's the Ministry of Labour.

Mr. Rick Nicholls: We believe that some of those laws—

Hon. Dwight Duncan: We don't agree with you. We don't agree with your prosperity—

Mr. Rick Nicholls: —require reforming.

Hon. Dwight Duncan: And by the way, we also tried to reform the arbitration with things that we lifted right out of your campaign platform, and you voted against them in the budget. I mean, you can't have it both ways. You say that we're not doing what you want us to, but on the arbitration side, we put things in that came right out

of your campaign document, and then you voted against them.

Mr. Rick Nicholls: I'm sure you've heard of the scandal that plagued the Toronto District School Board because of its sole-sourced contracts with corrupt unions. Doesn't this lead you to believe, though, that maybe labour policy in the province is flawed?

Mr. Gilles Bisson: Yes, just get rid of them. That's what you guys are suggesting.

Mr. Rick Nicholls: No, we're not suggesting that.

Hon. Dwight Duncan: I believe that unions have made an enormous contribution to this society. I believe our standard of living is, in part, where it's at because there have been unions. Do labour laws, from time to time, need to be updated and revamped? Absolutely. Should we completely leave the playing field between employer and employee uneven? No. It is a balance to walk, I agree, and from time to time, I guess—

Mr. Rick Nicholls: So labour laws should be looked at and maybe updated?

Hon. Dwight Duncan: Not the way you're proposing to, no. But I do agree, and we have looked at the Labour Relations Act over time. Governments of every political stripe have made changes to it to adjust to new realities. We would not have gotten the deal with Chrysler and General Motors had it not been that we worked with the unions, who were able to convince their members that this was in everybody's interest. I give Mr. Lewenza and the CAW credit for that.

I believe that workers need good representation in the workplace. I believe some workers are particularly vulnerable. So, no, I don't agree with you. I think unions are important. I think a strong union movement is part of a strong society. I think it brings balance. I don't agree with those who say unions are bad or inherently bad. In fact, as I say and I'll state again, I believe that they've done much to improve the standard of living of average Ontarians.

So, are there challenges? Absolutely.

Mr. Rick Nicholls: Do you think that hard-working union members' dues should go to a political cause that they don't believe in?

Hon. Dwight Duncan: I'll leave that up to them to determine.

Mr. Rick Nicholls: Do you think, maybe, they should be forced to volunteer for candidates running for your party, under a threat that if they don't, they'll lose their jobs?

Mrs. Donna H. Cansfield: That's not even worth responding to.

Hon. Dwight Duncan: Yes, I'm not going to respond to that. That's just nonsense.

Interjection.

Hon. Dwight Duncan: I can't. I can't.

Interjections.

The Chair (Mr. Michael Prue): You've only got a minute left. This is not something that deals with finance.

Hon. Dwight Duncan: Yes, that has nothing to do with finance, by the way. That's Ministry of Labour.

Mr. Rick Nicholls: Well, I think it does have something to do with it, because we're talking dollars and cents here.

Hon. Dwight Duncan: I think the Navistar workers in your riding were well served by the CAW. If people like you had stood up the way the CAW did to protect their interests, things might have gone differently.

Mr. Rick Nicholls: I take offence to that comment, Minister—

Hon. Dwight Duncan: Well, you should. I take offence to your lack of action.

Mr. Rick Nicholls: —because I have stood up for those workers in Chatham.

Hon. Dwight Duncan: No, you did not—

Mr. Rick Nicholls: Yes, I have—

Hon. Dwight Duncan: —and now you want to strip whatever rights they have.

Mr. Rick Nicholls: I've spoken with Mr. Lewenza—

Hon. Dwight Duncan: Had you spoken—

Mr. Rick Nicholls: —I've spoken with Chicago, and I have stood up for those workers—for the record, Minister.

Hon. Dwight Duncan: Time's up?

The Chair (Mr. Michael Prue): Order, please. The time has now expired.

Mr. Bisson, your last 20 minutes.

Mr. Gilles Bisson: I was watching our poor translator, like you say, Chair. She threw her hands up at one point, and I don't blame her. We have a saying in French: *foutre*.

Mr. Rick Nicholls: Meaning?

Mr. Gilles Bisson: Never mind. It's not a swear word.

I'm just going to read into the record a series of questions that I want to table for the committee, for the minister to respond to. I don't need a response; I just want to read them into the record.

(1) Who will administer the ONTC pension benefit in the event of an ONTC closure? What are the legacy costs for those benefits?

(2) What is the unfunded liability of the ONTC pension plan? Does the government intend to fully fund the plan in the event of closure of the ONTC?

(3) Does the government intend to continue to fund the plan when there are no employees contributing to the plan?

(4) Does the government intend to provide new/refurbished equipment to the Polar Bear Express/Little Bear train service? If so, what would be the capital requirement to provide such equipment?

(5) What are the future capital requirement costs of maintaining the infrastructure on the Island Falls subdivision on an annual basis—in other words, the track going from Cochrane to Moosonee?

(6) What will be the operating subsidy for the continued operation of the Polar Bear/Little Bear service?

(7) Several bridges on the ONTC system require upgrades. What are the capital costs for those upgrades? Does the government intend to provide the capital for

these upgrades, either through funding or deducting it from the value of the assets on divestment?

(8) Currently, the ONTC motor coach division operates a commercial business with no government subsidy. Does the government intend to subsidize any future carriers to operate the current ONTC routes? What would be the cost of such a subsidy on an annual basis, and how long would the subsidy continue?

(9) The government has stated it will be providing an enhanced motor coach service upon the discontinuance of the Northlander. Can the government define “enhanced”? What type of motor coach equipment will be provided? Does the government intend to contribute to the purchase of this enhanced equipment?

(10) Currently, Ontera provides services in very low-populated areas. Will these communities continue to receive these communication services? Does the government intend to subsidize these services? What would be the annual costs of these subsidies?

(11) Currently, Ontera carries a debt. Will the buyer of the asset assume the debt, will it be assumed by the province, or will it be deducted from the purchase price?

(12) If communities are negatively affected by the sale of Ontario Northland or any part of its assets, will the government provide communities with a financial adjustment to offset those effects?

(13) What are the legacy costs for the benefits for the retirees and future retirees?

I want to give that to the committee so that we can have those questions answered; that would be good.

And considering I’ve only got 15 minutes left—

Mr. Michael Harris: It’s 17.

Mr. Gilles Bisson: Seventeen minutes left? Man, I did that two minutes faster than I expected.

We’ve already had our exchange. We’ll agree that you’re wrong and I’m right on the ONTC.

Hon. Dwight Duncan: We won’t agree on that.

Mr. Gilles Bisson: And you’ll agree that I’m wrong and you’re right on the ONTC.

Hon. Dwight Duncan: That’s right. That’s better.

Mr. Gilles Bisson: Okay. I was characterizing the argument.

I just want to get to ServiceOntario for a second, without going through the whole preamble. When do you expect that the privatization deal on ServiceOntario is going to be completed?

Hon. Dwight Duncan: I’m going to get back to you on that, Gilles, because I’m not certain at this point. I don’t want to give you a date now that doesn’t come to pass. It’s very much in progress, and I don’t have the answer at this point.

Mr. Gilles Bisson: Yes. I just want to know when—you said that the books will be balanced by 2017-18. Including this budget year, has the government slotted any revenue from the privatization of ServiceOntario into its fiscal framework?

Hon. Dwight Duncan: I’m sorry; give me that again?

Mr. Gilles Bisson: You say you’re going to balance by 2017-18. Within that period—this year, next year, and the

year after—have you slotted any of that revenue into your projections?

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: So you have. Okay. And how much in each fiscal year? I know you don’t have that at your fingertips.

Hon. Dwight Duncan: I’ll get you that answer.

Mr. Gilles Bisson: Can you provide that? And how much, in broad terms, do you expect to slot into the fiscal framework for an upfront payment for privatization of ServiceOntario? For example, you got a whole bunch of money for Teranet, right? I think it was about a billion bucks or whatever it was. What do you expect to get upfront on that?

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Hon. Dwight Duncan: I’ll get back to you, but the amount would be a net, less costs associated with whatever transaction happens.

Mr. Gilles Bisson: Okay. I take it that the upfront revenue from the privatization of ServiceOntario will be accounted in the same way that the Teranet one was.

Hon. Dwight Duncan: I can’t give you an answer to that right now. It’ll depend on how the transaction proceeds.

Mr. Gilles Bisson: You realize I’m doing these really quick because I’ve only got 14 minutes left, but I do want to get them into the record.

On pensions, you talked about jointly sponsored pension plans, and I’ll just read this part. The government stated in your budget that you would make changes to jointly sponsored pension plans; in your own words, “focus on ensuring that measures used to improve plan funding do not add to employer and taxpayer expense, beyond what has already been agreed to.”

You went on to say, “Following consultations, the government will introduce appropriate legislation to help achieve these objectives.”

I guess the question is, when do you expect that legislation to come forward?

Hon. Dwight Duncan: Consultations are under way right now. I think at the time of the budget we were looking to this fall. I’m not sure that we’ll meet that target, but the consultations are going on right now.

Mr. Gilles Bisson: Okay. In your budget, you stated that the legislation would—“in case of a deficit, plans would be required to reduce future benefits or ancillary benefits before further increasing employer contributions.”

You went on to say a bunch of things. I’ll just read one: “Any benefit reductions would involve future benefits only,” blah blah blah. Does the—

Interjection.

Mr. Gilles Bisson: I’d have to read the whole thing to ask that question. Sorry, I’ve got to do this.

“In exceptional circumstances, a limit would be set on the amount or value of benefit reductions before additional contribution increases could be considered.” You went on to say, “Any benefit reductions would involve future benefits only, not those that have already been

accrued. Current retirees would not be affected.” You went on to say, “Where employee contributions are currently less than employer contributions, increased employee contributions would also be available as a tool to reduce pension deficits.” Lastly, you said, “Where plan sponsors cannot agree on benefit reductions through negotiation, a new, third party dispute resolution process would be invoked.”

How far are the stakeholders in proposing any kind of legislation?

Hon. Dwight Duncan: We’re in the middle of those consultations now, Gilles, and we’ll be reporting out on those once they’re complete.

Mr. Gilles Bisson: Okay. The next one: On the consolidated public sector pension plan, the government intended “to introduce framework legislation in the fall of 2012 that would pool investment management functions of smaller public sector pension plans in Ontario. Under this framework, management of assets could be transferred to a new entity or to an existing large public sector fund. The government will appoint an adviser to develop the framework, working with affected stakeholders and building on Ontario’s internationally recognized model for pension plan management.”

The question is, is John Morneau the guy who is going to be the adviser?

Hon. Dwight Duncan: Who?

Mr. Gilles Bisson: John Morneau.

Hon. Dwight Duncan: Bill Morneau. He’s out meeting—

Interjection.

Hon. Dwight Duncan: Bill Morneau is out meeting now. He’s in the middle of consultations with stakeholders.

Mr. Gilles Bisson: Does the government intend to introduce legislation this fall on that particular item?

Hon. Dwight Duncan: Again, that was our original intention. I’m going to wait to see the conclusion of his consultations to see what is involved legislatively. That was the intention; whether or not that occurs at this point, Gilles, I can’t give you a complete answer because I don’t know. That was the original intention, yes.

Mr. Gilles Bisson: Do you plan to add other public sector plans such as WSIB and others into this?

Hon. Dwight Duncan: We’re consulting on that very matter, including those organizations that might be included in it.

Mr. Gilles Bisson: How will the governance of this work in the end?

Hon. Dwight Duncan: That’s part of the consultation. Again, the government hasn’t formed an opinion on that at this point. Mr. Morneau is going to be giving us advice on that matter and a number of other matters. But to your point, governance is an important consideration.

Mr. Gilles Bisson: My good friend Michael Prue raised a question in the House way back last spring, I believe it was, in regard to the Trillium benefits.

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: You had at that point committed that you would be making some changes to the legislation. Can you tell us when that will be?

Hon. Dwight Duncan: I indicated to Mr. Prue this morning that we’ve had a look at his private member’s bill and think it’s a very good approach to these matters. I’ve asked my officials to meet with Mr. Prue to give him a full briefing on the government’s thinking on this matter, and I think that’s going to happen in the next day or so, and then we’ll go from there. But I’ve had a look at Mr. Prue’s bill. I think what he has proposed is one very good way of dealing with this, and I do want him to have the benefit of a full briefing from my officials on some of the things that are more, I guess, administrative in nature than they are policy-wise. But I thought his private member’s bill was an important step.

Mr. Gilles Bisson: Okay. How much time do I have left?

The Chair (Mr. Michael Prue): About 10 minutes.

Mr. Gilles Bisson: My Lord, we’re having so much—you gave me a timer; that is very nice of you. Wow, talk about having friends.

I just wanted to get those particular questions on the record before we ran out of time, so let me get back to the gas plant. We started with it; let’s get back to it.

Part of the problem I think the public is having with this—and, I would probably argue, a number of us here—is that it’s fairly clear that the decision was made as a result of what was going on in the last election. We went through a whole series of questions in regard to at what point was a decision made, but I just want to be clear: The decision, as per what you had said earlier, when it came to the cancellation, was done as a promise by the Liberal Party that, should you be elected, that in fact the government would make these changes—

Hon. Dwight Duncan: Yes.

Mr. Gilles Bisson: Prior to that election, no such discussion had been going on between the Liberal Party and the government? Was there a conversation going on before?

Hon. Dwight Duncan: Before the election?

Mr. Gilles Bisson: Yes.

Hon. Dwight Duncan: You presented background notes and so on where the issue was clearly—I indicated I think earlier that there were discussions in caucus, there were discussions in cabinet—

Mr. Gilles Bisson: No, no, the Liberal Party. Had your Liberal election team raised this with the government beforehand? Because some of the people are the same; you have members of caucus who were on that particular EPC?

Hon. Dwight Duncan: Not that I’m aware of, Gilles. I mean, do we talk about things amongst ourselves? Sure we do, like everybody else. The point is, there was no government decision taken prior to the election. There was an undertaking by the Ontario Liberal campaign, a campaign promise, if we were re-elected, if we had the privilege of governing again, that we would move to relocate the plant. The decisions that gave rise to the re-

location and the costs associated with that were taken subsequent to the election by the new government.

It's my recollection, Gilles, and I'm sure it's yours, that that issue was highly public. I know I heard, again, from members of our caucus, local mayors, councillors and other interested parties. A lot of businesses, by the way, were concerned that there be enough power in the western GTA. What kinds of conversations went on between various members of the campaign team we're also cognizant of—I can't relate to you what they were, but I'm sure some of them went on.

Mr. Gilles Bisson: So there was some discussion between the election planning committee of the Liberal Party and government members in regard to—

Hon. Dwight Duncan: Elected government members.

Mr. Gilles Bisson: That's what I'm saying.

Hon. Dwight Duncan: The campaign promise was made, and subsequent to the election, the government began to take the steps necessary to implement the undertaking.

Mr. Gilles Bisson: Let me be blunt with the question: Was it communicated to the government caucus or to the cabinet by the Liberal election planning committee prior to the election that this was a political problem, that they wanted it cancelled? Was that ever communicated?

Hon. Dwight Duncan: Not to my knowledge.

Mr. Gilles Bisson: Okay.

Hon. Dwight Duncan: There were certainly discussions among, again, candidates, elected members who were running for re-election, the campaign committee, the media—I think there were editorials or there was lots of commentary—television, but there—

Mr. Gilles Bisson: Had it been flagged? That's my question. Did the Liberal campaign flag this for the caucus or the government prior to the election?

Hon. Dwight Duncan: No, but I think it's fair to say that a number of elected Liberals, candidates and others in the party, municipal leaders and so on, said that they felt this was going to be an issue to the campaign team. We were hearing the same thing you were, I'm sure, what was being widely reported in the media.

Mr. Gilles Bisson: If it had not been for the election last fall, would the cancellation decision have been made, if there was no election last fall? Because it's pretty clear—

Hon. Dwight Duncan: I suspect it would have been—

Mr. Gilles Bisson: Would not or would have?

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Hon. Dwight Duncan: Pardon me?

Mr. Gilles Bisson: Would have or would not?

Hon. Dwight Duncan: Would have. I mean, it was pretty overwhelming, and the opportunity at Sarnia-Lambton presented itself. When the initial RFP, going way back, I think, to 2004 or 2005, went ahead, it was at a time when we didn't have enough installed capacity and so we moved very quickly on a number of new generating opportunities. It was a particular concern in the western GTA and in the northeastern part of the GTA, where not only did there have to be additional generation

opportunities at that time; there had to be improvements to the transmission. Remember there were fires out in the west end at certain hydro substations? With the downturn of the economy, with our conservation efforts, with the other supply we brought on, the urgency by 2011 was different, with all the new power we brought on, with the opportunity to build in Sarnia-Lambton, where there was a willing host municipality, a willing community, at that time.

So, to your specific question, had there not been an election, I suspect the same decision would have been made, and in about the same time frame.

Mr. Gilles Bisson: If it was an issue before the election, why did the government not decide on their own, prior to the election, to cancel? Why did it take the election to make it happen?

Hon. Dwight Duncan: It didn't take the election to make it happen. I just indicated to you that had there not been an election, I suspect probably a similar decision would have been arrived at.

Mr. Gilles Bisson: But you can understand why I'm asking?

Hon. Dwight Duncan: Well, part of it—

Mr. Gilles Bisson: Why was the timing of the decision October? Why was the timing not, you know—

Hon. Dwight Duncan: Well, we decided that we wanted to respect the view of the people in Mississauga and Etobicoke. It was pretty overwhelming and compelling. So, as I say, we made an undertaking, the promise in the election, that if we were elected we would move to relocate the plant.

Mr. Gilles Bisson: How much time? Time, Chair?

The Chair (Mr. Michael Prue): Approximately four minutes, I think.

Mr. Gilles Bisson: Well, let me just wrap up with this. I guess the difficulty in all of this is that what is clear by the evidence that we've seen up to now in the documents is that there had been controversy in regard to the siting of these particular plants for some time, so much so that we know there were conversations within the elected officials of the area bringing their concerns, as they should, to the government. That's what your job is. I don't take that away from what the members were trying to do. It was clear that there were briefings going on to the Premier as early as September of last year, before the election. In other words, a year, a full 12 months, before the election, the Premier and others were being briefed on the cost of cancellation.

What I guess it leads to is that the government had a whole bunch of time to make this decision. It could have made this decision in May of last year; it could have made this decision in August. Instead, the Liberal Party made a commitment during the election that, should they get re-elected, this thing would be cancelled should they form the government.

So you can understand why those out there like myself are saying that this was a political decision. It seems to me that if there was a need to reverse the decision for reasons that were whatever, the government could have

done that before the election quite easily, because it had all the information.

My sense is that the decision was partly made before the election, because, again, from the documents as we read them, the amount of money that it cost to settle this thing was starting to be known about in November. I can't believe that you can start having that kind of assuredness as to the number a mere 40 days after the election. You know as well as I do that to get your head around something as large as the cancellation of a contract as large as this—I don't care if it's private or public sector, guys; 40 days to come up with \$190 million as a settlement for the Mississauga plant is a bit of a stretch, to say that that entire thing was arrived at over a 40-day period after the election. So it's pretty clear there had been some work ahead of time to look at how much it was going to cost to get out of this.

From our perspective and I think from the perspective of others, this really does look like a political decision that at the end of the day left the taxpayer on the hook, at this point, for \$190 million, and who knows how much after? I just think it doesn't bode well on all of us as politicians, but specifically Mr. McGuinty and the Liberal government, for those types of decisions to be made in the way that they were.

Thank you, Chair.

The Chair (Mr. Michael Prue): Okay. You're relinquishing your last minute?

Mr. Gilles Bisson: Oh, I've got, what, a minute?

The Chair (Mr. Michael Prue): Yes.

Mr. Gilles Bisson: I can tap dance and sing.

The Chair (Mr. Michael Prue): No, no, don't tap dance. We'll be out of here a minute earlier.

Government side, last 20 minutes.

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

I want to get back to taxes, because we chatted earlier about what was happening with corporate taxes and the significance of harmonization, and then we talked about farmers. Of course, when I have the opportunity to sit down and I have someone coming in from my constituency—and I do represent a significant portion of seniors—they say, "That's all very well indeed, but what about me? What are you going to do in terms of helping on personal taxes?" I have a few tax questions, and I'll start with that one. What are we doing on the personal tax front?

Hon. Dwight Duncan: That's an important question because the moves we took—the government's tax plan for jobs and growth provides significant relief for Ontarians and their families. More than two thirds of consumers in Ontario with household incomes of \$90,000 and less are better off with the HST than they were with the old provincial sales tax.

Hudak has no plan to offset his proposed HST reductions; he wants to make reckless cuts to revenue during a time of economic uncertainty, which will affect jobs and growth. That being said, Tim Hudak, at the Economic Club of Toronto, spoke in favour of the HST,

saying, "I [agree] that there's little sense in allowing two separate governments to apply two separate sets of taxes and policies and collect two separate groups of sales taxes." It seems as though he is uncertain of his own position.

In 2013, the HST will save consumers some \$490 million. It was reported by Michael Smart that two thirds of sales tax savings to businesses from the HST have been reflected in lower prices to Ontario consumers.

Also, the tax package will create 600,000 jobs for Ontarians. When the Horwath NDP voted against the comprehensive tax package, they in fact voted against those 600,000 jobs, \$12 billion in tax relief for Ontarians and families and the 90,000 Ontarians who are no longer paying personal income tax.

Along with the enhanced tax system, our government is providing relief for Ontarians who are in need of support. The total tax relief for Ontarians between cuts and credits is valued at \$12 billion over three years. Today, nine out of 10 taxpayers are paying less income tax, and the average Ontario family is receiving an income tax cut of \$355 this year and every year going forward. Also, there's a permanent \$260 sales tax credit for every low- and middle-income adult and child in the province.

To help families, farms and small businesses manage the cost of turning on more clean power, the government implemented the Ontario clean energy benefit, which takes 10% off electricity bills, including tax, through to December 31, 2015, for the period starting September 1, 2012. Finally, the northern Ontario energy benefit provides support of up to \$200 per family and \$130 per single person.

These annual tax credits provide significant relief for Ontarians and help to further strengthen our economy.

Mrs. Donna H. Cansfield: Thanks. Part of the challenge though, is, what does it all mean? How does it all come together? When you strengthen the tax system, what does it mean for the people of Ontario?

Hon. Dwight Duncan: It means we have a more progressive tax system, that middle- and lower-income Ontarians are in fact paying less taxes. It means we have the most generous sales tax credit. It means that our businesses are no longer being held to compliance by two different tax departments both on corporate taxes and personal taxes. It means that 90,000 fewer low-income Ontarians are paying tax.

It also means we now have the lowest tax rate on the first \$37,000 of income. That's important because not only does it benefit the working poor; it also helps reduce, I think, what my officials call the welfare wall. It makes it easier for people to move off of welfare and into the workforce when jobs are available. That's an important public policy consideration as well.

It means a more progressive tax system. It means lower taxes for people of more modest means. It means a fairer and more transparent tax system.

It means businesses now have a competitive tax structure. We're certainly not the highest; we're not the lowest. When you look at the OECD, we're about the

middle of the range. That gives us an incredible leg up in terms of attracting new jobs and new investment.

Mrs. Donna H. Cansfield: In the House, we had an awful lot of discussion about the home renovation tax credit. I know that people were suggesting it was elitist, that it was aimed at a particular group of folks, as opposed to actually what, in fact, it could do. Like most things, it's a part of the bigger piece, right? It's not just the piece, it's a part of the bigger piece. So you need a variety of options and choices in order for people to move forward.

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Here we have an aging at home strategy, a demographic that's going to take us out to a significant elderly population. I'm getting there myself. That home renovation tax credit is really an important part of this. I wonder if you could share some information in terms of how it has a broader impact and effect.

Hon. Dwight Duncan: You're absolutely right. The government's stated policy is to help people stay at home longer, and oftentimes that involves substantial renovation costs. Many of our seniors—I know in your riding there were many homes built in the postwar period for young families, husbands returning from war. They weren't built to today's design standards. There are stairs, there are narrow doorways, small bathrooms that make it hard to get a walker in and out of, all those kinds of things.

In order to facilitate people staying at home—it's one thing to help provide a nurse to come in and provide care periodically, or a homemaker to come in, but you've also got to make the physical changes to the house. This is designed to help seniors with that.

Just some of the technical details about it, so people who are listening can find out: The healthy homes renovation tax credit will help improve accessibility and help seniors with mobility at home. The credit would allow seniors the opportunity to renovate their homes to ensure their safety and suit their changing lifestyle needs. Also, the tax credit would help seniors stay in their homes longer and relieve pressure on long-term-care costs, so there is what the economists and my officials call a cost avoidance.

Oftentimes it's hard to see cost avoidances in a government's budget or in financial statements because that's precisely what it is: an avoided cost. Ten years from now, more people are in their homes; the rate of spending on long-term care will be lower than it would have otherwise been. But you can only make projections on that, and it's hard to see.

The tax credit will cost the province some \$60 million in 2011-12, which would be offset by savings in business support activities and related expenditures. In my view, it makes good public sense.

I think of my own mom and dad and their last years in their home. They had to make a lot of changes to their house to accommodate walkers and so on, as I'm sure many of us have experienced with our moms and dads and other family members. It would have made it a little

bit easier; this does that. It complements our aging at home strategy, the initiatives Minister Matthews is taking with respect to improved home care services, and I think just makes good sense.

Mrs. Donna H. Cansfield: Thank you. Obviously I agree, because I know from—again, I'm going to quote my own constituency. People want to stay at home. The last place they want to go if they don't have to is into a long-term-care residence or a retirement home when they can stay in their own home. And that's what we want. That's what I would like to be able to do in the future. These types of initiatives allow us to be able to do that.

I think there are a whole host of things—I remember publishing the list of available opportunities, whether it was through the tax structure or through a renovations tax structure, to enable people to do this.

As we get older, and there are a lot more of us, this is really important. So I want to say thank you again for this, whoever came up with this idea.

Hon. Dwight Duncan: I'm not sure if it was you or Deb Matthews who told me that oftentimes what lands a senior citizen in long-term care isn't an underlying chronic condition; it's a fall, something like a fall.

Ms. Tracy MacCharles: At home.

Hon. Dwight Duncan: Yes, at home. So to the extent that we can help seniors renovate their homes to be more accommodating and reduce the risk of a fall—the other statistic that I was quite astounded by is the number of seniors who, if they fall and break their hip and go to the hospital, don't come out.

Mrs. Donna H. Cansfield: That's right.

Hon. Dwight Duncan: It's really quite frightening. Something like this, I think, is a modest step but it will help people. And it builds to your point: Part of the suite of policies and programs that we've brought about helps them, and, by the way, it helps the treasury because it's less costly. People are happier. I'm glad we've had the opportunity to do this.

Mrs. Donna H. Cansfield: And you're right. The SmartRisk foundation did an analysis; I believe it was for Health Canada and the insurance industry. In fact—and it's primarily women—if they fall and they go from being totally independent to dependent, it changes their status. But first of all, if they fall and they continue to fall at the rate they are, we will be building hospitals just to accommodate their falls. That's unacceptable. So prevention is absolutely critical and mobility is the biggest. Working with a CCAC that can eliminate things like the RUGs, adding this tax credit that gives them the opportunity to do the widening or to be able to move efficiently, is exactly what we need to be able to do. It's good stuff. Thanks.

The Chair (Mr. Michael Prue): Mr. Dhillon.

Mr. Vic Dhillon: Minister, can you discuss the Ring of Fire and why it is so important to the Ontario economy?

Hon. Dwight Duncan: The Ring of Fire is an area in the James Bay lowlands in northern Ontario where there has been intense recent mineral exploration. The area has

large potential deposits of important minerals such as chromite, nickel, copper, zinc, platinum group elements and gold. The discovery of chromite, which is a key ingredient in the production of stainless steel, is particularly promising. The Ring of Fire has the potential to be the most significant source of chromite in North America and thus represents an opportunity for both exports of chromite or an increasing value-added production here in Ontario.

Mining development promises significant investment and job creation in northern Ontario in both the direct mining and support activities, as well as value-added industries which can process the minerals. Cliffs Natural Resources' chromite mine and mill development, as well as the construction and operation of transportation infrastructure, could create 750 jobs plus hundreds of indirect employment opportunities for northern Ontarians and First Nations communities. A ferrochrome processing facility in Capreol is expected to employ some 450 people during construction and as many as 450 people when the facility is in operation. The proposed mine developments in the Ring of Fire are expected to create more than 1,500 permanent jobs, while additional jobs will be created in the mining service and supply sector. It's a priority of our government to strengthen our economy by creating jobs for Ontario families.

It's important to note that Andrea Horwath and the NDP's protectionist proposals would put the northern economy at risk. The NDP platform called for an end to all development north of the 51st parallel, which would effectively cancel the Ring of Fire. The NDP would kill northern jobs by shutting Ontario to mining and resource investments from other provinces or countries.

Ontario will work closely with First Nations to ensure that they are partners in this development. The province is committing to a First Nations' dialogue focusing on long-term environmental monitoring, socio-economic and community development, regional infrastructure and resource revenue-sharing. Ontario is calling on the federal government to work with Ontario and First Nation communities to advance the work.

While our government sees the development of northern Ontario as a critical step to further strengthening the Ontario economy, others have a different view of the north. Tim Hudak has committed that, if he is elected, he will eliminate the Ministry of Northern Development and Mines. Also, when Mr. Hudak was Minister of Northern Development and Mines, he moved ministry offices from the north to Toronto.

Our government has also recently launched the 25-year growth plan for northern Ontario to strengthen the economy by diversifying traditional resource-based industries, stimulating new investment and entrepreneurship, and nurturing new and emerging sectors. The 2010 budget announced \$45 million over three years for a new project-based skills training program to help northerners and aboriginal peoples participate in and benefit from emerging economic development opportunities such as the Ring of Fire. The program will also help build

capacity in the north to gather information to support community land use planning and environmentally sustainable development that benefit aboriginal peoples and Ontario as a whole.

Mr. Vic Dhillon: Thank you, Minister. Can you please discuss what's been done to assist the northern communities with their new and unique challenges?

Hon. Dwight Duncan: Our government recognizes the unique challenges faced by northern communities. In fact, responding to some of these challenges has been one of the government's key objectives for the Ontario municipal partnership fund. The northern and rural communities grant of the Ontario municipal partnership fund was specifically designed to assist northern communities.

Northern communities also benefit from a variety of grants which serve to assist municipalities and rural communities with their unique challenges. Social programs grants assist municipalities with their social program costs, if they have limited property tax assessment and high social program costs relative to their residence household incomes; an equalization grant provides funding to municipalities with limited property assessment; police services grants provide funding to rural communities to support policing costs.

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In 2012, municipalities across the province are also receiving \$15 million in transitional assistance.

In recognition of the new challenges faced by northern communities, the province continues to provide them with a higher guaranteed level of support compared to the rest of the province. In 2012, the province guarantees that northern municipalities will receive a combined benefit of OMPF and provincial uploads that is at least equal to 95% of their 2011 support. As a result, municipalities in the north are receiving more than \$239 million through the Ontario municipal partnership fund in 2012, which translates into \$655 per household, nine times the average of the rest of the province. In addition, the province will continue to honour its commitment regarding the uploads as agreed upon with municipalities through the Provincial-Municipal Fiscal and Service Delivery Review in 2008.

The government understands the importance of this commitment to its municipal partners. Northern municipalities will see an estimated benefit of \$98 million in 2012 resulting from these uploads. The Ontario municipal partnership fund's combined benefit with the provincial uploads will result in \$336 million for northern municipalities in 2012. This represents an increase of \$83 million, or 33%, over funding provided by the previous Conservative government.

It should also be noted that in 2010, the government introduced a new permanent northern Ontario energy credit that provides assistance to low- to middle-income Ontarians living in the north with the higher energy costs they face. Eligible northern residents can receive an annual credit of up to \$137 per single person and up to \$210 per family, including single parents, for 2012.

To support industry in the north, our government also developed the Northern Industrial Electricity Rate program. Our government recognizes the distinct requirements of regional economies. In support of northern development, we have expanded the Northern Ontario Heritage Fund Corp. to \$100 million from \$60 million a year in 2003 to help build strong, prosperous northern communities. Since 2003, the northern Ontario heritage fund has supported some 4,400 projects, leveraged \$2.4 billion in additional contributions, and created or sustained some 17,800 direct jobs in the north. The PCs, on the other hand, used the NOHFC as a slush fund. They funded golf tournaments and other pet projects in ridings that were not considered to be in northern Ontario. Our government has a strong track record of development and support in northern Ontario, and we will continue to enhance the north and the entire Ontario economy.

The Chair (Mr. Michael Prue): Two minutes. Ms. MacCharles.

Ms. Tracy MacCharles: My question is about the electricity sector and its impact on our economy.

Just some context for my question, if I may: Like, I think, many of my colleagues, I work with other MPPs on a regional basis, a non-partisan basis, on what the issues and opportunities are—in Durham region, in my case. Probably the number one topic has to do with energy and the electricity sector. Of course, Durham—and I think I discussed this at estimates before—is seeing itself very much as an energy belt, going forward, in terms of nuclear energy as well as balancing that with renewable.

There's lots of discussion about that in Durham, and elsewhere, I'm sure, with the sector itself as well as boards of trade, and with our universities and colleges in Durham who are modelling much of the curricula around this topic. So I sense it's a pretty important part of our economy, going forward, and am wondering, Minister, if you could speak to the impact of this sector on the province's economy.

Hon. Dwight Duncan: The electricity sector is a critical component of the Ontario economy, accounting for over \$16 billion in economic activity.

When our government took office in 2003, we inherited a system that had no long-term plan. There was not enough generation to meet demand reliably. Transmission lines were aging and some assets were in poor condition. Ontario relied heavily on coal-fired generation, which causes pollution. For years, health experts have been urging governments to shut down coal plants because doing so would drastically improve air quality and public health, and save money on hospital visits.

Ontario is on track now to phase out coal-fired electricity by 2014. The government has already shut down 10 coal-fired units, with only six units remaining.

It's also important to highlight that public and private investments in clean and renewable energy have increased as a result of the Green Energy and Green Economy Act of 2009. So far, the province has created more than 20,000 clean energy jobs and is on track to create a total of 50,000 jobs. The government's long-term energy

plan will help build a clean, modern and reliable electricity system. Provincial policies promoted investments of \$13 billion in electricity infrastructure and added over 9,000 megawatts of new capacity to the system.

In addition to producing clean energy, Ontario's Feed-In Tariff program is building a thriving clean energy economy. The review of the Feed-In Tariff program was an opportunity to hear from Ontarians about how to strengthen the program and has led to changes that build on its success.

The Chair (Mr. Michael Prue): And with that, I'm going to—

Hon. Dwight Duncan: Are we out of time?

The Chair (Mr. Michael Prue): We're out of time. We have now finished the estimates portion and we must go straight to the vote, or votes. There are a great number of them.

We are now required to vote on the 2012-13 estimates of the Ministry of Finance. We have nine votes to take place.

Mr. Michael Harris: Chair?

The Chair (Mr. Michael Prue): Yes?

Mr. Michael Harris: I want recorded votes on all of them.

The Chair (Mr. Michael Prue): We have a request for a recorded vote on all of them. All right.

The first one is, shall vote 1201 carry? That relates to the ministry administration program. Shall vote 1201 carry?

Ayes

Cansfield, Dhillon, MacCharles, Sandals.

Nays

Harris, Jackson, Nicholls.

The Chair (Mr. Michael Prue): That carries.

Shall vote 1202 carry? That relates to taxation, agencies and pensions policy program.

Ayes

Cansfield, Dhillon, MacCharles, Sandals.

Nays

Harris, Jackson, Nicholls.

The Chair (Mr. Michael Prue): That vote carries.

Shall vote 1203 carry? This relates to economic, fiscal, and financial policy program.

Ayes

Cansfield, Dhillon, MacCharles, Sandals.

Nays

Harris, Jackson, Nicholls.

The Chair (Mr. Michael Prue): That vote carries.

Shall vote 1204 carry? This relates to financial services industry regulation program.

Ayes

Cansfield, Dhillon, MacCharles, Sandals.

Nays

Harris, Jackson, Nicholls.

The Chair (Mr. Michael Prue): Carried.

Shall vote 1206 carry? This relates to central agencies information and information technology cluster program.

Ayes

Cansfield, Dhillon, MacCharles, Sandals.

Nays

Harris, Jackson, Nicholls.

The Chair (Mr. Michael Prue): That vote carries.

Shall vote 1208 carry? This relates to investing in Ontario program.

Ayes

Cansfield, Dhillon, MacCharles, Sandals.

Nays

Harris, Jackson, Nicholls.

The Chair (Mr. Michael Prue): That vote carries.

Shall vote 1209 carry? This relates to tax and benefits administration program.

Ayes

Cansfield, Dhillon, MacCharles, Sandals.

Nays

Harris, Jackson, Nicholls.

The Chair (Mr. Michael Prue): That vote carries.

Shall the 2012-13 estimates of the Ministry of Finance carry? Do you want it recorded on this, as well?

Mr. Michael Harris: Recorded vote.

The Chair (Mr. Michael Prue): Recorded vote, okay.

Ayes

Cansfield, Dhillon, MacCharles, Sandals.

Nays

Harris, Jackson, Nicholls.

The Chair (Mr. Michael Prue): Carried.

Shall I report the 2012-13 estimates of the Ministry of Finance to the House?

Ayes

Cansfield, Dhillon, MacCharles, Sandals.

Nays

Harris, Jackson, Nicholls.

The Chair (Mr. Michael Prue): I shall then report to the House.

That completes our consideration of the estimates of the Ministry of Finance.

Mrs. Donna H. Cansfield: Chair?

The Chair (Mr. Michael Prue): Yes?

Mrs. Donna H. Cansfield: If I may, I wondered if we could have a 10-minute break.

The Chair (Mr. Michael Prue): I was just going to suggest it. I don't know about a 10, but I would prefer—

Mrs. Donna H. Cansfield: Ten.

The Chair (Mr. Michael Prue): A request for a 10-minute recess. I think, after this long day, that's very much in order. We will await the arrival of the Minister of Health.

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

The committee recessed from 1610 to 1625.

MINISTRY OF HEALTH
AND LONG-TERM CARE

The Chair (Mr. Michael Prue): We will proceed with the consideration of the estimates of the Ministry of Health and Long-Term Care, which was selected for a total of 7.5 hours of review.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised, so that the ministry can respond accordingly.

If you wish, you may, at the end your appearance, verify the questions and issues being tracked by the research officers.

I now call vote 1401. We will begin with a statement of not more than 30 minutes.

Mr. Michael Harris: Chair, I have a motion.

The Chair (Mr. Michael Prue): Mr. Harris has a motion. Mr. Harris.

Mr. Michael Harris: I move that the Standing Committee on Estimates (herein “the committee”), under standing order 110(b), stating that “each committee shall have power to send for persons, papers or things,” directs the Minister of Health as well as the Ministry of Health and Long-Term Care and eHealth Ontario to produce, no later than August 29, 2012:

All documentation, including invoices, receipts, contracts, agreements, policies and correspondence related to “fixed fee contractors” that have been paid or hired by eHealth Ontario and the Ministry of Health and Long-Term Care from June 1, 2009, to July 19, 2012;

All briefing notes and correspondence, in any form, electronic or otherwise, that has occurred between Minister of Health Deb Matthews, including her political staff, and Assistant Deputy Minister David Hallett, including his staff subordinates, related to salaries and compensation for eHealth Ontario employees;

All documentation, including invoices, receipts and correspondence, related to eHealth Ontario’s dealing with the companies Ajilon, Modus, Procom and Corporate Traveler;

All documentation, including invoices and receipts, related to all expenses for Ms. Alice Keung, Mr. Frank Work, Ms. Kala Balasubramanian, and Mr. Ray Hession.

The Chair (Mr. Michael Prue): We have a motion made by Mr. Harris.

Mrs. Donna H. Cansfield: Mr. Chair?

The Chair (Mr. Michael Prue): Yes?

Mrs. Donna H. Cansfield: Before the vote, I request a 20-minute recess, please.

The Chair (Mr. Michael Prue): Yes. Let’s just see if there’s any debate first.

Is there any debate on this motion? Any debate on the motion?

Seeing no debate, then, the 20-minute recess is in order, is granted, and we’ll see everybody back here in 20 minutes.

The committee recessed from 1628 to 1646.

The Chair (Mr. Michael Prue): Meeting resumed. It has been agreed by all members that we can proceed two minutes before the 20-minute period is up, all members being present.

We have a motion duly moved by Mr. Harris. Anybody need it read back? Everybody has a copy in front of them?

Mrs. Donna H. Cansfield: Recorded vote.

The Chair (Mr. Michael Prue): We have a request for a recorded vote.

Ayes

Bisson, Harris, Jackson, Nicholls.

The Chair (Mr. Michael Prue): All those opposed? That carries. The motion having been made, the clerk will make sure that the ministry gets this.

We will now proceed to the order—we will begin with a statement of not more than 30 minute by the minister,

followed by statements of up to 30 minutes by the official opposition and the third party. Then the minister will have up to 30 minutes for a reply. The remaining time will be apportioned equally amongst the three parties.

Minister, the floor is yours. You have up to 30 minutes, if you wish to use it.

Hon. Deborah Matthews: Chair, may I just confirm that we will be stopping at 5 o’clock?

The Chair (Mr. Michael Prue): We will be stopping precisely at the stroke of the bell, 5 o’clock. So if you do decide you want to use your 30 minutes, you would use some today and the remainder on Monday.

Hon. Deborah Matthews: Okay. Thank you.

Mr. Chair, members of the committee and members of the public, I’m very pleased to be here today to speak with you. This is my third appearance before this committee as Minister of Health, where I have the privilege of working to improve the health of Ontarians and to safeguard and strengthen the publicly funded health care system we all cherish.

Our health care system is facing unprecedented challenges. As you all know, since the global economic downturn in 2008, Ontario’s economy has been through a few very turbulent years, and the global situation remains uncertain to this day.

Ontario’s economy is still closely linked to the US economy, which continues to recover slowly from the recession. Over the next several years, Ontario’s economy is expected to grow at a modest pace.

Despite challenging economic times, our government remains committed to ensuring that vital health services remain in place, and we continue to plan for the future of health care.

Since 2003, our government has made much-needed investments in public services, among them, health care. Funding for health care has grown at an average of 6.1% annually since our government took office, and those increases were put to good use, improving access for patients and the quality of care they receive.

I’m proud of how far we’ve come over the past nine years, working together with our valued partners. Today, there are 3,400 more doctors, 12,600 more nurses and 1,000 more nurse practitioners than there were in 2003. We’ve reversed the physician brain drain. Last year, we licensed a record number of doctors.

Our initiatives have led to increased undergraduate enrolment in medical schools, expanded family medicine postgraduate positions, increased rural and remote clinical education opportunities for medical students, the opening of the Northern Ontario School of Medicine in Thunder Bay and Sudbury, and the opening of satellite medical campuses in Windsor, Kitchener-Waterloo, St. Catharines and Mississauga.

We’ve doubled the number of residency spots for international medical graduates, and our province now offers more training positions and assessments for IMGs each year than all other provinces combined.

We've fulfilled our commitment to create 200 family health teams and have introduced nurse practitioner-led clinics in communities across the province.

All of these initiatives mean that more than two million more Ontarians are attached to primary care than in 2003.

We've also been promoting new approaches to health care delivery, including the use of physician assistants, nurse practitioners and others to help meet patient needs. These professionals are working hard as part of health care teams across the province to reduce wait times and improve access to care in hospitals, community health centres, long-term-care homes, nurse practitioner-led clinics and family health teams. We want all our health care professionals—nurses, dietitians, pharmacists, midwives and others—to be working to their full scope of practice.

Our government is ensuring that Ontarians are benefiting from 21st-century technology, starting with the technology used in hospitals and doctors' offices. Our plan to integrate the system by having an electronic medical record for every Ontarian is well on its way. Nine thousand physicians are participating, representing nine million Ontarians, en route to our goal of an EHR for every Ontarian by 2015.

Medications for seniors now appear onscreen in all Ontario emergency rooms and 20 community health centres. Some 144,400 remote medical consultations took place through telemedicine in 2011-12, providing access to care for people close to home, and 80,000 Ontarians are in a pilot project for e-prescribing.

eHealth is improving patient care across Ontario in other ways, too. Through eHealth, patients can get better access to health care services in their own communities, with shortened wait times for diagnostic test results, less duplicate testing and fewer unnecessary transfers.

eHealth Ontario provides funding to modernize the way in which physicians see and treat patients. With electronic medical records, or EMRs, providers can digitally record and store patient information. Less time spent on paperwork means more time with patients.

Other examples of eHealth initiatives include the electronic child health network, or ECHN, which gives health care providers access to accurate, up-to-date hospital-based information about a child whenever it is needed, and makes it possible to improve the quality of care that a child receives closer to home.

The emergency neurosurgery image transfer system, or ENITS, allows neurosurgeons to view remotely patients' neurological images across the province and make recommendations about their care. Since its inception in January 2009, ENITS has helped avoid several hundred patient transfers.

Since 2003, we've invested more than \$9 billion in health care infrastructure. We have new or expanded hospitals in west Parry Sound, Pembroke, Peterborough, Thunder Bay, Toronto, North Bay, Woodstock, Sarnia, Sioux Lookout and more. We have projects under construction in Niagara, London, Hamilton, Cornwall,

Halton, the GTA and beyond. This year alone, we're investing an additional \$1.4 billion to expand and redevelop our hospitals and for other capital projects.

We're redeveloping 35,000 long-term-care beds. Since 2003, we've added 9,000 new beds. Through our successful wait times strategy, we've cut key surgical wait times in half. In fact, I'm pleased to say that Ontario is once again the national leader in reducing wait times for five priority health services, according to a report issued by the Wait Time Alliance. For the fifth consecutive year, the alliance gave Ontario straight As for meeting performance targets and reducing wait times for hip replacements, knee replacements, cataract surgery, radiation oncology and cardiac services. Ontario was the only province to receive As in all five priority areas.

We've also been working on improving the quality of care patients receive with the Excellent Care for All Act.

All hospitals now publish quality improvement plans, and the compensation of senior hospital executives is tied to achieving the goals in those plans.

We created Health Quality Ontario to support quality improvement in patient care with evidence on the best clinical practices from the world's best researchers. We want to drive a culture of quality throughout the entire health care system.

And we're improving value for money, because quality and value go hand in hand; you really can't have one without the other. "Value" means getting the highest-quality care at the lowest possible cost. It means not spending on things that don't improve patient outcomes and spending more on things that do.

We're determined to keep making changes that give us better care for patients and better value for taxpayers. Take vitamin D testing, for example. The best available clinical evidence shows that vitamin D testing in otherwise healthy people does not improve outcomes. By deciding not to fund vitamin D tests for specific indications only, we were able to reinvest nearly \$70 million this year into care that does improve outcomes, like expanding free vaccinations for children.

We created local health integration networks. They have broken down silos for patients, helped to balance hospital budgets and improved the accountability of providers.

Now, for all of the progress we've made, we still have a long way to go. One quarter of our health care dollars are spent on avoidable conditions, like heart disease and type 2 diabetes. And while the number of Ontarians who smoke has dropped from 25% of the population to 19% over the last 10 years—a remarkable achievement—smoking-related illness remains the number one cause of preventable death in Ontario and costs our health care system almost \$2 billion every year.

There are still too many patients relying on emergency rooms instead of family care providers, because they can't always see their doctor when they need to.

Alternate-level-of-care, or ALC, patients remain a concern. These patients are in hospital beds when they would get better care at a lower cost at home or in long-

term care, meaning another patient who needs that bed can't be admitted to the hospital or spends too long in the emergency department.

Too many patients are being readmitted to hospital within days of leaving. And Ontarians are still having trouble navigating the system. They're receiving uncoordinated care from a number of providers.

We want to ensure that every care provider, administrator and agency understands that they are being entrusted with hard-working Ontarians' tax dollars, and that they need to be accountable not only to government, but to the people we all serve.

Accountability and transparency are a priority for me, because it drives change.

This takes me to an issue that is being thoroughly examined at public accounts, concerning our air ambulance service, Ornge.

In December 2011, when I was alerted to the troubling activities at Ornge, I took immediate action to ensure greater oversight and accountability. We're acting on all of the Auditor General's recommendations, including following up with Ornge on those recommendations that directly concerned them.

As a result of my concerns around executive compensation, we called in a forensic audit team to conduct an investigation on the use of public funds. The audit uncovered financial irregularities at Ornge that are a matter of grave concern. Ministry officials have now

referred the matter to the OPP, and that investigation is ongoing.

There's a new leadership team in place at Ornge; they're making significant progress. Patients are their top priority, starting with a new patient declaration of values, and recruiting a new patient advocate. More staff are being hired—more helicopter pilots, more aircraft pilots, more paramedics.

We've implemented an amended performance agreement with Ornge that will safeguard patient care and provide better value for taxpayer dollars. We've also introduced Bill 50, which, if passed, amends the Ambulance Act to further entrench oversight and transparency.

I want to take this opportunity to thank the front-line pilots, the paramedics and other staff at Ornge, whose exemplary work continually puts patients first.

I'm confident that the steps we have taken will provide the oversight needed to ensure a bright future for Ontario's air ambulance service.

The Chair (Mr. Michael Prue): I'm going to stop you there because I think that's appropriate. You can start with "Action Plan" on the next occasion.

It now being 5 o'clock, we will be adjourned until Monday morning at 8 o'clock promptly. I hope everyone can come back, and we'll see you then.

Hon. Deborah Matthews: See you then.

The committee adjourned at 1700.

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