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Tuesday 29 April 2008

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des débats
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Mardi 29 avril 2008

**Standing Committee on
Estimates**

Ministry of Economic
Development and Trade

**Comité permanent des
budgets des dépenses**

Ministère du Développement
économique et du Commerce

Chair: Tim Hudak
Clerk: Sylwia Przedziecki

Président : Tim Hudak
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 29 April 2008

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The committee met at 1545 in room 228.

MINISTRY OF ECONOMIC
DEVELOPMENT AND TRADE

The Chair (Mr. Tim Hudak): Good afternoon, folks. The Standing Committee on Estimates is now in session for our regular meeting of Tuesday, April 29, 2008. We're here today for consideration of the estimates of the Ministry of Economic Development and Trade. This is a call of the official opposition for a total of seven hours.

Before we begin, I want to clarify the role of legislative research, Ray McLellan, to my immediate left, with respect to the ministry before the committee today. The research officer is assigned to the committee to support the work of the members of this committee. His or her primary function is to research and prepare briefings, summarize submissions made to the committee, draft reports to the House and, in the case of the estimates committee, to help committee members track the questions and issues raised during the review of estimates. We know that from time to time deputants before the committee may not have the information at hand.

The ministry, as you may know, 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 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 officer for efficiency's sake. Thank you.

Folks, as we know, too, the estimates committee regularly meets on Tuesdays and Wednesdays when the House is in session. This is the first ministry to come before the committee. I know notice doesn't always give ministers the opportunity to adjust their schedules, and economic development and trade does require the minister to travel more extensively than others.

Mr. Gilles Bisson: Far away as well.

The Chair (Mr. Tim Hudak): Far away as well.

I've discussed with members of the committee. The minister is unable to join us tomorrow, so my suggestion is that we do not meet as a committee tomorrow, and the clerk's office will work directly with the minister's office to try to make sure we get in the seven hours as soon as possible.

Hon. Sandra Pupatello: We can go until July, Chair.

The Chair (Mr. Tim Hudak): We hope that we'll—because I think as members know, there's a certain order.

Hon. Sandra Pupatello: I'm good with that. July is a good month.

The Chair (Mr. Tim Hudak): So we'll try to do that as quickly as we can, because the other ministries back up if we delay too long. Hopefully we'll find dates. I'll speak with members of the subcommittee. It may require meeting outside of the usual Tuesday and Wednesday to accommodate the minister's schedule, in which case we will need consent of the Legislature. But that will maintain the tradition of estimates, to have the minister before the committee, and I appreciate the minister being here for the kick-off session.

Any questions on procedure?

Mr. John O'Toole: Does the time start at 10 to 4 or is it—

The Chair (Mr. Tim Hudak): When I bang the gavel, which I believe was about quarter to or so—the clerk is the official timekeeper—that's when we begin the time.

We'll now commence with vote 901. Folks who have been here before will know, but as a reminder, the minister can begin with an opening statement of not more than 30 minutes, followed by statements up to 30 minutes by the official opposition, followed by 30 minutes by the third party. Then the minister will have up to 30 minutes for a reply. After that, I divide up the remaining time equally among the three parties, beginning with the official opposition. Typically, those will be 20-minute segments. Any questions on process?

Minister, welcome to the committee. I would ask you to introduce folks sitting at the front table with you, and then please begin with your opening comments.

Hon. Sandra Pupatello: Thank you, and thanks so much to the committee. I look forward to interacting with you and telling you some of the story that is the work of the Ministry of Economic Development and Trade. I'm really pleased to have my deputy here with me, sitting to my immediate right, Fareed Amin. He and I both started on the same day at EDT, and I am just thrilled to have the support of the officials as we deal with the number of areas of activity that we've engaged in. So I'm very pleased that Fareed is joining me today. To his right, David Clifford is here. We happily call him the bag man of the ministry. He's in charge of all the finances and

keeps us on the straight and narrow and makes sure that our expenses never exceed what we said we were going to spend. Isn't that right, David?

1550

In any event, I'm going to shut this off so we don't interfere with your sound system. I'm assuming that's us doing that. RIM is a great Ontario company. I should say that.

I want to thank the committee for calling on EDT to be here before estimates because we think we've got a great bang-for-your-buck story when we talk about the work that's done by the ministry. I welcome this opportunity. There are a number of challenges that Ontario faces in the economy, and there are a number of great success stories, and we hope that we have even more time to get into some of those specifics. I think Ontario is a great story to tell around the world.

To achieve our mandate, we form partnerships with industry, with other levels of government. We promote Ontario's strength to international investors, help Ontario companies develop new markets, and all of this of course in an effort to attract investment and create jobs for Ontario families. We have a number of areas that we look at when we're going abroad or when we're right here at home. We want to retain what we have, expand Ontario business that exists, go around the world and bring more business to Ontario, and virtually every area of EDT focuses on these initiatives.

Our challenge—I think it's quite clear to many of us in this room and from the ridings we represent—is the slowing of the US economy, when 90% of Ontario, as a trading jurisdiction, in fact goes to the US and to the US economy. When they slow down, it can't help but have a dramatic impact on us, and that is indeed the case.

The strength of the Canadian dollar—no economist of any pedigree has ever been able to predict what's in fact happened to the Canadian dollar, and we're seeing that daily and we monitor that daily.

The high oil and energy prices are having a dramatic impact on Ontario as well. So what's good for some parts of Canada unfortunately creates more of a challenge for others, and that is what we're facing.

There is increased global competition for trade and investment. We might have been the only players in the field, chasing business to come to Ontario; now there are many more options for global companies. They can determine what continent they want to go to, and when they decide what continent, it becomes a much more focused and laser-like approach to suggest why Ontario should still be their choice and why they should still land here.

We've already shown that we're prepared to do what is necessary to partner with industry. I'm very happy to say that the Ministry of Economic Development and Trade is home to very talented and dedicated staff. The very nature of business, and business around the world, tells us that we have to be 24/7. Going on towards the end of my second year at this ministry, there have been numerous occasions where it has literally been a 24/7

operation, whether it's engaging with other parts of the world that are on a 12-hour time zone difference, or having to respond very quickly to business demands and that meant that we had to work around the clock to get something done on time, to make it happen. The EDT officials have really come through and I'm proud to represent them today.

We have a plan to meet the challenges we face. We believe we started implementing that in 2003 and we're well on our way to assisting in the implementation of a number of new initiatives that have come forward in successive budgets under the McGuinty government.

We know that to grow our economy, we've got to green our economy. So we want to talk about the Next Generation of Jobs Fund. It's a \$1.15-billion fund that is designed to create jobs in areas of great potential for us here in Ontario: clean automotive and other green technology, health and biotechnology, research and development, creative industries like digital media and information and communications technology, and pharmaceutical research and manufacturing.

I hope you might ask me some questions about some of the companies we visited that are expanding their operations in Ontario in some really cool sectors—maybe not as known to us in our generation but certainly to the children or grandchildren of people in this very room. What is an amazing story is the kind of people we produce in this province. The people are tailor-made for the new generation of jobs that is coming in, new sectors in Ontario all the time. So we've got some great anecdotes that I'd love to share with you about how the whole world views Ontario.

The fund will deliver good jobs for Ontario families by making Ontario the best place to develop and make those products for tomorrow. The focus of the Next Generation of Jobs Fund is in fact to say, "If we help you research, develop and commercialize that product in Ontario, it's because we want that product to be a world product. So let's help you get it here, let us develop it here, let us commercialize it here, so you can sell it all over the world, in keeping with our position as an export jurisdiction."

We know that opportunity doesn't hang around very long. Especially these days, decisions at company levels tend to be much quicker than they ever were in the past. That means that when they submit an application, a complete project proposal to the Next Generation of Jobs Fund, we have a 45-day guarantee. It's the first of its kind that we can find in any governmental jurisdiction, where a government actually gives a 45-day guarantee from the receiving of a full and completed application form to a decision in 45 days.

The business community has responded very well to this initiative, making us wonder where else across the government we can introduce a service-day guarantee, much like the birth registration, where it was 10 days or it's free. In fact, the impact of that was dramatic as well.

Our service guarantee is the first. We're saying to CEOs, "If you want this project done quickly, choose

Ontario.” Ontario needs to be the best place to develop new, innovative ideas and to be the best place to translate those ideas into products and services that we can market to the world. If we do this, Ontario will attract the most investment, create the best-paying jobs and secure the brightest future for our children.

By becoming a leader in greenhouse gas reduction, energy efficiency and green technologies, we’ll ensure a clean and healthy future for our children as well. This is very much in keeping with our ministry’s work and the work done by our colleague Ministry of the Environment. The fund is modelled after the half-billion-dollar fund called the Ontario automotive investment strategy. As the Premier said in the House today, it has leveraged \$7.5 billion of auto investment in Ontario. When so many other jurisdictions in North America have seen losses, we have seen a tremendous growth in investment, which bodes well in terms of the future of the auto sector.

To receive support, a project must provide economic and environmental benefits to Ontario and demonstrate innovation. It has to include investments or expansions that meet projected thresholds that we’ve set at \$25 million, or create or retain 100 high-value jobs within five years. And it has to be one of the priority investment target areas.

While the Next Generation of Jobs Fund will help Ontario become a leader in areas of high growth, we’re also building on our existing strengths and partnering with our manufacturing and automotive sectors. We’ve often talked about the advanced manufacturing investment strategy. It began in 2005 as a half-billion-dollar loan program for manufacturers. The products we make can be made anywhere in the world, so to remain competitive we want to increase investment in advanced manufacturing activities and processes. Manufacturing accounted for 12.1% of Ontario’s total employment just this past year.

The \$500-million advanced manufacturing investment strategy supports the incorporation of leading-edge technology and anchors investment and jobs in the province by helping Ontario manufacturers remain globally competitive. Some of the examples of those that have been successful through the AMIS process have brought new innovation and technology to Ontario. It has lifted their level of productivity. It has created a more green product. It has done something really innovative and clever. That’s what we want to happen in Ontario.

In the 2008 provincial budget, we reduced the thresholds of the projects to 50 jobs created or retained, or \$10 million invested, making the program more accessible to small and medium-sized enterprises. This was in direct response to some of what we heard when we were out and about talking to companies, saying, “How can we help?” They knew that if they were smaller and their projects weren’t as large, they weren’t meeting the original thresholds that were set out by the government, and we’ve changed that.

We’ve also increased the program’s incentive from a 10% interest-free loan to a 30% interest-free loan, giving

companies greater access to more capital at a lower cost and enabling them to undertake significant new investments in advanced manufacturing. This is really important because often people are saying that the banks are clamping down and it’s harder to get access to capital. What has happened with this fund is, it often becomes the fund that leverages more interest by other segments of the financial world. We’ve often been the ones, because of our positive outcome on the application process, for them to be able to go to other banking institutions and get the support for the project as a whole.

1600

While Ontario has endured job losses in the manufacturing sector, it is important to remember that Quebec and some American states, including Michigan and New York, experienced significant manufacturing job losses just in this past year alone. Having just come back from China, there are states within China that have undergone massive restructuring, and they are seeing masses of job losses in some areas of China. Having been in India at the end of January, we also saw many Chinese companies looking to India in terms of where they might outsource the manufacturing that they currently do in China. There really is a world phenomenon—all of this movement going around and creating a very different playing field from what we saw even three or four years ago.

We know that through partnering with manufacturers we can help them invest in their Ontario operations and workforce and ensure that Ontario continues to have a strong and advanced manufacturing tradition. Since December 2005, AMIS has made loan commitments of over \$84 million to support innovative projects that will generate \$860 million in new investments and support the creation or retention of almost 4,000 jobs over a five-year period. AMIS is cost-effective. It’s a prudent use of public funds. It is targeted, strategic interest incentives leveraged by the private sector investment to create jobs and increase innovation and competitiveness. It is about using partnerships, networks and teamwork to leverage the strength of each party for the benefit of all.

The agreements are dependent on the company meeting agreed-upon jobs and investment targets and are closely monitored by ministry staff to protect the taxpayers’ money. Through our AMIS program, the recently announced Ontario Manufacturing Council and through targeted tax relief, Ontario’s manufacturing sector will continue to be a source of good jobs for Ontario families and a source of pride for the province.

I wanted to chat about our automotive investment strategy. Everyone’s got a role to play in the continued strength of our auto sector. Our auto investment strategy, called OAIS, was launched in April 2004. It allows Ontario to partner with the auto industry and the federal government on investment attraction and retention. The program also helps Ontario to more aggressively compete for investment with the US and Mexico.

Our recent partnership with Ford, for example, at the Essex engine plant in Windsor is a great example of the tremendous benefit of innovative partnerships between

government and industry. Our financial support leveraged a significant investment from Ford that will put 300 previously laid-off workers back on the job, and with support from the federal government, we can secure even more investment in this facility.

It goes without saying that we started our first two or three years with the OAIS program with the federal government as a helpmate. They, too, had worked their federal program to include the auto sector. That, after an election federally, was no longer the case. What has happened very recently, however, under the stewardship of Minister Prentice in the Ministry of Industry federally, we hope will bring some, although it's not a great deal of, support to the auto sector. There may be some opportunity when they announce their \$250-million, five-year research and development fund for auto. This clearly isn't enough, but at least it's an indication that they've moved from where their finance minister had said publicly that they would not support the auto sector—that perhaps they may still come into this and play a greater role in Ontario.

Our financial support leveraged a significant investment from Ford that will put our folks back to work. That's really the point of these programs. We came to the table quickly to work with Ford according to their timetable, and we're going to continue to aggressively pursue investments and support our auto strategy, support our climate change agenda and create jobs for Ontario families.

We've also made significant investments in the auto sector as part of our skills-to-jobs action plan. In this recent budget, you'll likely remember the \$22.1 million in the 2007-08 calendar year for the Toyota training centre in Cambridge and \$700,000 for research affiliated with the University of Waterloo; \$5.6 million is also targeted for Chrysler Canada employee training in Etobicoke, Brampton and Windsor. There is a significant change happening in the plant shop in all of our auto partners, and the level of training required is pretty phenomenal. We're very happy to be a partner with them in this.

We're investing \$15 million in the Initiative for Automotive Manufacturing Innovation, a joint venture of McMaster University and the University of Waterloo to develop new technologies to make cars lighter and more fuel-efficient. We have some great examples of innovation today, of what they're making wheels from. We like to joke around about the steering wheels that will in the future be made of hemp, and hence the joke, "If you can't drive it, you can smoke it." Nevertheless, they are being very creative, these young people at our institutions, figuring out what they can do with biomass, with alternative fuels, with all of these various innovations to make cars lighter and therefore more fuel-efficient.

Through continuing to show leadership and vision, the McGuinty government is ensuring the continued strength of the auto sector. Our auto strategy is protecting and creating jobs across Ontario. Without our efforts, the issues facing the industry, we believe, would be much worse. It

isn't just about the assembly plant and the effect it has on our parts suppliers—450 of them across Ontario, largely along the 401 corridor—that supply not just the American Big Three but also Honda and Toyota; we have a tremendous support system and infrastructure of manufacturing for auto.

The investment and trades section of the ministry continues to promote Ontario's strength to international investors and help promote Ontario businesses around the globe. Ontario offers numerous strengths to attract investment. We've got 60% of our workforce in Ontario with a post-secondary education. There isn't a country in the OECD countries that can boast this level of post-secondary education. More than \$12.5 billion in research and development is performed every year in Ontario. That's more than any other Canadian province. Ontario's federal-provincial combined general corporate income tax rate and our combined CIT rate for manufacturers is lower than the combined federal-state CIT rate in all of the 50 US states. With our new Next Generation of Jobs Fund and a refreshed AMIS program, we have significant tools in the toolbox to help tip the scales in favour of choosing Ontario, and we're letting the world know about it.

We had a mission to India in 2007. In January 2007, I joined Premier McGuinty and Minister Takhar, Minister of Small Business and Entrepreneurship, in a trade mission to India to promote trade and investment and build opportunities for Ontario businesses. One hundred and one delegates from 87 organizations participated in a four-city mission to New Delhi, Bangalore, Mumbai and Punjab. Over 800 Indian guests attended the Ontario networking events throughout the mission. We had a phenomenal success story there. A total of 35 agreements were signed during the mission between Ontario and Indian organizations. Building on the momentum of that mission, this January I led a delegation of 11 Ontario companies to exhibit and participate in Auto Expo 2008, the largest automotive sector trade show in India. Just for a little bit of comparison, they have a million people attend their auto show in a place just outside New Delhi.

We have the innovative and high-quality products and services that growing Indian businesses are looking for. Our highly skilled, highly educated workforce makes Ontario an attractive investment destination for Indian investors, of which there are more and more every day. From 2002 to 2007, Ontario exports to India grew 258%. With the strong cultural connection between India and Ontario, there is a tremendous opportunity for increased bilateral trade and investment. So we hope this is going to continue.

Just as an anecdote, I was chatting with a company out of Scarborough very recently which is now an auto parts supplier for the new Nano, which is Tata's new car, billed at going to the marketplace for one lakh, or about \$2,500. It's pretty exciting to see an Ontario company supplying parts for Tata in India.

The China mission: Attracting investment and developing international markets is an important part of our

strategy for growing our economy. Business visits by senior government representatives provide tangible results in enhancing the economic growth of Ontario. I have recently returned from Beijing, Nanjing and Shanghai in China. The government recognizes the importance of addressing human rights concerns. We believe that active engagement with our trading partners, such as China, is the most effective means of ensuring an opportunity to raise issues of concern when they arise.

China is a key emerging economy and Ontario's second-largest two-way trading partner and it's important that we continue to develop our trade relationship. Our efforts are working. Since 2004, Ontario's exports to China have increased 74%, to \$1.4 billion. In 2007, Ontario exported \$135 million worth of automotive components to China. There are 25 Chinese-controlled companies, including those from Hong Kong, operating in Ontario and providing employment for the people of this province. Our goal is to add to that number.

1610

One of the key elements of my trip to China was the official public launch of the Ontario International Marketing Centre in Beijing, which has been operating since November of this past year. More than 100 guests, both Chinese and Canadian, attended the launch event. We've got some great staff working out of our Beijing office. This is Ontario's second international marketing centre in China. The first was opened by the previous government in Shanghai in 2002. These on-the-ground centres in China and elsewhere are pivotal in helping to advance Ontario's trade and investment interests in global markets. The trip also built on the solid foundation laid by the Premier himself. His trade mission of 2005 was to China.

Establishing government relations abroad is vital to enhancing economic development and provides Ontario companies with support and introductions to key decision-makers. I think it's fair to say that some cultures appreciate governmental official delegations more than perhaps other cultures, and I would say that the places we have targeted are those where ministers attending, in fact the Premier attending, will open doors for our business community in those markets.

The McGuinty government's global perspective is creating jobs and prosperity in Ontario. Toyota's investment in Woodstock was due partly to our proactive and ongoing promotion of Ontario in Japan and the Asia Pacific region.

Our mission to Mexico: In May, I'm going to officially open our International Marketing Centre in Mexico City as a demonstration of our commitment to expanding and strengthening our economic relationship with Mexico. We need to have a permanent presence in Mexico. It's important for me to personally visit in order to develop and strengthen those relationships. In 2007, Mexico was Ontario's fourth-largest export market, valued at more than \$2.1 billion, and our exports to Mexico have jumped an average of 18% per year over the last five years.

We've seen the effect of the slowing US economy on Ontario's economy. When our largest trade partner experiences a period of slow growth, Ontario's economy is also impacted. Through our efforts, Ontario exports are diversifying, and this is important.

In 2001, exports to non-US markets accounted for 7% of Ontario's merchandise export value. In 2007, they account for 16%. Mexico, China and India are all part of this expansion.

We've done a number of other things that I think are truly innovative.

The Alberta mission: In addition to helping Ontario business diversify their international markets, we're helping Ontario companies take advantage of the remarkable opportunities in Alberta, fuelled by the oil sands. Many probably don't realize that of all of the billions of dollars being poured into the oil sands in Alberta, \$110 billion of GDP activity is being generated right here in this province already, and that's because so much of our manufacturers stand to gain and benefit when they contribute to the requirements in Alberta. We think we can do more.

In March 2007, I led a delegation of more than 220 participants, representing about 140 companies, to the National Buyer/Seller Forum in Edmonton. The Ontario delegates found the event beneficial. It generated new sales leads, provided networking opportunities, information and learning sessions. In fact, we put on sessions two days before the official show started so we could bring in experts to teach our manufacturers about the oil sands, how their business works, where they can fit into the supply chain of the OEMs of the oil sands, if you will, and it was successful.

The objective of the Ontario-Alberta oil sands initiative is for Ontario companies to partner with Alberta suppliers and help meet the needs of \$147 billion worth of announced oil sands projects. That's work still to be added to the current oil sands projects. We think our approach is paying off. As a result of our efforts, many Ontario businesses have now established partnerships with Alberta companies and have gained new business.

For example, we're aware, because we partnered with the Canadian Manufacturers Association, that over 60 contracts have been signed since our first trade mission, and we were back again this past March. For example, Ontario manufacturer Global Vehicle Systems announced that it secured a contract with Calgary-based RS Technologies to modify a new, innovative utility pole manufacturing process and manufacture composite utility poles here in Ontario, in Tilbury. The companies say their partnership could create as many as 100 high-value jobs in Ontario just in the first year of the contract. It's quite fascinating to see that since they've opened their doors in Tilbury, and I pass by their spot on the highway all the time—I have four minutes? Mr. Chair, I have so much good news to say.

The Chair (Mr. Tim Hudak): I know. You do get 30 minutes to wrap up as well, Minister.

Hon. Sandra Pupatello: Thank you.

They landed a contract in Hawaii, so they add a little bit of colour to the resin to turn the utility poles brown so that they'll fit in with the coconut trees when they post these utility poles—very clever, but again generating an awful lot of good work in Tilbury.

We have a number of other areas of interest that we are moving forward with. The Communities in Transition I think should be of interest to this group because so many around this very table have benefited in their community from the Communities in Transition program, where we're targeting communities that truly need help to move to new economies.

The eastern Ontario development fund is a special outreach to eastern Ontario, where issues or challenges have been more chronic and we need more help to respond. We're working with a number of communities to support really great projects to make it work for those communities.

Just to conclude these brief remarks, while I look forward to the questions, we've shown that we're going to do what's needed in partnership with industry, with workers and with other levels of government to reduce layoffs, to assist those who lose their jobs. I work with our sister ministries on a regular basis so that we can move forward with a common front. We plan to meet the challenges that currently face Ontario.

We've got to get better results faster, in partnership with the federal government. We're going to continue to call on them for more support for Ontario. We are generating billions of dollars for the federal coffers. We believe it's time that the federal government paid more attention to Ontario.

I'm very proud of the work that's done by the great staff at EDT and in my own office, and we think we're moving forward in the right direction. Last year we attracted \$477 million in new investment—and 6,900 jobs in strategic industries. We're securing jobs and investments in Ontario. We're proud to say that, and we're proud to say that we have more work to do, and we look forward to getting to it.

The Chair (Mr. Tim Hudak): Minister, Assistant Deputy Minister, thank you very much for the opening presentation.

As I mentioned, now 30 minutes to the official opposition, followed by 30 minutes to the third party, and then, Minister, you'll have 30 minutes to wrap up these opening parts of the Standing Committee on Estimates. You have 30 minutes, Mr. Chudleigh.

Mr. Ted Chudleigh: Thank you very much, Chair. If I could, I would make a very brief opening statement, then pass it to other members of our committee to do likewise, and then perhaps we could move straight into questions to fulfill the 30 minutes, if that's appropriate.

The Chair (Mr. Tim Hudak): I encourage as many questions as possible.

Mr. Ted Chudleigh: I'm interested in the ministry's plan. In the results-based plan briefing book from the Ministry of Economic Development and Trade, you talk about key performance measures and the ministry results.

The ministry results are measured by tracking, and I point out that your tracking devices measure the investment dollars leveraged by the automotive investment strategy and the advanced manufacturing investment strategy programs. You also measure new investment dollars attracted in strategic industries, you measure jobs created and retained, and you measure exporters assisted. You do not measure jobs that have disappeared. You do not measure unemployment rates, which are sky-rocketing. You do not measure outward migration; 70,000 people or so have moved to other provinces. You do not measure the rate of economic growth. You do not measure things like lost jobs—900 at GM in Oshawa. You do not measure the 400 jobs lost when Campbell's closed their Listowel plant.

Minister, I would suggest, and I'm sure you'll want to comment on this in your wrap-up, that it's no wonder you think that Ontario is such a rosy place to be when you measure by these standards. In fact, if you measured by these standards in any jurisdiction in the world, it would be a wonderful place to be, and we know there are many places in the world which are not.

1620

Ontario was always the bedrock of industry in Canada. The Ministry of Economic Development and Trade was certainly the ministry that drove and protected that bedrock for this province. It was one of the most important ministries in the government from an economic sense because, without that strong economy, we can no longer afford to do the kinds of social programs your government talks so much about, but in the future is going to be so unable to pay for. We haven't protected the economy of this province in the same degree that we should.

I'd like to get into some of the ways this ministry and this province, and the industry within this province, can be protected on a more realistic basis when we get into questions. I would now like to pass it to other members of the committee for their comments.

Mr. John O'Toole: Thank you very much. Again, I just want to acknowledge the minister out of respect for coming before the committee and hopefully get the chance to spread—you said you had a number of challenges. That's probably a longer list than the number of successes that you mentioned you'd like to talk about. I think our critic, Mr. Chudleigh, on this file is doing a diligent job in terms of trying to publish the accountability mechanism, the numbers. Where are the numbers? We see the number in question period every day: 200,000 and growing. It's got to be concerning.

I also want to differentiate your role from the ministry's. The ongoing people I've seen here for the last 10 or 12 years and have the greatest respect for, including in that your deputy who's new, I'm sure bring—you're the leadership, you're setting the direction of the compass, and it appears to me that the compass is on a gyroscope right now, kind of spinning around from China to Mexico.

If you look at the economy and the serious lack of a plan, the scattering of dollars here and there—I asked a

question today about the \$235 million in what you call skills to jobs, or the Canadian auto investment strategy. It's like Mr. Chudleigh's question. What of the accountability? What are the measurements of success, or determinants on success, in the program?

Questions have been asked by all parties, including your own, trying to bump up the investments in Dell and the high-tech sector. Yet we see almost dollar-for-dollar job losses. You've got \$11 million invested—it's not quite 11 million people laid off, but close to 1,100. We're looking to find out where the strategy is. Where's the leadership here? Dalton seems to sort of teeter-totter around—"Don't worry, be happy"—not listening to the federal government and the overall strategy for Canada.

I'm here because of the auto sector. I spent 30 years there. They need to re-strategize and reinvest; I get that. But it looks like the investors themselves, whether you look at Ford, Chrysler or General Motors—and now you're talking about this other car, whatever it's called, from China, this \$2,500 car, that they're going to be here. Where are the jobs in that when you're building a low-market entry car?

The strategy, to me, is weak and vulnerable for the people who are looking for strong, well-paying jobs. There's no security component with the agreement you've made with the auto sector strategy. In fact, that might be said about the technology sector.

The biggest thing is that we got the budget. I see especially the newer members here. They'll see this after 10 years. So \$1.5 billion: Those are taxpayer dollars, so you're really raising taxes somewhere. Mr. Chudleigh has asked, "Where is it going? Where's the strategy?" Hopefully we'll get some picture of that as you're cross-examined here. But I'm not confident.

Where are the jobs—1.5, skills-to-jobs action strategy. So where are the jobs going to be? Picking apples? What is it that they're going to be doing? We need to have a plan, and you'd be able to tell us that plan in 35 words or less, or some small paragraph, not some kind of—the stuff we hear in question period every day is a bunch of smoke and mirrors. There are other words, but words escape me just now.

I would like my colleague from Oshawa, Jerry Ouellette, to—we're both perplexed about this strategy. General Motors wants to keep the jobs; the CAW wants to keep the jobs. We've got to be competitive.

You said it on the energy file. I don't see a strategy for ethanol. What is the strategy? We've got the Kawartha project that Lou Rinaldi and Jeff Leal are working on, and you're failing to put the money there. We need that money. Leona Dombrowsky has to put up the money for the ethanol plant in—I think the plant is in Leona's or Lou's riding.

Mr. Lou Rinaldi: You're wrong again.

Mr. John O'Toole: It's in the Peterborough riding, I guess.

I have met with those people. Is the ethanol plan going to be from corn or is it going to be from cellulose? We

need to know where you're going so we can work together.

I'll leave the next few questions to the member from Oshawa. All of his constituents will be unemployed by the time you get the job done. That's a bit scary, but—

The Chair (Mr. Tim Hudak): That's a little harsh.

Mr. John O'Toole: —you're in charge.

Mr. Jerry J. Ouellette: I thank the minister for the opportunity to come today.

Having had the privilege and honour of sitting in a ministry role in the past, you certainly gain a different perspective sitting at the table and gain another perspective of how you can assist the province. Quite frankly, the bureaucracy comes forward with recommendations as to how they best see that we can improve situations.

I believe we're going to get into a question session shortly. I have a considerable number of questions that pertain to the auto sector as well as the forestry sector.

My concern that I'd like to express is that the strategy isn't working. We're seeing a commitment or what I would call a push strategy by the current government to try to push manufacturing in the province of Ontario, as opposed to a pull strategy. I can remember very well that some of the biggest complaints from the workers at General Motors, when we had the privilege and honour to govern the province, were that there was too much overtime and they didn't want to work seven days a week. Now, it's not quite similar. We've just heard about another 1,000 jobs that were lost in Oshawa. We need to come forward with some sort of a plan.

We hear about the dollar, we hear about the cost of fuel, yet I would like to know, and hopefully we'll get around to that, who went with you to markets such as China and what industries went there with you—to hear what perspectives they came forward with and what knowledge they gained or what markets we would be able to open up to assist the workers in the province of Ontario.

I've introduced a number of bills to try to assist the auto sector, because I see it as being very in-depth and very complicated, in that things are happening there.

The recent announcement at General Motors in Oshawa is concerning. However, there is a more concerning announcement that was made out there by Ford. Ford broke with pattern negotiations. For the first time, you're seeing a major automotive company breaking from pattern negotiations and moving to set up a three-year deal outside the normal negotiation pattern, which is a very concerning issue. The standard process by the CAW is to target one location, whichever the target company may be, and then that sets the pattern. It's the same in other sectors. In the policing sector, it happens to be the Metro Toronto police force. Once they establish what their salaries and wages are going to be, it sets a precedent for the rest of the province. Ford, having broken with that and gone forward with a three-year negotiated deal, certainly indicates that there seems to be some scrambling within the industry and sends a strong message out there that there has to be a lot done.

I'm hoping that we're going to hear a greater plan that will be able to assist in some of the outreach areas, where we can find markets that our product will be able to be sold in and where we can create a pull strategy to pull the products out to make them want to manufacture them here in the province.

I'll pass it on to my colleague Garfield. Hopefully, we'll get into some questions shortly.

Mr. Garfield Dunlop: Thank you very much, Minister, for being here.

As we lose our large manufacturers, a lot of the time we count on our smaller businesses to pick up the slack. Hopefully, there'll be some economic development around a lot of smaller construction companies and businesses in our communities across our province.

Minister, it really doesn't have anything to do with your ministry, but I would ask you if you would take it to the cabinet table and talk to your Minister of Training, Colleges and Universities, and that's this whole problem around apprenticeship ratios. The reality is that in Ontario, once you have nine employees, it's a 3 to 1 ratio—three tradespeople for every apprentice. We're the only province in the country that has that. Everything else is one to one. I think it's an opportunity, as young people try to seek employment, when we're trying to retrain people—there's one thing about sending them to a youth apprenticeship program or Passport to Prosperity, but when they can't actually get the apprenticeship position in a small company, then it creates a real problem. If we could change that regulation so that we could have one-to-one ratios for our construction and manufacturing trades—this question's been brought up in the House a few times, of course, but I think it's something we're missing the boat on.

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I'm very passionate about this because I come from a construction background and I hear it almost every day from people I used to work with etc. I don't expect you to give a solid answer today, but I certainly hope it's something you could take back and discuss with your cabinet colleagues, particularly Minister Milloy, because I think we're missing the boat on this. It's an opportunity. When we slip into more recessionary times, we can take advantage of some of our young people getting apprenticeship positions. It's really just a statement, and I'd ask you to do that.

Mr. Ted Chudleigh: Minister, if I could ask a question, I'd like to talk about the Institute for Competitiveness and Prosperity. I'd like to ask what this institute is, to start off with.

Hon. Sandra Pupatello: We were very delighted to once again be supporting this institute affiliated with the University of Toronto and the Rotman School of Management. It is under the leadership of Roger Martin, who, as you know, is very much an acclaimed economist, writer, teacher, and has become a very good adviser to our ministry and the Premier. We think it's his kind of insightfulness—not just what's happening in Ontario but what's happening around the world in other jurisdictions,

so we can make fair comparisons and not do it just on anecdote but really very studied comparisons. It gives us an opportunity to use real, hard data as we go forward in our policy-making. That's really the point of the kind of funding that we've provided to them. They have required hard capital for building, and we're really delighted with the kind of performance they've given to the government of Ontario.

Mr. Ted Chudleigh: Is there a specific plan or a specific document that tells us what the commission does for the ministry?

Hon. Sandra Pupatello: They release regular Ontario annual reports. They also do Canadian reports, and they are on call, if you will, in a number of ways to the ministry in terms of work that we're doing. They are assessing Toronto's financial services cluster, for example. So as we've moved to a lot of sectoral work across industries in Ontario, we've had to do a lot of research to dig up and have really good data to work from in terms of how they succeed on a competitive basis, what areas are lacking, for example. Frankly, we use him as a very high-end tool for us to know that we're getting very good at this.

Mr. Ted Chudleigh: Could we get a copy of the document that they work to?

Hon. Sandra Pupatello: Actually, his documents are made public and they're posted on his website. You can access them. We get an advance copy. I think our ministry sees him and sits down with him about a week before they're published, but all of his documents are made public.

Mr. Ted Chudleigh: The results-based plan says that it provides research. Is that research specifically dealing with the Canadian economy, the Ontario economy, or are there other economies around the world that it focuses on specifically as opposed to just all other economies? Which economies do they watch?

Hon. Sandra Pupatello: They do a regular review of what's going on in the world, obviously, as it impacts on Ontario. They do sectoral—

Mr. Ted Chudleigh: I wanted something more specific than just the world.

Hon. Sandra Pupatello: He does very focused work on Ontario. We have started looking at our ministry in a very sectoral way, so that we'll get him to do work by cluster, by sector. We look at Canada's global leaders, how they work, why they work, so that we can take good advice over what kind of performance global leaders in Canada have and how we can spread that kind of information to those who don't—

Mr. Ted Chudleigh: So is there regular communication between the ministry or yourself and the institute?

Hon. Sandra Pupatello: We meet on a regular basis, at least quarterly, if not more. They make themselves available to us, Roger Martin and his staff, on a regular basis to me, my deputy, the ADMs of various departments within EDT.

Mr. Ted Chudleigh: These are formal, sit-down sessions?

Hon. Sandra Pupatello: In the boardroom—mine, the deputy's—on a regular basis.

Mr. Ted Chudleigh: And you attend these meetings yourself, personally?

Hon. Sandra Pupatello: I meet with him on at least a quarterly basis. When he has his reports that are coming due and that are made public, he comes in advance for those reports as well, to give us an update and a detailed walk-through of the reports before they're posted.

Mr. Ted Chudleigh: And the reports are quarterly?

Hon. Sandra Pupatello: Some are annual. Deputy, do you have more detail?

Mr. Fareed Amin: As the minister said, some of these reports are annual. Or if we ask him to provide a specific recommendation in certain sectoral issues, those ad hoc reports might be more frequent.

Mr. Ted Chudleigh: And are they public?

Mr. Fareed Amin: The reports are normally posted at the Roger Martin Business School and at the University of Toronto website.

Mr. Ted Chudleigh: So they are public?

Mr. Fareed Amin: That information is public.

Mr. Ted Chudleigh: All the reports that he submits to the government are public?

Mr. Fareed Amin: The annual report that he submits to us comparing our competitiveness to other jurisdictions is public. I can't say for sure that all the reports are public.

Mr. Ted Chudleigh: Would you let us know if they're all public?

Mr. Fareed Amin: We can get back to you on that.

Mr. Ted Chudleigh: What kind of recommendations does the institute make on their annual reports?

Hon. Sandra Pupatello: Generally, it's a presentation of data and what those trend lines would mean. So I'll give you an example of a debate that we'll have in our board room: Roger Martin is of the view that productivity gaps between, say, a typical US economy and an Ontario economy, one of the reasons for that, is there is more of a ruralization, he calls it, in Ontario versus the US. In other words, people in the US rush from their small towns into big cities. The average wage rate of a job in a city is higher than the average job in a rural community. So just because they have more people in urban than they do rural, he feels that's one significant reason that there's a gap in productivity.

So our debate will be—policy-wise across our ministries, whether it's OMAFRA, rural affairs etc.—does that mean that we should be pushing people from our rural small towns into our cities? I think that debate would rage for some time in your caucus as well as ours, as to the merits of living in small-town Ontario or living in a big city.

But this is the kind of information he presents to us. He will tell us what these markers are. There will be some of those we're going to agree on and say, "Yes, that fits within a policy that we can work with or can be controlled by a subnational government policy." Some can't.

We'll have a discussion about what he calls smart taxes, as opposed to the tax structure that exists in Canada and provincially. He suggests the irony of some of the countries like Sweden, for example. Any of those countries in those regions that have had a history of a more left-wing government politically, ironically, have moved more toward personal income tax rate hikes, decreasing corporate taxes, and the reverse seems to be true in North America. So it's this kind of dialogue about what's a smart taxation that works for business in Ontario.

Mr. Ted Chudleigh: So these are reports that you spend a lot of time with? You read these reports personally?

Hon. Sandra Pupatello: These are reports that cause us to have major debates, because it leads to either policy that I would want to advance from EDT to our Premier—it may end up being policy that will be policy of the government or not. There will be things that I'll argue that he's tabled for us, because we don't agree or it doesn't fit with our political philosophy. But if we don't have that opportunity to debate these items and do it on the basis of fact and not political rhetoric, which is what we often get into in our business—I think you want good, evidence-based decision-making.

Mr. Ted Chudleigh: Do you recall some of the recommendations that the November 2007 report raised concerning Ontario's competitiveness and prosperity?

Hon. Sandra Pupatello: One of the items of that last debate that he and I had, in fact, was around ruralization in Ontario versus the US, yes.

Mr. Ted Chudleigh: You recall them saying anything about Ontario's tax rates on new business investment?

Hon. Sandra Pupatello: No.

Mr. Ted Chudleigh: Was there a recommendation in that report that said Ontario had the highest tax rates on new business investment in the world, and it recommended that you reduce those tax rates?

Hon. Sandra Pupatello: Roger Martin's position, since the beginning of time, or since he was a doctor, has always been to lower business taxes. That's his standard position, yes.

Mr. Ted Chudleigh: But you don't recall the report saying—

Hon. Sandra Pupatello: No. As a matter of fact—

Mr. Ted Chudleigh: You're paying this organization over \$1 million a year, and you're ignoring their recommendations?

Hon. Sandra Pupatello: Roger Martin has called for lower corporate taxes everywhere he's been in the world, including in the US where he spent the bulk of his career.

Mr. Ted Chudleigh: Does the report say anything about how to go about making Ontario more attractive to new business investments?

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Hon. Sandra Pupatello: No, but what I will do is I'll provide you a copy of that report, and you can have a look at that. He has made a number of very good recommendations, some of which we followed.

Mr. Ted Chudleigh: The report specifically recommends reducing business tax to make Ontario more competitive. This is an organization to which you're paying \$1 million a year in order to get recommendations from them. They've given you two recommendations, one to reduce taxes on new business investment and the second to reduce the rate of taxes on businesses generally, and you've ignored both those recommendations. Why are you paying these people \$1 million a year to ignore their recommendations?

Hon. Sandra Pupatello: I think it's fair to say that Roger Martin provides the Ontario government with very good, solid advice, opportunities to debate, the opportunity to have philosophical differences and understand how we, as a Liberal government—

Mr. Ted Chudleigh: You could probably find someone, Minister, with respect, for \$100,000 a year and ignore their advice equally as well as you could ignore \$1-million advice.

Hon. Sandra Pupatello: Chair, I need to be able to finish my answer.

The Chair (Mr. Tim Hudak): Order.

Hon. Sandra Pupatello: Chair, do I have a question-and-answer opportunity here? Just to clarify the rules on this Q and A, I'm either going to answer the question or I'm not.

Mr. Ted Chudleigh: I have no further questions.

The Chair (Mr. Tim Hudak): Order. We'll let the minister finish the response to Mr. Chudleigh's question; then Mr. O'Toole.

Hon. Sandra Pupatello: I think Roger Martin is a stellar individual and the government is really thrilled to be affiliated with him. Of late you'll probably notice that he has also brought a colleague into Ontario in Dr. Richard Florida, who is a well-known published author and expert in terms of the urban globe. His latest book is called *Who's Your City*. I have to tell you that this presents an opportunity for governments, perhaps for the first time, to have evidence-based decision-making when they set policy, and I think that's exactly what this Premier has intended to do. He has taken every opportunity to go and reach out to people to say, "Give us the facts." We cannot base policy on rhetoric.

Mr. John O'Toole: Thank you, Minister. I just have one small question in the limited time left, and I apologize if I'm interrupting, but I've heard many speeches before. The other one is with—

Hon. Sandra Pupatello: I know you enjoy—

The Chair (Mr. Tim Hudak): Order. Now, we have gotten through the first 25 minutes quite nicely—

Mr. John O'Toole: No, I'm not—

The Chair (Mr. Tim Hudak): Let me finish. If members ask pointed, direct questions, I'd expect a similar response from the minister. If they're open-ended, I'll give the minister a bit more string to respond.

Mr. John O'Toole: Okay, very good. Now you're saying that the Institute for Competitiveness—

Interjection.

Mr. John O'Toole: I intend to, but I think Ms. Pupatello recognizes that we're running out of time here. You were talking about the shift in the focus of the economy, and the report from the institute indicated moving to an agricultural, or us versus the United States. Now, one of the sectors in our economy that is struggling—and today there was a question asked on CanGro—what strategy do you have, especially in the processing segment of the ag economy? What steps are you taking? Are there reports or studies to stabilize or reinforce the infrastructure for food processing in the agricultural economy? It's very important. Right now, it's my understanding that most of the apple juice we get in Ontario is actually from China. So we've got the processing issue here. Have you got a strategy on that?

Hon. Sandra Pupatello: I think it's fair to say that since 2001, the Canadian dollar has been increasing year over year over year. It has had an impact on every segment of manufacturing, of which food processing is one. I know that when Minister Flaherty was in fact the Ontario finance minister he was grappling with this. I think it's fair to say too that when I was in opposition, and I spent eight years there that I wish I hadn't—

Mr. John O'Toole: It wasn't long enough.

Hon. Sandra Pupatello: Except from your perspective. Regardless, I remember going to the Ontario minister at the time, Jim Flaherty, begging him for an Ontario strategy for auto. He eventually, in the eleventh hour of that government's life, came out with a program, but it wasn't auto-specific. It was generically for industry. We remember saying then, "Give us the criteria so our auto companies, so our manufacturers can jump in there and get support." Then the government, of course, lost in the subsequent election and they were done with.

We, then, came back with a program. I think it is important to note that we're reaching out to all of our food processing sector. We know right now, and we knew in 2002, that the times have changed dramatically. The CanGro experience that you just mentioned today is a very difficult one for the Ontario government to be in, to walk out there, to be in Niagara and ask the company to sit down with us so we can sort out how we can leave the canning operations in Ontario and note that the only thing that CanGro was prepared to do, and that they did do, was extend a deadline by a week or so that there could be more dialogue.

Mr. John O'Toole: It comes back to the—

Hon. Sandra Pupatello: Sorry. But in fact they didn't, in the end, want to participate. That is tough, when you've got a government prepared to partner with the sector and you don't get that same kind of response from the company.

Mr. John O'Toole: I think that's the specific advice in the competitiveness report: to work with the sector and to build the infrastructure, whether it's in training, re-training or the skilled trades, whatever, and to partner with them. Their comment with respect to what even the federal government has been saying is to be competitive. Part of that solution is the tax structure, to encourage

long-term investment and partnering in the province, and quite the opposite—Dell is another example. I know you didn't cause the problem, but setting the wrong tone for the investors or the corporate world—we shouldn't sell out, certainly, but having the confidence in the plan is why we're experiencing job losses in multiple sectors: auto, technology and agriculture. We're asking, as the competitiveness report advises, are you looking at being competitive in new business start-up costs, red tape and other regulatory and financial considerations? Is there a plan? This is what's missing—a plan. It's these photo-op cheques.

Hon. Sandra Pupatello: But I think it's fair that if you're asking all of these questions regarding Roger Martin's report—and I hope that when we do reconvene you will have had lots of time to actually read all of his reports, because what he suggests and what he touts is moving to a tax system like that which exists in countries like Sweden and Finland. I ask you, as one who has been a member of a government for more years than you ought to have been, in my view, and I want you to tell me, when you come back—

Interjections.

Hon. Sandra Pupatello: Well, it's the same as you just said, that I wasn't long enough in opposition. I'm just giving it right back at you. Anyway, the point is—

The Chair (Mr. Tim Hudak): Hold on. Let's calm things down here, all members.

Mr. John O'Toole: No, but when we reach the highest unemployment rate, you're the minister, so—

Hon. Sandra Pupatello: John, when we reconvene I want you to tell me that you've read his reports and tell me if you would actually move to this tax structure that Roger Martin is proposing that we do in Ontario. I'm asking openly, because I'd love to know your opinion. It is a very difficult debate to have, because he's suggesting that we move corporate onto personal. I respect his opinion. It's just that for any government, yours or mine, to move to what he would recommend would be a very difficult transition period for Ontario. I'm not saying I don't agree or I agree; I'm just saying I'd love to know how we would arrive at where he wants us to go. That's the difficulty between—

The Chair (Mr. Tim Hudak): Thank you, Minister. The time is concluded—

Mr. John O'Toole: But I was asked a specific question. With your indulgence—

The Chair (Mr. Tim Hudak): I know, Mr. O'Toole, but you did have your full 30 minutes—

Mr. John O'Toole: Now that it has been said, then I could reply.

The Chair (Mr. Tim Hudak): —as a caucus.

I think we got through the first part of this quite well. This is the consideration of estimates, the spending of the ministry that's projected for the year ahead and the report from previous years. I'll recommend and encourage members to stick to that as opposed to the big-picture, party stuff.

To the third party, Mr. Miller. You have 30 minutes.

Mr. Paul Miller: I'd just like to welcome everyone here this afternoon—the minister and her staff. I don't have to introduce my entourage. As you can see, I'm a man on an island here.

To get into it, the minister laid out some of her goals and aspirations for the future and they were great success stories, according to the minister, in reference to forming alliances with business to promote the attraction of foreign companies, expanding business around the world—they are blaming the slowing of the US economy, which does have an impact; the strength of the Canadian dollar; high oil and energy costs—a green economy to create jobs. Communications and research and development are in their plans, and cost-effective, with anchors.

That's very good, but I'm not sure what part of the province the minister is talking about. Is the minister talking about the area I represent—and that's what I'm here for—the Hamilton area? We've lost over 17,000 jobs in the last few years. The minister recently stood up in the Legislature and said that she has good news for Hamilton. Well, I haven't been privy to that information, and I can safely say that in the last 20 or 25 years, I haven't seen a major company open up in the Hamilton area.

I'd like to touch on one of the things I think the economic development and trade people haven't looked at provincially, or federally for that matter, and that's the erosion of our base industries. We just sold off our last steel mill in Hamilton to US Steel, actually. We don't own a major steel mill in Canada. We own very little in forestry. We have major foreign countries in mining. So, as things get worse, if we possibly enter a recession—it's not the first time this has happened in Ontario or Canada. One of the things that's concerning me and our party is the fact that we have no control if these companies decide to pull out and go back to their country of origin, and when things get tough in the States—we've witnessed this in the Brantford, Hamilton, Niagara regions—companies pulling out, going back to the mother country and leaving our people unemployed.

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I personally do not see anything in the economic development procedures by the government that entertains any kind of protection of jobs rolled into their hefty loans which they make in the auto sector. The auto sector plays a major role in our province, and there's no doubt about it, but so does the steel sector, so does mining, and so do all the others. I haven't seen any major loans going out to what we like to call secondary industries. I don't call them secondary industries; I call them major industries. You can't make cars without steel. You can't make cars without plastic. You cannot make cars without glass. A lot of money is going toward the automotive sector, but in my city, which is a major city in the province, there isn't any money coming our way. They've invested in building a bridge, they've put some money into hospitals, which is good, but as far as job creation, there has been little or none.

I don't know what I can say to the people in Hamilton when I go back and there are another 1,000 jobs gone last week. They keep saying: "Well, what are they doing for Hamilton? What are they going to bring to Hamilton?" It's not happening.

Getting back to the erosion of the base industries, when you're under foreign control, these companies have got us where they want us, so to speak. They can pull out at any time, close shop and go away. I'm just wondering what they're doing to protect jobs in—all I can speak for is the Hamilton area, because I'm not exposed to the Windsor area, which has been hard hit also. I hate to be facetious, but coconut trees in Hamilton are not going to do anything for me. We need steel jobs. We need major companies coming in there and investing.

Unfortunately, information has come to my attention that the minister may want to deal with, more jobs that could possibly be leaving Hamilton—two major employers: National Steel Car and US Steel. Stelco was Canadian-owned, and it's now US Steel. It's my understanding that the National Steel Car company has bought some land in Mississippi, and they're going to move some of their car-making facilities to Mississippi because labour is cheaper and land is given to them for free. There are 2,500 jobs in that industry in Hamilton, and they're slowly downsizing. Also, my sources are saying that if things keep going the way they are—costs and shipping slabs to the States to get finished and things like that—US Steel may think of pulling out.

So I'm very concerned about our area, and I don't see anything in the economic forecasts. Personally, I don't want to be facetious, but trips to China and trips to India are great. Are they going to bring steel jobs to Hamilton or are we going to import more? I would prefer to export more. I'm not sure what cutting deals in Beijing and other things are going to do for the people in Hamilton for jobs. I'm very concerned about that.

I'm going to ask some questions here. I have many questions, but I would like to start off with economic development estimates. Every month, Statistics Canada produces a labour force survey which can be broken down by job classification. Can you please provide comparative Ontario statistics from the labour force survey for manufacturing for October 2003 and for March 2008? It would be appreciated if the two sets of numbers could be supplied for the following regional CMAs: Hamilton, Kingston, Kitchener, London, Oshawa, Ottawa-Gatineau, Thunder Bay, Toronto and Windsor. If you do not have those numbers available, Minister, it would be helpful if legislative research could come up with the numbers by the end of the estimates for the ministry.

I'd also like to ask some questions about the \$235-million Beacon agreement with GM.

The Chair (Mr. Tim Hudak): Deputy, is it all right to get those numbers back to Mr. Miller by the end of the estimates?

Hon. Sandra Pupatello: Sorry, if I might. We collect StatsCan data in our ministry, so the questions you're asking, we'll check within our ministry for those data,

and we made a list of the cities that you've requested. We don't go any further than StatsCan data. I suspect that what's available publicly is what we have. And the difficulty on the jobs: I recognize this very well because, as you recognized, I come from Windsor, and it is very difficult.

I'll give you an example. When one of the members of the Conservative Party spoke, he counted 900 jobs—

Interjection.

The Chair (Mr. Tim Hudak): Minister—

Hon. Sandra Pupatello: I'm giving an explanation. It's important for him to recognize why we're having trouble—

The Chair (Mr. Tim Hudak): The minister will come to order.

Hon. Sandra Pupatello: We're having trouble getting him the answer.

The Chair (Mr. Tim Hudak): He had a simple question about some statistics—

Hon. Sandra Pupatello: Well, then, the answer is no, if I can't explain what I can get him. I can't get him what he's asking. So, if you just let me finish. If you'll indulge me for a moment, the numbers that—

The Chair (Mr. Tim Hudak): No. We'll have legislative research check—

Hon. Sandra Pupatello: The numbers that you—

Mr. Paul Miller: Well, I don't want to take up all the time with an explanation of whether you can or cannot get the statistics. Somebody can get them for me.

Hon. Sandra Pupatello: Stats Canada is the data that we use, so—

Interjection.

The Chair (Mr. Tim Hudak): Order. The minister will come to order. The member can proceed, and we'll try to get the information as best as we can.

Mr. Paul Miller: Yes. Legislative research can get these things.

Hon. Sandra Pupatello: Your request is to the table, then?

Mr. Paul Miller: My request would be to legislative research to get that, but I have to bring these up in this committee—that's what we're here for. I don't want to just hand him a list of things to go find out without bringing it forward, because obviously it's a concern of ours, which I want to share with you so that you can address it after they come up with the numbers. If legislative research is available and you can't answer it or your staff can't answer it, that's fine, but I'd like to ask these questions.

My next question is, what is the total value of funds flowed to GM under the Beacon agreement to date? Can you detail the job guarantees and the accompanying information that goes with those, which would guarantee that if things get bad, with the loans we're giving them, the jobs will stay in Canada and we won't have layoffs and shutdowns like we recently saw in Oshawa? Are there any specific job guarantees for the Oshawa plant? Are there any job guarantees for the GM facilities across Ontario contained in the Beacon agreement? Are there

any provisions for clawing back funds in the Beacon agreement in job levels that fall below a certain level or criteria, and how exactly will that work? If you don't have an answer at this time—

Hon. Sandra Pupatello: How much time do I have for the answer?

Mr. Paul Miller: I don't want the minister to take up—

Hon. Sandra Pupatello: All of them at once or one at a time? What's the procedure here?

The Chair (Mr. Tim Hudak): If you have—

Mr. Paul Miller: I'll be happy to supply you with a list.

The Chair (Mr. Tim Hudak): Mr. Miller, do you want the minister to respond at this point in time?

Mr. Paul Miller: I would just like to ask the questions, because the minister obviously can't answer all these questions at once. But what I want to do is to get them on the table, and then I will supply the minister with the questions, and I will also supply the legislative staff with the necessary—

Hon. Sandra Pupatello: On this GM contract, for example, we will not divulge the content of the contract. We'll see if we can divulge how much of the \$235 million has flowed. The issue with all of these contracts through the automotive investment strategy is, as the companies make investments, our investment kicks in, so to their \$2.5 billion, ours is 10% of that. As their investment grows, so does ours. Whether I can divulge that information is subject to whether the contract—

Mr. Paul Miller: With all due respect, Mr. Chairman, I would assume—and I'm just a rookie at this—any public funds that are leaving this building and assisting industry in any way, shape or form should be in the public domain. We should—

Hon. Sandra Pupatello: We wouldn't table that contract publicly.

Mr. Paul Miller: We should have access to that, and you should be able to divulge that, with all due respect.

Hon. Sandra Pupatello: Well, we're not, actually, so we don't.

Mr. Paul Miller: I'd like to ask some questions about the \$76.8-million agreement with Chrysler through the Ontario automotive investment strategy plan. The money was to assist in the expansion of Chrysler's Brampton and Windsor facilities. Has any money flowed to Chrysler through this agreement, and if so, how much? Can you detail the job guarantees, once again, that you got for this deal, if any, contained in the agreement with Chrysler? If there are no specific guarantees for the Windsor and Bramalea facilities, I would ask why. Are there any job guarantees for Chrysler facilities across Ontario contained in the Chrysler agreement? Are there any provisions for clawing back funds in the agreement with Chrysler if job levels fall below a certain level?

Question four—

Hon. Sandra Pupatello: Sorry. Just in answer to the question regarding Chrysler, more than half of the money has already flowed. We'll check to see if we can make

the total number available at this point. Just like the GM contract, as their investment grows, so too does our investment in the initiative. We would not divulge the content of the contract. That's a confidential document between the government and the company. There have been requests—FOIs—for those documents, and to date we have not released any. That happened under the previous government as well. I believe that also happened under the NDP government.

Mr. Paul Miller: I can't speak to that—

Hon. Sandra Pupatello: There are just certain contracts that we will not release in the public domain.

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Mr. Paul Miller: What the minister is saying is quite possibly true, that that's the situation. I'm not happy with that situation. I feel any dollars that leave this building should be under public scrutiny, and I also feel that to get an answer—if that's your present situation—the legislation should change. Because I'm sure there are a lot of other industries out there that would like to know who's getting what, how much, what's involved in the contract and whether this contract and the monies that are being given out would be available to them, to have the same type of agreement, but if they're not privy to it and don't know about it, they cannot do that.

Hon. Sandra Pupatello: Chair, just by way of explanation—

The Chair (Mr. Tim Hudak): Minister, the member has—

Hon. Sandra Pupatello: Am I going to have some kind of time to respond or not?

The Chair (Mr. Tim Hudak): In the first 30 minutes, the member can use time as he or she sees fit. Mr. Miller's putting some questions on the table that I think he wants written responses to. When he has a chance, when he wants an answer, I'm sure he will ask a question.

Mr. Paul Miller: Thank you, Mr. Chairman. I listened diligently when the minister was giving her speech, so I'm sure she'll supply the same courtesy to me.

I'd like to ask also the question about the \$100-million contribution to the Ford centennial project in Oakville. Has money flowed to Ford through this agreement, and if so, how much? Can you detail the job guarantees, if any, contained in the agreement with Ford? If there are no specific guarantees for the Oakville facility, once again I would question that judgment. Are there any job guarantees for Ford facilities across Ontario contained in the Ford agreement? Are there any provisions for clawing back funds in the agreement with Ford if job levels fall below a certain level?

The reason I'm going through the Big Three is because I think the people of Ontario have a right to know where their tax dollars are going and what guarantees there are of jobs staying in this province. We keep throwing money after money at the auto industry to maintain jobs, but very trickling amounts of money are going to other major industries in this province, and I'm very concerned about the focus of the government.

As the minister well knows, if the car industry in the States goes downhill, sales go down and jobs are lost in the States—as the minister stated in her opening comments—it’s going to trickle over into Canada big-time. I hate to say this, but we haven’t seen anything yet. In the next year and a half, I’ll remember these committee meetings. I’ll remember the statements in the House. It’s going to be pretty scary in the next two years in our province. I’m not trying to be Mr. Doom and Gloom, but the facts speak for themselves. The reality speaks for itself. All the secondary industries are leaving this province in droves. We’re losing hundreds of companies in this province in droves. The economic forecast is very bright under the minister; I don’t share that forecast. I try to be optimistic and try to think that things are going to be balmy, but I don’t think they are.

I’d like to ask the official deputy if they can answer any of these questions that I’ve put forward at this time.

Hon. Sandra Pupatello: Again, the status of the contracts with private companies this ministry will not release. By way of explanation, it has been standard procedure of governments, not just this one, but all three political parties in government have not divulged private contracts.

In this case, the particular reason is, when they make application they also divulge to us the level of innovation, what new they’re bringing, levels of production etc. That’s all proprietary information that the company would not share with their colleague competitors in that sector. Frankly, they would not engage with us if they thought that that level of detail, what’s their innovation, what’s their patent, what are they bringing in, what’s their level of production going to be—they simply wouldn’t make application, because they’re not going to share that and put it on the front page of the paper.

Mr. Paul Miller: Thank you, Minister. I understand your answer, but I’m wondering if the proverbial door swings both ways. Do they make you and your ministry aware of their future job investments, future job strategies, how many people are going to be laid off in the next five years and where they’re going after they get those lump sums of money from this government for, as I call it, bailout? I call it keeping the jobs here temporarily for a couple of years, because every time there’s a recession, every time this province runs into trouble, they come to the government for more money with no guarantees of staying here, no guarantees in these agreements, no guarantees of keeping jobs in Ontario in the bad times. I’d really like to see these agreements. There are no contingency funds, no backup funds, no contingency plans to keep these jobs in Ontario. I just see handouts. I don’t see any long-range protection for the people of Ontario. I don’t see any of that.

I’m very concerned about the way this government is moving and the job losses. I’d be more than happy to take the minister through Hamilton and show her all the closed factories, all the thousands of jobs that have left. And I’d love the minister to take me through Hamilton and show me the new big factories that are going to open

to employ all those people. Most of our youth are leaving Hamilton and going to Fort McMurray and out west because they can’t get jobs. And the minister well knows Windsor has been hard hit too.

You can deal all you want with foreign companies, but these foreign companies have cheap labour. How are we going to compete? Do you think they’re going to come here to Ontario and pay somebody \$25 an hour to do the same job they can get for two bucks where they’re from? I think not. What are they going to come here for? I’ll tell you what’s going on in this province, Minister, and nobody has said it to date. They’re coming here to our province, they’re buying their competitors, they’re shutting them down within five years—except the Big Three—and moving back to their countries of origin. What have they succeeded in? They’ve succeeded in putting Ontario people on the street with no future, no pensions, no benefits. They’ve shut down jobs all over our province. That’s what they’re doing. If you see the trend in Ontario and Canada, companies are closing all over this country and going back.

You talk about research and development. I remember in the 1970s, at Stelco, the place where I was employed, we had one of the biggest facilities in North America for research and development. We employed 300 people in that research centre. That shut down, and where did it end up? In Pittsburgh. These are the types of things that have been going on. I don’t know where all this research is going. Once I get over that Skyway bridge, I think we’re on a different planet because I don’t see all this wonderful stuff the minister is talking about.

My final question for today—I’ll have many more questions—

Interjection.

Mr. Paul Miller: This is my 30, I believe, and in the next 20 they can respond.

I’d like to ask questions about the Next Generation of Jobs strategy. I understand that no monies have flowed under this program, but you can detail the job guarantees, if any, that will be contained in agreements under this program. Will there be any provision for clawing back funds in the agreements under this program if job levels fall below a certain level? I hate to be repetitious, but these are all major companies. I’m not privy to the agreements, nobody is privy to the agreements, and I’m wondering where the tax dollars are going. When will we be privy to it, if ever? How much are we going to know was wasted and blown when companies pull up stakes and go back to where they’re from? We’re now witnessing, after all these wonderful announcements about the 300 jobs in Essex-Kent—which I was criticized for saying “Whoopee” about. I was criticized. I hate to tell you. That plant employed 900 people. What you did was, you got the same building and you managed to get back 300 jobs of the 900 that were left. But if you’d like to come to my end of town, I’ll show you the thousands of jobs that left, and none have come back. In fact, more are leaving every week.

That's it for me for today, Mr. Chairman. I'll tell you, I've got a lot more.

The Chair (Mr. Tim Hudak): Mr. Miller, you had some very detailed questions about some specific projects. What I'd ask you to do is, after the committee—some of it was in writing—to give it to our research assistant, and then research can work with ministry staff. The minister made some statements that some information may not be publicly available, and she stated why that was the case. Whatever information is available, we'd ask to get that to the committee on behalf of Mr. Miller.

You did ask some questions about the Next Generation of Jobs Fund at the end. Did you want the minister to respond, or are you done with your time?

Mr. Paul Miller: If the minister wants to, sure.

Hon. Sandra Pupatello: The program was announced as part of the plan of the Liberal government in the last term to move forward with in this second term, and that's what we did. When the Next Generation of Jobs Fund was launched, which was about three months ago, we then took the time to develop the criteria. We've had one announcement so far, and that's to Sanofi Pasteur, which is the pharma sector. As you may be aware, the Premier participated in that announcement of a \$100-million investment with Sanofi Pasteur, and we're pretty excited because we've reached out with the Next Generation of Jobs Fund to move out not just to traditional auto or auto-related manufacturing but to an awful lot of manufacturing across the board. People in this room know how important pharma is, especially to the greater Toronto area where it's very diverse. So that's the first project that's gone out the door, and it was just announced a couple of weeks ago by the Premier.

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There are a number of places I would like to tour in Hamilton, and I do go on a regular basis. A.G. Simpson would be one that was a great participant in the advanced manufacturing investment strategy, for example, and now their expansion in Stoney Creek is a very real reality because of this government's program.

There is the \$10-million investment that our government made in Dofasco to assist in their coal pulverizer, which frankly ups their level of productivity, retains and creates jobs right there in Dofasco in Hamilton.

The R&D that's being placed, especially related to manufacturing and McMaster, has created innumerable jobs—very high-end and high-paying jobs in McMaster, which is now partnering with other institutions like the University of Waterloo, the University of Windsor, all of which have components of R&D related to manufacturing.

When we talk about China, we've got to talk about Bombardier and the success story that is a real Canadian success story. When they build Bombardier cars here in Ontario, they use steel. We need to let this member from Hamilton know where the steel comes from.

Mr. Paul Miller: I worked there for 34 years, Minister. I know where it comes from.

Hon. Sandra Pupatello: When our auto strategy works here in Ontario, it's because steel from Hamilton goes into our cars through our project at the OAIIS program.

Perhaps what I will do is take some time and go through the auto supply chain. Steel is a major component of our auto supply, and it's a great success story of how well we're doing and why steel benefits from the auto strategy.

The Chair (Mr. Tim Hudak): Minister, thank you. Are you satisfied with the answer on the Next Generation of Jobs Fund?

Mr. Paul Miller: Well, obviously not, but it was done.

The Chair (Mr. Tim Hudak): Have you heard enough?

Mr. Paul Miller: I heard, yes.

The Chair (Mr. Tim Hudak): That concludes the time then, Mr. Miller.

Mr. Paul Miller: Thank you, Mr. Chairman.

The Chair (Mr. Tim Hudak): Then we come to the last segment in the opening round. Minister, you have 30 minutes to use, if you see fit, to respond to the items that were of debate in our rotation. You don't have to use that 30 minutes, in which case we'll proceed with 20-minute segments.

Hon. Sandra Pupatello: I'm certain that the members of my caucus on the committee have some questions and great commentary.

The Chair (Mr. Tim Hudak): The way the standing orders read, it's the minister's concluding comments. You have up to 30 minutes to respond to the debate, and you don't have to use them. That time cannot be used by members of other caucuses to ask questions. They will have that opportunity in the next rotation.

Hon. Sandra Pupatello: There were a lot of comments made today, and it really is at least an opportunity in this half hour—I'd prefer to hear from this illustrious group that we have as our caucus members on this committee because every one of them has had some great part to play in the five-point economic plan that this government has put forward, especially when there are sectors that are in a challenge, and we do have some of those.

I guess what's surprising to me is that the members from the opposition want to ask questions, but if they were truly interested in the dynamic that's going on here, you'd think they'd want to hear the answer instead of having a political, rhetorical rant. If they were truly interested in this business, they would want to hear the answer and engage in a genuine conversation, and I think it merits that in some sectors and some challenges we face. We're up to a debate on this. We've got to sort some things out. We've got to do better. No one is going to deny that this government insists on doing better and better for the struggling sectors we have in this province.

It compels us to talk about our skills and knowledge, the huge \$1.5 billion that appeared in this very last budget. Why is that so significant right now? Because

right now, we know there are people with very high skills who need to be redirected into other areas of employment.

A report came out this week and suggested there were 100,000 jobs that have gone unfilled. Why? Because the job opportunity isn't always exactly in the place the people are, or is it that there's a little bit of tweaking needed to be done with the training in that person, that they could very well accept one of those opportunities for a job? Where does that \$1.5 billion come in? A very creative way, something that's never been done before, is to actually, especially into the second-career program that Minister Milloy has announced and is now developing all the criteria for, figure out how you can take someone who's had a great-paying job, a great set of skills, very highly skilled, let them go back to work, let them go back to school, let them get back to training in an area that goes beyond what EI has traditionally covered as costs for training. The feds have had a mentality of "quickest way to a job." We know in Ontario that's not working for us. Those are federal rules that have been around for a hundred years, but the world's changed in the last hundred years. Lives have changed, training has changed, how people can move from one sector to working in a completely different field but for that extra year, but for that extra two years.

So how does a government come in with a program that can actually work? It's meant to help the cost of education, the living costs, in some instances, where individuals are 40 or 45 or 50 years old and they're not in a position like they were when they were 20 to jump up and go live with four people in an apartment when they're going to university. Times have changed, and our rules have to change and our programming has to be made to fit the circumstance today. We're proud of that program. We're proud of how we're going to meet the challenge of people who are choosing to change careers for opportunities that exist.

I have to tell you that when you come from a community like mine in Windsor that is the first in and the first out every time the going gets tough, everybody talks about diversification. I am of a different view. I believe that there's diversification required within manufacturing. Having had the opportunity and the privilege to see manufacturing around the world, there is nothing that's going to convince me more than I'm convinced today that Ontario has the best manufacturing in the world. The reason for that is that we have had governments—successive ones; I can't even make this political—that have all believed for decades in Ontario in education. It was Bill Davis who formed the college system back then, a long time ago, that, frankly, has allowed us to have a technical expertise amongst our workforce that doesn't exist anywhere else in the world. Now we've come forward with a \$6.2-billion university plan, post-secondary investment, to just knock it out of the park, because every jurisdiction—emerging economies, second or third economies, whatever you want to call them—they are where we were, but we're moving on.

So our general low-level manufacturing is in a tough place, and we're the first ones that are going to acknowledge that. But what it also tells us is that we've got to move our manufacturing up, and that's what we're doing. So if you look across our ministries, all of the direction is focused on moving our manufacturing up. If it's low-cost, if you take a ball and you're painting the ball, we're probably not going to do that in Ontario anymore. But if you want to find how to commercialize a product, making a ball out of the best new material available, then you're going to do that in Ontario.

Having sat down with the Chinese entrepreneur who looks at me and says, "We don't have the technology to do what we want to do, but we know you guys can do that"—yes, they want to come into our marketplace because they want to learn that, but that also means there is a respect for the Ontario manufacturing capacity, that they are looking at investing in Ontario. We're proud of that.

We recognize that in a perfect political world, you would have every company in Ontario proudly owned by an Ontarian. That's not anywhere in the world anymore, nor has that been Ontario's experience through successive provincial governments. NDP, PC or Liberal, they have watched the whole world move into Ontario, and we're proud of that. Almost all of us, I think, are proud of that. In Canada, 60% of all of the multinationals have their headquarters in Ontario. It's where people come, and we're proud of that.

We've got good working relationships. I met with the new ownership of Dofasco in Essar when I was in India. We want to know what their plans are for the future. We want to know that when they take Dofasco, the crown jewel of their steel sector of that company, it's going to be a place for investment. Guess what? Dofasco was seen as the crown jewel of that multinational company. They have come down, they've looked at what happens at Dofasco on the ground, and said, "None of our other operations around the world operate as efficiently, smartly, and with the best kind of technology and innovation," as happens right there in Hamilton. In the Essar Group around the world, Hamilton is on the map, and Hamiltonians should be proud of that. They should be proud that we've partnered with the new owners, with Dofasco/Essar, for more investment so that that investment will be maintained in Hamilton. That is a great story. That's how good we do things in Ontario, and I think we should be proud of that.

We met with the new owners of US Steel. Yes, we want them to make investments in Hamilton. That's why we meet with the new CEO wherever they come from around the world, and what is a striking similarity is, they see that their Ontario operations, when they buy into Ontario, become part of the best of their fleet on every continent. I think we should be proud of that.

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So, yes, there are struggles in communities like Windsor or Hamilton, which will suffer the most when your base is so largely manufacturing. When 90% of our

exports go to the US and they have a slowing economy, guess what's going to happen. They're not going to feel it so much in Alberta.

But it gets a little tiresome when you hear a federal finance minister who wants to dump on Ontario. Then they dare to talk about corporate tax rates, as if it were an issue with these multinationals that are coming into Ontario. Do you know, I've been on four continents in the past year and a half, at least. I have been on a multitude of corporate calls. Do you know that not one—not one—has ever asked about the level of our corporate income tax rates? Do you know why? Because they know before we go in the door that Ontario is extraordinarily competitive. We also know who our competition is, our competition in North America. They say they want to “be in North America.” When you want to be in North America, read “America.” There's Canada up there and there's Mexico down there. We consider ourselves an arm of that. So if it's manufacturing, we know, if you come into Ontario under a NAFTA agreement, you can go anywhere. With great infrastructure, new infrastructure on the way, we tell the story of why they should be in Ontario when they want to be in North America.

Not a one has ever asked about a corporate income tax rate. Amazingly, Ontario is right in the middle of the pack across all the other provinces in Canada, even if the other provinces in Canada were our competition, which they are not most of the time. Our competition are other jurisdictions that do what Ontario does. How do we stack up against those? We're the best. We have the most aggressive, competitive income tax rate against all of our competing jurisdictions. You should be proud of that.

And when you predict where we're going in 2012—because we have had a successive decrease in that rate and it's been announced where we're going to be in 2012—combined with the federal tax rate decreases through to 2012, we're going to be even better and more aggressively competitive on the tax. The reality is that today, when the Conservatives want to say, “Well, here's our answer. Just lower corporate taxes and that's how we're going to stop all this challenge in the automotive sector,” you tell me which of those companies is making money today so they'd pay a corporate tax on the profit if they're not making any profit. It is idiocy to think that that is a decent response to a sector that is struggling right now. It's complete idiocy. I say that with all respect to people who are compelled, very much, on this dogma of corporate tax rates.

In this world, what matters when you come to Ontario is that you build a quality product, and that's what we have to sell. So if you want to build or you want to make a million of something—if volumes are huge and the capacity of what you manufacture is very low, you probably aren't coming to Ontario. Guess what? We're not chasing that either, because we're up here. We do things best. We make the best cars. As a result, our productivity levels in Ontario—we have the best plants in North America. We have the most productive plants in North America, 2.5 million cars in Ontario. That's what we

produce here. We best every other jurisdiction in North America.

You want to talk about the wage rates? We're very competitive on that front as well. So never mind the rhetoric that you hear from the people who want to run down Ontario on an economic development front. You tell me why Kellogg's has a 100th anniversary of a company—an established, good old American company. They haven't built a greenfield site in 20 years. You tell me why they'd pick Ontario in the year of their 100th anniversary.

First of all, it's mainly because of the wheat. Did you know that Ontario produces the best wheat going? Why is that? It's because of the kind of research that we've developed for the University of Guelph that says, “Our hybrid programs make really good outcomes for our products.”

How is it that we can go to south Asia and tell them, “We can help”? There are food issues in Asia right now. Did you know that our cows are the most productive cows on the planet? They produce 10,000 litres of milk a year, compared to the typical Asian cow with 1,000. This is dramatic, people. This is something that Ontario can sell.

So we got back from our trade mission in India and China and we said, “These are things that we should be selling,” whether it's how we feed the cattle, how we milk the cattle—the innovation in our egg community in this province is second to none. These are things that we sell, and we need to be proud of them. We recognize the challenges that some of our sectors face.

I just want to check with the Chair if I have at least 10 more minutes for very good anecdotes for this committee.

The Vice-Chair (Mr. Garfield Dunlop): You've got 10 more minutes, and there are going to be 20 minutes to respond to what you just said, too.

Hon. Sandra Pupatello: Thank you—because we do have the best cows. I think we should be proud of that.

The Vice-Chair (Mr. Garfield Dunlop): Minister, if I could just ask you—

Hon. Sandra Pupatello: You're not cutting into my time, are you, Chair?

The Vice-Chair (Mr. Garfield Dunlop): When you're using words like “idiocy,” that's very unparliamentary.

Hon. Sandra Pupatello: I was directing that to the federal government.

The Vice-Chair (Mr. Garfield Dunlop): Well, I think that's still very unparliamentary. I'd appreciate it if you wouldn't do that.

Hon. Sandra Pupatello: Thanks. I respect your relationship with them. In any event, I think it's exciting to be part of a team that goes out there to sell Ontario.

I want to tell you some more anecdotes. The deputy and I sat there—I'm just making sure that my deputy is okay, because he may want to jump in and add to my anecdotal stories here. We went to talk to a company in the digital gaming sector. We went to Tokyo, where their

headquarters are. They sent their North American CEO to Tokyo to also be there for this meeting. They are already present in Ontario. The digital gaming sector is going to grow to \$50 billion in the next five years. We think that most of that growth should be right here in Ontario. Why? Because our kids come out of school in this province with the best combination of skills for that sector, and it is a very high-paying sector. These kids walk out with \$80,000 jobs. Have you been through Silicore Knights in St. Catharines? It's an unbelievable, sophisticated building—and they're bursting at the seams. They've got to keep growing because they keep winning and building new games.

We're sitting in Tokyo in this office and we were ready with our launch, weren't we, Deputy? We were going to tell them all the great things about expanding in Ontario. She cut us off halfway and she said, "Ontario is the only place where I can invest, the only place where we can expand our business." We were dumbfounded: "Why?" She said, "It's the only place where we can find people with the combination of skills we need. When your people graduate from university, from high school, they have skills in music, in art, in maths and sciences." I mean, we know, having just come from education, that we teach math with art and music. They go in there, they've got the computer science skills and they've got the art, they've got the design—they've got everything they need for that sector, and it is a booming sector.

Interestingly enough, for the two women at this committee on this side and several others in this room, we are actually the demographic of greatest growth in digital gaming, if you wanted to know. I was going to ask all of our members of committee just how much time you're spending with your new digital game, because we are the growing sector, which I find quite amazing—that our age group has that kind of time. In any event, it's quite popular.

There are umpteen examples of where we've been and talked about Ontario, and people love us for this. When we show them the Ontario story, they are amazed. The best part is that we also add facts that make us a stunning place to be and invest in. We say, "Fifty per cent of the people in Toronto weren't even born there." Can you imagine telling a Japanese audience that? They can't believe it. I sat on a corner in a busy intersection in Tokyo. I had to wait for 15 minutes before I saw someone who looked like me go by. It's a much more homogeneous community than what we live in every day, and we have the benefit of that.

I met a fellow who was sent here as the CEO of a company. He said, "You know, when I got here, I felt like I was at home. There were people like me, I could find the spices I needed, I could find where my community was, and that's important to me. I have my work life, and I knew that I could make a life here." Those kinds of quality things actually matter to people when they're investing in Ontario. We have to be proud of them, and we've got to shout them from the rooftops.

I am thrilled to be here today. I can't wait to come back to committee again; I can't wait to tell the Chair what other days I'm available, and I am thrilled that the committee's going to alter its schedule so that I can be available, because we have more and more proud examples of why people invest in Ontario and how we are on the march around the world to bring the world to Ontario.

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much, Minister, for your comments. It's now exactly 5:30, so we will just have the 20 minutes now for the official opposition, and then there will be the bell for the opposition day motion. Okay? So you probably won't get a chance again today, the member of the third party.

1730

Mr. Ted Chudleigh: With the rant on the cows, we should have qualified that as the Holstein cows, because it's very true: We've got the best genes in the world on Holstein cows. We also have the best genes in the world on chickens. We raise a chicken here in about seven and a half weeks, and it takes probably 13, 14 weeks to raise that same three-and-a-half-pound chicken anyplace else in the world because we've got the best gene pool. The same can be said for the pigs that are produced in Ontario. We've got some of the finest gene pools in the world on pigs and pork and pork products.

We all—sitting in this place on all three sides of the House—want the very best for Ontario. We want Ontario to be on top. The debate is simply on how to get there.

On how to get there, my first set of questions dealt with the Institute for Competitiveness and Prosperity and the recommendations that the institute made. They made the recommendation that reducing business taxes, for instance, would actually increase government revenues because there would be more businesses and more revenues. However, that recommendation from that institute was ignored.

This ministry does spend millions of dollars on communications, a very important part of the ministry, and yet the record on transparency and publicity and marketing success is maybe less than would be desired by a communications department. Would you agree that you have a bit of a problem in your communications department, Minister?

Hon. Sandra Pupatello: No.

Mr. Ted Chudleigh: Thank you. The minister's recent trip to China was a communications problem, I think. You announced the trip at two public events and yet you sent out no press releases concerning this trip to China. Why is that?

Hon. Sandra Pupatello: Actually, this trip to China was dealt with in the exact same way as the previous trip to India and the previous trip to Germany. When we arrived in India and Germany—when we had events that we were going for, like the opening of the Beijing office in that case—the press release went out. Each trip that has included local companies in our mission, there has usually been a host or a reception on the eve of leaving where there's been a press release for that group of

companies. Because there were no companies accompanying me to Germany, India or China, we didn't have such a function—so no release at the event—but when we arrived in the country, the press releases went out as we attended. In India we attended the opening of the hotel in Bangalore, for example, so we issued the release when we did the lighting ceremony at the hotel. It was standard procedure, other than you indicated. I've been very public about where my activity is and where I'm going. There has been media at the events that I've made very public. The reality is that they did not focus on China per se; they probably just listened but it didn't click for them until other issues regarding China became public and then they took notice of it. But the procedure was exactly the same for India and Germany and China.

Mr. Ted Chudleigh: Those press releases that were released at the time and with the event: Were they released in Ontario as well?

Hon. Sandra Pupatello: Oh yes; they're posted. For India, China and Germany, all of them were standard procedure. The other two were with the Premier's office as part of delegations and Premier's missions, so the Premier's office would do that work, not our communications branch. But, again, all were posted. In fact, I think they post it on the wire themselves at Canwest.

Mr. Ted Chudleigh: We seem to be having difficulty getting those press releases. If I have trouble accessing them, I'll come back to you and ask for copies.

Hon. Sandra Pupatello: If you go to ontario-canada.com, you'll have all of that posted on our website.

Mr. Ted Chudleigh: Do you have a budget as to how much money will be spent this year on trips around the world for opening offices etc. that do not involve trade missions?

Hon. Sandra Pupatello: There probably will be one more in the balance of this fiscal year, which will likely be next week—actually, two. One in Paris and one in Mexico will be the balance between now and the end of this fiscal year. The budget for this Mexico trip—I believe I've approved a budget for myself totalling \$2,200, which includes airfare, hotel, meals—it's always the same standard pro forma. But, fortunately, the amount that I've allotted myself hasn't been spent on any of the trips that I've made so far for the government.

Mr. Ted Chudleigh: And Paris?

Hon. Sandra Pupatello: I can get you that information. I don't think I've signed the amount yet, but it will be, again, the airfare, the hotel, the meals and any ground transportation. That will be a trip that includes London as well, because we're rolling in the Paris opening of the office with the air show that is being hosted in Farnborough this year, which is in England. Again, ministers of your government participated in that each year. I wasn't able to go last year when it was in Paris; I can't remember why. Again, it will be a total that includes the airfare, hotels and meals.

Mr. Ted Chudleigh: I don't think we participated in 2002, but we normally went to that air show. We didn't go every year, I don't believe.

The total of that line item? That must be a line item in the budget. Do you have that available to you?

Hon. Sandra Pupatello: Maybe my ADM could—

Interjection.

Mr. Ted Chudleigh: For non-trade-mission-related trips.

Mr. David Clifford: We'll have to get back to you with that information.

Mr. Ted Chudleigh: If you would; thank you very much.

We found it very difficult on your website to access and find out what programs you have on an international basis. If we were a company that wanted to travel on a trade mission, for instance, or if we wanted to get help accessing what's available in other countries, if we were going to another country, who would we see and how would we line that up? We seemed to have difficulty finding out that kind of information. Is that something your ministry is trying to do, or is it something you're making an effort in doing a better job of?

Hon. Sandra Pupatello: You'll probably be happy to note that we're engaging in quite a bit of work to revamp our website for investors. Some of that work is already done, and you can see it on the Web. We've actually done surveys, for example, of the business community to look at the usability, the ease with which people can access data. The results we've gotten from that scan have been very positive.

I felt, as well, that we did have to do a lot of work to get it much more current and much more modern-looking. A lot of that work was undertaken this past year. The scoring now by the business community is quite high on our site.

You'll also note that we've moved the Ontario investment office. We have an office here in downtown Toronto where we bring businesses and meet with them. We also opened it up to our municipal partners' economic development commissions to bring companies in. Some might just fly into Toronto—

Mr. Ted Chudleigh: If I might, Minister, I would refer you to Go North. It's a program that you have for large-scale strategic investment funds. There's very little information on your website about the program that surrounds Go North. Are you seriously trying to promote industries in the north? It doesn't appear to have any information as to how to go about accessing this program.

Hon. Sandra Pupatello: The northern activity sits in the Ministry of Northern Development and Mines, but we work on a regular basis with them and, for example, with the mining missions, with participation in PDAC, the largest mining conference. MEDT has—

Mr. Ted Chudleigh: Go North is in your budget, I believe, so I would—

Hon. Sandra Pupatello: Yes, but generally the publication, the advance, the investments for the north—MNDM takes the lead, but we work consistently with them.

The other question you asked was about the website. My deputy has provided the info. There were 962 in-

dividual companies. They had an 80% satisfaction rating across all the programs that were evaluated, on those that have come to talk with us. So it gives you some indication. We obviously want a 100% satisfaction rating, so there's more work to be done there.

When I mentioned that office downtown that we've moved, this is something that you will use, members of Halton economic development—whoever. We're developing a site called GIS, which is the geospatial—

Mr. Fareed Amin: Geographic information system.

Hon. Sandra Pupatello: Geographic information system. This is new. The development of software is by a company right here in Ontario. Investors can look at the map and can go in there by sector. So if you're aerospace, you would go in, hit your sector of aerospace. It will show you on the Ontario map where aerospace exists in Ontario. Then you can zero in on that and go down to the next level: Where is space available? This is the level of detail that we are now achieving. We've almost completed that work and it's going to be a real showpiece.

Mr. Ted Chudleigh: And that will be on your website eventually? It's not there now.

Hon. Sandra Pupatello: Investors will be able to do that from anywhere in the world.

Mr. Ted Chudleigh: Good. In your briefing book, on page 5, you're talking about a creative new look for your ministry. I was wondering what's wrong with the old look. I was thinking about the trillium, which was redeveloped at some expense, and wondered if that money might not be better spent—given the problems that Ontario's economy is having at the current moment—somewhere else more productively. I wondered how much this creative new look will cost, and also any consultants who might be working on this creative new look for you, if you could provide me with their names.

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Hon. Sandra Pupatello: When you referenced the logo, the Ontario trillium logo was actually a function of the Ministry of Government Services, I believe, and would have been contained in that ministry and then put out across the government. So we wouldn't have had any expenses related to that.

A creative new look: As we move forward, we are updating, and I think it's important that we do that. We do have to be modern. We sell ICT. We've got the third largest in North America.

Mr. Ted Chudleigh: Do you have a budget for that update?

Hon. Sandra Pupatello: No, it's on an ongoing basis. For example, we're marketing the Next Generation of Jobs Fund, so there's a small percentage that is used for the administration of that. Of that administration, a portion of it will be the marketing of the Next Generation of Jobs Fund. It will have its marketing strategy.

Mr. Ted Chudleigh: Is there a consultant that would be hired to work on this creative new look?

Hon. Sandra Pupatello: I believe we did some ad work through a consulting company, but our communications department is responsible for the marketing of it.

Mr. Ted Chudleigh: If I could have the name of any consultants. And I'll pass to Mr. Ouellette.

Mr. Jerry J. Ouellette: In the time remaining, I have a number of questions, and I'll try to get in as much as I can.

Hon. Sandra Pupatello: Will you leave me time for answers as well, Jerry?

Mr. Jerry J. Ouellette: You discussed the questions brought forward about the training sessions for the auto sector. Can you—just a simple answer. You've provided a lot of funds for a lot of training and retraining in the auto sector. Did you know in advance that there was going to be a downturn and that we needed to train these individuals, and that's why you've trained them in advance, so they can work elsewhere?

Hon. Sandra Pupatello: For example, the Chrysler training—in the last budget you saw the amount of some \$5 million for Chrysler—is actually new training that is being done for all of their employees at all their sites: Etobicoke, Brampton and Windsor. What they're doing, as a function of how they're going to do business going forward, is that they actually take a set of skills that would ordinarily have been in two or three different people and raise the skill set in one person. They took every single employee and put every one of them through school.

Mr. Jerry J. Ouellette: Is that because they knew there was going to be a downturn in the economy and had to move them elsewhere?

Hon. Sandra Pupatello: Chrysler hasn't been affected in that regard, actually. They are doing well, we think. But that is the new way that they're doing business. It's also a function of what they agreed to in the last CAW agreement. They knew in their last negotiated round that they would be moving.

Mr. Jerry J. Ouellette: So the answer is no. It was a simple answer: Yes or no.

Hon. Sandra Pupatello: The training isn't related to a downturn; the training is related to how they increase productivity. So when they can build more cars—

Mr. Jerry J. Ouellette: We provided a great amount of training in Oshawa, and now these individuals are unemployed. All I tried to find out was whether you were providing funds for certain sectors within the economy because there was an expectation of downturn in those areas and they're now trained and ready to move elsewhere. That's all I'm trying to establish.

Hon. Sandra Pupatello: All of the training is related to how a company can become more productive. That means that today and going forward every Ontario company will have to be more productive.

Mr. Jerry J. Ouellette: So the answer is no.

Hon. Sandra Pupatello: Well, no. I have to tell you that the answer is related to productivity.

Mr. Jerry J. Ouellette: No, you don't have to tell me. You answered my question. We can move on.

Hon. Sandra Pupatello: No, my answer is productivity—

Mr. Jerry J. Ouellette: The next question is—

Hon. Sandra Pupatello: Chair, could you please make sure that the record shows that the answer is productivity?

The Chair (Mr. Tim Hudak): Thank you, Minister. Mr. Ouellette.

Mr. Jerry J. Ouellette: The next question deals with the free trade agreement. Can you tell me, as it relates to the content, what the free trade agreement is with the auto sector as it relates to production in Ontario?

Hon. Sandra Pupatello: I'll pass that question along to the federal government as it relates to their role in NAFTA.

Mr. Jerry J. Ouellette: I realize that you've tried on a number of occasions to abridge and deflect a number of significant things like this. I just asked a simple question. If you don't know, that's fine.

Hon. Sandra Pupatello: Well, the one area of involvement—

Mr. Jerry J. Ouellette: It's 62% that—

Hon. Sandra Pupatello: The one area of involvement—if you want my answer—we've had recently with the federal government on foreign trade deals has been South Korea, and we've been vehemently opposed to them signing that deal. We have not been engaged with the federal government or America or Mexico on NAFTA.

Mr. Jerry J. Ouellette: What does that have to do with the free trade agreement that I asked about? It's a simple question, and I realize you're trying to—

Hon. Sandra Pupatello: The free trade agreement with South Korea is the one that we've been opposed to.

Mr. Jerry J. Ouellette: —you're trying to blame the federal government. I don't play the blame game. If you want to do that, you can do that.

Hon. Sandra Pupatello: Canada's position is—sorry, but it's incorrect. Canada's position is supporting NAFTA, as is the Ontario government's.

The Chair (Mr. Tim Hudak): I think you made your point, Minister.

Hon. Sandra Pupatello: I don't understand what he's asking. Could you be clear what you're asking. Is it our position on NAFTA?

Mr. Jerry J. Ouellette: I understand it's difficult for you, but I'm sure if you take the time to listen, you'll understand.

The Chair (Mr. Tim Hudak): Mr. Ouellette has the floor. Go ahead.

Mr. Jerry J. Ouellette: The next question: Do you not think it would make a lot more sense to have this under a percentage of manufacture, so that if a vehicle takes 100% to manufacture, to understand that 62% would be manufactured in North America based on the volume—I'll give you an example. The example that was brought forward by myself was that an engine manufactured in China was valued at \$2,000, an engine manufactured in Windsor was valued at \$8,000, thereby allowing the 62% content in the auto sector to be achieved, as having North American content. It takes the same volume or percentage to manufacture that. What I think we need

to do to assist the auto sector is move to a volume percentage so that that same volume would not be a factor and we can't outsource. That way, it would help the sector here. Do you agree or not agree?

Hon. Sandra Pupatello: I'm going to forward your Hansard from this committee to the federal minister so you can take it up with him. I will tell you that—

Mr. Jerry J. Ouellette: Okay, that's fine. You've answered the question on what you're going to do with the answer, because you don't have an answer.

Hon. Sandra Pupatello: —when it comes to our automotive sector we have only benefited from the free trade agreement. Ontario has benefited more than probably—

Mr. Jerry J. Ouellette: Okay. In your time—

Hon. Sandra Pupatello: —any jurisdiction in North America from the North American free trade agreement.

Mr. Jerry J. Ouellette: Minister, there's limited time and you need to deflect it because you don't know the answer.

Hon. Sandra Pupatello: I'm going to pass along your comments to your colleagues in the federal government.

Mr. Jerry J. Ouellette: What was the price of gas in China while you were there?

Hon. Sandra Pupatello: I can't tell you that.

Mr. Jerry J. Ouellette: Okay, what was the price of gas in India when you were there?

Hon. Sandra Pupatello: I can't tell you that either.

Mr. Jerry J. Ouellette: Okay. In certain areas, for example, the number one is mentioned very much so—the Hummer was the large-sale vehicle in China.

Interjection.

Mr. Jerry J. Ouellette: I know that in the Middle East it was between 12 cents and 18 cents a litre that they were paying. In those areas, manufactured goods that are produced in Ontario are a large attraction, because if the Hummer is the number one producer, gas is not a figure. I'm wondering, did you bridge or do anything to try to promote the Ontario auto sector, to promote sales that would be a gain to manufacturers in our economy?

Hon. Sandra Pupatello: I hoped that this particular member might have been listening to some of the comments I made at the outset, because just very recently in India we brought 12 Ontario companies from the auto sector under the auspices of the APMA with us to the India auto show for the sole purpose of landing business in India for our Ontario companies. Separate to that, I have also referenced a company right here in the greater Toronto area that has landed a contract in the building of the Nano, which is a remarkable feat for India, and yet parts are being supplied from Ontario. So clearly we're engaged in all activity in landing business for our Ontario companies. That's why we're there.

Mr. Jerry J. Ouellette: One of the sectors where the costs are growing rather strongly is the metal sector throughout the world. You talked about the fancy telephone poles. I think it was in Hawaii, if Mr. Miller will correct me—

Hon. Sandra Pupatello: I can't hear that. Sorry?

Mr. Jerry J. Ouellette: Well, you were on your BlackBerry there. What I said was—

Hon. Sandra Pupatello: No, you're mumbling. What were you saying?

The Chair (Mr. Tim Hudak): Let's just—

Hon. Sandra Pupatello: Do you know what? Be clear. I don't get offered the opportunity to answer—

The Chair (Mr. Tim Hudak): Minister.

Hon. Sandra Pupatello: —and he's not speaking clearly with the questions. So tell me what you would like, Chair.

The Chair (Mr. Tim Hudak): I'd like the member who has the floor to proceed and ask his question. I'd like the minister, please, to conduct herself like a minister.

Mr. Jerry J. Ouellette: You spoke about the—are you able to hear this while you're working on your BlackBerry? Okay, good. The minister spoke about being in Hawaii and about the telephone poles that are being—

Hon. Sandra Pupatello: No, I did not. I didn't say I was in Hawaii. I wasn't in Hawaii.

Interjection.

Mr. Jerry J. Ouellette: Where was it?

Hon. Sandra Pupatello: In Tilbury, Ontario.

Mr. Jerry J. Ouellette: Tilbury. Okay, Tilbury. Yes, I'm surprised that they would have coconut trees in Tilbury, Ontario, because that's what the—

Mr. Paul Miller: The resin—

Interjection.

Mr. Jerry J. Ouellette: Anyway, one of the sectors in Ontario that has been hugely decimated is the forestry sector. There are a significant number of locations around the world that used telephone poles made out of metal. Have you looked at other areas that this could be utilized for promotional sales?

Interruption.

Hon. Sandra Pupatello: That's a vote for us?

The Chair (Mr. Tim Hudak): Yes, the vote. We'll have time to vote. We have one minute left.

Hon. Sandra Pupatello: Just to clarify, it's the resin technology that's being used in Tilbury that gave them the opportunity, because of our oil sands project in Edmonton. This is a company that participated with us last year that landed what the goal was: bringing manufacturing to Ontario because of oil sands. That particular company didn't just bring a job or a contract, they brought the entire plant to Tilbury, used technology here in Ontario, and they're building utility poles out of resin. The result of that is that they are now accessing contracts around the world and doing very creative things, including winning a contract through the utility commission in Hawaii, which is why they add the brown resin to the mixture so that it is aesthetically pleasing for the Hawaii market. That is innovation that is happening in Ontario, and it's happening because we're engaging with Ontario companies and helping them land business.

The Chair (Mr. Tim Hudak): That concludes that round of 20 minutes. Currently, our next scheduled meeting is next Tuesday, which would be May—

Interjection.

The Chair (Mr. Tim Hudak): No, as I said at the beginning of the session.

The clerk will be working with the minister on her schedule to make sure we can proceed as we've done. A week from today is the currently scheduled meeting, but we will notify members if there are any changes in the schedule, because we'll work with the minister on her schedule to appear in committee. So it's currently May 6. If that changes, we'll let members know immediately. We have concluded the official opposition's 20 minutes, so when we do reconvene, we'll begin with the third party.

Minister, Deputy and assistant deputy minister, thank you for your time. We are adjourned for the day.

The committee adjourned at 1750.

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