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Tuesday 24 September 2013

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Mardi 24 septembre 2013

Standing Committee on Estimates

Comité permanent des budgets des dépenses

Ministry of Finance

Ministère des Finances

Chair: Michael Prue
Clerk: Katch Koch

Président : Michael Prue
Greffier : Katch Koch

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Tuesday 24 September 2013

Mardi 24 septembre 2013

The committee met at 0901 in room 151.

MINISTRY OF FINANCE

The Chair (Mr. Michael Prue): We will call the meeting to order. We are here to resume consideration of the estimates of the Ministry of Finance. There is a total of 3.02 hours remaining. When the committee was adjourned, the official opposition had less than one minute in their rotation, but before we deal with that—because the minister has indicated, we've heard, he may be a minute or two late—there are other items that we have to deal with.

I just want to make sure that the members, first of all, have received from Ian Morris, the research office, the information on OECD countries. That's the top page. All members would have that.

As well, you will have a copy of a letter addressed on September 20, 2013, to the Clerk of the Committee, signed by Steve Orsini. The letter by Mr. Orsini has to be dealt with first.

On September 18, 2013, the Standing Committee on Estimates passed a motion requesting that the Ministry of Finance produce certain documents with respect to the Ontario Northland Transportation Commission, ONTC. At the time, I allowed the motion to proceed because it was unclear whether it was beyond the scope of the review of the 2013-14 estimates of the Ministry of Finance.

After consultation with officials from the Ministry of Finance and further consideration of the matter, I wish to advise members that the motion previously adopted by the committee is beyond the scope of the review of the 2013-14 estimates of the Ministry of Finance, as the ONTC is not a line item of the ministry's estimates before the committee. The effect of the motion is therefore null and void.

If the information is requested, it has to be requested through the Ministry of Northern Development and Mines. I cannot remember: Have they been called before? Are they on the list?

The Clerk of the Committee (Mr. Katch Koch): No, they're not.

The Chair (Mr. Michael Prue): They're not on the list, so I don't know how the members will be able to obtain it through the estimates process.

Interjection.

The Chair (Mr. Michael Prue): Yes, they're going to have to continue to do a freedom-of-information request or raise it politically in another way.

Mr. Rob Leone: Point of order, Chair.

The Chair (Mr. Michael Prue): Sure.

Mr. Rob Leone: A question to the Clerk: Is it possible, through unanimous consent, to get these documents released?

The Clerk of the Committee (Mr. Katch Koch): No, it isn't, because the ONTC is not a line item—the mandate of the committee is to review the printed estimates—and because currently the estimates of the Ministry of Northern Development and Mines are not before the committee. We are reviewing the estimates of the Ministry of Finance.

Mr. Rob Leone: I would assume that the Ministry of Finance has some level of involvement in preparing all the estimates. Is that not the case?

The Clerk of the Committee (Mr. Katch Koch): I wouldn't know. There may be documents from the ONTC at the Ministry of Finance, but because it's not a line item of the Ministry of Finance, it's beyond the scope of the committee's review.

Mr. Rob Leone: So we're only able to deal with the line items of the Ministry of Finance in this committee?

The Clerk of the Committee (Mr. Katch Koch): Correct.

Mr. Rob Leone: So even if the Ministry of Finance had a role in preparing the estimates for other ministries, we're not able to ask questions of those ministries? Is that what you're suggesting today?

The Clerk of the Committee (Mr. Katch Koch): Correct. You are reviewing the 2013-14 printed estimates of the Ministry of Finance.

The Chair (Mr. Michael Prue): If I might just add, the members of the committee had the opportunity to call whichever departments they wished, and the ministry responsible for Ontario Northland, the Ministry of Northern Development and Mines, was not called. Therefore, we have to deal with finance.

The minister has not arrived as of yet. The Conservatives have the floor. You have staff here if you have a staff question. We could continue to proceed. If you don't have a staff question for your last minute, then I would have no option other than to recess until the minister's arrival.

Mr. Rob Leone: How much time do we have in the rotation?

The Chair (Mr. Michael Prue): Approximately one minute.

Mr. Rob Leone: Really?

The Chair (Mr. Michael Prue): You have one minute, yes.

Mr. Rob Leone: I thought we had more than that.

The Chair (Mr. Michael Prue): No, one minute. And then it goes to the NDP. If you have a one-minute question, then we can proceed with the staff. If not, we will recess.

Interjections.

The Chair (Mr. Michael Prue): If there are questions of staff, we're going to continue.

Mr. John O'Toole: The one thing that I'd like questioned is, when you look at youth unemployment—I read a report recently that questioned whether or not it was the proper gapping of numbers. Youth are described as 15 to 24 in the unemployment rate. What's the skew here? Basically, I think it should be 15 to 20. It's the group above that that we should be looking at in terms of the ones that have graduated—so it would be 23 or 22 and higher. It was on a Steve Paikin show the other night—that question about how they report youth unemployment, the grouping of the ages. So 15 to 20 would probably be more appropriate than 15 to 24. I think the number would be less.

I'd like a breakdown because it isn't really—and if you look at the map here, it doesn't show that it's particularly out of line when you look at other countries. Even the anomaly with Japan on the chart: It shows Japan as having 140%, whereas when you look at the other chart on the chart table 2, it shows that Japan is only at 6% in July. The numbers are just that, they're numbers—

The Chair (Mr. Michael Prue): Well, I'm going to have to leave that because that's the entire minute. I think this is more a question for research.

Mr. John O'Toole: Sure.

Mr. Rob Leone: Can we endeavour to get—

The Chair (Mr. Michael Prue): Yes, if research can discover that before the next—we're probably going to finish this afternoon, so I don't know. It may have to come after.

All right, that's the end—

Mr. Mike Colle: Point of order.

The Chair (Mr. Michael Prue): Point of order. Yes?

Mr. Mike Colle: I'd like to thank research. I made this request for this information. I'd like to thank research for the very succinct and very clear and understandable tables which responded to my questions about youth unemployment in OECD countries, government net debt to GDP. I think they're very helpful, and it's really something that anyone can use very readily. I'd just like to thank research for the good work on this—it's really to the point without being too detailed, but enough to give us a really good insight into these questions that I asked last week—and the speedy response too. Sometimes they're not acknowledged, but I'd like to thank research for the good work.

The Chair (Mr. Michael Prue): Your point is well taken.

Going on to the third party: Do you have questions of staff? Or do you want to wait until the minister—

Ms. Catherine Fife: I want to wait for the minister.

The Chair (Mr. Michael Prue): Fine.

Ms. Catherine Fife: A 10-minute recess, please.

The Chair (Mr. Michael Prue): Okay.

Mr. Rob Leone: Chair, just a question.

The Chair (Mr. Michael Prue): We'll just deal with any housekeeping things.

Mr. Rob Leone: How much time do we have with the Minister of Finance?

The Chair (Mr. Michael Prue): Approximately three hours and two minutes, from the look of it. So this morning would be about an hour and a little, and then we would have approximately two and a half hours this afternoon. We should be finished with the Minister of Finance today.

Mr. Rob Leone: Well, it depends when he gets here, I guess. His delay is probably going to mean he's going to come back tomorrow, which is his doing.

The Chair (Mr. Michael Prue): No, no. If required—

Interjection.

Mr. Rob Leone: Well, you never know there, Steven.

The Chair (Mr. Michael Prue): It also depends whether there are motions and other debates which don't count. It's conceivable we could finish today, but if not, we'll be back tomorrow. That's the rules.

Okay. There has been a request for a recess. We're going to recess until the minister arrives. Please don't go too far. When the minister arrives, we're going to start right in.

The meeting is recessed awaiting arrival of the minister.

The committee recessed from 0910 to 0915.

The Chair (Mr. Michael Prue): We will call the meeting to order. Most of the members have returned and the rotation now goes to Ms. Fife.

Ms. Catherine Fife: Thank you very much. Good morning, Minister.

Hon. Charles Sousa: Good morning.

Ms. Catherine Fife: I'm going to start this morning on some questions around Infrastructure Ontario, mainly because yesterday we met with COCA and they indicated some concerns around the way contracts are being awarded and the bundling of contracts, and how that is potentially preventing Ontario firms from entering into a competitive bidding situation.

I know that originally the government was going to avoid, sort of, P3s and you have the alternative financing procurement process. Can you tell me a little more about that process? Can you tell me how the risk premium is calculated for AFP financing, because that's a big part of how you pay consortia that win the projects?

Hon. Charles Sousa: As you know, Infrastructure Ontario oversees much of the processing of contracts and the awarding of construction contracts. Points systems have been worked upon in order to facilitate local companies being more competitive, recognizing also the contributions made by the industry around training and facilitating those skills—we want to be able to provide value for that in those contract awards—also making certain we get the best price and the best value for taxpayers in relation to that. But a number of discussions have been occurring with the trades and labour—with all that are involved.

We have had extensive construction. I know that AFP and other forms of financing of construction in the province have made us extremely competitive. It's being acknowledged by others around the world, recognizing how extensive Ontario has been making in regard to construction contracts. COCA and others have acknowledged Ontario's participation in infrastructure projects, and the insight and stimulus we've put forward have enabled many to weather the recession very well. We're better than other parts of the world, but more importantly, it's nurtured an industry in Ontario that's being used in other parts of the world. It's now enabling us to be export oriented. Certainly, the AFPs and the P3s—

Ms. Catherine Fife: Specifically around the P3s, though—

Hon. Charles Sousa: Oh, yeah. It's been acknowledged—I think we even had reference to it in our budget. It is seen as leadership in Ontario versus other parts—

Ms. Catherine Fife: Minister, I think people want to know, and I want to know, how you develop or how you calculate the risk premium specifically around the P3 model. You call it AFP, but it's—

Hon. Charles Sousa: Yes. As I said, it's about getting the best value for taxpayers, minimizing the risk to the public and enabling us to have the greatest success overall.

Go ahead.

Mr. Steve Orsini: One of the things—we're just trying to find the source, but the government did publish our overall number, based on the estimated savings of going through an open, competitive procurement process through Infrastructure Ontario. We're trying to find that reference.

What Infrastructure Ontario looks at are the total costs. These are not only in terms of looking at the transfer of risk to the private sector but all the costs that are built into any major capital projects. We've seen in the past that in some capital projects, change notices are introduced; that drives up costs. The timing that things get built: If it's not built on time, the costs go up. I think, as soon as we find that reference, it's an all-in sort of savings estimate. It's built based on an open, competitive procurement process.

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Hon. Charles Sousa: There have been recent awards made during the Pan Am development. All the venues have been established. As a result of some of the models brought forward by Infrastructure Ontario and the awards that have been given, we have actually come in under budget on those capital projects. It just speaks to the way the system is being handled.

Ms. Catherine Fife: Just back to how the risk premium is calculated, you do use some sort of a comparator, don't you, in calculating that specific number, some number that suggests what a typical cost overrun is incurred in the traditional approach to building infrastructure, some sort of a benchmark? This is what I'm trying to get to: What is that benchmark, and how do you get to it?

Hon. Charles Sousa: Hold on. Greg. will be able to respond to you on this one.

Ms. Catherine Fife: Thank you.

The Chair (Mr. Michael Prue): I wonder, just for the record, if you could state your name.

Mr. Greg Orencsak: Greg Orencsak, associate deputy minister of finance.

In terms of the benchmarks themselves, those are benchmarks that I think Infrastructure Ontario is best positioned to speak to as the party that delivers and contracts for the projects themselves. I think the deputy referenced some specific project and value-for-money savings. Some of those were published in the 2012 budget on page 41.

On a project-by-project basis, there are some examples. Since 2005, there have been 20 large complex infrastructure projects that have been delivered through the AFP model. Some of the examples there are in the order of $64 million of value-for-money savings, for example, in terms of the Ministry of Government Services data centre in Guelph. There is an example there of value-for-money savings in terms of the Credit Valley Hospital in Mississauga.

The government put out a report on its long-term infrastructure plan, Building Together. I think that was in 2011. That has more figures that the deputy referred to in terms of overall savings through value-for-money delivery. We can get that report for you if you'd like.

Ms. Catherine Fife: So you don't have a formula or a broad framework to evaluate risk when you're entering into those projects? You're saying that Infrastructure Ontario evaluates the risk.

Mr. Greg Orencsak: There is a risk framework in terms of how these projects are entered into. Infrastructure Ontario works with the partner ministries before determining the delivery model. Not all of the projects that the government delivers are done through an AFP model; it depends on that risk framework as to which delivery model is chosen.

Ms. Catherine Fife: Which delivery—okay. Stay there; I'm still on this. I'm not sure—perhaps an answer will be forthcoming. I don't want to sound cynical, but I'm sounding more and more cynical, actually, since I got to Queen's Park for some reason. I don't know.

Mr. Steven Del Duca: Aw. I feel the opposite.

Ms. Catherine Fife: Oh, I know. Great empathy for me; that's wonderful.

But there are some who say that the risk premium number is, for lack of a better word, cooked and that it's calculated to simply compensate for lower government borrowing costs, lower transaction costs, for example. In other words, whatever number is needed to justify the AFP approach in a particular project is fabricated to make sure that the AFP or the P3 approach seems to be cheaper. I guess this is somewhat political, but there's also a technical piece to it.

There's growing unease with the P3 model because citizens in the province do not see that they're getting good value for that. I think we should all be concerned with, down the line, who's assuming the risks for these projects—it's the citizens—and also the nature and the quality of the project.

Minister, perhaps you could address what is a political and a technical question, please.

Hon. Charles Sousa: As noted already, we have to take a look at the total costs and being on time and ensuring that we execute these contracts in such a way as to save money a long ways out. That has happened in the negotiations, for example, with the Pan Am/Parapan Games. We cited in our budget last year the savings of over half a billion dollars as a result of some of the initiatives we've taken, especially with value for money.

Most recently, in our budget, I cite the following—and it's important to note what you've just said, and that is to ensure that the integrity of what we're doing is understood, not just by what we as a province are saying, but by what other experts are saying. This is The Economic Impact of Public Infrastructure in Ontario, by the Conference Board of Canada:

"The Conference Board of Canada recently published a report that assessed the economic impact of public infrastructure investment in Ontario. Citing Ontario's recent and planned real infrastructure investments from 2006 to 2014, the report states:

"In addition to the short-term economic activity generated by the construction phase, investments in public infrastructure provide a significant and permanent boost to overall potential output (i.e., GDP).

"Public infrastructure supports an annual average of approximately 167,000 direct, indirect and induced jobs, including nearly 195,000 in 2013. (Induced jobs are generated by the spending from those directly and indirectly employed.)

"This average mainly includes approximately 23,000 jobs in manufacturing, 49,000 in construction and 88,000 in business services (e.g., transportation, wholesale and retail trade, and financial services).

"Public infrastructure supports private sector production by helping provide an educated and healthy population as well as assets (e.g., transportation networks) relied on by businesses. It also helps boost private sector productivity and leads to business investments in new technologies and capital."

Ms. Catherine Fife: So this is still from—you're still reading—

Hon. Charles Sousa: One more. I want to finish reading this quote.

"Total productivity growth is a significant long-term driver of competitiveness and real per capita income. The cumulative increase in the stock of Ontario's public infrastructure helped boost the province's productive capacity in the range of 1.1% to 2.6% in 2012."

This is on page 29 of our budget—citing an independent report based on the activities of our infrastructure investment and the AFP models that have been employed to establish this success.

Ms. Catherine Fife: So when the Conference Board of Canada did that assessment, that's for 2011?

Hon. Charles Sousa: That's 2006 to 2014, citing that it was written in April 2013.

Ms. Catherine Fife: So they're forward-thinking; they don't really have the numbers right in front of them?

Hon. Charles Sousa: I just mentioned they reviewed what happened from 2006 onwards.

Ms. Catherine Fife: I think, though, that when you cite savings, you're also projecting savings, and quite honestly, we haven't seen those savings realized. You cited the Credit Valley Hospital as an example. There have been some ongoing issues with that project that we all know about.

Also, I think that it's important for us to understand, first, the risk assessment piece down the line, not just today. It's one thing for us to say, "This project right now is on time," but there are also outstanding questions about who is being awarded those projects. The infrastructure file is so massive because there has been such a deficit over the years. Going forward, we have to get Infrastructure Ontario right, and the people of this province certainly have to understand how you're coming up with that risk, how that risk premium is calculated, because there are some outstanding questions about it. I look forward to getting that from the staff, going forward.

How much time do I have?

The Chair (Mr. Michael Prue): About eight minutes.

Ms. Catherine Fife: Thanks.

I was going to move on to the new co-operative securities regulator. Will the new regulator require provincial legislation, as a starter?

Hon. Charles Sousa: It would. It's important to talk about the co-operative regulator and what has occurred here. Two provinces sat down to put forward this co-operative regulatory system. It was both British Columbia and Ontario. The decision criteria were based around whether it will provide greater consumer protection, whether it will enhance competitiveness by improving costs overall and whether there is an economic benefit, as well as showing provincial respect, because it is under provincial jurisdiction.

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More importantly, it has also been established to show the international communities, to build on the strong reputation that Ontario has, and to ensure that all of Canada is co-operating with one single regulator for the purposes of initiating even greater opportunities, not just for Ontario but for Canada.

The other item in making this decision was around the governance component, to ensure that we improve our governance, monitor the systemic risk and enable greater enforcement, to mitigate some of those risks.

What came together was a provincially led co-operative system, and the federal government chose to, and asked to, participate in what we were doing.

Ms. Catherine Fife: Okay. What's going to happen with the existing Ontario Securities Act, then?

Hon. Charles Sousa: The Ontario Securities Commission exists, as do 13 other regulators at this point, and we're trying to amalgamate them into one. We'll have a council of ministers overseeing and making the decisions and voting to establish a board of experts who would control this co-operative system. That board would appoint one chief regulator, and that chief would then appoint some deputies throughout the system.

Ms. Catherine Fife: Is the idea that this proposed legislation would be very similar or identical to BC's? Are you looking at some alignment between BC and Ontario?

Hon. Charles Sousa: The chief regulator and the executive offices would be housed in Toronto. It would have representation in BC and other provinces that wish to sign on, and it would be a common system of legislative requirements.

Ms. Catherine Fife: Deputy?

Hon. Charles Sousa: Go ahead.

Mr. Steve Orsini: Working with BC and other provinces, should they join, the idea is to come up with a common, consistent set of legislative rules that each province would use best efforts to have approved by their legislatures. It might have a lot of what the current Ontario Securities Act has or what the BC act has, but it will be a common set, negotiated by all parties.

Hon. Charles Sousa: It will be a uniform system, uniform provincial and territorial legislation.

Ms. Catherine Fife: Okay, so there will be some alignment. It's not going to look exactly alike, because they're different provinces, right?

Mr. Steve Orsini: And it's a chance to update the legislation as well, to reflect more current, contemporary legislative drafting in those—

Hon. Charles Sousa: It will also be complementary with the federal legislation that's being bandied about.

Ms. Catherine Fife: In your analysis of the new co-operative securities regulator going forward, have you given any thought to protecting some of the jobs in the Toronto securities industry? Have you done some analysis of what this new regulator—what the fallout will be for—

Hon. Charles Sousa: It will be an enhancement to what's happening in Ontario and provide even greater support throughout the country. It will avoid duplication of costs through the system, but there won't be an impact for Ontario in terms of costs or associations. It will only improve our system and support those that are doing the work now.

Go ahead.

Mr. Steve Orsini: The agreement is very clear that the current offices continue, that they continue to perform the functions they do now. They'll continue performing those functions and then, going forward, it will be under a common national co-operative securities regulator. There is, clearly laid out, an agreement of principle to protect those jobs, but under a new structure that, over time, will find those streamlined processes and decision-making—

Hon. Charles Sousa: We laid it out in our framework.

Mr. Steve Orsini: It continues the current structures—

Ms. Catherine Fife: But in the framework, as it stands right now, there's no guarantee that's built into the agreement to protect jobs in the Toronto securities industry. There's nothing—

Hon. Charles Sousa: It is very clear that it is a Toronto-based executive office, with Toronto jobs being protected, and we lay out very clearly what we need to do.

Ms. Catherine Fife: But you did mention that you want to avoid duplication. Duplication would assume that there's—

Mr. Steve Orsini: The key issue here is that right now there are 13 securities commissions across the country.

Ms. Catherine Fife: Yes, I know.

Mr. Steve Orsini: They're all doing the same thing but looking at different rules. That's been the challenge. Businesses trying to issue shares—raise capital to invest in the country—are having to go through different regulators to get approval. They still need to do the work; it's a question of what rules they are enforcing. To move to a common set of rules will actually reduce the cost to raise capital in the country, but these functions will need to continue.

Ms. Catherine Fife: What kind of timeline are you looking at? In your opinion, how is this proceeding from a timeline perspective?

Mr. Steve Orsini: The agreement in principle lays out specific milestones, and the idea is to have this up and running by the middle of 2015.

Ms. Catherine Fife: Okay. So you don't see any job losses in Toronto, based on this new model, and the existing Ontario Securities Act will stay as it is right now?

Mr. Steve Orsini: There will need to be transition rules around when you migrate from the current legislative structure to this new legislative structure. That work needs to be developed. The same with the OSC and its structure reporting to a new chief regulator for the entire country—for those jurisdictions that are participating, those transition rules still need to be worked out.

The Chair (Mr. Michael Prue): I have to stop you there, because the time has expired—

Ms. Catherine Fife: Thank you. I'm done.

The Chair (Mr. Michael Prue): —and we're off to the government.

Mr. Steven Del Duca: Thank you, Minister, for being here with us again this morning. I think there's going to be a few of us from this side asking questions over the course of the next 20 minutes, is it, Mr. Chair?

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

Mr. Steven Del Duca: I'm wondering if you could explain to the committee a little bit about the government's vision or plans for pension innovation here in the province of Ontario.

Hon. Charles Sousa: Yes. In the budget, we make reference to PRPPs, which are the pooled pension plans, as well as still seeking federal government support to enhance CPP; offering more choices for businesses to participate in retirement plans for their employees, many of whom we know still don't have the benefit of a pension plan in Ontario; also noting some struggles that exist with underfunding in certain defined benefit plans in the system. So we're working with organizations to enhance and ensure that pensioners are protected in the long run. We're always reviewing and overseeing the system, but more importantly, it's enabling smaller companies to participate with others in a pooled system so that more of them can have opportunities for their employees.

Mr. Steven Del Duca: Thank you very much. Can you explain to the committee why the Ontario government is pursuing the modernization of OLG?

Hon. Charles Sousa: As we know, Ontario Lottery and Gaming is a big part of the dividend the Ontario public receives to build hospitals and schools and for social programs. But we also want to make certain that the practice and existence of this group of services that are provided is going to be to the best value and support of the public.

There are certain locations and operations that are being cannibalized, and many Ontario investments and individuals are participating in the gaming industry, but in other jurisdictions. We just want to ensure that Ontario is also able to protect the interests of the public by ensuring that those who have to, and wish to, participate are doing so in a way that maximizes the return to the province.

That's why certain locations are being proposed to be changed. That's why they're trying to avoid areas where Ontario is losing, say, to the United States or to other provinces. That's why there are other factors that exist, like Internet gaming, which is a big industry and Ontario doesn't regulate or monitor that. So we're trying to ensure that we review that and ensure that the Ontario public and taxpayers aren't—there's a lot of money being thrown around in this system. We want to make sure we protect those who are participating in making certain that Ontario benefits as well.

0940

But there has been a lot of restructuring and transformational change throughout the system. We're looking at a few other sites now. We've made it clear that the municipalities that wish to participate make the decision in terms of where they want a site and how they want to go forward.

I know the agency is estimating over $1 billion in additional revenues possible within the system now, and so we're just trying to rejig it so that, in fact, it enables some of those potential revenues not to be lost to other jurisdictions but to be gained here in Ontario, all with greater care in the way it's delivered and ensuring that the municipalities and those communities that are hosting these venues and establishments are—doing so with their co-operation and with their support.

Mr. Steven Del Duca: Terrific. Thanks very much. I know in the opening round of questioning this morning, Ms. Fife talked about the fact that yesterday here at Queen's Park, folks from the construction industry, from COCA, were here and were talking to I think close to 50 members across all three party lines. I think we all understand the importance and significance of Ontario's construction industry. I'm wondering if you can share with the committee a little bit of information with respect to the government's plans to not only invest in infrastructure but also use the position of the provincial government to support the importance of our apprenticeship and skills training programs.

Hon. Charles Sousa: It's critical. There were some discussions around the points systems and the way some of these projects are awarded, recognizing the importance of ensuring that we allow and we support those companies that are giving training and skills and support to our young people. So we want to give value in our selection to that.

We certainly want to provide smaller companies with the opportunity of bidding on these projects so that they too can be nurtured and grow. We recognize it's a competitive industry. Ontario is a trading partner, and we welcome participation from all over the world when they wish to compete, but we want to ensure that local companies, local businesses right through the chain, have an opportunity to compete and grow as well.

Certainly the trades, the unions, play a big part in facilitating training and support for their apprentices. We want to facilitate construction companies from all walks and fields, be it COCA's members or be it other members of the system who provide for roads, bridges, hospitals, schools. There's a tremendous amount of infrastructure spending that has occurred in this province with the support of not just the trades but even private investors, pension plans.

We speak about P3s; we forget to mention that some of those private investors are the trades themselves. They are union families that are families in the sense that it's a pension plan from a union that is also investing in those projects. When you have the trades investing, when you have construction companies investing, when you have developers investing and when you have the government participating in a co-operative and systematic measure, it works better for taxpayers all around, and it's done on time. More often than not, it's also done under budget, and we've seen that with regard to recent projects.

It also puts everybody working together. In other words, we in Ontario have a provincial negotiation system with the trades, and they're at the table at the very beginning. So it does provide for a more collaborative approach. As I said, some of the points systems in awarding these things are being modified to further enhance our local companies.

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

Mr. John Fraser: Good morning, Minister. I'm wondering if you could give the committee an update on the implementation of the Drummond report on the Ontario public service.

Hon. Charles Sousa: That's a good question, Mr. Fraser. As you know, we have commissioned Don Drummond and his committee to come forward—there is a number of experts who were part of that committee—to review, and they did so in a very wholesome, holistic way, and look at ways we can transform spending, how we can provide greater value for taxpayers' investment in the very programs we're offering, without sacrificing the quality of those services. Some of the major areas included health transformation, because it's the largest part of our budget. Others included how we can change and how we can maximize the areas around input tax credits.

In our budget, on page 111, we dedicated a chapter to the Commission on the Reform of Ontario's Public Services and how it is and where we are in terms of moving forward on those recommendations. As you may know, there were many recommendations made around transformative initiatives in health care, in elementary and secondary education, in post-secondary education, in social programs, in employment and training services, in immigration, in business support, in infrastructure and real estate, in the environment and in the justice sector, as well as in labour relations and compensation, around operating and back-office expenditures, about government business enterprises. He also talked about revenue integrity—that's what we talked about in regard to input tax credits—and talked about liability management and intergovernmental relations. In that, the province has now moved forward with a total of 60% of those recommendations.

As a result of some of that work, we have actually been able to cut spending. Not only have we been able to be disciplined and controlled of our spending growth, year over year, at less than 1%; as we know, in public accounts, the auditor noted without question that Ontario actually cut spending last year by 0.4% on program spending and to a total of 0.1% less on total spending. When you look at some of the initiatives in health care, for example, the recommendations are substantive. Now, it requires investment, but the net benefit is what we need to measure. He has recognized this. He has participated and reviewed some of the recommendations we've already implemented.

Of course, there are certain recommendations that are not being assumed; we have to make choices. The opposition have asked us to implement them all, but at the same time, they don't want to implement a bunch. They too—everyone recognizes there are certain things that the public still wants to receive. We'll do what's necessary to protect the public interest while, at the same time, reducing costs effectively and just basically operating more efficiently to be more effective in the way we move forward. There are a number that we're still working on. We're still looking at ways to—these do take time. It's also making us more accountable.

There's also the Benefits Transformation Productivity Team to consider some of these approaches so that we can continue drilling down on the things we need to do. There are issues around network services and productivities that are being reviewed in trying to find ways to be more robust, even around networks and technology.

Those sorts of things are things he touched upon. I'm pleased at the extent to which we've been able to accomplish things. We know that we will be diligent and required to continue on some of the tracks he's put forward. It's there, and we're working hard at it.

Mr. John Fraser: Thank you very much.

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

Mr. Bill Mauro: Minister, thank you very much for being here, and good morning to you. I wanted to ask you a question, if I could, about the Ontario deficit in comparison to the federal government. Deficits are an issue that obviously you and your ministry receive a lot of questions about and that our government as a whole receives a lot of questions about. People who would criticize Ontario for the position they find themselves in would pretend, in their criticism, that the recession of 2008 didn't happen and they would pretend that other governments—national or subnational governments around the planet—were not similarly affected. In fact, as we all know, it's a contagion that infected most of the planet in 2008. It had a dramatic effect on those governments and their financial positions as well.

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If you can in your answer—what I like to do when I talk to people about this is use the federal government as a bit of a comparator. The reason I do that is that ideologically we know where they are, and they're dramatically and significantly and publicly opposed to running deficits and accumulating debt. Yet I find when we compare Ontario numbers to federal government numbers on a relative basis, you could say that, federally, they're probably in a worse position since 2008 than Ontario finds itself. I always find it's an interesting little juxtaposition to try and put forward there for the public when they're trying to compare how we find ourselves in Ontario.

So I'm wondering if you could give me a sense of how we're tracking now in Ontario and how we're doing relative to the federal government or perhaps some other national or subnational governments around the world.

Hon. Charles Sousa: Yes, I appreciate the question and I recognize that Ontario's recovery relative to other parts of Canada has been strong and our fundamentals are strong. You're right to look at our debt in relation to our

GDP. I think that's kind of what you're getting at as well—the ability to afford this debt.

All governments around the world, certainly federally, have had to deal with the onset of a recession. It has affected them as well, but it's that net debt-to-GDP ratio that's an important measure. As a result, Ontario's projected net debt-to-GDP ratio for last year or in our more recent year was supposed to be around 39.5%. That compares to other parts of the world where it's at 100% or 80%; it's just out of whack. So that's the ability to afford debt.

The federal number, I don't know offhand, but I believe it's around the same. What we achieved, however, was a reduction to 37.4%, meaning that we surpassed—our performance did well; our relative debt to GDP actually improved. So our ability to afford debt, because of our program cuts, enabled us to fare better.

Our debt has gone up as it relates to the accumulation of deficits, as has been the case for the federal government. Our debt has also gone up as a result of our capital expenditures and our desire to invest, as has been the case with the federal government as well. But we've made some choices in terms of our strategic initiatives and, overall, we have well exceeded our targets. What was supposed to be a $14.5-billion deficit last year came out at $9.2 billion, well under $5 billion or more. This wasn't something that was done based on great revenues. In fact, it was done because of our controlled spending, our negotiated agreements around our labour, as well as pension reforms. This was again audited, unqualified, in terms of our ability to achieve this success.

I don't want to start criticizing other orders of government, but Ontario plays a significant role in the well-being of the nation. The federal government's performance is dependent upon a strong Ontario. So I encourage the federal government's continued attention to invest in Ontario as much as we are investing in other parts of Canada for the benefit of Canada. I look at downloading suggestions by the feds, which will then impact Ontario as it will other provinces. So we have to be careful about those transfer payments and those initiatives. We need to ensure that investments made in Ontario will continue to support our recovery and will continue to support greater GDP. It's not just about our debt amount; it's about our ability to grow our economy.

We know that our out-years are challenged because the economic projection for growth is not as it was, so modest growth targets are impacting us. We will do what's necessary to stimulate growth while at the same time controlling our spending and controlling our deficit, tackling it and eliminating it by 2017-18 and encouraging the federal government to follow suit. They haven't been able to meet their targets, and they're trying to accelerate their balance a year before ours. We believe we're taking a much more measured, more balanced approach to achieve that success.

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

Mr. Mike Colle: Thank you. This follows up on the research on net debt-to-GDP ratios that I asked for from our researchers. Just as a clarification, Canada's net debt-to-GDP ratio is 34.5%, and I think you said ours was 39.5%?

Hon. Charles Sousa: It's 37.4% now.

Mr. Mike Colle: Okay, 37.4%. And the comparator, because I was just trying to see where we were as a province: I know France's is 70.7%; Germany's is even higher, 50.9%; Italy's, 112.9%—poor old Italians. The good ones came here. Anyway, 135.9% for Japan; Spain, 61.0%; Portugal—I know you've got roots there—88.5%; and the United States, 87.1%. So comparatively speaking, I think Canada is doing quite well overall, given that Canada and the whole world went through this recession. I think that Ontario is doing quite well, considering what Ontario went through.

I guess the question is, in terms of continuing to deal with this, what does it really affect: our cost of borrowing—is that what we're worried about? Are we worried about our triple-A rating? Why is it so crucial?

Hon. Charles Sousa: Rating agencies do monitor Ontario, and it's certainly important for us as a sub-sovereign jurisdiction of our size and borrowing capacity. There are investors around the world who seek out Ontario for Ontario's bonds because of the value they get. We are very attractive, especially because of some of the numbers you've just cited. We want to maintain our ratings. We want to maintain our net debt-to-GDP ratio at that monitor. We anticipate it actually going up a little bit more and then tailing down. Our targeted net debt-to-GDP ratio is 27%, and that will take a few years to get to. But the markets appreciate Ontario's concentration and balanced approach to support the recovery.

We take austerity measures to a point. Beyond that, it actually harms our recovery. Some of those markets you just cited are doing austerity measures not by choice but because the markets won't lend them the money—and won't lend them the money at a competitive rate. Ontario has, and we're at the forefront. In other words, we want to control our destiny. We want to invite people to invest in Ontario. The others are begging them to do so. As a result, Ontario's fundamentals are strong, and we will continue to be very diligent in ensuring that the market reflects favourably in terms of what we're doing.

The Chair (Mr. Michael Prue): I have to stop you there. We now go in rotation to the Conservatives.

Mr. Rob Leone: Minister, I'm going to start where we left off last time. I know we were here almost a week ago talking about your own government's projections with respect to your spending. In the last year of your budget, you're going to trim spending from $118.8 billion to $118 billion. That's $800 million, almost a billion dollars, that you're going to trim spending by. So the question is how you're going to do that. What programs are you going to trim? What measures are you going to take to actually reduce government spending in that last year?

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Hon. Charles Sousa: As we've done in the past, we've initiated some of those changes through the way we transform delivery of services; the size of the public sector has been reduced; and the ability to work with agencies and others to provide the services.

Mr. Rob Leone: So what, specifically, would you be—

Hon. Charles Sousa: I'll run down a whole list of things that we have achieved and where we're headed. Every ministry has been mandated to find additional savings in their system. As a result of that, we've had—I believe over 17 have actually come under budget.

Mr. Rob Leone: How many fewer government employees will you have?

Hon. Charles Sousa: There's an actual number, I believe. We review that on an ongoing basis. I think it's in public accounts. He's looking it up right now. There's a targeted number, and right now there's a number of vacancies there. But there's also a need to increase some FTEs with regard to maintaining Sarnia Jail, for example, providing for other institutions that are coming forward. But it's still going to be within our—

Mr. Rob Leone: Is a broader public sector wage freeze part of your plan?

Hon. Charles Sousa: Sorry. Again?

Mr. Rob Leone: Is a broader public sector wage freeze part of your plan?

Hon. Charles Sousa: Yes. We've been discussing the fact that there's no more money for increased wages, and as a result of some of the expense controls—we've cited them even on page 24 of our public accounts around the controlling of pension expense.

Mr. Rob Leone: Does that include signing bonuses and such?

Hon. Charles Sousa: As I've mentioned, the envelope of wages is established, and they have to live within those means.

Mr. Rob Leone: In a recent Financial Post article, Glen Hodgson, who is the senior vice-president and chief economist of the Conference Board of Canada, says that the Ontario economy is "'in tougher shape than anybody else trying to get back to balanced budget'" has to deal with.

What do you say about this: "'They're in a deeper hole.' The budgets from the early part of this decade were predicting robust growth of 4.5% in the province by 2017-18. The conference board, among other forecasters, now expects tepid growth of '2% or less' by that time...." How is that going to affect your ability to balance the budget?

Hon. Charles Sousa: Actually, we're being even more conservative than that. We're actually citing lower growth than the Conference Board of Canada's estimations, and we are being much more frugal and cognizant of the challenges ahead.

One of the items that you should note, though, is that Ontario public sector renegotiated agreements, on average, in regard to base increases, are less than 0.2% from July 17, 2012, to April 3, 2013. That compares to Ontario private sector wage increases of 1.6%, or the federal, for that matter. Their public sector wages went up by 1.6%, and Ontario municipalities' wage increases went up by 1.8%. So Ontario's public sector is actually less than 0.2%. That's cited on page 126, and it cites very clearly our ability to negotiate. And the auditor, unqualified in his report, cited on page 23 our ability to reduce year-over-year growth and expenses, and cited as to how we achieve that.

So, to your point, there are challenges ahead. We recognize that. In fact, we have readjusted our out-years, and I'm going to come out with an economic update in the coming months to talk about exactly that. So we have—

Mr. Rob Leone: Are you going to outline exactly what kind of spending cuts you're going to make?

Hon. Charles Sousa: —identified the challenges ahead in regard to some of the economic slowdowns around the world and the impacts that will have on Ontario and the ways that we will continue to control our spending and find other ways to promote economic growth.

Mr. Rob Leone: I think Ontarians are looking for a plan. They're looking for a sense that they know that this budget, or they're going to have some confidence that this budget, is going to be balanced in a particular time frame. We even have Doug Porter at BMO who is suggesting that the economy can't save the day.

We're asking very simply: You have a plan of spending growth initially and that's tapering off towards the end of your outlook years, but you've produced no documentation on exactly how you're going to achieve those funding reductions. It's almost a billion dollars less that you're going to spend in the out-years—a billion dollars—and you're not outlining exactly how you are going to achieve that, other than saying, "Well, we're going to look here and we're going to look there." That produces absolutely no confidence in the people of Ontario that you're actually going to balance your books in the time frame that you've stated.

Hon. Charles Sousa: I think the people of Ontario's confidence is measured by our ability to provide results, and the results have been a cut in spending, improved performances, exceeding our targets and improved economic recovery. Our six-point plan to growth has highlighted and very clearly stated as to the initiatives that we're taking, our investment in our stimulus package to provide for a controlled measure of recovery, and the fact that we have been the government that initiated transformational change and expense control with Don Drummond. Many of those recommendations are already being initiated. Those results will be felt in the coming years, as outlined in our budget very clearly as to what those transformational changes will be.

We've also initiated other reports—the Jobs and Prosperity report. It cites a six-point plan for increasing jobs and improving economic growth. That too is clearly stated in our budget.

Yet another report that was initiated and included in that was part of the Frances Lankin and Munir Sheikh social reform packages, recognizing that we need to be fair to those who are most vulnerable, enabling them to get jobs so as not to be penalized. We want to be able to put everybody at their best.

So, Mr. Leone, this is about taking a balanced approach to these initiatives to improve our economic well-being while being socially responsible and ensuring that we have greater prosperity in the years to come.

Mr. Rob Leone: I think, Minister, that when you have people having very gloomy outlooks about what the economy is going to do and how the economy is going to perform over the next little while, and within the same article we have union leaders who are suggesting that the tone from your government has changed radically from the austerity approaches of your predecessor, Mr. Duncan, to now allowing the kinds of things that he was trying to initiate, which was a broader public sector wage freeze—those things are no longer going to happen. Smokey Thomas, for example, is quoted in the article as saying that he doesn't know if there are going to be wars like there were with the teachers, and so on and so forth. We have union leaders suggesting that the tone of your government is changing.

There seems to be a lack of understanding of exactly how much we can believe your government is actually going to achieve the spending reduction targets that you've outlined, because you haven't produced a plan. So we have on the one hand a Minister of Finance who says that we're going to do everything, and then we have the union leaders saying, "We're going to exactly get everything that we're asking for." You've produced no idea, no plan to actually get this province to balance.

The question then becomes, how do we have any confidence that you're going to do this, given the fact that, on the one hand, you're saying that you're going to be fair and you're going to be open, that we have union leaders saying, "We're pretty much going to get what we want," and at the end of the day, there's no plan to say how we're going to get to balance? There's no plan.

Hon. Charles Sousa: Mr. Chair, Rob Leone, a plan has been written and it's there for consumption.

Mr. Rob Leone: But you haven't produced the details.

Hon. Charles Sousa: It's out there. It's detailed—

Mr. Rob Leone: It isn't, though.

Hon. Charles Sousa: It's detailed in terms of how we're going to achieve and implement some of our transformational changes in the various sectors that are affected. It's detailed in terms of how we're going to control our negotiated agreements within the envelope that we've established for the various areas. It's detailed by way of job prosperity and growth through our six-point plan. And it's detailed by way of being open and transparent and accountable, because that's the other component of this: to maintain the integrity of what we're putting forward.

I dare say, Mr. Leone, you're citing various public documents that we have also been using in producing our projections in a much more conservative manner. In fact, we're saying, "You know what? It's going to be tougher than that." We recognize that the out-years are not going to be easy. That's why we're taking even greater precautions than some of the others are advocating for.

Mr. Rob Leone: So why aren't you outlining what you are going to do, then?

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Hon. Charles Sousa: I just told you, it is. It's outlined here very clearly.

Mr. Rob Leone: But you haven't outlined what you're going to reduce.

Hon. Charles Sousa: We have detailed recommendations on what to do on the various sectors of government that are going to be impacted by some of our spending measures and controls, and we've done so in a very detailed way.

Mr. Rob Leone: So you're not going to fill vacancies in government jobs?

Hon. Charles Sousa: Sorry? Again?

Mr. Rob Leone: You're not going to fill vacancies in government jobs, is something you stated earlier today. Is that—

Hon. Charles Sousa: Oh, no, no, no. Members of your party are asking for us to keep certain institutions open.

Mr. Rob Leone: We're asking for a plan.

Hon. Charles Sousa: You're asking for FTEs on certain programs. We recognize that we have a targeted number of public sector workers that have been established; we're going to be living within those means.

Mr. Rob Leone: Just to slightly change topics, Minister, I noticed that members of your side had produced some numbers or asked about some numbers about comparisons with other jurisdictions. I do want to note, for example, that there has been—let's talk about net to GDP first.

During the NDP years, the net debt-to-GDP ratio went up 17%, which is interesting to note. During the Conservative years in power, it declined by 5%, the net-to-GDP ratio, and so far, you're probably roughly 11 points higher today than we were when we started this exercise. Your government started in 2003.

Again, one of the things that I have a lot of questions about is this question about what actually is our deficit and how do we understand how it's calculated and what the effect of it is on the province's finances. When we were in surplus in 2000-01 and 2001-02, we actually paid down net debt. Net debt went down by the equivalent of what our surplus was. Your government stated a surplus in 2005-06, 2006-07 and 2007-08, where the debt actually increased, even though you were in surplus—supposed surplus, I would say—by $4 billion. How does that happen?

Hon. Charles Sousa: It's a great question, and I'm pleased to tell you that during some of the heydays and the rising GDP and when we had growth in our economy, the very government that you spoke of chose to under-invest and not invest in capital. They actually went further and downloaded that onto the municipalities.

The function of a net debt-to-GDP ratio is dependent upon debt and GDP. With GDP rising, with no initiatives by that government, you're going to have a better net debt-to-GDP ratio. If that government chooses not to invest in capital, if that government chooses not to build hospitals or that government chooses not to build schools, if that government chooses to cut nurses and cut health care and download onto provinces, yeah, you're going to have a lower net debt-to-GDP ratio, but you're not going to have a better economy, you're not going to have better services for the public, you're not going to improve our competitiveness long-term, and you're not going to provide for your future generations so that they're in a much better state today.

We choose to do differently. We choose to invest in those capital projects. We choose to initiate enough to maintain our competitiveness so that future generations can be better off than they are now. This identifies very clearly the differences between the different parties in this government. That is why we will continue to do what's necessary to foster that growth by taking that balanced approach. I should also note that even the federal counterparts, who ascribe to the same things, the austerity measures that you've just spoken about—

Mr. Rob Leone: They're doing far better than you.

Hon. Charles Sousa: —are not meeting their targets. They too are increasing their debt, and they too—

Mr. Rob Leone: They're doing far better.

Hon. Charles Sousa: We had, under the previous government, massive, massive surpluses, massive paydowns to the government coffers in the federal scene, and that has not been the case to date. We have to, especially now when times are tough—

Mr. Rob Leone: Are you serious?

Hon. Charles Sousa: —make those choices that you have chosen not to make. When the markets are slow, when the economy is being compromised, we have to take that extra step to improve our competitiveness.

The Chair (Mr. Michael Prue): Mr. O'Toole.

Mr. John O'Toole: Just respectfully, Minister—and you're quite a good speaker there—I would say that we understand the relationship between debt and GDP, and really what you're ascribing here is—you're castigating the previous decisions made by a government that really did have a different financial arrangement. We actually paid down debt. But here's the issue: This is net debt. You're not showing the off-book debt. You're not talking about the P3 money—that's debt out there that's held by someone else. That is why your debt ratio is so much lower.

It's actually worse than this. It's actually worse than 34.5%. If you took the financing authority from the electricity industry, the P3 projects and the alternate financing projects and added them to the debt line, you'd be at 50%. Don't try to ascribe to a previous government when, in fact, your expenses are higher than your revenue. Don Drummond said it in his report, and you are in a structural deficit. That is, your expenditures are going faster than your revenue stream. Just avoiding the net debt argument that you've tried to prescribe for us this morning—you have to tell the entire truth: that you haven't built hospitals; you've rented them on future taxes, because the way you paid for that debt is through the operating budget of the hospitals and the schools.

You're not being frank with the people of Ontario when you're saying, "We at least didn't spend money in the future." You've grown the debt—almost doubled it—and the deficit, and the expense side. The economy is slowing, not growing, so anything you have said is almost worth taking an eraser and rubbing it out. In fact, even now it's getting worse. In the world's reporting of debt, I'm not sure how Canada stacks up, but certainly I know that in Ontario, even the announcement you made on subways—you don't have the money.

In fact, you're telling us the deficit is actually larger. It's probably $11 billion—

Hon. Charles Sousa: That's amazing.

Mr. John O'Toole: You have your time, but I just want him to withdraw almost everything he said in response to Mr. Leone. I would like him to withdraw it all, because it's all false—

The Chair (Mr. Michael Prue): Oh, wait a minute. No—

Mr. John O'Toole: —and if anybody believes it, they're on a pipe dream.

The Chair (Mr. Michael Prue): I think you're stepping over the line in your last statement.

Mr. John O'Toole: Well, I sat and listened to him.

The Chair (Mr. Michael Prue): I know. I allowed it up until then, but I think that last statement was over the line—

Mr. John O'Toole: I'd like a bit more time.

The Chair (Mr. Michael Prue): No, I think you should withdraw that.

Mr. John O'Toole: Well, I'd say that the minister, in his rebuttal, could probably soften his position on the previous government.

The Chair (Mr. Michael Prue): I think you should withdraw the statement that what he said was false.

Mr. John O'Toole: I would certainly not want to insult the member, so I would withdraw, if he took it as an insult, but if it's the truth, then—

The Chair (Mr. Michael Prue): I think it has to be unequivocal, just like upstairs.

Mr. John O'Toole: Okay, it's unequivocal. It's withdrawn.

The Chair (Mr. Michael Prue): All right, thank you. You've made your statement. The minister can respond.

Hon. Charles Sousa: Thank you, Mr. Chair. Mr. O'Toole, I responded the way I did because the premise of the question was based on the comparison of the two previous governments. It was delivered to me that way, so I responded in kind. I'm not trying to be antagonistic. You made inferences to the fact that I am trying to mislead. That's not what I'm doing here at all, because the way—

Mr. John O'Toole: Tell the whole story.

Hon. Charles Sousa: Excuse me—the way net debt has been calculated and the way it has been increased every year has been the same for the last 20. That includes AFPs. They are also included in net debt; you should know that.

I am being very forthright. What you're questioning isn't just me now. You're questioning the Auditor General on an unqualified report as stipulated in our public accounts. So I take exception to the way you framed your response and the way you framed your question.

I also want to agree with you on something, though: We do have challenges. We do have low growth. We do have economic choices to make, and that's why I'm out there doing consultations. That's why I'm out there dealing with many across the province to say, "What choices should we make?" You've made your choices. You've already stated in your white papers that you want to just cut. You want to go across the board and not invest, and you want to take away from the system.

You made reference to some of the capital engagements that we are doing for the benefit of maintaining our competitiveness long term, and yet you forgot to note that the federal government is doing it in exactly the same way.

When you talk about subways, we need more money. We need more money from the federal partners in order to do a strategic national transit strategy for the southern corridor to increase our competitiveness.

The Chair (Mr. Michael Prue): We'll leave it with that.

The rotation now goes to the NDP. We have about five minutes before the bells ring, and then you would resume this afternoon.

Ms. Catherine Fife: I'm not going to start my five minutes right now.

The Chair (Mr. Michael Prue): Are you ceding it? Then it goes to the Liberals.

Ms. Catherine Fife: No, no. I have to? I have the time that—

The Chair (Mr. Michael Prue): I know, but we are scheduled to go—

Ms. Catherine Fife: Okay, then I will.

The Chair (Mr. Michael Prue): If you take five minutes now, we will definitely finish with the minister this afternoon.

Ms. Catherine Fife: Okay.

The Chair (Mr. Michael Prue): If we don't, then we may have to bring him back another day.

Mr. Rob Leone: A point of order?

The Chair (Mr. Michael Prue): Yes?

Mr. Rob Leone: I would support Ms. Fife's desire to go this afternoon. Just because the minister was late this morning, doesn't—

The Chair (Mr. Michael Prue): If you wish to adjourn, that's a different matter. If you just want to adjourn until this afternoon, make that motion.

Mr. Rob Leone: We'll adjourn until this afternoon.

Mr. Steven Del Duca: Chair, I have more questions, so—

Ms. Catherine Fife: No, no. Listen, I want this to be over just as much as everybody else does.

The Chair (Mr. Michael Prue): If you wish to adjourn to this afternoon, make that motion. If you don't want to ask questions, I have no choice but to send it to the government.

Ms. Catherine Fife: Well, I certainly don't want to talk about this all morning, so I'm going to move to adjourn.

The Chair (Mr. Michael Prue): All right. We have a motion to adjourn until this afternoon.

All those in favour of adjourning until this afternoon?

Mr. Rob Leone: A 10-minute recess.

The Chair (Mr. Michael Prue): We're in the middle of a vote. If the vote doesn't pass.

All those in favour of adjourning until this afternoon? Opposed?

It would be a tie, because I don't believe Mr. Dickson can vote.

All right, so again it's back up to me. Since I anticipate there's going to be a 10-minute recess call anyway, we might as well just do it and come back this afternoon.

We are adjourned until approximately 3:45 this afternoon.

The committee recessed from 1022 to 1550.

The Chair (Mr. Michael Prue): We'll call the meeting to order. I see that we don't have full attendance, but we are going to the NDP next. Ms. Fife is here, so unless there are any objections we'll let her proceed.

The floor is yours.

Ms. Catherine Fife: Thank you very much, Mr. Chair. Perhaps we'll be joined later on by our colleagues. But we can still get stuff done without them, clearly.

Good afternoon, Minister. I think I'd like to start with a question on the energy portfolio but specifically to finance.

As publicly owned companies, OPG and Hydro One pay no federal taxes. Instead, they make payments to the provincial government that are equivalent to what they would have paid to Ottawa. As you know, privately owned companies pay corporate taxes to the federal government. Further, if they have their headquarters in another jurisdiction, that is where they pay provincial taxes. For example, Bruce Power does not pay Ontario taxes. It ships its profits to its owners, TransCanada in Calgary, Cameco in Saskatoon and OMERS in Toronto. TransCanada pays federal and Alberta taxes and Cameco pays federal and Saskatchewan taxes.

Has the government estimated the amount of tax revenue that is lost to Ontario by out-of-province ownership of Bruce Power, various gas plants and industrial wind farms? Most of these are owned out of province. We're trying to get to an energy policy that has a direct impact on our revenue that we take in as a province. We would like to get some kind of a handle on what that number looks like because of foreign and/or out-of-province ownership.

Hon. Charles Sousa: Thanks for the question. I'm going to pass some of this over to the deputy. We also have someone else here from our electricity side that can provide some assistance. Deputy?

Ms. Catherine Fife: That's good.

Mr. Steve Orsini: Thank you. Essentially, we do have a policy that if they're a crown corporation, they are exempt from federal taxation. They do pay payments in lieu, so you're correct that they do pay payments in lieu to the province in lieu of federal taxes. They also pay in lieu of provincial Ontario corporate income tax.

The way the tax structure works in general—I don't want to be too specific on that case. It doesn't necessarily mean where your head office is is where you pay corporate tax. If you have a permanent establishment in a jurisdiction, a presence of some sort, an office, some type of what the Income Tax Act refers to as a permanent establishment in that jurisdiction, you then allocate your profits by sales, salary and wages. That's a general rule of thumb.

On that specific case in hand, we know they do pay payments in lieu of provincial and federal income tax. I don't have specifics. That might be considered taxpayer confidential information, so I have to follow up on whether or not that level of detail is confidential. Having said that, we would endeavour to provide whatever information we can. But it's not based on head office; it's based on where you have a permanent establishment in a jurisdiction.

Ms. Catherine Fife: Really? But you haven't estimated how much tax revenue—we clearly are losing some revenue in this configuration, the way the tax structure is currently set up. For instance, TransCanada pays federal and Alberta taxes. Are you saying that TransCanada pays no taxes here?

Mr. Steve Orsini: We're talking about a specific company. I'm a bit concerned about revealing any confidential information. But I'd say, in general, you're asking a very important question. In general, depending on the sector, there are different rules. If you're a bank, you look at deposits, salaries and wages. If you're a general corporation, you look at sales, so where they generate their revenue from, and salary and wages, where you have your employees. If you have 90% of your sales and employees in Ontario and you have a permanent establishment in some other jurisdiction, the rules have it that you allocate to the 90%.

However, having said that, the government has been focusing on corporate tax planning and loopholes to ensure that—the government is always watching for how income is allocated. That's an ongoing effort, working with the Canada Revenue Agency, so that's an area that we focus on. There's a lot of audit work that's done. We've signed agreements with the CRA to ensure that they monitor that on our behalf. They collect our corporate income tax, so we work with the Canada Revenue Agency to monitor where companies are allocating their income and how much is flowing to the province. Where there are areas of dispute with other provinces, we try to work that out among tax administration officials.

Ms. Catherine Fife: Can you give us an example of some of these loopholes that the government tries to make itself aware of or limit or monitor?

Mr. Steve Orsini: We're constantly monitoring those in terms of where they report their income. We are dealing with issues in the courts now. There are issues that we're constantly monitoring. It's a complex environment. I don't have any specifics I can provide you. We can see what we can provide this committee in terms of the efforts. The agreement with the Canada Revenue Agency: We can talk more about those types of mechanisms that we have in place.

Ms. Catherine Fife: Okay, so you can't give me any specifics—just general examples of loopholes?

Mr. Steve Orsini: I can't do that now, but I think we can talk about procedures and things that have been done in the past to try to address those issues.

Ms. Catherine Fife: Deputy, when you say that you try to monitor where those companies report their income, is that not a confidentiality issue as well?

Mr. Steve Orsini: For individual companies, yes.

Ms. Catherine Fife: It is, yes. But for crown, it should not be.

Mr. Steve Orsini: For crown, we would have access to that information. If they're not a crown corporation—they're a private entity—we would have to do it through regular audits.

Ms. Catherine Fife: Okay. I've heard you say—unless I'm completely wrong—that you haven't been able to gather an accurate estimation of the amount of tax money that is lost to the province through various power corporations or companies who have their ownership outside the province. You haven't been able to estimate that because of confidentiality? Is that right? You also mentioned litigation that's already ongoing.

Mr. Steve Orsini: What we try to do is ensure, working with the CRA, that the rules are clear and, through their efforts, ensure that there is a proper audit. When the Ontario government was delivering corporate income tax, we would do those audits. Now that it's a federal responsibility, we work with them to conduct those audits. It's only when they conduct those audits that they determine whether or not corporations have allocated according to the rules. That's an ongoing effort. The points that you raised are specific taxpayer information. I'd be very concerned about talking about that in a public forum in terms of confidential taxpayer information, but in general, there's a relationship with the CRA to do that type of audit work. Only through that audit work do they identify areas that might be of concern. But then there's an appeal process; there's a notice of objection; there's a chance for the taxpayer to say, "No, these are clearly within the rules." It's that back-and-forth to help sort those things out. For the most part, they resolve. If not, often or occasionally, they may go to court, but that's part of tax administration. It happens all the time.

Ms. Catherine Fife: And are there cases before the courts right now that the government is part of?

Mr. Steve Orsini: There are always cases.

Ms. Catherine Fife: There are always legal cases.

Mr. Steve Orsini: Some of them are small or large, but it's a complex corporate commercial arrangement that requires some review process, some notice of appeals and objections and some court determinations.

Hon. Charles Sousa: Maybe I could enlighten some of the things.

Ms. Catherine Fife: Sure.

Hon. Charles Sousa: In 2013 in March, I wrote to the federal minister in regard to some of the initiatives that we need to take to close some of the tax loopholes. We have identified a number of arrangements. The agreement builds on existing agreements, in fact, that have already generated an additional $500 million in revenue for Ontario over the past few years, including more than $200 million alone in 2012-13. I highlighted some of this in our 2013 budget.

Some of the loopholes that we're at are around international tax planning, the issue you've raised in regard to residency in terms of where the head offices of those corporations are, as well as the underground economy.

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In that we've taken some initiatives to close the loopholes, we're expecting that we'll generate more than $300 million in incremental tax revenues over the next four years alone.

In regard to the underground economy, some of the initiatives that we're undertaking with the federal government and others are expected to generate an additional $400 million over the next four years.

It's highlighted in the budget in terms of some of the broader initiatives, some of the tax avoidance initiatives that we're trying to combat, and recognizing that we need to be diligent in finding ways to foster some of that revenue—and also to maintain an equal playing field, because Ontario's tax regime and tax area is actually very competitive. Many companies are already choosing to come to Ontario. We want to ensure, though, that if they do business in Ontario, they pay taxes in Ontario.

Ms. Catherine Fife: Okay. But you understand what I'm trying to get at.

Hon. Charles Sousa: Absolutely.

Ms. Catherine Fife: I'm trying to get at how our energy policy either prevents us from maximizing the tax revenue—and that's because the province has made certain decisions around who operates wind farms or who operates gas plants. The reason that I'm asking for an estimate is because, at some point, that number should influence policy because if we're losing tax revenue which we desperately need and you're doing due diligence around loopholes, as you point out, at the end of the day there must be some policy implications.

I've heard that you don't have an estimate on the amount of tax money that is lost to Ontario by out-of-province ownership, but is it on the radar? Are you trying to—

Hon. Charles Sousa: We have established a working committee to oversee some of the tax avoidance measures that are there. We're looking at input tax credits as well. We're looking at any measures of avoidance that may exist in the system, but as mentioned, we've already done some work to that extent where we've been able to generate over $500 million more in revenues to the province of Ontario. But more is there, and so we want to make certain that we remain diligent in doing so.

Ms. Catherine Fife: I'm not accusing these companies of tax avoidance; I'm just saying that because of our policy, they don't have to pay taxes in Ontario. You've said that they do have to pay some but not the full extent if they were Ontario companies; right?

Mr. Steve Orsini: The general rules, without dealing with any specific company—and I think you're absolutely right not to make any accusations about whether they're complying or not—is based on where they have their operations and where their sales, salaries and wages are. If they have 90% of their operations in another part of the country and they paid only 10% of their overall profits in Ontario, some would argue that that's fair, based on the formula that we have in place. If it's reversed and they're not paying that, then that might be out of line, but it could be an interpretation issue. It could be a definition of salaries and wages. It could be complex issues—where did the sales occur? Those are the things that, through an audit process and engaging with a company, the tax officials sort through. It would be very difficult to try to generalize in this forum as to the nature of their compliance.

Ms. Catherine Fife: Okay. This is the last question on this. Am I correct to say, though, that Bruce Power does not pay Ontario taxes? It ships its profits to the owners: TransCanada in Calgary, Cameco in Saskatoon and OMERS in Toronto. Is that an incorrect statement to say, or can you say for sure?

Mr. Steve Orsini: We can't comment on that statement in any way—

Hon. Charles Sousa: No, we can't talk about that.

Ms. Catherine Fife: Okay. I'm not saying that they're not paying taxes; they're just not paying taxes in Ontario.

Let's move on. Let's move on to pensions: another favourite topic here at the estimates committee. We're trying to get an update on the status of the Morneau report and the recommendations that came out of that report. I believe the formal name of the report was Facilitating Pooled Asset Management for Ontario's Public-Sector Institutions. Is there someone from your staff who might want to—can you give us an update, please?

Mr. Steve Orsini: Yes. We'll call up Leah Myers, who's leading this review. We had the Morneau report, and we're in the process of creating a working group to look at those who are actively interested in pooling their assets together to lower costs and improve their rates of return. I'm going to ask Leah just to expand a bit more on that initiative.

The Chair (Mr. Michael Prue): And just for the record, before we proceed, if you could give your name so Hansard gets it right.

Ms. Leah Myers: Leah Myers, and I'm the assistant deputy minister for pensions, income security and research.

The Chair (Mr. Michael Prue): Thank you. Please proceed.

Ms. Leah Myers: The Morneau report, as you'll know, was provided to the province in late 2012. We consulted with a variety of stakeholders who had been engaged with Mr. Morneau on his deliberations to get a sense of what their views were on his recommended approach.

In budget 2013, we committed to moving forward on implementing a pooled asset management framework, with the next step being establishing a technical working group of representatives who have expertise in the investment management side of broader public sector pension plans to help advise on what the design, the governance and transition issues might be in getting from where we are today, with separate investment management functions at individual pension plans, to a pooled arrangement. That working group has been struck. It was struck a couple of months ago. They've had an initial meeting, and we're really looking to their advice to how we can move from where we are now at a practical level with respect to pooling the investment management functions amongst the plans.

Ms. Catherine Fife: Okay. Thank you, Leah. Given that the working group has just had one—did you say one meeting?

Ms. Leah Myers: Yes.

Ms. Catherine Fife: Do you know, though, as of today, what public pension funds are likely to be part of the pooling effort and what public pension funds are definitely ruled out? The committee must have a terms of reference or a framework that they're working with.

Ms. Leah Myers: As I mentioned, the committee—it does have a terms of reference, but it's very much focused not on who should be in. That's a decision, ultimately, that the government needs to take about what model of pooled asset management framework it wants to take: Is this compulsory—you must participate—or is it voluntary? The committee is not dealing with that question of who's in, who's out and under what circumstances. But, as I mentioned, it's strictly on the issues associated with establishing a new investment management entity and, in moving forward, from a design point of view, what that entity ought to look like, how it should be governed, on the basis that it would involve the participation of a multiple number of plans, and then transition: How do you take the investments and the investment strategies that are currently in place in separate plans and pool them together? So that group is not providing advice on who's in and who's out.

We did get feedback from a variety of the plans after the Morneau report was released. Some are very keen; others are less keen. We did announce that the jointly sponsored pension plans would not be. So that's like the teachers' plan or OMERS or the college system pension plan, the hospital plan, that they wouldn't be required to participate. But that's as far as we've gone thus far.

Ms. Catherine Fife: Okay. Has WSIB expressed any interest in whether they're keen or not keen?

Ms. Leah Myers: They have said that they're supportive of a pooling approach.

Interjections.

Ms. Catherine Fife: I'm sorry. I couldn't hear you because there's a banter going back and forth here.

The Chair (Mr. Michael Prue): It was very brief. Before I had a chance to stop them, they stopped themselves.

Mr. Michael Harris: We're not bantering; we're just helping one another.

Ms. Catherine Fife: Well, stop.

So, I'm sorry, was WSIB—are they keen or not keen? Have they been part of the conversation at all?

Ms. Leah Myers: The WSIB was generally positive. I'm not recalling the detail on sort of every specific aspect of the Morneau recommendations. There were a number of stakeholders who were supportive of the direction of moving into a pooled framework, but may have been taking exception to one or another specific recommendation.

Mr. Steve Orsini: I don't think any group has made a decision whether they're in or out. I think a number of them are expressing interest to review the work of the technical working group. Some are taking a wait and see. But my understanding is, no one's actually decided to participate yet, although we're hoping people would be prepared to at least hear out the technical working group and have a conversation. But my understanding is, no decisions have been made.

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Ms. Catherine Fife: Okay. Do you have a rough timeline? You must have some idea.

Hon. Charles Sousa: As you know, Bill Morneau made us recommendations estimating that a savings, when fully implemented, of between $75 million to $100 million annually could be realized. As a result, as just mentioned, a technical working group has been established. I expect a report back later this year with the detailed implementation plan.

Ms. Catherine Fife: So the mandate for the working group on the Morneau recommendations: a governing structure, the broad strokes. Is that correct?

Hon. Charles Sousa: Yes.

Ms. Catherine Fife: Has that been worked out yet? They're going to be proposing a governance structure?

Ms. Leah Myers: Yes.

The Chair (Mr. Michael Prue): I'm going to have to stop you there. Your 20 minutes is up. We'll go to the government side. Mr. Del Duca.

Mr. Steven Del Duca: Minister, good to see you again this afternoon. I want to apologize to the member from Kitchener for the banter that was going back and forth. It was my fault, not the other member from Kitchener's fault.

Minister, perhaps you can talk to us a little bit this afternoon about how our government is acting on the recommendations of the very important Jobs and Prosperity Council.

Hon. Charles Sousa: Great question. We have established in our budget recommendations from that report. In fact, we have a consultation booklet that I've been using throughout my travels in the province to not only stimulate the conversations as to what choices we now need to make in the upcoming budget, but also recognizing the economic environment which we face.

As a result of some of those initiatives, we have incorporated a number of their recommendations, one of them being to continue being a competitive jurisdiction, to maintain that business climate where we're supporting a competitive tax system, and through more effective regulatory systems which promote newer business investments for job creation and economic growth. Some of those tax initiatives have included the accelerated capital cost allowance, something that the Jobs and Prosperity report recommended. We actually, just today, introduced in the House the employer health tax exemption for smaller businesses—all with the intent of trying to stimulate greater engagement by companies to invest in Ontario because of the competitive nature of our province relative to other jurisdictions in North America and around the world.

Another item of recommendation by the Jobs and Prosperity Council was around the continuing strategic stimulus investments to be made in modern infrastructure, to invest in transit, in roads, in schools and hospitals as a key foundation to maintaining a productive economy.

They also spoke at some length in regard to global markets, recognizing that Ontario on its own and within Canada isn't enough to promote economic growth. And while our reliance—while still heavily dependent on the United States—has worked, more can be done by accessing markets in emerging locations like South America, Asia and other parts of the world. So going global while working with business to expand those market accesses for goods and services beyond our borders and other provinces is part of the strategy they recommended, and it's something that we've incorporated in our deliverables and in the things that we're doing right now with trade missions around the globe and initiations of agreements with those companies.

They talked about being investment ready, finding sites, getting clusters, doing things to attract those businesses to come to Ontario. Part of that is maintaining vibrant and strong communities. That too is something that we incorporated in our plan, by helping those communities and regional economies benefit from job creations and economic growth through some of our targeted regional systems, like the development funds that we've established in the east, in the west and in the north.

We also added here issues around skilled labour. Everywhere I've been, there is a growing need for more skills in certain sectors of the economy, so we've initiated investing more in a highly skilled workforce. The recommendations in the report talked a lot about ensuring that we continue to address matters of education and apprenticeship programs, experiential learning initiatives, to facilitate those companies that are doing the training, so that more of our individuals can be better prepared for the future. Investing in skills and education, as well as youth employment, all ensure that the people of our province can work and be more prosperous in the long term. So those are some of the things that are incorporated in our six-point plan as taken by the Jobs and Prosperity recommendations.

But there are two other issues that are necessary for us—and we've incorporated in our plan, and the report also mentioned this—around innovation. We've put in place this opportunity to help a lot of young people, but a lot of entrepreneurs, access capital to initiate and strengthen Ontario's ability to transform those ideas into innovative goods and services for the global economy. We need to find ways to encourage those companies to invest in R&D and innovation, because we know that in the long term, that will make us competitive.

Part of their report touched upon this growing productivity gap that exists. They touched upon it in their report, and we dedicated a whole section in the budget around that initiative, finding ways to call to arms the private sector, because, as I've said before, government has an impact in terms of stimulating jobs and conditions for growth, but it is businesses and the private sector that really have the lion's share of making this happen. So what we need to do is find ways to improve their productivity by giving them conditions and stimulus and initiatives to encourage them to do so. One of them is an accelerated capital cost allowance. The other is just a recognition that while we're investing in institutions like the Perimeter Institute or organizations like Communitech in Waterloo or fostering the attention brought in by MaRS—all of these innovative ideas are fantastic—it's bringing them to market that really gets us to the results.

More importantly, though, private companies that are investing in those initiatives and bringing them to market are even more successful, and that is what sets us apart from other parts of the world. We see that in our competitive nature in our manufacturing sector now. There's a new world of manufacturing that exists out there, and for us to compete in Ontario with the rest of the world, we've got to find more productive ways of delivering those services. That's a major recommendation by the report, and it's something that we have also included in our six-point plan going forward.

Mr. Steven Del Duca: Terrific. Thanks very much for that answer.

Changing gears for a quick second, I'm wondering if you can talk to us a little bit sort of along the lines of federal-provincial relations, if you can explain a little bit of the government's position with respect to the equalization program.

Hon. Charles Sousa: We are the largest contributor to the federation by far. Ontario has long had a history of contributing more to the federation than all of the other provinces combined, and even to this day, we are contributing over $11 billion, I believe, in net benefit to the federation, above and beyond that which we receive. We will continue to do our part, but we're also asking for fairness for Ontario, knowing that some of the other provinces have not been as affected or hit as hard by the global recession as what has occurred in Ontario. And notwithstanding that we are continuing to put practices and initiatives in place to bolster our economic recovery and increase our economy, we also are seeking understanding and appreciation from the federal government and the others that Ontario's support for investments like a national transit strategy, like investing in the north to take advantage of some of our chromite deposits so that we can bolster our economy—these are initiatives that require participation with the federal government and an understanding and appreciation of the importance this has, not just for Ontario but certainly for the federation and for Canada as a whole.

These are some of the initiatives that we believe are important. Ontario believes in a modern system of fiscal arrangements to promote economic growth, job creation and prosperity, to support sustainable and comparative public services, to restore the fiscal balance in the federation and establish a genuine partnership between both orders of government. The net contributions to equalization by the provinces are highlighted on page 250 of our budget, recognizing that Ontario, by far, is the largest contributor, well above the rest.

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Mr. Steven Del Duca: Great. Thank you.

Mrs. Amrit Mangat: Minister, what are you doing so that corporations don't avoid taxes? How do you address that issue?

Hon. Charles Sousa: There are a number of corporations and businesses that are, at this point, being sought after for back taxes and tax avoidance measures. We have taken a number of steps already, in the past, to recover some of those back taxes and losses. We have maintained greater integrity to our revenue and the underground economy by closing some of those loopholes, but, more importantly, by going after those very companies that haven't paid in the past. These initiatives just alone have raised over $300 million in incremental tax revenues expected over the next four years.

Mrs. Amrit Mangat: And what are you doing to transform the delivery of public services in Ontario?

Hon. Charles Sousa: A number of recommendations were provided to us by Don Drummond in terms of transformational changes to our public sector, to our public service, with the intent of maintaining the quality of those services while reducing the overall costs in that delivery.

As a result of some of those recommendations and transformational changes, we are delivering health care in a more effective and productive manner; for example, home care services—much less expensive than hospital care and alternative beds that are often occupied as a result of long-term-care initiatives; more public support workers in the system; more nurse practitioners in the system; more delivery by pharmacists; more community health hubs. All of this has enabled us to provide greater delivery of services when care is needed close to home, or even at home, in this case. We know that the benefits are tremendous, in terms of overall costs. That is just one example of some of the transformational changes that we are doing and that have been applied.

Mrs. Amrit Mangat: So are you adopting all of the recommendations by Don Drummond?

Hon. Charles Sousa: We have now incorporated over 60% of Don Drummond's recommendations, and the task force. There are quite a few more that we're addressing still, all of which have enabled us to cut costs, while at the same time bolstering services to some extent. So we will continue to be vigilant in those initiatives.

There's a section here that talks about the specifics of those recommendations and some of the areas in which we are going to proceed. But all of this is about providing great value for money in the services that we provide.

Strengthening the coordination, for example, as mentioned with health care, for high-needs patients—5% of our population, you should know, account for two thirds of health care costs, and through the creation of 23 Health Links alone, to date we've been able to reduce that. By encouraging greater collaboration among health care providers, Health Links will also help reduce unnecessary hospital visits and readmission rates. So the goal over time is to expand those Health Links across the province. And that's just an example.

Drummond's recommendation—and our budget talks about a number of sectors that are impacted by the work that he's done and that we've applied. I'll try to locate it in a moment, but it talks about changes to our judicial system, changes to our health care system, to our education system, changes to social services—there's quite a number of employment and training services—even changes to the operating of our back office expenditures, changes in regard to our government business enterprises. And there are specifics as to what changes are necessary and what are the things that we are agreeing should be applied. So these frameworks are consistent with his recommendations, and they're being applied as we speak.

Even the revenue integrity—we spoke previously about some of the loopholes. Recommended by the report is a centralization of the collection of outstanding tax and non-tax accounts within the Ministry of Finance; working with the federal government to enhance compliance activities to address both the underground economy and corporate tax avoidance; and improving oversight and ensuring better enforcement of Ontario's tobacco-related laws, for example. Those are stipulated in the budget, and these are things that are being applied right now.

Mrs. Amrit Mangat: Thank you.

Mr. Steven Del Duca: How much time, Mr. Chair?

The Chair (Mr. Michael Prue): Around five minutes, maybe not quite.

Mr. Steven Del Duca: Great. Thanks very much. Minister, could you talk to the committee a little bit about the government's plans for reducing poverty in Ontario?

Hon. Charles Sousa: It has been a priority for our government to address poverty and break the cycle of poverty. Part of the budget actually talks about fairness.

We know that having a job is the best way to reduce poverty. We know that education is a great way to reduce the reliance on—and the predatory practices that exist. I'm thinking about the payday loans legislation, for example, that was introduced by our government a few years ago: recognizing the cycle and the consequences of not understanding the compound interest that is taken when using those services. We had to find ways to control and regulate rates of interest but at the same time educate consumers to the consequences of some of those decisions. But breaking that cycle of poverty is critical for our ongoing success.

We used another report in facilitating our budget, and that was the Munir Sheikh and Frances Lankin social reforms. We introduced the earnings exemption, so Ontario Works and ODSP recipients will now be able to keep the first $200 of their employment earnings each month before their social assistance benefits are reduced. This change reduces barriers to employment and gives social assistance recipients better support for gaining access to employment. This is stipulated right in our budget 2013, which we took from that report. It introduced a $200 monthly earnings exemption to make it easier for those recipients who face multiple barriers to employment to gain an initial foothold in the labour force. Earnings exemptions currently for social assistance benefits are reduced by 50 cents for every dollar of employment earnings. Effective September—now—the earnings exemption will allow for up to $200 for employment earnings before social assistance benefits are reduced. This is huge in avoiding the clawback to those individuals who are trying to get back into the workforce. This enables them to be more productive and to gain better access to work. That tipping point is removed.

Now, there are a number of other things that we're doing to try to facilitate and break the cycle of poverty, including helping those with self-employment, providing greater support to those who want to get back into the workforce by supporting next career strategies, as well as facilitating those who are trying to get a job.

I'm even talking about chronic unemployment that exists with young adults. The initiative that we brought to this budget was $295 million to try to get 30,000 more young adults to work so that they, too, avoid the consequences of getting into a situation where they can't get jobs. In other parts of the world, they have a huge chronic issue of over 30% of unemployment by young adults. That has negative consequences, because then it's even more difficult for them to find jobs in future years.

By putting everyone at their best, by enabling better preparation, we're able to break that cycle.

Mr. Steven Del Duca: Thank you.

The Chair (Mr. Michael Prue): You have less than a minute left.

Mr. Joe Dickson: Less than a minute? I'll make it quick. Good afternoon, Minister. I don't think the government can ever win this battle, but what is on your agenda for the government to fight the underground economy?

Hon. Charles Sousa: We're working with the federal government. We're trying to take some best practices, actually, from other jurisdictions that are fighting the underground economy by putting, for example, technology in the retail outlets so that we're able to capture transactions more effectively, and cash transactions.

Also, one of the big ways to combat this has been the introduction of a value-added tax system. All of a sudden now, the exemptions that are given to certain businesses that comply with their submissions to payment of taxes—they get rebates on those flow-throughs. That won't occur if you're dealing in cash. More importantly, it makes those who are operating in the underground economy even more vulnerable because they don't have the benefit of pensions, workplace security or WSIB coverage. So all of this is stuff that we have to take care of.

1630

The Chair (Mr. Michael Prue): I'm going to have to stop you there. Hold on to the thought. You'll have one more opportunity. This is the last 20-minute round for each party, beginning with the Conservatives.

Mr. Michael Harris: Good afternoon, Minister. I'll jump right into it, as I know my colleagues will have a few other things on different issues. I was wondering if you could tell us if there's been any financial analysis done on the government's cap-and-trade scheme that we've been told the government will be introducing next year.

Hon. Charles Sousa: No.

Mr. Michael Harris: Okay. I guess I'll reference a discussion paper that was out three, Greenhouse Gas Emissions Reductions in Ontario. In fact, it said in here that the Ministry of Finance is providing input on the development of a cap-and-trade program for Ontario. So I'm not sure if any of the staff members want to comment on the input that the ministry is providing on that.

Hon. Charles Sousa: Our recommendations going forward are listed in this budget. It doesn't include that report.

Mr. Michael Harris: So to your knowledge, there's not been a cost-benefit assessment done pertaining to cap-and-trade potential here in Ontario and the commitments that this government has made previously to the Western Climate Initiative?

Hon. Charles Sousa: The commitments that we're making are highlighted in this report. Lots of analyses are made, and decisions are ultimately made by the minister and cabinet. What we've agreed to do is listed in this budget in 2013.

Mr. Michael Harris: I guess that would be a no, then, perhaps. If your staff can comment or if you can comment on what you've actually factored on what the cost of cap-and-trade would be to Ontario's manufacturing sector.

Hon. Charles Sousa: Yes, we're not implementing that.

Mr. Michael Harris: Okay. Obviously, we've lost, what, 300,000 good jobs in the manufacturing sector since your government has come to office. It's important to know the financial impact of some of these major decisions that the government will have. This discussion paper references that the Ministry of Finance is actually providing input into the process. So, if I could get your opinion, wouldn't you believe it's in the best interests of Ontarians to have a cost-benefit analysis or assessment done in terms of the impacts to our manufacturing sector?

Hon. Charles Sousa: Mr. Harris, you just said that we made a decision to do so, and that hasn't been the case. We have not decided to implement this.

Mr. Michael Harris: Will you be performing a cost-benefit assessment, then—again, in your own discussion paper, the government's own discussion paper, they said that the Ministry of Finance would be providing input into this. Clearly, it's not been done yet.

Hon. Charles Sousa: Right. It has not been done, and decisions that we've acted upon are outlined in our budget of 2013. That's not one of them.

Mr. Michael Harris: All right. I will turn it over to my colleagues. I know they've got some comments and questions.

Mr. Rick Nicholls: Good afternoon, Minister. A couple of things: First of all, just in reviewing in general your revenue and expenses and the deficit just simply projected for this year and of course looking ahead at next year, I notice that you project revenues to go up by approximately $3.7 billion while expenses will only go up about $1.9 billion. My question to you is a very simple one: What are your intentions to increase—you're showing an increase of about $3.7 billion in revenue. What are you going to be doing to increase those numbers?

Hon. Charles Sousa: We'll be coming out with an economic update in short order, but you should know that the revenue outlook is actually being lowered now because of the economic consequences around the world.

Mr. Rick Nicholls: That was on page 109 that I was referencing.

Hon. Charles Sousa: Yes.

Mr. Rick Nicholls: Okay. So it's coming down—I'm sorry. Do you have a—

Hon. Charles Sousa: No, no. They're—

Mr. Rick Nicholls: No numbers yet?

Hon. Charles Sousa: Yes, go ahead.

Mr. Steve Orsini: Our revenue forecast is really based on the growth in the economy, and our revenues track nominal GDP growth in general. Part of that also, as part of our revenue, are government business enterprises, which also has its own forecast, and federal transfers, which again—funding for health care, social assistance—have their own growth path. As you know, the federal government has made recent changes in the out-years. All of those track based on our current assessment of economic growth based on private sector forecasts. We take the average, and that is sort of what guides the ministry in forecasting GDP growth, which then translates into revenue.

So that number that you reference is a complicated number of inputs, but it generally tracks overall to nominal GDP growth.

Mr. Rick Nicholls: I see. All right. So you're suggesting that your revenues will be adjusted perhaps downward. What about your expenses, then, because you forecasted the expenses next year increasing by $1.9 billion? Would it be an assumption, then, that perhaps those expenses might be even higher?

Hon. Charles Sousa: We have had great success in curbing our spending growth. In fact, last year we had a spending cut, and so we have been able to exceed our targets and make the transformational changes in the way we do and deliver services. We're actually reducing our spending.

Mr. Rick Nicholls: Well, we know that interest on the debt continues to grow. We know that. I'm looking again this year and next year, and of course the debt itself is approximately $275 billion, give or take, roughly? You'd agree with that number?

Hon. Charles Sousa: It's in our public accounts. What is the number now?

Interjection.

Hon. Charles Sousa: We'll get it to you.

Mr. Rick Nicholls: Okay. Well, let's assume it's in that vicinity. My point, though, is that the interest rates themselves are actually—the interest being paid on the debt this year is growing by 5%, but next year it's actually forecasted to grow by another 10%. We all know that interest rates right now are at an all-time low and that a 1% increase in that interest rate may result in, what, maybe a $500-million cost in interest rates?

Hon. Charles Sousa: We have been monitoring our debt. We have recognized that interest on debt is actually—it went down last year. Our program spending went down by 0.4%. Total spending went down by 0.1%, including interest rates—including interest costs on our debt. So, yes, we're monitoring and we recognize that we need to control overall spending, and that's exactly what we're doing.

Mr. Rick Nicholls: Well, I know that one of our members several months ago put forth a bill regarding the actual paying down of the debt, and I believe that was somewhere in the neighbourhood of around 2% per year. There were some other conditions tapped into that as well, which I'm not at liberty—I don't really recall exactly all the details of that. But I guess my concern is, if the interest payments are continuing to grow—

Hon. Charles Sousa: They're not growing. That's the point.

Mr. Rick Nicholls: Well, looking at your numbers here—

Hon. Charles Sousa: They went down last year.

Mr. Rick Nicholls: Interest on the debt.

Hon. Charles Sousa: Oh, interest—

Mr. Rick Nicholls: That's what I'm referencing. You see it there on 109. Okay? That's telling me that it's continuing to grow.

I guess my concern is that we project revenues, we project expenses, but I don't see anything in terms of any monies being put towards actually paying down the debt. We're just paying the interest on it. If I had a credit card and all I did was just pay the interest on my credit card and didn't pay down any of the principal, I'd be in big trouble real quick. My concern is that this government has got us in big trouble—not real quick. It's taken nine years to get here, but the debt itself has increased from $125 billion to roughly $275 billion in just nine long years.

Hon. Charles Sousa: So let's be clear: The degree of debt is a function of the accumulation of deficits we've experienced as a result of the economic downturn around the world. It's the matter of controlling that deficit by tackling and eliminating it in a balanced manner, which we're doing. It's also as a result of capital expenditures that we're making to stimulate the economy and to grow it, and that's being done right around the world as well, including the federal government.

Year over year, over all consecutive and past governments, the accumulation of debt has occurred regardless of surpluses in the budget because of matters that have been taken to stimulate or invest in our economy.

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So we have been measuring our net debt-to-GDP ratio to ensure that we're able to afford what it is that we're accumulating with the intent of ensuring that we don't pass on that burden of debt to future generations, because it's also a function of economic growth and economic prosperity. As a result of that, we've made some very determined and strategic initiatives to invest. As a result of those investments within the environment that we have, the fundamentals of Ontario remain very strong, and we're poised to be even more competitive in future than we've ever been because we've made investments that are going to net great dividends in the future. Those things, I think, are important for us.

Mr. Rick Nicholls: I just have one last question, Minister, and that is simply this. My concern is—and for all Ontarians as well—that it would appear as though the government really isn't making an immediate priority to start to pay down that debt. Cuts need to occur. I look at it this way: I say spend and then tax. So that's expenses and then revenues to try and make it up. I'm looking at it and I'm saying, what cuts can the government be making, the nice-to-haves versus the need-to-haves?

Hon. Charles Sousa: That's very nice to say, but you've just said something that's not true. You've just said that we haven't been addressing the deficit by reducing it, which we have. Between what we anticipated, it's now down to $9.2 billion. You say we haven't cut spending, but we have, and it's been audited by the auditor and it's been unqualified that we actually had negative spending last year. We are continuing to take the steps necessary to control our spending, and we've also taken the additional step of putting a target of net debt-to-GDP ratio of 27%, recognizing that that is the way we're going to enable future generations to benefit from the investments that we're making.

We're committed to taking these initiatives; we're committed to making some of the tough choices that are necessary, but we feel that across-the-board cuts, as are being suggested, would be devastating to the recovery of this province. Imagine putting something in place where you're asking for, in these times, a reduction in our debt, which would require massive increases in revenue, which then means increased taxes, or, basically, removing services from government to the very needs of the public, and that would have negative consequences as well. So what we want to make certain is that we take that balanced approach and ensure stimulus in the economy, ensure that we are competitive and that we attract and create more jobs. Creating jobs is a priority for us to improve our recovery and strengthen our competitiveness long term. That's what's going to enable us to succeed.

Mr. Rick Nicholls: I'll turn it over to my colleague, Mr. Leone—

Interjection.

Mr. Rick Nicholls: Or Mr. Harris—sorry.

Mr. Michael Harris: Yes, thanks. I want to just come back to something, as I got reading my notes a bit further. The Ministry of the Environment issued a discussion paper on greenhouse gas emission reductions in Ontario earlier this year. I'm going to reference page 7, and I'll read it directly to you.

"To make progress on our targets and achieve absolute emissions reductions, it is proposed the emissions limit for industrial sectors be set at the forecast of total emissions expected at the start of the program." It goes on to say a few things, but specifically it says here " ... emissions forecasting being carried out by the Ministry of the Environment with input from the Ministry of Finance and the Ministry of Economic Development and Innovation."

I would like you or a staff member to explain the type of input you're providing on this.

Hon. Charles Sousa: You've read it to us, and I think you've answered your own questions. You just said these are just proposals, and decisions by the government have not occurred. We make decisions based on a lot of proposals and a lot of analysis—

Mr. Michael Harris: But, Minister—

Hon. Charles Sousa: —and these are just things that are being proposed, I suspect, from that report.

Mr. Michael Harris: No, no. I need to know the input from your ministry on this proposal by the Ministry of the Environment. This is a serious program that could impact industry in Ontario, and I would think that if the Minister of the Environment is going to move forward with a decision that could impact industry in Ontario, the input from the Ministry of Finance is critical to evaluate what a cost-benefit assessment for this industry would have. So I think there's an onus on you or your staff to provide the answer to me as to what input they're providing to the Ministry of the Environment on such an important issue in Ontario.

Hon. Charles Sousa: The recommendations—I don't even know they are recommendations; these are proposals that are being assessed and analyses that are being provided, probably some initiative—

Mr. Michael Harris: What input has your ministry provided?

Hon. Charles Sousa: I'm telling you: You may want to refer to the Ministry of the Environment about those proposals, but as far as the ministry here, no decisions by government or this ministry have occurred in that regard.

Mr. Michael Harris: Then what I'm hearing is that there's clearly no input from the Ministry of Finance. I think it's reckless, on behalf of the government, to provide no input for the Ministry of the Environment to proceed on something that will impact industry and manufacturing jobs in Ontario. I'll leave it at that, then, if you're refusing to answer any more.

Hon. Charles Sousa: Well, no one's proceeding on this. The Ministry of the Environment is not proceeding on it as well. So really, whatever you're making reference to is—

Mr. Michael Harris: It's right here.

Hon. Charles Sousa: —not something we've decided to do, and I don't have that, so I'm not sure. But it's not something that we're acting on.

The Chair (Mr. Michael Prue): I would ask that you stay within the confines of the estimates of this ministry. I think you're straying out too far.

Mr. Michael Harris: Well, I'm talking about a proposal that the government has in place with proceeding with the cap-and-trade program. It would obviously affect the finances of Ontario.

The Chair (Mr. Michael Prue): But this minister and this ministry is responsible for its own estimates, not the estimates of another ministry.

Mr. Michael Harris: But a cap-and-trade program would inject monies to the Ministry of Finance, so—

Mr. Mike Colle: He's challenging the Chair.

The Chair (Mr. Michael Prue): No, he's not challenging. I'd just ask that you keep within the confines.

Mr. Michael Harris: I think I've got my answer to the fact that the Minister of Finance is not providing any input and no cost-benefit assessment is being done on, you know, potentially a major job killer in Ontario.

Mr. Leone, I think you have a few things.

Mr. Rob Leone: How much time, Chair?

The Chair (Mr. Michael Prue): About three minutes.

Mr. Rob Leone: Eighty-nine minutes. Okay.

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

Mr. Rob Leone: I tried.

The Chair (Mr. Michael Prue): —and you will have an additional, probably, about two on the last round.

Mr. Rob Leone: Minister, I'm going to hit back on this: You mentioned in your answer to Mr. Nicholls that the net debt is a calculation of the accumulated deficit and capital expenses. Now, as I note going back to the fiscal year 1981-82, the difference between the net debt from year to year was the stated deficit each year. If we look, for example, in 1982-83, the debt was $16.942 billion and change. That is $3.189 billion more than it was the year before that. So, in essence, the difference between that would be the equivalent of what the government posted as their deficit for that year.

It goes on, but the point I'm trying to make is that in almost every year before your government took power—almost every year—the net debt went up by the equivalent of what the recorded deficit of that year was. Now, every year since your government came to power, the net debt has actually been far more in excess of your stated deficits each year.

Does that mean that before 2003-04, no capital expenses were ever incurred by this government? They didn't build things? They didn't build roads, bridges, hospitals, subways and things? Is that what you're trying to tell us today, or did they build those costs into the budget at the time?

Hon. Charles Sousa: Let me be clear, and I'll let the deputy interject in a moment. All three parties in power have increased net debt year over year.

Mr. Rob Leone: That's not true.

Hon. Charles Sousa: Net debt includes debt related to capital investments—

Mr. Rob Leone: That's not true, though.

Hon. Charles Sousa: They have. Net debt includes debt related to capital investments, including AFPs, counter to the assertion made by this committee earlier. This government has made significant investments in infrastructure, which will benefit future generations, as I've stated repeatedly. Previous administrations have allowed infrastructure deficits to develop, and that's what we're not going to allow. As a result of those initiatives, net debt has increased above our accumulated deficits because we have made the strategic decision to invest in long-term initiatives to improve our competitiveness. You chose not to; we did. But, notwithstanding that, net debt has accumulated even during the time of all parties being in power.

Mr. Rob Leone: That's not true.

Hon. Charles Sousa: If you want to interject—

Mr. Rob Leone: Well, actually I will suggest that in 1999-2000 the net debt was $134 billion; in 2000-01, it declined to $132 billion. What you have just stated is actually not true. That's in the numbers right here. It goes down even further in 2001-02 to the equivalent of what the stated surplus was. So what I'm suggesting—

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Hon. Charles Sousa: But, Mr. Leone, if you add up—

Mr. Rob Leone: I know that I might not have been in government at the time during those years, but I do believe we invested in capital expenses and built roads and bridges and schools and so on and so forth.

Hon. Charles Sousa: Yes. I recall you also—we had holes dug for subways that you filled in. I know there were a number of initiatives that we were trying to do with transit that were stopped by your government. I know that hospitals and schools and other things—

Mr. Rob Leone: So they were built.

Hon. Charles Sousa: —were cut as well. But if you take the accumulation—

Mr. Rob Leone: You can say what you want, but they were built.

Hon. Charles Sousa: —of all of those years, your net debt increased while you guys were in power, dramatically, as well.

The Chair (Mr. Michael Prue): Okay. I'm going to stop you there. You will have a final round of approximately a minute and a half to two minutes.

Mr. Rob Leone: Oh, that's great.

The Chair (Mr. Michael Prue): So think of your last good question.

Okay. Ms. Fife.

Ms. Catherine Fife: Thank you, Mr. Chair.

I'm going to move on—I'm still on pensions, so I don't know if Leah might want to come up.

On page 278 in your 2013 budget, you also announced a new kind of pension fund, the target benefit funds. Can you give me an update on the status of this new form of pension fund?

Hon. Charles Sousa: Let me just get Leah to come up as well.

Ms. Leah Myers: Leah Myers, assistant deputy minister, pension, income security and research.

The target benefit plans are a kind of innovative pension arrangement that some other jurisdictions have looked at and, most notably, New Brunswick has moved forward on. It's a model where the risks associated with the pension funding are shared by both the employer and the members.

What the budget announced in 2013 was that we were moving forward in Ontario to look at a framework for introducing target benefit types of plans in Ontario. They aren't currently permitted under the Pension Benefits Act.

Introducing target benefit plans for multi-employer pension plans is something that has been looked at for some time, but not for single employer pension plans. That's what's referenced here in the budget, that we're beginning to do the policy work looking at that form of pension arrangement.

Ms. Catherine Fife: And will legislation be required to introduce this new form of pension?

Ms. Leah Myers: We're at early days of looking at all the implications of moving to target benefit, but given the fact that it's not expressly permitted in the current Pension Benefits Act, I would expect that we would be looking at legislative change.

Ms. Catherine Fife: I assume that you've done a comparative analysis with the New Brunswick model. Has that been deemed to be successful, and how do you measure success when you're looking at another jurisdiction around this kind of a pension fund?

Ms. Leah Myers: I would answer that by saying that we're following closely what's being done in New Brunswick. They're still working on implementing it. They had a task force report that proposed going in this direction and is now in the process of implementing that. They were—

Ms. Catherine Fife: Do any other jurisdictions have it, Leah, other than New Brunswick, if they're still in the early days?

Ms. Leah Myers: This is also a model that's used in the States, as well as European jurisdictions—in some of the states.

Hon. Charles Sousa: And you make reference in the budget—that very clearly outlines that the government won't introduce legislation without consultations and won't introduce any of these initiatives without adequately protecting the pensioners, and we make that very clear here as well. We know that we are in need of consulting. We need to address, we need to assess, and then, based upon that, we'll make decisions before we legislate.

Ms. Catherine Fife: I think also this might be a perfect example of something that the Financial Accountability Office might look at, because it sounds good on paper, but we have to make sure that it's still in the continued best interests of the people of this province.

Moving on to another issue—and perhaps you're still on this, Leah; I'm not sure—the proposed amendments to the personal property security law: Are you the right person—

Hon. Charles Sousa: PPSA?

Interjection.

Ms. Catherine Fife: No? You're pension?

There are proposed amendments to the personal property security law that were mentioned in the budget. Sorry. Do you want to call somebody up?

Hon. Charles Sousa: No, no. Go ahead.

Ms. Catherine Fife: There is a change that is of interest to us, especially around the possible removal of the deemed trust priority in the Personal Property Security Act.

Deemed trusts, in our opinion, are contained in pension legislation and serve to provide some limited protection to employees, to employee monies, and we understand that the lender lobby—those institutions that lend money—are looking to have this priority removed. So there are two issues here: (1) we are concerned that you are talking about removing the deemed trust priority and, (2) we know that the lender lobby—those institutions, banks—is definitely lobbying to have this priority removed, and we believe this is not in the best interests of the people of this province.

What are the government's intentions on this issue?

Hon. Charles Sousa: This one is about priorities, and we recognize the priorities in terms of the PPSA and the protection of pensioners and employees, primarily in a bankruptcy situation. This is something of a federal matter; it's gone to the federal government. I know that various private members' bills, Senate bills, even opposition bills have been introduced. Those are the sorts of initiatives that took place, I believe, even with Nortel pensioners and others when they were affected with the wind-down. So it has consequences, and it's something that is being addressed.

We've highlighted some of that in our budget as a line item, but it's through consumer services and others that are addressing the protection of our pensions.

Ms. Catherine Fife: But it is specifically mentioned in the budget. That's why—I just want to be clear.

Hon. Charles Sousa: That's right. That's fine.

Ms. Catherine Fife: So it's still under consideration that you may remove the deemed trust priority. It's still under consideration?

Hon. Charles Sousa: I'm not sure we can do that.

Mr. Steve Orsini: I don't know.

Ms. Catherine Fife: I think you do mention it, so you must be. I'm not saying you're going to do it, but it is mentioned.

Mr. Steve Orsini: Often, we will include provisions in the budget that are sponsored by another ministry. I think we'd have to get back to you on this one. We really need to check in with consumer services, I think, on where they are with their review. I don't think we have someone here who can even speak to the question.

Ms. Catherine Fife: Can you confirm, though, that the lender lobby or those banking institutions are lobbying you to have that component removed?

Mr. Steve Orsini: I can't.

Ms. Catherine Fife: You can't, because you're the deputy, but the minister—you're lucky you're not the politician.

You must experience some pressure from those lending institutions.

Interjection.

Ms. Catherine Fife: No, eh?

Hon. Charles Sousa: Right now, the initiatives I am acting on for the benefit of the financial services sector, for the business sector and for access to capital are to try to find a co-operative securities regulator. In regard to PPSA and those initiatives, that's something the federal government has been working upon, and it's not something I'm feeling any reaction or request from any lobby group on.

Ms. Catherine Fife: You can understand, though, because it was mentioned in the budget, why I want to be clear on this.

Hon. Charles Sousa: What page in the budget?

Ms. Catherine Fife: I don't have the page reference in these notes, but I'll get that. I'll get back to you on that.

Obviously, the people in this province are losing their ability to access pensions, because we've lost the ability to actually secure those kinds of good jobs. If you're proposing some of these other options, we want to make sure that people have some security when they do invest.

Hon. Charles Sousa: I'm hesitant to comment on this, but I don't believe that's the issue. If I understand the question, it's the right, primarily during a bankruptcy proceeding, as to who has priorities over the assets of the company in a wind-down situation. I believe that's what this is about, but I will endeavour to respond to you more effectively.

Ms. Catherine Fife: Okay. Moving on to the Pension Benefits Guarantee Fund: Any intention of increasing the monthly benefit protected by the Pension Benefits Guarantee Fund? It's currently only at $1,000 a month, and Harry Arthurs, in his landmark pension study, recommended an increase to $2,500 a month, if you remember. Any chance you'll increase it at all, even by $100 a month? Is that on your radar; is it on your agenda?

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Hon. Charles Sousa: Do you want to answer that, because some of the recommendations and proposals have been out there.

Mr. Steve Orsini: Someone will find the reference, but I think, in responding to Harry Arthurs, the government indicated they weren't prepared to move on that recommendation at this time. I don't think we could speculate what the government may or may not do in the future with respect to that amount.

Ms. Catherine Fife: There's quite a discrepancy. I mean, Mr. Arthurs recommends an increase to $2,500 a month; it's currently at $1,000 a month. Having the ability to increase the monthly benefit protected by the pension benefit guarantee clearly is something that would be a positive thing. So, to date, nothing on the agenda, right?

Hon. Charles Sousa: Yes. We recognize the proposals and the recommendations, and we have not made a decision to do that.

Ms. Catherine Fife: Okay. Thank you.

How much time do I have, Mr. Chair?

The Chair (Mr. Michael Prue): About eight minutes.

Ms. Catherine Fife: Okay. I'm going to move on to my favourite topic, which is child care. You know, when the province moved into implementing full-day kindergarten, it was based on Mr. Pascal's broader vision of a seamless day, which was inclusive of before and after care that would have been board-run. With every year that FDK rolled out, your government decided that they would not adhere to the original plan.

On page 77, you indicate some transition funding for the child care sector. As full-day kindergarten rolled out, the child care sector of course became more and more destabilized—it was already a patchwork system as it was.

Has the government looked at those school boards that have followed through on the original vision of board-operated before and after care, which was a good vision, with the view to using some of this transition funding to support the child care sector specifically?

Hon. Charles Sousa: I think it's appropriate to refer that question to the Ministry of Education. I recognize that in our budget we spoke about the impacts of full-day kindergarten and the implementation we've rolled out. We recognize, also, the tremendous benefit of Charles Pascal's recommendation proposals based on the extensive work of individuals like Dr. Fraser Mustard, who highlighted the benefits of early years education for future years, and greater success in high school and post-secondary thereafter, or any means of education. We know that socialization in younger years makes it even more beneficial for those students later in life.

Even the work that Dr. Fraser Mustard did around Beatrice House, trying to support those in need of child care services, those in need of care, those in need of having a warm breakfast in the morning just to get by throughout the day—a tremendous benefit. We really respect some of that work, and we've tried to implement some of that by introducing all-day kindergarten.

Others also wrote at some length about this, even during the previous government. Individuals like Margaret McCain and Charlie Coffey were outlining a report to support early years education for the benefit of later years. Those are initiatives that we also hold dear. We recognize the benefit it has on our children and, more importantly, on future generations, and we will continue to support the system. But I would suggest that the question you've posed and the proposals that are being anticipated are best responded to by the Minister of Education directly.

Ms. Catherine Fife: Well, you have figures here in the budget around trying to modernize child care, but when the Liberal government backed away from the original vision of Pascal, which you have quite accurately praised, there is obviously a trickle-out effect going forward.

I think the NDP was successful in actually securing some transition funding for the child care sector as full-day kindergarten rolled out. But the idea of making use of existing infrastructure in our schools: That is playing itself out in several jurisdictions—Ottawa, Waterloo, originally Rainbow—and at no cost to the taxpayer because it's a user-fee system for the before and after.

But these numbers—when you look at page 77, you have some numbers which are very, very low for transitioning the child care sector. I just want to point out that these numbers are not going to sustain the child care system as we see it in the province of Ontario. I'm not sure if you've done any analysis on that, but they won't even maintain the current level of service.

Hon. Charles Sousa: Yes, so those are the numbers that we've identified. In terms of analysis and the implications of it, again, the Ministry of Education is where we should be referring this to.

Ms. Catherine Fife: Okay. I have no further questions, and I'm really, really happy about that.

Hon. Charles Sousa: Good questions, though.

The Chair (Mr. Michael Prue): All right. It now goes to the government. You have 20 minutes.

Mr. Joe Dickson: Thank you, Mr. Chair. Minister, you were addressing fighting the underground economy, and you did mention several initiatives. The federal government is onside, and how they work with it, and technical retail rather than cash, taxing the HST and the very efficient and effective flow-through system, the loss of pensions if you don't pay and so on and so forth—could you give me more information on that? Could you expand on that any further for me?

Hon. Charles Sousa: In terms of revenue integrity and what we're doing to ensure that companies that are competing in Ontario are paying their fair share, and more importantly, what we are doing to attract more companies to compete in Ontario because of the competitive nature of our jurisdiction relative to other parts of the world and other parts of North America, for that matter—these are all very critical. But we need to ensure that there's fairness in the system so that those other companies and individuals that wish to compete in Ontario do so on a level playing field and in a fair manner. That's why the underground economy is something that we are attacking and redressing.

We've put a few measures in place and we've outlined them in the budget. We're calling on the federal government also to do more by including to release its strategy on their underground economy at the earliest opportunity. A national strategy is also important to raise public awareness and provide a framework for improved sharing of information across provinces and territories, and supporting investment and identifying appropriate technology tools to deal with the devices intended to tamper with the recording of sales and collection of taxes. Those are just some of the initiatives that were taken to attack the underground economy, and I've already responded in regard to the things that we're doing for tax avoidance measures.

Those are more around the enforcement areas of the way we operate as government. But it is also incumbent upon us to stimulate and attract those investments just by the very productive manner in which the province operates and the potential for us in this province to outperform other parts of the world. So we're always trying to attract those investments based upon other factors like our skilled workers, like public education, like universal health care—those three aspects are a huge attraction for investment in our province.

Another thing that I may say is also critical for our success is this notion that we are a trusted jurisdiction in that our judicial system and our mode of operation gives people comfort, gives investors around the world comfort that when they come to Ontario, they can depend and count on the system working for them. That is why tackling the underground economy and these other things are critical for us, so that we find an appropriate mechanism that everyone can succeed and do their part appropriately.

Mr. Joe Dickson: Thank you. Mr. Minister, in Ontario, we have added a new rural minister, and our Premier has taken the added position of Minister of Agriculture for a one-year term to assist rural areas. Can you give me some insight as to some of the other things the government is doing, other than at the political level, to support rural municipalities in this province?

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Hon. Charles Sousa: Yes. Thanks for the question.

The Chair (Mr. Michael Prue): Is this a line item? If it is, go ahead, but I'm just trying not to let this deviate into a political—

Hon. Charles Sousa: Well, there is a line item in the budget that deals with rural support by way of our $100 million for roads and bridges in rural communities, and I can discuss that.

The Chair (Mr. Michael Prue): Please proceed.

Mr. Rob Leone: Point of order, Chair.

The Chair (Mr. Michael Prue): Point of order.

Mr. Rob Leone: Is this a line item in the budget or a line item in the Ministry of Finance's estimates? Because if it is a line item in the budget and not in the Ministry of Finance estimates, I think the point that was made earlier with respect to the Ontario Northland, the ONTC, is in order. I think we have to be very clear about what we're doing here. I'm happy to allow the question to proceed, but our position is that we have to have our questions heard as well.

The Chair (Mr. Michael Prue): I think the point is well made. Is this a line in the estimates?

Hon. Charles Sousa: This is a line item in the budget.

The Chair (Mr. Michael Prue): Is it a line item in the estimates?

Hon. Charles Sousa: No, it's not in the estimates.

The Chair (Mr. Michael Prue): Okay, then I would—

Mr. Steven Del Duca: Mr. Chair, so that I'm completely clear on this, from this point forward we're going to continue to narrow the scope. So when I hear the member opposite talk about stuff that took place back in 2002-03, 1997, when Leslie Frost was Premier of Ontario etc., I assume that the scope will be so severely limited that it's going—

The Chair (Mr. Michael Prue): I don't think that's going to happen because we have less than 20 minutes left. Most of that will belong to the Liberal Party.

Mr. Steven Del Duca: I enjoy history lessons, but only the ones that are truthful, I suppose.

The Chair (Mr. Michael Prue): Everybody here is truthful, and everybody here is honourable. We don't need to get into this with 20 minutes left to go.

Mr. Steven Del Duca: You're right. I withdraw that last comment. Sorry.

Mr. Rob Leone: A point of order, Chair, with respect to that: The only reason why I would bring those up is to have—

Mr. Mike Colle: Point of order: Is this against our time or his time?

Mr. Rob Leone: —a comparison with what's happening in the line items. That's the only reason why I'm doing that, just to be clear. Thank you.

The Chair (Mr. Michael Prue): It's a point of order. Everybody understands. Please proceed.

Hon. Charles Sousa: We put in our budget $100 million to support rural communities, to ensure that there is some sustainable funding for them to invest and for them to plan on a number of initiatives that enable those municipalities in those communities to also grow.

Urban centres around the province have gas tax—which, by the way, we've made permanent—but in the rural communities we've introduced $100 million for roads and bridges, to enable those communities also to invest to maintain their communities and their services, services that are critical for some of the reasons you've just cited.

One of them is to promote our agricultural sector and our agri-foods business. The Premier, as you noted, is not only the Minister of Agriculture, but she's also the Minister of Food. These are massive GDP contributors to our province. It is a tremendous economic benefit, with huge trickle effects that benefit our province and our GDP growth. It's a tremendous industry.

Some of the innovative ideas and innovations that are occurring in that ministry are enabling those smaller businesses and small farms to compete and punch above their weight, in relative terms to some of the other manufacturers. That's only because of some of the technological changes that have been advanced right here in Ontario, through universities like Guelph, for example.

Some of the investments that we've made in education and investments that we continue to make in innovation enable some of these sectors of our economy in the rural communities to succeed and be even more competitive. The inclusion of having a Minister of Rural Affairs only reinforces the attention that our government has taken to look at those initiatives in a much greater way for the economic well-being of the province. Through the Ministry of Finance's collaboration with those two ministries, we've made advancements to rural communities—even with the introduction of some of our economic development funds that enable some of those communities to benefit.

We recognize also that in rural Ontario it's not just about agriculture; it's also about new, modern manufacturing as well. For that, we also see tremendous untapped potential in the manufacturing sector of those communities, especially, as I have mentioned, around agri-foods.

Take, for example, Wheatley, Ontario; Leamington, Ontario, out in southwestern Ontario. The Great Lakes: Ontario has the largest freshwater fisheries in the world right here in Ontario—

Mr. Rob Leone: Point of order, Chair.

Interjection.

The Chair (Mr. Michael Prue): We're going to get to there, too, but state your point of order.

Mr. Rob Leone: I'm enjoying the deliberations today, but again, I'm still struggling to understand how this is a line item in the Ministry of Finance budget. It's a good advertisement of rural Ontario and the Great Lakes fisheries, but what do they have to do with the budget? I've been struggling for the last three minutes to figure that out.

The Chair (Mr. Michael Prue): And I haven't heard how this relates to the budget either—

Mr. Rob Leone: To the estimates.

The Chair (Mr. Michael Prue): —so would you please get to the estimates—not the budget, the estimates. If you get to the estimates, how the Great Lakes fishery is somehow in the estimates, we'll appreciate that.

Hon. Charles Sousa: It's all about increasing our GDP. It's all about increasing our economic growth in the creation of jobs. It's all part of our six-point plan in our budget. In our budget, we talk at great length about how to improve our GDP and our economic growth through the stimulus and the incentives that we're providing for companies and for sectors of our economy like the fisheries. These are opportunities that are afforded only in Ontario and that are not available in other provinces. What we need to do is find ways to foster that growth, find ways to promote Ontario's competitiveness with other parts of the world when it relates to the agri-food business, an item in our budget that is a tremendous contributor to our GDP. It is why the Premier of this province is minister of agri-foods and agriculture.

I appreciate the question because it's important to the prosperity of our province.

Mr. Joe Dickson: Thank you.

The Chair (Mr. Michael Prue): Mr. Colle?

Mr. Mike Colle: I hope I can ask a question, anyway.

The Chair (Mr. Michael Prue): You can ask a question.

Mr. Mike Colle: I hope so.

The Chair (Mr. Michael Prue): Just relate it to the estimates.

Mr. Mike Colle: Yes. My question, in terms of what I asked the other day, is a follow-up to the uploading of services from the municipalities: where that is at in terms of the uploading of ambulance costs, in terms of uploading some of the soft welfare costs, and how that's impacting our budget and your estimates. What is the process in place? In other words, are we taking an across-the-board approach in terms of uploading? Or are we doing one sector at a time? I know this is based on the MOU with AMO and the municipalities. I just want to see where that is at and where it's going in your projections for the future impacts on the provincial bottom line as you take these municipal costs off their books. What's basically the projection on your provincial—

Hon. Charles Sousa: Thank you for the question. It is a line item in our budget. It is something that we've identified. It's on page 140 of the budget. It talks at great length about working in partnership with the municipalities and it talks about the Ontario Municipal Partnership Fund, which we've identified with the municipalities as being changed over the next—it will be phased down with the offsets of increasing the provincial uploads. So the ongoing support to municipalities will actually increase to $3.7 billion by 2016, and that has been a gradual increase since 2000. The projections are highlighted on page 141.

It's an important thing to understand because it is only one taxpayer. When we hear about cuts that are necessary at one order of government, well, then of course it has massive consequences on another order of government. So we've got to be clear that what we do has to be done in partnership, and we have to do it in lockstep so that the benefit is still there for the taxpayer and for the economic well-being of the province.

Some of the uploads that we've taken are alleviating some of the pressures on those municipalities for property taxes. We have instituted up to $125 in court security and prisoner transportation costs off the property tax base.

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Despite the province's fiscal challenges, the government continues to honour its commitment to upload the municipal share of these costs off the property tax base. In 2013 alone, the benefit to municipalities as a result of the provincial uploads will total almost $1.4 billion. These uploads will ensure that taxpayers on a property tax basis have more availability for other priorities municipalities need, including investments in their infrastructure and economic development.

I should also note—and this is highlighted on page 140, by the way—that together with the OMPF, the Ontario Municipal Partnership Fund, the province is providing municipalities with a combined benefit of over $1.9 billion in 2013. That's more than three times the level of funding provided under the previous program.

We will continue uploading. Our projections call for increased support to municipalities, and that will ease their pressure and enable us all to have a greater return.

Mr. Mike Colle: You mentioned court security. What are some of the other areas where there's been a shift from the property tax base to the provincial?

Hon. Charles Sousa: Do you want to provide some of those?

Mr. Steve Orsini: Yes. The government is providing substantial money to municipalities for infrastructure. For a lot of big public transit projects, the province is picking up a large share of those costs. That helps municipalities. On the uploading of social costs, the government has agreed to cover the costs of the Ontario Disability Support Program, the Ontario Works program. This is being phased in by 2018, and some of the cost-sharing, the admin costs for the Ontario Works program.

These are a number of things the province is removing from municipal costs—therefore, from the property tax base—to allow municipalities to invest in other important areas in their municipalities.

Mr. Mike Colle: What year did this start, the first uploading? Was it 2006?

Hon. Charles Sousa: There's a chart on page 141—

Mr. Mike Colle: I don't have that.

Hon. Charles Sousa: This is in our budget. It highlights some of the actual uploads that have occurred since 2000, in 2003-04, and then, of course, the major increases in 2006 onward.

Mr. Mike Colle: Given the financial challenges faced by the province and the major infrastructure investments we're making, is the plan to continue the rate of uploading as seen in the last couple of years? Is that set in stone, or is there any flexibility, given the province's pressures?

Hon. Charles Sousa: We've built into our budget and into our business plan continuing increases in uploads. In fact, there's been over a 200% increase from the level provided since 2003. You'll note that the actual amount of increases was around $3 billion. It's projected to go up to $3.4 billion—or it is $3.4 billion in 2013, to go up to $3.7 billion by 2016. That's what we put in our projections.

Mr. Mike Colle: Just one other question; I hope I can ask this question. The automotive industry and the importance it has and the number of jobs—the big manufacturers, the Big Three. We know that, and we know how many jobs in the related industries—parts distribution, electronics, tire manufacturers etc.

It is so important to Ontario's economy and Ontario's bottom line and projections going forward, I've always found it to be a bit of an anachronism that if you lease a car and you're a salaried employee, you have no write-offs or no deductions at all, whereas a person who is partially or somewhat self-employed or has a business can write off part of the cost of leasing.

My question to you is, since one of the biggest reasons why auto sales are the highest they've been in decades is because of leasing—the reality is that more and more people are leasing their vehicles—wouldn't it be perhaps advantageous in terms of personal income, giving people a break, and in terms of the industry, in creating more jobs by people leasing more cars, to consider some kind of tax break to individuals who lease automobiles or trucks?

That's the question I have, and whether you've ever considered it, because people who have a truck or a van or a car may be working for someone else, but they need that car to get to work. I was just wondering whether that's ever been looked at as a possible direct incentive to individuals, and also the long-term benefits of getting more people to buy Canadian-made automobiles.

Hon. Charles Sousa: I'll answer that question, and before I do, I do want to note also that in the uploads in that previous question, there is a source, which is the Provincial-Municipal Fiscal and Service Delivery Review—Facing the Future Together, a signed agreement that we did in 2008 with the Ministry of Finance as well as the municipalities, to enable us to continue and ensure that this increase takes place.

In regard to your other question, the tax benefit of leasing versus ownership versus write-offs as it relates to work, the federal government, and in the ability for you to do your tax returns, actually does allow you to write off, based upon the use of your vehicle, whatever proportionate amount it may be for work versus personal. You can write off not only the lease costs, but interest costs if you're owning the car, or depreciated value of that vehicle as well. So there are some forms and abilities for that to occur even with individuals who use their cars for a proportionate amount of work and receive in some respects mileage for that vehicle. Some of that exists already.

The Chair (Mr. Michael Prue): I'm going to stop you there. Because Ms. Fife did not use her full time, we actually have nine minutes left.

Ms. Catherine Fife: Well, I used my full time.

The Chair (Mr. Michael Prue): No, you did not. We have nine minutes left, and therefore each party has an additional three minutes, should you wish to use it, starting with the Conservatives.

Hon. Charles Sousa: Should you wish.

The Chair (Mr. Michael Prue): Should you wish.

Ms. Catherine Fife: When did you—

The Chair (Mr. Michael Prue): We use 15 hours in total; we have used 14 hours and 51 minutes with the minister in that chair. You asked for 15 hours, you get 15. It's the way estimates work.

Mr. Mike Colle: Use it or lose it.

Ms. Catherine Fife: Don't tell me what to do.

The Chair (Mr. Michael Prue): Okay.

Ms. Catherine Fife: No, just—seriously.

The Chair (Mr. Michael Prue): Okay. The Conservatives have three minutes, followed by the NDP, followed by the Liberals. You can make a statement; you can ask a question. It's your time.

Mr. Rob Leone: Give the old Gettysburg Address in three minutes.

The Chair (Mr. Michael Prue): You've got three minutes.

Mr. Rob Leone: All right. Minister, I want to ask you a question. You have net debt increasing at astronomical rates, $20 billion this year. When do you project the net debt will have its first decrease?

Hon. Charles Sousa: In the budget, we make reference to that. As he looks up the page for you, I do want to state this, though: that our net debt-to-GDP ratio—

Mr. Rob Leone: I'm not talking about ratio; I'm talking about the actual figure, the net debt.

Hon. Charles Sousa: Well, the net debt-to-GDP ratio is what we're measuring. The net debt is an accumulation of both deficit and capital engagements and investments.

Mr. Rob Leone: Yes. So when do you expect the net debt will decline?

Hon. Charles Sousa: The net debt will be measured—

Mr. Rob Leone: Not the ratio. I mean the debt itself.

Hon. Charles Sousa: Pardon me?

Mr. Rob Leone: I don't mean the debt-to-GDP ratio. I have the figures. I mean the net debt, the number, the figure that goes up every year.

Hon. Charles Sousa: Yes, so the overall accumulation of debt, both by way of accumulation of deficit and/or capital expenditure, will be dependent upon the degree at which we have greater GDP so that we can offset the debt, but in that respect, we are—do you have it here?

By 2017-16, we anticipate a peak and then a reduction thereafter, and that will be the benefit of improvement to our—and in line to our target of going to 27% net debt-to-GDP ratio, which will be a function of both GDP growth and the ability to reduce debt overall.

Mr. Rob Leone: So you have no forecast of when the actual net debt will be reduced?

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Hon. Charles Sousa: Oh, I do. On page 305 is our ratio that we are anticipating. In fact, I'm pleased to say that our ratio has beaten its target. But it's a function of our ability to afford the debt that we're measuring.

Mr. Rob Leone: The ratio, not the total.

Don Drummond had 10 major recommendations to reduce spending:

"(1) Reduce spending in all but four ministries.

"(2) Revamp local health integration and break down bureaucratic silos.

"(3) Make a 'clean break' from" what we call "corporate welfare.

"(4) Delay the implementation of full-day kindergarten to save $300 million.

"(5) Modestly increase class sizes to save $460 million.

"(6) Comprehensive arbitration reform.

"(7) Systematic pension reform.

"(8) Eliminate 10,000 non-teaching positions to save $600 million.

"(9) Use competition"—

The Chair (Mr. Michael Prue): The three minutes have expired. So it's going to have to be a statement.

Ms. Catherine Fife: I've asked 89 questions of the minister, and I'm satisfied thus far with the questions.

The Chair (Mr. Michael Prue): Then the time gets split again. We have to use the whole 15 hours.

Ms. Catherine Fife: I'm going to ask something, then—

The Chair (Mr. Michael Prue): Okay. Go ahead.

Ms. Catherine Fife: —because I don't want to listen to anybody else.

You made a statement in the—actually, no; I think it was the Premier. She made a statement in the House saying that you have overachieved on the deficit reduction. But can you actually say that, given that there are some major amounts—$1.1 billion in particular that you say that you've saved on teacher sick days; then, also, the debt that's paid back to you from corporations owed. Those are one-time amounts: $1.1 billion in teacher sick days and approximately $1 billion in corporate debt that you've counted that those corporations have paid back to you, and yet I'm not sure if that's an accurate costing. Can you address the one-time expenses that you've included in your deficit-reduction number?

Hon. Charles Sousa: Yes. We've been clear to state that the $9.2-billion deficit achievement has been a function of one-time benefits, and that's why we're being cautious and continuing to take the necessary steps to tackle and eliminate the deficit on an ongoing basis and not to rely on those one-time initiatives.

Some of those one-time proposals around the pension activity have positive consequences overall on an ongoing basis. Some of the recommendations that the previous question made reference to are also enabling us to have year-over-year benefit because we've implemented over 60% of some of those expense-control measures.

Yes, it's a combination of being disciplined and determined by taking actions to reduce costs and spending, but the achievements that we had last year were also a function of one-time initiatives, and we recognized and stipulated that.

Ms. Catherine Fife: Okay. So on the $1.1 billion in banked sick days, though: Banked sick days are accrued over a 30-, 35-, 40-year career. So the savings that you've attributed to this deficit reduction number would only be realized over a 40-year period of time. In effect, is that real savings? Is it real money? Has it really been realized?

Hon. Charles Sousa: I'm going to have the deputy clarify. Some of that is the function of the net present value of the result of that negotiation in today's dollars.

Go ahead.

Mr. Steve Orsini: Once a decision has been made to reduce a future liability—liabilities that have occurred up to that date that you accrue in the year, because let's say you're taking a banked sick day, and you're going to be paid at a higher salary when you take it in the time, let's say, in your retirement—

The Chair (Mr. Michael Prue): I'm sorry, the time has expired, so you'll have to perhaps get the answer later.

You have three minutes.

Mr. Mike Colle: Yes. Minister, I just want to ask about the Ontario film tax credit. I know that when it was first introduced, the projections were that it would create jobs and attract film companies to Toronto and southern Ontario and Ontario in general. It was very competitive because we're competing with countries all over the world, not to mention Hollywood and the rest of Canada—BC especially. I was just wondering how that is working out in terms of maintaining its intended purposes, and is it still an effective use of the tax credit approach by your ministry?

Hon. Charles Sousa: It is an initiative that was introduced and has provided tremendous benefit to Ontario by attracting many filmmakers' productions to the province. It has been of tremendous value over the last number of years. It has enabled Ontario to be at the forefront in the arts and cultural community. More importantly, it has given us economic uptick in a big way.

But we are reviewing all those tax credits, as outlined in our budget, in terms of maximizing. It's also one of Don Drummond's recommendations to assess the degree of success and ongoing initiative.

We did introduce also the music fund by way of a grant as opposed to a tax credit to also complement the industry. It has provided an attraction for music production, for artists and performers to come to Ontario versus LA or New York. This is producing greater attraction to the province as well.

So some of these practices have provided benefit to the province, have provided greater industry and a number of tier-two, tier-three and tertiary industries that support the system. It has also provided innovative ideas. I mean, we have, in Ontario, received tremendous—

The Chair (Mr. Michael Prue): Okay, I'm going to have to stop you there. "Innovative ideas"—I have to stop you there. Three minutes—

Mr. Mike Colle: Just don't forget: Austin, Texas. Never mind New York and Chicago; Austin, Texas.

The Chair (Mr. Michael Prue): Fifteen hours having now expired, this concludes the committee's consideration of the estimates of the Ministry of Finance. Standing order 66(b) requires that the Chair put, without further amendment or debate, every question necessary to dispose of the estimates.

Mr. Steven Del Duca: Chair, can I ask for a brief recess, please?

The Chair (Mr. Michael Prue): We can do it before any vote—but no, it's without amendment or debate.

Interjection.

The Chair (Mr. Michael Prue): Okay. If the committee—yes, you can ask for a recess. What time are you requesting?

Mr. Steven Del Duca: Just a brief recess, 10 minutes.

Hon. Charles Sousa: Am I free to go, Chair?

Mr. Michael Harris: They might need you to sub in.

The Chair (Mr. Michael Prue): Unless you want to stick around for the vote, you may all leave, except members of the committee.

Hon. Charles Sousa: Thank you; thank you all.

The Chair (Mr. Michael Prue): Thank you for your participation over these many days.

Therefore, the request having been made, we will take a 10-minute recess. Recessed for 10 minutes.

The committee recessed from 1737 to 1745.

The Chair (Mr. Michael Prue): Okay. I'll put the gavel down and resume the meeting.

Are the members ready to vote?

Ms. Catherine Fife: Yes.

The Chair (Mr. Michael Prue): All right. Now, just for the edification of some of the newer members, the votes start on page 211 of the expenditure estimates, if you have that with you.

Page 211 is vote 1201. Shall 1201 carry? Carried? I heard a no. All those in favour? Opposed? That carries.

Shall vote 1202 carry? That's on page 215. I heard a no. All those in favour, please signify. Opposed? That carries.

Shall 1203 carry? I heard a no. All those in favour, please signify. All those opposed? That carries.

Shall 1204 carry? I heard a no. All those in favour? Opposed? That carries.

Shall 1208 carry? All those in favour, please signify. All those opposed? That carries.

Shall 1209 carry? I heard a no. All those in favour, please signify. All those opposed? That carries.

Shall the 2013-14 estimates of the Ministry of Finance carry? All those in favour, signify. All those opposed? That carries.

Shall I report the 2013-14 estimates of the Ministry of Finance to the House? Carried.

Mr. Rob Leone: We made that one easy on you.

The Chair (Mr. Michael Prue): That would conclude today. We are adjourning until tomorrow at approximately 3:45 p.m. to hear the estimates on the Ministry of Tourism, Culture and Sport. Five hours have been set aside for that ministry.

Meeting adjourned.

The committee adjourned at 1747.

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Also taking part / Autres participants et participantes
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Clerk / Greffier
Mr. Katch Koch

Staff / Personnel
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