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Mardi 19 avril 2016

Standing Committee on Estimates

Comité permanent des budgets des dépenses

Ministry of Finance

Ministère des Finances

Chair: Cheri DiNovo
Clerk: Eric Rennie

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Tuesday 19 April 2016

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The committee met at 0900 in room 151.

MINISTRY OF FINANCE

The Chair (Ms. Cheri DiNovo): Good morning, everyone. Good morning, members. We are here to resume consideration of vote 1201 of the estimates of the Ministry of Finance. There are a total of four hours and 18 minutes remaining.

Before we resume consideration of the estimates, if there are any inquiries from the previous meeting that the minister or ministry has responses to perhaps the information can be distributed by the Clerk at the beginning in order to assist the members with any further questions. Are there any items, Minister?

Hon. Charles Sousa: No items.

The Chair (Ms. Cheri DiNovo): No? Okay. When the committee was adjourned, the official opposition had six minutes left in their round of questions. Mr. Harris, the floor is yours.

Mr. Michael Harris: Oh, thank you. Good morning, everyone. Good morning, Minister.

With just six minutes left, I want to quickly dabble in the aviation fuel tax. You'll remember that tax that you put on fuel—I guess this is now heading into the third year of that plan. I'm wondering if your ministry has since done any economic impact with regard to the implementation of the aviation fuel tax since its inception; any economic impact whatsoever.

Hon. Charles Sousa: So we did have some impact as we established it. Just a moment. I'll just see if I have—

Mr. Scott Thompson: I'm going to ask Sriram, who is the ADM of tax policy, to—

The Chair (Ms. Cheri DiNovo): I'm going to ask the deputy to introduce himself. Just once at the beginning.

Mr. Scott Thompson: My name is Scott Thompson, Deputy Minister of Finance. Sriram?

Mr. Sriram Subrahmanyan: Sriram Subrahmanyan, assistant deputy minister, tax policy division, Ministry of Finance.

When the aviation fuel tax was introduced we did take a close look at some of the potential impacts and we are continuing to do so. As of this point, we want to keep a close eye on what any impacts may be before we decide on any actions.

Mr. Michael Harris: So you did do an assessment as to the potential impacts prior to the implementation of the fuel tax?

Mr. Sriram Subrahmanyan: We did take a look at different airlines, communities and so on.

Mr. Michael Harris: Could you provide that information to the committee; any analysis that you've, in fact, done prior to and after?

Mr. Sriram Subrahmanyan: Yes, we can.

Mr. Michael Harris: Okay. Good. So the economic impact, which would also perhaps impact traveller loss to other jurisdictions: Would that also be in the criteria, perhaps?

Hon. Charles Sousa: We did do a review of the impact immediately following as it related to competing jurisdictions and, in fact, we saw an increase in activity in our major airport.

Mr. Sriram Subrahmanyan: Yes.

Mr. Michael Harris: You'll want to provide that to us, too, then.

Hon. Charles Sousa: Absolutely.

Mr. Michael Harris: We'll make a note of that, of course.

You may or may not know but, federally, the Canada Transportation Act Review was released this past February. I'm not sure if you've seen it yet, but that review recommends that the government of Canada work with the provinces to further improve cost competitiveness by reducing or eliminating aviation fuel taxes on international travel, where these still exist, of course.

This report has begun those discussions. I guess my question is: Have you had any discussions federally with your counterparts on eliminating that aviation fuel tax?

Hon. Charles Sousa: It is something that we're looking at addressing because I believe—and maybe you can expand upon the degree of taxes imposed by the federal government in totality versus what the province actually has. It's substantially different, is it not?

Mr. Sriram Subrahmanyan: Yes. Their regime is quite different. It is true that Ontario does have a tax on international flights. We're aware of some of those concerns and we are taking a close look.

A couple of things to keep in mind—

Mr. Michael Harris: I guess just quickly, if I can interrupt—Minister, will you commit—

Hon. Charles Sousa: So I believe the federal component of the taxes that are affecting the travelling is substantially this: What is the total, all in, versus what the province charges?

Mr. Michael Harris: Well, the point is that there is a tax on international flights by our province, so will you commit to working with your federal counterparts—now that you've got a federal partner, of course—to actually reducing—

Hon. Charles Sousa: We did address the fact—I'm trying to remember now the degree of total taxes imposed by the federal government on these flights versus the province of Ontario.

Mr. Sriram Subrahmanyan: There are a lot of additional federal charges.

Hon. Charles Sousa: That's what I'm getting at.

Mr. Sriram Subrahmanyan: Let's see if I can find—

Mr. Michael Harris: So my question is: Will you work with the federal government to potentially exempt that tax on international flights in Ontario? Will you commit to working with the federal government?

Hon. Charles Sousa: We always work with the federal government, and we're trying to work with them on a number of initiatives to try to ensure that we remain competitive in Ontario on a number of fronts.

Mr. Michael Harris: Earlier this year—and you probably saw it—the president of the Thunder Bay Chamber of Commerce was clear that the taxes on aviation fuel were hurting northern Ontario's economy. Of course, we have our northern member, Vic, here as well. I'm sure he'll want to chime in, but we've got just a brief amount of time left.

She indicated that your one-penny annual increase just adds to the cost of business in areas already paying abnormally high fuel costs. Has your ministry done studies on the impact on the AFT on travel to and from our northern communities? I'm assuming that would have been included in the economic impact provincially, but specifically in northern Ontario. It would have encompassed all of our airports throughout the province, correct?

Hon. Charles Sousa: As I said, we did do an assessment of the impact on the economy, and we had some mitigation that was being proposed. We can certainly get back to you on some of those—

Mr. Michael Harris: What were some of the findings, if you could just share with us today?

Hon. Charles Sousa: Well, as I said, we actually had a pick-up in airline activity, even after it was done. Quite a substantive amount of increases occurred in the major airports. Then what we did is that we found other ways to mitigate—satellite imaging and so forth for some of the landings, to facilitate some of the rural communities.

I can get you some further back-up. I'll see what I can do for you.

The Chair (Ms. Cheri DiNovo): Mr. Harris, you've got about 20 seconds.

Mr. Michael Harris: Okay. Well, we'll look forward to seeing those reports; if we could make it noted that we'll get those reports, that would be great.

Thanks, Minister and Deputy, for your time today.

The Chair (Ms. Cheri DiNovo): Thank you, Mr. Harris. Now we move to Ms. Fife from the third party. You've got 20 minutes.

Ms. Catherine Fife: Thank you for being here today and for answering the questions.

Like the PC finance critic, I just wanted to preface some of my comments, Minister, by saying that we truly, fundamentally feel that this budget process was flawed this year. That really is confirmed, basically, every week that we ask questions in the House, because we are dealing with the fallout of a poorly thought-out process.

Interjections.

The Chair (Ms. Cheri DiNovo): Excuse me. If you're going to have a conversation, could you please take it outside? Thank you.

Ms. Catherine Fife: Just even a few examples—when we travelled around the province, we did not hear from any seniors that they were willing to have their drug costs almost doubled. We did hear from child care advocates who were asking for sustainable investments so that they could build and grow, and they made a direct comparator—an increase to the economy by investing in child care. We, of course, did not see from parents of children with autism who had been on a wait-list, some for as long as four years, that their IBI services would be denied.

Just to go back to the process, there may have been listening around the table, because I know that the members from the Liberal finance committee and PC committee and members from the NDP who joined me—we were there investing our time and our energy, and we actually made specific commitments back to those delegations, who are the citizens of this province. Then, when we learned that the budget had been sent for translation on January 27, that was a disheartening moment for members of the committee and certainly for the people that travelled extensively.

I think that there's an opportunity to learn from this budget process, Minister, and also the context around this economy that we are currently in, and how priorities of the government are set. I think that one of the recommendations, actually, from the finance committee was that each party invite an outside economist to give some context. I'm hopeful that SCOFEA adopts that recommendation. Apparently, it used to be a tradition of this place.

As a final commentary, when we do get the budget process wrong, we spend a lot of time and a lot of energy picking up the pieces. One of those pieces—and there will be a specific question for you—is the negative economic impact on the Ministry of Education for not honouring the promise of full IBI therapy to almost 3,500 children in the province, who will be transitioning to the education system without having benefited fully from a therapy that has proven to help with that transition. I will be asking a specific question around the costing of that.

I must admit that when the first announcement came out on autism, I was very complimentary of this government: $333 million is not a small sum. But I should have known better, really, when it was couched under the concept of a redesign. I urge the government to go back to the expert committee and not be so selective about what that committee advised this government—because there is still an opportunity to change that policy.

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One of the final things from my riding, though, Minister—and you'll know this very well—is that there was no call from any delegation to reduce R&D and innovation tax credits, and yet there was a reduction in this budget.

For us, as New Democrats, there's definitely a gap in the budget document and the priorities that are contained in it from what the people of this province need. With that, I'm going to move into my questions, because I have a number of questions, and then my colleague from Bramalea–Gore–Malton also has some.

Minister, according to your government, money for infrastructure investments will be funnelled through the Trillium Trust. Let's talk about this government's record on infrastructure expenditures and its treatment of the Trillium Trust, because I think infrastructure as a whole needs some context.

In the 2014 budget, on page 265, you included a table showing infrastructure expenditures that separates out the provincial, the federal and then the third-party funding contributions. But in the 2015 budget, on page 291, you need to go to a tiny footnote to figure out exactly how much provincial cash is being spent on infrastructure expenditures. And in the 2016 budget, on page 285, there is no way to determine how much provincial cash is being spent on infrastructure expenditures.

It's interesting for us that information like this is becoming harder and harder to find, especially within the language that your government uses around transparency and accountability and open. We New Democrats had to put in a request to your ministry to find out how much of the provincial dollars were being spent on infrastructure expenditures. I hope you agree that this shouldn't be difficult information to find.

The first question within this context was: Why has the breakdown been eliminated from the budget? I'd like to hear the rationale. Do you think, as the Minister of Finance, that the public has the right to know this information?

We now know that the expected provincial expenditure for 2016-17 will be nearly $13.4 billion, after nearly a month-long delay from the ministry. We were able to get that information, but it took a month to get it. Of course, we won't know exactly how much has actually been spent until public accounts come out later this year.

This is the second part: Given that the recent budget bill, specifically schedule 9 of Bill 173, amends the Financial Administration Act to declare that an expenditure can include not just cash but also liabilities—in other words, a promise to spend cash at some point in the future—can the minister confirm that the $13.4 billion in budgeted expenditures represents cash being spent in 2016-17?

Hon. Charles Sousa: I appreciate the question and the preface to the question. I do recognize the important work that this committee and the finance committee do, year in and year out. Certainly, I participated as a member of that committee. All of those submissions were tabulated and considered in the preparation of the budget.

I also recognize that the translation is an ongoing process. The budget was not completed until much later than that, but it's prudent for us to continue to work on the document to the extent that is necessary, on those things that won't change, and that's what translation was used for.

Certainly, the economic impact of the work we do is tremendous, and I recognize that the work that all of you do relative to that is also impactful.

It is why we did increase funding for health care, education and social programs, including child care and, as noted, to autism—

Ms. Catherine Fife: Minister. Minister—

Hon. Charles Sousa: —which is why we have—

Ms. Catherine Fife: I asked two specific questions of the minister.

Hon. Charles Sousa: I will.

Ms. Catherine Fife: You don't get to do the preamble, Minister; I get to do the preamble. That's the way that estimates works. Can you please answer the question about the budget breakdown and as well, under schedule 9 of Bill 173, the amendment to the Financial Administration Act?

Hon. Charles Sousa: It wasn't a direct question, so I'm trying not to answer as such, but I will get to it.

Ms. Catherine Fife: I did point them out specifically—

Hon. Charles Sousa: As a result of the work that has been done by the committee on PRRT and Don Drummond recognizing the work that is necessary to find the savings in transformation of government, we have done so, and we've done so with the input of the public who were commenting on those priorities, which have been included in this budget—as well as increasing autism and looking at providing ongoing ABA treatment as necessary.

I think you asked about the degree of impact that that would have, and the economic consequences to it, and the costs. We recognize that it is something that is tremendously important. It's why 16,000 more young people, young children, will be able to get IBI treatment more quickly without being on the waiting list.

But as it relates—

Ms. Catherine Fife: So just to clarify: You will make a commitment to us to give an economic impact on the Ministry of Education in the reduction of IBI services for the 3,500 children—

Hon. Charles Sousa: No, I'm saying that the work that is done by the committee, as well as input by others who are reporting to us, to put priorities in the budget, included funding more for autism. We have done so, and we need to continue to do that—

Ms. Catherine Fife: But $8,000 is not more than $50,000, Minister.

Hon. Charles Sousa: Say again?

Ms. Catherine Fife: The $8,000 is not more than $50,000, and six months of therapy is not more than one year—

Hon. Charles Sousa: The ongoing enhancement to the ABA program certainly is, and that is part of this, to try to ensure that those people—those young people especially—get the transition and the support they need.

I'm not the scientist, but if I'm told that IBI treatment is more impactful at a young age, then we need to make sure that people get it—

Ms. Catherine Fife: Well, I encourage you to read the expert panel's report—

The Chair (Ms. Cheri DiNovo): Excuse me. Could we speak one at a time?

I'd just remind the committee as well: You can ask whatever you want. The committee has no power to compel the minister to answer in any particular way.

Ms. Catherine Fife: Well, I thought I had received assurance that he would. That's why I clarified it.

The Chair (Ms. Cheri DiNovo): One at a time, please.

Ms. Catherine Fife: My question was: Why has the breakdown been eliminated from the budget around transparency around infrastructure spending, Minister?

Hon. Charles Sousa: As noted, we have displayed the degree of initiatives and programs and infrastructure spending that we are doing. We recognize that we have more support for those programs. We highlight some of that breakdown, as you cited, on page 285.

You're making reference to the federal government's component positions to that, while we need to ensure and get confirmation of the federal government as to what that will be. We highlighted what our expectations would be, as per budgeted forecast, and that's noted. We also note that we've had substantive investments already being made in the recent three years relative to this.

The Trillium Trust is being dedicated for the net proceeds and the gains of future assets that would be involved, including GM shares as well as real estate properties and non-productive investments that are going to be used to enhance its value and reinvest those gains after we pay off debt where required.

I think that pretty much speaks for itself.

Ms. Catherine Fife: The second part of the question, around the expenditures, around the changes to the Financial Administration Act, to declare that an expenditure can include not just cash but also liabilities—in other words, a promise to spend cash at some point in the future.

Can the minister confirm that the $13.4 billion in budgeted expenditures represents cash being spent in 2016-17?

Hon. Charles Sousa: The net proceeds of the Trillium Trust will be those net proceeds after we have to pay liabilities that are affected by those values.

If we looked at the asset of Hydro One, for example, there is value and loans and debt that we have to accommodate, and those are the liabilities that are going to be required to pay off.

Ms. Catherine Fife: So 13.4 minus the liabilities.

Hon. Charles Sousa: No, I'm talking about—that transaction is probably going to be about close to $9 billion in gain, of which $5 billion are liabilities that we are going to pay off.

Ms. Catherine Fife: Okay, minus liabilities.

Mr. Scott Thompson: I think it's important at this point, Ms. Fife, to also say that these are projected expenditures. This is what the cash is expected to be spent on—infrastructure, on this page—and the various breakdowns between the sectors.

Of course, with construction projects it's always possible that some may take longer than others. Some may be faster than others.

This is, at this point, as every budget is, a projection of what we're trying to spend this year.

Ms. Catherine Fife: Okay, but you can understand that why I'm asking this question is because Bill 173 amends the Financial Administration Act to also declare expenditures not just including cash, but also liabilities.

I think it's in our interests just to ask the question, to find out the intention of the government around infrastructure spending.

I'll give you some context. In the 2013 budget, on page 225, it shows $13 billion in total infrastructure expenditures. This is just the provincial portion. It doesn't include the federal, municipal or third-party.

In 2014, on page 265, the government budgeted nearly $12.3 billion in provincial expenditures for infrastructure. That was $700 million less than the previous year.

In the 2015 budget, on page 291, in the footnotes, we see that the government budgeted only $11.9 billion in provincial expenditures for infrastructure, a $400-million decline from the year before.

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Why did the annual provincial expenditures for infrastructure decline by $1.1 billion between 2013-14 and 2015-16? There was a full costing out of $1.1 billion in reduced expenditures on infrastructure.

Mr. Scott Thompson: I'll have to look at these numbers and get back to you on that. I think every budget reflects the fact that there are some capital assets that get third-party contributions. The footnote that you're pointing to is simply deducting the third-party investments.

I don't have the 2014 budget in front of me so I don't know whether there's an equivalent amount identified in that budget.

Ms. Catherine Fife: I have it here if you want to look at it. In 2013, it didn't include federal, municipal or third-party contributions. We're trying to get at why, in the context of always talking about infrastructure investment, that money actually isn't being spent. That's a valid question. Will you undertake to try to answer the question for this committee?

Hon. Charles Sousa: We are spending. The fact of the matter is that in some years, it may have fallen for one reason or another, but it has increased in others. The fact of the matter is that it is being done, and it is being done in a substantive way.

Ms. Catherine Fife: So will you undertake to provide an answer to this committee or not?

Hon. Charles Sousa: We'll undertake to continue doing what we're doing, which is to invest in infrastructure and to continue to provide the necessary investments to be competitive. There are a number of projects that are being invested in.

Mr. Scott Thompson: Just to point out, I think all of those budgets that you referenced are talking about a 10-year infrastructure program of $130 billion. Now we're talking about $160 billion over 12 years. Depending on the projects that are in there, it will ebb and flow a little bit from year to year.

Ms. Catherine Fife: We look to public accounts to find out actually how much money is spent; that's the most accurate document in this place. We understand that, but when the government makes a promise to spend money, I think it's important for this committee, certainly, to track that money and to find out why that money was not spent.

I'm going to move on, Madam Chair.

In the 2013 public accounts annual report, on page 16, the government budgeted $14.5 billion for infrastructure, including third-party contributions, but the government only spent $11.8 billion. In other words, the government didn't spend $2.7 billion that had been budgeted for infrastructure. That's in the 2013 public accounts.

In the 2014 public accounts annual report, on page 14, the government again budgeted $14.5 billion for infrastructure but only spent $12.8 billion. In other words, the government didn't spend $1.7 billion that had been budgeted for infrastructure in that year.

Our question to the minister and to the ministry is: Why didn't the government spend the $4.4 billion that had been budgeted for infrastructure, as shown in the two most recent public accounts reports? Because you'll note that the $4.4 billion that the government didn't spend on infrastructure is actually greater than what the government claims it will spend on infrastructure from the sell-off of Hydro One. Instead of selling off Hydro One, I guess to pay for infrastructure, why didn't the government simply spend the $4.4 billion that it had budgeted in successive budgets, as determined through the public accounts? That's a lot of money; I hope we can agree that $4.4 billion is a lot of money.

Mr. Michael Harris: We agree.

Hon. Charles Sousa: Yes, there was a substantive amount of dollars that were invested in infrastructure, well over $10 billion in a year, and that will continue to $160 billion over the next 12 years. It's revolving in every 10-year period. As the years you have just stated have now come up to 2016, all of that accumulation is still building, and the commitments to making those investments remain. It's well over $10 billion to $11 billion to $12 billion a year. That will include reinvestment of assets to the tune of about $4 billion as it relates to the one transaction you speak of, and greater amounts of infrastructure investments and some of the debt that's going to be required.

Mr. Scott Thompson: I think it relates to my earlier point about the 10-year plan and the fact that these are projections every year. The government enters into a budget year and says that it wants to spend $14.5 billion on infrastructure; that's the ambition. That's how we've scheduled out the overall $137 billion of spending over 10 years. The fact that we may have issues with some projects, that some construction may be delayed—for numerous reasons—the public accounts is actually saying, "What bills came in? What spending was made during the year for those projects?"

The Chair (Ms. Cheri DiNovo): Ms. Fife, you've got about a minute left—a minute and a bit.

Ms. Catherine Fife: Oh, really? Okay. Then I'm going to finish up.

You can understand our concern. Now we have successive years where infrastructure budgets have not been met for a variety of reasons. There's no clarity as to why that money has not been spent. At the same time, this government has tried to make the case that they have to sell off a public asset to get the money when they clearly have the money that they haven't even spent yet.

I think that this is an issue of confidence, because there's so much talk about infrastructure spending. We can see through the public accounts—as you pointed out, these are the most accurate records—that if this government has promised to spend $4.4 billion and has not spent $4.4 billion, then the argument for selling off Hydro One to fund infrastructure is completely a flawed argument.

Hon. Charles Sousa: The government continues to spend well over $10 billion a year. You can fund it by increasing your debt or you can fund it by repurposing some of your assets to reinvest more. Part of the plan—

Ms. Catherine Fife: But the government can borrow money at very low interest rates. That's a poor rationale.

Hon. Charles Sousa: —and it's being spent. The commitments that we've made are being adhered to, and we are investing. It's record investments that this government's made, beyond any other years.

The Chair (Ms. Cheri DiNovo): I'm afraid that is all the time the third party has.

We now move to the government side for 20 minutes. Ms. Kiwala.

Ms. Sophie Kiwala: Thank you very much to the minister for being with us today. My question to you today is on cap-and-trade, but I just wanted to take a couple of minutes to give you some feedback that I'm getting from my community. My community has been very supportive on the cap-and-trade initiative. They're very pleased to see us making progress.

There are a number of organizations in Kingston and the Islands that are heading up that support group. One is Switch. Switch is a network of businesses, research and educational institutions, public sector participants and community-minded volunteers. Switch in Kingston is the go-to group for sustainable energy. They have been extremely supportive, and I just wanted to pass that on.

We continue to build awareness in our community and engage on the importance of solar, wind, geothermal, bioenergy and general energy efficiency measures. In addition to that, the city of Kingston also has a mission of being the most sustainable city in Canada. We're pretty proud of our position on the sustainable energy front.

Specifically with respect to cap-and-trade, the recent budget projected $1.9 billion in proceeds that would be generated through cap-and-trade. My question to you today is: What is the government doing to ensure that these funds are invested in a fair and transparent way that will benefit Ontario?

Hon. Charles Sousa: Thank you for the question. Indeed, fighting climate change and supporting a new economy, a low-carbon economy, is critical. It's no surprise that many Ontarians throughout all communities recognize the importance of doing so, recognizing the economic benefit that can come from this as we get engaged in the low-carbon economy and lead it. Many other jurisdictions are looking to Ontario now as a result of that.

Our participation with the Western Climate Initiative, together with Quebec and California—there's quite a bit of excitement, noting that much of Ontario's reduction in emissions in recent years has been substantive. As we've invested heavily in new transmission, as we've eliminated coal from our power system, as we've invested in 20-plus new facilities, it has given us a tremendous degree of legitimacy and payoff in the long term.

It's also interesting to note that once we removed coal from our portfolio, in 2011 we had 53 smog days here in Ontario, in the GTA especially. Since then, we've had none—zero. That has been a tremendous positive benefit for our health system as well. Many with asthma and health-related issues have benefited from some of those investments.

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But we're not done with that. There's more to be done. We certainly want to further reduce our emissions overall. Our ability to concentrate on some of these initiatives will enable us to reinvest heavily. In fact, in the lead-up to our cap-and-trade program, we've already advanced $325 million in this budget to support those companies in that transition in order to prepare them for what can be had, including retrofits in people's homes. Some of the biggest contributors to our emissions to date are transportation, housing and buildings. We have to find ways to become more competitive in that respect.

We anticipate about $1.9 billion in total receipts as it trickles through the system by next year. As a result, we've made a commitment and are working toward legislation to provide a specific prescription of what those funds must be used for as we participate in the Western Climate Initiative. All of it is being dedicated to invest in ways to reduce emissions and in ways to foster that new economy. It is prescribed; it is detailed; it is outlined. A lot of input is being made by stakeholders and third-party interests who recognize the importance of having full disclosure and transparency in that regard.

I know some filibustering is happening right now in some of the committees, which is trying to delay the opportunity for us to enhance and embrace the low carbon. But it is in fact essential, and it will be one of the greatest testaments of a government, regardless of political stripe, to come together in fostering this new economy.

We recognize that if we don't take these steps, we're going to pay even more by trying to play catch-up. By taking the lead in this regard, Ontario positions itself in the national discussion, frankly, that's also being had with Alberta and British Columbia and others.

Our offsets to this are very detailed. Even though in other jurisdictions they offset their price on carbon with grants to the film industry, for example, that's not the case here. All our offsets are in regard to finding ways to reduce those emissions. It is detailed in the recent piece of legislation that is before us now, identifying where some of those proceeds must go.

Ms. Sophie Kiwala: Excellent. If you could elaborate at all—I know it's early days at this point—on anything about the ways in which communities will be able to engage with the government in terms of looking at those funds, and any initiatives that might come forward from them.

Hon. Charles Sousa: The communities are being engaged. I think part of the process is to receive input from communities across the province of Ontario. As we establish the greenhouse gas reduction account, we want those communities to help us prepare the climate change action plan that will detail how those proceeds will be used, a timetable for implementation and the estimated potential for those reductions.

We recognize that as we proceed, we want public input and, frankly, we want leadership. Oftentimes, they're the ones that are ahead of us with respect to what must be done, and many of them are demanding it.

I find that the most active and most engaged in the desire to see this implemented is the new generation. Our young people are saying, "Hey, leave us a better planet and leave us a better economy by doing these things." So their input is critical, and we will continue to reach out.

Ms. Sophie Kiwala: Excellent. Thank you.

The Chair (Ms. Cheri DiNovo): Mr. Thibeault.

Mr. Glenn Thibeault: Minister Sousa and Minister Hunter, welcome. Minister Sousa, I just want to jump back to something that my colleagues from the PC initially talked about, which was the aviation tax, and talking about northern Ontario.

I want to pick up on something that you spoke to when they were talking about northern Ontario. In your words, "We've seen growth." I've got some very tangible examples of that. In Sudbury, we've seen our ridership go from 160,000 passengers, and now Bob Johnston, the general manager of the airport, is talking about how we're up over 260,000 passengers in the last three, four years.

We've seen the arrival of Sunwing. We've seen the increase of Porter flying throughout not just Sudbury but in Thunder Bay, North Bay and Timmins. So we've seen significant growth in the aviation sector in the north. We've also seen, as Mr. Johnston is talking about, making sure that we continue to see that growth because they're part of our economic engine in helping growth in northern Ontario.

I'd like for you to maybe, if you can, talk a little bit more about this, because I know you were cut off. The federal side, the fees and the taxes coming from the federal side in aviation, have some very huge impacts on this compared to what this one tax was talking about. Can you elaborate on that maybe in a few more details?

Hon. Charles Sousa: Yes. There is a summary of the total impact of federal charges when it comes to aviation and international travel, and there is a comparison as to what has happened with Ontario's input. You've got to recall that Ontario hasn't increased the fuel tax, I believe, since 1992, and the one penny that has gone up—relative to the extraordinary amounts more that the Conservative government put in place with respect to aviation fuel, where there have been tremendous increases. We are trying to be cognizant of that and trying to ensure that we maintain a very competitive industry. We know that the competing jurisdictions and the hubs around North America are the competitors to Pearson airport, for example, and yet Pearson has grown substantively in that regard.

According to a study by the National Airlines Council of Canada on Canadian domestic and transborder flights from Toronto Pearson, Ontario's aviation fuel tax increase would add approximately $3 to $4 to the price of a ticket. We're talking about a $3 increase to the price of a ticket. Existing federal fees and charges for the same flights are over $40.

So you get a perspective as to where the real fees are coming from. The province of Ontario and the citizens of Ontario have a right to have some benefit from the activities that occur for our economic benefit to pay for that initiative. It's essential for us to recognize the importance of the tourism and the activity. Pearson has become a national attraction, a well-run airport, as are some of the others. New ones are starting to come around the region.

As you cited in the north, there are also other things that we're looking at in regard to satellite imaging to enable some of the smaller planes to land in a more effective way. The competitive factor here, while we've benefited from a lower dollar and benefited also from just the price of crude going down, is the sustainable value of the industry that's critical to us. We do, of course, require the federal government to participate in a way to complement the work we're doing to foster more competitiveness. But the aviation fuel tax that the province of Ontario has added hasn't been increased in over 20 years, to which it adds a penny or two and it adds maybe $3 to a ticket.

Mr. Glenn Thibeault: Great. Thank you. I'm just going to change channels now and maybe ask you a question on auto insurance, something that is near and dear to those of us in the north as well.

I know that our government has not yet reached the goal of reducing auto insurance rates by 15%. However, rates have been reduced by over 10%—I think it's 10.18%, to be exact on that, Minister—since our government made that rate reduction a priority. Maybe you can speak to, Minister, when we will reach that 15% and how the recent reforms in the 2015 and 2016 budget will assist in our goal on that.

Hon. Charles Sousa: Yes. As noted, rates have continued to decline just over 10%—10.2% or thereabouts—since 2013—the initiatives that the Ontario Liberal government has taken since 2003 in refining ways to stabilize rates. In 2005, we took regulations to prohibit auto insurance from using certain information in credit scoring and so forth to give more benefit for consumers.

In 2008, we completed a five-year review of the auto insurance system, noting that we needed to find ways to make Ontario drivers and consumers benefit from lower costs that were obviously astronomical in Ontario versus other jurisdictions in Canada. For example, the cost of a claim in Alberta is about $1,200, or much less than it is in Ontario—10 times less than it is in Ontario.

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In 2011, we created the Auto Insurance Anti-Fraud Task Force to address and find why the escalation of these costs was occurring.

In 2012, we strengthened FSCO's authority to deal with the unfair practices and rate filings.

In 2013, in the budget, we made a commitment to find ways to reduce overall insurance, on average, by 15% as a targeted reduction, which I assumed was something that all parties agreed to and wanted to do. But as we proceeded, going forward, to introduce bills like Bill 171 and Bill 15 that were tabled, in terms of towing, a lot of delays were made and further obstructions occurred, so we had to wait yet another year to try to put forward some of these factors that would further reduce the costs of those claims.

In August 2014, average insurance rates did drop by about 6%, with 21 companies already having taken an over 8% reduction.

There are well over 100 private companies providing insurance. A lot of them have reduced their rates by 15% already. Some of them have actually modified, depending on their balance sheet—as you can appreciate, the province of Ontario is not in the position to put any companies into bankruptcy or to harm their overall assessments, but we do encourage ways to foster reduction in the costs of those claims.

In November 2014, Bill 15 passed and then, as of December 1, health service providers were required to be licensed to continue receiving direct payments from insurers. This was one of the anti-fraud task force's recommendations.

We needed to find ways to ensure that the clinics and other health providers and so forth were adhering—and most of them did, but obviously there were some transactions, some activities, that padded the claims. We all recognize that. The degree of fraud that was occurring—we needed to find ways to curb it.

In April 2015, we introduced and passed key rate reduction measures, such as an industry-wide discount on winter tires, for example, and prohibition of rate increases for minor at-fault accidents.

I also brought in David Marshall to look at some of these initiatives. He himself has had quite a degree of success in dealing with insurance systems and finding ways to avoid some of the escalation in claims.

In February 2016, we committed to establishing a serious-fraud office, with a special focus on insurance fraud. That fraud office also has ways to provide for comment from consumers.

We proposed to amend the Insurance Act to ensure that consumers are provided with complete information about the history of used vehicles, which is important as well, so people understand their costs.

These initiatives overall—the 2015 budget, for example, included lowering the maximum interest rates charged on monthly auto insurance premiums from 3% to 1.7%, so it went down well over 2%.

We also prohibited premium increases for minor at-fault accidents that meet certain criteria, to try to expedite matters.

We required that all insurers offer a discount for winter tires and other activities, including black boxes and so forth, so that consumers can find ways to benefit from lower costs.

A dispute resolution system was brought forward, too, to try to get matters forward. We want consumers and victims to receive their benefits quickly and not to be caught in a judicial system that, frankly, doesn't give greater benefit to the consumer and the victim. That is what we were trying to achieve.

The insurance rates that we have now produced in the 2016 budget to further make reductions propose changes to the Insurance Act that, if passed, will ensure that consumers are provided with complete information about the history of vehicles, as I said.

Amendments will also allow regulations to require insurers to provide the claims and repair history information to motor vehicle dealers for disclosure, and the establishment, as I said, of the fraud office, with a special focus on insurance fraud.

While we have now reduced rates further, by over 10%, we still want to continue enabling the systems that we put in place to run through, to help further benefit consumers. It's our anticipation that that will continue.

Since 2013, notwithstanding the price of money over that period of time, we're still committing to going down 15%.

Mr. Glenn Thibeault: Great.

The Chair (Ms. Cheri DiNovo): Just a reminder: You have just over a minute—a minute and a half.

Mr. Glenn Thibeault: A minute and a half? I'll hand it over to my colleague, if he would like to—

The Chair (Ms. Cheri DiNovo): Mr. Dong.

Mr. Han Dong: I have a big question to ask. In my riding, Minister, you know that I have a few craft breweries and microbreweries that not only provide jobs to young people, but also add vibrancy to the community. I know we've done quite a bit through modernizing the LCBO to support craft breweries.

I noticed that in the estimates briefing book, on page 19, you talked about a whole bunch of things that LCBO is doing, including supplying beer to 60 grocery stores across the province. Can you give us a bit more information on exactly what we're doing with that?

Hon. Charles Sousa: Yes, with the short time available, I appreciate—

Mr. Han Dong: You can continue answering in your next round, too.

Hon. Charles Sousa: Yes. There has been a tremendous amount of work to try to make changes since Prohibition in our province to offer more convenience to consumers in grocery stores for wine, beer and cider.

Certainly, craft brewery is a very important industry for the province of Ontario. We now provide 20% more shelf space for those craft brewers and also enable those craft brewers to sell not only in their immediate production facility but in additional production facilities so that they get a greater benefit. It has created a tremendous degree of tourism, excitement in those communities. The craft brewers have a special identity within the communities that many of the grocers are now promoting as a preference as well. It's enabling quite an exciting, vibrant industry in Ontario. I'm very pleased.

The Chair (Ms. Cheri DiNovo): Thank you, Minister. Your time is up. We move to the official opposition. Mr. Harris.

Mr. Michael Harris: Minister, there were some changes in your budget with regard to the drug pricing for seniors. I guess that would be the Ontario Drug Benefit Program, right? What were the savings to the treasury by making those changes initially?

Hon. Charles Sousa: Well, what we did is we increased the threshold for the qualifications for seniors to receive the benefit—I'm going by memory—from $16,000 to $19,000 for singles and 20-some-odd thousand dollars to $30,000-plus for couples. That overall increase actually cost the treasury—I believe it was over $20 million or so?

Mr. Scott Thompson: Yes.

Hon. Charles Sousa: So, in this budget, we increased the ability for 170,000 more seniors not to pay the deductible and to lower their overall co-pay, and that would be at a cost to the treasury of about $25 million, I believe it was.

Mr. Michael Harris: Do you have the exact number?

Mr. Scott Thompson: Just the one?

Hon. Charles Sousa: Just that one component of it.

Mr. Scott Thompson: I'd have to look to be sure, but I think that one component was about 20.

Hon. Charles Sousa: Right. So the other side of the story, then, is the increases. That, as you know, has, through the work of the committee—we're looking at a more enhanced review of the overall drug program in the province of Ontario in terms of its sustainability. Obviously, Ontario would continue, even after those changes proposed, to be the most generous provider of drugs anywhere in Canada.

Mr. Michael Harris: So the health minister—it was reported that the reversal on the drug pricing that was in the budget would actually cost about $100 million. Do you agree with his statement that that's about the number?

Hon. Charles Sousa: Yes, the combination, right? What was proposed in the 2016 budget and what's now being—it's revenue that we never achieved anyway. The actual cost to the treasury is still going to be about $25 million. The opportunities that we had projected for would have been an additional $70 million, which is not happening. So the total would roughly equate to about $100 million.

Mr. Michael Harris: Tell me, what's the process—you put together a budget, you make those announcements, and then within 30 days, a reversal is made on that. Walk me through the process as to how that happened.

Hon. Charles Sousa: Well, the process of developing the budget and establishing—

Mr. Michael Harris: I'm more specifically concerned about the reversal part of it.

Hon. Charles Sousa: But that's what happens, right? When we put forward these proposals, with the input that we've received in terms of—some of this was done on Drummond's recommendations that you have asked us to implement, and we have put forward some of these changes. Of course, there was some desire to give it more time, and that's what we've established here.

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Mr. Michael Harris: So where is that money going to come from?

Hon. Charles Sousa: Well, there's prudence built into the budget—quite a substantive amount of prudence. We do that, and we have asked the Ministry of Health also to find some additional transformative changes that are being proposed to come up with the additional—the budget is almost, and will be by 2019, over $140 billion. So—

Mr. Michael Harris: So what's a hundred million more?

Hon. Charles Sousa: No, a hundred million is a lot of money. What I'm getting at is, to ensure that we measure—and we go line by line in all of these details that we propose. We find and allocate for savings and transformations, without sacrificing those services that are important, like health care and education and social programs. So those things are going to be addressed and attained, but the sustainability of these programs is just as important, and that is why we are looking at the whole drug program for all age groups.

Mr. Michael Harris: So, in the 2016 budget, you introduced $345 million in new hospital funding. That's correct, right?

Hon. Charles Sousa: Well, it's over a billion dollars, I believe, for health care increases.

Mr. Michael Harris: New hospital funding. I guess we'd also get you to confirm—there was a line on page 289 of the budget that shows that the Ontario Lottery and Gaming revenue that specifically went to hospitals will be cut by $107 million. Is that correct?

Hon. Charles Sousa: The Ontario Lottery and Gaming actually had some—there's a timing issue in respect to the revenues from OLG. I'm not sure if it indicated the increases thereover. But OLG continues—here it was, so the interim plan. The proceeds of the year over year—there are issues that have related to OLG which are not impacting our health budget.

Mr. Michael Harris: I guess where I'm going is, you've got $100 million for the reversal in the drug pricing changes from the budget, and you take out $107 million from the Ontario Lottery and Gaming revenue. Obviously, hospitals will now be impacted by the changes that the government made, transformational changes in health care, by not allowing them to charge X amount for parking. So we're really down to about a $50-million to $100-million increase for hospitals as a whole. Would you agree with that?

Hon. Charles Sousa: No. We have a percentage increase for operating, and, as I said, we have over a billion dollars going into health care. What's important is the care for the patients. We increased palliative care. We also increased work for long-term care. There's quite a bit going into health care: over a billion in this case.

Mr. Michael Harris: Now, will you be able to provide a list showing how much hospitals will actually lose to those cuts of the OLG revenue, $107 million? Can you actually send us a list or provide a list of where that—

Hon. Charles Sousa: The degree of support for hospitals is actually going up, not down.

Mr. Michael Harris: But I guess that specific $107 million for OLG—

Hon. Charles Sousa: It's not affecting hospitals.

Mr. Michael Harris: What is it affecting?

Hon. Charles Sousa: The degree of work that's being done with OLG—in our upcoming public accounts and in our economic update, we'll have greater clarity as to what the OLG line item relates to. But in the end, it's not affecting—we're increasing health care. We're increasing supports for health care. The OLG revenues that are targeted for health care amount to about 3% of its overall budget.

Mr. Michael Harris: I guess that specifically on page 289, the operation of hospitals, that's what we're really looking at here. So hopefully you can provide—will you provide a list?

Hon. Charles Sousa: Health care and hospital support is going up, and it's going up by the amounts that we've indicated.

Mr. Michael Harris: Well, you've got interim—so we would just hope that you could provide us a list of where that $107 million is going to be taken out of.

Hon. Charles Sousa: Health care funding is going up, and it's going up by the amounts that we've indicated.

Mr. Michael Harris: Now, when I asked about the $100 million for the drug reversal, why wouldn't you have looked for that—if the savings were perhaps there in the system, why wouldn't you have looked for that initially?

Hon. Charles Sousa: We identified those savings in the PRRT chapter, and then there was a form which actually specifically highlighted the degree of impact for the drug program. The savings, going forward, are something that the PRRT program continues to do.

Mr. Michael Harris: Would that decision have been based on polling done after the budget was tabled? What type of information would the government have gathered to have reversed that decision?

Hon. Charles Sousa: Finding savings in our budget and ensuring that we have greater value for taxpayer money is something that the responsibility of any government should be doing. Ontario still continues, as a result of those initiatives, on a per capita basis, to be one of the most efficient and effective governments, even by the C.D. Howe Institute's report, and also with the most integrity by way of transparency of its numbers. So we are doing what's necessary. Even during the period of time when revenues were impacted by a global economic downturn, Ontario still restructured and recalibrated its spending, found programs that were inefficient, ensured that we continued to lower overall costs and beat our deficit targets to the tune of about $30 billion to $40 billion in accumulation over that period of time, that we are not borrowing as a result.

Mr. Michael Harris: I know we've got the Minister of Health in for a significant period of time here, so we'll save, perhaps, some more questions for him.

But switching a bit to Drive Clean: Obviously, four years ago, your government was actually caught using the Drive Clean program to rake in massive multi-million-dollar profits. The AG specifically warned the government it could not claim Drive Clean was revenue-neutral while using the program to make money and it reported that the government would generate $50 million in profits by the end of the current Drive Clean contract.

I wondered if you could tell the committee today: What was the total surplus the government generated from Drive Clean, from 2011 to 2016?

Hon. Charles Sousa: You're right to say that—while it's not within this ministry's control of the Drive Clean program—it was an introduction made by the Conservative government years ago, which we eliminated since then, in this year. It is cost-neutral and it is revenue-neutral, going forward.

Mr. Michael Harris: You didn't eliminate the requirement to have a Drive Clean test; you just eliminated the fee.

Hon. Charles Sousa: Yes.

Mr. Michael Harris: But you were generating a significant surplus. It comes to your treasury, right? As a revenue-neutral program, you would agree that it's a cost recovery only. Correct? Generating revenue for a cost-recovery program is illegal, would it not be?

Hon. Charles Sousa: We have eliminated, and as you've cited, the fees are no longer there, and it is cost-neutral.

Mr. Michael Harris: Did you generate a surplus ever in a fiscal year on Drive Clean? Yes or no?

Hon. Charles Sousa: We'll have to ask environment.

Mr. Michael Harris: But you're the treasury. You collect the revenue.

Hon. Charles Sousa: But I'm telling you, it's cost-neutral and it's revenue-neutral and we have eliminated the fees, as we proceed forward.

Mr. Michael Harris: You're disagreeing with the Auditor General when they stated that you actually generated more revenue than what the program costs to operate? You remember the AG report—somebody has to remember that—talking about Drive Clean. Right? No?

The auditor told us that there would be $50 million in profits. Does the government plan, in fact, on using that money—and have they—the surplus they generated, to actually waive the fees for Drive Clean for the next two years per se? Is that what they're using the surplus money for, so they can ultimately break even on revenues?

Hon. Charles Sousa: The purpose of the program is to ensure that we provide greater safety, elimination of emissions, improve the environment and the operation of those vehicles. The fees and the success of that program have enabled greater consumer safety in that regard. The elimination of the fees was made this year going forward. The degree of impact: It's cost-neutral.

Mr. Michael Harris: I recall documents, as part of the gas plant dump, that actually showed or had recommendations from bureaucrats suggesting that increases in fees to Drive Clean would be a potential area to generate more revenue for the government. This was at the same time that the program was actually running a surplus when it should have been running at a cost-recovery profit. I mean, somebody within the ministry here should be able to tell me numbers. Did the Drive Clean program actually run a surplus in any of the years over the last five years? Can someone tell me?

Hon. Charles Sousa: Since the introduction, what we did was keep about 335,000 tonnes of smog-causing pollutants from the air. That's what the Drive Clean program has done, and it has achieved its purpose. We know it must continue to look at those vehicles, and we're eliminating the fees as a result.

Mr. Michael Harris: Because you've run a significant surplus.

Again, Deputy, I'm going to ask you because you should have an idea of the numbers here. For this specific program, was there ever a surplus run in any of the fiscal years?

Mr. Scott Thompson: Actually, I don't have those numbers, Mr. Harris, because this is not a program of this ministry. It's not in our estimates. It's not something that we would know the program details of. I don't have staff here that—

Mr. Michael Harris: But it goes to general revenue at the end of the day.

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Mr. Scott Thompson: Yes.

Mr. Michael Harris: So can you provide, perhaps, if not now, to the committee—

Hon. Charles Sousa: It covers costs every year.

Mr. Michael Harris: —at a later time the specific line item for Drive Clean or whatever it is—the program itself for the last five years?

Mr. Scott Thompson: I don't think there is a line item for Drive Clean in our documents.

Mr. Michael Harris: All right. The program costs—

Mr. Scott Thompson: So you'd have to ask the Ministry of the Environment or Treasury Board Secretariat for that information.

Mr. Michael Harris: All right. We'll move on.

In the last two budgets you've spoken about the sharing economy, that the sharing economy is part of the new economy. I read recently the changes that FSCO will be making to the insurance side of things for ride sharing. You've talked about targeted consultations. Can you tell me specifically what you've done over last year's budget pertaining to the sharing economy?

Hon. Charles Sousa: We've established the Sharing Economy Advisory Committee, recognizing the importance of the impact to the economy as a result of these ride-sharing programs, home-sharing programs and a number of other application-facilitated businesses that are coming into the fold. It's not just any specific company that we are addressing; it's any number of competitors, including traditional businesses. What we want is to ensure that we level the playing field, protect consumers and workers, ensure compliance as it relates to tax and so forth and how we embrace an economy that's upon us.

The specific answer in respect to the insurance coverage of ride sharing: For example, a redefinition of "fleet" is being proposed to FSCO, enabling them to allow companies who participate in ride sharing, including traditional providers, the ability to offer insurance. It's incumbent upon the government to ensure that we protect consumers. That's why the definition of "fleet insurance" has been revised to include those who drive to source clients in their cars.

Mr. Michael Harris: So this advisory committee—you announced that last year?

Hon. Charles Sousa: We put it forward in this budget. We talked about it in our fall economic statement, and we—

Mr. Michael Harris: Has this advisory committee met? Who's on the committee?

Hon. Charles Sousa: Why don't you go ahead and tell them?

Mr. Scott Thompson: It's a committee of ADMs across government who are looking at the broad implications of the sharing economy and supports we could provide and measures we would need to take to incent, where appropriate, but probably more importantly, protect consumers who are engaging in new lines of business and new operations.

Mr. Michael Harris: Are there any private sector folks on this advisory committee, or is this just an intergovernmental thing?

Mr. Scott Thompson: The advisory committee, at this stage, is getting—we're doing lots of consultation, both specifically with certain companies in the sharing economy and more broadly with stakeholder groups. The committee itself is an internal committee to get the various government ministries aligned and coordinated in addressing the problem.

Hon. Charles Sousa: We have done a pilot with Airbnb, as you may be aware, in terms of the activities of the providers of home sharing, individuals who participate in a program, so that they understand the coverage necessary and the compliance of reporting their revenues. The committee recognizes the jurisdictional responsibility to municipalities that are involved in the ride-sharing components of licensing and so forth.

There is a chapter in the budget that highlights the principles of the committee's work relative to the pie chart of what it is that they should adhere to, and I can give you some of that as well. It's important for us to be apprised of the impacts that this will bring to our economy.

Mr. Michael Harris: Have you set any deadlines or timelines for the advisory group to bring forward recommendations?

Hon. Charles Sousa: I can tell you what we have in the budget. I'm just trying to find this component, which I think will be of some support.

Mr. Michael Harris: Forty-six, I think was the—

Mr. Scott Thompson: If I might, I'll just add to what I said before. The committee is developing an integrated strategy to help address the sharing economy. We fully realize that consultation is necessary, but we're trying to define the scope of this work. There will be a consultation phase that you'll be hearing more about in order for us to go public with ideas on an integrated strategy.

Hon. Charles Sousa: In the spring of 2016, consultations with the industry and the communities will be addressed. As I mentioned, we have the pilot on Airbnb. There's also a recognition of the financial impact it has on our economy. About US$15 billion are engaged in the sharing economy today, and it's anticipated to go up to $335 billion by 2025.

So, yes, we're trying to ensure that we are prepared for what this means for us.

Mr. Michael Harris: Just quickly, because I've got a minute left: The Ontario Trillium Foundation announced changes late on a Friday afternoon to the Trillium granting process, specifically pulling out of capital projects and redirecting it to Ontario150. Has your ministry been involved to any extent with—I guess that would be the sport and leisure ministry with regard to the Trillium Foundation at all?

Hon. Charles Sousa: Not the Trillium Trust—the Trillium Foundation.

Mr. Michael Harris: The Trillium Foundation—are you familiar with the Ontario150 program that's been set up?

Hon. Charles Sousa: I included parts of that in the budget, but those are decisions being made between—

Mr. Michael Harris: How much is the Ontario150 fund? What is the dollar value available for—

Mr. Scott Thompson: I'd have to look that up.

Mr. Michael Harris: Could you provide that to the committee?

Hon. Charles Sousa: We'll get it for you in a moment.

Mr. Michael Harris: Okay, good. Thank you.

The Chair (Ms. Cheri DiNovo): Thank you. We now move on to the third party. Mr. Singh.

Mr. Jagmeet Singh: Thank you very much.

Good morning. How are you all? I hope you're doing well. It's good to see you. I'll put my timer on. Just a couple of questions for you—these aren't trick questions. I'm going to ask you a couple of questions that are pretty much yeses or noes.

Minister, do you agree with me that it is a law of Canada that you have to purchase auto insurance to drive a car here in Ontario? Is that true?

Hon. Charles Sousa: All members who drive cars have to have auto insurance.

Mr. Jagmeet Singh: Absolutely. It's a law. We have to purchase it. And because it's a law that we have to purchase it, do you agree that the government then has a responsibility to regulate it? Is that correct?

Hon. Charles Sousa: Enforcement of having insurance is a requirement, and people have to abide by it.

Mr. Jagmeet Singh: Right. And then the government also, in its wisdom, decided that because we're forcing people to purchase it, we should also make sure that it's regulated; is that correct? That is correct. I see that the deputy minister is nodding yes. Do you agree that that's pretty straightforward? It's not controversial. Is it a yes?

Hon. Charles Sousa: Relax, man, because what we're trying to do is—seriously.

Mr. Jagmeet Singh: We have a limited time here. If I had a lot of time, I'd take my time with you. Do you agree?

Hon. Charles Sousa: We obviously have insurance—

Mr. Jagmeet Singh: Minister, it's okay. The deputy minister can answer that; it's a yes. Right?

Hon. Charles Sousa: I'm going to answer the question, Madam Chair, if he allows me.

Mr. Jagmeet Singh: I asked the deputy minister, actually.

Deputy minister?

Mr. Scott Thompson: The minister is speaking; that's fine.

The Chair (Ms. Cheri DiNovo): We cannot compel a minister to answer your question. You can ask the question, but please don't speak over each other.

Minister, if you'll respond.

Hon. Charles Sousa: The line of questioning is around auto insurance and the ability for consumers to be protected. That's the priority of this government. When we're looking at ways to ensure that people are protected, we have been compelled to make it mandatory to have insurance. Everyone agrees, and everyone recognizes that.

Going forward, we recognize that there are some that are obviously providing—and we're not sure if insurance is being properly covered or not. That's why we're providing these measures, to ensure that everyone is protected when it comes to issues around ride sharing, for example, and the redefinition of "fleet" so that companies can get together and provide for proper coverage.

Mr. Jagmeet Singh: I hope the minister understands that this is all being recorded. I just asked a question. I'm not going to ask this question now, but I'm just saying that I just asked the question: Is it because we have a law in this land that we have to have auto insurance that it's now also the responsibility of the government to regulate this industry?

You didn't answer that question, but that's okay. I'm not asking a question right now, so you don't have to answer anything. I'm just pointing out that this is being recorded, and that was a very obvious question. You didn't answer that very basic question. It's kind of odd to me that you wouldn't answer that.

We have a regime in Ontario that it's mandatory to have auto insurance. The government regulates it and the government has the power to regulate it. The government, particularly the Ministry of Finance and FSCO, approve or disapprove any sorts of rate increases or decreases. This is all within the responsibilities of the government, of the Ministry of Finance.

Hon. Charles Sousa: I can—

Mr. Jagmeet Singh: That's not a question. I've not asked a question yet; I'm just stating some stuff.

It's interesting to note that in Canada, and particularly in Ontario—Ontario pays the highest auto insurance premiums in the entire country: 45% higher than Alberta, which is also a private insurance regime, and twice as high as the Maritime provinces. It's phenomenal. In addition to that, it's important to note that we have the lowest, if not one of the lowest, rate of fatalities in auto collisions. That's according to the average of the Conference Board of Canada. In addition, we have some of the lowest numbers of injuries from auto collisions. With these stats, it's even more stark that we're paying the highest auto insurance when we have the lowest fatality rates and when we have some of the lowest injury rates.

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In 2013, your government promised to reduce auto insurance by 15% in two years. The two-year deadline has well passed. We've passed that deadline, and let's keep something clear: The government was in power throughout this time. When there was a minority government, all the bills the government put forward passed. So when the government tries to claim that there were delays, all the government bills passed that you wanted to put forward. Despite that, the timeline for these two years has well passed and the government has only achieved 7%.

The government also claimed that this was always a stretch goal all along. To me, that indicates that the government had no intention of following through on this promise, which is also very troubling. Despite this, on the other hand, the fact that we've not seen the 15% promised, the government slashed benefits in 2010, slashing the benefits that we receive as Ontarians. Before, there was a $100,000 cap. That was reduced to $50,000. And an additional cap was created which funnelled 80% of the people who were injured to a minor injury guideline, which is a $3,500 cap. So more than 80% of people only get $3,500; before, they could claim up to $100,000. That was such a significant cost reduction that, overnight, the auto insurance industry enjoyed a $1-billion reduction for that year. That cost reduction has gone on. It's not a one-time thing; it's going to continue because that's a hard-and-fast cap.

On top of that, the government has the audacity to reduce catastrophically injured individuals who once would be able to claim $1 million for rehabilitation and $1 million for attendant care—that was slashed by half, by 50%. They no longer can claim that. These are the most vulnerable people in our province. Their benefits were slashed.

Despite all of this, the insurance industry is enjoying record profits in this province—record significant profits. It's very clear that the government has made it a priority to ensure that the insurance industry receives record profits but the people of Ontario do not see any cost reductions.

We haven't been advised of any new timeline. The government has been in power since 2013. All the bills they wanted to pass were passed. In addition, the government has been in a majority position since 2014, and we still haven't seen the 15% reduction. You can't claim that this is because of any sort of opposition delay. The government has a full majority and is fully in power to implement any changes. We see that the trend of the changes that you're implementing are all cost reductions for the insurance companies, but no similar reductions for the people of Ontario.

One issue that has come to light is return on equity. The return on equity that this government set out to look into or investigate was set at 12%. That 12% amount was reduced by a colossal 1% to 11%. This is at a time when, if you go to a bank for a GIC, you'd be lucky if you get 2% on a GIC. At the same time, this government thinks it's appropriate to set the benchmark at 11% for insurance companies.

Keep in mind that this is an industry that's only running because we have to purchase this product. It's important to note that you created the climate where this industry enjoys record profits. They have record high premiums. You're slashing benefits that the consumer receives, and the premiums are not coming down. This, to me, is a colossal indication of this government prioritizing the insurance industry's profits over the people of Ontario, whether it's their premiums or whether it's their benefits.

In addition, the government has now put forward an initiative to reduce insurance rates for those who have winter tires. However, there's no clear indication how much the reduction is mandated—

The Chair (Ms. Cheri DiNovo): Mr. Singh, you have about a minute left.

Mr. Jagmeet Singh: Thank you. There's no clear indication of what that reduction is mandated on insurance companies. There's no clear indication that insurance companies have actually followed through on that reduction, and there is no benchmark for how much that reduction must be.

One of the issues that we look at in this auto insurance file is the profit. The government created or put forward a mandate to have a KPMG study look into the profits, and the KPMG report indicated that the industry was not enjoying profits. There was an independent report done by a York University professor in 2015 that indicated that the reports were—

The Chair (Ms. Cheri DiNovo): I'm afraid, Mr. Singh, we are out of time. We'll have to stop there.

Mr. Jagmeet Singh: Sure. Thank you.

The Chair (Ms. Cheri DiNovo): We will recess until 3:45 this afternoon, at which time we'll come back again. Thank you.

The committee recessed from 1015 to 1556.

The Chair (Ms. Cheri DiNovo): Yes, we are beginning. Good afternoon, members. We will now resume consideration of vote 1201 of the 2016-17 estimates of the Ministry of Finance.

When we recessed this morning, the third party had 11 minutes left in their rotation, so I will go to them now. Mr. Singh.

Mr. Jagmeet Singh: Thank you very much. Thank you to the ministers and the deputy minister for being here.

My question is this: In the summer of 2015, the Premier mentioned that the 15% reduction in auto insurance was always a stretch goal. Is this correct, in your opinion, first off, and, if you did realize that this was a stretch goal, when did you make that assessment that it was a stretch goal—if you did at all, because those were the Premier's words, not your words? So, first, is it true, and, secondly, when did you realize that it was a stretch goal?

Hon. Charles Sousa: I acknowledge that auto insurance rates are high, as the member has advised. I also agree with the member that auto rates and costs are going down. He noted 7%. It's actually an over 10% reduction, on average. He also noted that we have catastrophic insurance, and we are the only province that makes that available to $1 million. No other province is as generous in respect to that.

Delays did occur as a result of the minority government having fallen, when they voted down the very measures that we were putting forward to further reduce auto insurance, which was delayed.

This regulated industry, which of course is regulated by FSCO—who is here today, and I can certainly have him up if he wishes to clarify that fact. But, going forward, it was always our intent, and continues to be, to have auto insurance reduced by 15% on average.

Mr. Jagmeet Singh: And in terms of the stretch goal, that's not your opinion, that it's a stretch goal? It's something that's achievable?

Hon. Charles Sousa: I believe if we had put forward the recommendations and the pieces of legislation that had been before this House—had they been done on a timely basis, we would have been able to achieve it. We will continue to do so.

Mr. Jagmeet Singh: Okay. Is there a new target now? The government has been in power with a majority government since the summer of 2014. Is there a new target date for when the 15% will be achieved?

Hon. Charles Sousa: We are ongoing. Right now, it's not about achieving a reduction at a point in time. It's establishing and initiating that reduction over time so as to provide the greater benefit to consumers, protecting them while giving them the better benefit of reduced costs. That's not a point in time; that's on an ongoing basis.

Mr. Jagmeet Singh: Just to clarify: Before, it was about a two-year time period to achieve the 15%. That was the initial promise. It's beyond the two years. But is there now a new target date to achieve at least the 15%, and then ongoing reductions will be welcomed, and that's great? Is there a date, though, to achieve that 15%, roughly?

Hon. Charles Sousa: As you rightly pointed out, because of the delays that occurred as a result of not passing through these pieces of legislation in a timely manner, the delay occurred in reducing some of the costs. Recognizing that, going forward, instituting these opportunities will provide for further reductions in costs, and it is our intent to make that sustainable over a period of time.

We recognize, too, that enabling this legislation and fostering some of the measures that were taken to correct the excessive costs will foster further reductions. And the fact of the matter is that there are many companies that have already reduced their rates by 15%.

Mr. Jagmeet Singh: Is there a timeline for achieving that 15%, or not specifically; there's no specific date in mind of achieving within a year or within two years? Is there any sort of timeline?

Hon. Charles Sousa: We intend to have a sustained period of lower rates, relative to what they were in the past, for the long term.

Mr. Jagmeet Singh: Okay. Now, in terms of some of the rate differential, I'm sure you're well aware that—in Woodbridge, Vaughan and Brampton—those areas, those neighbourhoods, pay about 40% more than the provincial average, which is already the highest in the country. Do you have any information or FSCO or ministry analysis around why that difference occurs?

Hon. Charles Sousa: Madam Chair, I'm going to bring up Alvaro, who has been handling this file, from the bureaucracy, recognizing that this is something that I've also asked.

The Chair (Ms. Cheri DiNovo): Could you just introduce yourself for Hansard before you begin to speak?

Mr. Alvaro del Castillo: Sure. My name is Alvaro del Castillo, I'm the acting assistant deputy minister of the financial services policy division at the Ministry of Finance.

Mr. Jagmeet Singh: Excellent; welcome. Maybe I could just rephrase the question. I think it's appropriate to bring in the right people who are specialists in this particular field, so thank you, Minister, for bringing up the representative.

The question is that, one, there's a rate differential within the GTA, and certain communities pay considerably more than the provincial average. I've noted Brampton, Woodbridge and Vaughan as communities that pay about 40% more than the provincial average. We know that, in general, there are regional differences. Has the ministry or FSCO conducted any analysis with respect to that regional difference and why that occurs?

Mr. Alvaro del Castillo: Insurance companies have the ability of setting different regions for their rate-setting processes. Then, according to those regions, they use the experience that they have of claims in those regions to set rates. So the rates are fundamentally driven in each region by the claim experience of that insurance company in that region.

Mr. Jagmeet Singh: So that's what the insurance companies state, I'm well aware, and thank you for saying that.

Mr. Alvaro del Castillo: But I think all insurance companies use that.

Mr. Jagmeet Singh: Absolutely, but my question is: Does FSCO analyze that data and have any sort of information around that, in terms of the claims data that's different between Brampton, Vaughan, Woodbridge and downtown Toronto, or within the GTA, any of the disparity or any of the differences? Does FSCO do an independent analysis of the data they receive? Insurance companies state that there's an increased claim cost in certain regions. Does FSCO or does the ministry do any analysis of that data, or do you have any of that data?

Mr. Alvaro del Castillo: The Financial Services Commission of Ontario is responsible for overseeing the rate structure of individual companies.

Mr. Jagmeet Singh: Right.

Mr. Alvaro del Castillo: When an insurance company files for any rate changes, they have to provide FSCO with information in terms of the rates they're using—

Mr. Jagmeet Singh: Absolutely.

Mr. Alvaro del Castillo: —and the different regions that they're using and the different rates they apply for those regions. So it's an ongoing process at FSCO. I'm sure that Brian Mills, the superintendent of the Financial Services Commission of Ontario, can give you a bit more detail on that.

Mr. Jagmeet Singh: Sure. I guess the question is, if you think Mr. Mills would answer this question: Is there region-specific data? One is that an insurance company says, in my specific example, "I'm applying for a rate increase in this particular region." To support that, does FSCO have data to say, "Yes, in this region there are higher claims costs, and those claims costs are not as a result of, for example, more accidents; they're a result of, perhaps, people who work in an industry where they might need more time off." If you were a manual labourer, you might have to take more time off versus, if you're in a professional sector, if you were injured, you might not need to take as much time off. To analyze that rate disparity, do you have some of that data to assess, on a region-by-region basis, what the cause is for that or what the reason is for that?

Mr. Alvaro del Castillo: I think you would have to ask FSCO and the superintendent whether they have that data. I suspect that they do.

Mr. Jagmeet Singh: Okay. Is someone here who would be able to answer that directly from FSCO?

Mr. Scott Thompson: Yes, Brian Mills is right—

Mr. Jagmeet Singh: Do you think it makes sense to ask him?

Mr. Scott Thompson: Yes, except I just leaned back and asked him, and he said he's not sure. We can ask and see whether any of that information exists.

Mr. Jagmeet Singh: That would be great if you could follow up with any information with respect to that.

Mr. Scott Thompson: We will see what exists and what can be provided.

Mr. Jagmeet Singh: That would be great.

So, there was an amendment put forward that allowed for a discount to—I guess this is again directed back to the minister. You can direct it, obviously, onwards to whoever you think is appropriate. There was a discount that was applied for the use of winter tires, or there was a discount that was spoken about. That discount: Was it mandated at a particular percentage point, and how was that rolled out in terms of the actual implementation of that discount?

Hon. Charles Sousa: So on January 21, 2016, as noted, insurance companies have been required to offer a discount for the use of winter tires. I know we're only into about four months of that initiative. The government made a policy decision to not set a mandatory level for the winter tire discount. Setting an exact discount would put a cap on the discount individual companies could offer and, of course, what we're trying to do is enable greater savings for consumers by having a competitive product that would then initiate competition in the system to source those clients.

It's still relatively new, in terms of a requirement. The average discount today is at about 5%, but in the future, insurance companies may compete even more for that market share by increasing their discounts even further.

Mr. Jagmeet Singh: Okay. And would it be fair to say that we're relying on our market competition, but theoretically a company could offer as little as 0.01%, according to the way the rules are set out? It doesn't require any guaranteed percentage. You mentioned that it's about an average of 5%, but theoretically, a company could offer as little as 0.01%.

Hon. Charles Sousa: It's a competitive market for everything, frankly. We're trying to foster reductions in cost, winter tires being one means by which to initiate some of those reductions. As you've said, it's about 5% now that's been anticipated, or has been made by some insurance companies.

It's a competitive product, in fact. That's why many consumers are calling around, fostering greater reductions, some even more than 15%, when they make those calls.

Mr. Jagmeet Singh: Okay. So as it stands, though, a company could offer as little as 0.01% because it's not mandated. There's no guideline that's been provided for, you know, "You should be offering at least this much. We can't tell you how much to offer in terms of a maximum, but there should be at least a couple of percentage points, 10%, 5%." Because there's no minimum mandate set, a company could offer as little as they want.

Hon. Charles Sousa: Even our reductions for the 15% are done in such a way as to encourage companies to foster those reductions based on reductions in cost. It's dependent upon individual companies. As noted, some have reduced their rates by 15%; some have reduced their rates by 5% or more as a result of winter tire inclusions.

Mr. Jagmeet Singh: Okay. Another issue—

The Chair (Ms. Cheri DiNovo): Mr. Singh, you have just over one minute.

Mr. Jagmeet Singh: One minute. Okay.

Do you think that the 11% return-on-equity profit benchmark is an appropriate benchmark? I'd contend that it should be much lower, something more like 5%, given the current market conditions. Given what other investment products can earn, the 11% is far too high and is not accurately depicting the reality of the province, nor does it allow for the appropriate rate reductions. If we set the benchmark at something more appropriate, we could encourage more of the profit that the insurance industry is enjoying to be distributed back to the consumers so the premiums are lower.

What's your response to that?

Hon. Charles Sousa: While the government doesn't guarantee a certain level of profitability for any insurance company, certainly FSCO, the independent agency of the government, uses profitability as a benchmark when it evaluates those rate changes proposed by those companies. It's only a benchmark; it's not a profit guarantee by any means. The benchmark, as you may know, was set at 12%. That has been reduced to 11% based on a report by FSCO that was commissioned from two university professors: Professor Fred Lazar and, in 2014—

The Chair (Ms. Cheri DiNovo): I'm afraid we're going to have to stop it there. Thank you, Minister. We now move to the government side for 20 minutes. Mr. Dong?

Mr. Han Dong: Thank you, Madam Chair. My question actually is for the Associate Minister of Finance.

Last week—I think it was last week—I met with the Harbord Village BIA from my riding. One of the directors owns several restaurants across the city. He came to me and specifically was asking about the ORPP and what kind of impact it will have on his business.

I know you've spent quite a bit of time doing consultations across the province. I just want to know, based on what you heard and also your knowledge of the ORPP through staff in the ministry, what kind of business impact it will have to entrepreneurs, and when can they expect to see these changes coming forward?

Hon. Mitzie Hunter: We definitely have been doing consultations on the ORPP right across the province. We conducted over 10 consultation sessions in northern communities, in rural communities and in our largest cities. We received also over 1,000 responses to our consultation paper. We've been spending a lot of time with businesses of all sizes through their organizations, like the chambers of commerce and business groups.

We've been listening to business as it relates to the introduction of the ORPP. In fact, we know that what businesses have asked us for in a very direct way is that they want certainty. They want to know when these changes will affect them and they want to have time in which to plan. They need to get their systems ready; they need to communicate to employers. In some instances, for those that have collective bargaining, they might need to engage in those types of discussions.

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We also know that there are companies that have existing plans, and they want to be able to determine whether or not those plans meet the comparability. If they have to make changes to those plans, they might have a trustee or other form of decision-making that they would have to engage in.

What we've done, in terms of that response to business and giving them that time and that certainty that they need, is, we announced this year that we will be enrolling employers in stages, and that will be starting with the largest employers first, in fact, for enrolment as well as for contribution collections.

We've given a year, first, to begin enrolment, and then another year to begin making contributions. As of January 2017, those enrolments will begin, and then on January 1, 2018, contribution collections will begin for large and medium-sized employers.

It's important, especially with the conversation you've been having with the Harbord Village BIA, that they know that small businesses actually have even more time to plan. They would not begin until January 1, 2019, so they would have that amount of time.

For companies or organizations that have an existing plan that might not have been comparable, they will have until 2020 before they need to begin making contributions, so they have time to change their plan or to make the decision to be part of the ORPP.

We feel it's very important that we give that clarity to business, that we ensure they have time to prepare their systems and that they also have time to communicate to employees, because employees need to know what the benefits are of participating in this type of plan.

ORPP contributions will be tax-deductible for businesses, so this further eases the impact for them. It's important that they know this.

As well, we want to make sure that we get this information out as broadly as possible. The ORPP Administration Corp., which is the arm's-length entity that will be responsible for the administration of the plan, will be setting up a portal that employers can begin to engage in to do the verification process. They will be doing extensive education and awareness-building later on this year, starting in 2016, before they begin to do the enrolment in 2017.

So we are ensuring that we listen to business. We want to ease the impact of the ORPP. That's why we're doing the gradual phasing, as well. Not only are we enrolling in stages, but in terms of making contributions, we're starting at just 0.8%. That will gradually increase to the maximum of 1.9%, as well. That also gives businesses time to plan for the introduction, and we're making it as gradual as possible.

Mr. Han Dong: Thank you very much.

One question that I've heard repeatedly: Many large businesses, companies or corporations in Ontario already offer their employees some sort of pension. The concern with the introduction of the ORPP is, will these large businesses be leaving Ontario because of the ORPP? During your consultation, did you see any evidence that this should be a concern to the ministry?

Hon. Mitzie Hunter: We know that we're introducing the ORPP because two thirds of Ontario workers have no pension plan. When you look at younger workers, only one in four have a workplace-based pension plan. We also know that people are living longer, and people are actually fearful that they might outlive their savings.

If people retire without adequate income, that's not good for that individual, it's not good for business, and it's actually not good for the economy as a whole.

The purpose of having a workplace-based pension plan such as the ORPP that will supplement the CPP is to ensure that people have adequacy when they retire. If they have that predictable stream of income for life, they will continue to spend into their retirement years, which is definitely good for the individual, but also for business and for Ontario's economy as a whole. The Conference Board of Canada has done a cost-benefit analysis of the ORPP and its impacts and really has found that the introduction of the ORPP, particularly in the long run, will be good for Ontario and for the economy as a whole.

We've done a lot of work as a government in the past decade to ensure that Ontario remains a competitive jurisdiction. You've heard Minister Sousa and the Premier talk quite often about Ontario being the number one destination in North America for foreign direct investment. That means that companies really see this jurisdiction as competitive and they want to locate here.

We have the lowest corporate tax rates amongst our competitors. We also have brought in the HST, which makes that simpler for businesses as well.

We have also reduced and continue to reduce the regulatory burden on businesses. We've actually, since 2008, reduced it by 17%. When we talk to businesses, in particular small businesses, they have told us that that's the biggest impact—ensuring that we reduce that regulatory burden and get those costs out of their organizations.

That's something that we're doing, so we're listening, as a whole.

As it relates to the ORPP, one of the things that businesses have to think about is the competition for talent. I know that small businesses, particularly, who may not be able to afford to set up a plan on their own, could potentially lose talent to larger organizations and companies. Having retirement security is another way to attract good talent and to retain them, because they know they have something that they're putting away for retirement and they have that confidence.

We would actually look to that confidence spreading throughout the economy and really seeing Ontario's economy being positively impacted by the ORPP. We're very committed to a strong business environment. Our focus is to ensure that we invest in the skills and talents of our people and to ensure that when they are working, they are able to put away some of that income for the time when they can no longer work.

Mr. Han Dong: Thank you. You mentioned a cost-benefit analysis. I know that, last session, our government committed to a cost-benefit analysis of the Ontario Retirement Pension Plan. Personally, I believe that having income security when you retire is really beneficial for the economy, whether you look at the community base, municipal base or provincial base. Can you share with the committee some of the findings from that cost-benefit analysis?

Hon. Mitzie Hunter: Our top priority is ensuring that after a lifetime of working, Ontarians can achieve a secure retirement. Our goal with the ORPP is to ensure that by 2020, all workers in Ontario will either be part of the ORPP or a comparable workplace-based pension plan.

In December 2015, we received the Conference Board of Canada's cost-benefit analysis of the ORPP. This was something that we had committed to in legislation. It was actually requested from our parties opposite. This analysis was very clear. If you look at all factors, it shows that Ontarians and the economy are better off with the ORPP.

The report findings reinforce earlier analysis that was done by David Dodge, who had looked at the supplemental plan and said that in the short term there might be some factors that we have to address—which we are doing by the staging and the very gradual enrolment of the ORPP—but in the long run, he definitely concludes that the ORPP would be advantageous.

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The report found that the ORPP will have a long-term positive impact on the economy, adding $39 billion in GDP. When factoring in reductions, such as the EI and WSIB premiums, which will be reduced, disposable income will be $63.3 billion higher than the base case of Ontario's economy.

It really shows, with the ORPP, people having that increased opportunity to continue to spend in their retirement. That predictable stream of income for life has a very positive effect on Ontario's economy overall.

It also looks at lower management fees associated with the ORPP. It will save middle-income individuals upwards of 43% on their investments over 40 years.

When we look at the benefits of this type of plan, which pools the investment risk and the longevity risk, it really shows that it's a very efficient way for people to save for retirement.

The ORPP will have more than four million members who will be part of the plan. Over 450,000 companies will be part of this plan. Annual contributions, when it's fully implemented, will be around $6 billion.

The ORPP Administration Corp. will be responsible for all aspects of the administration. It'll have a professionally managed board of directors. They will be responsible for the investment strategy, because we have to remember that these funds are going to be invested as well; part of the benefits that people will receive will be as a result of those investments. The strength of the pooling of the investment risk in this type of plan is advantageous as well.

It's a way for us to ensure that people have adequacy in retirement, that they have a strong retirement savings floor and that when they retire they will have income coming in.

The Chair (Ms. Cheri DiNovo): Mr. Dong?

Mr. Han Dong: How many minutes do we have left?

The Chair (Ms. Cheri DiNovo): We have about six.

Mr. Han Dong: Okay, I'll pass it on to my colleague.

The Chair (Ms. Cheri DiNovo): Ms. Kiwala?

Ms. Sophie Kiwala: Thank you, Madam Chair.

Thank you once again for being here today and answering our questions on the ORPP.

Personally, as a former business owner, I was very pleased to see the budget affirm our commitment to enhancing retirement security. One of the things that became astoundingly clear to me when I was working in the federal constituency office was how challenging it is for many people who retire and only have CPP benefits. As we know, most of those benefits are in the lower range, not in the higher range: just hovering around the $6,000 mark.

Many people I have spoken to in my constituency of Kingston and the Islands have been very concerned about their future. They know how hard it is to save for retirement. The world of work is absolutely changing, and a growing number of younger workers are not contributing to a pension plan. That access is just not there at all.

Residents in my riding are wanting to know that their grandchildren and their children will be able to retire with dignity. This was something that came up for me during the election—repeatedly, in fact. They would like to know that they can retire and have that financial security in their future.

I know that you've made a lot of progress on the development of the plan over the last many months, and I was very appreciative to have you come to my riding to deliver comments and take feedback from the consultation on the white paper.

I'm just wondering if you can highlight some of the milestones that the government has achieved on the ORPP.

Hon. Mitzie Hunter: Thank you, and thank you for hosting our first official consultation as it related to the release of our paper.

Over the past year, we've made significant progress in our commitment to building a strong and secure retirement income system for the people of Ontario. Our goal, as I've stated, is for all Ontario employees to be part of the ORPP or a comparable workplace-based pension plan by 2020.

In 2015, our government passed the Ontario Retirement Pension Plan Act, 2015 and also the Ontario Retirement Pension Plan Administration Corporation Act, 2015. This was very critical for us. In particular, the ORPP Act, 2015 was the foundation legislation for the setting up of the ORPP. Part of that conveyed certain principles, such as funds being held in trust for the members of the plan; that it would not form part of a government's consolidated revenues and that we would aim to make this an efficient and effective plan, drawing on the strengths of the very strong public plans that we have here in Ontario. Some of the world's leading public plans are right here in Ontario, and we would draw on lessons learned by and work with that particular sector.

I'm very pleased, in this work, that we've had great advice, like from David Dodge, a former governor of the Bank of Canada, and Michael Nobrega, who's the former CEO of OMERS. We have drawn on many expert advisers, whether it's in the actuarial space, in the legal space and in other space, because it is a complex undertaking to set up a plan such as this. But with the support of the sector and the great work done by the ministry, we believe that we have put forward a very solid plan.

As you know, last week we tabled the legislation for the ORPP Act (Strengthening Retirement Security for Ontarians), 2016. That enshrines the key design features of the plan in legislation and allows us to move forward with the implementation of the ORPP, should that legislation pass. This is certainly a major milestone.

We have excellent leadership that is part of the ORPP AC. The initial board of directors is being chaired by Susan Wolburgh Jenah. Murray Gold and Richard Nesbitt are also part of that initial board of directors. They all bring a unique perspective when it comes to the ORPP AC and are working very hard towards making sure that we implement the plan in the time that we have set out to do.

This is building on all that we've heard from consultations, starting out in Kingston and right across this province. You really touched on why this plan is needed. When you talk to people, even people who have plans, they are worried about their children and their grandchildren, because we know that one in four young workers have a plan—

The Chair (Ms. Cheri DiNovo): If you could wrap up, Associate Minister. There are just a few seconds left.

Hon. Mitzie Hunter: We know that when people retire, they deserve to retire in dignity. Thank you for that question.

The Chair (Ms. Cheri DiNovo): Thank you, Minister. We now move on to the official opposition. Mr. Fedeli.

Mr. Victor Fedeli: Good afternoon, everybody. Minister, last week we spent time talking about how the Hydro One money was used for pre-announced infrastructure. Today, I want to spend a little bit of time talking about the cap-and-trade revenue.

In October of 2015, the government released their discussion paper on cap-and-trade. It was the first details—the design paper, if you will—that came out. Overall, the discussion paper outlined a five-year plan aimed at reducing emissions 15% over the 1990 levels by 2020.

The strategy said that the money would be used to fund green initiatives, but businesses and environmental groups, for that matter, agree that that needed to be made clear, perhaps even legislated, to ensure the cash didn't flow into general operating revenue. At the end of the paper, they announced that the cost of the climate change strategy was unclear. That was in October 2015. When they announced that the cost wasn't clear at that time, is that accurate?

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Hon. Charles Sousa: To propose the degree of cap-and-trade receipts over this period of time to be reinvested as prescribed by the piece of legislation that has just been made is to be determined as we proceed, as to how the market will engage in those transactions. But that's our estimates as to what will be achieved.

Mr. Victor Fedeli: When they came out at the end of October, they announced that the cost was unclear at the time. They had no financial information on the cap-and-trade program at the end of October. Is that accurate?

Hon. Charles Sousa: The government has—as well as many stakeholders, as well as other jurisdictions in North America, including Quebec and California, which we've been engaged with—a determination as to what this would be, and that is how we've been assessing our proposal.

Mr. Victor Fedeli: So when the minister announced that they were unclear with any financial information, he was being inaccurate?

Hon. Charles Sousa: You'll have to ask the minister specifically what he was getting at.

What we've achieved and what we've assessed is the benefits of this process for a new low-carbon economy, the impact it would have in our relations with taking a leadership role—would have positive economic effects. We estimate, and we've budgeted, that it would be around $1.8 billion to $1.9 billion in additional revenues, and we've actually taken and prescribed all of those revenues for the reinvestment into lowering emissions as is prescribed and as is required in the funds that we put forward, and we took an advance of $325 million with the green fund to enable some of those companies to facilitate in that transition period.

Mr. Victor Fedeli: We already saw that the government is taking money from the sale of Hydro One and using it to balance the budget. We talked about that extensively last week, and of course that was outlined and revealed, first of all, in the 2015 fall economic statement and then in the 2016 budget. We know that because money from the asset sale was listed in revenue and the amount of infrastructure announced back in 2014 remained ostensibly unchanged. It seems you're at it again with the cap-and-trade file.

I'll ask you the same question that I asked you about hydro last week. Can you guarantee that not a single dollar from cap-and-trade will go to pay for already budgeted projects outside of the Green Investment Fund?

Hon. Charles Sousa: We are not relying on the repurposing of assets to balance the books. Our total budget will be close to $140 billion on an ongoing basis. The ability to come to balance is as a result of many factors that we have going forward. The transformation of those assets is to reinvest in new infrastructure projects—we made that clear—as well as to pay off debt to the tune of $5 billion, to those specific associated assets and their liabilities.

With respect to cap-and-trade, it is also very clear that the proceeds must be used to the prescribed areas to further reduce carbon emissions, and it has proven to be appropriate in other jurisdictions, and it is something that is recognized as being effective. We recognize that other jurisdictions have used carbon pricing. They've offset some of those pricings with film tax credits and other grants. We need to ensure that these funds go to reduce carbon emissions, promote the new low-carbon economy and protect a more effective environment, and that's very clear in terms of how it's laid out.

Mr. Victor Fedeli: That's a wonderful statement and very aspirational, Minister, but not very operational considering your own fall economic statement, your own budget—and quite frankly, last week in committee the Financial Accountability Officer would question that, and that doesn't seem to be what all of the evidence will bear.

When you look at page 106 of the fall economic statement, it reveals that the proceeds from the cap-and-trade system go directly into general revenue. In fact, at the time of the fall economic statement, it was $300 million in 2016 and $1.3 billion in 2017-18, so a total of—at that time, which grew in the budget—$1.6 billion of revenue changes in the 2015 budget. It's called "Preliminary projected cap-and-trade proceeds." So you've got $1.6 billion that you're now putting into revenue.

As we go back to page 99, those new revenue numbers, which include cap-and-trade as part of the revenue, are now listed here under "Revenue," which, when you take the expenses that you've forecast as well, is how you've come to balance for 2017-18.

Much like you did with the Hydro One revenue, you put it into general revenue, where you have the $130 billion of infrastructure already budgeted for, already accounted for, so ostensibly you put this money against the transit and infrastructure but take the transit and infrastructure money that was already budgeted out and use that to balance.

So I ask you, again, a relatively simple question: Will any of the cap-and-trade dollars go towards any projects that you have already announced?

Hon. Charles Sousa: Your assertions are incorrect. The actual display of revenues that were estimated in the fall economic statement, and the results that have occurred in the budget of 2016, lay out the fact that we advanced $325 million towards expenses, actually lowering our overall revenues the opposite way, as opposed to what you're suggesting. The funds are actually being—

Mr. Victor Fedeli: Well, $325 million is a long way away from $1.6 billion.

Hon. Charles Sousa: No, no. Those funds have not been realized. What has been realized is that we've expensed $325 million against cap-and-trade without any proceeds being attributed to the budget, and we still beat our targets substantively. Why? Because we've restructured and we've found savings, we've improved revenues through economic growth because of the stimulus that we've put in place, and we've controlled our expenses effectively. Without having any receipts from assets and/or cap-and-trade, we're still beating our targets, and, going forward, all those proceeds are dedicated, prescribed, to be reinvested in new projects to lower overall emissions.

Mr. Victor Fedeli: Well, that's quite different, Minister—again, very aspirational to hear, but sadly not operational. What you're suggesting is quite different than what was actually in your budget with respect to where your revenues were and how you achieved those revenues. Certainly, we know that there were plenty of one-time revenues put into your budget, including the hot Toronto real estate market, so we understand that.

We understand that you have talking points to stick to. Sadly, they don't line up with the reality of what the Financial Accountability Officer tells us on a week-by-week, month-by-month basis. We have appreciated his analysis of where the Hydro One money was going to. You remember I read that into the record actually several times last week, where he talked about the fact that "the initial 15% sale of Hydro One would significantly reduce the province's deficit in 2015-16," which it did. "In years following the sale of 60% of Hydro One, the province's budget balance would be worse than it would have been without the sale."

Last week, in the Bill 172 committee, the Financial Accountability Officer took it upon himself to show up and make a deputation at the committee to basically tell us the facts, because we're certainly not getting them in the Legislature.

As we leave the fall economic statement and see the budget four months later, the budget showed an even greater take for the government. The cap-and-trade is expected to now bring in $1.9 billion in 2017-18, $600 million more than forecast. The bottom line is that the government is playing precisely the same shell game with cap-and-trade revenues as they did with the revenue from the sale of Hydro One. They are using it to pay for already budgeted items and using those previously earmarked funds to lower the deficit.

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I want to ask you again: Will a single dollar from cap-and-trade go towards the Hamilton or Kitchener or Ottawa LRTs or the GO train upgrades or any of the previously announced programs?

Hon. Charles Sousa: Your assertions are incorrect.

Mr. Victor Fedeli: I'll share that with the Financial Accountability Officer.

Hon. Charles Sousa: The assertions that you make, I'm sorry, are incorrect.

We recognize and appreciate the work that the Financial Accountability Officer is doing in recognizing the sensitivities with respect to economic growth and recognizing the impacts of some of our proposals going forward. As we take that under advisement, we also recognize, as does he, that we have overachieved on those very matters.

In respect to your assertions, though, you have stated something that hasn't happened and that is not happening. We are not relying on our assets that we are repurposing; we are relying on them to reinvest them into new assets.

The proceeds from the cap-and-trade are fully designed and prescribed to be put for new investments to reduce overall emissions, and we've advanced that by $325 million in this budget already.

Mr. Victor Fedeli: Let's talk about that, then. I remember when the Hydro One shell game was played. I remember bringing Bill 144 to the Legislature—

The Chair (Ms. Cheri DiNovo): You should direct your questions to the minister.

Mr. Victor Fedeli: Oh, this is not like in the chamber?

The Chair (Ms. Cheri DiNovo): No, this is not like in the Legislature.

Mr. Victor Fedeli: Bill 144 had a really interesting roundabout way to get money already spent and/or allocated out of Hydro One and into reimbursing the government. That was the one line that I presented many times last week: that the government was able to be reimbursed for monies already spent.

You did the same thing here, if you'll allow me, on the cap-and-trade bill, Bill 172. Around the bottom of page 47, it runs the same playbook here. It says, under item 68—and you'll have to remember item 68, because the Financial Accountability Officer is going to spend a tremendous amount of time talking about that. Under "Authorized expenditures," section 68 states:

"(2) Amounts not exceeding the balance" can be "paid out of the Consolidated Revenue Fund for the following purposes....

"2. To fund, directly or indirectly, costs relating to initiatives described in schedule 1...."

So that's how you can use the cap-and-trade money.

A couple of pages later, we'll go to schedule 1, and now we understand that you can use the money for initiatives relating to the reduction of greenhouse gas from transportation including public transit vehicles and infrastructure. So now we know that you can use the money from the cap-and-trade—an authorized expenditure is public transit and infrastructure.

Then, you go to paragraph 3, and it says that you can "reimburse the crown for expenditures incurred by the crown" for any of those items that were described. It's the same shell game. You accept the money; you put it in the bank; you can transfer it to pay for transit or infrastructure. But that one little sentence is the same sentence that you used to facilitate the Hydro One—it is to reimburse the crown for expenditures already incurred by the crown.

How do you justify that sentence, if not, indeed, to use the money precisely as I've outlined—that you've done it again: You build one of the $130-billion, previously announced transit projects, and then you use the cap-and-trade money to reimburse the government for funds that were already budgeted for that project?

Hon. Charles Sousa: Madam Chair, I think the member fails to recognize that while we're doing these initiatives, we've stated very clearly that they are to be used to reinvest in infrastructure projects. With respect to the repurposing of assets, we've increased incrementally, accordingly, those investments. When it comes to cap-and-trade, the member just cited the fact that projects that are being proposed to reduce overall emissions, to invest in those initiatives that create a greater benefit for our environment—that's what these proceeds would be used for. Some of them will be housing; some of them will be transportation; some of them would be refits—there are a number of initiatives that are required. Again, the member just noted that we've increased incrementally our overall investment in infrastructure to $160 billion over 12 years. Year over year, those changes have, accordingly, gone up.

I'm not sure, Deputy—did you want to add something?

Mr. Scott Thompson: This has come up a couple of times now, and I'm hoping I can add some clarity to the fact that it's simply the way that government expenses and accounting work. We're talking about two different cases where we're dedicating funds. When you dedicate funds and you allocate them for a certain purpose—you mentioned different ministries, different types of projects. They're going to be undertaking that work; they're going to be spending that money. Those ministries then need to be reimbursed from the dedicated funds, and that's what this allows to happen.

Mr. Victor Fedeli: That's not quite as the Financial Accountability Officer sees it. We'll talk about that, if I have another 20 minutes today, a little later. We'll get to that.

You are sitting here, trying to tell this committee that you will not spend any of the cap-and-trade money on projects—whether it's transit vehicles, which are allowed, or infrastructure, which is allowed—that was already budgeted for or already announced. This is what your deputation here is today.

Hon. Charles Sousa: The requirement to use those funds will be fully prescribed, as is being now debated before committee, for the purposes of reducing emissions.

Mr. Victor Fedeli: Of course it'll be done like that; you're passing a bill that allows you to pay yourself back. Of course you'll be respecting all of the laws; you make them. You make them as you go along, as a matter of fact. We saw it with Hydro One, where the money, by law, was not able to be used—

The Chair (Ms. Cheri DiNovo): Mr. Fedeli, you have just under a minute.

Mr. Victor Fedeli: Thank you. Oh, I have under a minute?

Under Hydro One, where the law stated that you could not use the funds for any other purpose than paying the mortgage, if you will, on hydro, you changed the law. You snapped your fingers and used your majority. You changed the law, and that money can be taken out of Hydro One and put for other uses. We saw you do that. That was awful, by the way, to see that your majority was used to do that. Then you stifled the Financial Accountability Officer, the Auditor General and all eight officers of the Legislature from seeing any of the inside track on how you're doing these things. You did that at Hydro One, and, now, according to the Financial Accountability Officer, who I said was here last week at the Bill 172 committee, basically is saying the same thing: You're stifling him from getting his hand on information.

The Chair (Ms. Cheri DiNovo): I'm afraid you're out of time now, Mr. Fedeli.

We now move to the third party: 20 minutes for Ms. Fife.

Ms. Catherine Fife: I just wanted to finish a couple of issues that we talked about this morning.

One of them, of course, had to do with the funding of infrastructure. I had asked you, and I had gone through several budgets—I'm not going to read it all back into the record. But we have taken notice, through public accounts, that the government has not spent $4.4 billion on infrastructure that was promised in previous budgets. I asked you at the time: Instead of selling off Hydro One to pay for infrastructure, why didn't the government simply spend the $4.4 billion it had already budgeted? The minister responded by saying that, instead of borrowing more money, you saw the optimization of selling off assets. You can correct your record, if that's—that's what I heard you say.

I wanted to touch on the fact that the government does actually have very competitive borrowing rates in the province of Ontario. There's a disconnect here between the argument for selling off 60% of Hydro One for dedicated infrastructure investment when the government isn't even spending the $4.4 billion that you had already allocated. You certainly didn't have a mandate from the people of this province—85% of the people of Ontario don't want you to sell off Hydro One.

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You had mentioned this morning, Minister, that you've built prudence into the budget. Isn't it prudent to keep a revenue-generating asset for infrastructure investment, going forward?

Hon. Charles Sousa: Yes, I think that it's prudent for us to maximize the value of our assets to generate the benefit to taxpayers with respect to those assets.

One particular asset was not performing to its potential. That's why it has been reinvented, so to speak, by having a new board and new executives as well as a change in ownership to ensure greater discipline in that operation. At the same time, we're reinvesting an asset that was generating a modest amount to the taxpayer into assets that will generate over 30% to 35% more, which is, in fact, more prudent.

Ms. Catherine Fife: But the Financial Accountability Officer, in reviewing the sell-off of Hydro One—his mandate is to predict and estimate the impact of this sale on the people of this province—cited very clearly in his report that, once 60% of Hydro One is sold off, there will be "an ongoing negative impact on budget balance from forgone net income and payments-in-lieu of taxes from Hydro One." He predicted that, after 2018, each subsequent year there will be a reduction in revenue of between $300 million and $500 million.

That's the disconnect in this argument that we keep bringing to the Ministry of Finance.

Hon. Charles Sousa: It's an important comment. It's also important to note that the FAO did not comment on the mitigation of that or the offsets. The forgone revenue is an issue that we took into consideration. Offsetting that is the reduction of close to $200 million in interest on debt that is now not going to be incurred. Right now, it's over $100 million to date because of the two tranches that have been had.

Furthermore, the FAO did not take into consideration the reinvestment potential of those to offset the forgone revenue. Furthermore, he did not comment on the improved performance of this company, which is already evident today.

All of those will have a net benefit to the province, and we will continue to make the appropriate investments necessary with some of the repurposing of these assets. Many of the assets that we're talking about are non-productive: real estate, some passive shares that are owned—all of which are going to be used for, and be implemented into, the Trillium Trust. To date, we have not invested those funds because of the process of inclusion into the Trillium Trust.

Ms. Catherine Fife: Minister, Hydro One brought in almost $1 billion of revenue. That's a lot of revenue, and it's a stable source of revenue. I gave you a direct quote from the FAO where he did predict the negative impact on budget balance and forgone net income and payments-in-lieu.

There is a disconnect here between what the Financial Accountability Officer reported to the Legislature and what you tell us. It's a gamble. You're gambling with revenue.

Hon. Charles Sousa: The FAO also noted that he did a assessment of what this transaction would be. You're citing the point at which it was at the low end. We actually achieved much greater revenue than he anticipated in his report. Furthermore, he did cite the fact that he did not go to the next step, which is exactly what we're outlining in this budget.

Ms. Catherine Fife: The FAO predicted that it could net as little as $1.4 billion, going forward.

Hon. Charles Sousa: And we well overachieved that, because we've already got $3 billion in gain. I could cite—

Ms. Catherine Fife: Minister, the entire rationale that you gave to this Legislature was the $4.4 billion that you haven't spent in—

Hon. Charles Sousa: The transaction is still under way. We haven't completed the second tranche. In the end, it will be about $4 billion in net gain that will be used for the Trillium Trust; $5 billion will be used to pay down debt. I can certainly cite the activities to date as to where it stands, but it's well beyond even what the FAO had expected.

Ms. Catherine Fife: The entire rationale for the sell-off of Hydro One, for which your government had no mandate to do and that 85% of the people of this province do not want you to follow through on—it's a risky venture that you've put forward. You've rationalized this decision by saying that you're going to invest it solely in infrastructure when you're not even spending the money that you've had in the last three budgets. We're going to have to disagree on that, and I guess we'll wait for the next FAO report.

I do want to move on to another issue, though. The issue of the Trillium Trust, which my colleague has already brought up, is, I think, an issue of trust. I mean, it's not just the PC Party and the NDP who are raising issues around how the sale of assets is being funnelled through the Trillium Trust, how that money is going to be allocated, and the flexibility that the government has in that regard. So I do want to get you on the record on a number of issues.

My question to you with regard to the Trillium Trust has to do with what expenditures—so these are specific projects or programs—have already been authorized or will be authorized in fiscal 2016-17 with respect to the Trillium Trust, and what is the value of those expenditures?

Hon. Charles Sousa: I think we have it outlined in the estimates book of how much has actually already been spent with Trillium Trust. To date, we have about—if I could call someone up—$1.35 billion in proceeds into the trust as a result of the GM shares, and there have been minor costs associated with that to date.

Ms. Catherine Fife: Are we going to get a little bit more detail?

Hon. Charles Sousa: I'm not sure, but that's kind of where we're at, I think.

Mr. Scott Thompson: There's $1.3 billion already in from the GM shares, into the Trillium Trust.

Hon. Charles Sousa: And very modest costs have been incurred.

Ms. Catherine Fife: And the specific projects?

Mr. Scott Thompson: Those projects haven't been allocated yet. That's why the amount that is shown in the estimates is a placeholder at this point. But the types of projects would be transit projects. The Trillium Trust, I think, is allocated towards primarily transit projects in the GTHA. Outside, in other parts of the province, I think it can be other transportation projects. It's a subcomponent of the Moving Ontario Forward program.

Ms. Catherine Fife: And this will be easily accessed by the people of the province, so that they can see where this money directly is going?

Mr. Scott Thompson: Public accounts would—

Hon. Charles Sousa: Yes.

Ms. Catherine Fife: At the end of the year, though. What I'm trying to get to is, where is the direct allocation right now for it? I mean, you've mentioned the GTHA. Is the Eglinton Crosstown included in that? Will that be an LRT in another jurisdiction?

Hon. Charles Sousa: Well, there are quite a number of projects being proposed, as outlined in the budget already. Our commitment to the trust is for those projects that are coming forward.

Ms. Catherine Fife: Can the government guarantee that all Hydro One cash proceeds will be used to pay for new infrastructure projects and not those that have already been funded prior to receiving revenues that are recognized in the Trillium Trust?

Hon. Charles Sousa: The funding of the projects that are being proposed going forward will be a combination of—I mean, contrary to your point, we have spent $10 billion and $11 billion last year and the year before that and going forward.

Ms. Catherine Fife: But you also didn't spend $4.4 billion.

Hon. Charles Sousa: As we proceed forward, those projects will be funded through the combination of our positions of debt as well as the repurposing of the assets that we are instituting in the Trillium Trust.

Ms. Catherine Fife: So you can't—

Hon. Charles Sousa: On page 90, we state very clearly that we will draw down on the balance of the Trillium Trust in 2016-17 to support the largest investment—as we've stated—moving forward, including regional express rail, the Hurontario light rail and the Ontario Community Infrastructure Fund, which we made permanent going forward.

Ms. Catherine Fife: Can the government also guarantee that all revenues from the cap-and-trade system will be spent on new initiatives to reduce greenhouse gases and not on initiatives that have already been funded prior to receiving revenues that are recognized in the Trillium Trust?

Hon. Charles Sousa: As is being debated right now, I believe, in a committee, those funds will be outlined and prescribed as to where they may need to go in order to reduce our emissions going forward. Some of it will include new transportation that reduces emissions that qualify within the program.

Ms. Catherine Fife: But you can't go back retroactively and—

Hon. Charles Sousa: That's not what we're doing. The funds are still being proposed.

Ms. Catherine Fife: But the legislation allows for it. That's what I'm asking.

Hon. Charles Sousa: The debate will be done within committee, within that work.

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Ms. Catherine Fife: Well, I mean, I have you right here. You can set the record straight. Will the government use the cap-and-trade funding to retroactively fund projects that are already started or mid-completion?

Hon. Charles Sousa: I don't believe that that's how it's being written. Going forward, what we have is proceeds—in fact, we've already advanced $325 million towards those programs, which would then be reimbursed through the cap-and-trade proceeds, going forward.

Ms. Catherine Fife: Once again, though, we have the Financial Accountability Officer, who has said that he cannot determine whether the cap-and-trade revenue will be spent on new or existing initiatives. That is why you're here: for us to find out and get a testimonial from you. Will the minister commit to providing the Financial Accountability Officer with the information he needs to be able to say for sure? Because that did not happen with regard to the sell-off of Hydro One.

Hon. Charles Sousa: We've been very clear with Hydro One that the net proceeds will go to the Trillium Trust to fund projects, going forward. We also cited—there are two things. One, the FAO can't comment on something that hasn't been legislated and that's been proposed and is being debated now. Furthermore, we have put $325 million of new monies in advance of the proceeds of cap-and-trade, which would then be reimbursed as we go forward.

Ms. Catherine Fife: I should clarify. What I was asking was, will you provide the information that the FAO needs to be able to say for sure and to be able to report back to the people of this province? Because that did not happen when he was asking for information from the government around the Hydro One sale. There was a level of non-co-operation from the ministries.

Hon. Charles Sousa: No, we co-operated fully.

Ms. Catherine Fife: No, you didn't.

Hon. Charles Sousa: What you're citing now is something that you agreed to, as did the other party, in respect to the duties of confidentiality of cabinet, and that is something that we must abide by.

Ms. Catherine Fife: No, no. You, the government, had said—

Hon. Charles Sousa: And you agreed to doing that as well in your passage of the bill.

Ms. Catherine Fife: The government had said that they could make a business case for the sell-off of Hydro One. The Financial Accountability Officer sought out the information to validate the business case of the government, and your government cited confidentiality of cabinet in order to do that.

When we are talking about a public asset and we are talking about the revenue streams being compromised, that will compromise the funding of public education, health care and infrastructure, going forward.

Hon. Charles Sousa: The results speak for themselves. We're increasing more funding for health care, more funding for education, more funding for social programs in this budget, and we've exceeded the expectations of the FAO with the transaction of Hydro One. And we respected the duties of confidentiality, which this entire Legislative Assembly agreed to do. It's a bill that was passed with your concurrence.

Ms. Catherine Fife: So you are overachieving on all of these factors. Is that what you're saying?

I'm going to move to budget balance, Madam Chair. According to the independent Financial Accountability Officer's assessment of the 2016 budget, your government's plan continues to rely on relatively optimistic assumptions for revenue growth, combined with aggressive plans to limit the growth in program spending.

The revenue for the 2016 budget: We saw that the total revenue was $2.2 billion above the 2015 budget forecast, with 50% of that increase due to the sale of Hydro One.

The 2016 budget—this was cited on page 268—also states that the government "remains on track in its multi-year asset optimization initiative to generate $5.7 billion over time." That's a direct quote.

Can you please explicitly state on the record what assets will be sold from now until 2017-18 and how much cash they are expected to generate?

Hon. Charles Sousa: I can say that what we've identified in the budget as to the respective projects is the ones that we are looking at in terms of putting forward. That includes Seaton properties, the Lakeview property, head office of the OPG, the head office of the LCBO, and the final tranches from Hydro One. That's all that's being proposed.

Ms. Catherine Fife: A sensitivity analysis from both the 2015 and 2016 budgets shows that there is nearly a $900-million revenue change for each percentage point change in the nominal GDP growth. The 2016 budget assumes nominal GDP growth slightly above that of private sector economists, like RBC for example. What happens if nominal GDP decreases or other assumptions fall short? What's the contingency plan: more asset sales or higher taxes?

Hon. Charles Sousa: It's a good question, and I've asked chief economist Brian Lewis to come respond to that.

Mr. Scott Thompson: And while Brian is getting up here, I might also add that some of the things that you point out, Ms. Fife, are exactly why we built some prudence into the budget. Part of the prudence is in our economic forecasts on the real growth. The other prudence is through reserves of $1 billion this year, $1.1 billion next year and $1.2 billion the year after, and contingency funds of $1.2 billion this year as well.

Brian can tell you that, in fact, some of the economic returns that we've seen since the time of the budget have suggested that maybe our forecasts were a little closer than the private sector forecasters were on the nominal side.

The Chair (Ms. Cheri DiNovo): Mr. Lewis, could you introduce yourself just before you speak? Thank you.

Mr. Brian Lewis: Sure. I am Brian Lewis. I'm the chief economist and assistant deputy minister of the office of economic policy.

A few things about our positioning with respect to private sector forecasters in the budget: Our key way of benchmarking ourselves to private sector forecasters is to take the average of their forecasts of real gross domestic product and position ourselves at one tenth of a percentage point below that in each year, which is a practice we've had for many years in the Ministry of Finance through many budgets.

In this year's budget, that also put us in a position where we apply to that our forecast of something called the GDP deflator, resulting in a forecast of nominal GDP growth that it turned out was slightly ahead of private sector forecasts at the time of the budget. That happened, I think, in very broad terms because we were incorporating in our view some of the very latest information about how the economy had been performing, including our own internal estimates of how the fourth quarter of 2015 had ended. Those estimates were ultimately published last week, but we had pretty good internal estimates at that time that were really our reading of the very latest economic information.

In this case, I think we were a little bit ahead of the private sector forecasters. Actually, since we have done the budget, they have increased their forecasts to nominal GDP and are now closer to what we had in the budget. I think that was just a case where we were a little bit ahead of private sector forecasters in our view of certain aspects of the economy.

This is not unusual. In the fall economic statement, for example, we had a forecast of a nominal GDP of 2.9% growth in 2015. Private sector forecasts were at 3.4%, and at that time the Financial Accountability Officer—

The Chair (Ms. Cheri DiNovo): You have about a minute left on the clock.

Mr. Brian Lewis: Certainly.

The Financial Accountability Officer pointed out that a forecast of around 3% was better. So we recognize at times that there are advantages of being linked to private sector forecasts; it's just that at certain times I think we also have more information than they do and our forecasts are made better. We provide better planning assumptions for government budgeting if we depart from them a little bit.

Ms. Catherine Fife: Okay. Right now, your assumptions are that you feel that moving forward there won't be a need for a contingency plan?

Hon. Charles Sousa: Oh, no, no. We build in contingencies and reserves as we proceed forward. We always have, and that hasn't changed.

Ms. Catherine Fife: Okay. Thank you very much, Minister, for your—

The Chair (Ms. Cheri DiNovo): I'm afraid you're pretty much out of time at this point. We're going to move to the government side. Mr. Baker?

Mr. Yvan Baker: I'd like to return to the associate minister, if I could, and just ask a few more questions about the ORPP. One of the things that I've heard from some people is some misconception about the ORPP, how it's going to be run and how it's going to be administered. There has been some coverage out there—inaccurate coverage, in my understanding—that has talked about how the government will be administering the plan and investing funds itself.

I know that we passed the Ontario Retirement Pension Plan Administration Corporation Act last year to establish the ORPP Administration Corp., which I thought was an independent entity responsible for administering the plan and managing investments. I was wondering if you could provide us with an overview of what the act says with regard to the administration of the plan and just clarify for me and folks out there who may not fully understand this how the funds will be administered.

Hon. Mitzie Hunter: The ORPP AC is an arm's-length entity, and it will be responsible for contributions, collections, administration of the benefits, as well as the investments for the ORPP. As we made very clear in our legislation, the ORPP Act, 2015 really makes it clear that these funds will be held in trust for the benefit of plan members. Our most recent legislation that was tabled, should it pass, will really enshrine in legislation that members of the plan will be entitled to a benefit for life through the ORPP.

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The ORPP AC is really going to provide that assurance for people, that tracking of individuals, to make sure that they are able to access the funds that they've contributed to the plan while working. It's also important to know that in terms of governance, it has a very strong governance as well, with oversight from a professional board of directors, which means that, as part of our ORPPAC Act, the skill sets required to manage this type of pension plan will be on the board itself. Whether it's the technology skills or the operating skills, the business skills, the financial skills or, obviously, pension management skills, there will be a range of skill sets that will provide that necessary oversight on the full board.

To begin, we have an initial board of directors. We've appointed Susan Wolburgh Jenah—excellent skill sets she brings from the regulatory sector; we have Richard Nesbitt, who brings financial services skills as the former COO of CIBC and the current head of the Risk Institute; and we also have Murray Gold, who is a very well-known pension lawyer. Together, they are forming the initial board of directors, and they're working together to do all of the start-up requirements of this type of organization.

We also have a very strong pension community here in Ontario. We have some of the world's best-managed and leading public sector pension plans: the Ontario Teachers' Pension Plan; OMERS; and HOOPP, which is actually leading globally in its category. We have the benefit of drawing on that type of expertise in terms of the governance and the oversight. I held a round table of leading governance experts in the pension world to get their advice prior to introducing the legislation for the ORPP Administration Corporation Act, and we've benefited from that advice and continue to benefit from that advice.

It's very important to know that sustainability is one of the key features of the plan. The decisions that the board will make have to reflect sustainability. From the external actuaries, this plan is sustainable for the next 100 years. It's important that the decisions that are made will ensure that the plan is sustainable so that people will receive that retirement benefit for life, which is what we are committing to by setting up the ORPP.

Mr. Yvan Baker: Thank you for that. I know that you and I have chatted on a number of occasions about a range of aspects of the ORPP. One of the things that, I think, MPP Dong asked you earlier about was the impact on business. You spoke about that issue earlier, so I won't go back to that, but another issue that you and I have chatted about a fair bit is CPP integration.

At the same time that you're committed—and you've said this in the past—to working with the federal government and, obviously, with our other provincial counterparts towards a national solution that addresses the needs of future retirees and the challenge that you've just highlighted in terms of the retirement savings gap, one of the questions that I've gotten from my constituents in Etobicoke Centre is around how that could work. In other words, if we're going ahead with the ORPP now, how will the ORPP integrate with the CPP down the road should there be a willingness on the part of the federal government and the other provinces or sufficient other provinces to go ahead with that? Could you just talk a little bit about the steps that you're taking and your ministry is taking to ensure that CPP integration remains possible as we move forward?

Hon. Mitzie Hunter: Sure. Our government has made the ORPP one of the pillars of our economic plan because we believe that every worker deserves to have retirement security. We're moving forward with that in a prudent and responsible way.

We're very pleased that we now have a federal government in Ottawa that understands the importance of retirement security and is working with Ontario. We are working with the federal government. Earlier this year, Minister Sousa as well as the national Minister of Finance announced that we are working together on data sharing, ensuring that we don't duplicate data that exists within the CRA and ensuring that that data is shared with Ontario. Having the plan registered—it will be part of the Income Tax Act. We have to ensure that we meet all of those requirements. They're reviewing our plan design and giving us input on that, with a view to registration—and also, having detailed conversations around the administration of the plan and how we could potentially work together.

All of these indicators are very important. It's part of making sure that we manage this plan in as efficient a way as possible.

Ensuring that we meet our timelines is also very important to us. As I said earlier, we have a phased and a staged approach, targeting to begin enrolment in January 2017 and beginning contribution collections on January 1, 2018.

At the same time as we're moving forward in that prudent and responsible way with the ORPP and its implementation, we're also at the table when it comes to CPP enhancement. In fact, when Premier Wynne posted my mandate letter, one of the key parts of that was to continue to advocate for CPP enhancement. It's something that our Premier and our finance minister have been leading national conversations on for quite some time, and we will continue to do so. As those discussions happen with respect to CPP, Ontario will be participating at those tables, and we are doing so. But at the same time, we know that it takes time to have that type of negotiation across many provinces and territories. CPP enhancement changes require seven of the 10 provinces, with two thirds of the population agreeing.

While that's happening, while that discussion is under way, we are moving forward with the ORPP. We're doing it in a responsible way. We've kept integration in mind. In fact, in terms of our plan design, it mirrors the CPP very much. If you look at the year's basic earnings, for instance, it's $3,500—very consistent with that of the CPP. Many of the features of this plan have that consistency.

We've only deviated where the ITA requires it to ensure that we can register the plan or where we've made a specific decision based on our work here and talking to Ontarians in terms of the plan design. Comparability is a very good example of that.

When we looked at plans out there, we knew that there were very good DC plans making contributions that were quite significant. People relied on those plans. So we've come up with a comparability test to ensure adequacy, and that includes ensuring that for DB plans there's an accrual rate of 0.5% and for DC plans there's a contribution of at least 8%, with at least 50% of that coming from the employer.

We want to ensure that we meet our goal, which is for 2020 to have all workers in Ontario part of the ORPP or a comparable workplace-based pension plan. But we also know that we need to take leadership on this issue, that with CPP as it stands today, the benefits are not adequate. The maximum is $12,500, and the average in Ontario is around $7,000. That's simply not enough for people to provide that level of adequacy. The ORPP will be targeting a 15% pre-retirement income replacement rate. Together with the CPP at around 25%, that gives people a very strong retirement income savings floor. They will have a predictable stream of income for life. It allows people to have that assurance that when they retire, they will have income, they won't outlive that income and they will be able to rely on it.

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We are continuing to participate in CPP conversations but moving forward in parallel with the ORPP.

Mr. Yvan Baker: Great. Regularly in the House, I tell stories about my past life. I seem to have several past lives in terms of jobs that I've held and careers that I've undertaken before running for elected office. One of the things that I did for a short period of time, after I left a larger management consulting firm, was to run my own business, to be a management consultant but to do it under my own employ, if you will. The reason I raise that is because I know that there are a lot of people out there, in my constituency and across Ontario, who are self-employed and are wondering how the ORPP will impact them.

I know that the consultation paper that our government put out last year outlined the unique circumstance of self-employed folks with regard to retirement security. I know that you held a consultation exclusively with self-employed people to discuss the best ways to help them achieve retirement security. In fact—I'll come back to this in a second—you were kind enough to come to my riding of Etobicoke Centre to hold a consultation at St. Demetrius Catholic church, where you met with my constituents and local leaders, and with experts too, and stakeholders, who wanted to share with you their views on the ORPP, on design elements. They were, of course, speaking about a range of topics at the time. But again, going back to the original reason for my question, some of them spoke about and asked about the issue around how self-employed folks would be treated.

Can you just basically share: Will self-employed people participate in the ORPP? How will they be treated under the ORPP?

Hon. Mitzie Hunter: As the ITA rules stand to date, we're not able to enrol self-employed individuals, because you need to have a clear, defined relationship between the employer and the employee, and of course, self-employed is both. The CPP has its own legislation where they pay both the employer and the employee side of the contributions.

However, as we move forward and we work with the federal government, that is something that we are pursuing. We know that self-employed individuals need access to retirement security. As part of the consultation process that we undertook last year, we actually held a round table specifically with self-employed individuals. It was quite a fascinating conversation, because you had writers, you had artists, you had servers, you had musicians, you had lawyers, and it really showed the breadth of people that we have here in this province and all the creative ways in which they work.

What was clear, however, was that how they work and earn an income is very distinct and it's different. Giving them an opportunity to save for retirement is very important. Many of them are looking for more cost-effective and better options of saving for retirement.

We want to make sure that they are benefiting from the rollout and the implementation of the ORPP. But in order to do so, we would need to work with the federal government to either change the ITA rules or provide some sort of provision for the ORPP to be able to enrol the self-employed. Federally regulated employees, as well, are quite a diverse group. We would also want to ensure, for those in Ontario, that they have retirement coverage and retirement security. That's also a question that we have as we work with our federal counterparts.

I do want to just touch on, if I may, the legislation that we tabled, the Strengthening Retirement Security for Ontarians. One of the vital design features that we have included is in terms of survivor benefits and ensuring that that includes single people so that they can designate a beneficiary. That's something that's different than the CPP. We want to ensure that it's very reflective of a modern workforce. Even just in speaking with current retirees, many of them are single women. They had said to us that it's very important, as we develop the ORPP, that we take those types of considerations into mind. So that survivor benefit is there.

Also, the benefits will be inflation-protected, so it is indexed. That is also important in protecting the value of that benefit over time.

Those are some of the key design features of the legislation and how we're moving forward and the enhancements that we've made to the ORPP. At the same time, we have a federal partner that is there and that is willing to work with us. We are working with them. All of the ministry officials are in constant dialogue and discussion with the federal government to ensure that Ontario achieves its goal of providing retirement security for the people of this province.

When we look out, it's very significant and very meaningful to young people who are going to start businesses and who are the leaders of the future. It's important that we have that confidence that they will be able to save for retirement and that they will be able to rely on that income when they eventually do retire.

Mr. Yvan Baker: Chair, how much time do I have left?

The Chair (Ms. Cheri DiNovo): You've got about a minute and a half.

Mr. Yvan Baker: A minute and a half. Okay. Wonderful.

When I speak with you, I'm often reminded about how important saving for retirement is and I often go back to my online banking and think a little bit about whether I should be putting away more for my retirement. I think the answer is almost always yes.

Before I ask the last question, I just wanted to take this opportunity while I have a minute to thank—I have the opportunity to sit on Treasury Board and so we work together on Treasury Board quite a bit. I wanted to thank Minister Sousa and yourself, but also all of the staff who are here today. I know not all of them have had an opportunity to come up and speak, but I know that they worked really hard on all of the issues we've talked about today, so on behalf of our caucus, I just wanted to take a chance to thank all of you who are here today for all of your work in supporting Minister Sousa and Minister Hunter and the deputy minister. Thank you for that.

I know we probably only have about 30 seconds left. Minister, I'll just turn it back to you. Are there any other features of the ORPP or anything else that you wanted to highlight in the limited time we have left?

Hon. Mitzie Hunter: Yes, there is one aspect that I wanted to touch on as it relates to plan sustainability. One of our proposals is the office of the chief actuary, which would evaluate and assess the plan over time and make that public and report that out. I think that's also an important feature. It's important that we have that actuarial advice as it relates to the ongoing sustainability of this plan and ensuring that it is meeting its intended goals and that the valuation of the plan has that independent—

The Chair (Ms. Cheri DiNovo): I'm afraid that's it, Associate Minister. Thank you very much.

Just before we go into the next rotation, there's something that we should discuss, because we're going to lose some of our time when the vote happens—official opposition day.

Finance will finish this round tomorrow between about 4:45 and 5 o'clock. The Ministry of Transportation will then come in for about 45 minutes to an hour. So number one, I'm proposing that; and number two, that there be a bit of a buffer between the two of about 10 minutes. I just want to know how the committee feels about that. That would be tomorrow afternoon.

Mr. Todd Smith: Is the Ministry of Transportation aware of the time? Will they be here?

The Chair (Ms. Cheri DiNovo): Yes.

Mr. Todd Smith: Okay.

Mr. Han Dong: I'm just thinking—would it make more sense to just postpone it to next week for the Minister of Transportation to come?

The Chair (Ms. Cheri DiNovo): There is 45 minutes to an hour still left in the day. It's up to the committee.

Mr. Todd Smith: We won't lose that time.

The Chair (Ms. Cheri DiNovo): It's up to the committee. It has to be unanimous, whatever we decide. We won't lose that time. It's true. What would you like to do, is the question.

Mr. Yvan Baker: I support MPP Dong's suggestion, just in the spirit of keeping the discussion flowing. You won't lose the time, so it won't impact the overall time. But it's easier to schedule and it also allows the discussion to be one that's flowing and builds on the topics that have been discussed because there's a continuous conversation, instead of having it broken up for the course of the weekend.

1730

Mr. Todd Smith: How much time will we have left with the Minister of Finance?

The Chair (Ms. Cheri DiNovo): About an hour and 15 minutes more, and you're chewing up some of it.

Mr. Todd Smith: We're good with it.

The Chair (Ms. Cheri DiNovo): Okay. So May 3 will be the next day. We'll start with the Ministry of Transportation. We will end tomorrow—

Interjections.

The Chair (Ms. Cheri DiNovo): I'm trying to help them out here. We'll end tomorrow between 4:45 and 5 o'clock with the Ministry of Finance and start with the Ministry of Transportation on May 3. Agreed?

Mr. Todd Smith: Agreed.

The Chair (Ms. Cheri DiNovo): Wonderful. Now to the official opposition, Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much, Chair. I want to pick up where we left off, talking about cap-and-trade. According to the Financial Accountability Officer, according to the fall economic statement, according to the 2016 budget and actually according to Bill 172 on cap-and-trade, you're able to continue the same shell game that you played with Hydro One by taking funds that will be announced for various transit and infrastructure programs, ostensibly put those funds into those programs, but then be able to take out the money that was already budgeted in those programs and use that money to balance your budget and artificially eliminate your deficits.

In Bill 172 where it talks about the initiatives that can be used to be paid for, it talks about public transit vehicles and infrastructure that reduces greenhouse gas emissions. I'll ask you again: Is any of the cap-and-trade money going to be used to pay for the $130 billion of infrastructure that was announced in the 2014 and 2105 budgets?

Hon. Charles Sousa: The proceeds that are being projected through our budget of 2016 have indicated $1.9 billion in proceeds from cap-and-trade to be dedicated and prescribed for the purposes of investments that will reduce emissions. The incremental increases in new infrastructure have increased relative to possible projects that will reduce emissions.

Mr. Victor Fedeli: It says "transit vehicles." Are transit vehicles items that are allowed?

Hon. Charles Sousa: There are a number of issues that are prescribed that will reduce overall emissions: non-emitting vehicles, things that will reduce carbon emissions, as well as retrofit programs, as well as work being done in housing and other matters, new manufacturing and production facilities—a number of things that are being proposed there.

Mr. Victor Fedeli: Public transit vehicles?

Hon. Charles Sousa: There are a number of proposals and infrastructure programs that would be involved and included in those—

Mr. Victor Fedeli: Would public transit vehicles be one of them?

Hon. Charles Sousa: Whatever is prescribed is what is going to be.

Mr. Victor Fedeli: Highways?

Hon. Charles Sousa: Whatever is prescribed in reducing emissions is what is being proposed with respect to the use of cap-and-trade proceeds.

Mr. Victor Fedeli: When the Minister of the Environment and Climate Change says that we have $1.9 billion to spend on stuff that's going back to Ontarians, into their cars, their homes and their businesses, what do you think he's referring to?

Hon. Charles Sousa: I think reference is being made, as is being made by other jurisdictions like California and Quebec and work that's being proposed now in discussions with other provinces across Canada relative to this issue, to: What are we going to do to provide for a low-carbon economy where production facilities, manufacturing and a number of competitors can find ways to reduce their emission allocations? That is what's being initiated by some of the work being done by cap-and-trade.

Mr. Victor Fedeli: It's interesting—I call it a voice from the past—that other people are starting to figure out what we've already figured out and what the Financial Accountability Officer figured out. Former finance minister Greg Sorbara took you and your fellow colleagues to task when he said, "Although the minister said there are no tax increases"—he's referring to you—"the fact is that there's a $1.9-billion increase—I call it a flow-through tax—that will ultimately affect consumers.... It's interesting to raise money and say, at the same time, you're not raising taxes." Do you agree or disagree with his take on it?

Hon. Charles Sousa: Again, we're talking about a program that's providing for an auction, enabling companies to be more competitive by getting benefit for some of their initiatives to reduce emissions. A breakdown of those supports is actually identified in advance of cap-and-trade. That $325 million that we're proposing for businesses in respect to energy-efficient emission reduction supports, for energy-efficient investments for small business, for technology innovation initiatives, for large industrial emitters—those are the business initiatives.

On the residential side, social housing and electricity efficiency programs, social housing retrofit programs, and audits and energy efficiency retrofits for single-family homes are part of those proceeds. As well, we're doing things with regard to vehicles, as cited, in regard to electrical vehicles and public charging infrastructure that will be built around the province—

Mr. Victor Fedeli: So you do know the list.

Hon. Charles Sousa: —and we are supporting First Nations for climate change adaptation, mitigation of activities in their communities, and renewable power and energy storage facilities to reduce costs and at the same time reduce emissions, especially around diesel. So these are some of the issues that are in advance of cap-and-trade.

Mr. Victor Fedeli: Are any on that list from projects that are included in the $130 billion in the 2014 and 2015 budgets that were already announced?

Hon. Charles Sousa: These are funds that are in addition to what is being proposed in the past, recognizing that these are new projects. That's why we're advancing the $325 million: to enable those very businesses to adapt to the coming—

Mr. Victor Fedeli: Boy, that $325 million is going to go a long way, by the sounds of all the things you've talked about.

Hon. Charles Sousa: It's on page 30. The summation of what we identified equals $325 million into the respective programs identified.

Mr. Victor Fedeli: Former minister Sorbara also went on to say, "I have to be a little bit skeptical about" what it's going to bring, a whole "lot of new money into the government." When you take that and you hear from the Financial Accountability Officer and you see the revenue that you've booked in the fall economic statement and then the revenue that grew as you booked the revenue into the 2016 budget—let's just talk briefly about the Financial Accountability Officer.

As I have mentioned to you, he appeared here, in the Bill 172 committee hearings, on his own; he wasn't asked to come. He appeared as a deputant at the cap-and-trade hearings. He stated that the revenue brought in through cap-and-trade will end up influencing the government's deficit and surplus figures. The cap-and-trade proceeds will end up in general revenue, the same as taxes and federal transfers, and, of course, as we've discovered, the Hydro One revenue.

We know that he is on to you. He has figured this out. He jumps right into the same chapter that I talked about earlier and talked about last week, the week before, the week before that and the week before that, when we first discovered it. He jumps right into section 68, and he says that section 68 "may hinder my ability to provide you and your fellow members with information on the fiscal impacts of the act." Do you know why he feels hindered, Minister?

Hon. Charles Sousa: Mr. Fedeli, you, as well as your colleagues, as well as the NDP, facilitated our introduction of the bill to support the introduction of a Financial Accountability Officer, with limitations when it comes to cabinet confidentiality agreements. You voted in support of that.

Mr. Victor Fedeli: Why do you think he feels hamstrung by your ministry and other ministries?

1740

Hon. Charles Sousa: Mr. Fedeli, we have a duty and a responsibility to abide by the very issues that you have prescribed to us, and that is a duty to confidentiality by cabinet in issues that are market-sensitive. The FAO has still made his submissions; we still co-operate to the full extent that we can. He's cited sensitivity. You've just identified some of them, and even still, we've taken the steps necessary to take his recommendations under advisement and follow through, and it has achieved greater benefits for the province.

Mr. Victor Fedeli: This sounds hauntingly familiar. I sat in this chair or this chair—one of these three chairs—back in 2012, again for a year in 2013, and listened to the energy minister not answer our questions. And of course, we know where that ended up.

Hon. Charles Sousa: I take offence, Madam Chair—

Mr. Victor Fedeli: Excuse me—

Hon. Charles Sousa: —at what he's suggesting.

Mr. Victor Fedeli: No, no, no—

Hon. Charles Sousa: I am saying that you voted in favour of the very issues—

Mr. Victor Fedeli: Well, I'm telling you—

The Chair (Ms. Cheri DiNovo): Excuse me, gentlemen. One at a time, please.

Mr. Victor Fedeli: Thank you, Chair. I'm telling you that the minister who is no longer here told the estimates committee, this committee, the same thing that you're telling us: "We're protected by confidentiality. We can't tell you. We won't tell you. You shouldn't be able to know this." This is the same story that we heard back then, and we saw how far that got the government. It caused a Premier to resign and it caused many ministers to leave here with their tail between their legs. And we eventually did get all of the information. So—

Interjection.

Mr. Victor Fedeli: I'm sorry?

Mr. Han Dong: Sorry, I wasn't talking to—

The Chair (Ms. Cheri DiNovo): Continue.

Mr. Victor Fedeli: Thank you, I appreciate your permission to continue.

We eventually got all of the information—

Interjection.

Mr. Victor Fedeli: I'm sorry?

The Chair (Ms. Cheri DiNovo): There's no crosstalk here. Mr. Fedeli, they're using up your time, so if you respond to them, you're using up your own time. If you could direct your questions to the minister. Thank you.

Mr. Victor Fedeli: One of those things we did get out of that committee when the minister wouldn't answer our questions, and we were able to then make a submission to the government and get many, many, many documents—almost 300,000, which we're still reading almost every day. I'll read one to you, because it was quite interesting and related to this.

This, of course, was a document that nobody in the public was ever supposed to see. It's called "Confidential Advice to Cabinet" of things they don't recommend. This is the Liberal government's own document. They called it a carbon tax. They recommended not doing it because of the loss of 5,000 jobs. They say that the long-term behavioural impact will be the relocation of business to lower-cost jurisdictions. I just wanted to bring that up as a point, Minister, where one thing that the minister said ended up resulting in information that we ended up receiving.

On that note, do you have any updated figures as to the job losses that will come?

Hon. Charles Sousa: Madam Chair, a couple of assertions have been made. The member has cited a couple of things that frankly are bizarre. When we put forward the legal considerations for the Financial Accountability Officer, they were done in consultation with the member himself, as well as others, to abide by and to provide for accordance with the Financial Accountability Officer Act of 2013 in the ways in which economic and other information that's necessary for his performance would be mandated. The exceptions, of course, would be to respect cabinet records, personal information and personal health information.

It further states in section 12(2) of the FAO Act that it prohibits—I am prohibited as a minister and as a public entity—disclosing to the FAO any record that would reveal the substance of the deliberations of the executive council or its committees, as described in subsection 12(1) of the Freedom of Information and Protection of Privacy Act, FIPPA.

The member himself has put forward the pieces that we have to abide by. To suggest that we're not co-operating with the FAO is not true, because we have taken the steps that we can to fulfil and enable him. In fact, we've encouraged the engagement of the FAO to provide even further support.

I wish to say this as well: The member is suggesting that the integrity and the accountability of the reports that we put forward are in question. We again have had study after study—for the fourth year in a row, the C.D. Howe Institute has recognized Ontario as one of the leading jurisdictions in Canada. When it comes to fiscal accountability, it receives an overall A- for its full transparency, presentation and explanation of financial results. The province ranks among the best in forecasting spending, reflecting low bias and high accuracy in expense projections. For revenue, Ontario has the lowest forecasted bias of all jurisdictions.

The facts are that we've taken great steps to provide for greater transparency and deliberations over these initiatives.

I've stated over and over again that the prescription of the funds that are received from cap-and-trade—as is for the repurposing of assets—is to reinvest into the very things that we can do, as prescribed by cap-and-trade. It's all about lowering emissions and programs that enable a low-carbon economy, and to lead in those initiatives. That's where it's at.

Mr. Victor Fedeli: I appreciate that. Unfortunately, I never got an answer to my question. But I'm surprised that you brought up ratings. When you have Moody's, Fitch and S&P that have all downgraded you, I'm quite surprised that you bring up ratings.

Let me go back to the point where you're talking—again, very aspirational talk, but not very operational, considering. Here are the words, and I'll quote our Financial Accountability Officer last week. He's expressing the same concerns that he had with the sale of Hydro One, with respect to the government limiting his access to the necessary data. In his presentation, he sat on that chair and said, "I am becoming increasingly concerned that ministries are claiming that too wide a range of government information falls under the cabinet records exception."

He feels hamstrung. He's trying to do his job and tell the Legislature the real facts about the state of the province's finances, and he feels hamstrung.

He told us about section 68, the one that I outlined earlier, the one that allows you to reimburse the crown for expenditures for purposes such as public transit vehicles and infrastructure. He's very concerned about section 68. He said that "there could be a case where even if revenues do match expenses, there could be an impact on the surplus or deficit of the province." He warns, "This would occur if some of the expenses were not on new initiatives but were tied to previously planned expenses."

The Financial Accountability Officer of Ontario has the same fears about that clause in section 68 which allows you to reimburse yourself for money you've already spent. That is his biggest concern. You've got a Financial Accountability Officer, through his most recent report, here in the Bill 172 committee, confirming the same take that we have illustrated about what's happening with cap-and-trade revenue: You're going to use it to reimburse yourself for monies already budgeted and use that money to artificially balance the budget.

Do you have a cost-benefit analysis prepared that you can share with this committee on the cap-and-trade?

Hon. Charles Sousa: On page 22 of the budget, we made reference to the assertions that you've made. Some of the myths that you've established are actually cited. The fact is that the economies in those jurisdictions that have instituted cap-and-trade have actually had a pick-up, in North America, in those respective jurisdictions that have implemented them, so they have increased. We've taken a leadership role in advancing the low-carbon economy and addressing those. It has had a greater advantage to those jurisdictions.

In respect to cap-and-trade and the issue in respect to the balance of the government's budget: It has been entirely by way of our premise to grow the economy, transform and modernize government and manage our costs. That's what addresses the balance and takes into consideration the underground economy and maintaining tax fairness.

We have a $140-billion budget in the coming year. That initiative that we're doing is in respect to controlling our costs.

Mr. Victor Fedeli: Does that mean you will provide us—

Hon. Charles Sousa: Cap-and-trade proceeds are being aligned to new projects that have emissions reductions implemented in those.

Mr. Victor Fedeli: Will you provide us the cost-benefit analysis, then, of the cap-and-trade plan?

Hon. Charles Sousa: We have stated and we have outlined some of that already in our budget.

The Chair (Ms. Cheri DiNovo): You have less than a minute to wrap up.

Hon. Charles Sousa: We have identified the fact that other projects in other communities have had greater benefit as a result of instituting cap-and-trade.

Mr. Victor Fedeli: When we asked your associate minister for a cost-benefit analysis of the ORPP, you said it was the right thing to do, and you provided that very cost-benefit analysis. Does one exist for cap-and-trade or is it on the fly? Does a cost-benefit analysis exist for cap-and-trade, and will you provide it to us?

Hon. Charles Sousa: In the budget and in our work that's being debated right now, we've identified the effects of the cap-and-trade and identified where those proceeds will be going; we've identified how cap-and-trade works, we have identified the use of cap-and-trade proceeds we've made, and we've identified the pickup in our economic growth as a result of some of these initiatives.

The Chair (Ms. Cheri DiNovo): Thank you, Minister. I'm afraid we are out of time.

We now move to the third party. Ms. Fife?

Ms. Catherine Fife: I'm cognizant of the fact that we'll probably get called to a vote very quickly, but I do want to follow up on an issue that I raised this morning. I was asking about the redesign in the autism strategy, and I had asked if the Ministry of Finance had done some analysis around the negative impact that this change will have on the education file.

I would point to, of course, the Standing Committee on Finance and Economic Affairs, because there was a specific ask for greater support for the education delivery of special-needs students, particularly students with autism. This is contained within the report. Of course, this is the report that we received three weeks after the budget was already tabled and time-allocated.

At one point I thought I heard the deputy minister say that he could give us some analysis of the impact of students transitioning to education because, actually, a majority of children who are affected right now by the redesign in the autism strategy are receiving IBI—

Interruption.

Ms. Catherine Fife:—when their age is five and over.

The Chair (Ms. Cheri DiNovo): I'm afraid that sound means we are going to adjourn for the day. We will see each other again tomorrow at 3:45.

The committee adjourned at 1751.

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