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Jeudi 4 avril 2002

**Standing committee on
finance and economic affairs**

Pre-budget consultations

**Comité permanent des finances
et des affaires économiques**

Consultations prébudgétaires

Chair: Marcel Beaubien
Clerk: Susan Sourial

Président : Marcel Beaubien
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

**COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES**

Thursday 4 April 2002

Jeudi 4 avril 2002

The committee met at 1004 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Marcel Beaubien): Good morning, everyone. It's after 10, and I'd like to bring the standing committee on finance and economic affairs to order. We're here to discuss the pre-budget draft report submitted by the research officers.

Before we get to the report itself, I would like to inform members that if you have any expenses that have not been submitted, they should probably be submitted today because of the year-end that we're dealing with. So make sure all your expenses are in. It would be appreciated.

Mr Gerry Phillips (Scarborough-Agincourt): Just committee expenses?

The Chair: Yes, committee expenses.

As I pointed out, we're here to discuss report writing. You've had a copy of the pre-budget draft report in front of you since April 2, I think. I would probably leave it up to the committee as to which way you want to proceed with it. With that, those are the only comments I have to make. I don't know who wants to take the first shot at it this morning.

Mr Joseph Spina (Brampton Centre): I just wanted to compliment the staff, both Ms Campbell and Mr Johnston, for the hard work they did in drafting this thing. I thought it was pretty good. I just wanted to make a general comment about the good work that the legislative staff did in researching this and pulling it all together. I appreciate it.

Mr Monte Kwinter (York Centre): I just wanted to comment that I've read through the report and I think it's a fair portrayal of what we heard at the hearings. I just wanted to put that on the record.

The Chair: Now, with regard to the report writing, I don't know how the committee wants to proceed with it because I'm sure there will be some recommendations from the different caucuses. I'm open to whichever way you want to deal with it. Mr Christopherson?

Mr David Christopherson (Hamilton West): I'll defer to Gerry. He was first.

Mr Phillips: I always hate to say what we've done in the past, but I think what we have done in the past is that we have discussed the report, the summary of what we heard and what not, and then each of the caucuses has prepared and presented their recommendations and we've

discussed the recommendations and voted on them. I would think that may very well be what we should do again today.

The Chair: As I said, I'm quite flexible as to whichever way you want to proceed with it. Mr Christopherson?

Mr Christopherson: Given the adversarial nature of what we do here, I've always found it interesting that in the past what we've tried to do was find as much of a reflection of what we heard that we could all agree on as possible, reflecting very much what Gerry said. That gives us something positive coming out of here, rather than just three separate camps saying three different things. I've always found that exercise interesting and useful, given that in any subsequent debate you've at least got a body of fact that reflects what we heard that we all agree on and then you can begin your discussion from there. In my opinion, any discussion of the budget from that point forward, if we've got anything we agree on at all, even if it's just the title and the date, gives us something better, if you will, for lack of another word, to begin discussions on the areas where we disagree.

The Chair: We can take it, if you so desire, as presented. We can maybe have a discussion on the "Introduction" section—hopefully there won't be too much discussion on the introduction—and then take "Economic Outlook" and have some discussion on this and see if we can get some common ground. I think you're right. I think in previous years that's the way we've done it, with dissenting opinions, and then each party submitted its own recommendations. If we want to proceed in that manner, that's fine. I'm just looking for direction here.

I'm sorry, but I did have some very serious personal matters to attend to during the past two weeks, so I'm not up to snuff with the report. I just had a chance to look at it quickly last night.

Mr Christopherson: I appreciate that, Chair. The only alternative, then, is that we spend a little time spinning our wheels here today debating a few things, and then ultimately we and the Liberals vote against it, the government votes in favour, and away we go. We haven't really accomplished too much.

So if we can do that, I think in the past I've found that about as positive an exercise as we can make this and still maintain our different philosophies.

The Chair: So how about if I start with the introduction? I'm sure everyone has had a chance to read the

introduction. Can we get some consensus on the introduction, that we're somewhat agreeable to it?

Mr Phillips: It's fine with me. I've read through the report, and in total I thought it was a fairly comprehensive summary of what we heard.

The Chair: Is everybody comfortable with the introduction as presented by the researchers?

Mr John O'Toole (Durham): Yes.

The Chair: If so, we'll go to the section entitled "The Economy" and to "Economic Outlook," and we can have a discussion on that section of the report.

Mr Spina: I know this is a reflection of what we heard during the committee hearings in February, but since then obviously there have been some changes in terms of the economic outlook and I'm not sure whether we're in a position to entertain or look at any of that information as inclusive of this. The comments made were very legitimate. The opening words under "Economic Outlook" state, "Cautious optimism characterized predictions for the coming year and beyond," which was very much the case, I think, at the time.

Since then, we've seen some more updated information in terms of December and the first calendar quarter of this year. I don't know whether we are in a position to take that into consideration or whether we should just leave it as it stood at the time we had the hearings.

1010

The Chair: In my understanding of the recommendation, it's the committee that has to make a recommendation to the Minister of Finance and the ministry with regard to what they have heard. If the committee wants to incorporate some late information that might be available, I guess it's up to the committee to decide whether they want to incorporate that. That would have to be a committee decision that is made.

Mr Christopherson: I agree with what Joe is trying to achieve as a goal. The difficulty for us is, in the absence of bringing in an expert witness that we can all engage, listen to, question and comment, it's pretty hard for us to arrive—I mean, you'd probably be prepared to accept whatever the finance ministry sent down as the latest thinking. We may or may not agree, but at the very least we'd want them down here to defend their arguments. So it's going to be a little difficult, given that it ultimately gives us apples and oranges as opposed to a continuation of where we were, apples and apples.

Mr Ernie Hardeman (Oxford): I would agree. I think the process was set up to do public consultation on the issues and then come forward with a report based on those consultations and based on that information. If we go to the point of rejudging or reanalyzing new information that we got out of the newspapers in the last week or two, or wherever, and come up with a different report, then I think it takes away the authenticity of all the people who made their presentations at that time. What we have before us is an encapsulation of what we heard. The gathering of information ended at that point and I think it's then the committee's responsibility to deal with the information that was presented to us.

If we're going to take other information beyond that, then I think we would have to start over again and hear from the experts to see whether their predictions or their suggestions have changed because of changing circumstances in the next two weeks. I'm not sure, from newspaper reports, that that would be the case. Yes, things have changed, but would that have changed the outlook?

So I think we need to work with what we have here and not rehash or look at new information as it comes in; then, in fact, we should likely set up a program that we meet once a month regularly for the next year to redo the report because information has changed. I think we need to deal with what we heard and what we have before us and then report that to the Minister of Finance.

Mr Kwinter: If you read the section on the economy, it covers all bases, it covers all eventualities. It starts off with cautious optimism and it ends with, "Despite the positive economic numbers, the minister and others warned that nothing could be taken for granted." So you're really covering everything and whatever you want to read into it, you can read into it.

Mr Phillips: I'm not sure we'll ever all agree on what the objective of the committee is. I have a difference of opinion with Mr Hardeman. In my opinion, the objective of the committee is to provide advice to the minister, our best advice, on the direction the budget should take. What we do is, we get input from the public at large; that was the public consultations. But we also have to reflect our own experience and knowledge and we combine those two things. We combine everything we heard with our own analysis and experience to come forward with the second part of the report, which is the recommendations. I've always viewed this as much more than just a forum for the public. In the ideal world, this committee should be providing advice to the minister.

So I don't have any difficulty, Joe, with the report as it is. I think it does reflect what we heard. I do think that in our recommendations we have to apply our judgment to what we heard, what we know and, frankly, what has happened since—and my own view is that the economy is more buoyant now than when we had our hearings, right across North America probably. I think the challenge in going back to change the summary of what we heard—and I think that's what it says here, if I'm not mistaken.

Mr Spina: It was never intended to do that.

Mr Phillips: So I think—and I'm repeating myself—that when we discuss our recommendations we need to apply our judgment along with what we heard. For me at least, I think things are better than we heard just four or six weeks ago.

Mr O'Toole: I apologize; I haven't read the report. I just finished reading it. I generally agree with most of the observations that reflect what we heard and, as we're discussing now, the issue of what we think beyond what we heard. We can't help but be influenced by the current discussion with respect to inflationary pressures and interest rate pressures, which would seriously affect—as

this is a draft report, I think there's an opportunity here to put in the economic forecast those committee members' observations on anticipated inflation pressures and interest pressures. They do go hand in hand, and they will affect—also the current equation with respect to the Middle East and the potential rising price of oil, which is an important component of the economy.

You have to reflect realities—if there's a place in the economic outlook, which is a generalized statement, to take note of those three important components: inflation, interest and the energy issue with respect to fuel prices.

Those are my observations to this point. The rest are pretty sanguine observations.

The Chair: For the sake of time—I don't know how much time we want to spend going through this report—if most of the members feel comfortable with the contents of the report, then I think we should be concentrating on the type of recommendations we're going to be making to the minister. That would be my gut feeling at this point in time, as opposed to trying to discuss what is in the draft report in front of us, especially when I think most of the members are feeling quite comfortable with the accuracy and what we've heard during the nine days of consultation we had across the province.

So if we want to make some recommendations regarding the economic outlook to the minister, I think we should probably be tackling this and looking at it.

Mr Doug Galt (Northumberland): Further to Mr Spina's concern and some of the debate here, I think what's important is to clarify that this was a snapshot in time, taken during the time of the hearings, and that what we were hearing reflects that time, and to indicate that since then there have been changes. Whether we put in some of the changes observed in the popular press is debatable. Just for clarification purposes, I think we need to indicate that it's a snapshot in time taken from the witnesses who came before us at the time of the hearings. We're finalizing this, and I expect the date that goes on it will be today's date or the date it's tabled in the Legislature. I can appreciate Mr Spina's concern about the date. Yes, maybe things are looking different. Mr Kwinter or Mr Phillips, one or the other, also indicated it's looking brighter. I guess it was Mr Phillips who indicated the economy is looking a little better now than it was at the time of those hearings. So for accuracy of the report, it might be wise to put in something along those lines just for clarification purposes.

1020

The Chair: Mr Spina.

Mr Spina: Do you need a motion, Chair, to accept that section or the draft as a whole? How are you approaching this?

The Chair: Unless we want to add some further recommendation to that particular section, I certainly would entertain a motion that the committee is comfortable with that section of the report.

Mr Spina: I think we all agree that, as Dr Galt indicated, this is a snapshot, and even though there may

be changes right now in the current economic perspective and, as Mr Phillips indicated, more buoyancy, that's not what was happening at that time. Therefore, I'm willing to accept this and would move acceptance of the introduction, "Economic Outlook," as it has been presented in the report.

The Chair: Further discussion on the motion?

Mr Phillips: I have just one small little nitpick. On page 5, "Personal Income Taxes," it says, "The government was asked to legislate the personal income tax reductions..." I believe we already have legislated that.

Mr Spina: Sorry, I thought we were dealing with the "Economic Outlook" section.

Mr Phillips: Oh, I'm sorry. I thought it was the whole report.

The Chair: Basically pages 1 and 2.

Mr Spina: There are some other issues that I think I'd like to talk about as well, Gerry, but from this perspective the motion as it stands is just about the economic outlook.

Mr Phillips: Fine.

Mr Hardeman: I would second the motion provided we're not making changes, because I still reiterate the problem I have with making assumptions in this. We went through the consultation process to hear from experts as to what the realities were and what the impact of that would be. If all of a sudden we accept that we're going to finalize the report on a different day with different information and we put forward that, yes, the economic projections are different, then I think I need an expert witness to tell me what impact that has on the budgeting process. So I think we have to go to the point in time when we finished our public consultations and deal with that. So I'll support the motion.

The Chair: Would it be fair for me to assume that we have consensus on the section entitled "Economic Outlook"? We have no disagreement on it? OK, so it's agreed upon.

We'll go to "Fiscal Situation."

Mr Christopherson: I haven't mentioned it yet, but I do want to congratulate the authors on an excellent first draft.

On the fiscal situation, one of the things that was quite striking about the presentations, especially the expert witnesses that each of the caucuses had the opportunity to choose directly—each of us had two that we could bring in—was that I think it was a government representative, actually, Mr Drummond from the TD Bank who came in and actually all but advocated that given the fiscal situation that existed at the time, and given the projected deficit that the current revenue numbers suggested was going to be there, the notion of running a deficit was something he was comfortable with. I don't want to put words in his mouth—I'd have to see the Hansard—but I think he practically recommended it by virtue of saying you really can't do anything else given the circumstances. It just seems to me there should be some reflection of the fact of running a short-term deficit, just to underscore that point. I thought it was fairly dramatic that he came in and made that statement.

Mr Hardeman: I too want to commend the staff for a well-written report, but I guess I would point out that there were a number of things that were said by a lot of people who were before us that were not put into the report verbatim. I know Mr Drummond did speak of the possibility of deficit spending, and I don't have the Hansard before me as to what he actually said, but I'm not sure he recommended that deficit spending was acceptable. I think he did mention that with the numbers before him at the time, it was going to be quite a challenge to not have a deficit budget.

I don't think, with the present information before me, that I'd be comfortable saying that the expert witness came in and suggested the solution to our problems or the recommendation to our minister should be to prepare a deficit budget. If that's what he said, then I suppose there's no argument to be made that it shouldn't be in the report, but I don't want to put it in the report that we're interpreting something differently to say that an expert witness came in and supported or suggested that this was the solution.

Mr Christopherson: Fair enough; it's a fair comment. I appreciate that you are prepared to have something reflected in here if that's indeed what was said. We don't have the Hansard in front of us, so maybe in the interests of furthering the point, we could ask the staff to take a look at what was said. They could recommend whether there's a direct quote in there that they can find, or at the very least bring it back—we can just set this aside—and either have it sent to us or deal with it at the next meeting, but actually put the Hansard in front of us. I'm prepared to be reasonable. I think he was a little stronger than you're indicating, but I could be wrong, until I see the actual Hansard.

Somehow, Chair, we need to get a process where we can take a look at that to deal with this and see if it's an inclusion that should be made.

The Chair: If you look at the last paragraph on page 3, it says, "One forecaster warned about the possibility of a deficit of more than \$3 billion in 2002-03." I don't know if it refers to Mr Drummond or what, but I think it points out that at least someone pointed out that there could be a possibility of a deficit.

Mr Hardeman: If I could, Mr Chairman, that, to me, does relate to the presentation made by Mr Drummond. We'll ask staff if that's the case. But that's really the way I interpreted what he said: because of the circumstances, if you're not going to have a deficit, you're going to have to find major spending reductions.

Mr Christopherson: See, I think he went further than that, Ernie. I think he talked about a higher comfort level. But anyway, we should just take a look at the Hansard and see what it says. If we're being reasonable, it shouldn't be a problem. At this point, since that's where we are—

The Chair: I guess maybe we'll leave it up to the researcher to go back and maybe review that and report back to the committee as to what—

Mr Christopherson: Yes, even if it's just to isolate in the report where Mr Drummond comments on that and

put the actual Hansard in front of us and let us deal with it, unless there's a direct quote that clearly, based on this conversation, the researchers are comfortable dropping in. But at the very least, let's have that portion of the Hansard in front of us to review this particular segment.

The Chair: The clerk just pointed out to me that today is the only day we have to discuss the report, that we won't be able to have reporting back by the research officers later on.

Mr Christopherson: How about after lunch, then?

The Chair: That may be possible. OK.

Mr O'Toole: There are two or three presenters and their Hansard remarks that I'm kind of waiting for. What is the status of the Hansard, and if it's ready, could we get a copy of it?

The Chair: I think all the copies have been sent to your offices.

Mr O'Toole: They have?

The Chair: Yes. I know I've received mine.

Mr Christopherson: The back of the report shows all of the submissions that were made.

Mr O'Toole: I know the submissions are all listed here.

The Chair: But you should have copies of the Hansard in your office.

Mr O'Toole: Very good; that's fine.

The Chair: So we'll go on to the next section, until after lunch? We'll leave this one and come back?

We'll go to "Spending Priorities."

Maybe we can go through as many sections as we possibly can this morning so we can give the researchers a chance to report back. I don't want to rush you through it, but the quicker we get through, the more information we might be able to gather later on.

"Spending Priorities": Who wants to expand on it or make any recommendations or suggestions? Or are we satisfied with that? Do we have agreement among the three caucuses that it's agreed? Agreed.

We'll go on to the next one, which is "Taxes." Discussion on the section dealing with taxes?

1030

Mr Christopherson: I think the minister actually, in his presentation, stated that they were looking at a shortfall of between \$3 billion and \$5 billion, and we don't really have that in either of these two categories. That's pretty significant, the fact that the minister has come in and said that's what he's projecting. It seems to me that's important enough that it ought to be reflected in the body of the report.

The Chair: I think we can check on that, Mr Christopherson, for after lunch.

Any further issues that anyone wants to bring under the "Taxes" section? If not, we'll go to—

Mr Spina: Just a quick question, Chair, if I may. Are we going to be formulating recommendations out of each section now, or we'll just leave that to the end? Is that correct?

The Chair: Yes, I think we should probably leave it.

Mr Spina: That's fine, thank you. I'll leave it to the end.

Mr Christopherson: Again on process, just to be clear, because Joe makes a good point, it would seem to me that if we're going to have to do this all in one day, the recommendations ultimately are going to have to be there for us to vote on, and I expect it's likely that the government is going to, in majority, vote for them. That will become the body of the report. We will dissent and then add minority reports. So at some point those recommendations are going to have to be generated and then voted on by the end of the day. I don't know where exactly you're going to get those recommendations, whether you want to table some for consideration later, but if there needs to be shortened debate on anything, it would seem to me it's the recommendations at the end of the day, because it's going to be a majority government report—so, again, emphasis on trying to find agreement where we can on the factual aspect of this, and then leave the political part to the end, where even if we ended up with a straight-up vote, that wouldn't be horrible if it meant we had a chance to discuss some of the items and eventually have a basis of agreement.

Mr Kwinter: It's very difficult for us to create recommendations as a group. We'll spend all day on one recommendation. What we've done in the past, and I think we should do it now, has been to have the government side present their recommendations, each of the caucuses draw up their recommendations, and then when we take a look, obviously the recommendations of the government, if they want them to, are going to be adopted, because they have the majority. But what we can do is see where we agree and then come up with unanimous consent on those recommendations, and we can discuss the ones we don't agree on. At the end, as we have always done, we will put forward those recommendations that we all agree to, and then each of the remaining caucuses will submit a minority report on other recommendations that there wasn't unanimous agreement on. It would seem to me that would be the most efficient way of doing it, because eventually we're going to have to go back and prepare these recommendations.

The Chair: I think if we can get through the report fairly quickly, we probably can tackle that right after lunch, especially after the researchers have reported on some of the issues that we requested further research on.

Mr O'Toole: Just for clarification, is that the correct assumption, that the previous process has involved a compendium of recommendations from the three different caucuses? Could I have somebody from research tell me what the tradition has been?

The Chair: I think there have always been recommendations from the three caucuses, in the past number of years that I've been on this committee.

Mr Larry Johnston: We have last year's report.

Ms Elaine Campbell: Yes, we have a copy of last year's report, although if I remember correctly from last year—

Mr Johnston: There are committee recommendations.

Ms Campbell: There are committee recommendations, right, but I don't know that they are made up of recommendations from all three caucuses. Mr Phillips, Mr Kwinter or Mr Christopherson might have a better memory.

Mr Kwinter: If I could just clarify it, when you say that there are recommendations from the committee, those are recommendations that have been agreed to by all the caucuses, and they go forward as a recommendation of the committee. The recommendations that are not agreed to then can be part of a minority report. There are recommendations that go forward from the committee, but the only way you can get that recommendation is that we've got to see the recommendations and we've got to agree that, "Yes, we have no problem with that one, and that will be a committee recommendation."

The Chair: For the committee's information, if you look at last year's report, the Liberal caucus submitted a paper or a recommendation entitled "Liberal Dissenting Opinion," and the NDP caucus had the same thing, a number of pages. Theirs was entitled "NDP Caucus Recommendation and Supporting Arguments for the Finance Minister on Pre-Budget Consultations." So anything that was not agreed upon by all the parties involved was basically submitted as a dissenting opinion on a certain recommendation or a certain point.

Mr Phillips: Actually, you said "weren't agreed by all three parties." It's just weren't agreed by the committee, because I think that in the past there has been a vote taken and that becomes the report. Then I actually think technically they aren't minority reports; I think technically they are dissenting opinions. What has happened in the past, John, has been that at the end of the day—literally at the end of today—a vote is taken, and that becomes the report, and then the opposition parties have often said, "Well, we would like to submit a dissenting report," and the committee gives the opposition parties a couple of weeks to prepare ours.

Mr Hardeman: I think this really does relate back to what Mr Phillips was talking about earlier, as to everyone's perception or understanding of what the committee is doing and is reporting on, whether we're holding public consultations to hear the expert advice and the views of the public and presenting that to the minister and giving him advice and giving him help in preparing a budget, or whether it is for gathering advice for the committee members to formulate an opinion on what should or shouldn't be in the budget. If I recall correctly, last year the committee's report that went forward as the pre-budget consultation was similar to what we have before us today, and it did not receive a great many days of debate because the decision was made that we would report what we had heard. There were some minority views on the committee at that time that said they wanted more than that, they wanted to put forward some recommendations to the minister, and I think you will find that those minority opinions were attached at the end of the report, but the actual report from the committee

was fairly much like the draft report presented by the legislative staff, and I think that's what we have before us here.

The Chair: If I may, under the section "Taxes," I will have the researchers report after lunch with regard to some of the comments that I think Mr Christopherson raised about the deficit, and then we'll go on to "Tax Cuts."

Any further discussion under that particular section?

Mr Christopherson: Yes. Again, a good reflection of the one side, but this is one of the few areas where I really don't think there is a balanced view. In the three categories of "Capital Tax," "Personal Income Taxes" and "Payroll Taxes" there were representations made opposing each of these tax cuts, particularly in light of the projected deficit. So again, to be fair and provide an accurate reflection, I think that point of view, which was pretty strong—it's not like it was just one individual—represented a continuous philosophical difference from those who feel that tax cuts are the priority. I just think that in fairness there should be a little more of that reflected in each of these three categories.

The Chair: I think I'll let Ms Campbell—

Ms Campbell: I'd like to respond to your comment. I think that when it came to those three particular areas no one made specific reference to those taxes when they were talking about tax cuts. It was more a general comment about taxes in general.

1040

Mr Christopherson: I appreciate that and I suspected that might be the response, and that's fair, but the problem with that approach, to Ms Campbell and to you, Chair, the difficulty with that approach is that all it takes is one person to come in and make a comment on one particular area, and if nobody else comments on it you could end up with a reflection in this report. So some of the people who came in and who were opposed to these tax cuts may not have mentioned them specifically but in their general comments were very clear that they didn't feel tax cuts were the way to go, particularly at this time.

Even though they maybe didn't come in and say, "No, don't cut the capital tax," I could point to an awful lot of presenters who clearly felt that this is not the way to go, certainly at this point. So if we can't say it in the context of capital taxes, and I can appreciate that may be the factual point, then there ought to at least be some category that recognizes there were two philosophical approaches, or something that gives that voice a reflection in this report. I just don't think it's good enough to say, "They didn't say the words 'personal income tax,' or they didn't say specifically 'capital tax.'" Clearly, a lot of business groups had gotten their ducks in order and they have their priorities and they're lobbying and they're sending out the word, "Let's not get too dispersed here in terms of our focus on this government. Let's go after capital tax." That has become the flavour of the month, fair enough, but there are those who are opposed to that even if they didn't actually say 'capital tax' just because somebody else has decided that's the agenda

they want to set with this government. Somewhere we need to provide that voice, which we did hear pretty clearly.

Mr Hardeman: Looking at the way the staff has written it, to me it does what Mr Christopherson, what David is talking about. When you read the second paragraph, first we talk about the—and these are general taxes, not specific ones; the specific ones are mentioned in different sections. But you look at the general tax cuts, "Business representatives applauded the tax cuts." I think it's fair to say on average the average business person coming in applauded reducing tax cuts to make it more competitive.

In the second paragraph it says, "Many others opposed the cuts." It explains why they opposed the cuts. So I think really they have encapsulated the differing views on the principles of why the people who presented in support of reducing the taxation levels—

Mr Christopherson: Where? Show me where in those three paragraphs.

Mr Hardeman: "Business representatives applauded the tax cuts made by the government and asked that they continue as planned, and that more be introduced. Cuts were considered critical to long-term competitiveness with neighbouring American jurisdictions and other Canadian provinces.

"Many others opposed the cuts. While some opponents called for the cancellation of unimplemented cuts, others said that favouring cuts over social programs is socially irresponsible and widens the gap between rich and poor."

To me, it does put forward the position of the two views on tax cuts, and that's not suggesting that staff have made the distinction of which one they agreed with or disagreed with, but—

Mr Christopherson: If I can, that's my whole point. We then go on in the next three points to do exactly what you said and complimented them for not doing in the tax cut category. They've gone on to isolate individual tax cuts and give comment on those without any reflection at all of what has been said in "Tax Cuts." If they had mentioned more tax cuts, specific tax cuts, then this whole report could be filled with just those individual tax cuts. I just don't think that's enough, given that you make that one general statement under "Tax Cuts" and then go on to talk about three specific areas, huge areas, of the revenue of the government of Ontario and offer no balance in those comments, none, not a word to suggest there was anybody who thought any differently except in a previous category, which, if you don't carry that forward, gets lost. I don't think it's fair.

The Chair: Would it be fair to assume, though, that that particular point could be raised by, let's say, you under "Recommendations" under "Tax Cuts" per se or in any—

Mr Christopherson: At the end of the day, that's how we could resolve anything. The goal was to try to find some common areas. Even if—I'll just throw this out because it occurred to me—we took, to go where Ernie

was, the “Tax Cuts” as almost an intro paragraph and then made these other ones sub parts of that, I would be more comfortable. It’s having these other things stand alone, given equal weight, but by just their numbers they skew the balance at the end of the day and—

The Chair: So what you’re suggesting is putting a sub something, “Tax Cuts”—

Mr Christopherson: Yes, “Tax Cuts” and then the two general philosophical positions and then, where there were specific comments—because there were a lot of them; as much as I didn’t like to hear it, they were there—to give that due reflection, by all means show it as sub points within that heading.

The Chair: Is that agreeable to the committee members? Basically, you would have “Tax Cuts” and then under “Tax Cuts” you would have “(a) Retail Sales Tax”—and I’m not trying to say what the researchers would do, but my understanding would be, “(b) Capital Tax,” and then (c), something of that nature.

Mr Hardeman: I can see some of the point being made, and I would suggest that maybe if under “Tax Cuts” we took the second paragraph about people who oppose tax cuts and presenters who oppose tax cuts and just rejigged it and put it at the end of all the tax cuts references—I think it’s fair to say that the first paragraph under “Tax Cuts” is a lead-in paragraph to all the different types of tax cuts that presenters told us they liked or disliked and what the impact of those would be, in their opinion. But if you read all the Hansard, I think you’ll find there were very few people who would fit in the second paragraph, those who were opposed to tax cuts.

Mr Christopherson: I disagree with you.

Mr Hardeman: No, no, who opposed certain tax cuts. They generally opposed tax cuts. That’s why I think putting it at the end, using the definition of the different types of tax cuts—different groups had different reasons for picking one over the other and why they recommended one over the other. The group that generally opposed tax cuts didn’t define which tax cuts they were most opposed to. They were just generally opposed to tax cuts, to reducing, in their opinion, revenues at the expense of being able to provide further programming. If you take that paragraph and put it at the end of the tax cuts as the other view on tax cuts, to me that would do what you are suggesting.

Mr Christopherson: I appreciate your—we’re trying to get to a point where we can agree. Let me try to approach it this way. If we were dealing with the health category, and I’m just being hypothetical, and we had a comment that said most business leaders felt health needed to be a priority but that there were limited dollars to be invested—fair statement, fair comment, fair reflection—and then we spent six pages outlining all the individual areas where groups came in and wanted increases in spending in each health category they mentioned, at the end of the day that wouldn’t be a fair reflection of the two points of view. You have a sort of throwaway line at the beginning, and then, because the chambers of commerce, for instance, locally didn’t

mention every single one of these programs but others did, the report mentions all those programs, but we don’t end up with a balanced report.

That’s what we have here, just because somebody who was advocating spending on health care probably mentioned that further tax cuts when we are in a deficit position are the worst possible scenario and then went on to say why they thought there should be investments in health care, but by virtue of not saying the words “capital tax,” they don’t even get a sentence under “Capital Tax” that says this is not a good time to do it. That is why I put forward the idea that if we had the general statement, the one you brought forward under “Tax Cuts,” and then—and I would now include retail sales tax—we had these four subcategories, because business did come in and make a point of that, I’m quite prepared to reflect that, but it ought to be in a context, not a vacuum. I think this leaves a vacuum of a balance.

Mr Spina: I can understand where you’re going with this, David, and I agree with it to a certain degree. If you were to take a heading of “Taxes,” subheaded “Tax Cuts,” and then the other four categories, I could go along with that, because I think tax cuts, if you will, are just one element of taxes in general. I would make “Tax Cuts” a subheading, and I would be supportive of that under the larger heading of “Taxes.”

With respect to tax cuts—and please don’t take this as facetious, because I say it with respect—you were looking for balance in the comments on tax cuts. To me, this looks balanced, but the first paragraph has four lines and the second one has three. If we want to pack that second paragraph to add something so they visually look more balanced, then maybe we can do that, but I think they accurately reflect what the researchers heard. When it comes to the actual breakdown of the various taxes, whether they should be increased, decreased, whether we should keep the status quo, reallocate, whatever the status is, then I think we can address each of those as we go through them. But I would be supportive of taking the subheadings, if they were all subheadings, under the main heading of “Taxes.”

1050

Mr Christopherson: You know what? While you were making that recommendation, I was reading this, and I could live with that. It still accomplishes the same thing.

The Chair: OK. Now I’ll go to Mr Kwinter.

Mr Kwinter: I understand where Mr Christopherson is coming from, but on the other hand the tax cuts that are listed under “Retail Sales Tax” and “Capital Tax” are important areas for certain segments of our economy, and they wanted to make the point that this particular tax cut is doing them competitive harm. One way to deal with it is, in that second paragraph under “Tax Cuts,” rather than saying, “Many others opposed the cuts”—many others opposed any cuts. What they were saying is, “It doesn’t matter what cuts you’re making.” Everybody came forward and made a specific recommendation for a cut, but many others opposed any cuts because they felt, as it

goes on to say, “that favouring cuts over social programs is socially irresponsible and widens the gap between rich and poor.” That is the basic philosophy they were espousing: don’t cut any more taxes, because it disproportionately impacts on the poor. I think that is really what you were saying.

Mr Christopherson: I appreciate that, Monte, but again—and probably because you have some sympathy with that, and that’s fair enough—if you look at it from the other point of view, what you’re left with, and I’m beginning to repeat myself, is that you’ve got one area where a different philosophy is mentioned, and then we go on for another one, two, three, four, five points, almost a full page of the report, talking about individual, specific tax cuts and why they’re important. The bias in there is, to me, quite blatant.

To use an extreme example, had it gone on for another four pages, would you agree with me? I suspect at some point you would agree, at 10 pages, 30 pages, at some point, if we went on and on and on about all the different tax cuts that people wanted. But if a short paragraph, only one or two sentences way back earlier in another heading, is supposed to provide balance, I don’t think it does. I just think it provides an unfair reflection simply because one group came in prepared and focused and organized to concentrate on a number of key, specific tax cuts and others weren’t commenting on those specific ones. So to provide that kind of detailed analysis of why they think it’s a good idea, and no balance whatsoever other than a page before and five headings above, where it said, “This is not fair” or “This is not the way to run the economy,” to me is just not a balanced reflection of the relative importance.

The Chair: OK. I think we might be close. If we were to use “Taxes” as the heading and use “Tax Cuts,” “Retail Sales Tax,” “Capital Tax,” “Personal Income Taxes” and “Payroll Taxes” as subheadings, is that agreeable to the committee?

Mr Christopherson: Chair, it helps me because to me it provides a better context. I think it’s closer to what Monte is suggesting this does, but it just doesn’t do that for me. This gets us a little closer because it at least provides a defined context for these comments where the opposing philosophy is given balance in the opening paragraphs that set the context.

The Chair: I think Ms Campbell would like to make a couple of comments.

Ms Campbell: I’d just like to point out that it may not appear as such, but the heading “Tax Cuts” is a sub-heading to “Taxes,” and it’s at the same level as the four following subheadings. In our parlance, “Taxes” is a level 1 heading, “Tax Cuts” and the other subsections are all level 2s. Is it my understanding that it’s the committee’s wish to keep “Tax Cuts” as a level 2 heading and change the following four to a level 3?

The Chair: No, I think they would all be level 2. Am I correct?

Ms Campbell: They’re all level 2 now.

Mr Christopherson: Joe was offering up the compromise, if you will, that by moving up our discussion to

include the taxes category as four—I’m just not used to your terminology. But the heading “Taxes” in the middle of page 4 would be the primary—I guess that’s your level 1—and the others would be equal—

Ms Campbell: They are.

Mr Christopherson: —to each other, but subsidiary to that opening heading.

The Chair: My understanding from Ms Campbell’s explanation is that that is there now, but maybe the printing does not exemplify that.

Ms Campbell: This had arisen earlier, that there was some confusion over the difference between a level 1 and a level 2 heading. We didn’t think it would arise in this forum, but it obviously has.

Mr Christopherson: Level 1, level 2, are we talking NASDAQ monitoring screens?

Ms Campbell: If you look at the table of contents, you can see that there is a difference.

The Chair: So I think we’ve got what we’re looking for. It’s just a matter maybe of the print being somewhat different. I don’t know how we achieve that.

Mr Christopherson: I’m sorry, Elaine. I have trouble understanding that. Page 1, “The Economy.” Clearly that’s the heading, and then you go on to “Economic Outlook.” So everything here is sort of under the rubric of “The Economy.” I don’t know how one gets to “Tax Cuts,” “Retail Sales Tax” being in the same relation to the above category of “Taxes.” You don’t have to change a word. I can live with Joe’s compromise, which is just make “Tax Cuts,” “Retail Sales Tax,” “Capital Tax,” “Personal Income Taxes” and “Payroll Taxes” secondary so that they’re clearly—

Mr Spina: Subheadings.

Mr Christopherson: Subheadings, sure.

Ms Campbell: They already are, but if you go to—

Mr Christopherson: How?

Ms Campbell: —the table of contents—

The Chair: It shows under the table of contents.

Mr Christopherson: Ah. Well, then, we need to show it here.

Mr Galt: Underline the primary ones.

Ms Campbell: Would you like us to implement a numbering system?

Mr O’Toole: No, I think what Mr Galt is saying is, if you just underline the major headings, that would distinguish that this is a major heading area and the rest, whether it’s the size of the font or whatever, would give the importance. That, I believe, is what’s missing here. “Taxes” is the major heading; the subheadings are “Tax Cuts,” and then the other components would be the specific cuts.

The Chair: Yes, because that’s exemplified in the table of contents.

Mr O’Toole: Yes, the table of contents, but it isn’t here. When you look at it, it looks all the same.

The Chair: We probably can leave that with the researchers. How they do it, I’m sure they’ll find a way to work this out. So do we have agreement on this?

Mr Christopherson: Subject to final review of what we actually get.

The Chair: Yes. OK?

Do we want to review each tax subtitle, or are we satisfied with the way the report reads now?

Mr Christopherson: If we get it in context, I'm going to be fine. We'll see how it's presented this afternoon. If it does that, then I'm going to be fine.

The Chair: We'll go to "Municipalities," I guess, as the next title.

Mr Christopherson: I thought there was a lot more emphasis on downloading. Almost every municipal representative who came in, whether it was a councillor, alderman or mayor, commented on downloading, and I don't see that given the weight here. I just—

Mr O'Toole: I don't like that term, "downloading."

Mr Galt: Transfer of responsibility.

Mr Christopherson: You don't like that term, but that's what they used. I don't like the term "corporate tax cuts" when we're looking at health cuts, so—

Mr Galt: That's what the feds do.

The Chair: No, no, let's stay on target here.

Mr Christopherson: Tell that to Toni Skarica.

The Chair: Mr Christopherson has made a request. Maybe we could look at that, as to whether there was reference made by different municipalities. We'll follow up on this.

Mr Hardeman: I would agree with Mr Christopherson that the issue of realignment of services was brought up in most of the municipal presentations. But I think if we check the Hansard we will find that most of them then came forward with discussions about what needed to be done municipally. They referred to the new Municipal Act. They referred to other things that need to be done, different from the previous year when the presentations were all, "Let's turn the clock back and let's get rid of the realignment of services." Now, I think, from the presentations, that this is maybe not quite as broad and reflective as it might be. But I think the presentations did get more to what they needed, the tools they needed to handle their responsibilities, rather than looking at changing responsibilities. So I wasn't as uncomfortable with this as you are.

1100

Mr Christopherson: Quelle surprise.

Mr Hardeman: I think it could be broadened somewhat.

The Chair: Any further discussion on that? We'll have a report after lunch.

Mr Christopherson: I appreciate that. Thank you.

The Chair: So we'll go on to "Infrastructure." Any comments or questions? If not, are we agreed on the "Infrastructure" heading? Mr Hardeman, you're agreed?

Mr Hardeman: Yes.

The Chair: So we'll go to "Public Transit." According to the table of contents, "Public Transit," "Roads" and "Border Crossings" would be subtitles or subsections, however you want to refer to it. Any discussion?

Mr Christopherson: Sorry, what did you just say?

The Chair: Any discussion under "Public Transit?" We're agreed on this section? Agreed.

Then we'll go to "Roads." Any discussion on that? If not, then we're agreed.

Then "Border Crossings." Everyone is comfortable with that report?

Mr Galt: I can't recall specifically the presentation, but I hear so much about bridges in rural Ontario. Was that not mentioned at any time by municipalities? It's not so much the roads as the cost of bridges. Some of the counties will have 150 or 200 bridges in them. I'm hearing so much about that, I'm surprised that at some point in time it wouldn't have come forward in those presentations.

The Chair: I'm told that there were very few municipalities per se that presented.

Mr Galt: That may have been part of the problem.

The Chair: If we're agreed on "Border Crossings," we'll go to the next heading, which is "Environment and Energy." Any discussion under the subtitle "Environment?" No? So we're agreed on this?

Mr O'Toole: There was much at that time, and I think it was mentioned—I haven't got Hansard, of course—about the diverse views with respect to the economic impact of the Kyoto protocol, even at that time. I'm sure I brought up—I know I did—that there were conflicting reports that indicated the federal government had not completed sufficient analysis of the financial implications of implementing Kyoto and the specific impact with respect to Ontario. I think that has not been stated strongly enough here under, "environment and social impacts of the Kyoto protocol prior to ratification."

The Chair: Mr O'Toole, it says, "Business representatives urged the province to encourage the federal government to engage in a full analysis of the economic, environmental and social impacts of the Kyoto protocol prior to ratification." I think that is fairly emphatic with regard to your point.

Mr O'Toole: That's fine.

Mr Hardeman: I'm just curious again, and maybe staff can tell me, but it seems to me that we did have a presenter who actually put forward what they thought was going to be the impact if we agreed to it, and how much that was going to be a drawdown on job creation and investment in Ontario. I'm not sure whether it was actually presented here or whether the day of our hearings it was a newspaper story that somebody had done some research on it and had some numbers on the impact. If that was presented to us, then I believe that we should—

The Chair: We'll follow up on it and report back after lunch.

Mr Hardeman: And if it wasn't, then I think what's there is plenty.

Mr Christopherson: If I can, let's recognize that we're stepping into some pretty deep water here pretty quickly. I'm prepared to live with what was drafted, which is that business urged the province to encourage the federal government to do a full analysis. But if we go

beyond that, then you're going to start bringing out the philosophical differences in all of our thinking on this particular issue. So I thought this was a fair reflection.

Mr Hardeman: I'm not suggesting it's not fair, Mr Chairman. My concern is, if there was a presenter who had done the research and actually had numbers of what in their opinion was the impact, then I think we have an obligation to present that information to the minister. If it wasn't actually presented to the committee, then I would totally agree with you.

Mr Christopherson: The risk all of us run going down that road is that we could all probably find one comment from one presenter that we just wholeheartedly embrace. Nobody else mentioned it. If it gets too much weight in this report, it tends to suggest that you heard it more than you did. So just the fact that there was one individual who may have come in and said more than this general statement, I'm not sure that is reason enough to shift the balance here.

The Chair: For the sake of time, why don't we leave it with the researchers' report to see if there's anything else, and then we can deal with it after lunch.

Interjections: Yes.

The Chair: OK.

Mr Kwinter: I haven't seen the Hansard and I can't remember, but it seemed to me that one of the critical issues in this whole Kyoto thing was the political issue, the fact that if the United States does not go along with it and Canada does, we have a problem. It would seem to me—and again, I don't know whether anyone said that; it was certainly reported on during the time, but we talk about economic, environmental and social. I think the actual political aspect of it is important.

The Chair: We'll report after lunch on it. Good point.

We'll go to "Electricity." Any discussion? If not, are we agreed that we're satisfied with the wording under the title "Electricity"?

Mr Christopherson: The only comment I would make is that there's no reference to job loss. I'm prepared to stand by whether or not that was actually said, but I think it was, which is significant. I mean, there were some business groups—in fact, the group that's mentioned here, one group, asked for protection from excessive rates for one year. That was the Windsor and District Chamber of Commerce. So it's pretty significant in the context of what we're talking about. It just seems to me that if jobs are specifically mentioned as being at threat as a result of the privatization, if that was mentioned, especially by business, then that needs to be in here—something that there were job losses. It wasn't just an investment issue; it's also a job creation issue, or a lack thereof.

The Chair: We can follow up on this. That means both Elaine and Larry won't have lunch today. Sorry about that.

Mr O'Toole: Since this is a very important topic, probably the one I'm hearing most about in my riding, I know in here that maybe it wasn't said but it is implied: the current motive for the changes. Was that not implied,

why the government has gone through the Macdonald commission, the restructuring under Bill 35, where there was a \$38-billion accumulated debt versus assets worth \$41 billion? That should be implied in here, the motive for the changes, because the changes, by the time this report gets tabled, will already have—the IPO will be out there and the market will have opened.

The Chair: We'll follow up and we can discuss it further after lunch.

Mr O'Toole: Yes, that's fine; just to see if it was. Because it's a good background piece for motive.

The Chair: So we'll go to "Business Sectors" and we'll deal with "Agriculture" first. Any discussion with regard to that particular heading?

Mr Galt: The first sentence of the second paragraph seemed very general, when in fact—and I believe they commented on it—the big problem has to do with the American agricultural policy on the payment to recognize cost of production for grains and oilseeds. That's the real support concern that agriculture has today.

The Chair: So are you suggesting, then, that we take a look at it to see—

Mr Galt: It's very specific, the area that they have concern over, in support.

Mr Hardeman: Mr Chairman, I would agree with Mr Galt that the issue of the need that is highlighted in the report was the subsidization in other jurisdictions. To me, what they said was that the farm income support programs were considered critical to increasing confidence in the sector. The driving force for the program to start with I don't think is part of this consultation. What they told us is that making sure that we have those support programs is very critical to the viability of the industry, to build confidence, to get people to invest in the industry. Even if they mentioned it, I'm not sure it would be a very helpful thing to report, to highlight that all.

1110

The Chair: Maybe we can clarify this after lunch, after a bit more research.

The next heading is "Manufacturing." Any comments?

Mr Christopherson: The last two sentences of the first paragraph under "Motor Vehicles": it says, "Labour called for the creation of a task force made up of industry stakeholders that would develop policy recommendations." The next sentence says, "Manufacturers said that the initiatives outlined in their submission could form the basis of a strategic automotive investment policy for Canada."

It is significant to note the difference between the two sentences as they're written. As it is, strategic automotive investment policy, quite frankly, is exactly what the CAW and others were calling for. But given the way it's worded, it just says, "Labour called for the creation of a task force made up of industry stakeholders that would develop policy recommendations." I realize it's nuance, but in the world of auto manufacturing, manufacturers and union representatives, it's huge. I know I'm being rather cavalier, but one is to suggest, "We'll set up a nice

task force and see if we can come up with recommendations.” The other one’s going to come up with strategic automotive investment policy, when indeed it was the CAW, I would argue, that was even more forceful about wanting a strategic framework for investment.

Again, it’s just that imbalance of impression that you get from reading the two. One just wants a task force to come up with recommendations. The other one is looking at a broader investment strategy, when indeed it was actually—I’m repeating myself—the CAW, I think, was in the lead in arguing that there needs to be a strategy and that it needs to be specific to auto. In fact, the same thing was said about steel. If we could rebalance that in some way, Chair, it would certainly make it easier for me to support.

The Chair: Any further discussion or comments on this?

Mr Christopherson: They had one discussion, those two. They had another discussion. None of them really knows what I said, which works fine. But now you’re in a jam. Who’s going to comment?

The Chair: Your point is taken and will be dealt with.

We’ll go on to “Small and Medium-Sized Business.” Any comments under that heading? If not, then we agree that we’re satisfied with the wording under that heading?

Then we’ll go on to “Tourism and Hospitality.” Any comments or discussion? Is it fair to assume that we’re agreed upon the wording under that heading? I don’t hear any dissenting voices, so we’ll say it’s agreed upon.

Mr Hardeman: On the tourism one, it may have happened when I was out of the room, but did we have anybody coming forward who suggested they liked the idea of an extra hotel tax to encourage tourism?

The Chair: I think the Greater Toronto Hotel Association did mention that.

Mr Christopherson: Wasn’t it enabling legislation that they wanted? I remember having that discussion.

The Chair: I think so.

Ms Campbell: Could you repeat your question, Mr Hardeman?

Mr Hardeman: It says here, “Some witnesses asked for a municipal hotel tax or a destination marketing fee on hotel room sales.” I think that’s a very critical point in going forward to the minister, that the industry is supportive of that. In principle, I’m totally against it. I just don’t believe you’re going to get more people to come in because you told them they have to pay more when they get here and you’re using that money to tell them to come here. In principle, it has a problem. I don’t have any problem with it if we actually had the presenter saying they agree with that principle and then we write in the principle, but I want to make sure that’s exactly what they said. If they just said, “We would like enabling legislation so municipalities could make that choice,” that doesn’t mean they’re in favour of it. It just means that it should be a local decision. That deals with the other concern about the domino effect and so forth, but it’s different than saying, “The hotel and motel association came in and said they’re in favour of an extra tax to

promote tourism.” I think I need to know for sure what was said.

The Chair: OK. We can clarify that after lunch.

Mr Christopherson: I think we said that same thing, actually.

The Chair: We’ll go on to the next title or heading, “Education.” Discussion and comments?

Mr Christopherson: There was one commonality among the majority of presenters and that was a dollar figure as to what was needed. I would make the argument that, just as there were a lot of business people who came in and focused on the capital tax alone, who hit that note over and over, and there is a reflection of that here, conversely, I think there was a high degree of consensus around the issue of \$2 billion being needed to be re-invested in education. In other words, there were enough people saying that actual figure that I think it deserves at least a comment in here when we talk about what people would like in terms of an investment, only because it’s unusual for so many groups to agree on one figure, so I compare it to the capital tax. Those folks obviously had coordinated their messages, and that’s fair game in a pluralistic society. But conversely, that did happen with a lot of people coming in and talking about the education system. So I would ask that we have at least a reflection that a lot of groups called for an investment of \$2 billion. Right now there is an absence of that.

Mr Hardeman: I somewhat object to using a specific number, because I think if we look at the report that was sent to us and we look at total expenditures, when you put the package together, more than \$2 billion was needed to meet the requests that were presented to us, and they were in different areas. So I don’t think you can just in this case use the \$2 billion. When you talk about capital tax, we didn’t include in here what impact that would have or that they generally said there was a certain level that it should be at.

I don’t object to being a little bit more explicit about that, that they put forward that significant amounts of money were needed for certain things and so forth, but I think to actually say that everybody who presented on behalf of education said \$2 billion was needed—where the majority of presenters used a number, the number they had was not based on their particular issue. It was a number that had been handed or had been used in other presentations and they all, shall we say, sang from the same hymn book.

I don’t object to having it report that they asked for considerably more funding, but to actually say that everybody presented and everybody said that we need \$2 billion in the education system I think is going further than what I heard and I would object to it being worded that way in the report.

The Chair: Any further discussion?

Mr Christopherson: Yes. Fair enough, Ernie. I would agree with you except that we’ve got one problem, and that is, if you go back to page 5 and the areas that we’ve already covered, under “Personal Income Taxes,” the second-last sentence says, “Others sought an increase in

the level of income at which the top marginal tax rate applies. The figure of \$100,000 was suggested.” That’s a pretty high level of specificity, and I think it negates the argument you make.

I’ll live with not including \$2 billion if you want to pull the hundred grand out. But I didn’t really have a problem with the hundred grand, because it reflected what was said. So, to me, I’m not sure that your argument, in light of that, will hold.

1120

Mr Hardeman: I guess in order to make sure that we have unanimity on the report when we’re finished, I would be more comfortable with removing the hundred thousand than I would with adding in a specific figure for what the presenters said. A hundred thousand was mentioned, but if we say, “Presenters said \$2 billion was required,” I think there’s a risk to say, “But not all presenters said that.” What do we do with the good folks that came in and said, “If you just changed the funding formula so we could move the money around, we’d have sufficient dollars”? All of a sudden we’re grouping them in with the \$2-billion request too. So I’d feel more comfortable if we take them both out rather—

The Chair: For the sake of time, we have to come back under that heading after lunch and maybe we can deal with removal of that at that particular point in time.

Mr Kwinter: I just want to address that last comment because I think it’s unfair to equate the \$100,000 with the \$2 billion. The \$100,000 is a level at which a certain tax would cut in. That’s a precise level that impacts on everybody. There’s a reason for doing that, based on what salaries are. There’s a rationale for that \$100,000. The \$2 billion is a ballpark figure. People are walking in and saying, “Two billion dollars is needed to bring the educational system up to a standard that we think is acceptable.” There will be people who will debate that. I have no problem with dealing with it, but I don’t think it’s fair to equate one with the other because they’re two different things.

The Chair: Any further discussion?

Mr Christopherson: I’m not sure where that leaves us, except that I think the argument for \$2 billion, again based on the fact that that was a common thread throughout and, given the fact that capital tax, personal income tax, payroll tax and retail sales tax all got their own categories because there was a common message from most of the business groups, to me, gives weight to the argument that the \$2 billion should be put in there. It is unusual, quite frankly.

Ernie, to turn your point and look at it a different way, it’s unusual, given the broadness of the subject—education—that so many groups would come in with a common figure. There were some exceptions, but by and large that was a pretty commonly held figure, and I think that deserves to be reflected.

The Chair: Mr Johnston has a comment.

Mr Johnston: I was in a bit of quandary in what numbers to put in, in part because there are a couple of numbers that were frequently quoted to the committee.

One is the \$2.3-billion number which Hugh Mackenzie generated for the alternative budget report about a year ago. The other is the \$1.1-billion number that the Ontario School Board Association has generated as their estimate of the shortfall in education spending. Some groups quoted the \$2.3-billion figure; some groups quoted the \$1.1-billion figure. The basis of those calculations is another question, what factors are being used etc, so the easy choice was not to put any number in.

Mr Christopherson: The other thing to do with that, then, is to provide a range.

Mr Johnston: All right.

Mr Christopherson: It’s just so significant, because what we are talking—

Mr Spina: Articulate the two perspectives. What’s the big deal here? Articulate the two perspectives. One based on the source given here and one based on the other source. Put them both in here.

Mr Christopherson: I can live with—

The Chair: You know, it’s your report. I’m only Chair.

Mr Hardeman: Mr Chair, I agree with the staff and I was going to, I suppose, question David’s comment that the \$2 billion was very consistent. I don’t believe it was nearly as consistent as that.

Mr Christopherson: But we haven’t looked at it.

Mr Hardeman: It was such a variation of what was needed. There were other people who said that what we needed to change was how the money was given as opposed to the amount of money.

Mr Christopherson: Oh, no, no, no. You see, now there—

Mr Hardeman: There were different views and I object to changing the information by using one or the other, or even an average of the two, because that’s being unfair to the people that presented. I think if it can be worded that “significant increases,” or whatever—but I object to any specific number being used when there wasn’t a specific number that was used by the presenters.

Mr Christopherson: Well, two things. One is, you’re getting to the crux of the political issue. Of course, there’s the one argument maintained by the government that there’s enough money there, it’s how it’s being spent—just what you said—which is very, very different, light years apart from an argument that says it doesn’t matter how you change the processes within, without more money you’re not going to achieve the ultimate outcome we want, which is the kind of education our kids deserve.

The Chair: We don’t seem to have agreement on this, so I think basically what we’ll have to do is wait until this afternoon and call the vote. We don’t seem to have common ground there.

Mr Christopherson: Well, my second point—and it speaks to that—was going to be that we ask the staff to take a look at that and see just how close we are. If \$1 billion to \$2 billion is used consistently throughout, then that’s what we ought to say: a range. If, however, Ernie’s point is correct that it really is all over the map—

some are under \$1 billion, some are over \$2 billion and there are only a few that are between, in the range—then I'm prepared to stand it down. If it's in the range, then I think we could at least reflect that, that there's a range.

The Chair: So we'll come back this afternoon with—

Mr Christopherson: I think so, Chair.

The Chair: All right. We'll go to the next heading, which is "Elementary and Secondary." I would imagine we probably could get agreement on that, and then we'll go to the subtitle "Flexibility."

Any comments or discussion?

Mr Christopherson: Sorry, did you say "Facilities"?

The Chair: No, "Flexibility," page 10. Are we agreed on this? OK, we seem to have consensus on that. We'll go to "Benchmarks." So we're agreed? Then we'll go to "New Initiatives." Any comments? If not, we'll go to "Special Education." No comments or suggestions? If not, we'll go to "Other Funding Grants."

Mr Christopherson: I'm sorry. Before we leave special education, there was just so much to this, I was just trying to see whether that statement encompasses it.

The Chair: If you want to think about it, we can leave it and come back to it this afternoon.

Mr Christopherson: Yes, I'll review it over the lunch hour.

The Chair: What about "Other Funding Grants"? Are we agreed on this one?

Mr Christopherson: Agreed.

The Chair: Then we'll go to "Equity in Education Tax Credit." Are we agreed on the wording? It looks like we have agreement on this one. We'll go to the next heading, "Post-secondary Education." Any comments, suggestions or any debate on this? Are we comfortable with the wording? It's agreed on. We'll go to page 13, "Health." Any comments or discussion under that particular heading?

Mr Christopherson: I was just concerned that the wording—and I know this is "the" issue for the staff trying to write this—understates the crisis that was reflected in the comments by almost all the presenters on health. It just seems a little too matter-of-fact. That's not a criticism. That's certainly where you'd end up trying to write a report that didn't generate too much controversy. But we have words like "concern"—we don't get to that until the last paragraph—and "Several witnesses called for stable, predictable funding." There were some people who came in here, right across the board in health care from all the disciplines, including consumers of health care, who were flat out: "This thing is in a crisis." I just think we're missing it in the words that have been chosen here.

1130

Mr Spina: If the word "crisis" were indicated in Hansard, then I could understand Mr Christopherson's perhaps wanting it to be inserted. I don't recall that anybody indicated it was in a full-blown crisis in that context. But if it's there, David, I can understand your wanting to have it dropped in.

Mr Christopherson: OK.

Mr Spina: I would ask for that to be checked.

The Chair: We can check on that quickly.

Mr Johnston: A lot of Hansard checking over lunch-time.

The Chair: Yes, I know. I don't know whether it's doable, but we'll do whatever we can.

Mr O'Toole: I think it can be stated without using the overt, engaging word "crisis." I think if we respond to what's actually occurring on the landscape, whether it's Romanow, Mazankowski, Clair, Fyke—there are about six reports out there now on health care, all indicating there are serious structural problems. I think that would probably be the most sophisticated way to state that these reviews aren't being done in some kind of vacuum. They're responding to the actual dilemma facing the provision of services under the Canada Health Act. If you listed all the reports that are out there, David, you'd see that whether it's in Newfoundland or BC, they may not be using the engaging word "crisis," but they're saying this is being studied because of severe pressures on the health care system. That's a much more contemporary way as opposed to the inflammatory "crisis."

The Chair: For the sake of time, again, I think the researchers will do a bit of research on it at noon.

Mr O'Toole: Just list all the reports.

Mr Hardeman: I agree with Mr Christopherson that in the first paragraph when we talk about the different organizations—the hospitals, the nurses, the regulated health professionals, the pharmaceutical companies—they all talk about continued investment in the health care system, and I would have to say that's not what I heard from them. They said that just continuing our investment wasn't good enough and that we were not keeping pace. I think I would agree that we didn't necessarily hear all of them come in with "crisis," and I don't think that's what we should be reporting. But I think we should be reporting what they were looking for, and the hospital association particularly was saying that much was needed in order to avoid the issues that seem to be on the horizon, the crisis that could be created if more isn't invested. I think we do need to be more explicit that they weren't just talking about continuing our present investment, that we need that.

The Chair: We'll see what we can submit.

Mr Hardeman: But I wouldn't go so far as to say the system was in crisis and that they were saying it was unsalvageable. That's what a crisis is, that a situation is unsalvageable. I don't think that was what we heard.

Mr Kwinter: I agree with Mr Hardeman. I think one way you might address it is in the third line on health, that others called for not "continued investment" but "increased investment." I don't think there's anybody who didn't ask for increased investment in the health care system. That, of course, is the major dispute between the provinces and the federal government, saying that the federal government is not increasing their participation. It seems to me that if that was changed, and it follows along "by both the provincial and federal governments," it would address that issue.

The Chair: OK. We'll discuss it further after lunch. We'll go to the subheading "Facilities Funding." Any discussion under that? If not, we're agreed on this. "Primary Care Reform"—any discussion or suggestions? Are we comfortable with it? We're agreed. We'll go to "Health Professional Recruitment and Retention." Any discussion? If not, that's agreed upon. Then we go to the heading "Housing." Discussion? Mr Christopherson.

Mr Spina: It's all slanted your way, David. I'm waiting to hear what you've got to say.

Mr Christopherson: Are you suggesting I should quit while I'm ahead? I want, nonetheless, to make the argument that I don't think it again reflects the—I'm going to use the word "crisis," because I don't want to just create another word. Listen, I was at a public meeting in Hamilton last night dealing with the crisis of homelessness in Hamilton, and the numbers are terrifying. When you start to go to the root causes of poverty and not just the symptoms, you find housing and lack of affordable housing and homelessness as a core component of that. There were a few hundred people at the public library dealing with this. So it's a huge issue. In the context of tax cuts and tax cuts and tax cuts, a lot of the issues around poverty get sort of lost. It seemed to me that this could be more reflective of what we heard and more reflective of the reality.

The Chair: Any further discussion?

Mr Spina: With due respect, David, I think it does go to that, because if you look at the middle of paragraph 1, it says, "The government was also called upon to explore innovative funding mechanisms that would encourage private investment.... It was suggested that in the absence of a provincial recommitment ... municipalities should be provided with adequate means to meet their ... responsibilities."

"Funding for second-stage ... housing was requested by several groups."

I think a lot of this really does hit that nail on the head, the nail that you're looking for. I think this covers the elements. If you wanted a specific statement interweaving what you just described, I'm not sure that we actually heard something that specific, to interweave them. But I think you should make that as a recommendation, to interweave them, when you get to the recommendation stage.

Mr Christopherson: I'll tell you what I'll do. I hear what you're saying. Why don't we just see how everything else goes this afternoon and try not to let this be a deal-breaker? We're probably not that far apart on this particular one. But rather than just sign off on it now, given its importance to me in terms of what I heard, I'd just like to have it stayed for this afternoon. But if everything else goes fine, I won't let this be the deal-breaker.

The Chair: OK. So we'll leave it aside for the time being and come back to it this afternoon.

We'll go to "Labour." Any discussion, additions, suggestions? Are we satisfied with the wording? Then it's agreed upon.

We'll go to "Legal Aid." Discussion? Is it agreed upon, the wording under that title? It looks like it's agreed upon.

"Social Services": Any discussion? If not, we're agreeable to the wording under that title? OK.

We'll go to the next heading, which is "Services for Persons with Disabilities." Any discussion or comment? If not, I'm taking it that we're agreed on the one paragraph under the title.

We'll go to "ODSP." Any comment or suggestions? I don't see anybody opposing.

"Funding Community Programs": Is it agreed upon? OK.

"Supporting Caregivers": It's agreed upon? OK.

We'll go to the next title, which is "Ontario Works." Any discussion under this particular title or heading? Then the wording is agreed upon.

We'll go to the last one, "Children." Any discussion?

Mr Christopherson: Under this category, just the fact that there had been cuts since 1998-99, making that point, because the government often—and I realize we may get into some difficult waters here, but here goes. For the longest time in the past, some government members had argued that these cuts didn't happen. That was a key component of what was brought forward this time, that there have been cuts, that it's not a question that it's a lack of total investment in terms of you've invested but that it's not enough. That's not the case, and that was dispelled in this round of presentations, in my opinion. The argument that actual fiscal cuts have been made in this area is so important that there ought to be some reflection of that as the starting point of talking about child care in terms of funding for child care.

1140

I'd like to see some kind of reflection that there have been cuts or that the cuts are now beginning to do damage. I realize I'm never going to get government members to agree to this wording, but if I can get you to acknowledge that that point was made, that it was legitimate and that it has serious implications for the ability of Ontario to provide appropriate child care funding.

Mr O'Toole: I probably wouldn't agree. I think the method of flowing the money through the supplement is the point of debate here, and will probably continue to be the point of debate, of having totally regulated child care. We can agree to disagree on that.

If I read through that, I think it is a fair reflection of the advocates who did speak and I'm surprised at the omission of some of the initiatives of the government that I'm sure were there. The Early Years initiative isn't even mentioned. So if I go through the litany of comments here that there were certainly initiatives, like Early Years as well as Ontario's Promise and other things, I'm just trying to offset that. It would appear here that there's been no action at all and I think our actions are different, maybe not supported by Mr Christopherson, but there are important initiatives, a series of things: early intervention, mothers at risk, the early literacy program.

Maybe I'm just going through the materials I read from memory as opposed to whether it was heard in committee, but if I go through here, there isn't anything on our side of the children's issue at all in this particular summation. But I can live with what's here. It is a serious concern, and on the issue of regulated daycare it's something where our government finds that our approach is different and fulfilling a need for low-income, hard-working families.

Mr Spina: To the specific issue of increased funding and very specific kinds of funding that were requested and brought forward by the delegates, David, I think that staff has done a good job of summarizing it here. While I believe I do recall some people indicating that there were in fact cuts regardless of what investments the government indicated, there may have been comments to that effect, whether they're legitimate or not, that's a debatable point and I don't know that just because a delegation came in and stated that, we should accept it as legitimate.

We may agree or we may disagree. To me, with all respect to the issue of children, it's no different than two different economic forecasters coming in with varying positions. They have come in with a specific set of comments and in their perspective they felt that there were in fact cuts to whatever the children's program was. I can understand their perspective; I don't have to agree with it. It may be legitimate, it may not be legitimate; we weren't in a position to verify that.

From the perspective of what has been said and written here, I think they've done a good job of trying to identify the areas: calling for increased government support; targeting children most in need; that a review should be undertaken of funding for children's aid; that several witnesses called for the elimination of the clawback; that "A variety of social policy advocates urged the government to transform the child care program from a targeted, subsidy-based system to one of universal, affordable access."

I think there's a number of elements here that cover off the presentations that were brought forward. I don't argue that they may have brought forward specifics on what they felt to be a cut. If it was there and they are specifics of their comments, then I can understand that and appreciate it. I think they've been addressed in a general way here. If you wanted them addressed based on a specific of what they said, I can understand that. Whether they're legitimate or not in the other elements of your comments, I think that's arguable and that should not be reflected in the report itself. It can be reflected, as I would suggest to you, in your recommendations.

The Chair: I'll go to Mr Hardeman, then come to you.

Mr Hardeman: My comments, I think, have mostly been made by my colleague Mr Spina. I think, though, the crux of the whole issue here is what the report is: the pre-budget consultation, giving advice and helping the Treasurer decide what should and shouldn't be in a budget that's upcoming.

The advocates on behalf of children who presented to us made a good presentation to outline the problems that they saw, and what we have here are their recommendations of how to deal with those problems. I think that's what we need to put forward to the minister as it relates to children. When we talked to the professionals who are working in the children field, they said, "These are some of the things that we could do in the budget to solve the problems." I think the issue of why there are problems or the root cause of them is important, but what's more important is what government and the Treasurer should do about trying to address those problems. I think that's what staff have done a good job of pointing out: what they said we needed to do in order to alleviate some of these difficulties.

So I think that for this report they have done a good job in highlighting what—if we were to address all the issues that they brought forward, and maybe there were other ones that we could find in there, further recommendations of what we could do for the children. But the ones that are here were definitely the ones that were mentioned to us that we should be looking at to improve the situation for those children.

So I'm quite pleased with it the way it's written, and I don't think we need to go any further as to things that were part of the discussion but were not related to what needs to be done to solve some of the problems that these good folks addressed.

Mr Christopherson: Well, listen, if you're the one who knocked the vase off the table and broke it, I can appreciate that you'd be interested in talking about how it's going to be fixed as opposed to who broke it and why.

But to take Mr Spina up on his point—I don't want to put words in your mouth, but I believe you said we weren't able to verify exactly what was said, and that's a fair comment—I would like to put forward that the coalition argued that the transfer payments for the non-capital component of child care have gone from \$593 million in fiscal 1998-99 down to \$523 million in 2001-02. That represents a significant cut.

Now, I'm prepared to stand by whether or not that's clear. If that's cloudy in some way, if one could make an argument, "Well, it's broken down into five different pieces," I'm prepared to waive the whole thing. But I would ask in return that if the staff can establish that it's pretty clear you've got a line item here and you've got a line item here and it's less now than it used to be, then I think, Joe, the argument has been verified and that we owe it to those people to at least make some reference. I'm not trying to win a knockout punch here, but some reference to that fact if indeed it's that clear. And if it's not that clear and it's even foggy, let alone confusing, I'm prepared to stand down my point.

The Chair: OK. So why don't we leave it until after lunch for the researchers to report.

With this, I would ask the committee if I could get unanimous consent that we come back at 2 o'clock instead of 1:30 in order to give them time to do the research. Is that agreed upon?

Mr Hardeman: Before I agree, Mr Chairman—

The Chair: I'm asking.

Mr Hardeman: —we are 10 minutes before 12, so they'll already get an extra 10 minutes.

The Chair: I know that, but—

Mr O'Toole: Let's make it 1:45. The only reason I say that—

Interjection: We accept 2 o'clock.

The Chair: Two o'clock?

Mr O'Toole: Yes.

The Chair: OK, we're agreed.

Mr Johnston: Those numbers that Mr Christopherson mentioned were numbers that research had supplied to the committee, which the child care people had quoted in their response to the committee.

Mr Christopherson: So you already consider them verified?

Mr Johnston: They're verified. They're from public accounts and estimates. So the question is what you want to do with them, that's all.

Mr Spina: In clarification, David, you brought the point forward to begin with. If that line-by-line comparison is apples to apples—

Mr Christopherson: It must be, because the numbers came from the researchers, Joe.

Mr Spina: But if the change, the reduction, is as a result of some other changes or of funds being moved over to another area—

Mr Christopherson: But, Joe, the point is that the reason they intervened just now is to say, "Hey, we already know that those numbers are correct because they got them from us."

The Chair: We'll continue the discussion later on this afternoon, once we have the figures in front of us.

This committee is recessed until 2 o'clock this afternoon.

The committee recessed from 1151 to 1402.

The Chair: If I can get your attention, we'll bring the standing committee on finance and economic affairs back to order.

Further to the discussion we had this morning, the research officers have provided us with some additional information. If we go back to the original draft that was submitted this morning and we go to "Fiscal Situation," we have in front of us a document headed "(1) Don Drummond's Comments on a Deficit in 2002/03." I think the committee had asked for some additional information with regard to Mr Drummond's comments. Ms Campbell, you may wish to give us a brief summary of what's in the report.

Ms Campbell: I went through Mr Drummond's submission to the committee on March 4, and it's the first item in your little package, "(1) Don Drummond's Comments on a Deficit in 2002/03." I've attached here three excerpts from the Hansard. The first one is what he said in his formal presentation when he was speaking through his brief; the second point is an exchange he had with Mr Phillips; and the third is an exchange with Mr

Christopherson. In each of those cases, he is talking about a deficit in the fiscal year 2002-03.

Mr Christopherson had asked that we check Hansard to verify what Mr Drummond had said regarding a deficit. Mr Christopherson had interpreted Mr Drummond's presentation as indicating that he was comfortable with a deficit. I don't feel comfortable with making that conclusion based on this Hansard, but if the members would like to read through that and come to their own conclusions, that's perhaps the best way at this point.

The Chair: Mr Christopherson, for your information, we just started and we just got a brief summary.

Mr O'Toole: We just adopted the report.

The Chair: No, we have not adopted anything. We just got a brief summary from the research officer. Further to that, I'm open for additional comments.

Mr Hardeman: Mr Chairman, I think our previous discussion on this issue was just to bring back the Hansard and to see what Mr Drummond had actually said, and that if he had said that he was comfortable or that he thought the best answer was a deficit, one would have to consider putting that into the report. That's not what I read in what he said, so I'm going to stick with the interpretation and the position that I had this morning, that the staff have done a good job of highlighting what needs to be said in that section. I would not support putting anything further about deficit spending in the report.

Ms Campbell: For the information of the members, in the paragraph on page 3 that begins, "One forecaster warned about the possibility of a deficit," that sentence and the following two or three are a summary of what Mr Drummond said to the committee. Even though he's not named there, that is a summary of what he had said.

Mr Hardeman: That's my point, that it's a reasonable assumption to interpret staff's comments as accurately reflecting what Mr Drummond said, and I don't believe it needs any further changes.

Mr Christopherson: If I can, Chair, I hear what's being said, but when I read what Mr Drummond actually said, on page 2 is the following: "But I just don't know how you sit here today with one month to go before the fiscal year and knock out \$4.4 billion, short of raising taxes big time, and I don't mean the types of increases BC did on the sales and excise taxes. It's easy for me to sit there; I don't have to do that. But if it were me, I would be conditioning that there's going to be some deficit of some extent in 2002..." I mean, that's just about as straight up as you're going to get.

Mr Spina: I think he's also saying that on the heels of what he said in paragraph 1, where in response to David's question that "you are advocating a balanced budget as a priority," he said, "I would be hesitant to advocate that, because I think it's almost out of the physical set of possibility. I would love for somebody to show me how you do it, but I don't know what point there is for me to recommend something that I don't see how you do, and I've asked many times how they'd do it.

I presume they have some options, but aside from some very large proceeds from privatization, I just don't see how that's possible."

Clearly, this is a subjective opinion on the part of Mr Drummond and he can't see it, but that doesn't necessarily mean that others may not have a different perspective on it. Just before your quote, David, he's pie in the sky: he said it could be \$4.4 billion, it could be \$3 billion, it could even be \$2 billion. It's a "wide range of uncertainty, so ex post I could see it. But I just don't know how you sit here today with one month to go ... and knock out \$4.4 billion," as you've indicated. But he's all over the map. You can't predict, and he doesn't know how it's going to happen; he's not even sure whether there will be a shortfall. He just thinks there will be a shortfall.

Mr Christopherson: Mr Hardeman made the argument that that's not what was in here, that he didn't say that, so how can we reflect it? I repeat, "But if it were me, I would be conditioning that there's going to be some deficit of some extent in 2002, and my focus would be on making sure that once that door is open it gets slammed back shut." I mean, he's advocating not that he wants it, but that the circumstances are such that that's the only reasonable thing to do.

Mr Spina: He can't see any way around it, that's all, and that's the point.

Mr Christopherson: That was my whole point, that that's pretty huge coming from him, and we ought to have something to that effect in the report if we're going to be dead accurate.

Mr Kwinter: The problem I have is that Mr Drummond is portrayed in different ways when it suits people's purposes. When there are conversations about the economists who appeared before our committee, he's introduced as probably the most respected economist that the banks have, and that he's usually right on. When he made his presentation, he stated that the deficit could be anywhere from \$3.4 billion to \$4 billion depending on whether or not the Treasurer decides to implement the same contingency fund that he's had in the past.

1410

Having said that, after he left here—and when we were at the committee hearings, I had his quote from the paper. As soon as he walked out, the press scrummed him and he said, "I've asked several times," and he refers to it in here. He's asked, he's never been given a satisfactory answer from the finance people, and he's saying, worst-case scenario—or best-case scenario, depending on which way you want to interpret it—the deficit will be a minimum of \$2 billion. He said, "I defy someone to tell me how it can't be."

He has factored in, he says in here, income revenue from selling off assets. Whatever way he does it, he's saying he sees \$2 billion that either will be a deficit or will have to come out of a reduction of programming. I think this is a fair reflection of someone who has said that. Whether you agree with him or not, that remains to be seen.

If you read Gerry Phillips's latest Treasury Watch, the Treasurer has a lot of flexibility to do all sorts of things that most businesses don't have the opportunity to do. So the figures may come out and it may be what they say, that there's going to be a \$140-million surplus, but not without some really creative accounting. So that's the point.

Mr O'Toole: I have no problem, if you want my view of it. I have great respect for Mr Drummond, and I would suspect he does provide a context for the options. One of those options would be a deficit, and it has yet to be determined how the numbers will be shown. They can show a more aggressive GDP number, which inflates revenue, and those could be in-year adjustments when the expenditures are actually booked. There are a lot of ways that governments are able to do that. But I have no problem with it actually being part of it, as long as it's in context.

The Chair: The issue we have to deal with is how we incorporate this into the wording under "Fiscal Situation," if it's not going to be agreeable to everybody, so that I can call a vote on it and so that we can get on with it. I'm looking for maybe some type of a motion that would introduce some of Mr Drummond's comments under the "Fiscal Situation" heading.

Mr Hardeman: I think, as I said earlier, staff have done a good job encapsulating the essence of his comments. He says right here as his answer, Mr Christopherson, "I presume they have some options, but aside from some very large proceeds from privatization, I don't see how that's possible." But he's presuming there are options that will balance the budget. I think the report encapsulates that, and I would move that we accept the report the way it's written.

The Chair: Is there any further discussion on that?

Mr Christopherson: There's at least one member of the government who was at least open to listening. It would have been nice to have an opportunity to try a piece of language on the floor as a motion rather than just "no further discussion." We could have done that this morning if we were serious about actually entertaining these things. There's a prime opportunity for it. I'm asking to allow a motion that actually has some wording, Ernie, rather than a motion that says no, just nothing. That's all.

The Chair: I've got a motion on the floor right now that says the wording as presented—

Mr Christopherson: I would hope we would turn that down in the interest of continuing the atmosphere we created this morning, which would mean at least listening to a motion that deals with the issue, but especially in light of the fact there's at least one government member who is open to at least looking at it and talking about it. So I would hope this would get voted down, and let us put something on the floor that we can actually look at.

The Chair: Or Mr Hardeman can withdraw his motion. I'm at your mercy.

Mr Christopherson: He doesn't have a seconder yet.

The Chair: I don't need a seconder on that, I just need somebody to move it.

Mr Christopherson: I know, but I tried.

Mr Hardeman: I guess in process, if David has further suggestions, they can amend my motion. But I think the Chair asked for us to make a motion to get some direction for the committee. If there's further discussion as to something that will catch the essence of what Mr Drummond said more accurately than staff have done so far, that could be put forward, but so far I think the resolution does that very well.

Mr Spina: On page 3 of the draft, the summary says, "One forecaster warned about the possibility of a deficit of more than \$3 billion ... it would be over \$4 billion if the contingent reserve were continued. While a balanced budget would require spending of more than \$2 billion less than in 2001/02, this was not considered feasible so close to the end of the current fiscal year." Clearly, that reflects Mr Drummond's comments directly, as I think Ms Campbell indicated to some degree.

Following that, "Instead, the government was advised to concentrate on the structural element of the deficit." Then it talks about other forecasters. I gather that the first part of that paragraph clearly reflects what Mr Drummond's comments are about—it summarizes them—so I think the terminology can stand.

The Chair: Any further discussion?

Mr Christopherson: I want to make it clear: I really came in here, and Hansard will reflect that, with an attempt to continue what we have done in the past, to work toward—if the government members are going to put forward a motion on the first item that comes back that says, "I move we just stand pat," and they use their majority to ram it through, then I can tell you right now that you can absolutely forget about any idea of trying to come to agreement on anything. Because if all you're going to do is play nice in the morning and roll in in the afternoon and use your majority to slap down any attempt at finding common ground, then I'm telling you ahead of time that you're not going to get any co-operation from me from this point forward. I'd be a fool to do so.

Mr Spina: David, the reason we put this off was because we wanted to see the actual quote to determine whether or not the summary in the draft adequately covered and reflected what you felt was articulated in the original comments. Now that I've seen the original comments by Mr Drummond and compared that to this paragraph, I'm satisfied that it's been reflected in the draft. I'm not trying to play politics here, David. I'm just satisfied that the way it was done in the draft is adequate, and that's the reason why we put it off until this afternoon. It's not like we're intentionally trying to kick this off right off the bat. I was always under the understanding that we wanted to see the original documentation, the original quote. We've got that, and I'm now satisfied that it's OK from my perspective.

The Chair: If there is no further discussion, I shall put the question on Mr Hardeman's motion.

Mr Christopherson: Recorded vote.

The Chair: Mr Christopherson has requested a recorded vote on Mr Hardeman's motion to maintain the status quo on the wording under "Fiscal Situation."

Ayes

Hardeman, Kwinter, Molinari, O'Toole, Spina.

Nays

Christopherson.

The Chair: The motion carries.

Then we go to, according to my notes, and I stand to be corrected—we had talked about the report headings.

Ms Campbell: When we were discussing taxes on page 4, Mr Christopherson jumped back to the "Fiscal Situation" and mentioned that a shortfall of \$3 billion to \$5 billion had been mentioned by the Minister of Finance during his presentation to the committee and he asked that we check Hansard for that reference.

The second item in your little package today is entitled "Minister of Finance's Reference to Spending Gap," and on that page there is an exchange between Mr Phillips and Mr Flaherty. In the third paragraph down Mr Phillips asks, "How big is that gap?" Mr Flaherty: "That gap could easily range between \$3 billion and \$5 billion, if certain assumptions are made." Then there is continued discussion about that gap.

If it's the committee's wish to include a reference to that statement by the minister, I would suggest the following. On page 3, about halfway down the page there is a paragraph that begins, "Many witnesses encouraged the government..." My suggestion is to move that paragraph to the end of that section and move the "One forecaster warned about" paragraph up, and add to the beginning of that paragraph a sentence: "During questioning the minister acknowledged the potential for a spending gap of between \$3 billion and \$5 billion in the 2002-03 fiscal year." Then go into "One forecaster warned about the possibility of a deficit..."

1420

Mr O'Toole: That sounds like a great compromise, really.

The Chair: Comments? Mr O'Toole.

Mr O'Toole: Yes. Technically, we voted on that section, I think. Didn't we?

The Chair: I guess we did. I wasn't aware that we had another issue to deal with there. I'm sorry for that.

Mr O'Toole: Well, we voted, though.

The Chair: If I can get unanimous consent to introduce that, I think it would be in order to—

Mr O'Toole: If I understand, you would be saying—if you look at it, before "Spending Priorities" there are two paragraphs. Move the "Many witnesses" to the very end and insert before "One forecaster" the Ministry of Finance comment that you can verify is there. Is that right?

Ms Campbell: Yes.

Mr O'Toole: Dave, I think that does take us a long way. It does get that number you're so concerned about on there—

Mr Christopherson: Yes.

Mr O'Toole: —without admitting that that's the solution.

Mr Christopherson: That works.

The Chair: Do I have unanimous consent to introduce that line in there even though we have voted? I apologize. I didn't realize we had another issue to deal with. So we do have unanimous consent and we will introduce that clause in that sentence. Thank you.

Before I go astray, I think we have another one. Someone had raised the concern about the report headings.

Ms Campbell: Yes. There's a third page in your little package, "Report Headings." I've put together under A the headings as they look at the present time and then I've got two suggestions for change. In the second, I've increased the size of the word "Taxes," which in our lingo is a level 1 heading, and kept the others, which in our lingo are level 2 headings, at the same size. In C, the second option, I've added numbers at the beginning of each of those headings.

Mr O'Toole: With your indulgence, I would go with number 2. I'll tell you, if we get into a numbering system, all the rest of it is just more blah, blah, blah on paper. It clarifies it for me. That's its priority.

Mr Christopherson: I liked the second one simply because it does make it so much clearer and it's unlike any other part. There's no renumbering of anything, John. It makes it very clear then that the taxes and everything said in there is a context for everything else, which was exactly my point. So I have to say the second one really goes a lot further to—

The Chair: One more comment from Ms Campbell.

Ms Campbell: Could I just clarify that you are referring to the one that appears under B?

The Chair: Yes, this one here. The one in the middle, Mr Christopherson.

Mr Christopherson: No, I'm sorry, C then. The first one really wasn't a suggestion, it's just what's there.

The Chair: That's right.

Mr Christopherson: So I'm looking at C; what you have headed as C. The one that has "Taxes" as 1, then 1.1 "Tax Cuts," 1.2 "Retail—"

Ms Campbell: The whole report would have to be redone that way.

Mr O'Toole: The whole report has to be renumbered.

Ms Campbell: OK.

Mr Christopherson: I don't see that as a huge problem, though, is it?

Mr Johnston: It's easily done.

The Chair: Mr Kwinter.

Mr Kwinter: We had passed this item earlier this morning, and as we proceeded through the report, I noticed the style that you used on page 10 under "Elementary and Secondary." I thought at the time I didn't want to revisit it because we were going to deal with it anyway, but I thought that if we used the same sort of style there, it might serve the same purpose without starting to go into all kinds of numbers.

Mr Christopherson: I can live with that.

Mr O'Toole: I can live with that too. A different font.

The Chair: Is everybody agreeable to that? I think it would make it much easier for the staff. It's just a matter—no?

Ms Campbell: No, actually what appears on page 10, "Elementary and Secondary," is a level 2 heading; "Flexibility" is a level 3 heading.

Mr Kwinter: I'm not terribly concerned whether it's level 2 or level 3. I'm just saying if you use the word "Taxes," and if you want to show that it's part of the basic concept of taxes, if you go to the typeface that you're using on "Flexibility" and "Benchmarks" it really shows that it's part of that. That's really my point.

Ms Campbell: So the committee is concerned about the lack of difference in the typeface?

Mr O'Toole: That's right.

Ms Campbell: OK.

The Chair: So, technically, I guess the heading will be a level 1, and the subheading will be a level 3. Am I correct in saying that?

Ms Campbell: We'll work out something with the font, as opposed to going with numbers.

Mr Christopherson: Something much clearer than what B does. B just doesn't quite do it. If people aren't comfortable going to C because it creates other problems, then I can live with it. But because there's such clear differentiation, it achieves the goal, in my opinion.

The Chair: So we're agreed on this?

Mr Hardeman: I have no problem with doing it that way. Just to confuse the issue more, the suggestion of number 2 is exactly the way it's being done under "The Economy." "The Economy" is separate. Then it has "Economic Outlook," "Fiscal Situation," "Spending Priorities." They're done the other way. So it gives us the three options. I don't think it makes much difference whether we go to "The Education" option or "The Economy" option.

The Chair: In order to clarify the situation, to make sure we're very clear on this, and I'm sure staff will do their best to accommodate the committee: the heading will be in italic or a certain letter form—darker, larger or whatever it is—and the subheading will be somewhat different, so there is a recognition that we are operating under a subheading. I think we can leave the staff to decide what they can produce quite readily and without redrafting the whole report.

Mr Christopherson: The words you've used could allow the first recommendation to apply. That is not quite enough. It's got to be a bit more than that. With that qualifier, I'm where you are.

The Chair: So we're agreeable on this? I think that concludes this section.

The next section we have to deal with is "Municipalities," dealing with the realignment of services. Ms Campbell or Mr Johnston?

Mr Johnston: On the downloading question, I did a check of Hansard. Most of the references to downloading or realignment of services took place in the context of other program areas, whether it be child care, housing or urban transit. I think that's why you don't see the

references in the section under “Municipalities”; it was dealt with elsewhere. The one municipality that raised this issue was the city of Barrie. In response to a question from Mr Phillips, Mayor Perri said, “From our point of view, our concern is more in terms of our inability to control it.” The question here was the revenue-neutral nature of the downloading. So it wasn’t a concern from that municipality.

Unless the committee wishes something else to be written into the section on municipalities concerning the realignment of services—

Mr Christopherson: If I can, I’d love to make a great argument, but I did stand by, as we all did, that a lot of what we ultimately chose would be dictated by what the record showed. Quite frankly, if it’s that thin on the ground, in terms of that kind of wording, then I’ll live with it as it is.

The Chair: So we’re all agreeable on the wording under “Municipalities”? That’s agreed to.

The next one we’ll go to is “Environment and Energy.” We had talked about the Kyoto agreement.

Ms Campbell: Mr Hardeman mentioned that he wanted us to check to see if a witness had gone into detail about the possible impact of ratification of the Kyoto Protocol. What I have done is take the Hansard of two presentations, one from Canadian Manufacturers and Exporters and the second from the Canadian Chemical Producers’ Association. They have the number 5 on the top of them.

If you’d like to peruse what is said there and then provide some direction as to whether there’s anything more you’d like added to that section of the report—

Mr Spina: In reviewing what is actually there, I think the statement that “Business representatives urged the province to encourage the federal government to engage in a full analysis of the economic, environmental and social impacts of the Kyoto Protocol prior to ratification”—they were concerned about the impacts of Kyoto, the economic impacts and the social impacts as well. I think this sentence summarizes their perspective and their concerns.

1430

Mr O’Toole: If I may, I agree that it’s pretty much a lift there in terms of the last paragraph under “Environment.” But when you look at it, clearly the paragraph starts with “Due to the lack of evidence that these conditions have been met, CME does not support ratifying the protocol at this time. We therefore strongly encourage the ... government” etc. “We believe that until the federal government has a national implementation plan in place that safeguards jobs and investment in Canada and allows us to make further progress in reducing”—in other words, the context I’m saying is that there’s evidence submitted that the implementation of Kyoto without proper evidence could result in a loss of jobs.

The Chair: OK. I thought you had brought the concern about the loss of jobs under the heading “Electricity.”

Mr Christopherson: I raised that.

The Chair: Oh, did you raise that? I’m sorry.

Mr O’Toole: But it’s due to the lack of evidence, and that’s how you factor that into even the sentences you have: “Business representatives urged” the provincial government “to encourage the federal government to engage in a full analysis.” It’s a bit softer than what I’m implying. “Due to the lack of evidence” are the words I would prefer to see in there: “Urged the province, due to lack of evidence, to encourage the federal government to engage in a full analysis.” Because all of them said it; Drummond said it as well, I believe. There hasn’t been any definitive study done.

Mr Christopherson: Then we’re getting into argument. I’m prepared to live with what’s there, not because I agree with it—I totally disagree—but they did come in and make that case when the issue was brought forward. It seems to me that if you go much further than that, you’re really getting into subjective argument rather than an objective reflection of what was said.

Mr Hardeman: I guess I kind of fall between the two. I believe that in this report we do have to recognize what we heard and not whether we agree or disagree with that position. We did hear that from these presenters.

I think a little bit stronger may be appropriate, because we heard it a little bit stronger than this. This says the province should just make sure studies are done to show the impact and then they should ratify it. The report actually says we should tell them not to ratify it if these impacts are there, if they’ve done their studies. I really don’t think it’s going to make that much difference, because the end result is that we’re making recommendations for the budget. Whether the province pushes for the studies to be done or pushes for not signing Kyoto, I don’t think, is going to have a major impact on the budget. Either way, the impact is going to be if there’s negative impact from doing it. This says they shouldn’t do it at this point in time. I would support just leaving it the way it is.

Mr Kwinter: Mr Chairman, this morning I suggested that we add one more qualification, and that was political. Now that I see the transcript, I remember that at the time, that issue was raised. It says in the last paragraph, “We cannot allow political agendas and timelines to override Canada’s and Ontario’s economic and social objectives.” That’s a critical area, because we have to move in tandem with the United States. We can’t have Canada supporting the Kyoto accord and the United States not doing it, because then it puts us at an incredible economic and trade deficit. So the political considerations are absolutely critical.

If the United States does it, then we’re on a level playing field. We may want to do more or less, but at least there is a recognition that—and I don’t think anybody disagrees with the fact that the Kyoto accord set standards that everybody adheres to. It’s really the politics, and when I talk about the politics, I’m talking about the lobby groups in both Canada and the United

States who are trying to make sure it doesn't put them at a competitive disadvantage with other jurisdictions.

So I would suggest, as I did this morning, that we just add that there has to be a full analysis of the political implications as well.

The Chair: Are you willing to move that?

Mr Kwinter: Sure.

The Chair: Mr Kwinter has moved that we add the word "political."

Mr Christopherson: Well, here we go; we start to get into this area. I completely disagree with Mr Kwinter. I don't believe we have to move in tandem with the Americans on this. There are enough things that circumstances force us to go along with without picking up areas where we have shown leadership and can continue to show leadership. The competitiveness issue has to be factored in, but to just throw our hands in the air and say, "We don't have a choice for a sovereign position. We've got to do whatever the Americans say"—even in areas where that may be circumstantially true, we don't say that. So if you're going to go anything beyond, really, what's here, which I so vehemently disagree with—and there's nothing to offset it, but then nobody raised it, so I don't have an argument to make in that sense. I can live with this. If you start monkeying with it and adding more, it's going to create a huge problem, because then we do get into the politics of it, Monte.

Mr Kwinter: I'm not trying to get into the politics of it. You're sucking and blowing at the same time. On the one hand, you say that if it says it here, I have no problem with it. I didn't say that. I'm saying they are saying it, and it's a very serious implication that they are raising. I didn't say it. Read it. They are saying it.

Mr Christopherson: They also don't say anything about us having to follow the Americans in tandem; you did.

Mr Kwinter: No, no, no.

The Chair: Mr Hardeman, and then I'll have to call the vote on it.

Mr Hardeman: As I said earlier, I was willing to accept what's here, but I guess I have a question to Mr Christopherson. When the parties made these presentations, they had a simple way of explaining it. If more stringent rules apply in Windsor than they do in Detroit—the impact on the atmosphere doesn't make any difference; up in the atmosphere, there is no international border—all of a sudden it makes the auto plant in Windsor less competitive than the one in Detroit because they didn't agree to it and we did. How do we protect our auto workers in Windsor if we haphazardly sign the agreement and our American neighbours don't?

Mr Christopherson: Two points. One is that by the time you finish including the trade-offs that were allowed in the watered-down version of Kyoto, I'm not sure that Windsor would be all that adversely affected in the first place. Secondly, Canadian kids die just as dead as American kids if somebody doesn't start showing some leadership on these issues.

Mr Hardeman: I guess, going back to the presentation—

The Chair: I will call an end to the discussion.

Mr Hardeman: Going back to the presentation, they made it quite clear that that was their concern, how it would make our industry uncompetitive because of the different rules on different sides.

Mr Christopherson: But isn't that captured by saying "an analysis of the economic" impact? If you're going to talk competitiveness, it's hard to say that's not an economic issue.

The Chair: It appears to me that it is going to be difficult to get unanimous consent on this one, so I'm going to call for the vote on Mr Kwinter's motion that we add the word "political": "environmental, social and political impacts." Is that what you're suggesting?

Mr Kwinter: The "economic, environmental, social and political impacts."

The Chair: You've heard the motion. All those in favour of that motion? Those opposed? The motion carries.

Mr Christopherson: Could I have that recorded, please?

The Chair: I don't have any problem with that. We'll go on a recorded vote.

Ayes

Hardeman, Kwinter, Molinari, O'Toole, Spina.

Nays

Christopherson.

The Chair: I'll call all the votes recorded from now on.

Mr Christopherson: If you would, please.

The Chair: It would make it easier.

Mr Christopherson: You've lost unanimity anyway, so there's no sense spending a whole lot of time this afternoon, but go ahead.

The Chair: What about "Electricity"? Is everyone satisfied? I don't think there were any concerns about that.

Mr Christopherson: That was the one with jobs.

The Chair: OK. Mr Johnston, then. I'm sorry.

Mr Johnston: Again, I checked Hansard for the nine days of hearings to try to ascertain if there were concerns expressed about job losses in connection with electricity privatization. The one reference I was able to find was by Mr Hargrove in response to a question, I think again by Mr Phillips. I quote from Hansard: "On the deregulation and privatization of Hydro, our assessment has been that this is going to be a disaster, and every company we deal with says the same thing.... We represent ... some 1,500 different employers in Ontario, and I haven't found one that is supportive of what the government is doing here or sees it as being something they even want to gamble on. All of them are saying that they believe this is a mis-

take and it's going to be costly to them as corporations and to their ability to compete and their jobs. We have a cost advantage today in this area that they say they're going to lose."

1440

That was the only reference I was able to find to job losses in connection with electricity deregulation. If the committee wishes to have something added in with respect to that—

Mr Christopherson: I'm assuming there is no implicit suggestion that just because it was a labour leader, it doesn't carry the same weight as what somebody else might say. It still was said by someone who represents a lot of people in this province, right?

Mr Johnston: It's up to the members to decide—

Mr Christopherson: When you set it up, you said, "I didn't find any reference. Oh, by the way, there was just this one." And it was like, "Oh, that one happened to be Buzz Hargrove." You know, he represents a lot of people.

The Chair: Any further discussion?

Mr Hardeman: Again, in support of the way the report is presently written, I think it's important to recognize that the Hansard reference to jobs that was read out was a third party reference: "People I talked to told me that they could see a risk to jobs." He wasn't responsible for the jobs; he had just heard from other people. I don't think that is a reference to—it's not who it is; it's that he wasn't talking about his personal knowledge of the jobs. He was talking about what other people had told him. So I support the way it is presently written.

Mr Christopherson: Well, one group asked for protection from excessive rate increases for a year. It happened to be the Windsor chamber of commerce. One group. They got a reference in the one paragraph we devote to this huge issue. "Another reported that its members were concerned...." That could be a reference to Buzz; I'm not sure. "Still others supported opening the market...." Again, all these one-off references, but the one that talks about jobs isn't going to find its way in here? I think it's a little shy in terms of raising the public debate that exists around this issue.

Mr Hardeman: I think the reference that the individual who made the presentation on was what he asked for, which was that he would fit into, I expect—and I would have to read the Hansard—"Some called for a complete halt to the privatization process." Then he went on to say that some of his reasoning for this request was what he had heard from his membership and from the employers, as a third party. But he is referenced as to what his position was on electricity. I think I'd make a case that he would be one of the groups generally that had different positions on the privatization of Hydro. He would be one who would say, "Stop it. Every place I've looked at it, it's bad news, and so we don't want to do it." That was his opinion, and I think he's referenced in there.

Mr Christopherson: I still think the issue of jobs is so important, and job loss is such an integral part of the—

Interjection.

Mr Christopherson: Sorry, John. Did I interrupt you?

Mr O'Toole: It is all about jobs, really.

Mr Christopherson: Right, and given that it is all about jobs, the fact that somebody raised a concern about loss of jobs is something that ought to be referenced in here. That has been my point all along—one quick reference. Again, one group asked for protection for one year, and they got a reference. One group, one reference: the Windsor chamber of commerce. I have agreed it ought to be in here. It was an important reference that they made. All I'm saying is that when someone like Buzz Hargrove comes in here, representing that many people in the province, and talks about electricity and about jobs, that ought to carry weight. That is, in large part, what elected labour leaders like Buzz Hargrove are there for. If the chamber is going to get one reference, which I support, then I think the issue of potential job losses, as part of the public debate, which it is, as Mr O'Toole has just underscored, should be reflected here. All I'm asking for is a one-off that makes a reference to those concerns. You could even say, "One presenter raised the issue of potential job losses." I can live with that.

The Chair: Before I go on to committee members, I think Mr Johnston would like to clarify a point.

Mr Johnston: Just one clarification: the one-offs that are referred to here are cases where a witness or presenter made a recommendation that was explicitly tied to electricity deregulation. In this case, the issue of job losses and deregulation was not a recommendation made by the presenter or the witness to the committee. It was something that came up in the course of the discussion after the presentation. That's my only reason for identifying who the presenter is in the context of the discussion. So just to clarify, they were not excluded because of the nature of the group or the individual who made the presentation, but because that was not part of their formal presentation to the committee or part of their formal body of recommendations. If the committee wishes to include that reference, by all means, it's possible to do so, but I'm just explaining that partly what goes in the report and what doesn't go in the report is based on the recommendations that the witnesses make to the committee in the first place.

Mr Christopherson: Fair enough.

The Chair: I'll have to put the question on the issue. I think there's been enough discussion. It will be a recorded vote. All those in favour of maintaining the status quo, the wording of—

Mr Christopherson: No, no. I want to move a motion that there be a statement along the lines as I just made.

The Chair: OK. So you're moving that we add a clause or a sentence—

Mr Christopherson: That we include a sentence that says that at least one presenter raised the issue of potential job losses. It's that straightforward.

The Chair: Is there any further discussion on the motion? If not, and it's a recorded vote, all those in

favour of Mr Christopherson's amendment or addition of a sentence that reads something of potential job losses?

Ayes

Christopherson, Kwinter, O'Toole, Spina.

Nays

Hardeman, Molinari.

The Chair: The motion carries. That completes the heading "Electricity."

Then we go on to "Business Sectors," under "Agriculture." Someone had raised concerns about US subsidies. Do we have any research on this available?

Ms Campbell: I was unable to read the Hansard of the exchanges between the representatives of the Ontario Federation of Agriculture and the committee members, but I did go back to the brief. In the brief, they have a couple of recommendations that fall under the heading of "Farm Income Support." The two recommendations there are very general. I'll read both of them: "OFA asks that it be fully involved with the Ontario government in the development of a made-in-Ontario safety net plan proposal and the upcoming consultations on the federal-provincial Whitehorse farm policies," and "OFA asks that existing farm support programs be continued and enhanced through 2002 and that unspent funds from prior years be carried forward into these programs."

It goes on to say, "If Ontario's agricultural sector is to reach its potential, then we need to encourage investment in the opportunities in agriculture. This investment will only come when farmers are confident that Ontario is the best place to farm. Agricultural investment will improve when the government is committed to providing adequate farm support."

The Chair: Discussion or comments?

Mr Hardeman: I was going to say I couldn't have said it better myself.

Mr O'Toole: You probably did.

The Chair: I think really, in all honesty, the report does reflect that. So it's agreeable to maintain the present wording under "Agriculture"? OK.

Then I think we had something under "Manufacturing."

Ms Campbell: Yes, under "Motor Vehicles." At the end of the first paragraph there are two sentences which read, "Labour called for the creation of a task force made up of industry stakeholders that would develop policy recommendations. Manufacturers said that the initiatives outlined in their submission could form the basis of a strategic automotive investment policy...."

Mr Christopherson expressed concern about the use of the words "task force" for the reference to labour and a "strategic automotive investment policy" from the manufacturers' presentation.

My suggestion for a possible change is as follows: that we remove the two sentences at the end of that first

paragraph, and at the beginning of the second paragraph add the following: "Both labour and manufacturers recommended the creation of an auto policy strategy," and then go into, "On other issues, labour and manufacturers went in different directions."

The Chair: Comments?

Mr Christopherson: I can live with that.

The Chair: Can everyone live with this?

Mr Spina: Yes.

The Chair: We're agreeable to this, so we'll change the document to reflect that.

The next issue to deal with is under "Tourism."

1450

Ms Campbell: On page 9, in the second paragraph under the heading "Tourism and Hospitality," the sentence reads, "Some witnesses asked for a municipal hotel tax or a destination marketing fee on hotel room sales."

Mr Hardeman felt there should be more description provided concerning the destination marketing fee. I went back to the brief presented by the Greater Toronto Hotel Association and would suggest the following change in wording, based on what they said in their presentation: "Some witnesses asked for a municipal hotel tax or enabling legislation that would give the sector the option to apply a destination marketing fee to hotel room sales at the request of the local accommodation industry."

The Chair: You've heard the recommendation. Any discussion?

Mr Christopherson: Did they actually say that their preference was a municipal hotel tax and then the enabling?

Ms Campbell: No. Some witnesses asked for a municipal hotel tax. Perhaps the wording should be: "Some witnesses asked for a municipal hotel tax, while others asked for enabling legislation that would give the sector...."

Mr Christopherson: Have you got who the two were? I only recall hearing one, but that doesn't mean it didn't happen. I thought they were pretty emphatic about making it clear that they weren't asking for an across-the-board tax; they wanted the ability for local communities—

Ms Campbell: There were some non-industry people who spoke to the issue of a municipal hotel tax.

Mr Christopherson: Perhaps, to be clearer, we should state that people in the industry asked for blah blah, and whether you make the other reference I leave open to debate. But I think we should be clear, because they were. They were very clear that they didn't want the heavy hand of government across the board. "Let us do this in each community," was their request, as I recall.

Mr Hardeman: I think it goes even slightly further. I think the industry would be very emphatic about the province setting a tax and then spending it province-wide to encourage tourism. They were talking about the local ability to set levies and direct the resources toward encouraging tourism into their local communities.

I agree with Mr Christopherson: if that was the position of the industry, I think we should just say that the position of witnesses from the industry was that this is what they wanted. If someone else made a presentation that said, "We want a hotel tax," we would reference that separately, if it needs to be referenced at all. Forwarding a report saying they said that in this budget they'd like the province to put on a hotel tax, I don't think, would go over really well. Those who hadn't heard the presentations would take a different view of that comment than we would here, knowing what they were talking about.

Ms Campbell: Would it be the committee's wish, then, to replace the first sentence in the second paragraph with something along the lines of: "The accommodation industry asked for enabling legislation that would give the sector the option to apply a destination marketing fee to hotel room sales at the request of the local accommodation industry," and remove "Some witnesses asked for a municipal hotel tax"?

Mr O'Toole: That sounds more like it.

Mr Christopherson: I think so.

The Chair: I've got to go to Mr Spina.

Mr Spina: I don't think we should remove the fact that some witnesses asked for a municipal hotel tax, because that is in fact what's in there. But I would agree with the rest of it, that you identify, rather than "others" seeking a destination marketing fee, that industry or accommodation stakeholders, or whatever phrase clearly identifies people from the industry as requesting the enabling legislation. But don't leave out the other, because some people did make that proposal.

Mr Hardeman: I think it's very important, and I'm going to disagree with my friend Joe: I think it's important that we take out that somebody asked for a hotel tax without being able to define what they really asked for. If we're sending a report to the treasurer saying, "We had some witness coming in and asking us to put on a hotel tax," that's not what we heard. What we heard was people wanting the ability to have some form of charge to the industry to help promote the industry, and I think we need to describe it that way rather than saying that people asked us to put on a hotel tax without being able to describe what it is, how it is to be put on and what they are going to use it for.

I would encourage you to leave the words "Some witnesses" but I would add the words "from the hospitality sector asked for" and then "a destination marketing fee on hotel room sales."

The Chair: I don't want to throw gasoline on the fire, but this is in the Greater Toronto Hotel Association presentation. The last sentence in the paragraph says: "We have sought and received legal advice that it is not a tax. It is voluntary for the industry and could only be implemented by a democratic vote."

I don't know what that means, but—

Mr Spina: You're talking about the destination marketing fee?

Mr O'Toole: I'm somewhat more familiar with it, because there are several sites like Ottawa, like Toronto,

and including other destination spots, that have lobbied aggressively, and they haven't been able to, because we aren't going to increase taxes; it's that simple. What they're trying to do here is do it at a local district level through some municipal mechanism. That was where they were. Toronto could implement it, collect it on all the hotels and use it to market, whatever, but we're not doing it. That's the background, and Rod Seiling knows it.

The Chair: Does what we have on the table now capture the flair?

Mr Spina: Yes.

The Chair: Does it capture what the committee wants if we write it as Ms Campbell suggested?

Ms Campbell: I'm a little confused at this point.

The Chair: So am I.

Ms Campbell: There are two options—

Mr Spina: Read it out as it was before I spoke.

Ms Campbell: Before Mr Spina spoke, I suggested removing "Some witnesses asked for a municipal hotel tax" and rewriting that sentence as, "The accommodation industry asked that enabling legislation"

Mr O'Toole: "... asked for a municipal hotel tax or a destination marketing fee on hotel rooms."

Mr Christopherson: I'd take out "hotel tax" and leave it as "destination"

The Chair: It's a destination fee they're calling it, yes.

Mr Hardeman: I'm not sure it matters—

The Chair: I have to go to Mr Kwinter first.

Mr Kwinter: I just wanted to speak to that. The impression I get when I read this is that the municipalities want to raise more taxes, and they're going to tax people who come into hotels. When you read it, it's a municipal hotel tax, whereas in fact this is an initiative of the hospitality industry, who are saying, "We don't want to raise more money for the municipalities; we want to raise money for ourselves so we can market our industry."

If you leave in this "municipal hotel tax," it could be misconstrued that the municipalities are saying, "These people are coming in, they're using our infrastructure, they're doing everything else. We're going to put an additional tax on them." I don't think that was the intent.

What we just heard from Elaine, where we take out "municipal tax," takes away any ambiguity that the municipality is doing the taxing and lets it be that the industry wants to be able to levy a fee, a tax, whatever you want to call it, so they can enhance their marketing for the industry. That's the intent I get from their presentation.

Mr Hardeman: I totally agree with Monte. As you, Mr Chairman, read the last line of the presentation from the hotel association, they have a legal opinion that it is not a tax, so I don't know why we would suggest that it is in our report.

Ms Campbell: There were witnesses from outside the sector who did talk about the introduction of a municipal hotel tax.

Mr Hardeman: But that's a different issue. Here we're talking about the hospitality industry wanting the ability to levy a fee from its members to help promote their membership—union dues. That's not a tax; it's a fee for service. In the labour movement, it's based on your earnings; in the hotel business, it's based on renting the room.

The Chair: So does the wording now as suggested capture what the committee wants?

Mr Christopherson: The way it is now?

The Chair: No, the way Ms Campbell just read.

Ms Campbell: Removing the first part of that sentence.

The Chair: That's what I'm referring to. So we're agreed on it? OK.

Then we go to "Education."

1500

Mr Johnston: Mr Christopherson had raised the issue of the absence of specific amounts in terms of requests for overall funding increases to the funding formula, so I have suggested the insertion of a third sentence in the first paragraph under "Education" on the bottom of page 9. That sentence would read: "Overall funding increases in the range of \$1.1 billion to \$2.3 billion were called for." I think that accurately reflects the range of figures that were frequently quoted to the committee.

Mr Christopherson: I would so move, Chair.

The Chair: Discussion?

Mr Spina: Agreed.

The Chair: Are we agreed?

Mr Hardeman: Mr Chairman, I think it's going right back to the same discussion we had this morning. I think when we're looking from \$1.1 billion to \$2.3 billion, it could be from zero to \$2.3 billion too, because there were a lot of people who never spoke to needing money in education. They were speaking about something totally different.

I think the report presently talks about what it is that the presenters felt that we needed in the system and I would support the way it's written rather than adding the line that relates to the magnitude of the size of what individuals asked for.

The Chair: If there is no further discussion I'll put the question that Mr Christopherson moved, that we introduce one more sentence that reads, "Overall funding increases in the range of \$1.1 billion to \$2.3 billion were called for." I'll ask for a recorded vote.

Ayes

Kwinter, Christopherson.

Nays

Hardeman, Molinari, Spina.

The Chair: The motion is defeated. We go on to "Health," page 13. I guess I'll ask Mr Johnston to give us his findings.

Mr Johnston: The suggestion again this morning was that the opening paragraph understated the concern by all presenters that health care is in a crisis in Ontario. I did a check of Hansard. The word "crisis" was used frequently throughout the presentations, but surprisingly more often in sectors other than in health care. That is, in part, why I've also included a suggested amendment to the section on "Housing." But for "Health," I'm suggesting that the last phrase in the first sentence could be changed to: "And others urgently called for increased investment in the health care system by both the provincial and federal governments."

Mr Christopherson: So really all you've done is add the word "urgently."

Mr Kwinter: And "increased."

Mr Johnston: And "increased" instead of "continued investment."

Mr Christopherson: And "increased," right.

Mr Kwinter: The other one said, "continued investment."

Mr Christopherson: Right. OK, so moved. I so move, Chair.

The Chair: OK, Mr Christopherson has moved that.

Mr Hardeman: I'll second it.

The Chair: All those in favour? I guess we don't have to have a recorded vote. Everybody's unanimous on it.

It's just been pointed out by the clerk also that I have to go back to page 11 under "Special Education." There was something we did not agree on. I cannot recall what the issue was there.

Mr Hardeman: I think Mr Christopherson just mentioned that was quite an important issue and he just wanted to reconsider it and think about it over lunch.

The Chair: That's right.

Mr Christopherson: And given the way the conversation's gone, I know exactly where my arguments are going to go, where they'll end up.

Mr O'Toole: Don't be like that.

Mr Christopherson: If you want me to take some time to go through them, John, I will, but at this point—

The Chair: We'll just agree to agree that the wording is OK? Thank you. So that's agreed upon. We'll go back to "Health." No, I guess we're done with "Health." "Housing" is the next issue, page 15. Mr Johnston.

Mr Johnston: Mr Christopherson had suggested this morning that the "Housing" segment was not sufficiently reflective of the state of crisis or concern about housing in the province, so I suggested a possible new first sentence to state, "Many witnesses stated that there is a crisis in affordable housing in Ontario at present."

Mr Christopherson: At the very least we should be saying that, so I'll move that.

Mr Hardeman: I'll second it.

Mr Christopherson: I wanted it a little bit stronger.

The Chair: Discussion?

Mr Spina: "Many" as opposed to "several"?

Mr O'Toole: "A couple."

Mr Christopherson: What was reality? Were there many?

Mr O'Toole: One, David.

Mr Christopherson: No.

Mr Spina: Are we talking about six or seven versus two said there was a crisis? I don't mean to put you on the spot.

Mr Johnston: Actually, when I went through Hansard looking for the word "crisis" with respect to health care it kept coming up under affordable housing, probably seven, eight, nine, 10 times, in that range.

Mr O'Toole: How about just a number.

Mr Christopherson: Now you want a number.

The Chair: Let's not cut it too fine here.

Mr Spina: I didn't mean to split hairs, but I could not recall the frequency. You clarified it. I can't argue with "many" at seven or eight or nine; "several" to me would be two or three.

Mr O'Toole: I would like to change it to "A number of witnesses stated that there is a crisis in affordable housing in Ontario at present." It's not "many" or "most," it's "a number."

Mr Kwinter: We didn't say "most."

Mr O'Toole: You said "many."

Mr Kwinter: Your colleague just said that he accepts "several."

Mr O'Toole: I just say "a number" is much more palatable. I would support that it's—

The Chair: We would have to have an amendment to the motion, Mr O'Toole.

Mr O'Toole: To amend that to "A number of witnesses stated that there is a crisis in affordable housing in Ontario at present."

Mr Christopherson: You'd better not vote for this, Spina.

The Chair: I'll call the vote on the amendment to the motion that Mr O'Toole is moving, that "A number of witnesses stated," as opposed to "Many witnesses." It's a recorded vote.

Ayes

Hardeman, Molinari, O'Toole.

Nays

Christopherson, Kwinter, Spina.

The Chair: I'll vote with the motion; in other words, to leave it as suggested: "many."

Mr Spina: Thank you for defeating the amendment.

The Chair: Yes, I'm defeating the amendment.

Mr Hardeman: How did we get a tie vote?

The Chair: There are three.

Mr O'Toole: Joe didn't vote for it.

The Chair: We have a motion on the floor moved by Mr Christopherson stating, "Many witnesses stated that there is a crisis in affordable housing in Ontario at present." A recorded vote.

Ayes

Christopherson, Kwinter, O'Toole, Spina.

Nays

Hardeman, Molinari.

The Chair: The motion carries.

Our next topic is "Children." I will ask Mr Johnston to please report on that one.

Mr Johnston: The suggestion was made this morning that there wasn't enough reference in the section on "Children" to comments from child care advocates with respect to the decline in government funding of direct, non-capital child care expenditures, and figures were discussed this morning. I suggested a new final sentence that could be added to the second paragraph: "Child care advocates called for an end to reductions in government funding of direct, non-capital child care expenditures that have taken place since 1998-99."

Mr Kwinter: On a point of information: If I recall this morning when we talked, the question revolved around whether this was a factual statement and the information was provided by research. Is that correct?

Mr Johnston: Yes.

Mr Kwinter: So it really isn't a matter of opinion as to whether this has happened; this is a fact. We've asked the research department to bring us those numbers. Those are the numbers and this is just to reflect that. So it isn't a matter of saying, "We don't agree. We think we spent more money." This is an impartial statement of fact, looking line by line. I just wanted to make sure that we clarified that so that we understood. Is that fair?

Mr Johnston: This is public accounts and the Ministry of Community and Social Services estimates figures that are represented.

Mr Christopherson: Having raised this, my preference would still be to have the actual dollar figure shown, but I can live with the language that's here and I think it encompasses what Monte has just said. So I will move the language as recommended in front of us.

The Chair: This is the one that Mr Johnston has reported on?

Mr Christopherson: Yes, "Child care advocates called for an end to reductions in government funding of direct, non-capital child care expenditures that have taken place since 1998-99."

Mr Spina: I'll oppose it because I think the last sentence of the third paragraph, in my opinion, essentially covers that.

1510

The Chair: If there's no further discussion, I'll put the question on Mr Christopherson's motion. It's a recorded vote.

Ayes

Christopherson, Kwinter.

Nays

Hardeman, Molinari, O'Toole, Spina.

The Chair: The motion is defeated. The wording under “Children” remains the same. I guess that completes the report itself.

Mr Christopherson: Just on a point of privilege: I want to say that I'm really disappointed that the committee—in particular government members, but not exclusive to the government members—wasn't prepared to work a little harder to try—

Mr Spina: Huh.

Mr Christopherson: Let me say my piece—to work a little harder to try to find unanimity. I had every intention of wanting to support at least the factual basis of what was reflected, because I consider it a partial failure on the part of all of us that we could go through all these hearings and not even agree on what we heard. The interpretation is bound to be different, but we couldn't even agree on what was heard. We did it last year. I think we did it for a number of years before then. We failed this year. I think it's because there just wasn't enough interest in working that hard to achieve something that was attainable. It's disappointing. I think, collectively, we've let the people of Ontario down. I think the government members have to bear some responsibility. It was their majority votes that created this in most of the cases this afternoon. It's a real disappointment; a lot of effort wasted.

Mr O'Toole: I'd just like to balance that on the record. I believe there's been a significant willingness on the part of the government to amend many of the staff summations in this draft report, many of them unanimously and many of them recommended by the NDP and the Liberals. We did not get total unanimity, but I think we've moved a long way forward. I think there has been work, effort and commitment on behalf of the government. So I think that needs to balance the record. David feels we haven't worked hard. He can speak for himself on that.

The Chair: The next issue we have to deal with is the recommendations that we have in front of us. I don't know if you have all the copies of the government and the Liberal recommendations. I don't know if you have anything to submit, Mr Christopherson, at this point.

Mr Christopherson: We're going to encompass it all in the dissenting report.

The Chair: OK. Mr Hardeman, how do you wish to deal with your recommendations? You have 17 recommendations. Do you wish to read them for the record, or do you wish to vote on them one by one? I'm open to your suggestions.

Mr Hardeman: Obviously, it's up to the Chair of the committee how you wish me to proceed. I do want to put on the record a number of recommendations that I am proposing to attach to our report as recommendations from our budget consultation, and what the Treasurer should consider as they're preparing a budget. But I'm

open to suggestions of how you wish to proceed, whether you wish for us to read them all into the record, then have a general debate as to which ones require further debate, and then have a vote on those.

The Chair: We probably should read them into the record, because they've just been circulated for the benefit of all the committee members. I think you should at least read them into the record, and then we can decide whether we vote on each recommendation one by one or take them all under one vote.

Mr Hardeman: I'll read it into the record then, starting with:

“The government should maintain its policies of strong fiscal management.

“The government should maintain a balanced budget.

“The government should continue to ensure that taxpayers' dollars are spent wisely.

“Tax cuts are an important stimulus to the economy. The government should fulfill its commitment to further reduce taxes to stimulate job creation and increase investment.

“The government should continue to further reduce the capital tax, with the goal of ultimately eliminating it, as it is a job killer and a disincentive to investment.

“The government should continue to promote policies that create a climate for strong private sector job creation and solid economic growth.

“The government should continue to support policies that assist small and medium-sized businesses.

“The government should continue its commitment to reducing red tape and eliminating barriers to doing business.

“The government should maintain its commitment to health care funding and continue to maintain a health care system that invests in priority services.

“The government should continue to call on the federal government to renew their commitment to health care and restore the CHST funding to 1994-95 levels.

“The government should continue to find ways to ensure that more of the education budget goes to the classroom—where it is needed most.

“The government should continue to find ways to ensure flexibility in education funding throughout the province.

“The government should continue to ensure that every willing and qualified student has a space available for them at a post-secondary institution.

“The government should continue to support programs and initiatives that ensure our children grow up in a healthy, safe and supportive environment.

“The government should explore RST transportation refunds for individuals with non-physical disabilities such as autism.

“The government should continue its commitment to capital infrastructure in the province of Ontario.

“The government should maintain its commitment to fund public transit and should continue to call upon the federal government to live up to its commitment to pay its share of public transit funding.”

Those are the recommendations that were made.

The Chair: Is there any discussion or comments with regard to the recommendations?

Mr Kwinter: I don't like to do this, but I read through this. Given the reality of this committee, a lot of the things that are in here I can support in principle. I've gone through the 17, and there's hardly one that I can support in the way that it's written, because it then becomes political. If you had said, "The government should ensure strong fiscal management," no problem. When you say, "The government should maintain its policies of strong fiscal management," we then get into a polemic; you know, is it doing it? If they take the debt and they raise it by \$20 billion, is that sound fiscal management? So then you get into a whole debate, and on every single one of these things.

"The government should maintain a balanced budget." Well, you know, we've got legislation that mandates that.

"The government should continue to ensure that taxpayers' dollars are spent wisely." We could spend the whole day talking about whether taxpayers' money has been spent wisely.

What I'm suggesting is that, as I say, given the structure of the committee, it's unlikely that I'll get any of these things changed, because those changes that I'm making are critical of the statements because they imply things that may or may not be true. We don't have the time to debate it. So I would suggest that we accept this as tabled, and that I table ours. Whether the government members will accept it or not is, again, probably problematic, but I suggest we do that. Then what we're going to have to do is assume that the government side is going to support their recommendations. We on this side—and I'm not speaking for my colleague; he can speak for himself, and the NDP. He probably will oppose virtually every one of these things.

Again, just to give you an example, on number 15, I have no problem with that. I have a little bit of a problem with describing people with autism as not having a physical disability. I'm just saying that you can cherry-pick maybe one or two that will stand alone, but virtually every one of these things says that you should continue to do something, maintain doing something, but it becomes a point of discussion as to whether or not that should happen.

So I would suggest that we do that, that we're given time to put in a so-called dissenting point of view and go on from there rather than debate the whole thing.

Mr Spina: I can't repeat the words verbatim, Monte, but I can tell you that in looking at your recommendations, the Liberal recommendations, I would have exactly the same sentiments.

Mr Kwinter: Exactly. That's what I'm saying. That's the point I'm making.

Mr Spina: Because I can look at it, and while I understand some of them, there would be some so-extensive amendments to your recommendations that I could not support them either.

Mr Kwinter: That's exactly the point I was making.

Mr Spina: Thank you.

1520

Mr Christopherson: Well, Chair, I was in a much more co-operative frame of mind this morning before the government started throwing around its majority votes. I'm not interested in making this easy at all. You had no interest earlier in trying to find a report that we could all stand on. I have no interest in making this easy. These recommendations are outrageous and I don't think we should be denied the opportunity to speak to them. I don't know what our time limits are. We can probably go till midnight, I think. I seek guidance on that before I go any further.

The Chair: I guess there are really no time limits.

Mr Christopherson: It's just this one meeting. We can't reconvene after we've adjourned.

The Chair: We can come back, as the clerk pointed out, when the House sits. But the direction we did get from the House is that we only have the one day.

Mr Christopherson: Which means we have until midnight.

Mr Spina: Isn't our normal meeting day till 6 for this committee?

The Chair: Only when the House is sitting.

Mr Christopherson: So literally we have till midnight. Therefore, there's ample time to discuss these recommendations and I think we should do so. I'm quite prepared to do so on behalf of the NDP.

Mr Spina: Do we need unanimous consent or a majority vote to discuss them in bulk?

Mr Christopherson: No vote; those are the rules.

The Chair: Each member is allowed 20 minutes on each motion to speak—a time limit of 20 minutes, every time the member speaks.

Mr Spina: I understand that. What I'm asking for is whether the question Mr Kwinter and ourselves brought forward, the question of whether the proposed recommendations are to be voted on in bulk or individually one at a time, needs unanimous consent or a majority vote in the committee?

The Chair: It needs unanimous consent in order to collapse all the recommendations into one vote.

Mr O'Toole: In the interest of having some harmony, we have actually adopted the report.

Mr Christopherson: There hasn't been a vote yet, because the recommendations are part of the report.

Mr O'Toole: I guess we have to come to some broad decision in terms of the draft copy of the report as amended and the attached recommendations, because we have three dilemmas. The government has a list of 17 recommendations which, as Mr Kwinter has said and Mr Christopherson has indicated, they will not be accepting for wording and semantics and a whole bunch of other reasons. Likewise with the seven Liberal—if I were to read some of those into the record, they're worded in such a way that they're actually distasteful. They're accusatory, they're political and the substance is not quite there in some of them. The NDP have absolutely nothing

in front of us. They can sit and procrastinate and criticize, with standing for nothing.

So my submission to you is that we would look at these as three separate attachments to the report. If they want to submit a minority report, which I'm sure they will, they have every right and will continue to do that. We could talk ad nauseam on these amendments.

Mr Christopherson: We're going to.

Mr O'Toole: I suspect that would be an abuse of the members' time here, without having—the point I'm making—any positive or negative input from the NDP members. I really fail to see where they've done any work or given this any considerable amount of research time or thought. They can disagree with ours, but at least we have something on the table to discuss. They have nothing on the table to discuss except to criticize both the government and opposition members. It's too bad, because there were in the main body of the report a number of things in general that we agreed on in terms of submissions. I don't think our recommendations, from any of the three parties, should change that. Part I is the report, and I would like to put a motion forward that we adopt the amended draft report and then deal with the submission of recommendations as a separate part.

The Chair: I think we're going to have to take a five-minute break. You've posed a question I cannot give you an answer to, so I'll have the clerk check on this. We'll recess for five minutes.

Mr Christopherson: Sorry, what are you recessing for? What are you clarifying?

The Chair: To get a ruling from the clerk's office on a rule of procedure. Mr O'Toole's asked a question as to whether we can deal with one part of the report and leave the recommendations outside. I want a ruling from the clerk's office.

Mr Christopherson: We went through this last time, but OK. So we're in a five-minute recess?

The Chair: Yes, five minutes.

The committee recessed from 1525 to 1548.

The Chair: If I can get your attention, we'll bring the standing committee on finance and economic affairs back to order.

Mr O'Toole, with regard to the motion, I need some clarification as to what your intent was. I stand to be corrected, but my understanding was that you wanted the committee to vote on the report submitted by the research department and to have the—what would you like to do with the recommendations? That's what I need clarification on.

Mr O'Toole: The second part was to adopt the recommendations from each of the caucuses without debate.

The Chair: My understanding is that we can have a motion to accept the draft report as submitted and as agreed upon, without the recommendations; we submit that as an interim report and then come back when the House sits again to consider the recommendations from the different parties. Is that what you're suggesting?

Mr O'Toole: If they want to spend more time on it. I would first deal with the report that we spent most of the

day on, as amended. I think we reached some consensus there, and the statements are on the record. Then the recommendations from each caucus, once we've seen them all and had a chance to analyze them. I suspect the first part is to adopt the report or vote on that and the second is to allow potentially another meeting, when the House convenes, to discuss the recommendations.

Mr Christopherson: A question, Chair, if someone can refresh my memory. Were the recommendations not part of the report last year?

The Chair: The report and the recommendations were voted on as one unit, yes.

Mr Christopherson: I remember the reason that happened was because we had this very discussion last year. I think if you look back you'll find the year before it was like that and the year before that that was the format. If they're suggesting something different, then I might say, because Mr O'Toole just talked about wanting time to reflect and consider the recommendations, there was no direction, no request given or discussion about when recommendations might be given. It would seem to me that if we want to have that discussion, if he wants to do it separately, then we should set a time frame and say to the caucus very specifically, "Here are your recommendations." It was my thought, obviously incorrect, that we would do the same as we did last year, which is that we would deal with the government recommendations and then there would be a final vote. That would be the end of the debate for this meeting and then there would be dissenting reports submitted from the two opposition parties. To me, it's either one or the other, but a hybrid version leaves us really nowhere, in my opinion.

The Chair: One of the things that throws a curve into the procedures here is I think that last year and the previous year the House was sitting when the committee was meeting. It's just that right now we do have a direction from the House that we can only sit on so many days and that we only have the one day to consider the report. That is what is creating some difficulties.

Mr Christopherson: If I can clarify—I know the answer to this question but I want to ask it anyway, for the record—are the recommendations of the dissenting caucuses included in the main report that goes to the Minister of Finance as part of the body of the voted-on report? For instance, there's the report, and if the government includes their recommendations and that becomes part of the whole report, is there an opportunity for the Liberal dissenting report and the NDP dissenting report to be a part of the voted package or is it going to be as it was in the past? That is, the report, government recommendations and then attached to that, although not voted on—the government doesn't vote on our dissenting report; it's a dissenting report.

The Chair: My understanding, and I stand to be corrected, is that, according to Mr O'Toole's motion, we would vote on the report that has been submitted—

Mr Kwinter: As amended.

The Chair: —as amended. However, there would be no recommendations from any party—neither from the

government nor any of the opposition parties—attached to that. That would be submitted to the Minister of Finance and the ministry as an interim report. However, if the committee wishes to come back, when the House resumes, to meet to consider the recommendations from all parties or from the government and the two opposition parties, then once they are voted upon they could also be submitted to the Minister of Finance and the ministry.

Mr Christopherson: The mandate of the committee was to hold hearings and to make recommendations. I'm not aware that there is a reference to "interim reports" and in light of that it seems to me that because it says "recommendations" the committee has to do more than just say, "We spent all this money and all this time and here's what we heard. It's as non-controversial as we could make it. This is just what we heard." That's not the idea. The idea is that we do that but we make recommendations, and it's at that point that we usually have a departure.

I'm not sure that an interim report is anything that has any status because, first, unless there is reference to an "interim" I'm not sure it exists legally and then, second, without recommendations we haven't fulfilled our mandate.

The Chair: You could fulfill the mandate at a later time, once the recommendations are voted upon and submitted. They would not be submitted with the interim report today but they could be submitted later on, when the House resumes.

Mr Christopherson: Again, you're using "interim report" like it has some kind of legal status. I'm not aware of where there is a reference to an interim report.

The Chair: The clerk has just pointed out to me that the standing committee on finance and economic affairs "is empowered to consider and report to the House its observations, opinions and recommendations on the fiscal and economic policies of the province and to which all related documents shall be deemed to have been referred immediately when the said documents are tabled." So, you're empowered.

Mr Christopherson: We don't have opinion in here. We don't have recommendations. All it is is observations and even that we couldn't agree on. I'm just making the argument, I guess, putting forward the argument to you, Chair, that anything less than a report and recommendations is nothing. We haven't fulfilled our mandate that we have to have some kind of recommendations, even though I'm going to disagree with them because the majority is the government. Nonetheless it is only a proper report if it has opinions and recommendations. Right now it doesn't. It's just a reflection of as close to agreement as we can get on what we heard. That's not advice, opinion or recommendations.

The Chair: No, but the committee has the final say at the end of the day. They're empowered to deal with the report as they see fit. If they want to submit the amended report that we have in front of us as an interim report, or whatever you want to call it, and deal with the recommendations at a later date, they still fulfill the mandate.

They don't fulfill it today maybe, but they do fulfill it at some later date once the House resumes.

Mr Christopherson: I would say to you, then, Chair, if the recommendations aren't done before the budget is dropped, which is possible, we can't fulfill the mandate. How can you give recommendations after action has already been taken?

The Chair: You're assuming that the recommendations would not be filed with the minister prior to the budget being dropped. If they are filed prior to that, then the mandate certainly would be fulfilled.

Mr Christopherson: And conversely, you're suggesting that there is going to be ample time, and there's no guarantee of that.

The Chair: No, I'm not suggesting—I don't know when the budget's going to come. I'm only—

Mr Christopherson: I don't either, but without knowing that date and knowing that we can get recommendations passed beforehand, how can we fulfill our mandate? How can we be sure we're fulfilling our mandate when we vote not to deal with recommendations today?

The Chair: You do have a point because, like I said, I don't know. All I'm saying is that if you file the recommendations prior to the budget being handed down, there's no doubt that you're fulfilling the mandate according to the—

Mr Christopherson: And if we don't?

The Chair: However, keep in mind that the committee's only empowered to report. It doesn't mean we have to.

Mr Christopherson: We've spent an awful lot of time and money for nothing then.

The Chair: I'm just going by the standing orders.

Mr Christopherson: I hear you.

Mr Hardeman: Mr Chairman, I think that's exactly the point that I get from the direction that the committee has. Our mandate is that we are empowered to have the public hearings. We're empowered to make such recommendations as we deem appropriate as a committee and to report back to the House if we deem reporting back appropriate. There's nothing in that direction that says, "You must do this, this, this, this." It says you are empowered to do any or all of these items as the standing committee. I believe that a number of things are possible. A member of the committee proposed a motion which was to adopt the amended draft report as it was presented to us and to have that completed and prepared to report. I think the Chair has ruled that that is a possibility, that that can be done. Whether there are other things the committee can do within the realm of what needs to be done I think is an item that's worth having a debate about once we've dealt with the motion that the committee member has put forward and that the Chair has ruled is an appropriate motion.

Mr Spina: I would disagree with Mr Christopherson from the perspective that even though the committee is empowered, it has the right to submit the report, the consultations are not a waste of time. The reality is that

the report and all of the input that has been gathered by this committee from the delegations goes to the Minister of Finance for full and complete consideration, and whether we make a recommendation at this point or two days after the House resumes—and we don't even know when that date is—it doesn't matter. The input will go to the Minister of Finance at some point. But the reality is that the Minister of Finance will have had the benefit of all of the input from the delegations and the report as amended by this committee as a guideline for his or her considerations in creating the new budget.

1600

Mr Kwinter: The reality of the situation is that we have, I assume, unanimity in the report.

Mr Christopherson: No.

Mr Kwinter: We don't?

Mr Christopherson: No, I said that before, when the government wasn't prepared to entertain real discussion. They moved a motion that said, "Leave things the way they are." I couldn't even get a motion on the floor to consider language. I told them at that time, and they proceeded to ram things through that I disagree with. So, no, you don't have unanimity.

Mr Kwinter: OK, then let me put it this way: I don't think there's any doubt that we have majority support of this committee to approve the report, as amended. I don't think there's any question about that. In the past, notwithstanding that we have done that, we have always submitted a dissenting report of the other caucuses. The practical effect of the government's recommendations is that that is their dissenting opinion, because the other two caucuses are not going to support it anyway.

So it would seem to me that we should proceed with a vote on the report. There should be a time set for the caucuses, as there has been in the past, to submit a dissenting report. That becomes a part of the public record. That is where you can table your recommendations, we can table ours, the NDP can table theirs. I don't imagine that anything is going to change. They will make their particular recommendations and we will make ours. They will be a part of the report and they won't get unanimous consent; they will get consent of the majority of the people on the committee.

To sit and discuss this just isn't practical. I think that we should call for a vote on the report, submit that, set a date—to give you an example, I would like to be able to get back to my colleagues and look at the recommendations made by the government to suggest how we could possibly change them to make them acceptable, if that is a possibility. You might want to do the same thing with ours. But no matter what we do, we certainly plan to provide a dissenting report. I think the only question that we have to decide is, what is the time frame for having that report prepared?

Mr Christopherson: Can I make one more point?

The Chair: Yes, certainly.

Mr Christopherson: I would ask any one of the government members to respond. But your recommendations are here. In the past, they've been a part of the

report that was forwarded. It seems to me the only reason you wouldn't do it today is because you just don't want to spend the time doing it. Now, if there's another good reason why not, I'd sure like to hear it.

The Chair: Any comments? Mr Kwinter, you're quite right: we can vote on the amended pre-budget draft report that's been submitted to us today. The only question I need to clarify is with regard to the dissenting opinions, whether we have to wait until the House comes back. That's my gut feeling.

This is quite technical, I must admit. I guess we do have the ability to set a date to have the dissenting opinions. The date would be set by the committee, to be attached to the report itself. It would appear that we can proceed in this manner, as you suggested.

I need one more clarification, because I'm still not clear with regard to government recommendations, whether they can be attached or not; we'll get a ruling on that. But we can get the opposition's dissenting opinions attached to the report, once it's voted upon. I think this is what you suggested. Is that clear? So as soon as I get the clarification on this, we'll proceed to deal with the amended pre-budget draft report.

Mr Christopherson: I suspect that one of the things we're going to be into is that the dissenting reports can be attached as addendums or schedules but the government recommendations are different in that, as a rule, the body of the report is supported, as Mr Kwinter has pointed out, by the majority of members—I'm not talking about caucuses but the majority of members—and the same with the recommendations. If the recommendations don't have a vote, they really don't have status.

The Chair: All right, I think we've got this cleared up. Under section 129(c) of the standing orders of the Legislative Assembly, it states, "Every member of the committee, other than the Chair, shall be permitted to indicate that he or she dissents from a particular recommendation or comment. The committee shall permit a member to express the reasons for such dissent in an appendix to the report." So I think what it states is that once we have voted on the amended pre-budget draft report, all parties would be able to submit their dissenting opinions to be attached to the report itself, according to 129(c).

Mr Christopherson: Question: that captures the dissenting reports of the Liberal caucus and the NDP caucus—

The Chair: And the government too.

Mr Christopherson: How many times does the government get to vote? Are they going to dissent from something they supported in the majority?

The Chair: No, because it does stipulate, with regard to dissenting opinions, "Every member of the committee, other than the Chair, shall be permitted to indicate that he or she dissents from a particular recommendation or comment." So it would appear to me that all parties would be able to submit a dissenting report attached to the—

Mr Christopherson: But what if you agree with the report and you aren't dissenting, you're supporting the report with recommendations. How can they have it both ways? How can they support the report and then give a dissenting report?

The Chair: They don't have to submit one, I would imagine.

Mr Christopherson: So the only recommendations then would be from the Liberals and the NDP. There would be no recommendations from the government members.

The Chair: It would be up to the committee members to decide. It would be up to the government side to decide what they would submit. It's not up to the Chair to decide what is dissenting or not. It's up to each side to decide what is dissenting.

If there's no further discussion, Mr O'Toole has moved that we vote on the amended pre-budget draft report. Mr Christopherson, I think you wanted a recorded vote all day long, so we'll ask for a recorded vote.

Ayes

Hardeman, Kwinter, Molinari, O'Toole, Spina.

Nays

Christopherson.

The Chair: The motion carries.

As a committee, we have to set a date as to when each party would like to submit their dissenting report. I'm looking for direction from the committee on this.

Mr Spina: I move that the committee dissenting reports must be in one week from today. Is that reasonable?

Mr Kwinter: I have a request from my colleague, who is not going to be available next week and who has asked if we could do it in two weeks. I'll modify—

The Chair: I'm sure you realize that we don't sit. We don't meet. They will just be sent. The dissenting comments will be sent to the clerk to be attached to the report.

Mr Spina: Two weeks is fine, because the budget won't come down before then.

The Chair: So you move that we submit the—

Mr Kwinter: That that date is two weeks from today.

The Chair: Two weeks from today, whatever date it is. It's the 18th. Mr Kwinter has moved that. All those in favour?

Ayes

Christopherson, Hardeman, Kwinter, Molinari, O'Toole, Spina.

The Chair: That carries. Then we have to vote on the following: shall a confidential copy of the report, with dissenting opinions, be presented to the Minister of Finance before it is tabled in the House? All those in favour of that motion?

Ayes

Christopherson, Hardeman, Kwinter, Molinari, O'Toole, Spina.

The Chair: That carries. Shall the report be sent for translation and printing? All those in favour?

Ayes

Christopherson, Hardeman, Kwinter, Molinari, O'Toole, Spina.

The Chair: That carries. Shall the Chair be authorized to table the report in the Legislature? All those in favour?

Ayes

Christopherson, Hardeman, Kwinter, Molinari, O'Toole, Spina.

The Chair: That motion carries. That's it. This committee is now adjourned.

The committee adjourned at 1612.

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