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Tuesday 6 June 2006

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Mardi 6 juin 2006

**Standing committee on
estimates**

Ministry of Finance

**Comité permanent des
budgets des dépenses**

Ministère des Finances

Chair: Cameron Jackson
Clerk: Katch Koch

Président : Cameron Jackson
Greffier : Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 6 June 2006

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The committee met at 1600 in room 151.

ELECTION OF ACTING CHAIR

The Clerk of the Committee (Mr. Katch Koch): Honourable members, it is my duty to call upon you to elect an Acting Chair. Are there any nominations?

Mr. Bob Delaney (Mississauga West): It's my pleasure to nominate Ted Chudleigh to be our Acting Chair.

The Clerk of the Committee: Are there any further nominations?

Mr. David Zimmer (Willowdale): I'd like to nominate Tim Hudak.

Mr. Tim Hudak (Erie-Lincoln): I'd like to thank my colleague Mr. Zimmer for the nomination. I will tell you that back in the day, Mr. Zimmer, when you were a young pup—it was from 1995 to 1997—I had the pleasure of serving with Mr. Chudleigh, who was the Chair of the finance and economic affairs committee; I was his Vice-Chair. By the conduct of that committee, you'd much rather have this fellow than me in the chair.

Mr. Zimmer: I'll defer to your judgment on that.

Mr. Hudak: I decline, with thanks, Mr. Clerk.

Mr. Zimmer: I'll withdraw the nomination.

The Clerk of the Committee: Are there any further nominations?

There being no further nominations, I declare nominations closed and Mr. Chudleigh elected Acting Chair of the committee.

MINISTRY OF FINANCE

The Acting Chair (Mr. Ted Chudleigh): With the clerk's help, we will proceed. I understand we have five hours and 18 minutes remaining. We are going to start with the official opposition, with 35 minutes. Then we'll go to the NDP for 20 and the government for 20. All agreed? Thank you. Please proceed.

Mr. Hudak: Thank you very much, Mr. Chair. Welcome. It's great to work with you again.

I do want to thank all members of the committee for their indulgence on Wednesday when I couldn't be here, and to the minister and his team from the Ministry of Finance as well. My apologies for that. I do appreciate the unanimous agreement to allow me to use that time today and in the next days at estimates when we will be meeting.

Minister, one question I had left with you last time around—I do apologize if it's already been sent or filed with the committee—was about the estimate surrounding doctors and dentists having access to the special tax benefit. Has the ministry produced those estimates yet, and if not, when will they be forthcoming?

Hon. Greg Sorbara (Minister of Finance, Chair of the Management Board of Cabinet): Yes, we have, and Steve Orsini, an assistant deputy minister, is going to speak to that.

Mr. Steve Orsini: Thank you. I want to describe the process around coming to the estimate. As you recall, in the 2005 Ontario budget there was a provision to provide special corporate and personal tax treatment for dentists and doctors. In the budget, we had two estimates: one for 2005-06 of \$10 million, and for ongoing for the next full year and the years after that around \$40 million. That is our best estimate of what we believe is the total aggregate of the tax benefits of allowing family members to be non-shareholders of a professional corporation.

It looks at a number of factors. We looked at income distribution of self-employed professionals and their spouses. We compared that to the personal and corporate income tax system, because you're really comparing the before and after tax situation, whether they were part of the professional corporation or were not. We had a number of variables, all in a very complicated formula, to arrive at those estimates. Those are the estimates we produced at that time that reflect the tax system at that time. As the minister noted, the tax system is always changing, but that was our best estimate.

Mr. Hudak: Thank you, Mr. Orsini, for responding. I did have the benefit—I thank the clerk for pointing it out—of a document before me. I don't know if you have this readily at hand—you may want to get back to me, because I think you still have a couple of more days left—but what are the underlying numbers in terms of the numbers of doctors and dentists who are going to benefit from this, the average income levels they had? How did you actually form that calculation of up to \$40 million, rough as it may be?

Mr. Orsini: Because there is a number of variables, it's hard to single out one variable, because each one is interactive with the other. Because it's a formula base, we had to look at, for example, the income of the professionals overall, the assumed income of the spouse or the family member, the structure of the professional practice, whether they were self-employed or incor-

porated, the expected cash flow, retained earnings. So each of those—it's hard to single out one element, because they're all interactive and affect each other. That's really the challenge in coming up with one single number, which we produced in the budget. The \$10 million for a partial year—as you know, in the full year it's \$40 million, but because it starts at the beginning of a calendar year, we had to book 25% in 2005-06, and that's \$10 million.

Hon. Mr. Sorbara: If I could, Mr. Chair, Steve has appropriately pointed out that this is forecasting, and the tax system may be subject to changes over the course of the planning period and then beyond, out into five years.

It's also important, I want to say to Mr. Hudak, to realize that the nature of the practice of medicine is also undergoing changes. For example, it has been one of the cornerstones of health policy from this government to expand access to family physicians, and I think we've done a pretty good job of that thus far, but also, within that initiative, to create family health teams, where doctors are no longer in the kind of private practice that could be done under the structure of the kind of corporation that you're talking about. That adds to the uncertainty as to how many professionals might ultimately take advantage of this different tax treatment.

Mr. Hudak: I appreciate that point, and I'm not going to come back and hammer you if it's \$45 million or \$35 million or what have you. I guess I'm just trying to get at the baseline assumption. The assistant deputy minister was saying it's formula-based. I wonder if he could share with the committee—and you don't have to give it to me today; it could be tomorrow or next time—what that formula contains and the base assumptions for the variables that make up that formula. You had talked about assumed income, the income of the spouse, the expected cash flow into the corporation. I'd ask the ADM to kindly report back on the base assumptions that were used for that calculation and the formula itself.

Mr. Orsini: Just to note, though, that due to the complicated, interactive nature of that, it will be a challenge to single out individual numbers because they interact with one another. Just for the record, understanding the nature of the formula makes it difficult just to single out individual components.

Mr. Hudak: As long as I have your—you'll be coming back to committee with the formula and some of the base assumptions. I understand the complexities. As I said, I'm not here to say, "It's \$35 million" or "It's \$45 million" or whatever. I'm just trying to understand how the calculation is arrived at. As you may know, I have a private member's bill to expand that definition. So in addition to the ADM reporting back on those details in a timely way, could I also ask, if you've done any analysis of other professions in addition to doctors and dentists, to see the expenditures?

Mr. Orsini: The estimates for the budget that was reported in 2005 are for doctors and dentists. We haven't extended it to the full range of regulated health professionals, on the basis that it has that additional fiscal

impact, and that is not something that we're modelling at this point.

Mr. Hudak: I just wondered if you did some rough modelling of other professions. If you chose physiotherapists or chiropractors, did you do some rough modelling as to the impact that would have, simply as advice to the minister?

Mr. Orsini: The nature of that work is something that—in terms of our ongoing modelling, we focus on doctors and dentists because that's the approval we've been given. There's not really much I can say in terms of what speculative costs would be of things on which there have been no decisions made to date.

1610

Mr. Hudak: Fair enough. I've made my request.

Hon. Mr. Sorbara: As a practical matter, until the government makes a policy decision to expand the availability of the corporate model—and I want to tell my friend that I have now read his bill. Marvellously crafted.

Mr. Hudak: Thank you.

Hon. Mr. Sorbara: But we don't do that kind of speculative analysis of what it might cost to change one particular tax regime or another. We did make a policy decision in respect of doctors and dentists and did the best possible projections that we could come up with over the planning period and then beyond. But again, those projections are subject to—I'm going to use the word "speculation" as to how the professions might be evolving. In the case of doctors in particular, one of the factors that it's difficult to ascertain is the rate at which doctors will be entering into family health teams and community health centres, which changes the way in which they earn income. In fact, that kind of corporate model is not available when you're practising within that model.

Our objective, of course, and I think we're making some real headway on the objective, is to reduce the number of people who don't have access to a family doctor. That, for us, is the real political issue, and I think we're making real progress on that, whether with community health centres or family health teams. Obviously, a great deal of effort has been put into increasing access to family doctors in more remote communities—northern communities, rural communities. Again, I think I can tell the committee that we're making some real progress in that area.

Mr. Hudak: Thank you, Minister, and thank you, Mr. Orsini, for your response and the note that you have kindly provided the committee. If you could endeavour to get back with my other request, I do appreciate that. I'll move on to another topic. Thank you, Mr. Orsini.

The point I just leave for the minister's consideration—I'm not asking for a response. I appreciate that your goal is to improve access to doctors in rural and northern areas particularly. There's also an argument that other health care professions similarly would need this type of attention, so I ask him to give that consideration. As he knows, veterinarians will make an argument that getting veterinarians into rural Ontario has been a par-

ticular hardship lately, so I'd ask the minister to consider that for future budgeting decisions.

I'd ask the deputy, with respect to some end-of-year spending that occurred in the previous budget under Finance Minister Dwight Duncan, a series of trusts were constructed. How many trusts were constructed and what was the value in each of those trusts?

Mr. Colin Andersen: I'd have to get back to you on the total number of them and the monies that were put into them. They were all described and discussed in the budget and in the days after that, the most significant one, obviously, being the Move Ontario trust for the potential subway expansion and the monies that went into that particular project.

Mr. Hudak: Thank you. I'd ask the deputy if he could also report back to the committee as soon as he could on the nature of the trusts: how much has been designated to each of the trusts and the purpose of each of the trusts. I'm familiar with the subway one; that was sort of the keystone of the trust announcements. I did have some challenge, quite frankly, in determining, with some of the spending announcements, how much was actually into trusts and how much was directly transferred through municipalities to the big six cultural organizations, for example. So if the deputy could get back on the number of trusts—

Mr. Andersen: Sure. I'll just make a general comment. With regard to expenditures that are made before the end of the year, with regard to the accounting rules that we follow, the public sector accounting board, it doesn't necessarily mean that all of the funding goes into a trust, necessarily. There are other ways of providing money to recipients, and that can be in the form of a conditional grant, provided that the recipient meets all the terms of the conditions before March 31. There are also unconditional grants provided. These are all mechanisms that have been used over time by all governments, with regard to the type of support they provide to stakeholder groups.

Regarding expenditures that were included subsequent to the original introduction of the budget—and some of these expenditures would have happened before Christmas and after—some of them might have come in the form of conditional grants. The \$400 million—I guess we were talking about it when we were here at estimates last time, when you weren't here—was an unconditional grant to municipalities for roads and bridges, for example, which was also part of Move Ontario.

Mr. Hudak: That's what I need help with. I'd appreciate the deputy's response in understanding which of those key announcements that the previous finance minister, Dwight Duncan, spoke about in his budget were trusts, which were conditional grants and which were unconditional grants. Move Ontario had both components, right? It had the trust for the subway to York and had the other funds that were unconditional grants to municipalities.

Mr. Andersen: Yes, that's right. And there was money for Brampton and Mississauga as well included in

the Move Ontario initiative, the AcceleRide and the transitway.

Mr. Hudak: So for Mississauga and Brampton transfers for transit and the expansion of—I think there was a transitway put along the highway. Is that the Mississauga project? There was transit and there was also a road piece.

Mr. Andersen: There's a transitway in Mississauga and there's the Brampton AcceleRide. They're both transit-related projects. We could get somebody to talk in more detail about the specifics of them, if you'd like.

Mr. Hudak: And they're unconditional grants?

Hon. Mr. Sorbara: If I could, Mr. Hudak, the money has been put into a trust, and as you know, all trusts are driven by the terms of the trust agreement. I want to take the opportunity to congratulate my predecessor for the way in which he designed those initiatives.

Just to take a step back, the 2005-06 financial year for the province was somewhat better than had been anticipated in the budget that I presented in May 2005. That's not a tribute to us; that's a tribute to the working people of this province. The economy performed well. It was able to meet some of the challenges of a higher dollar and higher oil prices, so revenues were higher.

Come the end of the year, we had the opportunity to look at funding initiatives that are very long-term in their nature. The building of rapid transit and new subway lines is a project where, even once you get started, you're looking at three or four years. Similarly, the Mississauga Transitway and, in Brampton, the AcceleRide program, had been on the books, designed and ready to go, and it was our view and it was my predecessor's view that the resources that came to the government ought to be set aside by way of a trust so we could assure ourselves this year that those projects could be built. Frankly, I think it was one of the real highlights of his budget, and it will transform the way in which people move around the greater Toronto area.

I might just say that we are still looking for and hoping for a firm, unequivocal commitment from the federal government and from Mr. Flaherty that the federal government will contribute its one third. I think you know, sir, that generally, the costs for these major infrastructure projects are borne one third by the national government, one third by the provincial government and one third by the participating municipalities. In the case of the York region subway, there are two municipalities—and that's good news—and there are other major players there, including York University and the city of Vaughan, and the federal government, because the subway will actually pass through Downsview Park.

The substance of the project is very good indeed, and I think they were very wise decisions made by my predecessor. Anything you can do to encourage your former colleague, now the federal Minister of Finance, to meet urgently and confirm his commitment to these projects would be very, very helpful indeed, in a non-partisan—this isn't a political issue; this is just building the transit that southern Ontario needs.

1620

Mr. Hudak: Thank you. I appreciate the ministry's enthusiasm for these projects. Just a simple, direct question to the deputy. I'm a bit confused. I thought I heard two different answers. The transfers to Mississauga and Brampton, are they trusts or are they unconditional grants?

Mr. Andersen: I'm just going to check on that. I believe they're unconditional, not through trusts.

Your earlier conditions with regard to the transitway, it's a bus right-of-way. When you were asking about was it a road extension, I think that might have been what you were getting at.

Mr. Hudak: I'm sorry, Deputy. You said they're unconditional grants?

Mr. Andersen: Unconditional, yes.

Mr. Hudak: Who administers this program, Deputy, in the Ministry of Finance? Is one of the members of your team here today who administers the program?

Mr. Andersen: We obviously work with the Ministry of Transportation, the Ministry of Municipal Affairs and the like. Depending on the timing of the budget and the timing of the grants going out the door, we're obviously working very closely with the ministries involved to make sure that the funding goes out.

Mr. Hudak: The reason I'm asking is, I have a couple of detailed questions about it, which I'd be pleased to put through the deputy if there's somebody else who wants to answer too.

What was the date of the letter from the minister that described the unconditional grants to the municipality, both for Mississauga and Brampton?

Mr. Andersen: The letter from the Minister of Transportation?

Mr. Hudak: Yes.

Mr. Andersen: I'm not sure, actually. There would have been an announcement in the budget and then follow-through after. There would have been communication with the municipalities involved. Generally there are funds transferred as well. There sometimes is follow-up communication that goes from the ministers, and there may be a follow-up announcement that happens afterwards, but those projects were communicated quite clearly in the budget.

Mr. Hudak: Specifically, when were the funds actually transferred to both Brampton and Mississauga?

Mr. Andersen: I'll get back to you on that one. I'm pretty sure that they went out the door before March 31, but we'll check.

Mr. Hudak: When was the decision made to allocate the unconditional grants to these two projects?

Mr. Andersen: It was all part of the budget-making process. As you're well aware, you have to assess the revenue year-end picture, which with putting together a budget before the end of the fiscal year requires a certain amount of forecasting. And as you're probably aware, a lot of our revenue picture doesn't necessarily become clear until even into the March period with regard to a fair amount of corporate tax volatility. If you look back

over the years, you see that it can swing back and forth either way. A lot of those decisions are pending right up until the day that the budget goes to print.

Mr. Hudak: And aside from the subway trust—right? The subway was a trust?

Mr. Andersen: Yes.

Mr. Hudak: The other transfers to municipalities under the Move Ontario program were similarly all unconditional grants.

Mr. Andersen: Well, there were a couple of other things. There were some small areas under the Move Ontario program. There was the AcceleRide, \$95 million; the Transitway, \$65 million. There was some money for York region for Viva phase 2. And there was some money for a Scarborough subway for \$1 million, an EA with regard to that.

That portion of the Move Ontario program was \$838 million. Then there was another \$400 million that was provided to municipalities primarily outside of the GTA, with an emphasis on the rural and the north. That was money that potentially could enable them to resurface 3,000 kilometres of road or repair 800 bridges. It's really up to them to decide how to—

Mr. Hudak: But again—to make sure I'm clear—aside from the money allocated for the subway extension, the rest were all unconditional grants.

Mr. Andersen: I believe so. I'll just double-check the final—

Mr. Hudak: With respect to the Move Ontario funds, the entire approximately \$1.2 billion, how much of that was allocated in the 2005-06 budget? Let me make that more clear. When the 2005-06 budget was produced in the spring of 2005, how much of that money was allocated under the projections in the budget at that point in time?

Mr. Andersen: At that point in time?

Mr. Hudak: Was it part of the Ministry of Transportation's budget then?

Mr. Andersen: Certainly the bulk of the money, the \$670 million for the subway and the \$400 million for the roads and bridges, would not have been in—is the prior year's budget what you're asking about, or the budget at the beginning of the year?

Mr. Hudak: Exactly. Was it part of planned spending in the 2005-06 budget that was produced in the spring of 2005?

Mr. Andersen: No. Those were monies that were identified throughout the course of the year as some revenue flexibility became available. In addition to the \$400 million that's there for roads and bridges, there was the base funding for roads and bridges under the Ministry of Transportation that would have been set out in the original budget. But where I will have to double-check is whether any portion of the AcceleRide or the Transitway money was available in the original budget, because I'm not actually sure if this was an additional allocation or whether there was some that was already in the plan.

Mr. Hudak: If you could report back through the Chair, I'd appreciate that. I'm just trying to ascertain to

what extent the \$1.2 billion in Move Ontario was planned spending as part of the 2005-06 budget as presented in the spring of 2005, and how much was end-of-year spending.

My assumption is that all, or if not all then the vast majority, was part of the end-of-year spending. Why not put it in the 2006-07 budget and just expense it in a planned way, as opposed to doing it at the end of the year?

Mr. Andersen: I think there are a number of considerations that go into that. Obviously, the government had choices with regard to the funding that was there and made a very deliberate choice to put it towards projects that were ready to go, that contributed to economic growth in a significant way. As you know, projects of this nature often are difficult and take a while to pull together through the EA process and the like. When the funding is available, sometimes it can help to bring along some of the other partners by saying that the provincial money is there. It was within the wherewithal of the province to be able to do that, recognizing that the subway was the number one expansion priority of the city of Toronto, that the EA had been worked on quite extensively and that it would be good to get the money there and get it solidified and then use that as an indication to the federal government of the province's commitment both to the project but also an indication of how important it is to economic growth. The choice of those particular projects supported the economic theme of the budget. Building on the previous ones that were focused on human and social infrastructure, the third budget of this government was dealing with the physical infrastructure. So having a signature or a very key project consistent with the intensification agenda and a number of those things—it made a lot of sense to put the money towards that.

Mr. Hudak: Sure, but in reality it's a matter of days. You could have booked it in the 2006-07 budget, and it would have been after March 31. The projects were ready to go. There's only a matter of days between when they received the letter and the new fiscal year.

I guess the other question is this: You had said there were different tools that could have been used, different mechanisms of trust, a conditional grant or an unconditional grant. We discussed that, aside from the subway, these have all been unconditional grants. Why did the Ministry of Finance choose not to use conditional grants with respect to these dollars?

Mr. Andersen: If you use a conditional grant, they obviously can't be booked until the conditions are met. Where there are areas where there are still some uncertainties or further work to be done or significant involvement of the province, there may be an interest in using an unconditional grant.

For the subway, it's a unique project because it's an interregional project, and it actually involves different partners—

Mr. Hudak: Particularly the non-subway, unconditional grants. I was just curious why unconditional

grants. I appreciate your answer, because money flowed without any conditions being met.

1630

Mr. Andersen: The general purpose of the funds is stated. The government has confidence that there's a need for that funding, and through the mechanism of transparently putting out what it's for and stating the purpose of it, the recipients, if they choose to use it for something else, are obviously going to be subject to the court of public opinion and answering to their own citizens with regard to putting that toward any other purpose than what it was originally provided for.

Mr. Hudak: Just by way of example, one of the unconditional grants was to the county of Frontenac, just to take it outside the urban area. I think it was about \$1 million. Is the county of Frontenac free to use that for projects other than roads and bridges?

Mr. Andersen: The province has stated what it is providing the money for and that purpose was based on knowing that there is a significant infrastructure need out there. The province has a \$30-billion ReNew Ontario infrastructure plan, but there are needs that are far greater than that with regard to funding in the past not having kept up with probably the actual needs that are out there. People have described it as an infrastructure deficit in the past and this is money that certainly doesn't fully address the infrastructure deficit but goes towards it.

Mr. Hudak: I appreciate your point. Basically I'm hearing that you expect municipalities to use it for roads and bridges but there's no condition to do so. So by way of example, if the county of Frontenac chose not to put it into infrastructure but to reduce the tax rate for this current year, they could do that.

Mr. Andersen: Yes. The money is provided to them, saying what it's for. They have the ability to spend it on something else but they have to answer for that and they have to be accountable for whatever decisions they make with regard to the uses of that money.

Hon. Mr. Sorbara: If I could expand on that, because I wouldn't want the impression created that somehow the province and the ministry are less than vigilant or the grants that are being transferred may not achieve the objectives they were given for. In theoretical terms, of course, that's true with an unconditional grant, but the fact is, we're talking about a vibrant, dynamic relationship between the province and transfer agencies, including municipalities, where we're doing business every day. We're listening to their concerns, evaluating their priorities. So there's a high level of certainty that the needs articulated by the municipalities are the needs of the municipalities.

I'll just refer to a couple of other unconditional grants, the ones to the major arts organizations. Mr. Hudak will know and can celebrate the fact that his government initiated major renovations—let's just take three of them—at the Art Gallery of Ontario, the Royal Ontario Museum and for the new opera house. Those were good projects. At the time the initial budgeting was put into place, it was anticipated that the grants made at that time

would cover the full cost of construction. In the case of those three, when the projects several years later were actually coming to completion, there was a shortfall. The grants made to those agencies were unconditional in the sense that we don't have to see that the last brick has been laid or the last bit of concrete has been poured, but those agencies and this ministry and the government know that the transfers are going to complete those projects. So there is virtually, as a practical matter, no risk that the money that is transferred to the agency or to Frontenac or to the city of Hamilton would be used for some other or unanticipated purpose.

Mr. Hudak: With respect to the minister, I appreciate his points and yes, for sure, I celebrate the Big Six and was pleased to be the tourism, culture and recreation minister at the time the original grants were announced through SuperBuild. But the deputy just indicated that if Frontenac wanted to, it could put it into a project outside of infrastructure; for example, lowering the tax rate. Frontenac is a useful example, because as the minister may recall, they actually don't have any roads and bridges that the county is responsible for. It's all the lower tier. I guess I'm stressing a point—Chair, how am I doing on time? A minute and a half.

Two last questions to the minister in the summation. As you recall, in your previous budget when you were finance minister, the auditor raised a number of significant concerns about unconditional grants and end-of-year spending. He had very strong language surrounding that. Obviously, the minister just before you, Mr. Duncan, didn't have a chance to read the auditor's report because he made what you had done actually very small, with a \$3-billion end-of-year spending spree, most of which was unconditional grants.

So I'd ask the minister two things: First, in the upcoming budget that you're preparing for the spring of 2007, will we see you shying away or hopefully minimizing this practice of unconditional grants at the end-of-year spending instead of planned spending? We've seen it grow worse under the McGuinty government.

My second question is, Minister Takhar, the former Minister of Transportation, had indicated that with respect to Move Ontario, our investment is spread across the province, with emphasis on rural and northern communities. I wonder if what Minister Takhar said is actually accurate, when, as we've discussed, the vast majority of the funding was for the GTA. Whatever the value of the projects, Minister Takhar's statement is far from true.

Hon. Mr. Sorbara: Let's deal with that second one first. I think our investments in northern and more remote municipalities are perhaps unprecedented over the course of certainly the past 10 years, and these are very important investments. If you look at them on an investment-per-capita base, I think the view of Minister Takhar can be borne out. Obviously, we are not going to build a subway from Hearst to Kapuskasing; there's no need to do that. But the money we're investing in those per capita is very commendable indeed.

I want to go back to the question of the conditional and unconditional grants.

The Acting Chair: If you could do so quickly.

Hon. Mr. Sorbara: Yes, I'm going to do it real quickly.

I think the best way is to look at it in the way in which you do your family budgeting. You live in a house. You've had a couple more kids. You need to put an addition on, that is, you need to build a subway in the greater Toronto area. It just so happens that in that working year, both you and your spouse have worked very hard and you receive a bonus, and the bonus represents the money that you could use to spend on that addition. So instead of just using that money and spreading it over the course of the next five years of your life, you say to your spouse, "We're going to take that money that we've received in bonus"—in this case, we're going to take the extra revenue that we've received from a stronger-than-anticipated economy—"and we're going to set it aside to build that addition." In the case of the government, the government says, "We're going to take that unanticipated revenue and set it aside to build transit which is desperately needed in the greater Toronto area."

The Acting Chair: Thank you very much. If we could move now to the third party.

Mr. Michael Prue (Beaches–East York): How much time do I have this round?

The Acting Chair: Twenty minutes.

Mr. Prue: Okay. I'd like to first go back to a question which I asked on the last occasion, because I was surprised at the answer and I just want to make sure that it is in fact correct. The question I asked was, is the federal surplus counted in the gap? And the answer I got from you was that it was not. Is that more or less as you recall?

Hon. Mr. Sorbara: Yes.

Mr. Prue: I would draw your attention—maybe I'm not reading it right; maybe I don't understand it right—to page 104. This is from Statistics Canada. It's contained—

Hon. Mr. Sorbara: I'm sorry, page 104 of?

Mr. Prue: It's table 7 of the StatsCan Provincial Economic Accounts. I don't know if you have that in front of you.

Hon. Mr. Sorbara: No, I don't, but I think John Whitehead may have it. He's going to help you get greater clarity on these issues.

Mr. Prue: Because it's a beauty. Table 7, at the bottom, has the net lending.

Hon. Mr. Sorbara: I'm sorry. It has the net—

Mr. Prue: Lending is the last line. It goes from 1995 through 2003. The last, 2003, appears to me where we're getting the—the word's escaping me—gap. That's the simple word. Three letters.

The question is whether the Ontario share of the federal surplus is part of this bottom line number?

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Hon. Mr. Sorbara: John is going to comment on that in more detail, but just to make it clear, Ontario doesn't view the world on the basis that it has a share of the federal surplus. The federal surplus is simply the positive

result of having greater revenues than expenses in any particular year. The federal government has been in a surplus position every year since, I think, the 1997-98 budget. The \$23-billion gap represents the difference between what the federal government extracts from the Ontario economy and what it returns to the Ontario economy through a myriad of transfers to individuals, transfers to provinces, joint programs and the like, so through all its taxing mechanisms, the federal government extracted \$23 billion more from Ontario than it returned in terms of service. That could, notionally, Mr. Prue, be the case even if the federal government were in a deficit, even if they were spending a lot more than they were taking in, because it defines a different relationship.

As to the charts you're referring to and the specifics, perhaps John Whitehead could help out and clarify the issue you raised.

Mr. John Whitehead: First of all, let me hope that I didn't do anything to confuse or mislead in my answer. We were in a discussion, as I recall, that talked about both the fiscal gap that Ontario has been concerned with and the more general issue of the fiscal imbalance between the federal government and all provinces. The presence of a large and continuing federal surplus is generally taken as some evidence of a fiscal imbalance between what the federal government raises for its own programs and services and what it actually needs to fund those programs and services, as compared with where the provinces stand. It is one of the measures we use to give evidence of the broader fiscal imbalance in the country. I believe several of the questions at the last discussion were geared around whether improvements or changes to certain programs would influence or affect the gap or the imbalance, and those words were almost being used interchangeably.

The gap: The minister reiterated the explanation given the last time, and was quite accurate, that what we are calculating right now is the difference between what the federal government takes from the province and what it returns, what it takes from the taxpayers of this province—businesses, people—and returns to them in programs and services, as well as to the province of Ontario in direct transfers. Obviously, things like public debt interest and other things factor into a calculation of the gap. However, fundamentally, what we are talking about with the gap is just the difference between what the federal government extracts versus what goes back in. The fiscal imbalance is a more general discussion, obviously, and one we are a participant in, but the addressing of one problem may not be the addressing of another, if I may say it that way.

Mr. Prue: I'm not sure that clarified it in my own mind, but I can see that if you're having some difficulty with this, it's perhaps not my own. There is a difference, and you're trying to differentiate between the imbalance and the gap.

Mr. Whitehead: Yes.

Mr. Prue: Okay. In terms of the imbalance, it very definitely, then, is a factor, and in the gap it may not be.

Mr. Whitehead: If the federal government was running perpetual deficits, if it was always spending more on its programs and services than it took in, it would be harder to argue that there is a general imbalance between the federal government and all of the provinces writ large. That isn't the case in Canada now and hasn't been for some time. The federal government has been running large surpluses. That's taken as some evidence of the presence of a general fiscal imbalance.

Hon. Mr. Sorbara: If I could, Mr. Prue, I want to argue by way of, hopefully, a pretty simple example. It follows upon our discussion on transit. Let's say, for argument purposes, the federal government in this current year has a surplus of \$10 billion. If nothing else changes and Mr. Flaherty does what we hope and we expect he's going to do, and that is make an investment in public transit in Ontario of, notionally, \$1 billion, then for this particular year, if otherwise the gap was \$23 billion, in this year, nothing else changing, if he makes that decision and makes that investment in transit, then for this year the gap is \$22 billion. It's \$23 billion and the federal government has invested another \$1 billion, probably by way of a trust, in Ontario and it would affect the gap between what the government takes out of Ontario and reinvests.

Part of our concern in Ontario and part of the burden the people of Ontario have to deal with is that over the course of the past 10 years, the gap has been getting bigger. In other words, more and more money is leaving Ontario by way of federal taxation and not being reinvested. Now, our view is the same as other governments—your government, Mr. Hudak's government—that Ontario is the engine of the Canadian economy and that we have a responsibility to contribute to the well-being of the entire country. So we expect that Ontario businesses and individuals will send more to the federal government than we will get back in terms of federal investments, but not to the tune of \$23 billion. That's just unacceptably high. It reduces our economic capacity to grow at the rate we could otherwise grow. That's the example of the gap.

The issues around the fiscal imbalance in Canada are much larger and much more complex, and for each province there's a different story. I think if you were in the province of Quebec right now, you would hear Quebec government politicians and perhaps the Quebec Premier say, "We have all the burden of funding health care and education, and we don't think the federal government should be involved there, but we don't have the taxing mechanisms in order to fund them at the appropriate levels." The fiscal imbalance question brings in a consideration: the very complex world of equalization in Canada. I think all of us have heard the Premier, pretty eloquently and loudly, say across the country, with great authority, that Ontarians cannot bear the cost of an expanded equalization program, so let us not think about fixing the Canadian fiscal imbalance by making a larger equalization program.

We could talk forever about all the various aspects of fiscal imbalance, but it really is a discussion in Canada of

where the taxes should be raised and who should pay for the services and who should contribute to paying for the services right across the country.

Mr. Prue: I want to talk about conventional transfers for a bit. How much does the Canada health transfer contribute to the gap?

Hon. Mr. Sorbara: Well, that's a good question and there are great authorities in this room who can give you almost chapter and verse as to what the level of the Canada health transfer and the Canada social transfer—

Mr. Prue: You anticipate. That's my next question: Health transfer, first; social transfer, second. How much does each one of them contribute to the gap?

Hon. Mr. Sorbara: I wouldn't put it in that language. But let's have the deputy say a few words and I know John Whitehead will also want to say a few words. I don't think we're explaining ourselves well when you put the question in that context, that it contributes to the gap.

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Mr. Andersen: First of all, we get about \$7.6 billion in CHT and about \$3.4 in CST for 2006-07.

Hon. Mr. Sorbara: CHT is the Canada health transfer.

Mr. Andersen: Yes. Just to go back to your other question, if the feds have a surplus and they spend some of that money in Ontario, that helps reduce the Ontario gap for that year. That's the way the surplus would relate to the gap, is if they actually spend some of that money in Ontario. Alternatively, they could put some of that money towards debt, and that indirectly helps the calculation of the gap, because our share of the debt is in there.

If they take that surplus and they spend it somewhere else, outside of Ontario, that doesn't help the Ontario gap at all. So think of the word "gap" associated with Ontario, and think of the word "imbalance" associated with the entire country.

If the money out of the surplus that they're spending is a one-time spend, it helps the gap for that year if it's spent in Ontario. If it's a permanent change—so if they were to give us some tax points or a permanent increase in the CHT, to use that example—that can help both, in effect. It would help the Ontario situation because more money is coming to Ontario, and it can also help address the fiscal imbalance because on a permanent basis more of their resources are going back to the provinces and addressing that issue of taxpayers in any one province paying the federal government in totality more than they need to deliver the services they're responsible for.

I'm not sure if that clarifies it or not.

Mr. Prue: I have to tell you, the reason I'm asking all these questions is that I've heard nothing but \$23 billion for the better part of the year, and nobody has actually sat down and ever come out and said, "This is where the \$23 billion is made up." I'm trying to understand the gap, I'm trying to understand the imbalance, and I'm trying to understand where Ontario's losing out, what needs to be plugged. What other conventional transfers contribute to the gap or to the imbalance? I mean, the EI fund must be one of them. There must be 100 of them.

Hon. Mr. Sorbara: What we can do and provide you with later on in these estimates is a summary of all the money that flows from Ontario to the federal government by way of taxation—EI payments, Canadian pension plan payments—and then the list on the other side of how money flows from the federal government to Ontario. I appreciate your position; you want some better definition of what's included in there.

You mentioned the Canada health transfer. If the Canada health transfer were permanently increased, without any increased taxation on the residents of Ontario, that would reduce the gap. We argue, and I think we argue correctly, that Ontario is being short-changed in the area of health transfers because we are not getting the same full per capita funding for health that other provinces are getting. If we were to be treated the same way as other provinces, then that, Mr. Prue, would have an impact on the fiscal imbalance in Canada and it would also reduce the gap with respect to Ontario—similarly with the Canada social transfer.

There was a time when the federal government paid basically 50% of health care costs incurred by Ontario, going back—help me out, John—to the 1970s or 1980s?

Mr. Whitehead: Yes. Back to the 1970s.

Hon. Mr. Sorbara: Because the federal government was pouring a lot of money into Ontario for health care relative to what Ontario was spending on health care, there wasn't much of a gap. Currently, the federal government contributes, I think, less than 20% of our overall health care costs.

Mr. Andersen: It's about 25%.

Hon. Mr. Sorbara: Well, about 25%. So you can see that that reflects a reduction, in relative terms, of the federal government's expenditures.

To wind it up and to give you back the floor, we will provide you with a list of all sources of taxation measures. I think the total, John, is about \$85 billion that the federal government taxes and raises in Ontario, and it reinvests in one way or another about \$62 billion, and that's the basis of the gap.

Mr. Whitehead: Yes, and as the minister says, we will get back to you. Actually, federal revenues for the 2006-07 fiscal year are estimated at \$98.2 billion from Ontario and roughly \$65 billion of expenditures returned, corrected for public debt interest. We have about a \$23-billion gap.

Hon. Mr. Sorbara: We're going to get you that on one piece of paper, which we think is going to provide greater clarity and may give rise to a whole bunch more questions.

Mr. Prue: Let's hope not.

How much time do I have, Chair?

The Acting Chair: Two minutes.

Mr. Prue: Oh, it's hardly time to start, but I'm going to start anyway. Minister, Stats Can established that there were 1,116,700 jobs in June 2004. That's in Ontario. That appears to me to be the peak, the most jobs we've ever had, or am I wrong? How many jobs do Stats Can's or our figures show there are in Ontario today for the most recent time you have?

Hon. Mr. Sorbara: Employment in Ontario?

Mr. Prue: Sorry, it's manufacturing jobs. I should be specific here. There were 1,116,700 manufacturing jobs in June 2004. How many manufacturing jobs in Ontario are there today?

Hon. Mr. Sorbara: Our acting chief economist Pat Deutscher is getting to the statistics. Let me just say by way of introduction that every jurisdiction in North America is facing the challenge of maintaining manufacturing jobs. The interesting thing in Ontario is that we have to deal with the rising value of the—

The Acting Chair: Minister, if we could wrap up soon.

Hon. Mr. Sorbara: Well, you know what? How are we going to deal with these statistics? Do you want to just put us on those and we'll get you the numbers and we'll continue the debate in the next round?

Mr. Prue: If you can get me the numbers. I have six or seven questions I want to ask about jobs, but if you want to get me that number, I'll come back to it.

The Acting Chair: You'll be able to do that in your next round.

Mr. Prue: Exactly.

The Acting Chair: We move to the government side.

Mr. Zimmer: Minister, a big issue here in the Toronto area—I'm the chair of the Toronto caucus—is this whole issue of urban violence and guns and all the related and connected social problems and so on. It's an area that many in Toronto feel needs attention, perhaps more attention than it's had over the past few years. What measures are in place in this budget to help address that problem?

Hon. Mr. Sorbara: It's a good question, and it certainly has been of some moment in the Toronto area. Because this wasn't my budget, I don't want to speak to it directly, and the deputy is going to provide some more details.

I have to tell you how impressed I was, around Christmastime when that awful and horrible shooting at the Eaton Centre took place. The death of a young woman—I wish her name would come to mind right now, but it's not going to.

Mr. Delaney: Jane Creba.

Hon. Mr. Sorbara: Jane Creba. That's right. My friend from Mississauga West had it.

I can tell you that that galvanized this government and the Premier into action. I'm not telling tales out of school. He just cancelled any kind of holiday or time off that he was going to have around Christmas and decided that it was just time, given this growing concern, this growing atmosphere of violence, to do something. Among the initiatives that were launched at that time—and I think some of them actually got reflected in the budget—were additional resources so that our police forces and our courts could work more effectively.

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One of the challenges we faced—we did make a commitment for more police officers on the street, and we are realizing, during the course of this mandate,

getting those officers there. But one of the things that you as a lawyer know is that police are only one part of the judicial system. You have to have courts that are available and crown attorneys who can deal with cases and judges to hear cases and courtrooms to hear those cases in. It's all part of the same system. The efforts that were put into place over that Christmas period have already been bearing fruit. We haven't solved the problem, but I really believe that we're making great inroads.

Now, does the deputy have any specific initiatives that were in the budget that spoke directly to that?

Mr. Andersen: Yes. There's a combination of a few things. There was actually some money that was provided before the budget. You'll recall that in January, there was money for an enhanced anti-gun and gang violence strategy. That was about \$51 million. Then there were a number of programs directed at at-risk youth that were included in the budget itself. There was a youth challenge fund; that's the one that's chaired by Pinball Clemons. That's \$45 million in provincial and private sector funding. There were enhancements to the Learning to 18 and then there were \$28 million for a youth opportunities strategy. So there are a number of different things, some of them directly related to some of those issues by providing alternatives to guns and gangs, as well as some direct money for the guns and gangs strategy.

The Acting Chair: Thank you. Mr. Arthurs?

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge): Minister, I look forward to the opportunity to ask you a question or two and look forward to some continuing dialogue one of these days, as schedules allow.

The Premier had the opportunity this morning to address some of our caucus, some regional chairs, mayors, the most recent president of FCM, the Federation of Canadian Municipalities, and the president AMO on this issue of the fiscal inequities—that's the gap or equalization and the like. Obviously, among the queries that our municipal partners had were those around issues of their fiscal inequities with either ourselves or the extent that we are a conduit for them federally. They were curious as to what we are doing and have been doing in that regard. It might be worthwhile for us if you would take a few minutes and capture some of the items either in this current budget or initiatives that have been undertaken to address the plight, if I can call it that as a former municipal mayor, of municipalities in trying to come to grips with their own revenue and service demands.

Hon. Mr. Sorbara: Thanks, Wayne. I can call him Wayne because we worked together over in finance. I was glad when I came back that you was still there. There's kind of a sense of stability.

My friend Mr. Hudak was never a mayor, but certainly Mr. Prue was the mayor of East York for a long time and a municipal politician for a long time, and others on these committees have spent a good amount of time in the world of municipal politics.

I'm pretty darned proud of the progress we've made in dealing with the financial relationship between the prov-

ince and municipalities. When we came to government, we were at the end of an era when the only buzzword that had any relevance around Queen's Park was, "What can we download next on to the municipalities?" It was interesting, during the last election campaign, that municipalities had had all of these new financial burdens placed upon them and the official opposition, as it now is—the government, as it then was—was proposing in that election not only to maintain that downloading but to require municipalities to go to a referendum if they were going to raise taxes, which is kind of like saying, "You have all these new financial burdens and we're going to make it really difficult for you to pay for them." In a political sense, I couldn't understand that at all. I'm not sure who thought that one up, but I don't think he or she still has a job. In any event, a better provincial-municipal financial relationship has been a key part of what we've been trying to do over the past two and a half-plus years.

Obviously, the high-level commitment, the one that received a lot of attention in the election and has been in the process of being implemented over the course of the past two and a half years, is the transfer of two cents per litre of gasoline tax to municipalities for public transit. It's interesting that a good idea catches on, because that was part of our election commitment, we started to implement it right away, and lo and behold, the then federal government under Mr. Martin implemented his own transfer to municipalities from gas tax revenue. I think when they're fully implemented, they're going to be—correct me if I'm wrong—five cents per litre. But that had, as Mr. Hudak would call it, a conditional scope. It's to be used for transit.

In the beginning of my second year as Minister of Finance, we started to look at the whole area of the granting system to municipalities, the old consolidated—what was it called?

Mr. Andersen: Community reinvestment fund.

Hon. Mr. Sorbara: —the community reinvestment fund. This is not a political shot. It was broken; it didn't work. There was a great lack of equity in the way in which it handled transfers, so, I say frankly, some municipalities were getting more than their fair share and some municipalities were just not getting what they actually deserved.

As we redesigned that transfer program, the thing we were driven by was the principle of equity and fairness. We wanted to pay special attention to municipalities to bear policing costs in large areas. Nothing like Pickering, Wayne, but communities where municipal police forces had to police very large areas of land with very small populations. We also wanted to take into consideration the particular problems of more northern and rural municipalities.

I wouldn't swear here that our Ontario municipal partnership fund is absolutely perfect in every detail, but I'm pretty proud of the advancements we've made within an environment where we just couldn't spend our way to solve every problem. In this most recent budget, I think our contribution to helping municipalities with infra-

structure, particularly in the northern and rural communities, is a real signature.

I remember my first pre-budget consultation. You hear from the big cities, "Oh, my God, we can't do this and you're shortchanging us by \$7 billion or \$8 billion" on something or other, collectively, around the province. But to go small communities and hear local mayors and reeves and wardens say, "We don't have enough money to fix our bridges"—that really hit home, and I think my predecessor at least began to redress some of that.

I think our assistant deputy minister for provincial and local finance may want to say a little more, although I've spoken too much on that. Can I just welcome Sriram Subrahmanyam? I'm going to learn to pronounce that name fluidly in a second. He might want to say a little bit more on this particular budget and provincial-local finance.

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Mr. Sriram Subrahmanyam: Thank you, Minister. I'll speak about two areas where the government has helped municipalities, first in the general area of helping them with social costs, and then I'll give some more specifics about the transfer payment that the minister referred to.

First of all, the minister did refer to the gas tax revenue. The government will deliver more than \$1.4 billion to municipalities over five years through that program. We've also, as you may know, committed to increasing the provincial share of public health funding to 75% by next year.

Shortly before the budget, the Premier announced an additional \$300 million for land ambulances to help achieve a 50-50 partnership for the cost of municipal land ambulances. I think we've spoken about the \$400 million for roads and bridges, with a special emphasis on rural and northern communities.

In addition, I'd like to point at the Canada-Ontario municipal rural infrastructure fund, COMRIF. The government will provide \$298 million towards that fund.

Finally, through the Ontario Strategic Infrastructure Financing Authority, or OSIFA, more than 190 municipalities will be eligible for up to \$2.4 billion in low-cost, long-term loans for more than 1,200 local projects.

Those are some examples of areas where the government is uploading in one way or the other.

With respect to the Ontario municipal partnership fund—just to expand a little bit on what the minister said—it's important to note that, while this is an unconditional grant, its design is really targeted to help municipalities with social costs, with low assessment bases, northern and rural municipalities and so on. It's interesting to note that the fund is actually \$763 million in the 2006 municipal calendar year. One of the key programs in the fund is called the social programs grant. Along with a few other grants, a total of \$262 million will be provided to municipalities to offset social program costs. In fact, about 80% of municipalities that have social program costs will have those costs either partially or completely offset through this grant. There's a consider-

able amount of uploading that occurs through the municipal partnership fund.

Just to expand on that a little bit, for 158 municipalities, their Ontario drug benefit program costs will be completely offset; for 97 municipalities, in addition to drug benefits, the costs of the Ontario disability support program will be offset; and for 42 municipalities, all social assistance costs will be offset. So that grant does a lot in terms of the uploading issue, and of course we're constantly looking to refine it. We're working closely with municipalities on how to make it more responsive.

The Acting Chair: Thank you very much. Mr. Wilkinson.

Mr. John Wilkinson (Perth–Middlesex): How much time do we have, Mr. Chair?

The Acting Chair: Three minutes.

Mr. Wilkinson: Great. Thank you. In following up, Minister, I think the one thing about municipal partners is transparency: the fact that all municipalities can go onto your website and know exactly what all other municipalities are receiving. That was not the case under the old CRF. That transparency, I think, provides a certain discipline that allows that program to be constantly improved every year because the facts are out there. That transparency, I think, is something we're known for.

I'd like to ask you a question in regard to auto insurance and general insurance overall in the sense that many of us, when we were campaigning in 2003, were hearing loudly at the doors about skyrocketing insurance rates for car insurance and the fact that other forms of general insurance were being severely restricted in the cyclical nature of general insurance. I know that there are a number of reforms. I was just wondering if you could update us about how those reforms are working. I know that both previous governments were plagued with skyrocketing insurance rates during their terms. We seem to be the beneficiary of a different economic cycle.

Hon. Mr. Sorbara: I think this really is one of the successes. I think you set the table absolutely correctly. We made a political commitment to bring down insurance rates. I think, if memory serves me, and if it doesn't serve me correctly I think a note will magically appear—oh, my goodness, look at how this happens. I think insurance rates are down by 13% since we took office. Look, I'm not going to say that it's all because of what we did, but you will remember that we worked like the dickens over the course of the first year and a half with the industry and with new regulation and new approaches to realize that commitment.

By the way, I need to give credit where credit is due. Mike Colle at that time was my parliamentary assistant, and he took that file and he ran with it. There would be nights when I would come back to the Ministry of Finance at 6 or 7 o'clock and he would be there with representatives of the industry, making the point that we were bound and determined to achieve these reductions.

So I think we're at about a 13% reduction now. Phil Howell is at the table and he might just speak—

The Acting Chair: I'm afraid we're out of time, Minister.

Hon. Mr. Sorbara: Even for Phil?

The Acting Chair: Even for Phil.

Hon. Mr. Sorbara: We're never out of time for Phil. We always have time for Phil at our shop.

The Acting Chair: As parliamentary assistant to the Minister of Finance just before that, I did the inquiry into the insurance rates, so we'll pass on that one. You wouldn't want my comments on that. I'm impartial up here. Mr. Hudak.

Mr. Hudak: Thank you very much, Chair, and I thank folks for their responses to my questions on Move Ontario.

I'd just table a question to the deputy for a response later; I don't need a response today. I want to pursue the Move Ontario unconditional grants. I'm going to ask the deputy for copies of letters to the following municipalities with respect to the Move Ontario grants and any other explanatory documentation relating to Move Ontario's unconditional grants and copies of any agreements between the municipalities and the province related to these unconditional grants. I'll be glad to supply this later or through Hansard.

The communities would include Mississauga, Toronto, Brampton, the region of York, the county of Frontenac, the county of Hastings, Kingston, Hamilton, the region of Niagara, Sudbury, Wainfleet, the county of Lambton and the city of London. I thank him very kindly for that.

Just to continue on the theme of the unconditional grants at the end of the year, were there unconditional grants, to the deputy, for the MUSH sector in addition to—we've already discussed the municipalities for Move Ontario. Were there unconditional grants to school boards, hospitals, colleges and universities at the end of the previous fiscal year?

Mr. Andersen: Again, I think we'll probably want to do a more detailed answer with regard to those.

As we were finishing off the last session, you had the quote from the letter talking about the funding primarily going to the GTA, and you quoted that one excerpt. The budget actually talked about—the phrasing you used, the \$400 million to help municipalities primarily outside the GTA: When I talked about that, that was with regard to the \$400 million specifically, and it is targeted specifically at those municipalities outside the GTA, with emphasis on rural and northern. Part of that was to recognize that, yes, there was a fairly significant transit investment under Move Ontario going to municipalities in the GTTA. I just wanted to clear up that there was a little bit of mixing in your statement with regard to the emphasis on the \$400 million and the emphasis on primarily outside the GTA. Those two are linked. Of the total \$1.2 billion, a good chunk of it does go to the GTA municipalities.

With regard to the year-end reinvestments, what I would point you to—and I'm just trying to find the actual page. Maybe somebody can help me with the specifics.

In the back of the budget we include a fairly detailed table with regard to all of the changes from the budget that is printed at the start of the year to what eventually transpires at the end, and that includes a detailed reconciliation of both the revenues and the expenditure changes.

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The section is around page 58. You'll see that there's a table on page 60 that talks about the in-year changes to revenues. Then, if you flip the page over to page 62, you'll see that there's a list of program expense changes. They're "divvied up," if you will, largely by sector: the transportation sector, the sectoral support for a number of the province's key industries, there's some research support and then there's a series of other initiatives.

In some cases, there may be funding that goes to some of the MUSH sector because they participate in research activity and the like. Over the course of a number of years, sometimes there has been support that has gone to schools or to hospitals.

There's another fairly detailed section in the budget here that talks about the fact that, this year, schools, hospitals and colleges are now going to be consolidated onto our reporting entity. So some of the year-end expenditures that you may have seen over the last 10 or 15 years you won't be seeing again. Because of that consolidation, the results of those sectors are directly reported onto our books. We can have somebody give a more detailed explanation of how that all works, but in answer to your question, you'll see the list that's here that talks about the in-year expense changes. Some of those would have happened, like I said, before Christmas or in quarter 1 or quarter 2 as things were being firmed up.

Mr. Hudak: Thanks to the deputy for the answer. I know it's not an easy one to answer directly. Maybe staff could endeavour to get back to me. I'm looking for end-of-year unconditional grants to the rest of the MUSH sector. I appreciate you pointing to page 62. It's just difficult to separate these things out. So, specifically, aside from Move Ontario, any further unconditional grants to municipalities, school boards, hospitals or the college and university sectors.

I do want to read back what the Auditor General's report in 2005 said about the 2004-05 spending:

"Based on a review of a number of transfer payment transactions that occurred near the end of this fiscal year, we continue to have concerns in this area. Normally the government provides transfers to its service delivery partners on an as-needed basis.... However, just prior to or on March 31, 2005, the government entered into a number of transfer payment arrangements and expensed the amounts involved, thereby increasing the deficit for the year by almost \$1 billion more than otherwise would have been the case. None of these transfers were originally planned for ... and in many cases, normal accountability and control provisions were reduced or eliminated to make the transfers unconditional, thus helping ensure that they would qualify for immediate expensing."

This is very strong language by the auditor with respect to what happened at the end of the last fiscal year. I'd ask the deputy, did the previous Minister of Finance, Minister Duncan, when making these decisions for the unconditional grants for Move Ontario or other transfer partner agencies that I mentioned a few moments ago, seek the Auditor General's advice on how to do so and respond to what the Auditor General said about the previous budget?

Mr. Andersen: There are a number of considerations embedded in your question. I think one of the things that I'd point out is a distinction between the auditor's remarks with regard to the accounting for a number of those transactions and accountability. There is a difference: There was an unqualified opinion on the province's books for the years that we've been talking about, when the public accounts have been completed.

With regard to significant transactions like the ones you're talking about, it generally is the case that we will talk to the auditor's office about what the thinking is. The auditor won't render an opinion until he or she sees the final structure of any particular transaction through the public accounts process that always is done. So as part of our standard practice, we did have discussions with the office about the structure of the transaction that was contemplated.

Mr. Hudak: Just to be more specific and make sure I'm clear, did the previous Minister of Finance or the ministry discuss in detail with the auditor the setting up of the trust for the expansion of the subway system to York?

Mr. Andersen: We did have discussions about that specific transaction and the form it would take with regard to some of the issues that are around that, just as part of the general liaison that we have with them.

Mr. Hudak: Did the previous Minister of Finance or the ministry engage in a similar discussion with the auditor with respect to the unconditional grants that were part of the Move Ontario fund?

Mr. Andersen: I'm not so sure about that one. That's a less complicated and more traditional kind of mechanism that has been used by many governments before. You had also asked about some of the fund transfers, and specifically to Mississauga and Brampton. The funds did go out to them on March 30. So because unconditional grants are a pretty common mechanism, I don't recall having a specific discussion about that one, but on the subway, because it was much more complicated and involved some other partners, we did have a discussion about that.

Mr. Hudak: Okay. Thank you.

The last section on the unconditional grants file is something that's relatively minor in the grand scheme of spending but nonetheless is important in my constituency. The province has allocated \$3 million to small and medium-sized producers of VQA wine. What was the formula that was used to allocate those three million dollars?

Mr. Andersen: I think we'll have Steve Orsini talk to you about that one.

Mr. Orsini: We used an explicit formula to allocate those funds, and let me break it down into components.

First of all, it's for small and medium-sized VQA—Vintners Quality Alliance—producers in Ontario. Small and medium is defined as any producer producing less than five million litres of wine a year in Ontario. That's the first part.

Two, we looked at VQA sales in Ontario. Producers have two types: 100% Ontario grapes, and blended, where they have imported grapes. So we used the VQA sales over the last three years. We looked at it in total, both through the LCBO and in general. The idea is we're trying to look at VQA sales. That's one element of the formula. So it's small and medium VQA sales over the last three years.

Now, why the last three years? In case they had a bad year because of the way the production cycle is. So we looked at three years, taking the best of the three years. If they had two low years, we took the best of the three.

Adjusting for the fact that we have a number of existing programs in place to assist the VQA industry's direct delivery, we assigned greater weight to those producers that were using the LCBO channel or a broader channel to distribute their wines in Ontario. Some have their private individual retail outlets, some have direct delivery, but some are going to the extra effort to try to penetrate the province, to expand their sales through the LCBO. So we gave greater weight to those who sell their products through the LCBO. That's another element of the program.

Then we tried to look at the volume of sales. Because it's proprietary information, I can't reveal the amounts, but we had it graduated. So there was from as low as \$500 up to a cap of \$100,000. There were different gradations for those at different levels of their sales.

That essentially captures the formula overall.

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Mr. Hudak: I appreciate that. You described the variables, which I appreciate. I'd actually like you, if you could, to get back to the committee with the formula that was used. I understand you can't give the proprietary information about the sales of particular wineries, but perhaps you could, Mr. Orsini, just bring back to the committee the formula that was used. And could you walk us through a couple of examples that aren't necessarily related to the wineries but a couple that would be at different levels of sales so I could better understand the gradations that were used by the ministry?

Mr. Orsini: Short of revealing the sales one—that's proprietary and we don't have authority to do that. In identifying the amounts, we have to be somewhat careful so as to not reveal their sales volumes.

Mr. Hudak: Just give me a couple of typical wineries, one that's on the smaller size and volume and one that's larger, so we can understand how the formula worked. Again, I would like a copy, or I think the committee would like to see an exact outline of the formula: what elements make up the formula, how the formula actually was calculated. I think, as you know, there is a—

Mr. Orsini: If they are hypothetical examples, I think we can work up something.

Mr. Hudak: You can work us through it? Terrific.

Now, what degree of consultation was there by the Ministry of Finance with the wineries to develop that formula?

Mr. Orsini: The input comes from a variety of sources. We've been meeting with various elements of the industry over some time. There's a wine and grape steering committee that presents information from time to time. It's a very collaborative effort in terms of trying to understand the issues that the industry faces. The VQA industry is obviously an important industry for Ontario and we have a number of programs to support them.

On the actual consultation, on the specifics, it was a budget measure. It was part of the confidential process. So on those specifics, we did not consult with the industry on that particular program.

Having said that, they had submitted a number of reports, one main one saying that the real challenge and where government support will be needed is in the small and medium-size VQA producers.

In addition, the budget also provided \$1 million for research to the Grape Growers of Ontario to improve the hardier varietal products that they grow, and also \$1 million for the Wine Council of Ontario to enhance their marketing efforts, again, of VQA products in Ontario.

Mr. Hudak: One of the elements you mentioned as part of the formula is that the ministry gave greater weight to the wineries that chose to sell through the LCBO channel. Who made that decision?

Mr. Orsini: That was a factor within government. It's part of the budget review process. It includes a lot of input within the decision-making process. It's hard to pinpoint as to where that came from.

Hon. Mr. Sorbara: If I could interrupt you just to say that the government made that decision through its consultation process and its cabinet process.

Mr. Hudak: Let me put it this way: Mr. Orsini indicated that for the particulars for the formula there was no direct consultation on that. He says they were budget measures so there was no consultation with the wine council or other interested parties.

There are two ways you could have gone. You could have supported those that already sell through the LCBO, or there are small and medium-size wineries that don't sell through the LCBO because it's an economic disadvantage, in their view, to do so. As a result, a significant number of those wineries—which is a good proportion—received actually very small grants relative to similar-sized wineries that were using the LCBO. Somebody must have made that decision to say that those that are currently benefiting from the government-run LCBO will be rewarded, while those who do not have access to the LCBO will get a lot less.

Hon. Mr. Sorbara: I think, Mr. Hudak, you have to be fair in balancing all of the aspects of the formula, and to note as well—Steve, correct me if I'm wrong on this—that those who sell through the LCBO get less in overall

return per litre of wine than those who manufacture and sell directly to the public through, for example, an estate winery down in your riding. Perhaps that would be one of the factors. Just to say that the development of that formula and those decisions are a result of a consultative and analytical process that goes on—it's just not fair to say, "That was John Doe or Jane Doe who actually made that decision." That's not the way we do it.

Mr. Hudak: Just back to Mr. Orsini: Both the \$3 million to the small or medium-sized VQA producers and the \$1 million to the Grape Growers of Ontario were unconditional grants.

Mr. Orsini: That's correct, yes.

Mr. Hudak: Thank you. I appreciate that, Mr. Orsini. I'll leave this topic for now.

My last thought with respect to the minister's comments: The challenge here was that the formula was a mystery and it came as part of the end-of-year spending spree by the previous minister. The wineries couldn't make an economic business decision as to which channel to pursue because they had no idea what the formula was going to be, nor that there were going to be any grants at the end of the day.

I think the vast majority of these wineries would actually prefer—as you mentioned, the taxes are higher through the LCBO—to see a reduction of taxes or better channels than receiving unconditional grants at the end of the year.

Hon. Mr. Sorbara: I think that's a reasonable position to put on the table. But I would simply want to put it within a context. That context is that through successive governments there have been aid and assistance to strengthen the Ontario wine industry. I think each of those successive governments has done a pretty good job. I remember back in 1989-90, when I was the minister responsible for the LCBO and the wineries, I had an opportunity to make the decision to allow wineries down in your neck of the woods, Mr. Hudak, for the first time ever to accept credit cards. My God, there were some people who thought that the world was going to come to an end. "Oh, heavens, you mean a tourist could actually come through Niagara-on-the-Lake or Niagara Falls or the county of Lincoln and buy a case of wine to take home with them, back to wherever they were going, and they could use a credit card?"

I don't think I'm violating cabinet secrecy, but when I brought the proposal to cabinet, someone said, "The next thing is that people will want to use credit cards in the LCBO stores." I said, "And your problem is?" All that seems like ancient history; it was only 15 years ago.

That's just to make the point that this initiative that you're talking about, the \$3-million grant, was just one initiative in an ongoing commitment that your government had and that Mr. Prue's government had and that other governments have had.

Interjection.

Hon. Mr. Sorbara: No. The NDP government, Mr. Rae's government.

Mr. Prue: Your pal's government.

Hon. Mr. Sorbara: My very good friend's government. That's right. Don't get me on that topic. It wouldn't be fair to Mr. Hudak.

In any event, just see this initiative as one of a number. There are more being considered now. I know that you had a bill, I think it was in the form of a bill, to allow for the creation of VQA stores around the province—an interesting bill. We think there were significant problems in terms of a free trade issue. I don't know if—you're free to go into that. It shows your commitment to the industry. I think we share that commitment.

The great news is that compared to 1989, or perhaps 1969, this province makes great wine, and the industry is growing and it's successful. Governments of all political stripes can take a small bit of credit for the progress the wineries can celebrate by raising a glass.

Mr. Hudak: Terrific. So you were at the root of my credit card bill problems then, I guess. Some of them. It all started then.

I thank the minister for that. I mean that by way of advice. I know that the minister is already thinking about the upcoming budget. Just as a local member, I see it more of an access-to-market issue and a tax issue than any winery asking for grants at the end of the year.

I want to move on to my next topic, which is the proposed sale of Teranet. The recent budget, as well as the 2005-06 budget, did not mention the sale of Teranet or the province's role in that. How come?

Hon. Mr. Sorbara: I think the answer to that is simple, and that is, the province did not sell Teranet—

Mr. Hudak: But there's no mention of Teranet or benefiting from revenues of the sale of Teranet.

Hon. Mr. Sorbara: Because at the time the budget was created, there were discussions going on about the possibility of the sale of Teranet, or actually the issuance of an initial public offering and Teranet becoming a public company. At the time of the budget, I am advised, those discussions were going on without any conclusion. So it would have been inappropriate to refer to that in the budget. I think the deputy will have a word about that as well.

1740

Mr. Andersen: If we're going to get into the topic of Teranet, I'm actually going to ask Craig Slater, the director of legal services for the ministry, to make a general comment about the kinds of things we're able to talk about at this point.

Mr. Craig Slater: Thank you very much. In fairness to both myself and my colleagues from the ministry, our comments with respect to Teranet will be carefully chosen. The preliminary prospectus in the matter was filed on May 8 and an amended prospectus was filed on May 19 with the securities commission. At this point, the announcement of the prospective Teranet income fund to be established by the shareholder of Teranet, Teramira Holdings, is now a public matter. But the issue arises, of course, that the underwriters in the capital markets will be determining what the value of the actual offering will be. We, as public officials, have to be very careful in

terms of what we say with respect to the initial public offering, for two reasons. The first is that the Securities Act suggests that no person who is not registered as a registrant under the Securities Act can do anything or—

Mr. Hudak: I'm sorry to interrupt, and I appreciate the comments and the caution, which I think we're all aware of. Just in the interests of time for my questions, I understand there are some cautions. I'm sorry to interrupt, but I just want to proceed with some questions and I'll try to be careful with my questions. I know the gentleman will interrupt.

At the time of the announcement by Teranet that it was moving toward the Teranet income fund, the government's press release said that the government would be receiving approximately \$400 million as a result of the sale. This is a non-budgeted item, as discussed a few moments ago. What is the government's intention with the \$400 million or so that it will be receiving?

Hon. Mr. Sorbara: Let's see what happens with the conclusion of the IPO, but at this point the government is not prepared to commit those revenues in any particular way except to point to a principle—I think it was in my first or second budget—that as a general matter the revenues generated from the sale of government assets would go toward building new infrastructure in Ontario. That was a general principle.

Mr. Andersen: As a first priority.

Hon. Mr. Sorbara: Yes, as a first priority.

Those revenues were not included in the budget my predecessor presented. As you know, every year revenues arise that have not been budgeted for and expenses arise that have not been contemplated when the budget was presented.

Mr. Hudak: Chair, how am I doing on time? Two minutes?

The Acting Chair: A minute and a half.

Mr. Hudak: The point I was making is the government has been involved in these discussions for some time. They weren't mentioned in the previous budget and they weren't mentioned in this budget, although there was a lot of speculation through media with government officials providing commentary, up until this point.

Two questions, if I could: This is before the minister had returned to the ministry, so the first one may be for the deputy, or any other officials. I do not have the May 19 amended prospectus. I do have the May 8 prospectus, and in its initial paragraph, I think on the first page, it says, "The province will receive cash and the proceeds of the future sale of units by the designee, which will hold units representing, in the aggregate" etc. The paragraph basically discusses that the province may be keeping income units. I'm curious as to the government's decision why that is a consideration as opposed to a full sale of its shares at the beginning, and how many units it intends to keep.

My second question is more a political decision for the minister. There was a freeze on land registry fees that expires this year. The government retains the right, as it did under the agreement by the previous Premier, Ernie

Eves, to set those rates. Do we have the government's commitment that the land registry fees will remain frozen, and if so, for how long?

Hon. Mr. Sorbara: The question of land registration fees was a very important part of the negotiations the government was involved in. As you know, the government had ongoing rights, notwithstanding that the government's interest in Teranet was actually sold by your government in, I think, 2003. There were some residual rights remaining to the government. It was our view that the government needed to maintain complete authority over the setting of fees in the land registration system.

Mr. Hudak: That was part of the 2003 agreement.

Hon. Mr. Sorbara: Well, that was not part of the 2003 agreement.

Mr. Hudak: It was.

Hon. Mr. Sorbara: We can argue about that. It was for a period of time—

Mr. Hudak: Indefinitely.

Hon. Mr. Sorbara: We could have a good debate about that, and we will refer to our authority. In any event, it was our determination that the government of Ontario needed to maintain, notwithstanding the issuance or the creation of the income trust, the next generation of governance for Teranet, absolute, unfettered control over fees for the land registration system.

The Acting Chair: I think we've reached the extent of our time on that. We have 20 minutes left for the NDP. It is now a quarter to six. I'm in the committee's hands: Would the NDP like to finish the 20 minutes and then have five minutes of overtime, or shall we end at six?

Mr. Prue: I'm more than happy to go ahead, but I know the Conservatives have a great deal of time coming to them because of the other day. Rather than me start and continue, I'm more than happy to have the Conservatives simply continue—

The Acting Chair: We've caught up on that, Mr. Prue.

Mr. Prue: You've caught up?

The Acting Chair: Yes. We were having so much fun that it travelled very quickly. I know the Minister was enjoying himself.

Mr. Hudak: On a point of order, Mr. Chair—sorry to interrupt my colleague—I did ask two specific questions. I realize we ran out of time, so perhaps I could ask the ministry to come back to me with the specific answers. I understand the minister made the point that they retained control over setting the fees, which I would argue was part of the 2003—my question actually was, will the government commit to maintaining the freeze of those fees? My second question was to the deputy with respect to the province retaining shares in the Teranet income fund as opposed to selling them all upfront, the reason behind that decision. Thank you for your time.

Hon. Mr. Sorbara: How about if we undertake to respond to those two issues in writing over the course of the balance of the estimates hearings?

Mr. Hudak: Super.

The Acting Chair: Thank you very much.

Mr. Zimmer: On a point of order, Mr. Chair: There was some suggestion that you might go into overtime. I have to leave right on the dot of 6; there's a vehicle picking me up.

The Acting Chair: Good. Does the committee agree with that? We end at 6. Mr. Prue, you have from now until 6.

Mr. Prue: From now until 6, or until the bells start ringing, whatever comes first. I was asking about jobs. I might as well go back to that. Can you tell me how many manufacturing jobs there are in Ontario as of the most recent Statistics Canada figures?

Mr. Pat Deutscher: Right. The most recent number from Statistics Canada is that there are about 1,029,000 manufacturing jobs in Ontario.

Mr. Prue: Would I be correct in assuming, then, that—what number would it be?—roughly 87,000 have been lost?

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Mr. Deutscher: The peak of employment in manufacturing was in November 2002. We're down about 86,000 from that time. Over that same period, the net employment level in the province is up by 356,000.

Mr. Prue: I understand that employment is up, but I'm trying to zero in on manufacturing jobs. There are some who say and who opine that manufacturing jobs probably will decline in the long term as imports come from the Third World, particularly from places like China, and that Canada and Ontario can't protect them, and then there are others who say we need to protect them. I'm just trying to understand where the government's coming from. There has been a net loss. It's the first time we've seen this in years. Where are we going with this?

Hon. Mr. Sorbara: These are huge economic policy questions and economic forecasting questions. Let me begin by saying that our interest is in continuing to strengthen the manufacturing sector. I'd simply say, Mr. Prue, that we will not see the kind of growth in manufacturing jobs that we have seen in other periods of our history, notably during the 1960s and for some periods during the 1970s, and in the 1980s, after the very difficult times in the early 1980s. One has to accept the fact that the Ontario economy, the Canadian economy, the North American economy are going through an ongoing kind of transformation. We will see far more well-paying, high-value jobs in higher-tech aspects of the economy, things like biotechnology, new jobs in the financial sector, new jobs in the entertainment cluster. That's where we're probably going to see fairly significant growth in job creation.

The interesting thing about manufacturing in Ontario is that notwithstanding the pressures of imports from China, India, Russia and Brazil, notwithstanding the competition from those lower-price jurisdictions and notwithstanding the increasing value of the Canadian dollar which puts pressure on manufacturing exports, we're seeing some almost unanticipated resilience in manufacturing. The fact that Toyota has decided to put a

greenfield facility that will ultimately generate—Pat, how many jobs? Does anyone know how many jobs? Pat may want to check that out. The fact that Toyota, Honda, Linamar—who am I forgetting?—DaimlerChrysler and GM are all investing in traditional Ontario manufacturing in the automotive sector I think stands us in good stead. I don't want to do a commercial, but I think my colleague Joe Cordiano and our government's auto fund had a whole lot to do with the fact that we're really growing in that area when some thought we would be shrinking.

But within that context, we are going to see some transformation. The areas that particularly concern me are in the forestry sector—

Mr. Prue: That was my next question.

Hon. Mr. Sorbara: Okay. Well, why don't we just ask the question?

Mr. Prue: I know about the promises that have been made or the hope we have for auto. I know that they are long term and I know I'm probably not looking at this government but maybe the government after the next one before we're actually going to see them, but hope springs eternal. But I'm more worried about what's happening in the forestry sector, pulp and paper, the north, the depopulation, the manufacturing jobs that appear to be flowing out of there at too rapid a rate.

Hon. Mr. Sorbara: You're right to be concerned. There are a number of factors affecting forestry that have all conspired together. This is not an Ontario phenomenon; it's a North American phenomenon and, in a sense, it's a worldwide phenomenon. There has been some overcapacity in things like paper, so the competitive pressures are huge. The value of the Canadian dollar has had a huge impact on competition within that sector. The sector as well has been the victim of, shall I say, aggressive trade practices from our good friends and neighbours to the south—in my view, a complete inability to really understand the terms and conditions of the free trade agreement; so unfair practices from the US. There is an agreement on the table. It's not everything we would have wanted, but perhaps that will turn around a little bit. In addition, the rising price of energy has had an impact on the forest industry and, in some cases, plants that have not been modernized in a timely fashion.

All of that being said, this government has invested some \$900 million in strengthening that industry and we're already seeing some real returns, not in new jobs—let's be frank—but in having plants that otherwise would have simply shut down, packed up and the workforce permanently out of work. But there is more to do.

Mr. Prue: There have been some 20 paper machines at pulp mills shut down since you've been in government. That's a huge amount for the north. I'm not necessarily blaming you, but that's the reality since 2003. The high Canadian dollar has to be a factor in other places in Canada. I'm not sure that the same effect is being seen in Quebec, Manitoba, New Brunswick or BC, where there is a big forest industry—

Hon. Mr. Sorbara: No, quite to the contrary. The effect is nationwide.

Mr. Prue: But not to the extent of Ontario.

Hon. Mr. Sorbara: Yes, to the extent of Ontario. They are facing the very same competitive pressures. Now, in certain jurisdictions, there are some advantages. Manitoba has the advantage of very low electricity rates. They have a lot of water going through a lot of generators, producing electricity at a very favourable rate. But that's not to say that mills there are not under similar pressures, because all of them have to confront a dollar whose value is set almost entirely by the oil and gas economy of Alberta. We can't do anything about that.

Mr. Prue: Who are our competitors? Are you talking about cheap Brazilian wood or paper, or Indonesian or—

Hon. Mr. Sorbara: This is a global industry. There are competitors in the Scandinavian countries. I think there is competition from Russia as well, but I'm less certain about that. But I have sat down with executives from this industry, and in confidence over a lunch table and a sandwich, they acknowledge that the industry globally is undergoing a kind of transformation. But that's not to say that in Canada we don't have specific pressures in that area. I think it's primarily the value of the dollar, and then there are regional issues like the cost of electricity, which is different province by province and region by region, and then the very state of the machinery can have an impact as well. Pat, did you have some more to add on that?

Mr. Deutscher: We do want to say that there are pressures across the country on the forest sector. Perhaps the one province that has had some different circumstances in a significant way has been British Columbia, where in fact there's a mopping-up operation after the

beetle infestation, which has left a heck of a lot of wood that needs to be harvested and that has put them into a special position.

Your basic question is, who are our competitors? Is it global? I think the answer is certainly yes, there is global pressure, and that low-cost fibre that can be produced in many parts of the world, not just Brazil, is going to be an ongoing factor that our industry has to cope with.

Hon. Mr. Sorbara: Just one final point, if I could, Mr. Chairman—I've heard the bell. As the deputy just reminded me, one of the factors is a declining demand for newsprint. I think you and I are reading newspapers still—

Mr. Prue: Every day.

Hon. Mr. Sorbara: —but our kids are keeping up with the news on the Internet. So we do not see a growth in demand that is consistent with the growth of economies. One of the things, as the deputy reminded me, is that in Ontario, we are trying to move towards higher-value-added products, high-quality paper, where the demand continues to be relatively strong, at least as compared to newsprint.

The Acting Chair: Thank you very much. As Mr. Zimmer has to leave, tomorrow's meeting will be held in room 228 at 3:30 or after routine proceedings. The meeting will start with Mr. Phillips, here to answer some questions about whatever it is he's going to answer questions about.

Hon. Mr. Sorbara: Ontario Securities Commission.

The Acting Chair: Ontario Securities Commission, I understand. This meeting stands adjourned.

The committee adjourned at 1800.

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