



ISSN 1181-6465

Legislative Assembly
of Ontario
Second Session, 38th Parliament

Assemblée législative
de l'Ontario
Deuxième session, 38^e législature

Official Report of Debates (Hansard)

Tuesday 12 September 2006

Journal des débats (Hansard)

Mardi 12 septembre 2006

**Standing committee on
estimates**

Ministry of Intergovernmental
Affairs

**Comité permanent des
budgets des dépenses**

Ministère des Affaires
intergouvernementales

Chair: Cameron Jackson
Clerk: Katch Koch

Président : Cameron Jackson
Greffier : Katch Koch

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Copies of Hansard can be purchased from Publications Ontario: 880 Bay Street, Toronto, Ontario, M7A 1N8.
e-mail: webpubont@gov.on.ca

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Des exemplaires du Journal sont en vente à Publications Ontario : 880, rue Bay Toronto (Ontario), M7A 1N8
courriel : webpubont@gov.on.ca

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 12 September 2006

Mardi 12 septembre 2006

The committee met at 0907 in room 228.

MINISTRY OF
INTERGOVERNMENTAL AFFAIRS

The Chair (Mr. Cameron Jackson): Good morning. I'd like to call to order the standing committee on estimates. We've assembled today to hear, for up to seven and a half hours, the estimates of the Ministry of Intergovernmental Affairs, and we're very pleased to welcome the Honourable Marie Bountrogianni.

Minister, welcome. You have up to half an hour. We're in your hands.

Hon. Marie Bountrogianni (Minister of Intergovernmental Affairs, minister responsible for democratic renewal): Thank you very much and good morning, everybody. It's my pleasure to join you here to speak about the Ministry of Intergovernmental Affairs, or MIA, as the ministry is commonly known, and to discuss the role MIA plays in fulfilling Ontario's priorities.

I'm joined today by the Deputy Minister of Intergovernmental Affairs, Matthew Mendelsohn, and other members of the ministry's senior management team. As we proceed throughout today's session, there will be an opportunity for committee members to ask questions and seek clarification. I, Deputy Mendelsohn and senior ministry staff will be available to respond to members' questions. Written summaries of my comments will also be provided to the committee.

Since our government took office in 2003, Canada's intergovernmental agenda has been substantial. We have been working with the federal government, other provinces and territories, and even international jurisdictions on a range of issues, including fiscal federalism, trade, health care, skills training, and service delivery, just to name a few.

I'll mention many of these initiatives throughout my presentation this morning. I'll also provide some more details about the current state of federal-provincial relations in Canada. I'll then talk about some of the key challenges and opportunities that Ontario is facing in the intergovernmental context, and I'll describe some of the projects that MIA is leading to respond to these issues.

Right now, I'd like to start by giving you a brief overview of the Ministry of Intergovernmental Affairs. As many of you know, the Ministry of Intergovernmental Affairs is a small ministry within the Ontario govern-

ment. The staff complement for fiscal year 2006-07 is 70 full-time equivalent positions. The ministry's budget for this fiscal year, 2006-07, is \$9.432 million.

The core business of the Ministry of Intergovernmental Affairs is policy analysis and providing strategic advice on intergovernmental relations. This includes federal-provincial relations, province-to-province relations, and international affairs.

MIA serves the Premier and the minister as the government provides leadership in the Canadian federation, and works to enhance Ontario's international profile.

The ministry provides the Premier and me with support to assist in our bilateral dealings with the Prime Minister and other governments, as well as in multilateral forums such as first ministers' meetings, the Council of the Federation, and other key federal-provincial-territorial and provincial-territorial meetings. The ministry's work focuses on policy analysis, intergovernmental negotiations and strategy to support the delivery of the government's key priorities.

In today's world, it is rare to find a policy or program area that does not have an intergovernmental dimension. That's why MIA works closely with line ministries, the Premier's office and cabinet office on a range of issues.

Most policy or program areas have established ministers' forums for federal-provincial-territorial discussions. These intergovernmental ministers' forums are firmly established in a wide range of sectors, including health, transportation, education, justice, energy, social services, and trade, just to name a few.

These ministers' forums generally meet every year, or sometimes more often, depending on their work agenda. The meetings are valuable opportunities for ministers to learn about experiences in other jurisdictions, share information about delivering public services, and develop coordinated action plans. The chair is usually rotated through the various jurisdictions on an annual basis, and the different jurisdictions take turns hosting the meetings.

At most federal-provincial-territorial forums, Ontario is represented by its lead ministry for that policy or program area. In many cases, MIA supports the development of Ontario's position by providing the lead ministry with advice and assistance. At other times, MIA actually attends the meetings for the government. For example, during the discussions on the early learning and child care agreement with the federal government, the Ministry of Children and Youth Services had the lead for Ontario, while MIA played a supporting role.

MIA supports the lead ministry by providing advice on the federal-provincial climate and sharing information and best practices on conducting negotiations. MIA also ensures that Ontario's position supports overall government direction and is consistent with our intergovernmental policy.

MIA also leads the conduct of Ontario's relations with foreign jurisdictions, and coordinates official government events and ceremonies. It provides advice and service to the Premier, me, other ministers and the Lieutenant Governor. The ministry works to advance Ontario's international objectives, which are principally economic, by building and supporting Ontario's relations with foreign jurisdictions, Foreign Affairs Canada and Canadian foreign missions, the diplomatic and consular corps, and non-governmental organizations with international activities. I'll speak more about these initiatives throughout this morning's presentation.

It is no surprise to anyone here that relations between levels of government and different jurisdictions can be co-operative, just as they can be competitive. You'll hear examples of both as I talk about MIA's initiatives.

I'd like to take a few minutes to talk about my role as Minister of Intergovernmental Affairs. I was appointed minister in June 2005. When I accepted this appointment, I also accepted the lead for Ontario's campaign for fiscal fairness. This is a key initiative that you'll hear about throughout this morning's presentation. We are calling on the federal government to address the fiscal imbalance in a way that is fair to all Canadians, including the 39% of Canadians who live in Ontario.

We expect that the federal government will act to address the fiscal imbalance over the coming months, so it's important that we all get involved, raise awareness of Ontario's concerns, and clearly articulate Ontario's positions and interests.

As Ontario's Minister of Intergovernmental Affairs, I meet regularly with my counterparts from both the federal government and other provinces to discuss both the fiscal imbalance and other issues of mutual concern. Just last week, I met with the Honourable Michael Chong, the federal government's Minister of Intergovernmental Affairs. I used this opportunity to emphasize Ontario's concerns about fiscal fairness. I am confident that Minister Chong received our message.

I've also had similar meetings with my counterparts in other provinces. These include meetings with the Honourable Benoît Pelletier, minister of intergovernmental affairs for Quebec, the Honourable Gary Mar, Minister of International and Intergovernmental Relations for Alberta, and the Honourable John Ottenheimer, Minister of Intergovernmental Affairs for Newfoundland and Labrador.

I've also been active in meeting with stakeholders and leaders from across the province on intergovernmental issues. On June 21, 2006, we successfully organized the Premier's A Strong Ontario for a Strong Canada summit in Toronto. This event brought together Ontarians from across the province. Participants included leaders from

municipalities, health care and educational institutions, business groups, labour, social service organizations, and academics. Through group and individual discussions, we received some clear messages about how we should be addressing the fiscal imbalance. Similarly, both myself and the parliamentary assistant for intergovernmental affairs, John Milloy, have visited communities throughout the province and spoken to Ontarians about the impact that the fiscal imbalance has on their communities.

My regional visits included events in Hamilton, Toronto, Ottawa, London, Whitby, North Bay and Oakville. My parliamentary assistant, John Milloy's, visits included meetings in Kitchener-Waterloo, Chatham, Sarnia and Haliburton.

Some of these events are focused on specific service areas. Earlier this year, for example, working closely with the Ministry of Training, Colleges and Universities, we led the development of the Council of the Federation's post-secondary education and skills training strategy, *Competing for Tomorrow*.

We also organized the summit on the issue, which was co-hosted by Premier McGuinty and Premier Jean Charest in Ottawa on February 24, 2006. The *Competing for Tomorrow* summit brought together approximately 300 leaders from the post-secondary education and skills training sectors from across the country.

As a result of the summit and ongoing ministerial work, the Council of the Federation released its post-secondary and skills training strategy on July 28, 2006. This strategy is named *Competing for Tomorrow: A Strategy for Post-secondary Education and Skills Training in Canada*. It outlines a course to ensure all Canadians have the opportunity to succeed in a competitive global economy. The Council of the Federation is looking to the federal government to partner with us on this strategy.

Ontario has been a leader in finding co-operative opportunities for different levels of government to come together and improve the delivery of services for Ontarians. We have signed a series of collaboration agreements to enhance services for Ontarians living throughout the province. We know that our citizens expect different levels of government to work together, and that's exactly what we're doing.

In June 2006, Ontario signed the Ontario-Quebec Protocol for Co-operation. This agreement was the culmination of more than two years of work, which was led by MIA, and included bilateral work by nine Ontario ministries. Premiers McGuinty and Charest signed the protocol agreement on behalf of the two governments. I was pleased to sign each of the individual co-operation agreements, along with my colleague Minister Pelletier from Quebec and the responsible ministers from each province. This agreement builds on a long history of co-operation between our two provinces. It also formalizes a process for reviewing progress and identifying future areas of co-operation.

As Ontario has the largest francophone population outside of Quebec, this protocol includes a special pro-

vision on francophone affairs aimed at enhancing delivery of French-language services to children and parents in both provinces. In addition to the protocol, the initiative includes sub-agreements on co-operating in the areas of health care, transportation, environment, natural resources, tourism, public safety and construction labour mobility. The agreement demonstrates that two neighbouring provinces can work together for the benefit of residents in both jurisdictions.

These collaborative efforts include working with the federal government. In 2004, Ontario and the federal government signed the Ontario-Canada Memorandum of Agreement on Collaboration in the Delivery of Public Services. This agreement identified 13 areas where the two governments would collaborate to improve services for the residents of Ontario.

One of the significant outcomes from this agreement was the establishment of co-located government service centres where federal, provincial and local government services come together in a single office to provide convenient access for our citizens. This year, we opened co-located service counters in Ottawa, Windsor and Geraldton, and others are expected in the future.

It is also worth noting that this agreement was the first step in identifying some of Ontario's "fair share" concerns, particularly our concerns regarding our share of federal funding for immigration, training and infrastructure.

The May 2004 agreement created significant momentum in Ontario-Canada collaboration, and it led to a subsequent agreement that the two governments signed in May 2005. This agreement is known as the Addendum to the Ontario-Canada Memorandum of Agreement. It provides \$6.9 billion over six years for Ontario priorities. Both Prime Minister Harper and the federal Minister of Finance, Jim Flaherty, have committed to recognizing these agreements, and we continue to expect that Ottawa will come through with these funds for Ontario.

On the international front, I also represent Ontario at intergovernmental meetings, both here in Canada as well as abroad. In addition to Council of the Federation meetings, first ministers' meetings and sectoral meetings, I also represent Ontario at international functions.

For example, in February I attended the winter meeting of the National Governors' Association in Washington, D.C., and met with leaders from neighbouring US states. While there, I met with leaders to discuss the western hemisphere travel initiative, softwood lumber, Ontario's Shared Air Summit and some waste management issues.

It's also worth mentioning that Ontario has successfully retained the services of Michael Kergin as special adviser to the Premier. Mr. Kergin served as Canada's ambassador to the US from 2000 to 2005, and he brings a wealth of experience in diplomacy and intergovernmental affairs.

0920

Based on his vast experience, it was felt that Mr. Kergin was the ideal candidate for this position. He is

based in Ottawa and provides the Premier with special advice on our dealings with US governments. He has been particularly active on issues such as the Canada-US border, softwood lumber and waste management. I'm confident his unique insight, abilities and experience have paid off and will continue to serve the interests of the province as we move forward.

MIA is the ministry that provides support to Premier McGuinty in his role as Ontario's representative on the Council of the Federation. The COF is the council of Canada's Premiers. It was formed in December 2003. It grew out of the annual Premiers' conference which Canada's Premiers held for decades, coming together each summer to discuss issues of mutual concern. I accompanied the Premier, representing Ontario, to the 2005 meeting in Banff, Alberta, and again to this year's meeting, which was held in St. John's, Newfoundland and Labrador.

With the formation of the COF, the relationship between Canada's Premiers is now more formalized. The COF has an ongoing work plan, and the provinces and territories work together throughout the year on issues such as health care, aboriginal affairs, internal trade, environment and service delivery. This COF work is supported by a full-time secretariat in Ottawa. The work of the COF is funded by all provinces on a per capita basis.

For each work plan item, provincial and territorial officials report back to Premiers at their annual COF meeting each summer. Premiers sometimes receive status updates at other times throughout the year when they convene a special COF meeting.

The provinces and territories rotate through the chair position on an annual basis, and the official handover occurs at the summer meeting. The current chair is Newfoundland and Labrador. Premier Williams took over as chair of the Premiers at this year's summer meeting in St. John's.

Ontario was the COF chair from July 2004 to August 2005. This was an intense period of intergovernmental activity which saw both COF and first ministers' meetings on health care. With Premier McGuinty's leadership, the Premiers were able to secure an important agreement from Prime Minister Paul Martin on health care. The health care agreement the Premiers signed in 2004 amounted to \$18 billion over six years, including a \$3.5-billion increase to the Canada health transfer, CHT, a \$4.5-billion investment to the wait times reduction fund, and \$500 million for a medical equipment fund. Ontario's per capita share of the agreement amounts to more than \$7 billion over six years.

I'd like to take some time and give the committee an overview of my ministry's top priority, which is playing the lead role in coordinating Ontario's campaign for fiscal fairness and calling on the federal government to address the federal-provincial fiscal imbalance. Particularly, we have been calling on the federal government to fix the fiscal imbalance in a way that is fair to all Canadians, including the 39% of Canadians who live here in Ontario.

Here is something all committee members can appreciate: Ontario's campaign received unanimous support from all three parties in the Legislature. The resolution was passed in June 2006. It called on the federal government to address the fiscal imbalance in a manner that is fair to Canadians, including those living in Ontario.

I'm pleased to announce that municipal councils in 117 communities throughout the province have followed Ontario's lead by passing their own resolutions in support of our position.

This is a campaign that goes beyond party lines, beyond regions and beyond sectors. Ontario is united in our position, and we expect the federal government to treat Ontario fairly. Solutions that are fair to Ontario are in the interest of all Canadians. Canada cannot be strong if Ontario is weakened.

The Strong Ontario campaign stems from some real shortcomings in Canada's fiscal arrangements.

First, the federal government has been treating Ontario unfairly when it comes to allocating funds for federal programs. This has been going on for years, and this practice is above and beyond the federal equalization program.

Focusing our campaign on the principle of fairness is what Ontarians have told us to do. When we brought leaders from all sectors together at the Strong Ontario Summit in June, we asked them for their input. We wanted to know how the fiscal imbalance affected their sectors. We wanted to hear their views on what we, as their government, should be pushing for when we approach the federal government. Fairness was a clear priority.

Another thing came clear that day: Ontarians support the federal equalization program. That was no surprise. Ontarians have always been proud of their historic contribution to enhancing services throughout the country. Equalization is part of Canada's Constitution, and this constitutional requirement sets forth the federal government's commitment to making sure all regions of our country are able to deliver "reasonably comparable levels of service at reasonably comparable levels of taxation." Ontarians are always there to make sure this commitment is fulfilled.

What we object to, however, is the federal government treating several other programs as if they were part of the equalization program. We see this practice in health and social transfers, the employment insurance program, skills training and infrastructure.

Consider the following annual shortfalls: Ontario will receive \$86 less cash per person than equalization-receiving provinces through the Canada health transfer and Canada social transfer. On the infrastructure front, Ontario will receive \$1.2 billion less federal funding over the life of six existing federal infrastructure programs than we would if these programs were allocated on an equal per capita basis. In the areas of skills training, Ontario will receive \$314 million less than it should under the federal labour market training program.

This unfairness has been recognized by independent organizations throughout the country. The federal Expert

Panel on Equalization and Territorial Formula Financing, commonly called the O'Brien panel, released its report in June this year. The O'Brien panel clearly recognized this unfairness to Ontario. I quote from the report when it says that the regular practice of shortchanging Ontario "amounts to 'backdoor' equalization and is an ongoing irritation both on technical grounds and in principle." The report also says that "the panel encourages the federal government and the provinces to address this issue." This unfairness hampers our ability to invest in our future competitiveness and prosperity.

The other starting point for our campaign is that there is a fiscal imbalance between the provinces and the federal government. As Canada continues to grow and evolve, we've found ourselves at a place where the provinces and municipalities are responsible for the things that matter most to Canadians—health care, education, municipal services and infrastructure—while the federal government is holding all the resources.

The federal government has posted nine consecutive budget surpluses, while many provinces continue to struggle balancing their budgets. The pressures of an aging population and the pressing need for an educated, skilled and competitive workforce are not making us any more hopeful that this trend will change.

The good news is that the current Prime Minister, along with some of his key ministers, including the federal Minister of Finance, has acknowledged that a fiscal imbalance exists. They've also made some commitment to addressing it. We've just got to make sure they fix it in a way that benefits all Canadians, including the 39% of Canadians who live in Ontario.

You undoubtedly noted that at this summer's Council of the Federation meeting in St. John's, Canada's Premiers were unable to reach consensus on how the fiscal imbalance should be addressed. Premier McGuinty entered the discussion saying that he was willing to listen to the concerns of some of the other provinces on the condition that other provinces support Ontario's call for fairness. In the end, we were not able to agree. But the Premier has demonstrated that he's prepared to stand up for the interests of Canadians living in Ontario even when some others may criticize us, but that he's also willing to seek out solutions that are fair to all and in the broader Canadian interest.

The Premier and I will continue to seek a solution that is fair to all Canadians, including those of us who live in Ontario.

Some provinces continue to call for the federal government to fix the fiscal imbalance by enhancing the federal equalization program. Ontario doesn't believe that this is much of a solution because it only benefits half of Canadians. Addressing the fiscal imbalance by enhancing equalization does very little to invest in our country's future competitiveness, just as it does nothing to enhance Ontario's hospitals, schools, roads or municipalities. We simply cannot accept this position. This is why the Premier and I, as well as our entire government, have been so adamant about demanding fairness for Ontario.

As I mentioned earlier, I have spent a significant amount of time travelling throughout the province, meeting with local chambers of commerce and other organizations. I will continue my travels this fall, and I expect to meet the stakeholders from the health and education sectors in communities across the province.

Last month, the Premier wrote a public letter to Prime Minister Harper, stating that there was still an opportunity for successful resolution to this issue and that it is incumbent upon Canada's leaders to look for solutions that work for all Canadians. In that letter, the Premier stated, "I believe that a Canadian is a Canadian no matter where they live, and that they all deserve the same level of support from their national government for essential public services." The letter also stated, "So long as the equalization program itself is adequate to meet its constitutional purposes, there is no rationale for embedding backdoor equalization into other federal transfers and providing less support to Canadians living in Ontario for their health care, their education and their social services."

0930

We will continue to deliver this message across the province and to the federal government. A successful resolution to this issue is essential for all the things that are important to our communities: good health care, schools, social services, infrastructure and competitive taxes.

This issue of fairness is also relevant when discussing equalization. Currently, some equalization-receiving provinces have greater overall fiscal capacity than Ontario. This brings the program itself into disrepute, and the O'Brien panel has called for a fiscal capacity cap to ensure that no province that receives equalization can have a higher overall fiscal capacity than a non-receiving province. Ontario supports this recommendation and believes it must be part of any package of reforms to equalization if the program is to retain its legitimacy.

Furthermore, we see no evidence that the program needs to be enlarged at this time. Equalization has grown by 30% over the past four years and is scheduled to grow at 3.5% per year, regardless of what happens to the economy. Without evidence, there is no rationale for enlarging the program any further.

I invite all MPPs of all parties to join with us in our campaign for Ontario. Through the Premier's office and my office, we can help you get engaged in your communities and promote Ontario's position. It's especially important as we move closer to a potential decision from the Prime Minister. I believe these initiatives will serve us well for the discussions on the fiscal imbalance that we expect to have with the federal government in the next few months.

One of the tools we've developed for this campaign is the Strong Ontario website, which you may visit at www.strongontario.ca and get access to considerable information about the current fiscal situation and the types of challenges and opportunities we're facing on that front. MIA maintains this site. It is the Internet home of our Strong Ontario campaign.

Thank you again for the opportunity to talk about the ministry. It's very timely, given the types of intergovernmental discussions that are going on right now between the provinces and the federal government.

I understand I'll have another opportunity perhaps to provide some comments, so I'll use that opportunity to expand on some of the ministry's initiatives, particularly in the area of international affairs.

In the meantime, I, Deputy Mendelsohn and senior ministry staff will be pleased to take your questions. Thank you. Merci beaucoup.

The Chair: Thank you very much, Minister. Now we'll go in our standard rotation and we'll recognize Mr. Chudleigh.

Mr. Ted Chudleigh (Halton): Thank you very much, Minister. It's nice to see you this morning. You finished up your comments by saying that you invite all MPPs of all parties to join with you in a campaign. Could you tell us how many MPPs have joined your campaign?

Hon. Mrs. Bountrogianni: There was unanimous consent in the House on a resolution for this campaign. If you're asking in principle how many, I could say everyone has joined on the campaign by unanimously passing that resolution. A number of MPPs in the government caucus have given talks on this issue. My parliamentary assistant—

Mr. Chudleigh: But you don't have a register that says, "This guy's onside. This person's offside."

Hon. Mrs. Bountrogianni: Not to my knowledge, no.

Mr. Chudleigh: So nobody's actually signed up. They've spoken to it on occasion, but you don't have a list of people who have—even from your own party?

Hon. Mrs. Bountrogianni: No. I take the resolution as a symbol of support.

Mr. Chudleigh: Good. It was interesting in your comments that there were a lot of interprovincial meetings that took place—a little history on the subject. I don't know how actually it was—this is based on one conversation, but there was a chap from New Brunswick whose first name was Reg and I believe his second name was McNeely. I'm not sure about that, but at the Royal Winter Fair this winter I'll check and let Hansard know if that's incorrect.

Reg McNeely was, at that point, Deputy Minister of Agriculture in the province of New Brunswick in 1946. His minister sent him on a trip across Canada to visit each of the provinces and see what they were doing in the area of agriculture, since they'd had this huge influx of soldiers coming back from the war and what new initiatives they were implementing and how the provinces were absorbing these people back into the agricultural community.

He passed through Ontario and had long and productive discussions with the Minister of Agriculture of the day. He continued on out west, and on his way back he stopped back in Ontario and they had another very long conversation about all the initiatives that had been taking place across the country, including the Maritimes and Quebec. The meetings were so productive that the

next year, 1947, was the first time that the Ministers of Agriculture across Canada met and had an intergovernmental ministerial conference. Since that time, it has grown to include all ministries across the province, including the first ministers' conference as well, but to my knowledge that was the first time that it became ensconced and regulated. It happened every year. So it's a little bit of history to start off with.

It's interesting that, though the Ministry of Intergovernmental Affairs is one of the government's smallest ministries, it is a microcosm of the entire government and the out-of-control spending growth that's been witnessed under your government. Whether this \$10-million industry or the \$80-billion government which is entrusted by the citizens of Ontario, Mr. McGuinty and his caucus have consistently proven themselves to be incapable of sound fiscal management, and I use as a glaring example the very surprising balanced budget that we had just last month in August. All of a sudden, the deficit became a surplus. Of course, that's wonderful news. That's the way budgets should be, but the fact that it was a surprise, the fact that it was forecast as a deficit, seems to indicate that there is a lack of control on the fiscal switch within this government. It's reflected also within this ministry.

One key concern I have is that in the estimates that were put forward is the large discrepancy between the estimates and the actual results of the two previous fiscal years. They come in at 33% and 49% higher than the budgets in 2005-06 and 2003-04 respectively. If you look deeper into the numbers, it is clear that a large portion of the miscalculation was due to generous donations by the Ontario government to assist with international disaster relief.

When we put this aside, the one-time events, we see evidence of a government that has a credibility problem in 2005-06—we saw overspending of 7%—and in 2004-05 we saw overspending of 9%. How are the 2006-07 estimates going to be trusted when such large margins of error have occurred in the last two years?

Hon. Mrs. Bountrogianni: Thank you for your question, Mr. Chudleigh. The reason why some of those estimates did turn out to be inaccurate is we didn't predict the disasters. We felt, though, as a government that we needed to make those donations. We feel that we are fortunate in Ontario, albeit we have our challenges, but we're actually proud as a government that we were, in some cases, first off the mark to donate to Pakistan, the Katrina victims and to other disasters—the tsunami disaster.

Ontario is a microcosm of the world. There are many people in Ontario who have relations to people who have lost family in those disaster areas. Also, it's the right thing to do; it's the humanitarian thing to do.

Another reason for the increase in 2005-06 is, before that year, the Premier was the Minister of Intergovernmental Affairs and was served by the people in his office. Because of the significant intergovernmental initiatives that are taking place across the country, we felt that Ontario had to be in a strong position at the table. It

required more attention than obviously any Premier has the time to give to one single issue, intergovernmental affairs, so a stand-alone ministry was created with a minister. Part of that increase is my salary and the salary of my staff. Although I'm only here for intergovernmental affairs, I do have two ministries, and that staff of eight do serve both ministries.

Again, from our mouths to God's ear, I hope there aren't any other disasters. I hope we're not called upon to help people—

Mr. Chudleigh: Apparently so. There's nothing in the estimates for this year.

Hon. Mrs. Bountrogianni: That's good. I hope there isn't any need for that kind of money, but that money—I know because I signed for that money to be handed over to Minister Colle, who then announced it—had to be signed very quickly because of the nature of the situation.

Mr. Chudleigh: The estimates in 2004-05, of course, included nothing for emergency relief and there was a \$5-million expenditure and you say that was for the tsunami, or was that Katrina?

Hon. Mrs. Bountrogianni: Tsunami.

0940

Mr. Chudleigh: That was tsunami relief. And that was one cheque that went out? Can you tell me where that cheque went?

Hon. Mrs. Bountrogianni: I believe it went to the Red Cross, but I'll let my assistant deputy minister answer that—my director. It's Dr. Norton, the director of international protocol—a big, long title.

Dr. Roy Norton: There we go. There's no end of assistant deputy ministers to respond to questions.

Mr. Chudleigh: We're going to get to that later, actually, but go ahead—the “no end to assistant deputy ministers.”

Dr. Norton: Mr. Chudleigh, the cheque did go to the International Red Cross. Further to what the minister said, though, in response to your question on the estimates, since the Ontario disaster relief program has been in place since 1976, there's been a budget line of \$1,000 each year in the ministry's budget, which equips the ministry to be able to make a contribution, but in no case has there ever been more than \$1,000 provided. In every year when a contribution has been made by the government of Ontario in response to an international disaster, that money has been, if you like, in excess to the estimates for the ministry. That pertained on about 20 instances when Mr. Davis was Premier, on 17 to 20 instances when Mr. Peterson was Premier, and so on right through until today.

There have been about 40 contributions over the 30 years, and all of them have been for more than \$1,000, and therefore all of them have been in excess of estimated costs. As the minister pointed out, it's simply not possible to anticipate disasters or to gauge in advance what the appropriate Ontario response would be to a given disaster.

Mr. Chudleigh: In the current fiscal year, 2006-07, there's not even \$1,000 in the fund. That's abnormal? Why was that \$1,000 left off?

Dr. Norton: I don't know that it has been left off, sir. It's my understanding that there's a budget line of \$1,000 each year—

Mr. Chudleigh: My copy doesn't have it on. Your copy does have it on?

The Chair: Please identify yourself.

Ms. Wendy Noble: I'm Wendy Noble, assistant deputy minister, intergovernmental policy coordination. In the estimates book there is a line, "International disaster relief." "Estimates 2006-07" is \$1,000.

Mr. Chudleigh: I'm sorry. My copy doesn't have that on it. I'm not sure where the source of mine is, but it looks like a photocopy. Was there a previous one that went out, an earlier one that went out that wouldn't have that money on it?

Ms. Noble: This is the document that was tabled with the Legislature: Results-based Plan Briefing Book 2006-07, Ministry of Intergovernmental Affairs. It's on page 14.

Mr. Chudleigh: I have the actual one in front of me now. Thank you very much.

Given that there have been a number of stories in the press concerning the relief for the tsunami fund and the lack of relief and the huge delay of any relief getting to people, particularly in anything that resembled a remote area—some of us may not consider that to be remote, having been familiar with northern Ontario. It was a very delayed system of relief, and much of that money that was gone—there are stories of money that flowed through the Red Cross and into the area. There are lots of press stories about how that money was misappropriated, how that money was ripped off, in many cases.

Is there any follow-up to this substantial donation that the Liberal government of Ontario made to the Red Cross in the name of the people of Ontario? Has there been any follow-up to see where that money went, whether it was appropriately spent, whether there were people who were actually helped by that money? As little as fresh water, which was in scarce supply: Was there any follow-up to see if even that was delivered?

Dr. Norton: The Red Cross has been the traditional vehicle through which Ontario has made its contributions in response to disasters. After the tsunami, some months after, the Red Cross provided us with an accounting. It doesn't purport to account, dollar for dollar, where the money went—it goes into a global fund—but they provided a general accounting to the government of Canada and the government of Ontario and other provincial governments indicating how it is the money had been used. We have no reason to believe there was any misappropriation of funds provided by the government of Ontario. The monies from Ontario went principally, as we understand it, to Indonesia, Sri Lanka and some of the island states in the area. We have every reason to believe that good works were done and that populations have been assisted in their recovery as a result of our contributions.

Mr. Chudleigh: Some of the press stories wouldn't support that belief. Some of the worst horror stories I

recall from the tsunami were about the islands off Thailand, where the Red Cross was in charge, and yet there were weeks and weeks before they had any fresh water at all, when much of the population was devastated. Bodies were very, very late in being buried or burned. The entire situation on the islands was one of the worst that I recall, and yet this is where our money went. Is this an appropriate expenditure? It feels good to give \$5 million to a disaster relief, but if the money isn't going to go and help people who are in an absolutely devastated situation, is there a better way to do it, and have we analyzed the situation?

The Red Cross are the same people who got us kind of into trouble with our blood collection here in Ontario and are the cause of many, many cases of hepatitis. I'm not sure how their accounting works and whether or not it's appropriate. It sounds to me like this government hasn't followed up on a very large contribution of taxpayers' money to an organization that, according to the international press, perhaps hasn't done everything it could have done in this disaster.

Hon. Mrs. Bountrogianni: I understand your concerns. The money is not an unusual amount in comparison to other provinces, and we do this in co-operation with the federal government. We also sent Dr. James Young to offer expertise in forensic identification and disaster management.

It is an area of the world where at times accountability is lacking. We understand that, but at the same time there were, as you remember, thousands and thousands of people who lost their lives and thousands more who lost their homes.

We have, as Dr. Norton has just said, a history of this. My notes say that on more than 40 occasions over the past 30 years the Ontario government has made a financial contribution, usually to the Ontario chapter of the Canadian Red Cross, to assist with relief efforts in the disaster zone. We do feel that it's a credible organization.

Mr. Chudleigh: I'm not taking issue with the \$5 million or trying to help in an international disaster. That's motherhood; that's great stuff. Yes, we should be doing it; absolutely. What I'm taking issue with is how the money was spent and whether it was spent in the best interests of the people it was designed to help.

James Young was over there, as I recall—you remind me now. Does he have a report? Did he make a report on the disaster, and can we have a look at that report?

Hon. Mrs. Bountrogianni: I will certainly refer that to my colleague Minister Kwinter. If there is a report, we can—

Mr. Chudleigh: You don't know if there was a report?

Hon. Mrs. Bountrogianni: No, I don't know if there was a report.

Mr. Chudleigh: You sent this guy over there. Did he take his family with him? Was he on a joyride?

Hon. Mrs. Bountrogianni: I don't think he did. The reason I don't remember is that I wasn't minister at the time, so I don't know the details of it, but I can certainly find out for you.

Mr. Chudleigh: Will you bring the report back, and if there is a report, the committee will see it?

Hon. Mrs. Bountrogianni: If there is a report, we can certainly provide it to the committee if it's appropriate.

Mr. Chudleigh: Thank you.

Last year the disaster in New Orleans received \$1,984,918. It's a strange amount. It's not an amount of \$5 million; it's an uneven amount. Why was that amount of money given, and whereabouts did that money flow in the New Orleans Katrina disaster?

0950

Dr. Norton: We didn't, through the international disaster relief program, provide any money to Katrina victims in New Orleans. I believe that some technical assistance and some surplus supplies were provided from surplus assets—again, a vehicle that has been conventionally used in the past. It could well be that the value of those surplus assets totals the sum that you cited, Mr. Chudleigh.

Mr. Chudleigh: I see. But this did go to Katrina relief?

Dr. Norton: You were citing, I believe, figures to Katrina relief?

Mr. Chudleigh: Just because the minister mentioned that it went to tsunami and Katrina. Did this interim actual amount of \$1,984,918 in fiscal 2005-06 go to Katrina relief?

Hon. Mrs. Bountrogianni: It went to Pakistan. I'm sorry if I misspoke earlier.

Mr. Chudleigh: It went to Pakistan, for the earthquake relief?

Hon. Mrs. Bountrogianni: As Dr. Norton said, we had offered technical support and other types of support to Katrina. I think I was speaking more globally than about needing to support people around the world who are undergoing disaster situations.

Mr. Chudleigh: And by and large, this Katrina relief was in vehicles for distribution of relief aid?

Dr. Norton: There was no cash assistance provided to Katrina relief.

Mr. Chudleigh: How was this money spent, the almost \$2 million?

Hon. Mrs. Bountrogianni: It was for the Pakistan earthquake—sorry. Go ahead.

Mr. Chudleigh: Go ahead, Minister. This is your inquiry.

Hon. Mrs. Bountrogianni: No, it's okay.

Mr. Chudleigh: You've been well briefed on this, I'm sure.

Hon. Mrs. Bountrogianni: I'm the one who signed the money for Pakistan. Yes, it was for Pakistan, the particular money you're talking about now.

Mr. Chudleigh: It went for transportation of goods, as opposed to the goods themselves?

Hon. Mrs. Bountrogianni: It also went to the building of a school.

Mr. Chudleigh: Rebuilding of a school?

Hon. Mrs. Bountrogianni: Rebuilding of a school, yes.

Mr. Chudleigh: Was there any follow-up as to how the school was rebuilt, whether the distribution of product—was there a report to see that we got good value for money and, perhaps more importantly, whether or not there is a better way to do it the next time a disaster befalls and Ontario wants to get involved? Is there a better way that we can spend Ontario taxpayers' money to get relief to where it has to go, to the people it has to get to as quickly as is humanly possible in this world?

Dr. Norton: Mr. Chudleigh, in the case of Pakistan there was an immediate contribution of \$1 million after the October 2005 earthquake that killed more than 75,000 people there. Then there was a subsequent announcement of Ontario's intention to fund the reconstruction of schools. Three NGOs were identified. They are NGOs that work as well with the Canadian International Development Agency. They're prominent international NGOs. It is through those bodies that the monies are being expended to reconstruct schools.

Reconstruction is under way, literally, as we speak. We know that progress is being made, and when the schools are completed there will of course be a full report provided to us by the NGOs in question.

Mr. Chudleigh: Is this the sum total of the reconstruction costs or will there be ongoing costs as these schools are reconstructed?

Dr. Norton: The announcement was of \$1 million, and then approximately another \$1 million—which is why you have a figure of almost \$2 million—for initial relief, humanitarian response, and then the reconstruction of schools. It's not anticipated at the moment that there will be any further announcements.

Mr. Chudleigh: So the amount is finite.

Dr. Norton: It is finite.

Mr. Chudleigh: It's not a black hole.

Dr. Norton: No, it's not a black hole by any stretch of the imagination.

Mr. Chudleigh: We will know whether these schools have been reconstructed, and suitably so, by the final report dealing with this?

Dr. Norton: We will know, and in some instances we already know, that the schools have been completed.

Mr. Chudleigh: They have all been completed—

Dr. Norton: No.

Mr. Chudleigh: —or some of them have been completed?

Dr. Norton: No, some have been completed and some are under way.

Mr. Chudleigh: How many schools are involved?

Dr. Norton: I don't know for certain. There are less than 10. These are not schools as we think of schools, obviously. Construction costs are significantly cheaper there than they are here.

Mr. Chudleigh: It couldn't be very much more.

Dr. Norton: There will be a number of primary schools for primary-age children that are under construction or are approaching completion or have been completed, and a full report will be provided by each of the NGOs in question.

Mr. Chudleigh: Good. I'd look forward to seeing those reports. I'm sure they would be distributed to the members of the Legislature?

Hon. Mrs. Bountrogianni: They are to be given to the Minister of Citizenship and Immigration. I'm sure he could provide them for those who ask.

Mr. Chudleigh: Thank you.

In the breakdown of changes between budgeted and actual for the 2005-06 fiscal year, two line items are provided. One is \$1.15 million for the Council of the Federation to pay Ontario's per capita share of funding in this province-wide initiative. I was wondering, since the council was formed in December 2003, why was the government unable to correctly budget for when the transfer of money would actually take place?

Mr. Matthew Mendelsohn: The Council of the Federation budget initially came from leftover funds from the Premier's health advisory group that they had set up. In October of last year, an increase in the COF fee was approved by the steering committee from—

Mr. Chudleigh: Sorry, COF fee?

Mr. Mendelsohn: Sorry, from the Council of the Federation. The Council of the Federation steering committee—

Mr. Chudleigh: I knew that; I'm not sure everybody else did.

Mr. Mendelsohn: Fair enough; it took me a while as well. They approved an increase in the levy per capita per province because we anticipated a more active agenda. So that's why there's been an increase.

Mr. Chudleigh: The other line item is \$275,000 for a special adviser to the Premier. I think you touched on this in your remarks. Would you enlighten us as to what deemed this adviser necessary, since it was not budgeted for, what services were provided for this significant expenditure, and why his salary was not accounted for out of the Premier's office? Why is it being charged under your office?

Hon. Mrs. Bountrogianni: Although he is an adviser to the Premier primarily, he advises me as well as my colleagues on issues regarding relationships with the United States as well as with the federal government. He's got a vast fund of information and experience, being the ambassador to the United States, and quite frankly he knows a lot of people, and we all know in this business it's really getting to speak to the right people in whatever jurisdiction you are in to get the relevant information.

I've called him on a number of occasions myself. We've had a number of issues, as you know, as we've discussed in the Legislature or you've read in the paper, over softwood, over the waste management issue in Michigan.

The biggest issue right now, of course, is the passport issue with the United States. It's going to have amazingly negative consequences on our economy—mostly our economy in Canada versus that in the United States. We've been in constant talks, and my colleague Minister Bradley has consulted with Ambassador Kergin; also my colleague Minister Broten, the Premier himself, and

myself. Also, the border issues have heated up. He's actually given us a lot of excellent, excellent advice and hooked us up with the right people to speak to, which has saved us a considerable amount of time. We're really lucky, actually, that we were able to receive his services. I consider us very lucky to have him on board.

Mr. Chudleigh: I'm sorry. His name was?

Hon. Mrs. Bountrogianni: Michael Kergin.

Mr. Chudleigh: He was a former ambassador to the United States?

Hon. Mrs. Bountrogianni: Yes, sir.

Mr. Chudleigh: I was disappointed to hear you talk about softwood lumber and passport issues, and you didn't mention dairy cattle as being a pressing issue with the United States. I'm not sure you understand the difficulty that the closed border has placed on a very large and heretofore very financially healthy segment of the agricultural community of Ontario.

Ontario is blessed with some of the best gene pools in the world for dairy cattle and we continue to export dairy cattle all over the world, with the exception of the United States and a couple of other countries. But we still have some of the most productive dairy cattle in the world. We have large volumes of those dairy cattle that are sitting on farms unable to be utilized for milking here because of milk marketing board regulations, and unable to be exported to where most of them were destined, most of them going to Wisconsin, the dairy state.

1000

It is bringing severe hardship to a large number of people who are in the female side of the dairy business. The male side of the dairy business—frozen sperm, of course, can be exported all over the world, including the United States, but female calves cannot be since there is a 30-month slaughter requirement with exports to the United States. Until this situation is corrected, this significant section, extremely profitable in generating a lot of tax dollars for the province of Ontario, is unable to be used. So if the minister thinks there are issues to be dealt with in the United States, I would hasten to encourage her to put dairy cattle high on the agenda, that particular issue.

Hon. Mrs. Bountrogianni: Thank you. In fact, the Premier has brought this up and has had many talks with the ambassador and the consuls general on this issue. Whether Michael Kergin was involved in these talks or not, I'm sorry, I don't know, but I know it has been brought up. As well as our agriculture minister, all ministers have access to Michael Kergin and his expertise.

Mr. Chudleigh: Again, I think you mentioned that because you're using this assistant—even though he's attached to your office, he is primarily an adviser to the Premier's office. I'm sure there are other advisers in the Premier's office on whom you call on occasion to ask for advice or direction. How does this particular individual or this particular account differ from those other people? Why has it been placed on your budget as opposed to the Premier's budget? The effect it has is that it skews the Premier's office's budget. It skews the number of people

who are in the Premier's office; it skews the amount of dollars the Premier's office uses. If this were to be repeated in other budgets across the government, it could have a significant impact on how the people of Ontario view the Premier's office, as to whether it's highly staffed or lowly staffed or efficiently staffed, and what the dollars are associated with.

This kind of thing, when the man is obviously there for the Premier's benefit, even though other ministers, including yourself, get to use his advice, makes for a skewing of the system and therefore clouds the issue and perhaps places some of the credibility of the numbers that we see—it makes us think: How often does this happen? Where else does it happen? Why should we have trust and faith in this system?

Hon. Mrs. Bountrogianni: That's a good question. One of the reasons why he is in my ministry is precisely because we need to have coordination of his activities. In fact, any minister who does want to have his advice has to go through my office first so that we know exactly who is speaking to him and we can coordinate not only the activity financially but actually coordinate the communication as well so that other ministers will also know what is being discussed. That's a good question, and we felt and I feel strongly that this type of adviser is well suited in this ministry. It is now a stand-alone ministry; it is not attached to the Premier's office. He serves the whole of cabinet and the Premier's office, but we are coordinating those activities. I think just from a management point of view it made a lot of sense, precisely to address some of the issues you raised.

The Chair: One quick question.

Mr. Chudleigh: Are you aware of any other advisers such as this who are attached to other ministries or even other advisers who are attached to your ministry who deal primarily with the Premier or the Premier's office?

Hon. Mrs. Bountrogianni: No, sir. None.

Mr. Chudleigh: Thank you.

The Chair: I'd like to now recognize the leader of the third party.

Mr. Howard Hampton (Kenora–Rainy River): I have a few questions I'd like to ask. The Premier has spent a lot of time talking about the fiscal gap. I would say, about a year ago, the number that he was using—in fact, he was using the number a lot—was \$23 billion. Is that number still accurate?

Hon. Mrs. Bountrogianni: The number is dynamic. It was \$23 billion. I can give you a breakdown of that \$23 billion. Approximately 60% of that money is the fact that indeed we do have higher tax revenues in Ontario; there are more people here, therefore more tax revenues. Part of that 60% is also our contribution to national programs like defence, the embassies around the world etc., veterans' affairs. But it's the 40% of that \$23 billion, or of the gap number, that we take issue with, and those are the transfers to health care, social services, infrastructure and employment insurance. At no point did we say we wanted \$23 billion tomorrow morning in order to fix this fiscal imbalance. What we are saying is what other

Premiers have said in the past, that there is an unfairness. We had third parties confirm that there was a fiscal imbalance. In fact, the chamber did confirm \$23 billion in that particular fiscal year, and we stand by that number at that time. The number is dynamic; it does change, depending on the tax revenues. But regardless of the tax revenues, there is still a significant gap between what Ontario taxpayers give to Ottawa and what Ottawa gives back to Ontario, particularly in comparison to what it gives to other provinces in health care, social services, infrastructure and employment insurance.

Mr. Hampton: If the Premier was using the \$23 billion—and he was using the number everywhere—I assume from that, then, that you can calculate the number. So if \$23 billion is no longer accurate, what is the accurate number now?

Hon. Mrs. Bountrogianni: I believe that in the following year some reports placed it at about \$18 billion or \$19 billion, so it's still a significant number. What is significant here, Mr. Hampton, is that in the early 1990s it was \$2 billion. So whether it's \$18 billion or \$23 billion, depending on the fiscal year, what's happening is that the gap is increasing and, according to many third parties, including the chamber and some think tanks, this is unsustainable for Ontario.

Mr. Hampton: So what's the number now? If the \$23 billion is not accurate, what's the number now? I assume that if you could calculate the \$23 billion, and the Premier was so certain of it that he was mentioning the figure everywhere, you shouldn't have any trouble calculating the figure today. So what's the figure today?

Mr. Mendelsohn: The number certainly was \$23 billion, and that was independently assessed by a number of independent firms. We have not calculated the number for this fiscal year. The number is dynamic and it depends on final estimates and other year-end spending, but we haven't calculated the number for this year, in part because, since the launch of the \$23-billion gap campaign, the discussions on fiscal imbalance have changed dramatically and we have focused on not the overall number but a number of more specific programs that the government has concerns with: CST/CHT equalization, infrastructure funding, EI and labour market training.

Mr. Hampton: This is bizarre. A year ago the Premier was absolutely certain the number was \$23 billion. He went from one end of the country to the other saying "\$23 billion," and I'm simply asking you—you must have had certainty in that number. I'm sure you wouldn't have gone coast to coast talking about \$23 billion without some certainty in the number. So I'm asking you, what's the number today?

Mr. Mendelsohn: We haven't calculated it.

Mr. Hampton: So you don't know what it is?

Mr. Mendelsohn: No.

Mr. Hampton: So you've gone from absolute certainty that it was \$23 billion to now; today you don't know what the number is.

Hon. Mrs. Bountrogianni: I think the important thing is that it's in the billions. It was \$2 billion in the early

1990s. Third party groups have said that this is unsustainable and, as my deputy said, we have changed the nature of the campaign to specific programs rather than a number. We have found that that is more effective, that it is more significant or relevant to the people of Ontario to know this \$23 billion was a large number, yes, and there was a sense of unfairness, but what does this mean? This means less money for hospitals, less money for schools, post-secondary education, less money for social services, and less money for our unemployed here to develop the skills they need to get back into employment and to contribute to Ontario.

1010

I think it's been very effective. I know it's been very effective. I know from my speeches how the change from the \$23 billion to actually telling Ontarians where in fact they are treated unfairly has been much more effective in Ontarians' getting on board and standing up for Ontario. So I think it's a smart move. The \$23 billion was an accurate number. We do know it's a large number that's unsustainable, but it's more effective now to speak to Ontarians on the specific programs that we are being shortchanged on, quite frankly.

This is historical. This isn't just our government. This has been talked about by your former Premier, Bob Rae; even William Davis, who started it; Peterson, Ernie Eves and Mike Harris. I think we've taken it to another level by having the third party think tanks on board, by going to the people directly, and we hope to see that this new federal government respects our efforts and the wishes of Ontarians.

Mr. Hampton: I think what's interesting is that a year ago you were spot-on certain the figure was \$23 billion. You were so spot-on certain that you went from one end of the country to the other saying "\$23 billion," and today, a year later, I ask you for a figure and you say, "Well, it was \$2 billion and then it was \$23 billion; somewhere in there, between \$2 billion and \$23 billion." This sounds more like a propaganda campaign than something that has certainty about numbers, but I'll ask some more detailed questions.

The calculation is the difference between all the money that flows from Ontario residents—not just Ontario taxpayers—to Ottawa relative to all the money that comes back to Ontario residents from Ottawa. Is that how the calculation is made?

Hon. Mrs. Bountrogianni: Yes.

Mr. Hampton: So I've got unanimity here. No buts, no maybes; there's unanimity here?

Mr. Mendelsohn: Yes.

Mr. Hampton: Okay. If you agree then on what it is, if there's no uncertainty—and I don't see any uncertainty—if you take all the money that flows from Ontario residents that goes to Ottawa and then you take the value of the money that comes back to Ontario residents from Ottawa, you should be able to calculate the number, shouldn't you? You seem to be agreed on the formula. I didn't see anybody shaking their head this way. You

were all going this way. You should be able to calculate the number.

Mr. Mendelsohn: Yes. The number is calculable.

Mr. Hampton: So what's the number?

Mr. Mendelsohn: We haven't calculated it.

Mr. Hampton: You just told me you're in unanimity about what the formula is. Why can't you calculate the number? You could calculate it so easily a year ago. Why can't you calculate it now?

Hon. Mrs. Bountrogianni: We answered that question, Mr. Hampton. We have changed the nature of our campaign. We find it much more effective when you go to the people. Billions of dollars is a large number that many people, myself included, have trouble grasping. When you tell the people where exactly in their everyday lives this number has significance or that the gap has significance, that is when people stand up and notice. We have noticed that, and that is the avenue we will continue to take.

Mr. Hampton: So I think what I hear you saying is that you don't want to calculate the number now.

Hon. Mrs. Bountrogianni: I'm just saying—

Mr. Hampton: We're agreed on what the formula is. We're agreed that a year ago you were able to calculate the number to \$23 billion, but now you don't want to calculate the number. I think that's what you're saying.

All right. Let's go after some of the details. Is Ontario's share of the federal surplus counted in this fiscal gap?

Mr. Michael Kurts: Yes.

Mr. Hampton: Okay. If so, how much did the surplus contribute to the fiscal gap?

Mr. Kurts: As part of the \$23-billion gap?

Mr. Hampton: No, no, this year. You must be able to calculate that this year.

Mr. Kurts: I can give you the numbers that we did calculate. We haven't calculated the number, as Mr. Mendelsohn has said.

Mr. Hampton: So once again, you know what the formula is here. You know how much the federal surplus is. It should be relatively easy to figure out Ontario's share of the federal surplus. What you're saying is that you don't want to calculate that.

Mr. Mendelsohn: We simply haven't.

Mr. Hampton: So why don't you do it right now? You must be able to tell me. We're agreed on what the formula is. You must know the federal surplus number and you must know what Ontario contributes to that federal surplus. What is it?

Hon. Mrs. Bountrogianni: Actually what we're doing right now with the federal government—and I was with Minister Chong last Friday—is they're wanting to know how their federal surpluses should be disseminated across the country. So that is under discussion right now.

Mr. Hampton: I recognize I can call up the federal government and get these numbers, but a year ago you were able to calculate these numbers with definitive certainty. Today you tell me that you know what the formula is, you're all agreed on what the formula is, but

you don't want to tell us what the number is. I'm simply saying, you must know what the federal surplus is. Do you know what the federal surplus is? You must know what it is.

Mr. Kurts: Not off the top of our heads.

Hon. Mrs. Bountrogianni: We can get that information for you, Mr. Hampton.

Mr. Hampton: If you know what the federal surplus is, you should be able to calculate today what Ontario's share of that federal surplus is. You did it a year ago. You did it with great certainty a year ago—editorial boards across the country, speeches, letters. I think the Premier even wanted free-time television. I don't understand what the mystery is. I don't understand what your problem is.

Hon. Mrs. Bountrogianni: There isn't a mystery, Mr. Hampton. We have changed our strategy on this campaign, and it's very successful. We've had 117 municipalities sign on to support us. We've had a lot of third party-support think tanks, one based in Halifax, saying how Ontario is not only treated unfairly, but it costs more money to administer programs in Ontario than others. It has been a very effective campaign.

Mr. Hampton: Chair, since we're agreed on the formula—I think I saw unanimous nodding of heads here—I am asking the Minister of Intergovernmental Affairs to tell us—you don't have to tell me today, but you can tell me some other time—what's the federal surplus? I'm sure there are independent, third-party financial institution estimates of the federal surplus and, if so, what's Ontario's share of the federal surplus? I'm asking for that figure to be tabled by the ministry.

Presumably that surplus number goes up and down quite a bit. Is that right? That federal surplus number can go up and down quite a bit, can't it? I guess I'm asking you to speak historically here. You've been around government for a while. You've been dealing with the federal government for a while. That federal government surplus number can go up and down quite a bit, can't it?

Hon. Mrs. Bountrogianni: They have had, I think, eight successive surpluses.

Mr. Hampton: Yes, but I'm asking—maybe staff can help us out here—do you know how much the federal surplus has changed from year to year?

Hon. Mrs. Bountrogianni: If we don't have it, we can get it from the Ministry of Finance for you.

Mr. Hampton: Okay. But I think we would agree that that surplus, that federal fiscal surplus, whatever it may be, has a huge bearing on the so-called fiscal gap, doesn't it?

Mr. Mendelsohn: Yes.

Mr. Hampton: But that's not really an issue of adequacy of the transfers to the province, is it? That federal surplus is something different from transfers to the province, isn't it?

Hon. Mrs. Bountrogianni: Yes.

Mr. Hampton: Okay. So I think what a fair person, a reasonable person, could say is that talking about a big fiscal gap and including the federal surplus in there can

get you some bizarre results, because that federal surplus can go up and down. Like you just agreed, that federal surplus can and has historically gone up and down significantly.

Hon. Mrs. Bountrogianni: Mr. Hampton, as I said earlier, it is the percentage of the gap that deals specifically with transfers and specific programs like infrastructure and employment insurance, health care, social services. That is sort of the hidden equalization. That is what we are in conflict—

Mr. Hampton: So the \$23-billion number that you used—the federal fiscal surplus—which you did include: You don't stand by that anymore?

1020

Hon. Mrs. Bountrogianni: We do. The \$23 billion included everything.

Mr. Hampton: Yes.

Hon. Mrs. Bountrogianni: As I said in Maclean's magazine a couple of months after I took this position, it is the 40% of the gap—whether it's \$23 billion or \$18 billion or whatever billion—that we take issue with; the unequal treatment that the federal government has historically given to Ontario. Those are the numbers. In fact, in that 60% of the \$23 billion, we also have equalization, which we support. We don't support any more increases to equalization, we don't see the evidence for it, but part of that 60% does include equalization, does include the fact that there are more people in Ontario and therefore pay more taxes.

Quite often across the country, what we've heard is that the only reason there's a gap is because there are more people in Ontario and they pay more taxes, but that's not true. A large portion of the gap is attributed to that and we acknowledge that, but it is the significant amount of money that is not given to Ontario simply because it's Ontario, and that is what we take issue with.

We have since changed the campaign to talk about specific programs. It has been a very effective campaign and I ask you, Mr. Hampton, to join that campaign, because it is in the best interests of your constituents, of mine and for the people of Ontario to specifically educate those people who are incredibly busy in their everyday lives to really pay attention to this issue.

Once you do give them the message effectively, there's a lot of anger out there on this issue. What we have seen is there's a lot more attention given to this issue now because we have changed our strategy specifically to what programs are those that you are being shortchanged on, as Ontarians.

Yes, the numbers are incredibly important and huge and significant, but it's the actual programs we are now focusing on, and we are. I'm still relatively optimistic that the new federal government will address this, because Ontario's important. Ontario's important economically, and I think Ontario's important politically to them as well.

Mr. Hampton: I have a direct question: Do you now count the federal surplus as part of the fiscal gap or not? You seem to have been changing how you want to

approach this from last year to this year, so the direct question is: Are you going to count the federal surplus and Ontario's so-called share of the federal surplus in the calculation of the fiscal gap or not? Yes or no?

Hon. Mrs. Bountrogianni: We are currently in discussions with the federal government. They have asked for this from all provinces on how to deal with the federal surplus. At this point, that's what I can say about the federal surplus.

Is the federal surplus part of the large number, the \$23 billion, as it was two years ago? Yes, it is, but we are now refocusing our campaign, and very successfully, on the part of that gap that has to do with programs in Ontario that are shortchanged simply because we live in Ontario.

Mr. Hampton: You're not counting the federal surplus as part of the calculation of the fiscal gap?

Mr. Mendelsohn: We haven't recalculated the gap, so there's nothing included or not included. We haven't calculated the gap this time.

Mr. Hampton: Are you going to include it or not?

Mr. Mendelsohn: We're not calculating it. We haven't recalculated the \$23-billion gap.

Hon. Mrs. Bountrogianni: But we are in discussions with the federal government at their request on how their federal surplus should be disseminated.

Mr. Hampton: What's your formula? Is it in or out? Is the federal fiscal surplus—all right; you admit now that it was part of your calculation of the \$23 billion. If somebody's trying to calculate this for this year, is it in or is it out? In, yes? Out, no? What is it?

Mr. Kurts: The point is, Mr. Hampton, that the focus of the campaign, as the minister has pointed out, is now on dealing with the fiscal issues from—

Mr. Hampton: So you should be able to tell me: Are you including the federal surplus or not?

Mr. Kurts: I can tell you that we are including in the discussions that we're currently having with the federal government and with other provinces, in terms of what the issues that Ontario would like to see addressed—those begin with the fair share issue that the minister has spoken about, and the fact that Ontario receives \$86 less cash per capita than other provinces in the Canada health transfer and the Canada social transfer. We're calling on the federal government to address fair share issues in other programs such as infrastructure and labour market training. We're calling on the federal government to deal with what we call the vertical fiscal imbalance, where the federal government has traditionally had more resources than they require to meet their responsibilities as a government and provinces and territories don't have enough. Those discussions have taken place and continue to go on. The federal government has recognized that, in terms of the vertical fiscal imbalance, there are issues they need to address with respect to post-secondary education and infrastructure.

Mr. Hampton: And you haven't mentioned the federal fiscal surplus, so I take it that's off the table now?

Mr. Kurts: As the minister has said, the federal government has asked us to speak with them and to give them our thoughts on how the federal government should use the surplus dollars it has available.

Mr. Hampton: We'll come back to this.

If you take out labour market training and put that off to the side, you must have a sense of how much the employment insurance program contributes to the fiscal gap. Do you have a sense of that?

Mr. Kurts: We can measure this in a number of different ways. In 2005, Ontario had 38% of Canada's unemployed people, but only 26% of EI regular benefits were paid to Ontarians. This is manifest in a number of ways. For example, in August 2005, a worker in Kitchener would have to work 700 insurable hours in order to qualify for 14 weeks of EI regular benefits, whereas the same worker in Newfoundland would need to work only 420 insurable hours to qualify for 37 weeks of EI benefits. In total, the average unemployed person in Ontario receives about \$4,933 in EI benefits compared to \$8,515 for the average unemployed person in the rest of Canada. We have determined that if all unemployed people in Ontario received that Canadian average, Ontarians, as opposed to the government of Ontario, would have received \$1.6 billion more in benefits in 2005.

Mr. Hampton: So the long and the short of it is, far more money leaves Ontario residents in the form of EI premiums than comes back to Ontario residents in the form of EI benefits.

Mr. Kurts: Yes.

Mr. Hampton: What's the number again?

Mr. Kurts: Which number are you referring to?

Mr. Hampton: You quoted a lot of numbers for me, so I would assume you've actually calculated the difference between what leaves Ontario residents in the form of EI premiums and what comes back to Ontario residents in the form of EI benefits.

Mr. Kurts: I don't think I have that number right here in front of me but I can certainly get it for you.

Mr. Hampton: It must be a pretty good number. Do you have a sense of what it would be? Just a rough sense of what it would be?

Mr. Kurts: I'd rather get you the actual number than put a guess on it.

Mr. Hampton: It must be in the billions. Has anybody done the work on this?

Mr. Kurts: Yes, and we can certainly get you that information.

Mr. Mendelsohn: We can get you that.

Mr. Hampton: Okay. Benefits per capita unemployed is a different number; right? Benefits per capita unemployed.

Mr. Kurts: Yes.

Mr. Hampton: I think what you just gave me was the benefits per capita unemployed.

Mr. Kurts: And it's benefits per unemployed person.

Mr. Hampton: That's right.

Mr. Kurts: Yes.

Mr. Hampton: And what's that gap again?

Mr. Kurts: An unemployed person in the rest of Canada receives \$8,515 in EI benefits compared to \$4,933 for an unemployed person in Ontario.

Mr. Hampton: And when you actually sit down and look at the number of unemployed—in other words, quickly do the multiplication, what does it work out to?

1030

Mr. Kurts: I'm not sure what the question is.

Mr. Hampton: Let me help you. I understand that the gap there is about \$1.5 billion. So we know that just on the benefit alone it's \$1.5 billion. If you take the benefit per person unemployed and multiply it by the number unemployed, I think the number you get is about \$1.5 billion.

Mr. Kurts: If the question is if unemployed workers in Ontario receive the same benefit as the average unemployed worker elsewhere in the country, yes: The number is \$1.6 billion that would have flowed to Ontarians.

Mr. Hampton: It's \$1.6 billion. And the difference between EI premiums leaving Ontario residents and EI benefits returning to Ontario residents on an annual basis is even bigger than that.

Mr. Kurts: We're going to try to get those.

Mr. Mendelsohn: We have those numbers available and we'll get them for you.

Mr. Hampton: But even the \$1.6 billion, even though that's the smaller number, is still a pretty significant number. Have you conveyed your concern about what would seem to be very significant unequal treatment in terms of the unemployed? Have you conveyed your concern about that to Ottawa?

Hon. Mrs. Bountrogianni: Yes, absolutely; in fact, as late as last Friday to my counterpart Minister Chong. But I also know that our finance ministers at the two levels of government have talked about this as well I don't think we give a speech without mentioning it, when we talk about the gap and the unfairness to Ontario.

Mr. Hampton: What employment insurance rule changes have you advocated so that Ontario's unemployed receive a more fair share?

Hon. Mrs. Bountrogianni: At this point, Mr. Hampton, unfortunately we don't even have an acknowledgement from the federal government that there is a problem in EI in Ontario. We're still making our case for that. As late as Friday, Minister Chong told me that he did not see it as an inequity, so we still have to—

Cellphone ringing.

Mr. Hampton: Sorry about that.

The Acting Chair (Mr. Wayne Arthurs): Minister?

Hon. Mrs. Bountrogianni: Unfortunately, we still have the challenge of convincing the federal government that this is an issue. Even though I believe the numbers speak for themselves, we're still at that point.

The Acting Chair: About two minutes, Mr. Hampton.

Mr. Hampton: You must have some idea of what kinds of changes need to be made. If there's a campaign here—and what I've heard you say is that there is a

campaign—then you must have some idea of the changes that need to be made. You must be able to tell us that.

Mr. Mendelsohn: There are a variety of different changes. The Ministry of Community and Social Services and the Ministry of Finance are also working on this. Some of the changes include issues of the length of time one has to work in order to qualify, some of the regional inequities in terms of unemployment rate by region. But as the minister mentioned, at the moment we are looking for acknowledgement from the federal government of this inequity and we have offered to work with them on an employment insurance system that works for Ontario workers and the unemployed workers. Many of the issues deal with new workers who don't work long enough to qualify and new Canadians who haven't worked long enough to qualify.

The minister and staff have invited the federal government to work with us on developing an employment insurance system that works for Ontario workers. At this point, we have not yet gotten that acknowledgement, although, in my view, at the official level some are beginning to acknowledge that there may be an issue and it may be something that we can work on. But employment insurance is a federal program, so we have not invested thousands of people-hours to develop a fully-worked-out new employment insurance system.

Mr. Hampton: But just about everything else that you talk about here, that I've heard the Premier refer to, are federal programs. They're federal transfers.

Hon. Mrs. Bountrogianni: They're federal transfers but for provincial programs: health care, social services, infrastructure. This is totally a federal program; the deputy is correct. We still have the challenge, Mr. Hampton, believe it or not, of having no acknowledgement yet—I'm glad to hear that at the official level there might be some, but certainly at the political level there isn't any acknowledgement by the federal government that there is inequity.

Mr. Hampton: Since you admit this is being worked on, I assume you can table for us [*Inaudible*]—

The Acting Chair: Mr. Hampton, sorry. The time has expired for this rotation.

Mr. Hampton: —to the employment insurance program.

The Acting Chair: If you want to respond to that question, Minister, you now have up to 30 minutes for any comments you want to make in response to either questions or other comments.

Hon. Mrs. Bountrogianni: I do? That's great. I didn't know that. I thought it was at the end of the day I had that.

Mr. Hampton, as my deputy said, we're inviting the federal government to work with us. There is some preliminary work done by social services and the Ministry of Finance. We can certainly ask those two ministries to see what they come up with. We have not spent a lot of time on developing a proposal because we haven't even got an acknowledgement from the federal government that we need to do that. We are going to keep pressing on this, though.

It has to do also with the makeup of Ontario, which is why the one thing the federal government is honouring, or it looks like they might be honouring, is the immigration agreement that was signed. We should begin to see the benefits of that, if indeed it is honoured. But on this issue, I will tell you, it's a frustration not to have the acknowledgement. I think the numbers speak for themselves. I know you represent a northern riding, and I know you know the challenges. We do need to impress upon the federal government that they have to acknowledge that there is tremendous inequity, and the fact that we have 60% of the immigrants. That they don't necessarily work the number of people-hours in order to qualify should not be a barrier. The fact that a lot of our workers are also on contracts shouldn't be a barrier. We should look at some sort of proposal.

I know for a fact that the Ministry of Finance and social services have begun talking about this. If there is actually something prominent in writing, we can certainly table it here.

Mr. Mendelsohn: There isn't a formal—

Hon. Mrs. Bountrogianni: There isn't a formal—no. They're at the discussion stage. Thanks.

I've got some actual notes here. Did you say I have half an hour? Okay. I'll go through the notes, and then I'll try and respond to whatever I think perhaps I didn't respond to fully before.

There obviously have been some valuable points raised by Mr. Hampton and Mr. Chudleigh, and I'd like to thank you for those. But I also would like to tell you a little bit more detail first on the MIA's activities and about how intergovernmental activities are a valuable way to increase Ontario's profile, both in Canada and internationally. Building Ontario's image internationally is a priority for this government, and MIA has taken strides to increase our profile around the world.

Ontario's diversity also helps our international profile, and I think we need to capitalize on this more. The presence of sizable communities of expatriates serves to link Ontario with all corners of the globe, a fact that draws together international events, Canadian foreign policy and Ontario's domestic response.

The ministry works to advance Ontario's international objectives, which are principally economic, by building and supporting Ontario's relations with foreign jurisdictions. In discussions with foreign governments, Ontario conveys important messages about our skilled workforce, our health care advantage and our reliability of border access. We have also been diligent in promoting Ontario abroad as the gateway to North America and as the best place to do business into the United States.

Our agreements with key international partners serve to strengthen economic, educational and health care ties with Ontario, and the resulting increased trade and investment will strengthen Ontario's economy and build opportunities for Ontario businesses and families.

Premier McGuinty's 2005 China mission is an excellent example of our international efforts. MIA success-

fully worked in collaboration with the Ministry of Economic Development and Trade to make this mission a success. This mission took Ontario leaders from business, government and other sectors to China with the goal of establishing positive, long-term relationships with organizations in that country. It was the first time in more than a decade that the Premier of Ontario travelled abroad on a major mission organized by the government of Ontario. Building on this experience, MIA will again work closely with the Ministry of Economic Development and Trade in organizing the Premier's 2007 mission to India and Pakistan.

A key part of my international relations duties is liaising with the consular corps—representatives of foreign jurisdictions based here in Ontario—one of the largest consular corps in any city in the world.

1040

In October 2005, I revived an Ontario tradition by hosting the consular corps on a tour of my hometown of Hamilton. These consular corps tours, once a standard part of Ontario's diplomatic relations with foreign jurisdictions, give us an excellent opportunity to establish relationships with consular representatives serving here in Toronto, while showcasing our province, outside of the GTA, to representatives of approximately 100 governments. The ministry plans to offer another tour in the fall of 2006.

I'd like to take a few minutes to recount some of the international visits I've conducted. On July 25 and 26, 2005, I undertook a short, focused mission to Brussels, Belgium. I was already on vacation—of course at my own expense—in Europe, so it was a short flight from where I was to Brussels, and I discussed issues relevant to Ontario's approach to Canadian federalism, most importantly fiscal federalism, with officials from both Belgium and the European Union.

Belgium, like Canada, is a highly decentralized federation, comprised of three distinct regions that seek greater fiscal and political autonomy and fairness. Belgium is also the seat of many of the European Union's key institutions and thus at the centre of discussions on issues like transfer payments and industrial grants. I was glad for the opportunity to share experiences with leaders in that country.

In December 2005, Minister Cordiano asked me to attend the World Trade Organization ministerial conference on his behalf. The meeting was held in Hong Kong. As with past World Trade Organization ministerial meetings, provincial ministers were invited to Hong Kong to attend as part of the Canadian delegation. Ontario's participation in this meeting was vital to protecting Ontario's interests in ongoing trade negotiations. Most provinces were represented at the meeting. Quebec and Alberta each sent seven delegates, led by their trade and agriculture ministers.

This meeting also provided an opportunity to meet with a number of stakeholders, including the Canadian steel producers, pork producers and chicken farmers, Canadian manufacturers and exporters and represen-

tatives of the governments of Quebec, North Carolina, New York, Australia and Greece. I don't see dairy farmers here in my notes, but we did meet with them as well in Hong Kong, Mr. Chudleigh.

Mr. Chudleigh: Thank you.

Hon. Mrs. Bountrogianni: While I've just mentioned our international discussions, it's worth emphasizing that much of our focus is on Ontario-US relations. The United States is by far Ontario's most important economic partner, and the government must continue to nurture this relationship for the benefit of all Ontarians. By building and nurturing relationships with counterparts in key American states, we are working diligently to ensure the stability of thousands of Ontario jobs that depend on trade with the United States.

Earlier this year I travelled to Washington, DC, to attend the winter meeting of the National Governors Association. At this meeting, I met with governors from key states, members of the administration and members of Congress. I approached each meeting as an opportunity to advance Ontario's interests and to explore cooperative initiatives regarding the western hemisphere travel initiative, which could have potentially devastating effects on the Ontario economy.

I also encouraged participation in the Premier's June 2006 Shared Air Summit in Toronto. Regional air quality is a key issue in Ontario-United States relations. Ontario must work in concert with the United States to develop initiatives to address this area of mutual concern.

The Ministry of Intergovernmental Affairs and the Ministry of Natural Resources also worked together in the negotiation of the Great Lakes-St. Lawrence River basin sustainable water resources agreement. This is an unprecedented agreement which will see those provinces and states that share a direct interest in the future health of the Great Lakes working together to better protect the waters of the Great Lakes basin.

Following the signing of the Great Lakes Charter Annex in June 2001, Ontario, Quebec and the eight Great Lakes states began the negotiation of implementing agreements through the Council of Great Lakes Governors' water management working group. The Ministry of Natural Resources, responsible for water management, led the negotiations on behalf of Ontario and was supported by MIA, which is responsible for the province's overall relations with the Council of Great Lakes Governors. An official from MIA also chaired one of the subcommittees that crafted the state-provincial agreement.

Before I move on and look ahead to 2007, it's worth noting that Ontario's disaster relief contributions are managed by the Ministry of Intergovernmental Affairs. We did discuss this in response to the questions from Mr. Chudleigh.

As Ontarians and as Canadians, it is our duty to make every effort to help the people touched by monumental tragedy in their time of greatest need. On more than 40 occasions over the past 30 years, the Ontario government has made a financial contribution, usually to the Ontario

chapter of the Canadian Red Cross, to assist with relief efforts in the disaster zone. In recent years, our contributions include coordinated tsunami relief in South Asia in December 2004, earthquake relief in South Asia in October 2005, landslide relief in the Philippines in February 2006, and earthquake relief in Indonesia in May 2006. Our contributions are consistent with the Ontario government's tradition of responding to serious natural disasters involving large numbers of casualties.

Looking ahead, Premier McGuinty will host important trade missions early in 2007. Building on the success of last year's China mission, the Premier will travel to India and Pakistan in January to boost trade and investment, build opportunities for Ontario businesses and organizations, and expand cultural and educational links with a region that is quickly becoming a global economic centre.

The business missions to India and Pakistan will help Ontario build relationships with its international friends and partners to build a stronger, more prosperous province. MIA has a key role in organizing these missions. As we speak, an advance team from the ministry is set to travel to India and Pakistan to organize the logistics, identify business and government contacts and promote the Premier's visit. The mission will also provide an opportunity to showcase Ontario's highly skilled workers and innovative companies to business leaders in this growing economic region. Ontario's global perspective is creating jobs and prosperity for Ontarians. These missions will build on this success.

In 2007, we also anticipate a royal visit by His Royal Highness the Prince of Wales. A visit of this magnitude is generally undertaken as a joint project with the federal government and two or more provinces. On the Ontario side, MIA will have the lead for organizing the visit and making sure our province is well represented and to make the arrangements which are appropriate for a royal visit.

Thank you for your attention. I can take more questions now.

The Chair: Thank you very much, Minister. We will now engage in a rotation. We have approximately 70 minutes. We will probably do 25-minute rotations—we'll do 20, and then we can maybe adjourn a few minutes before 12. Why don't we do that? So I'll begin. With everyone's permission, I'll start with Mr. Chudleigh and then recognize Mr. Hampton and government members for their questions. Please begin.

Mr. Chudleigh: Thank you, Minister, for those comments. In your wrap-up speech you were talking about the China mission of 2005, and you say it was the first time in more than a decade. I seem to recall that the Premier travelled to Israel in 2001, where a major road was sold to an Ontario contractor, along with tolling devices and several other sales. I forget the exact total of that, but it was a major travel mission, and it came home with a huge number associated with it as far as sales were concerned. So I'd point out that perhaps there was at least one trade mission in that time frame that you talked about that was omitted.

The dairy farmers were in China. Too bad they were overlooked again. I'm glad to see that you've met with them. I'm sure they were there with their genes.

The other comment was on the MIA. With Canadian soldiers at war, that's a bad acronym. The ministry chaired the subcommittee that crafted the state-provincial agreement for the Great Lakes group, and I remember reading something about the flushing of tanks that was of concern to a number of environmentalists, that the flushing of tanks of freighters on the Great Lakes was not being curtailed as carefully as it had been in the past with that agreement being signed. Could you tell us how that agreement that was crafted with ministry officials is protecting the Great Lakes against a non-indigenous species that may be introduced to the Great Lakes through the irresponsible flushing of tanks that can bring species from other freshwater bodies literally around the world and introduce them into Ontario's Great Lakes, such as zebra mussels, which came in, or the moray eels, I think, which came in at some time? On a happier note, I think the rainbow trout were introduced as well.

1050

Hon. Mrs. Bountrogianni: I'm going to refer this to Dr. Norton.

Dr. Norton: Two different issues, Mr. Chudleigh. The agreement, the Annex to the Great Lakes Charter that Minister Bountrogianni referred to in her statement—which culminated in a signature by the Council of Great Lakes Governors, of which Ontario and Quebec are associate members, in December 2005 in Milwaukee—has to do with water quantity, not water quality. It was about diversions for agricultural purposes, diversions for municipal purposes, perhaps the selling of large-scale quantities of water outside of the basin. What the annex secures is current quantities of water. It prohibits significant takings of water from the basin that aren't returned to the basin. That's the annex MIA was involved in the negotiation of, with the Ministry of Natural Resources having had the lead.

The issue you raise has to do with, if you like, water quality. That's an ongoing issue that our environment ministry, in collaboration with the government of Canada and other state environment ministries, is constantly focused upon, but it's not one that this ministry has particular responsibility for.

Mr. Chudleigh: Wasn't there a conference this past summer that dealt with the flushing of tanks or the flushing of ballast water, I guess it is, in the Great Lakes, and was your ministry involved in that conference?

Dr. Norton: There may well have been. No, our ministry was not involved.

Mr. Chudleigh: Okay, we'll pass over that then.

I also mentioned international disaster relief, under which you outlined the tsunami relief in 2004. In 2005 it was the earthquake relief in south Asia, in 2006 the Philippines landslide, and earthquake relief in Indonesia in 2006. I take it that the earthquake relief of south Asia in 2005 was the Pakistani situation that you were referring to?

Dr. Norton: Exactly, yes.

Mr. Chudleigh: Good. I think those were all my questions for that, including comments.

Dr. Norton: If you'd like, Mr. Chudleigh, I can give you some updates in response to your earlier questions on the Pakistan schools reconstruction.

Mr. Chudleigh: If you could submit those in writing, we'd appreciate that.

Dr. Norton: We'll be happy to do that.

Mr. Chudleigh: Perhaps if we have some more time this afternoon, I might come back to that.

Dr. Norton: Okay.

Mr. Chudleigh: I've got some really good ones here I don't want to miss out on.

I'd like to talk a little bit about the administration of the Ministry of Intergovernmental Affairs. This ministry, albeit it has some important mandates associated with it, is a very small ministry, with an \$8-million to \$10-million budget. Yet, with this very small budget, in which it has no agencies, boards or commissions that report to it, you have three assistant deputy ministers, and I think you mentioned earlier that you had 70 employees. Proportionate to the number of employees that you have and the budget you have, three assistant deputy ministers seems extremely high for a ministry that has such a small budget. I wonder if you could comment on why you have so much administration.

Hon. Mrs. Bountrogianni: Although it's a small ministry and it's not a program ministry, it's a very important policy ministry. Wendy Noble, Mike Kurts and Roy Norton all have incredibly important mandates and responsibilities in different areas. I can certainly rationalize having three ADMs. In fact, we're an incredibly busy little ministry. Having been head of a relatively large ministry when I was at children's, I can tell you it is no less busy here simply because it's a smaller ministry. I do depend on my deputy minister and my assistant deputy ministers a great deal. I have to say I'm incredibly lucky to have them. They're terrific, they're accessible—day and night—and, given the intergovernmental state of affairs in Canada right now, that's what's necessary.

Mr. Mendelsohn: Can I add just one clarification? You mentioned that the administration looks heavy. I'm not sure if you were referring also to the fact that 24% of the budget on the printed papers before you say it's administration. Most of that is for our leases, so—

Mr. Chudleigh: Most of that is which?

Mr. Mendelsohn: For our leases, payment for offices. So in terms of real administration, it's only about 10%, which is normal.

Mr. Chudleigh: So you have really big offices?

Mr. Mendelsohn: No, we don't.

Mr. Chudleigh: Perhaps we'll come back to that. There are other ministries that are equally as important, I'm sure. I'm sure every ministry thinks of itself having the same type of importance. The Ministry of Agriculture and Food, for instance: I believe they have about \$1 billion in budget. It's certainly not a big ministry in the realm of the Ministry of Transportation, the Ministry of

Health or the Ministry of Education. Never let it be said that I was not impressed with \$1 billion, but I believe they have three assistant deputy ministers as well. It just strikes me that with 70 employees, regardless of the amount of work that is being done, the ministry would certainly be looked upon as top-heavy.

I appreciate your comments that although the office administration looks like 24%, you say that only 10% of this is actually administration and the rest, 14% of your budget, is office rent. Does that not strike you as being disproportionate?

Mr. Mendelsohn: Leases, yes.

Hon. Mrs. Bountrogianni: It reflects the fact that we are a small ministry and a large portion of our budget actually is for salary and wages. It's the nature of a policy organization. The cost of the accommodation is relatively high compared to program ministries, where there's a high proportion of transfer payments and other kinds of funding.

Mr. Mendelsohn: I'd also follow up, just to give you some sense of what the three separate assistant deputy ministers are responsible for. One of them is Roy Norton, the assistant deputy minister for international relations and the chief of protocol, responsible for supervising all of Ontario's international activities, reporting to the minister. That is quite a distinct program area dealing with foreign affairs and foreign governments; organizing foreign tours, but also protocol activities such as the Governor General's visit. Again, a small staff but with a heavy responsibility.

The second assistant deputy minister is responsible for intergovernmental policy coordination, and that area of work goes on under the radar, but it is again incredibly important. One needs someone of the calibre of an assistant deputy minister, as you can imagine, to try and get all ministries speaking with one voice and adopting a similar intergovernmental strategy and posture when engaging with the federal government or our provincial counterparts. It is never good if one minister is saying one thing and another ministry in intergovernmental relations would be saying another. So coordinating our intergovernmental posture is also an important function.

The third assistant deputy minister is responsible for the intergovernmental relations area: all of our interactions with the federal government and other provinces. All of these individuals have to interact at quite a senior level with other provinces and the federal government, who do this work at at least the assistant deputy minister level.

Mr. Chudleigh: Thank you.

I wonder if I could build on a point made by Mr. Hampton on the unemployment insurance premiums that are paid. He has asked for some information concerning that, and I wonder if I could ask for the same information but delivered in a different form. Of the total dollars that Ontarians pay in employment insurance, out of every dollar that we pay into the program, how many cents do we get back? I think that number is relatively available and would be available for other provinces as well. Your

assistant deputy minister of intergovernmental policy and coordination, I'm sure, would have that information.

1100

Hon. Mrs. Bountrogianni: Actually, we did receive the information as a result of a request from Mr. Hampton's question. I was going to wait and tell him the good news, but since you've asked—go ahead.

Mr. Kurts: In response to Mr. Hampton's question and yours, Mr. Chudleigh, in terms of the amount of premiums paid by Ontarians, it was \$6.9 billion in 2005, and Ontarians received \$4.3 billion in benefits. So the difference is \$2.6 billion.

Mr. Chudleigh: So for every dollar we pay into the program, we get back about 65 cents or so, that ratio?

Mr. Kurts: It looks like about two thirds, yes.

Mr. Chudleigh: Do you have those ratios for other provinces as well? Would they be available?

Mr. Kurts: We could get them, but we don't have them with us.

Mr. Chudleigh: I would appreciate it if we could have those from other provinces. I think it's a program that Ontario does not get a fair shake on, although I'm not here to build your case.

Hon. Mrs. Bountrogianni: That's too bad.

Mr. Chudleigh: One other thing on administration; I wonder if you could tell me how this has evolved over time. Have there always been three assistant deputy ministers? As a policy organization, I'm sure it has always been top-heavy, but have there always been assistant deputy ministers, and is that the way it has been for many years or has that changed over the last three years or 20 years?

Ms. Noble: Yes, Mr. Chudleigh, the ministry has changed somewhat over time, but it depends to a great extent on what the level of intergovernmental issues is. For example, back in 1989 or 1990, when there were amendments to Meech Lake, and then later on Charlottetown, the ministry was actually quite a bit larger. It was before our time, but at that time I understand there were a number of ADMs. Recently, the Office of International Relations and Protocol, which had been part of the Ministry of Economic Development and Trade, was reassigned to the Ministry of Intergovernmental Affairs, so that brought a new ADM to the ministry. So it has changed a bit over time.

Mr. Chudleigh: I'm sorry, it had been where before?

Ms. Noble: With the Ministry of Economic Development and Trade.

Mr. Chudleigh: Really? And that happened in—

Ms. Noble: In 2003.

Mr. Chudleigh: Good. Thank you.

Going back to your figures on unemployment, \$4.3 billion and \$6.9 billion: What fiscal year was that for?

Mr. Kurts: That was 2005.

Mr. Chudleigh: Thank you. The ministry's administration is scheduled to increase 21% over the 2005-06 estimates. It's rather a large leap. It increased about half that amount the year before. Could you explain that?

Hon. Mrs. Bountrogianni: We're going to confirm in a second. Are you asking about the minister's office or the ministry?

Mr. Chudleigh: The administration budget.

Mr. Mendelsohn: May I just confirm which number you're to? Are you referring to the number of page 9, change from 2005-06 estimates at 21%?

Mr. Chudleigh: No, page 8, the "Ministry Administration" line. In 2005-06, interim actuals were \$1.855 million and change. That was an increase of about \$200,000 from 2004-05, and the estimates for 2006-07 have gone to \$2.281 million, which is a \$430,000 increase, which is about double the amount of increase from the previous year.

Hon. Mrs. Bountrogianni: I can answer that, Mr. Chudleigh.

Mr. Chudleigh: Has the rent gone up?

Hon. Mrs. Bountrogianni: No, it's basically what I mentioned earlier. Previously this ministry—the previous year—was headed by the Premier. He was the Minister of Intergovernmental Affairs. He is now the Minister of Research and Innovation as well as, obviously, the Premier.

Mr. Chudleigh: The minister worked cheaper than you did?

Hon. Mrs. Bountrogianni: Again, things have heated up intergovernmentally, so, as we did in the late 1980s, we had to act accordingly. Those monies include my salary as well as my staff's salaries, and even though I'm here for intergovernmental affairs, my staff also support the democratic renewal ministry. I have two parliamentary assistants, one for each ministry, and they have one staff that is part of this increase.

Mr. Chudleigh: So your ministry is also responsible for democratic renewal?

Hon. Mrs. Bountrogianni: It's a separate ministry but my staff and office are responsible for that ministry as well. With the exception of my ministry expenses, my own office expenses, everything else here is Ministry of Intergovernmental Affairs.

Mr. Chudleigh: Will that increase in the estimates for 2006-07 reflect in any new hirings, any new staff hirings? Will your complement increase?

Hon. Mrs. Bountrogianni: There are no plans to hire more staff, no.

Mr. Chudleigh: In democratic renewal, I understand that the individuals have been appointed, one from each riding. Is that correct?

Hon. Mrs. Bountrogianni: Yes. We're here for intergovernmental affairs but I'm always excited to talk about democratic renewal. They were randomly selected by Elections Ontario, one per riding, yes.

Mr. Chudleigh: And that was based on the ridings from the 2003 election?

Hon. Mrs. Bountrogianni: Yes.

The Chair: One minute.

Mr. Chudleigh: One minute? I'll get it off my chest, then. Democratic renewal selected an individual in the old riding of Halton, who is residing in Georgetown, and

Georgetown is not included in the new riding of Halton. The new riding of Halton will have about 154,000 souls living in it. I believe it's one of the largest ridings in Ontario, and it will not be represented on the committee for democratic renewal, something that perhaps the government had not thought through when it had the process. Perhaps these people should have been appointed based on the new ridings of 106 in Ontario, instead of 103 in Ontario, because you are taking 154,000 people in the new riding of Halton, where the elections will be fought in October 2007, and you're disenfranchising them from the discussions surrounding their future and the type of government they are going to be influenced by. I think this is a serious flaw in the process and one which I would have hoped someone had thought of when the process was set up. But obviously it slipped through the cracks, as it were, and that slippage, that lack of management skill, is resulting in a large number of people in Ontario, particularly in my riding, who are not going to have a representative on that committee.

Hon. Mrs. Bountrogianni: I understand your concern, Mr. Chudleigh, but every citizen will have a representative. They may not be in the boundaries of—

Mr. Chudleigh: Not the ones in my new riding; they won't.

Hon. Mrs. Bountrogianni: They will. They will simply be welcome to go to the meetings that the existing citizens' assembly member in that riding as it stands now will be holding. We did have a choice of either doing the 2003 or 2007 boundaries and we did choose the 2003 boundaries. But I assure you that everyone will have an opportunity, if they wish, to attend the town hall meetings, to write in, to call in or e-mail to give their concerns with what they are hearing; absolutely.

Mr. Chudleigh: But from the riding that they are going to be represented in, there is not a member on that committee, which I think is a huge oversight in the program.

Hon. Mrs. Bountrogianni: But they are not non-represented; they're just not represented in the riding they will be in, but they do have a citizens' assembly member. I just don't want it to be a perception out there that there are people in Ontario who don't have a citizens' —

Mr. Chudleigh: We have a difference of opinion on that matter.

Hon. Mrs. Bountrogianni: Fair enough.

The Chair: Thank you. Mr. Hampton?

Mr. Hampton: I thank you for the numbers. Just to go back: You calculate for the fiscal year 2005-06 that the difference between EI premiums paid by Ontario residents and EI premiums received by Ontario residents was \$2.6 billion. Is that correct?

Mr. Kurts: Yes, it is. I'm sorry, I think it's actually the calendar year.

The Chair: Please wait till your microphone is on.

Mr. Kurts: My understanding is that it's the calendar year of 2005, but I can confirm that.

Mr. Hampton: Okay. Do you have figures for, say, 2004?

1110

Mr. Kurts: Not with me, but we can certainly get that.

Mr. Hampton: Okay. The reason I ask is because the Ministry of Intergovernmental Affairs officials indicated when we asked some of these questions before that the figure was \$3 billion—between \$2.6 and \$3 billion.

Mr. Kurts: If I recall the venue for that discussion—that was earlier in the year, and if my memory serves me correctly, we might not have had the 2005 figures at that time.

Mr. Hampton: Okay. But you agree that \$2.6 billion, \$3 billion is ballpark.

Mr. Kurts: It's \$2.6 billion.

Mr. Hampton: All right.

I was really shocked. I read a Toronto City Summit Alliance that says that only 27% of Ontario's unemployed even qualify for employment insurance benefits, so even though all of these workers—except for people who are working under the table—pay employment insurance premiums, only 27% of Ontario workers are in fact eligible to receive employment insurance benefits.

Mr. Kurts: What we have is 26%.

Mr. Hampton: Twenty-six? You have twenty-six? Okay. I understand the figure in Toronto is only 22%.

Mr. Kurts: I don't have that figure with me.

Mr. Hampton: That report says that much of the reason Ontario receives less than its fair share of employment insurance benefits and employment insurance coverage is that Ontario has many workers who are new Canadians and new entrants to the workforce, and under the EI regulations the hours required by new entrants and re-entrants to the labour market, before they're eligible for EI benefits, is quite steep.

As I understand it, new entrants used to be required to have 300 hours of work in Ontario in order to be able to benefit from employment insurance benefits. It is now 910 hours of work. Is that right?

Mr. Kurts: Again, I don't have those figures with me right now, but that's certainly information we could get.

Mr. Mendelsohn: We could certainly get that, but it depends on the region. For example, it's 700 hours in Kitchener.

Mr. Hampton: Yes.

Mr. Mendelsohn: The way the EI system is structured federally, there are designated regions based on unemployment rates.

Mr. Hampton: I understand that, yes. I'm talking about it now from the perspective of the greater Toronto area. I understand it's 910 hours.

Mr. Mendelsohn: We can confirm that.

Mr. Hampton: Have you raised it with the federal government that you want the new entry threshold reduced to something in the neighbourhood of 300 hours, which is what I understand is closer to the norm for other regions?

Hon. Mrs. Bountrogianni: As we said earlier, we will get from finance and social services where those discussions and proposals are. At our level, Mr. Hampton, we don't even have an acknowledgement that there is an inequity, which I know is hard to believe. I'm sure it's all political. However, that's where we are at our discussions right now with the federal government. We welcome them. We welcome them to work with us to address this.

Again, it's something that has been there for years. It's certainly not something we're blaming the present government for. We're just saying, "Acknowledge that there is an inequity and work with us, because you can't weaken Ontario. It's important to the country."

In fact, we are in a sense being punished for having 60% of the country's immigrants as well as other occupations and workers who don't fulfill the hours.

Mr. Hampton: I want to raise the issue of infrastructure investment. How much does that contribute to the fiscal gap?

Mr. Kurts: There are six key federal infrastructure programs, and over the life of those programs the gap between what Ontario would have received if we received our per capita share and what we do receive is approximately \$1.2 billion.

Mr. Hampton: About \$1.2 billion?

Mr. Kurts: That's right. That's over the life of those programs, so that's not an annual amount.

Mr. Hampton: How about labour market training?

Mr. Kurts: The figure that we use is \$314 million in terms of the gap between what we should receive on a per capita basis and what we do receive.

Mr. Hampton: Let's go to the transfers that you talked about earlier: the Canada health transfer and the Canada social transfer. What are they contributing to the gap?

Mr. Kurts: Ontario receives, in terms of the cash that it receives from the federal government, \$86 less per capita than equalization-receiving provinces. When you figure out that what that means in sheer dollars over the Canada health transfer and the Canada social transfer taken together, that's approximately \$1.1 billion on an annual basis.

Mr. Hampton: That's both: the Canada health and—

Mr. Kurts: The Canada health transfer and Canada social transfer. The health transfer is about 70% of that and the social transfer is about 30%.

Mr. Hampton: Leaving those aside for a minute—you're saying 70% of that is health, so about \$0.8 billion is health and about \$0.3 billion is social transfer.

Mr. Mendelsohn: I think it's more like \$400 million and \$700 million.

Mr. Hampton: Okay.

Mr. Mendelsohn: Do you want the exact figures?

Mr. Kurts: We can get them for you.

Mr. Hampton: If you could, yes. It always helps. As I said earlier, if you could be so certain of \$23 billion, you should be able to be very certain and precise about the figures now. Putting those aside for a minute—

Mr. Kurts: Can I give you that right now, Mr. Hampton?

Mr. Hampton: No, it's okay. We'll get it in a minute. Just leaving aside the Canada health transfer and the Canada social transfer, what are the other transfers contributing to the gap?

Mr. Kurts: In terms of the fair share issues that we have raised?

Mr. Hampton: Yes.

Mr. Kurts: The key three issues that we have brought forward in terms of the fair share issues with the federal government are the Canada health transfer and the Canada social transfer; the labour market training gap, which is \$314 million on an annual basis; and the infrastructure amount, which is \$1.2 billion over the life of six key federal infrastructure programs.

Mr. Hampton: That's it?

Mr. Kurts: There's a range of other programs—EI is certainly a large example of them—from remote airports to all kinds of funding where the federal government provides less to Ontario than we believe our fair share should be.

Mr. Hampton: Can you delineate? You say remote airports is one. What are some of the others?

Mr. Mendelsohn: Support for French-language services, youth justice—those are some of the biggest ones.

Mr. Hampton: Those are transfers or are those just federal government programs?

Mr. Mendelsohn: Some are transfers; some are programs.

Mr. Hampton: Can you delineate which is which?

Ms. Noble: Official languages and education is a federal transfer program to support French minority language community—

Mr. Hampton: That's a federal transfer to provincial governments?

Ms. Noble: A federal transfer to the provincial government. Youth justice cost sharing is also a transfer to the provincial government. Remote airports is a program we don't get, so it's not a transfer, but in other provinces the federal government provides both capital and operating funding in some cases.

Mr. Hampton: That is a cost-shared federal-provincial—

Ms. Noble: It's not a program. It's funding that the federal government provides to some remote airports in other provinces but not—

Mr. Hampton: So the federal, in effect, pays for remote airports.

Ms. Noble: I'm not sure if it's full-paying or subsidy. We just know that Ontario remote airports do not get federal funding.

1120

Mr. Hampton: To be specific, it's not a federal transfer to a provincial government.

Ms. Noble: That's right. It would be program funding to the airports.

Mr. Hampton: Okay. Anything else?

Ms. Noble: Those are the main additional ones that we have as examples.

Mr. Hampton: There are no others that fit in here? So the youth justice transfer, or the shared-cost youth justice, how much is that?

Ms. Noble: The lack of fair share costs Ontario about \$5.3 million a year.

Mr. Hampton: About \$5.2 million a year?

Ms. Noble: Five point three.

Mr. Hampton: The French-language services?

Ms. Noble: It costs about \$12 million a year over the four-year term of the current agreement.

Mr. Hampton: About \$12 million a year?

Mr. Mendelsohn: Twelve million over four years—per year.

Ms. Noble: Per year.

Mr. Hampton: Okay. I just want to be clear. And the remote airports?

Ms. Noble: That one is harder to say because it's not the total program, but we would make the case that we should be receiving about \$8.3 million per year.

Mr. Hampton: About \$8.3 million per year. So if I do some quick addition here—Canada health and social transfer, the gap is \$1.1 billion. Is that right, per year? I think you said that labour market training is \$314 million. I think you said infrastructure spending is \$1.2 billion, or infrastructure investment.

Mr. Mendelsohn: Just to be clear, though, that's over the life of six programs, so that's not an annual number.

Mr. Hampton: So what is it annually?

Mr. Mendelsohn: It's difficult to say, because the programs, the way they're structured—it's difficult to assess a particular annual number.

Mr. Hampton: You must be able to rough it out somehow.

Mr. Mendelsohn: The calculation we have done is \$1.2 billion over the life of these programs, which continue over—

Mr. Hampton: What's the life?

Mr. Mendelsohn: Each of the programs had different lives and different lengths, but we can go through them. One is the border infrastructure fund; one is the municipal infrastructure and rural fund; one is the gas tax. We can find out what particular years each of them covered, if you'd like, but each of them had different periods and lives.

Mr. Hampton: On an annual basis it would be significantly less than \$1.1 billion. It might be something like \$200 million.

Mr. Mendelsohn: But these programs are now expiring or near depletion. This is an issue that the government started to raise last year, so this is a historical legacy issue.

Mr. Hampton: So this may, in fact, be an issue that is diminishing in its importance.

Mr. Mendelsohn: The government has certainly put the issue of fair funding of infrastructure on the table and highlighted the unfairness in those six programs and has made the case to the federal government that, moving

forward, we should have a per capita share of new infrastructure funding that the federal government announced in the last budget but hasn't yet allocated or distributed. So we highlight that there has been a legacy of inequity in the infrastructure funding and we are arguing that, in the future, that inequity should be erased in the new funds.

Mr. Hampton: So what I've got then is \$1.1 billion, Canada health and social transfer; \$314 million, labour market training; for lack of a better number, let's say something around \$200 million annually, infrastructure funding; remote airports, about \$8.3 million; French-language services, \$12 million; youth justice, \$5.2 million. Anything else?

Hon. Mrs. Bountrogianni: The employment insurance.

Mr. Hampton: Employment insurance, and that is \$2.6 billion. So, according to the numbers you've given me, the really big one is employment insurance.

Mr. Kurts: The distinction I would make is that the \$2.6-billion number you used is the gap between what Ontario pays and what it receives, as opposed to the other gap number we gave you, which was the gap in terms of the amount Ontario's unemployed receive versus what unemployed people in other provinces receive.

Mr. Hampton: I understand. The \$2.6 billion—go back to the original formula. When I asked you if it was correct, you said the gap is the difference between all the money that flows from Ontario residents to Ottawa relative to all the money that comes back to Ontario residents from Ottawa. I think I got unanimous agreement from the four of you that that's the formula. If you apply that to employment insurance, Ontario residents contribute \$2.6 billion more than they receive back. So the really big number here is the \$2.6 billion for EI, right?

Mr. Mendelsohn: The government has never made a case that we should receive a cheque for \$23 billion. A good chunk of that is legitimate because our taxpayers are, on average, wealthier and contribute more. Likewise with employment insurance: We do have a lower unemployment rate. So we certainly would not say that we should get \$2.6 billion back. There is some inequity in the EI system, which we have highlighted, but the \$2.6-billion number is the difference, as you point out, between what they pay and what they get back. But if the unemployment rate is lower, then we wouldn't expect that we would get back \$2.6 billion in Ontario.

Mr. Hampton: I don't think the unemployment rate actually enters into that part of the calculation. I think the unemployment rate enters into the other calculation, the \$1.5 billion, which is what you get when you take the benefit level and you multiply it by the unemployment rate. This \$2.6 billion—I don't think the unemployment rate even enters into that. This is strictly what you pay, what Ontarians pay in, and what Ontarians get back. My point is, compared to the other numbers you've given me today—and you seem to be reluctant to now include the federal surplus in the calculation. We went over that for some time. There seems to be a reluctance on your part to

include the federal surplus in this calculation. So if you do that, in terms of Ontario residents, the really big number that speaks to unfairness is the employment insurance system. You pay a lot more in; you get a lot less back out of it.

Given that that's the really big one—that Ontario residents pay a lot and get significantly less back—I would have thought that you would have come forward with detailed demands and detailed strategies on how something that is so egregiously unfair needs to be balanced and fixed. I asked you earlier, and what I got was—I think I asked you to table what Ontario was putting forward. I think you said that there's nothing to be tabled. Is that right?

Mr. Mendelsohn: We have made a number of suggestions. The fiscal arrangements issue, which is the CST, the CHT and equalization, is the issue that the Ministry of Intergovernmental Affairs has responsibility for. EI is not a file that the ministry has responsibility for.

Hon. Mrs. Bountrogianni: As I said earlier, not with the former governmental federally and not with this government do we have acknowledgement yet that there is inequity. We need to work with whoever is in the federal government to solve this problem, Mr. Hampton, because these are really outdated rules. They're federally based rules. But as my deputy said, the proposals for such lie in other ministries. My job is to negotiate with the federal government so that there is an acknowledgement.

Again, I'm treating this in a very non-partisan way with the federal government. The former government did not acknowledge it and, so far, neither does this government. This is just the beginning and we're optimistic they will, for the benefit of Ontario.

1130

What we did spend a lot of time on was in outlining our provincial programs, through federal transfer grants that are basically Ontario's money, because there is tremendous unfairness there. We get less per person for health care, social services and infrastructure, and that number is there for the health services and social services, which also includes post-secondary. I believe we have made some progress on the post-secondary front with the federal government. There has been sustained effort over the last couple of years by all the Premiers, including ours, on this front and even in my meeting with Minister Chong last week I was more optimistic on that than on any other file we talked about, that there would be movement by the federal government. Again, we have to ensure that it's not an across-the-board increase, that the actual inequity in Ontario has to be looked at on post-secondary education.

But you raise a very good point. The fact is, Ontario's population demographically has some challenges with respect to the rules of employment insurance. We would love to enter into constructive, non-partisan discussions with the federal government on how to fix this.

Mr. Hampton: Mr. Chair, what's the time?

The Chair: You've got one minute.

Hon. Mrs. Bountrogianni: Mr. Hampton, we do have the surplus question as well. You asked about the federal surplus. In its 2006 budget, the federal government has forecast a surplus of \$8 billion in 2005-06; \$3.6 billion in 2006-07 and \$4.4 billion in 2007-08. The \$8-billion surplus that I noted for 2005-06 is after year-end spending of over \$6 billion.

The Chair: Thank you, Mr. Hampton. I would like to recognize Mr. McNeely.

Mr. Phil McNeely (Ottawa–Orléans): Minister, I was in Ottawa with you and several ministers and the Premier for the signing of the Ontario-Quebec co-operation initiative some months ago. How does the signing of that agreement benefit Ontarians?

Hon. Mrs. Bountrogianni: It was a historic agreement that basically was worked on for over two years and, one can argue, over many more years by many governments but, in our government's case, over two years of work. We signed a number of agreements. I think probably the most significant one was the labour mobility agreement, which begins to solve the construction labour mobility problem. It's a genuine win-win for workers and businesses in both provinces and demonstrates the way in which the government is fulfilling its commitments to improve relations between Ontario and Quebec and to enhance economic opportunities for Ontarians.

Although it's not in these notes because it just happened last week, I represented the government on the FPT on internal trade in Halifax last week. The fact that Quebec and Ontario had signed this agreement was very significant in getting signatures from across the country on an agreement that by April 2009 there'll be full labour mobility across the country.

I have to say, though, that the agreement signed between British Columbia and Alberta was also significant. We had four provinces that had signed bilateral agreements in this area. So not only was this labour mobility agreement significant for Ontarians and Quebecers, but it also was very significant, along with one signed by Alberta and British Columbia to influence the rest of the country to sign a national labour mobility agreement.

My ethnic background obviously is European, and it always struck me as curious that we had more trade barriers in some areas, although I think they've been exaggerated, that were more significant than Europe did, where you have all these extremely unique and different entities. With respect to the Ontario and Quebec labour mobility agreement, a lot had to do with talking to stakeholders and talking to each other on some misperceptions and misconceptions on what an agreement would mean for Ontario. A lot of it was to learn for ourselves and then disseminate to others in Ontario the uniqueness of Quebec, and that in fact what they were asking of us was not anything different than what they were asking of each other within Quebec. I think it's safe to say that that attitudinal barrier was the biggest one on that agreement. It also does not mean that other disputes may not arise in the future, but it was an example of how the two provinces could work together.

This agreement provides significant benefits for Ontario contractors, who now have gained the ability to bid on construction contracts of more than \$100,000 throughout Quebec from the Société des alcools du Québec and the Société des loteries du Québec. Ontario contractors have also gained the ability to bid on all Hydro-Québec construction contracts in the Outaouais region and on those Hydro-Québec construction contracts throughout Quebec which are openly tendered due to regional labour shortages. It also contains significant benefits for Ontario construction workers who have gained the right to have their Ontario trade certification recognized throughout Quebec.

Working up to this agreement, I heard some amazing anecdotes of what could and could not occur at the border of Ontario and Quebec with respect to honouring certificates, which again is something that Europe has advanced significantly. It's a federation of different countries.

In addition, specialized workers, such as workers who have received training from a manufacturer to install or perform warranty work on a specific type of manufactured product, are now able to perform that work in Quebec. Again, I heard anecdotes about not being able to have a furnace fixed in the middle of a winter night because of this obstacle.

In exchange for these significant opportunities now open to Ontario contractors and construction workers, Ontario has repealed the Fairness is a Two-Way Street Act, allowing Quebec contractors and workers access to Ontario construction projects, including Ontario government and broader public sector contracts. I also think that it has a positive impact on Ontario-Quebec relations in general. There are areas—equalization is one—where we wholly disagree. The fact that we can agree on something as specific as this or, as last week, on internal trade, energy, foreign-trained credentials and credentialing—I think the public wants to see where we agree, not only where we disagree, so it was very important from that perspective as well.

Mr. McNeely: I hear locally that it is a step forward. We've heard very little. We have a good economy in Ottawa now—and Gatineau, just on the other side with 250,000 people. It has been going well, so I thank you for that answer.

The other question I wanted to ask was something that has been a concern to me. You said, "I think the government has had nine successive surpluses," and I just took it back from 2005 to 1997. So it's either 1996, 1997 or 1998, the surpluses. In that period, I think the federal debt has been paid down something like \$50 billion or \$60 billion. Ontario contributed most of those dollars over those years, so it's encouraging to me that our Premier and this government have taken on this issue of fiscal imbalance and made it a very strong part of what we have to do to keep Ontario strong. I'm very pleased with that.

At the same time that \$50 billion or \$60 billion was being paid down, the Ontario debt went up something

like \$35 or \$40 billion. So federal debt down, ours up: It's us paying. It was completely unfair, but no Premier really took that as a major issue. It's good to see that we're making progress on it. The last year, when we took over, a \$5.6-billion debt added to us; we were paying part of that that surplus. It didn't make sense, it doesn't make sense, so I think good progress has been made.

What are some of the wins that you've had to date and why is the Premier calling for a public commission on the fiscal architecture of the federation?

Hon. Mrs. Bountrogianni: One of the positives in this whole campaign is that everyone agrees on one thing: that there is a fiscal imbalance and that the fiscal imbalance is a vertical fiscal imbalance. All of the Premiers of the territories and provinces agree to this, and we believe the federal government agrees to this, although their messaging is changing, unfortunately. But we're still optimistic we can work with them.

1140

Everyone agrees, provincially and across the territories, that Ottawa has more resources than it needs to deliver the programs it's responsible for, and that the provinces and the territories don't have enough resources to be accountable for the programs they're responsible for. That's an agreement.

I appreciate that the Prime Minister and the federal government have a very difficult task, because we don't agree on the horizontal imbalance and we don't agree on how the fiscal imbalance should be solved. I appreciate the difficulty that the federal government is in. Having said that, we have taken this argument on the unfairness to Ontario one step further perhaps than other governments have done, perhaps partly because the gap has significantly increased in the last few years; and that is that the Ontario Chamber of Commerce, the O'Brien report, and even the reports that we didn't agree on with respect to equalization, all state that Ontario is treated unfairly with backroom equalization. These are the unequal transfer partners. So that's one win.

The other thing is, when the Premiers meet what gets in the media is what they disagree on. As Premier Doer said last week in Halifax, the Premiers agreed on 95% of the issues on the table in St. John's as well as in Banff. It is, of course, the issues that we disagree on that get a lot of media attention. For example, the agreement signed in Halifax last week did not get very much attention, and that's basically because we agreed on a number of issues, which is unfortunate, because I think any economist will tell you that the confidence of the people in the economy is important, and it would have been useful to have that covered more positively and more openly. So we do have those wins.

The other thing that I believe we have made strides in is having the rest of the country understand Ontario's perspective, and full credit has to go to the Premier on this, not to me, and perhaps to my ministry staff, who are supporting the Premier. He has gone across the country, showing people that we don't have in Ontario 12 million BMWs in 12 million driveways, that in fact we have

challenges here, we have poverty here, we have infrastructure challenges here, and that that has to be acknowledged. You can see, when you follow the editorials following the Premier's visits from province to province, that there is more of an understanding of that.

In turn, the Premier listened very carefully to the other provinces' and territories' needs and challenges as well, which is why in St. John's he was ready, we were ready, to look at those challenges, as long as Ontario's position was appreciated and respected. We did have a lot of support from a number of provinces, but also lack of support—an open lack of support—by a couple, and that is why we could not agree.

I also have to say that there's a lot of misperception out there that I believe the Premier has since clarified with respect to whether we support equalization or not. I think the Premier deserves full marks for going across the country and emphasizing that not only do we support equalization but that we pay the lion's share of it. Of the \$11 billion in equalization, we pay \$5 billion and get nothing in return; Quebec gets \$5 billion. Again, we're proud to pay this money. We just don't see why it should be increased. We disagreed with the former Paul Martin government when he added an automatic increase of 3.5% per year. From my consultations with other jurisdictions, it's appalling what little accountability exists with this equalization program.

In Europe, for example, regions within countries would qualify for these types of grants. For example, within the European model northern Ontario would qualify for equalization, even if other parts of Ontario would not. There are targeted areas in Europe for disseminating money. It's a seven-year cycle, and so every seven years the targets and the criteria may change. The fiscal capacity of countries are taken into account, unlike Canada. There is evaluation of how the monies are spent if they are spent in the areas. There's also accountability if money isn't spent the way it should be spent. Now, depending on who you speak to in Europe, the accountability may or may not be sufficient, but it's not just giving the money to the provinces and territories based on revenues of each province and territory, which is what we do here.

What we have now is a situation where provinces with less fiscal capacity are giving to provinces with more fiscal capacity. That is something, again, that every few years is evaluated in Europe and is corrected; again, depending on whom you speak to, not fast enough—they have their challenges—but at least, for heaven's sake, the criteria exist, the evaluation exists, some logic exists as to how to disseminate the money within countries for different regions.

I used to be a cross-cultural researcher, albeit in child psychology, and I know you can't adopt other jurisdictions' programs 100%. You can't do that, every jurisdiction is different, but we can certainly learn from other jurisdictions. Given that we don't agree within our own country on this issue, I do think it makes a lot of sense to have—whether you call it a royal commission or some

sort of evaluation, non-partisan, without senators and politicians on panels—a very objective process on how we spend our money in Canada. It hasn't been done since the 1930s. It shouldn't be politically motivated. It should be motivated by principle, by transparency and by accountability. That is what the Premier is asking for.

We realize that if that occurs, Ontario's getting its fair share will have to be delayed until that is complete, but we think this is too important to leave to partisan politics. Whether a federal government needs more seats in Quebec versus Ontario shouldn't be taken into account. We're all important in this country. I'm sure every level of government has the best interests of its citizens at heart. We just have to let that guide us and not the partisan politics.

Mr. McNeely: Just one further question. It has to do with something you mentioned, that the transfer payments are increasing by 3%, 3.5% a year. How bad is that, considering that the economies in Canada aren't that strong right now? Ontario is doing well, but is the 3.5% a real concern for Ontario?

Hon. Mrs. Bountrogianni: Again, there was a misperception across the country that we spend a lot in Ontario, that we misuse our funds in Ontario and we have a lot of money and everyone has a lot of money, and therefore how dare we. We were actually called anti-Canadian at one point. In fact, we are very prudent, as a government, in what we spend per program in comparison to a number of countries.

I can actually give you more information. I took advantage of the fact that I was in Halifax for a day and had a meeting with a Halifax think tank that actually showed how much each province spends per program and how many public servants there are per capita in each province. Their methodology is a little different. They group municipal and provincial together. I have to say that up front. But the national average is 77 public servants, municipal and provincial, per 1,000 people, across the country. We have 67. Other provinces—and I won't name the provinces, because I'm not picking on anyone; I'm just saying this has to be looked at federally—have 118 per 1,000.

This particular think tank did an analysis and said that what equalization has done—again, I'm citing what they're saying; I think we have to look at this nationally; I'm citing what this Halifax think tank is saying—is that the monies have actually not benefited. In fact, what it has led to is perhaps the hiring of more people in areas that may not be necessary, and there's an amazing skills and other workforce shortage which is not being addressed. In fact, according to this organization, instead of helping provinces solve their problems, we're actually delaying the solution of problems. Those aren't my words; those are the words of a third party. At the very least we need to look at this objectively, in a non-partisan way, to be fair to everyone, including Ontarians.

Mr. Bob Delaney (Mississauga West): Among the things you've spoken, you related your conversation with Premier Doer, talking about the fact that on most matters

of substance the provinces are going in the same direction, agree on something or are in accord with the principle involved. I'd like to ask you a little bit about the Council of the Federation. This is something that we see and hear a lot about. We hear it mostly in terms of the issues on the table, the agenda and who is the protagonist or the antagonist. Could you tell me a little bit about how the Council of the Federation benefits Ontario, what are some of the issues we've been able to raise there, and what is your reaction after having been minister and attending the meetings?

Hon. Mrs. Bountrogianni: The Council of the Federation really came out of the first ministers' meetings, where they've traditionally met. All of the Premiers have met with the Prime Minister annually, if not more often, over the years for different issues. In 2003, I believe, it was decided that there should be a Council of the Federation, where the Premiers also meet at least once a year—it's been much more frequent this year—to discuss issues.

We hosted it in 2004 at Niagara-on-the-Lake, where, as I mentioned in my opening remarks, we were able, along with our colleagues across the country—and I wasn't minister then—to negotiate an \$18-billion health care deal over a number of years for the provinces and territories.

There were also other notable accomplishments. In St. John's, for example—again, only things we disagreed with got coverage—the Premiers unveiled the Council of the Federation strategy on post-secondary education and skills training, *Competing for Tomorrow*. Here's one area where I actually am optimistic that we do have the ear of the federal government. It coincides with one of their objectives, and we hope to make some progress there. This is an area where we agreed across the country, and Premier McGuinty and Premier Charest hosted the summit last year on post-secondary education for the country.

The other thing we agreed to in St. John's and which we acted on last week in Halifax was internal trade. In fact, the Premiers gave the marching orders to the ministers responsible for internal trade: "Get this done. You've been talking about it for years. Just get it done." It's not as easy as it sounds because we have professional organizations, other stakeholder groups, unions etc. that we have to work with over the next few years, but unless you have a goal or a commitment, you're not really walking the talk.

The other thing that was agreed upon in St. John's was to develop a pan-Canadian Council of the Federation energy strategy to be released at the next Council of the Federation summer meeting. We had a fair agreement on that in Halifax last week, where all but one province and one territory signed on. The reason for that was mostly process rather than principle, in that they were not empowered by their governments to sign, that they had the extra step of going through cabinet, whereas the rest of us in the country had empowered the people there to make those decisions and to sign on. So in fact there was

agreement across the country on energy but two partners have yet to sign on.

All of this, last week in Halifax, for example, came out of the St. John's meeting, which was just in July, and this meeting happened in September. I'd say that's progress. I want to reiterate that it's unfortunate that we're not covered when we agree, because I think people across the country want to see their governments standing up for their own jurisdictions, but also working together for the benefit of the whole country. That was disappointing, but we'll just march on and continue to talk and meet together. But those are the areas—health care, post-secondary education, internal trade, energy—the big areas, in the last couple of years that have received positive attention and agreement, and with respect to health care, actual positive consequences from the federal government.

The Chair: Thank you.

Mr. Delaney: Chair, do I have any time left?

The Chair: We're ready to start lunch.

Mr. Delaney: My questions are done.

The Chair: This committee stands adjourned until 12:30.

The committee recessed from 1154 to 1239.

The Chair: I'd like to call to order the standing committee on estimates. We are currently conducting the Ministry of Intergovernmental Affairs estimates, and our next rotation brings us to Mr. Chudleigh, for 20 minutes.

Mr. Chudleigh: I think we left off on page 9 of the operating summary and—oh, yes—that 40% increase was because your salary was now coming out of this ministry, whereas prior it was the Premier. And we determined that the Premier worked a lot cheaper than you did, so we are expecting great things from you with all this high-priced energy that you're putting into this ministry.

I think you mentioned that there were 70 employees in total with the ministry. That is up slightly because of ramping up on this issue. Are they all located at the main office in the Mowat Block?

Hon. Mrs. Bountrogianni: We're located at the Ferguson Block.

Are we all there?

Mr. Mendelsohn: No. A number are at the Office of International Relations and Protocol, which is just up the street on Bay Street.

Mr. Chudleigh: "A number"—how many would that be?

Mr. Mendelsohn: Fifteen.

Mr. Chudleigh: Previously, they were with the Ministry of—

Mr. Mendelsohn: Economic Development and Trade; that's right.

Mr. Chudleigh: On page 10, there's an area that covers services: \$1.6 million—18% of the ministry's budget. Could you tell me what goes into services?

Ms. Noble: Yes. That includes accommodation, lease costs, IT costs, as well as any consultants.

Mr. Chudleigh: Okay. Does the ministry use consultants on an ongoing basis?

Ms. Noble: From time to time, when it's necessary to retain outside services, yes.

Mr. Chudleigh: In this fiscal year just ended, were there many consultants used in that period of time?

Ms. Noble: For the year 2005-06, we spent approximately \$168,000 on consultants, which included the funds for that year for the special adviser to the Premier, Mr. Kergin, which was about \$120,000. Then there were some smaller contracts last year that mostly had to do with recruiting and in-house HR services.

Mr. Chudleigh: Okay.

Moving to page 11: Salaries and wages were up approximately 47%. Does that include the minister's salary in that budget?

Ms. Noble: Yes, that would include the minister's salary in the 47%.

Mr. Chudleigh: So the deputy and all the assistant deputies didn't get a 47% increase in their salaries this year.

Ms. Noble: No.

Mr. Mendelsohn: That's largely because there wasn't a minister's staff for the Premier; now there is a minister's staff.

Mr. Chudleigh: Okay; good.

Transportation and communications has increased 19%. Would this be the minister's transportation?

Mr. Mendelsohn: It's also because the minister's staff now also require computers, phones, e-mail, that kind of stuff. So the addition of a minister's staff adds to the travel and communications.

Mr. Chudleigh: Minister, do you have a driver?

Hon. Mrs. Bountrogianni: Yes.

Mr. Chudleigh: How long has that driver been employed by the Ontario government?

Hon. Mrs. Bountrogianni: Two years.

Mr. Chudleigh: Only two years—a good driver?

Hon. Mrs. Bountrogianni: Excellent.

Mr. Chudleigh: So a driver who has been with the government for, let's say, maybe 20 or 30 years, would have driven for a large number of ministers over that period of time, and driven with ministers for three different political parties and been successful in maintaining his job over that period of time.

I know it doesn't have anything to do with you, but it upsets me greatly that there is a kind of icon around here, a driver by the name of Angelo—I think you may know him; everybody seems to know Ange—who was summarily fired the other day by one of your more vociferous ministers who seems to have a habit of firing people.

This is a man who has worked over 20 years for the government and is a man of—I don't know what Ange is; he's 40, 45, maybe 50 years old. His prospects for the future are very limited, given that he's driven for the government for so many years. Do you think it's fair that a man who has survived this kind of way is all of a sudden summarily fired by a minister who's having a bad day?

Hon. Mrs. Bountrogianni: I'm sorry, I don't know anything about the situation. Was he totally fired, or just back to the pool, which means he does receive a salary?

Mr. Chudleigh: I understand that he was fired. He was not put back in the pool; he was fired.

Hon. Mrs. Bountrogianni: I don't know the specifics. I do know that I had someone from the government pool the first year I was minister. There were some issues. I find that with the driver I hired from outside of the pool actually serves the taxpayer very well, and that has been my experience from within and without. The first driver I had was an excellent driver, but the driver I have now will work whenever he is needed to work, and there's that flexibility. So that is my experience with the drivers.

Again, with respect to my first driver, with respect to his driving ability, it was wonderful, but I needed someone, especially when I had two ministries, on call all the time, and this particular gentleman does that.

With respect to Ange, I don't even know who he worked for, and I don't know what happened there.

Mr. Chudleigh: He worked for the Minister of Health, unfortunately.

I understand that the pool all report back to the Minister of Finance.

Hon. Mrs. Bountrogianni: I'm sorry?

Mr. Chudleigh: I understand that the responsibility for pool drivers is that of the Minister of Finance.

Hon. Mrs. Bountrogianni: The Minister of Transportation. I'm sorry; I didn't know. My assistant just told me.

Mr. Chudleigh: It's the Minister of Transportation, is it? I wonder if you might ask the Minister of Transportation whether or not reinstating Ange in the pool wouldn't be an option, as opposed to seeing this man on the street.

Hon. Mrs. Bountrogianni: I try not to tell my colleagues what to do, but if you'd like, I can bring that up with her.

Mr. Chudleigh: I'd be very pleased to tell her what to do when we go back to the House, and I'll make some issue out of the callousness of this particular situation.

Hon. Mrs. Bountrogianni: Again, I can't speak without knowing a thing about it, but thank you for your concern for Ange.

Mr. Chudleigh: I appreciate that it doesn't represent your ministry, but it's one that bothers me somewhat.

Let me see. Whereabouts are we here? The minister's staffing envelope on page 11 is resulting in a \$441,000 increase to the budget. Could you explain that?

Hon. Mrs. Bountrogianni: Basically, it's because there is a minister now—it's not the Premier—and I have a staff of eight.

Mr. Chudleigh: That's all your staff?

Hon. Mrs. Bountrogianni: Yes, and also although I'm here for MIA, the same staff of eight also service my other ministry, democratic renewal.

Mr. Chudleigh: And democratic renewal doesn't have its own budget? It operates entirely into the budget of the Ministry of Intergovernmental Affairs?

Hon. Mrs. Bountrogianni: No. It has its own budget.

Mr. Chudleigh: It has its own budget?

Hon. Mrs. Bountrogianni: Yes.

Mr. Mendelsohn: The ministry has its own budget. The secretariat is independent. There's a separate budget line. The ministry staff is just one minister and one ministry staff and one deputy's office.

Mr. Chudleigh: So you are responsible for democratic renewal as well?

Hon. Mrs. Bountrogianni: My deputy? Yes.

Mr. Chudleigh: Your deputy is?

Hon. Mrs. Bountrogianni: Yes, my deputy is.

Mr. Chudleigh: But as a minister, you are not?

Hon. Mrs. Bountrogianni: No, I am. I'm sorry, I didn't know who you were talking to.

Mr. Chudleigh: You are as well?

Hon. Mrs. Bountrogianni: Yes. I am, as well as my deputy, yes.

Mr. Chudleigh: And the staff for democratic renewal: How many staff would there be?

Mr. Mendelsohn: Fifteen. That's not in these materials. They're an independent secretariat.

Mr. Chudleigh: Are they on contract, or are they full-time employees?

Mr. Mendelsohn: We're here to talk about inter-governmental affairs, but I'm happy to say that they're full-time FTEs. So we're full-time regular staff.

Mr. Chudleigh: Okay.

Mr. Mendelsohn: I think there may be one person there who's under contract.

Mr. Chudleigh: You didn't give me the opportunity to say you wouldn't answer the question.

Mr. Mendelsohn: I think there may be one or two people there who are under contract, but the Democratic Renewal Secretariat has a staff complement of 15.

Mr. Chudleigh: Okay. Good.

The administrative program on page 12: You list about \$583,000 in services, which is down 4% from last year's estimates. Could you give some idea of what kinds of services are included in that budget?

1250

Ms. Noble: Yes. As I indicated before, this includes accommodation and IT costs. In fact, the bulk of the accommodation/IT costs for the ministry are accounted for in this particular line under "Administrative coordination and information technology." The reduction is the result of our share of a constraint that was put on all ministries.

Mr. Chudleigh: How does this \$583,000 item reflect with the services on page 10, the \$734,000? These aren't the same services, surely?

Ms. Noble: Yes. Page 10 is a summary. If you look under vote item 1501, "Ministry administration," that includes the main office, which is the deputy and the minister and also the administrative coordination. So that number, \$734,000, includes \$583,000 plus \$151,000.

Mr. Chudleigh: “Transportation and communications” is up 40%. That’s the minister’s—

Ms. Noble: That’s in the administration office, and it’s—

Mr. Chudleigh: It’s in administrative offices?

Ms. Noble: In the administrative offices. It was a small number that just reflected a couple of additional travel requirements placed on the administrator.

Mr. Chudleigh: Yes, 40%. Of course, the percentages become very large when you deal with the amount of money that—

Ms. Noble: That’s right. As a small ministry, the percentages look pretty large.

Mr. Chudleigh: I have another question concerning the Ontario-Quebec labour agreement: Is this labour agreement being monitored for its success and whether or not it’s working well?

Hon. Mrs. Bountrogianni: Absolutely. Our Minister of Labour as well as the Minister of Labour in Quebec and my counterpart and myself will be doing that. Absolutely, yes.

Mr. Chudleigh: This was signed when?

Hon. Mrs. Bountrogianni: This past June.

Mr. Chudleigh: June of this year?

Hon. Mrs. Bountrogianni: Yes.

Mr. Chudleigh: It’s rather early on, but has there been any indication that Ontario construction companies or labourers have bid on or attempted to bid on projects in the province of Quebec?

Hon. Mrs. Bountrogianni: We can get you that information. I think it’s a little early on, but in my informal conversations stakeholders say it’s been very positive. Now, whether things have been signed or not, I don’t know, but we can certainly get that for you. I do believe it might be a little early, though.

Mr. Chudleigh: I’d appreciate that. There’s no record of there actually being any Ontario residents who have landed a job on the Quebec side of the river?

Hon. Mrs. Bountrogianni: I’ll attempt to get that for you from the Ministry of Labour.

Mr. Chudleigh: I’m sure there will be lots of information regarding Quebec workers working in Ontario.

Mr. Mendelsohn: Just to follow up on all of the Quebec-Ontario co-operation agreements that were signed with a number of ministries, the deputies from both governments are responsible for monitoring and reporting to their ministers and to the Premiers, and will be reporting next year on how well the agreements are working.

Mr. Chudleigh: The “Intergovernmental relations program” budget is expected to increase by \$1.4 million, or 24%. It appears to be in two categories: “Council of the Federation” and “Services.” Can you give me a little insight into where that 24% is coming from and how it’s split between the Council of the Federation and the services part?

Mr. Mendelsohn: Yes. There’s the increase in the Council of the Federation dues and the special adviser to the Premier. That’s Michael Kergin.

Mr. Chudleigh: And that’s the Council of the Federation, or is that services?

Mr. Mendelsohn: No, that’s services.

Mr. Chudleigh: And is that \$1.4 million all related to services?

Mr. Mendelsohn: I think all \$1.4 million of that is in services. Some of that is the dues for the Council of the Federation and some of it for the special adviser on Canada-US relations.

Mr. Chudleigh: How do they break down?

Mr. Mendelsohn: Of that, \$1.15 million is Council of the Federation and \$275,000 is special adviser, but that includes his travel and his assistant.

Mr. Chudleigh: He’s under contract?

Mr. Mendelsohn: Yes.

Mr. Chudleigh: What’s the amount of his contract? Is it that?

Mr. Mendelsohn: It’s \$275,000, yes, and he bills against it.

Mr. Chudleigh: Which includes his travel?

Mr. Mendelsohn: But it’s not a lump sum. If he doesn’t use it or he doesn’t travel, he’s not given a cheque for \$275,000. He reports in on what he’s doing and reports in on his expenses.

Mr. Chudleigh: So it might be less than that but it would not be more?

Mr. Mendelsohn: Correct.

Mr. Chudleigh: There’s \$11,000 in grants to advance federal-provincial relations that was not distributed in the last fiscal year.

Ms. Noble: That is a line item in the budget that’s maintained. It was established in 1983. It’s sort of similar to the disaster assistance line in that it’s there and able to be enacted if need be, but it hasn’t been spent for the last—

Mr. Chudleigh: It’s 10 times larger than the \$1,000—

Ms. Noble: I guess maybe practices at that time were to put a higher amount in to keep the line—

Mr. Chudleigh: —in federal-provincial relations, even though it’s been ramped up so much? Have you not found a use for these grants?

Ms. Noble: That’s right. We have not increased or provided any additional grants at this time.

Mr. Chudleigh: I don’t see it even budgeted in 2004-05.

Ms. Noble: As I say, the line has been there since 1983.

Mr. Chudleigh: This time it’s missing from your copy, not my copy.

Ms. Noble: Yes, it is missing from my copy.

Ms. Noble: That was an actual number. For 2004-05, on page 14, that was an actual and shows that we didn’t spend it.

Mr. Mendelsohn: But in 2006-07 it’s there.

Mr. Chudleigh: So in the estimates of 2004-05 it would show up, but not in the actuals. I see.

Ms. Noble: That’s right.

Mr. Mendelsohn: The same with 2005-06. There's the \$11,000 in estimates and it's not in the actuals. We didn't spend it.

Mr. Chudleigh: Is it the activity of the Council of the Federation that has caused the 100% increase?

Mr. Kurts: The Council of the Federation is funded through a per capita arrangement among all of the provinces and territories. Before last year, the operations of the Council of the Federation were entirely funded through the remainder of the levy that was applied for the Premiers' Council on Health Awareness, which was set up in the early part of this decade. Right up until 2005-06, there was some money available from the Premiers' Council on Health Awareness to fund the operations of the Council of the Federation, but last year about half of the levy from Ontario had to be funded because the Premiers' Council funding wasn't enough to cover all of the amount. Then, when you get into this fiscal year, 2006-07, the amount left over from the Premiers' Council on Health Awareness had been depleted, so all of the provinces are now having to pay for the operations of the Council of the Federation out of a levy that operates on a per capita basis.

Mr. Chudleigh: What kinds of things are covered under that budget of the Council of the Federation?

Mr. Kurts: All of the meetings of the Council of the Federation, which take place in different parts of the country—for example, there was a meeting this summer, obviously, in St. John's, there was a meeting in Edmonton in June, another meeting in Montreal in April—as well as specific activities of the Council of the Federation. For example, in the last year the Council of the Federation appointed a panel to look at the issue of fiscal imbalance. The funding for that panel came out of that levy that was applied to all provinces. In addition, our province, Premier McGuinty, and Premier Charest took the lead together on the development of a strategy on post-secondary education and skills, which included a summit in Ottawa in February, and that as well was funded through the Council of the Federation.

1300

Finally, the province of Saskatchewan has taken the lead on a campaign and a conference that they held in Saskatchewan in the winter, I think it was, on the issue of crystal meth addiction. So the Council of the Federation, the Premiers, choose some areas of focus. Sometimes those lead to the kinds of activities I've just described. Those activities are funded through a levy that's paid for on a per capita basis from the provinces.

Mr. Chudleigh: How many people would typically go to these meetings?

Mr. Kurts: In total, you mean, from all of the provinces?

Mr. Chudleigh: From Ontario.

Mr. Kurts: Usually around 20 to 25 people are at the meetings from the province of Ontario. At the summer meeting, which is the biggest meeting and has the longest agenda, there tend to be more people because there are more items on the agenda to be covered. Often there will

be people from other ministries, depending on the items on the agenda. Where the meeting is shorter and more focused, the delegation tends to be smaller.

Mr. Chudleigh: So most of these people would be ministers' staff, or would they be civil servants?

Mr. Kurts: It's a combination of ministry staff, staff of the ministers' offices and staff from the Premier's office.

Hon. Mrs. Bountrogianni: I can add to that, Mr. Chudleigh. For example, at St. John's I only had one ministry staff with me, one adviser, Sarah Charuk, but there were five people, I remember—public servants—from the Ministry of Finance—a number from my ministry as well, but I had one person with me.

Mr. Chudleigh: How many from the Premier's staff?

Hon. Mrs. Bountrogianni: We can get that for you.

Mr. Chudleigh: How much time do we have?

The Chair: I'm glad you asked, because you have none. You're done.

Mr. Chudleigh: I'm done?

The Chair: Yes.

Mr. Chudleigh: Thank you, Mr. Chairman.

The Chair: Thank you. You too, Madam Minister.

I recognize Mr. Arthurs.

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge): Minister, it's good to see you after a break during the summer. I hope you had a bit of time. I understand that you've been extremely busy. Part of the role, as I understand it, of your Ministry of Intergovernmental Affairs is to raise the province's profile internationally, certainly support other ministries if they have activity of an international flavour, and support the Premier in his endeavours, particularly on the economic front. It's my understanding that last year his visit to China involved your ministry from the standpoint of support. I'm not sure whether you can project forward or not, but he's planning a trip this fall to India, I believe, and the Minister of Small Business and Entrepreneurship was out in my riding not long ago, visited with a local firm and, as a result of that visit, they've changed their plan. They weren't initially interested in attending the India mission but, as a result of that visit, have rethought that and are planning to undertake that. I'm interested in hearing from you the type of role that your ministry is playing on that international front, and in support of other ministries and in support of the Premier's office, particularly as it relates to our economic opportunities on a go-forward basis.

Hon. Mrs. Bountrogianni: I will hand it over to Dr. Norton to talk to you about that. I was not with the Premier in China and will probably not be there in India, but Minister Takhar will be there and Minister Cordiano will be there. It's very important. If Ontario were a country—we're one of the largest economies in the world and it's incredibly important. I have to say that other provinces are doing the same: Alberta, particularly Quebec, and the Maritimes are doing the same.

Before I hand it off to Dr. Norton, I'll just tell you what I've done. I've talked about Brussels, I've talked

about Hong Kong, but I think this is so important that even when I'm on vacation I do it—not because I'm a masochist, but because I enjoy it and because I think it's important. I did get a break. I was in Portugal for two weeks with my daughter on vacation, and through the help of my ministry while I was there—and it was at my expense—I did have meetings. This is where I learned about how the Europeans do their equivalent to equalization, which is incredibly useful for when I'm messaging and when I'm talking here and standing up for Ontario here.

I know that sometimes people think poorly of these visits, but I think it's very important. We have a huge opportunity. Governments have taken advantage, and we have to continue to take advantage, of the fact that we have expatriates from all over the world. Those are natural links to markets all over the world, because we know that the human resources are the important part and that some of the obstacles are attitudinal and not necessarily rule-based. So if we can already have those knocked off by knowing the culture because they are Canadians linking with their former countries, that's an advantage.

Having said that, I support my ministry 100% in supporting other ministers and supporting the Premier in these international visits. When I took, for example, over 60 Consuls General to Hamilton, it was precisely because, of all the trade missions that come to Canada, most come to Toronto, but I wanted—and this is the beginning of more that are coming—to show them that it's not just Toronto. As important as Toronto is, there are other regions where they should be bringing their trade missions, and in fact we do have one. The British Consul General is having a very important manufacturing meeting, a sort of international meeting—and maybe you can talk more about it—in Hamilton, for example, and we're going to another region of the province in November.

I think this is incredibly important. When people in other countries hear of our population and our GDP and our strengths, they're incredibly impressed. Ontario is a player. So I really support my ministry in doing this, and in fact I think we should be doing more of it. With that, I'll be handing it over to Dr. Norton.

Dr. Norton: Let me just support what the minister said. Referencing first the consular corps, the fact that there's a consular corps in Toronto of now approximately 101 missions, countries that recognize this city as the financial, commercial and media capital of the country, is indicative of the importance. Delegations come through Toronto all the time, and we collaborate very closely. Ontario ministers historically have been quite accessible to visitors coming from abroad.

Insofar as delegations going abroad are concerned, the minister and Mr. Chudleigh had an exchange earlier on the issue of the magnitude of the China mission. Mr. Chudleigh correctly pointed out that there had been a mission to Israel that Premier Harris had led in October 1998, as I recall. There were 12 Ontario companies on

that mission and they did indeed conduct some very important business.

The minister was distinguishing between a mission of that order of magnitude and the China one on which there were more than 100 companies. The difference here is that when Prime Minister Chrétien was Prime Minister, through the Rae premiership and the Harris premiership, Ontario Premiers and indeed Premiers from all provinces participated on Team Canada missions in which essentially it was the government of Canada that organized everything and, to the greater or lesser extent, we went along for the ride. There are no Team Canada missions anymore, so Premier McGuinty's mission to China was the first Premier-led Ontario mission in more than 15 years of that order of magnitude, with more than 100 companies and organizations participating.

In the case of the upcoming mission to India and Pakistan in January next year, again we would expect participation of that order of magnitude, and the Ministry of Intergovernmental Affairs has the overall coordination responsibility. If you like, it's an all-of-government approach whereby stakeholders in each of the ministries whose responsibilities are the focus of this mission, and there are five areas of concentration, are being recruited and managed by those individual ministries, with Minister Bountrogianni's staff bureaucrats being the ones who are bringing it all together, working with the Canadian High Commission and Consulates General in India and Pakistan because we get a great deal of help from the government of Canada on these, working with the Indian and Pakistani Consuls General here to pave the way on a lot of logistical matters, securing visas, securing some meetings with high-level interlocutors for the Premier and the participating ministers from Ontario. That's the kind of international coordination work that we do that dovetails precisely with the domestic coordination work across ministries that my colleagues in the ministry do.

1310

Mr. Arthurs: I appreciate those comments on the subject of the broad international front. I'd like to ask you a little bit now about our activities relative to our neighbour south of the border. You made some reference to that in your preliminary comments. During the questions and responses we've talked about everything from water, both quality and quantity, to softwood lumber, to cattle, to the issues of waste, to your own very specific work as part of some of those initiatives and others.

Given the fact that the US remains our biggest partner and closest neighbour and we want to and need to build and strengthen those relationships as well as resolve issues that we're faced with cross-boundary both as a national government but equally so in the role that Ontario plays within the national context and the proximity and population proximity and the sharing of so many issues with our neighbours just immediately to the south of us, in the Great Lakes states in particular, I guess, as well as others, I'm wondering, in addition to that international flavour of activity, about some further comments from you on the work that's going on with our neigh-

hours and what key issues remain to be addressed and what opportunities you see for your ministry to play in that regard, either directly or in co-operation with our provincial and federal partners.

Hon. Mrs. Bountrogianni: That's a very good question. Since coming to office, the Premier has made 11 trips to the United States. As I said, I was at the governors' meeting in February 2006 and I was in Washington and I had a number of meetings there on the issues that I mentioned earlier—the western hemisphere travel initiative, the Shared Air Summit—doing as best I can for my colleague Laurel Broten in raising awareness of the summit and inviting speakers there, as well as meeting with congressmen, senators. This attracted governors but it also attracted others, and the fact that I was in Washington afforded me that capability.

I also had a meeting with our then ambassador and our present ambassador; it was at the time of the transition, so I met both Mr. McKenna and Mr. Wilson, which was very timely for a number of issues in the United States. Another piece of important information that I brought back is that other provinces are there very often. I actually applaud them for that and I'm glad the Premier has been there 11 times. But I do think that our presence in Washington, in the United States, is very important. In fact, we have discussions ongoing now on how we can enhance that.

I think a really good example of that is the border security issue, which is a federal issue but will affect a few of the provinces much more than the others, Ontario being one. In fact, there's a Globe and Mail article today that brings three American groups together that ordinarily would not be standing together to lobby their government to slow down on this WHTI. I truly believe that our government, as well as stakeholders, as well as other provincial governments, should take some credit for raising the awareness of what this means economically for Canada and for Ontario. The three organizations, which in the past would never have gotten together, are the American Civil Liberties Union, Citizens Against Government Waste, and the Cato Institute, a conservative think tank. It may act as a wakeup call to US legislators on this issue.

Again, Minister Bradley has been there. He has brought his counterpart from Buffalo and from other parts of New York up here. They've done joint releases together. I've done the same in the United States when I'm there or when our guests from the United States, our neighbours, are up here. I've had, as well as a number of my colleagues, meetings with the Consul General—and there's a new one now from the United States—as well as the former Consul General on this issue. All of this pressure adds up and, I believe, is effective in dealing with the American government. Again, this isn't America versus Canada; this is a joint challenge that we have to address, always respecting their security challenges. We always do that.

I think that's probably the best example of how our presence and our pressure, working along with the

federal government and our embassy, both Mr. McKenna and Mr. Wilson, have led to some very positive attention which has slowed down the process, at the very least.

I don't know if Dr. Norton wants to add anything to that.

Dr. Norton: I'd be happy to. As the minister has indicated, Mr. Arthurs, we support her, the Premier and indeed all ministers in their interactions with counterparts across the border. There are a number of cases in point that I could give you. One of them is the western hemisphere travel initiative, the passport issue, which, as the minister has suggested, is of enormous potential economic concern to Ontario.

The Premier has now spoken to probably every one of his Great Lakes governor counterparts on the issue. He and Governor Granholm of Michigan sent a letter in April to the President of the United States and to Prime Minister Harper, jointly signed, in which they enumerated their concerns and proposed some constructive solutions. If we're making progress on the issue of WHTI, it's in no small part because of the interventions of the Premier, the minister, Minister Bradley and others with their counterparts to escalate the pressures from the state level on Washington, on federal legislators at home to impress upon them the implications if this were to go ahead.

We talked a little bit earlier about the Annex to the Great Lakes Charter and the role that we played in negotiating that. There are other issues: There's the issue of regional air quality. Two successive summits have now been held in respect of June's to which counterparts from across the border have been invited and have indeed attended, the objective here recognizing that air quality and the health condition of Ontarians insofar as air quality is concerned very much relates to finding a regional solution. Because trans-border air knows no boundaries, we have to collaborate closely, and we are. Those are just three issues on which we have been working very closely in support of the Premier, the minister and other ministers with trans-border counterparts.

There are regional fora in which legislators participate. The Legislature is a member, of course, of the Council of State Governments, and this year joined the eastern region as well. I believe eight legislators were led by the Speaker, an all-party delegation, to Philadelphia at the end of July, and again with a smaller group, but still all-party I believe, to the mid-western conference in Chicago in August. Resolutions were passed at both of those conferences on the western hemisphere travel initiative, in no small measure because of the instigation of the legislators. We supported them—staff to the delegation—and provided substantive briefing material to those delegations.

Mr. Mendelsohn: I would also add that one of the most recent issues that the ministry supported another minister in was with the Ministry of the Environment and Minister Broten in her efforts on the issue of the border closing to trash coming from Toronto. So Minister Bountrogianni, but also staff at the Ministry of Intergovern-

mental Affairs and the office of international relations, worked with the Canadian Embassy in Washington to provide advice and guidance on how to try and make progress through the rather different US political system.

Hon. Mrs. Bountrogianni: I didn't go through every governor or every politician I met with. I probably should have highlighted the Governor of Michigan, given the enormity of that challenge. Our Premier has met with her on a number of occasions as well on this issue.

There's a lot of activity going on in support of other ministers that doesn't get a lot of public attention, nor should it. It is basically to give support to my colleagues so that they can do the right thing for the people of Ontario.

Mr. Arthurs: In my former political life, I served for a number of years as a mayor. One of the activities we were engaged in, though not as heavily, being from a relatively small community, was the Great Lakes mayors' initiative. I had the chance to travel to Minneapolis–St. Paul one year in the early days of some of David Crombie's work on the waterfront and the waterfront regeneration. Everything's connected to everything, and it was an interesting endeavour. But you mentioned, in the early comments and some of the responses issues regarding water, both quantity and quality. Since Ontario is the only province that borders four of the five Great Lakes, obviously the vast amounts of clean and available water is an issue today but potentially will have an even greater importance in the future as American states may look to being able to access that resource in a more dramatic way than they currently do. Are there additional initiatives, then, happening with Great Lakes water with cross-border activity regarding water that the ministry is engaged in or supports other ministries on? I know Minister Bradley's name was mentioned on the tourism-related front. I don't know if it was regard that water was in part mentioned or whether it was something different entirely.

1320

Hon. Mrs. Bountrogianni: Minister Ramsay, Minister of Natural Resources, has the lead on the Great Lakes water resources issues, but we certainly have in particular one adviser—sorry, I don't remember his name—

Mr. Mendelsohn: Bill Carr.

Hon. Mrs. Bountrogianni:—Bill Carr, who had been working on that issue across a number of governments and who continued to advise Minister Ramsay on that.

Dr. Norton: I could add to that, Mr. Arthurs, that indeed it's a seminal issue, as you correctly point out, and has to do with not just quality of life and health but indeed prospectively the competitiveness of the entire region. If we have water and other areas don't, that will ensure Ontario's industrial competitiveness going forward.

The Annex to the Great Lakes Charter is all about ensuring that there won't be mass diversions to, for example, the US southwest, because it's an area of growing population and of depleting water resources, it

would seem. It has to be implemented, as in: There are a lot of ratifications that have to happen in all of the states. We're working with the negotiating teams to try to ensure that ratifications proceed. The process to bring them to fruition will get launched only after the electoral season concludes this November in seven of the eight Great Lakes states.

We'll be working very closely with and monitoring progress and advocating where necessary, including through Canadian Consulates General in Buffalo, Detroit and Minneapolis–St. Paul. They are extensions, almost, of our interests and work very closely with us.

The Chair: Thank you very much, Mr. Arthurs. I will now move the rotation to Mr. Chudleigh for 20 minutes.

Mr. Chudleigh: Minister, your Office of International Relations and Protocol is in charge of coordinating trips abroad. An interesting office to work in, I'm sure. Can you tell me how many ministers went on trips abroad last year?

Hon. Mrs. Bountrogianni: Yes, I do have that information somewhere. Just a second.

Mr. Chudleigh: Ah, they anticipated this question.

Hon. Mrs. Bountrogianni: I do have that information. Okay, yes. Yes, our ministry does develop and coordinate and implement all aspects of incoming business to Ontario heads of states, and also assists in advising ministers of their travels.

No, this is not what I've asked for. No, that's incoming.

Mr. Chudleigh: We'll get to that next.

Hon. Mrs. Bountrogianni: Here it is. In 2005-06, MIA organized programs for—No. Those are all incoming. We can get you that information.

Dr. Norton: I can guess for you, as in: We'll get you a precise figure, but it's about 20. It's about seven or eight ministers who went abroad—out of North America—and 10 or 11 who travelled within North America—in some cases, the same minister. But it's about 20 in total, and we would have provided logistical support, made arrangements with Canadian offices to provide assistance for them, including organizing programs and provided substantial briefing material in each case.

Mr. Chudleigh: You would know their itinerary when they went on these trips?

Dr. Norton: Yes, we would.

Mr. Chudleigh: You would know if they failed to make any appointments they had booked, such as happened recently in the federal government?

Dr. Norton: If I understand, the federal example that you're citing—those were two consultants hired by the federal government services ministry. In any event, I've not heard of any instances in which ministers have failed to make appointments.

Mr. Chudleigh: Would you hear?

Dr. Norton: I think I would.

Mr. Chudleigh: You think you would.

Dr. Norton: I think the Canadian Embassy or High Commission or Consulate General would take care to tell me because they wouldn't be too impressed at having

expended their credibility to arrange meetings, only to have Ontario's ministers not show up.

Mr. Chudleigh: I agree. It's highly embarrassing.

Hon. Mrs. Bountrogianni: I went to all my meetings, which were set up by Roy, and I was early at all times.

Mr. Chudleigh: You didn't plagiarize your reports though, I hope.

Hon. Mrs. Bountrogianni: No, I didn't, and I took the train on my own to get there.

Mr. Chudleigh: That was the point of my question. I'm not suggesting that there was any, just that someone would know if it did happen. Therefore there is management in place that would understand if these things were taking place. It wouldn't happen in a vacuum. I think that's a good thing.

Yes, if you would, I would like to know how many trips went abroad and to where, and how many of your PAs went on these trips.

Dr. Norton: We'll get you that.

Mr. Chudleigh: I have in my notes here as well if there were staff or any spouses who accompanied them. Of course, the spouses or friends or partners would have covered their own trip. But we would like to know if they were on those trips as well.

Hon. Mrs. Bountrogianni: I can tell you right now that for the Council of the Federation my daughter attended with me at my expense. I didn't take my husband anywhere.

Mr. Chudleigh: We won't comment on that one. As you're preparing those numbers, I suppose the Premier would be included in that, being the first minister, as ministers who have travelled abroad. Thank you.

On Canada's health accord: It was signed, I believe, by Mr. McGuinty in 2004, when he said it was a good deal. He then criticized that same deal after a recent federal budget increased health transfers to the have-not provinces. He criticized that deal based on a deal that he had signed: "Speaking to media" on May 10, 2006, the Premier "criticized an equalization agreement he supported two years ago. When questioned about those comments, he said the agreement 'was something that I opposed.'" Well, two years ago when he signed it, it was a good deal and it was a deal that he signed, but here it is two years later and "it was something that I opposed," he said publicly.

"But in 2004, he supported the deal and said the following: 'We have come to a reasonable accommodation.... We think that we have struck the balance between making a fair contribution to the strength of the federation ... without compromising our ability to invest in the kind of programs that enable us to act as Canada's economic engine.'" This was a deal that he signed and he was quoted as saying this was a good deal, and two years later he opposed this deal.

Can you shed any light on this? Does Ontario still think that this health accord is a good thing or is it a bad thing? Is it costing us money? Are we for or against it these days?

Hon. Mrs. Bountrogianni: You may be confusing the health accord with equalization, because during that time the automatic increase in equalization at 3.5% was announced. The Premier didn't show his disagreement with that at the time, but he did not agree with it within that meeting. I'm speaking about equalization.

Mr. Chudleigh: This was very much the health accord that he signed in 2004.

Mr. Mendelsohn: No, there were two different agreements. May I?

Hon. Mrs. Bountrogianni: Yes, go ahead.

Mr. Mendelsohn: One was the health accord and one was a new framework on equalization. Those were different agreements. The health accord provided increased per capita funding for all provinces. My recollection is that all provinces thought that was a good agreement. Ontario, for perhaps 15 years over the course of a number of governments, has continued to argue that there is unfairness in the base of the transfer for the health care, and that's been through a number of governments. We continue to make that case, but the increase in the health funding was on a per capita basis, which was an important victory for Ontario.

The other agreement was to create a new framework for equalization, and the Premier said that this was a reasonable compromise, but he was not a strong advocate of that agreement at the time.

1330

Hon. Mrs. Bountrogianni: On the health accord, we not only agree with it; we led the charge. We were the ones hosting the meeting, and I remember quite clearly Premier McGuinty and Minister Smitherman leading that.

Mr. Chudleigh: Thank you. I take it from your comments, Deputy, that you're in favour of any programs that are funded on a per capita basis for Ontario?

Mr. Mendelsohn: Yes, that's the position of the Ontario government.

Mr. Chudleigh: Even though that puts us at a slight disadvantage, because we're supplying 43% of the tax revenue for Ottawa with only 39% of the population, and that ratio works to our disadvantage when we fund programs on a per capita basis?

Mr. Mendelsohn: Yes. The Ontario government has a position that that's a reasonable contribution that Ontario makes because we are wealthier, and it's reasonable that all Canadians have access to comparable levels of public services. For the indefinite future, that will mean that Ontarians contribute more to health care and education in provinces like Manitoba and New Brunswick, but what we hope for is to have our per capita share. We understand that that costs us more than we get back. What we're objecting to is when we get less than our per capita share.

Mr. Chudleigh: Caledonia: Has the Minister of Intergovernmental Affairs provided any type of financial assistance or have you been involved in any way with the negotiations over Caledonia?

Hon. Mrs. Bountrogianni: We haven't provided financial assistance but I have visited Caledonia, mostly in my capacity as a member of provincial Parliament near Caledonia, mostly in my capacity as having received a number of concerns, complaints, phone calls from either residents of Caledonia or Hamilton Mountain citizens who have to travel to Caledonia or just concerned citizens. So I thought it was my duty to visit Caledonia, and I have. I also—again more in my capacity as a local member, since my visit, which has been only three months, I think—have attended at least two meetings with the citizens' action group in Caledonia and Minister Ramsay—one with Minister Ramsay and one just myself and the group of people.

Mr. Chudleigh: Any meetings with the First Nations of Caledonia or of the Six Nations reserves—they consider themselves to be a government within Canada—haven't been government to government; they haven't involved the Ministry of Intergovernmental Affairs?

Hon. Mrs. Bountrogianni: Good question. I did attend the Kelowna meeting with Minister Ramsay and with the Premier in the former Liberal government. Again, I did attend the First Nations meeting in Newfoundland, before the St. John's COF, with the Premier as well. But I myself have not met, and I don't believe anyone in my ministry—correct me if I'm wrong—

Mr. Mendelsohn: No.

Hon. Mrs. Bountrogianni: —with the First Nations. The line minister there is Minister Ramsay. Again, my visit to Caledonia was more of concern with the local residents.

Mr. Chudleigh: The controversial negotiations that are going on currently deal with the provincial and also the federal government. This is an interprovincial situation, and what you're telling me is that the Ministry of Intergovernmental Affairs is not involved in the relationship between the federal government, which is sending their Indian affairs people to the table, and the Ministry of Natural Resources and aboriginal affairs in Ontario, which is sending their people to the table. These are two levels of government plus a third, with the First Nations being at the table, and the Ministry of Intergovernmental Affairs you're telling me is not involved in these discussions?

Hon. Mrs. Bountrogianni: We are briefed regularly by the Ministry of Natural Resources on the Caledonia situation. Again, the line minister there is Minister Ramsay.

Mr. Chudleigh: You mentioned, in response to a question from the government, the Israeli trade mission and the Chinese trade mission. On the Israeli trade mission, I think you mentioned that there were 12 companies that went. The China mission: Did you say 100 companies or over 100 companies?

Dr. Norton: I said over 100 companies and institutions.

Mr. Chudleigh: Over 100 companies. I wonder if you could tell me how much business was written on the China trade mission and, as a comparison, with those

over 100 companies how much business was written by the merely 12 companies that went to Israel. Would you have that in a dollar number? Usually there's a revisiting of a trade mission to see what kinds of results we got out of it.

Dr. Norton: The Ministry of Intergovernmental Affairs can't tell you that, Mr. Chudleigh. The Ministry of Economic Development and Trade led the trade component, the business component, of that mission. We were responsible for coordinating the Premier's program and all of his official meetings with Chinese leaders while there. The Ministry of Economic Development and Trade recruited the business delegation and organized the programming for them and arranged their linkups with counterparts.

There were signing ceremonies, I know, at each city. In Beijing, Shanghai, Nanjing and Hong Kong, Ontario firms and institutions signed memoranda of understanding and in some cases specific contracts. But I think it would be best for you to direct that question to the Ministry of Economic Development and Trade, because they're monitoring and we don't.

Mr. Chudleigh: I already have done that, and the gobbledegook I got back is unintelligible. There's very little record of any actual deals being made. There are memorandums of understanding being signed but very few deals being made. I suspect that those 12 companies that went to Israel signed business that is worth many times the amount of business that was signed in China. However, that's all supposition because there are no good numbers on the types of business that were done in China. Memorandums of understanding don't always translate into dollars in one's pocket.

Ontario's website: It looks like a tremendous amount of money was spent on this website. Of course, websites are expensive. I don't know if they're that expensive, but they are expensive. How much money did you spend on this website and what results were received for this investment?

Mr. Mendelsohn: Are you talking about the Strong Ontario website?

Mr. Chudleigh: Yes.

Mr. Mendelsohn: That is maintained by ministry staff, so that's run by our communications department, so there isn't a particular number that it cost. This is simply built and maintained by MIA communications staff with the support of our policy people, who provide a lot of the policy material that's on there. Our understanding is that we've received 30,000 hits in one month that I saw, so we get a great deal of traffic. A large number of people have signed up for our online mailing list and have submitted comments to the website.

Mr. Chudleigh: How many people have signed up, did you say?

Mr. Mendelsohn: I'm not sure.

Mr. Chudleigh: Could we get that information? Can you tell me what's being done with that information?

Mr. Mendelsohn: What's being done with which information?

Mr. Chudleigh: The information on the people who have signed up on this website; what happens to those names, addresses and telephone numbers of the citizens of Ontario.

Mr. Mendelsohn: Like many other ministry websites, you can sign up for updates from the ministry, so there is a Management Board policy on privacy and how that information is used. If someone would sign up and consent to receive information from us—for example, when the Premier sent the Prime Minister a letter on our position on the fiscal imbalance, when the minister sent her counterpart a letter on Ontario's position on the fiscal imbalance—they would get an e-mail alert and tell them that they could see this letter, and they could obviously pull their name off at any time. This conforms to the Management Board guidelines on the use of confidential information.

1340

Mr. Chudleigh: The list of people who are on this website is held in strict confidence? It's not used for any other purpose whatsoever?

Mr. Mendelsohn: No, it's not used for any other purpose.

Mr. Chudleigh: No one else has access to it?

Mr. Mendelsohn: No.

Mr. Chudleigh: In late June, you had a conference in Toronto called the "thinkers conference." Did you organize this conference or were you involved in it?

Mr. Mendelsohn: I'm not sure which conference you're talking about.

Mr. Chudleigh: In late June, referred to as the "thinkers conference."

Mr. Mendelsohn: We did a Strong Ontario for a Strong Canada summit in June of this year. I've never heard of the "thinkers conference;" I don't know it.

Mr. Chudleigh: No? You haven't heard that?

Mr. Mendelsohn: No, I haven't.

Mr. Chudleigh: I think there was a newspaper story that referred to it as that.

Mr. Mendelsohn: I haven't heard that.

Mr. Chudleigh: Whereabouts was it held?

Mr. Kurts: The Metro Toronto Convention Centre.

Mr. Chudleigh: Do you know how much money was spent on that conference?

Mr. Kurts: The cost of the conference was about \$200,000.

Mr. Chudleigh: Do you recall what the registration fee was?

Mr. Kurts: There was no fee for people to participate in the conference. An invitation was sent out to people in the business community and the broader public sector who have shown an interest in the issue of fiscal imbalance, and the purpose of the conference was to get their advice and their support in terms of the government's position on the fiscal imbalance.

We prepared a discussion paper in advance of the summit, which was distributed to all of the people who attended. The discussion paper is available on the Strong Ontario website, which we were speaking about earlier.

In addition, after the summit we did a paper that summarized the feedback that we received at the summit. The summit was hosted by the Premier and by the minister, and we had what I think we'd all describe as a really good turnout from the people we were trying to target to get at the summit. We had about 200 participants there that day.

Mr. Mendelsohn: The participants were leaders from business, both large and small, education, health care, municipalities, the farming sector, resource extraction—a wide diversity of people. The speakers at the summit were Len Crispino from the Ontario Chamber of Commerce; David Lindsay, who at the time was president of the Ontario colleges; Frances Lankin, who is chair of Toronto United Way; Don Drummond from the TD Bank; and Ilse Treurnicht, who's president and CEO of the MaRS Discovery District. They talked about the challenges of the fiscal imbalance for their various sectors. The representatives from the sectors also discussed the challenges of the fiscal imbalance and made suggestions on how Ontario should move forward.

Mr. Chudleigh: Have any of those suggestions had any reaction, any meat coming down the tubes after that conference? Was it useful, and in what way?

Hon. Mrs. Bountrogianni: Absolutely. First of all, the fact that so many leaders from so many sectors support the "Stand Up for Ontario" campaign or the "Fairness for Ontario" campaign is very significant in our negotiations with the federal government. It's something that can't be ignored. Some of their strategies were summarized in a paper that is certainly for anyone to look at; it's on the website, I believe.

Don Drummond, in particular, had some excellent strategies, and so did David Lindsay—actually, all of the panel was excellent. They were experts in their own field, and they were there. Again, if you look at them politically, their backgrounds or their histories, they were from all political stripes, and yet the message was pretty uniform: that what is happening in Ontario is not sustainable and we do have to remedy it. So that, in itself, is very useful when negotiating with the federal government.

Mr. Chudleigh: Did they have solutions? Did they make suggestions? If so, what were they?

Mr. Mendelsohn: Certainly, coming out of the summit, I would say that we identified competitiveness as an important principle to govern fiscal arrangements, which didn't figure prominently in our initial discussions. Our fiscal arrangements have historically been focused on equity concerns, and obviously the government is very concerned about equity. But coming out of the summit there was a clear message from a number of sectors, particularly the business and innovation sectors and the research and development sector, that our fiscal arrangements had to be restructured to focus more on wealth creation, not only wealth redistribution. We have certainly taken that message forward.

There was quite an interesting discussion on the issue of tax point transfers, and that picks up on your earlier

point in terms of the difference between the 39% and the 43%. A large number of the participants said that we should be pursuing not only increased federal transfers but tax point transfers. Both the minister and the Premier have raised those and have highlighted the importance of those in their meetings with Minister Chong and the Prime Minister and have highlighted that Ontario is interested in pursuing that avenue. I know that at the Ministry of Finance they have also raised that issue.

I would say that there is a general message coming from that group that we should be focusing on the issue of equity and fairness in the federal transfers. People had concerns about equalization, but they thought that an increased focus on fairness in the CST/CHT infrastructure and training funds was very important. Those have certainly become important demands that we have been making over the last three months.

Mr. Kurts: Just to add to what the deputy has said, another principle that was added as a result of the discussions at the summit was effectiveness. The people at the summit said that in the fiscal arrangements that exist between the federal government and the provinces and territories we need to have established goals and to understand and be able to measure the impact that the fiscal arrangements are having in meeting those goals. That was another principle that they added to the list that we had put forward in the discussion paper.

Mr. Mendelsohn: We've certainly raised that with the federal government, that there may be a usefulness in measuring the effectiveness and the accountability of certain federal transfers.

Mr. Chudleigh: Was there any discussion on timelines as to this situation? I think there was a \$2-billion deficit some time previous. Was it 10 years ago?

Hon. Mrs. Bountrogianni: The early 1990s—a \$2-billion gap.

Mr. Chudleigh: Today, there is something more than that. We seem to be indefinite as to what that something more is.

I see that the funding for immigration was balanced or is being balanced with the province of Quebec's funding or the rest of Canada's funding. So that's coming out of the equation, I suppose—or perhaps not.

Hon. Mrs. Bountrogianni: I can address that. I negotiated that when I was Minister of Immigration, and those monies are not coming to the Ontario government; they're going straight to the service delivery programs. In the last federal budget, it seems like the beginnings of those monies may start to come, but they don't come to our coffers as the Ontario government; they go straight to the service providers.

Mr. Chudleigh: But I guess my point was that it has taken some years, some amount of time, for Ontario to get into this situation that we are in today, and it will obviously take some period of time for us to extricate ourselves and find a new path that is fair to not just Ontario taxpayers but Canadian taxpayers. As my constituents continue to bring to my attention, there is only one taxpayer, whether you're talking municipally,

federally or provincially. This whole issue of federal-provincial funding does stimulate some conversations, but not along the lines of solutions but along the lines of, "Why don't you guys quit fighting over my money?" That's not my money, but the money of the taxpayers from my riding.

So I ask you about the timelines during this conference. Was there any discussion as to the timelines, as to what would be a reasonable period of time if we did find a possible solution or the beginnings of a solution? Did anything like that come up?

1350

Hon. Mrs. Bountrogianni: I can talk to you about our discussions with the federal government and timelines. At the shared summit I think it was pretty obvious that this situation is not sustainable and the sooner a solution is found, the better. Having said that, you have a good point: We didn't get here overnight and we understand it's a complex situation. Not only is it federal-provincial but it's municipal governments too. The last time this was all looked at was in the 1930s, and Canada has changed since then. You are absolutely right: There is one taxpayer, and that is another reason why our Premier has asked for a national commission or a royal commission on this.

Having said that, with respect to your question on timelines, having just met with Minister Chong on Friday, the federal government's timelines are coming up pretty quickly. The federal government's consultations on this are happening right now, across the country. Ontario's turn was on Friday. Parallel to that, Minister Flaherty is also doing a national consultation on this and other issues. Minister Finley, the federal Minister of Human Resources, is also consulting parallel. So there are three separate consultations happening at the federal level. What Minister Chong told us on Friday was that they should have a proposal by December. Was that what they said?

Mr. Mendelsohn: He said "before Christmas."

Hon. Mrs. Bountrogianni: Before Christmas, yes.

Mr. Chudleigh: Of 2006?

Hon. Mrs. Bountrogianni: Yes.

Mr. Chudleigh: I'd be careful about that with the feds.

Hon. Mrs. Bountrogianni: Exactly—and that what comes out of the proposal should be reflected in their 2007 budget on the fiscal imbalance and other issues.

This is going to be a very important fall for Ontario, for all of Canada, in getting our position out there.

Mr. Chudleigh: Are those timelines reasonable, in your estimation?

Hon. Mrs. Bountrogianni: I think they are. Our position is very clear. It has been for a number of years now, over a number of governments, and I think it's safe and fair to say that we've ramped up the effort under our government. The facts are there. We have third party support. Of course, every Premier and every territorial leader is going to support and stand for their jurisdiction. Speaking as a psychologist now, it's always easier to

give than to take away, even if taking away is the right thing with respect to how monies are disseminated.

I understand the complexity and I appreciate the difficult position the federal government is in. Having said that, we represent 39% of the population of Canada and our position has to be acknowledged in some way. We're not expecting miracles. We don't expect billions tomorrow morning, but we have to have (1) an acknowledgement that there is unfairness and (2) real, sincere talks on how to solve this problem for all of us and not just make it political: Where can you get the most votes, Ontario or Quebec? I'm not saying that's what Prime Minister Harper is doing, but all the pundits are saying that, and I really hope we don't, at any level of government, resort to that. This is really too important for that.

Mr. Mendelsohn: If I may add, we don't expect a permanent solution to fiscal imbalance or the fiscal arrangements in the federal budget of 2007. This is an ongoing issue. That's, in part, why the minister and the Premier have called on a commission, because there are deeper structural issues; for example, how one creates accountable fiscal arrangements or fiscal arrangements that promote competitiveness, the complex issue of tax point transfers and the issue of municipalities and how municipalities have sufficient and stable funding. These are not all issues that will be dealt with in the next six months. This is an ongoing discussion, which is why the minister and the Premier have been calling for a longer-term review that could include a commission.

Hon. Mrs. Bountrogianni: But it's fair to say we'd like to see a beginning in the next budget, an acknowledgement and a beginning to remedy the fiscal gap. We asked the former federal government—again, this is non-partisan—to end the unfair per capita transfers for health care, social services and post-secondary education. That would be an excellent start to showing goodwill: to close the gap or to end the unfairness towards Ontario. So there are some very concrete first steps that the federal government can take. But I definitely agree with the deputy: This is much more complex than one federal budget can cure.

Mr. Chudleigh: Mr. Flaherty must be consulting far and wide; I understand he's in Vietnam today.

You say the 1930s was the last time—

Hon. Mrs. Bountrogianni: Sorry, Mr. Chudleigh. I know you won't be upset at this interruption: Ange the driver is starting with Minister Sorbara next week.

Mr. Chudleigh: Thank you very much.

Hon. Mrs. Bountrogianni: Actually, now that it's over, I'm glad that that's happened, because he is a very nice man.

Mr. Chudleigh: You're very efficient.

Hon. Mrs. Bountrogianni: My staff is.

Mr. Chudleigh: That's great. I'm sure Ange will appreciate that.

You mentioned that the last time this had been addressed was in the 1930s. I thought it was in either 1978 or 1983 that there was a transfer of tax points from Ottawa to Ontario, at which time our health payments

started to get out of whack, started to drop. Up until that point we were at 50-50 sharing with Ottawa and after that our tax points began to slide until we got to a low of 11% of the health care costs coming from Ottawa. I think since that time it has ramped back up again, to about 16% or something in that ballpark. It's a long way from 50%, mind you, but it has reversed the trend that it had over that period of time. Was that the kind of review that you were referring to back in 1930? If so, what was the difference? I didn't understand the nuance, if there was one.

Hon. Mrs. Bountrogianni: The last time there was a commission to look at how monies across the country were disseminated was the Rowell-Sirois commission in the 1930s. I'll hand it over to my deputy to describe that because that's an argument that the federal government has used—the former federal government as well—against us, and it's not a good argument. In fact, there have been a couple of tweaks of the system but not an organized look at how monies are disseminated. You can argue that the automatic elevator—the automatic 3.5% per year—was a change in the system, but that's not what the Premier means about a royal commission, and that was done in the 1930s. I'm going to hand it over to my deputy, who is much better than me at describing the tax point situation.

Mr. Mendelsohn: I'm happy to describe the tax point transfer, if you'd like. It was in 1977, and that was to replace established program funding, which was, as you rightly point out, shared by the federal and provincial governments. It was a coordinated tax room transfer, so essentially what it meant was that the provinces retained a greater share of the overall tax pool that was collected. But, as you again point out, there is only one taxpayer, so the taxpayers didn't see any change. The taxpayer paid exactly the same bill, but more of the money flowed to the provincial governments rather than the federal government because, much like today, it was health care and education. These were the programs where there was the most cost pressure. But that was a one-time, ad hoc agreement. That wasn't looked at in the context of other fiscal arrangements such as equalization or the employment insurance system.

As the minister says, there have often been these one-time deals. In 2004 there was one on equalization, and there was one on health, the CHT. But there hasn't been a full-scale examination of how all the pieces fit together.

Mr. Chudleigh: Such as in a royal commission?

Mr. Mendelsohn: Yes.

Mr. Chudleigh: I guess this all started with the June conference for a strong Ontario. The real results of that conference, which we have touched upon, I suppose are to come through the processes of this fall's consultations and the federal spring budget, in which you are hopeful of seeing some improvement. Is that fair to say?

Hon. Mrs. Bountrogianni: As my deputy said, this is more long-term than just one budget can cure—we understand that—but we do need to see some positive movement toward that.

Mr. Chudleigh: Good. I think that covered all my little notes on that. I didn't get to use the goose-with-the-golden-egg comment, but I think you get the gist of it. If this problem isn't solved, certainly Ontario stands in jeopardy of being less competitive in the jurisdiction that it is now. I think you've probably heard me on other occasions bringing to the government's attention the lack of competitiveness that we have in some areas, although that's not your responsibility, so I won't go into it.

1400

The Ministry of Intergovernmental Affairs has a stated goal, I think, to continue its constructive approach to intergovernmental relations within Canada. Would you agree that that's the goal? It's written here. I don't see where it came from or anything, but I take it that it's accurate.

Hon. Mrs. Bountrogianni: Yes, and I'm happy to report that it was really nice last week in Halifax, where we can actually meet that goal in internal trade.

Mr. Chudleigh: In what respect?

Hon. Mrs. Bountrogianni: Internal trade; knocking down internal trade barriers.

Mr. Chudleigh: Knocking down walls of internal trade?

Hon. Mrs. Bountrogianni: Yes.

Mr. Chudleigh: I hope you're right. I would like to see that myself. It would be a wonderful thing. Going back to the 1960s, when I was first involved in the agricultural community, we talked about those same kinds of things and how wonderful it was when we signed agreements, and those agreements never seemed to work. I have seen those agreements come and go through the last 40, 45 years. I must be getting old if I can remember back 45 years. Again, I hope that you see success out of this; I truly do. I would like to see the results of it before I can say that we have any success in it. I'm getting a little smile. I think the deputy perhaps has seen these things before as well. But then again, it keeps us all employed, doesn't it? So that's probably a good thing.

Anyway, that's the stated goal. However, the Premier, I'm afraid, has been a little less than constructive in the handling of this issue. He has taken very much an adversarial approach. Early on, with the election of the government in Ottawa, he began hammering them in a very vociferous way, talking about a \$23-billion gap, which was very much a number that was picked out of the air. I think it rapidly became an \$18-billion gap. Now it's a gap that we're not talking about, as you mentioned to Howie, and we're trying to get that conversation on a more constructive level, which I'm sure would be an advantageous thing.

Over the period of time of the Premier's travels across Canada and much of the last winter, when this was the hot issue—not that it isn't now, but it was a much hotter issue then—I believe the Premier generated a lot of negative press and seems to have largely alienated many of his colleagues in other provinces. Mr. McGuinty's handling of this issue was supported by the staff of this ministry, of which he was leader at that time, and I'm

assuming he took their policy advice. Does the Ministry of Intergovernmental Affairs agree with the Premier and did it advise him to deviate from the stated goal, or was the Premier acting on his own during that period of time?

Hon. Mrs. Bountrogianni: I can begin to answer that question. First of all I just want to correct you on when the \$23-billion-gap campaign was launched. It wasn't this federal government; it was Paul Martin's Liberal government. In the first few months of negotiation with the federal government, there wasn't a campaign. We went out there with our facts, with what we knew was an unfair situation in Ontario, and it was ignored by Ottawa—a different government than the one now. Again the Premier, as Minister of Intergovernmental Affairs, launched the \$23-billion-gap campaign. It did get some attention. However, it did not get the results we wanted.

Having said that, just before the election we did get the May 2005 agreement with the former government that this government is promising to honour. This agreement is not a side deal. It's at the beginning of closing the gap. We didn't have, for example, a labour market training agreement, which most other provinces did, and we were the only province that didn't have—I think Nunavut was the only other one—an immigration agreement. I think Nunavut had two immigrants at the time. It's safe to say that we were the only province that didn't have an immigration agreement. That was reflected in the May agreement, as well as some climate change money, climate change funds, as well as some agricultural monies and some infrastructure monies and a couple of other things that unfortunately we haven't seen yet, but we have had the promise from the present government that it will be honoured.

With respect to trying to keep positive relationships, the Premier is incredibly polite wherever he goes and always has been. But at some point, when you are not being listened to the way you should be listened to, you have to get more assertive, and that's exactly what he did. In Montreal, for example, it was widely reported that he left the meeting angry. That wasn't true. I was with the Premier at the time. There were other Premiers who left before our Premier. That didn't get reported anywhere; it was just our Premier walking out of the meeting. In fact, other Premiers left, half of them left the meeting, then didn't stay for the next day, but it was reported that our Premier left. What can you do to control that kind of media attention? I don't know. All I can say to you, and I hope you take my word for it—I was there—is that the Premier didn't walk out angry. There was an issue here at Queen's Park he had to deal with, just as other Premiers had issues, and a few of them had to leave as well. I stayed behind and defended our position on not wanting equalization to increase. Again, it is not because I wanted to pick a fight with any of my colleagues or any of the other Premiers; it was to state Ontario's case.

I'm saying all this to say that nobody wants to pick a fight with any other Canadian politician across the country. When Ontarians' rights are being forsaken—

that's why we all get elected here: to stand up for them. We don't get elected to stand up for the federal government; we stand up for the people of Ontario. That is my call to arms to all of the MPs of all political stripes. I wrote each and every one of them a letter, and my parliamentary assistant, Dr. Milloy, has spoken to most of them on this issue one-to-one, in fact, and I thank him for that; lots of trips up to Ottawa on our behalf to make them understand the issue a little more clearly for Ontario. I have bumped into a number of government MPs at events, informally, who come up and ask me, "How is that going? Is there anything I can do?" which is great. Just like some of the federal Liberals before them when they were in government, that's the way to get to the cabinet of any government, as we know.

I think the Premier is a gentleman. I think he has done his best to keep his cool under fire and has been very graceful, but the other Premiers of course want to protect what they have, regardless of what the evidence shows.

Mr. Chudleigh: Your comments on the Ontario federal caucus, having been so strongly part of the government under the Liberal government: It was always beyond my understanding as to how that Ontario caucus couldn't get a better deal for Ontario when they dominated the government, fully over a third of their number under that government. We're not quite as strong under this government, but it's still significant.

Hon. Mrs. Bountrogianni: I think it proves that it's not a partisan issue. It's an Ontario issue; it's a federal-provincial issue. We keep coming back to what the logical conclusion is, and that is that we need a royal commission, without senators and politicians on the panel, to look at this objectively.

Mr. Chudleigh: The Premier went across the country to meet with his counterparts in, I believe, every province dealing with this issue prior to the Montreal meeting, I believe it was.

Hon. Mrs. Bountrogianni: It was after the Montreal meeting.

Mr. Chudleigh: After the Montreal meeting? I wondered at the time whether or not that was a wise move on the part of the Premier because it tended to, at all of those meetings—even though they're held in private, other Premiers can't help but comment on the conversation they had with the Ontario Premier. It seems to be particularly important for them to defend their provinces against Ontario, and they seem to take some glee in doing so. So it did point out the different positions that the provinces had across the country, none of them supporting Ontario's position in particular.

1410

Hon. Mrs. Bountrogianni: That's not entirely true. There were a few; they just don't get the media attention.

Mr. Chudleigh: Good point. But it did point out very clearly the provinces that did not agree with the Ontario position. Then, watching the situations over many, many years in observing politics, even before I was participating in it, you notice that Ottawa, regardless of the government in power, is absolutely excellent at finding

little differences between provinces' positions and taking advantage of that for their own uses. They weren't just little differences in this case; there were huge differences. Do you think that the Premier has made a solution to this problem far more difficult because of that trip? I expect you to say no, and I would like you to defend how that can be, because I think he has alienated some provinces and failed to find a consensus with a significant number of other provinces.

Hon. Mrs. Bountrogianni: I can say that things have actually improved since his tour after Montreal. I think that was probably the low point as far as other provinces not understanding Ontario's position, not only what happened in Montreal but how it was portrayed in the media. But as you just said, this isn't anything new. I sat on FPTs when I had bigger ministries. There was—and continues to be, I'm sure, to some extent—a misperception across the country on Ontarians' wealth. I remember sitting as children's minister—I'm not going to pick on any particular province or territory—and somebody saying, "You're lucky you have Toronto because it generates taxes for Ontario," in which case I said, "Actually, you're lucky we have a Toronto that generates taxes for all of Canada." So there is that perception.

Also, there is misperception on how equalization, for example, is distributed. So when the COF panel came back and said that the non-renewables should be included in the formula, people thought, "Great"—people who didn't know how it worked—"if that's counted, Alberta, which has so many resources, will pay more." Well, no, that's not true. Under the existing formula, if non-renewables are counted as part of a resource base, all that does is increase the average, which means Ontarians pay more. So again people were confused. They were saying, "What's wrong with having these resources included? That means rich provinces like Alberta will pay more," when in effect it will have Ontarians paying more.

We do our best to get that message out by having third parties acknowledge that and by getting out as much as we can in the media. I'm personally starting to see the tide turn, in that people are beginning to understand in their homes, in their schools, in their hospitals what we're talking about. I think that is the success of leaving the number campaign—the \$23-billion campaign. That was good as a start, but now we actually let people know how it affects them at home.

What the Premier did simply after the Montreal meeting was take that message across the country. If you follow the media reports—the editorials and so forth—after he left each province, it was much more muted and much less aggressive and negative toward Ontario than it was at the Montreal time, at the Edmonton time and so on and so forth.

This isn't a new problem. Every Premier in the last few governments has talked about this, but it's our responsibility as the government of the day, particularly since the gap has increased. Whether it's \$23 billion or \$18 billion, it's not \$2 billion anymore. When you have third party experts saying, "It's not sustainable and it's

going to get worse,” the Premier has a responsibility to get that message out. If that makes him unpopular in certain parts of the country, that’s something he has accepted, and I think to his credit. It’s not easy, doing what he’s doing.

Mr. Chudleigh: Certainly there are misconceptions about Ontario’s wealth, but Ontario’s wealth is indeed there in our per capita income. The wealth of this province is something that has been a boon to Canada as well as to the people of Ontario. Maintaining that wealth is a very careful balance between government programs and government expenditures and the ability of Ontario’s industries to compete.

Again, I’ve made myself clear on this a number of times in the House as to the competitiveness of Ontario’s industries and its standing on the edge of the precipice. Currently, I would say that our tax rates for our corporations and our businesses are becoming a threat to some of our “weaker” industries, not so much to our stronger industries which can survive a lot of those things.

It’s like when you travel, which you have done a lot of in this ministry, and I’m not sure how much time you get—I know that your appointments back up on each other on these trade missions—if you get a chance to see some of the poorer areas of the cities you visit. It’s always amazing to me, when we think of our poor in this country; I don’t think they know the meaning of the word “poor” when you look at other countries and examine the way that those people live. All Canadians certainly live in the top 10 percentile of the world’s wealthy in this time and place.

Thank you for the answer for that. I would agree with you that it’s a very difficult problem and it’s not one that’s going to be solved shortly.

You mentioned that we need a 1930s solution. History does have—well, you mentioned a royal commission.

Hon. Mrs. Bountrogianni: I don’t think we need a 1930s solution.

Mr. Chudleigh: A 1930s solution. That’s the way I put it.

Hon. Mrs. Bountrogianni: That’s what’s wrong with it.

Mr. Chudleigh: History has a habit of repeating itself.

Do you see anything in the immediate future that would lead you to believe there’s a possibility of a royal commission coming on this particular subject? You’ve been talking to your counterparts across Canada. Is there any agreement from anywhere that this is something that’s necessary?

Hon. Mrs. Bountrogianni: Ultimately this would be the federal government’s decision. So far they are saying that no, they don’t see the need for it. But again I appreciate their task, and I appreciate that they’re a minority government.

I have heard some rumblings or some messaging from the federal Liberal leadership campaign candidates. A couple of them have said that this needs to be studied. There’s hope that in the future, if there is a change of government, perhaps this could happen. And if there is a

change of government and if we are still the government, we will continue to stand up for Ontario and ask for this.

Mr. Chudleigh: Nothing from any other provinces?

Mr. Mendelsohn: Manitoba has supported the call, and British Columbia has not officially come out and said they support this, but Premier Campbell has said he thinks that the whole fiscal architecture needs fundamental reform and a fundamental rethink that can’t be done over the next six months. There are certainly Premiers of provinces who agree that one has to think about how we redesign all of this money that gets sloshed around the country for a variety of programs, sometimes with little accountability and transparency and with very arcane formulae. At least one province has officially said that they support a commission.

Hon. Mrs. Bountrogianni: Actually, it’s not always Ontario against the world. Sometimes other provinces are in conflict with other provinces over the same issues: Saskatchewan versus Alberta, for example.

Also, at St. John’s it was more than just one or two provinces that were ready to listen to Ontario and Ontario’s case, but there was very strong rejection from a couple of the provinces.

Mr. Chudleigh: Quebec has been supportive?

Hon. Mrs. Bountrogianni: Quebec was the one that came out against Ontario in St. John’s on this.

Mr. Mendelsohn: British Columbia, Alberta and Ontario agree on many issues related to fiscal architecture, so Ontario certainly isn’t isolated on this.

Hon. Mrs. Bountrogianni: Actually, Newfoundland was very supportive as well in St. John’s. They were trying to be good, diplomatic hosts, I guess, but they were willing to listen, and a couple of other provinces were too.

Mr. Chudleigh: As long as you don’t touch their natural resources.

Hon. Mrs. Bountrogianni: There you go.

Mr. Chudleigh: Mr. Chairman, I think I’m coming to the end. I must be near the end of my 20 minutes.

The Chair: You have 10 minutes remaining, and that would complete our agreement of the time allocated for this ministry, Mr. Chudleigh.

Hon. Mrs. Bountrogianni: I thought there was more than 20 minutes gone by.

Mr. Chudleigh: We were having such a good time.

I’m just reviewing my notes, and I think we’ve covered most of this. Thirty-nine per cent and 43%: We covered that. The health transfers and the social transfers: We covered that. Sorry, I got absorbed in our conversation. I didn’t do my notes. Mr. Chairman, I think I’m finished.

The Chair: Thank you very much, Mr. Chudleigh. By agreement, we seem to have come to that point when we have completed the estimates. Minister, customarily I afford the minister two or three minutes to wrap up with a closing statement, if you would like. I personally, on behalf of the committee, would like to thank you and your staff for being here. On a personal note, your timely response to questions: It’s very refreshing for this committee to have that level of co-operation, so I wanted

to put that on the record. It is very much appreciated. Our legislative researcher has documented those outstanding requests for information, and if we could get those in a similar fashion we'd be thrilled.

Mr. Chudleigh: I was very pleased to get Ange's job back. Thank you, Minister.

The Chair: Minister?

Hon. Mrs. Bountrogianni: I just want to thank the committee. Being called to estimates is a great way to learn about your ministry, perhaps details that you would not otherwise have time to learn.

I also want to thank my ministry. I really work with a great group of people. My parliamentary assistant, John Milloy, and my political staff, especially Eric McGoey and my EA, Jodi Melnychuk, have been amazingly helpful in this. We will attempt to get those questions answered for you very quickly so we can keep our stellar reputation in your minds. Thank you.

The Chair: Thank you very much, Minister. So, members of the committee, if we're ready, shall vote 1501 carry? All those in favour? Opposed, if any? That is deemed carried.

Shall vote 1502 carry? All those in favour? Opposed, if any? That is deemed carried.

Shall the estimates of the Ministry of Intergovernmental Affairs carry? All in favour? Opposed? Carried.

Shall I report the estimates of the Ministry of Intergovernmental Affairs to the House? In favour? Opposed? That is carried.

We will reconvene tomorrow morning at 9:00, at which point we will begin seven and a half hours of the Ministry of the Environment. This committee stands adjourned.

The committee adjourned at 1423.

CONTENTS

Tuesday 12 September 2006

Ministry of Intergovernmental Affairs	E-447
Hon. Marie Bountrogianni, minister	
Mr. Matthew Mendelsohn, deputy minister	
Dr. Roy Norton, executive director of international relations and chief of protocol	
Mr. Michael Kurts, assistant deputy minister, Canadian intergovernmental operations	
Ms. Wendy Noble, assistant deputy minister, intergovernmental policy coordination	

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr. Cameron Jackson (Burlington PC)

Vice-Chair / Vice-Président

Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge L)
Mr. Bob Delaney (Mississauga West / Mississauga-Ouest L)
Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)
Ms. Andrea Horwath (Hamilton East / Hamilton-Est ND)
Mr. Cameron Jackson (Burlington PC)
Mr. Phil McNeely (Ottawa–Orléans L)
Mr. John Wilkinson (Perth–Middlesex L)
Mr. Jim Wilson (Simcoe–Grey PC)
Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Ted Chudleigh (Halton PC)
Mr. Howard Hampton (Kenora–Rainy River ND)
Mr. John Milloy (Kitchener Centre / Kitchener-Centre L)
Mr. Lou Rinaldi (Northumberland L)

Clerk pro tem / Greffier par intérim

Mr. Douglas Arnott

Staff / Personnel

Mr. David McIver, research officer,
Research and Information Services