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Mercredi 13 avril 2016

Standing Committee on Estimates

Comité permanent des budgets des dépenses

Ministry of Finance

Ministère des Finances

Chair: Cheri DiNovo
Clerk: Eric Rennie

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Wednesday 13 April 2016

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The committee met at 1546 in room 151.

MINISTRY OF FINANCE

The Chair (Ms. Cheri DiNovo): Welcome. Good afternoon, everyone. We are here to resume consideration of vote 1201 of the estimates of the Ministry of Finance. There is a total of six hours and 30 minutes remaining. When the committee was adjourned, the New Democratic Party was about to start their 30-minute statement.

Just a bit of housekeeping before we start that: From now on, estimates will be held in this room; it has been sorted out with the other committee.

Ms. French, it's over to you.

Ms. Jennifer K. French: Thank you very much. I am certainly pleased to have this opportunity to ask some questions specific to my portfolio, which is pensions.

I'd like to start us off, if I can, on the Ontario Retirement Pension Plan, specifically on eligibility. Minister, I did write to the Premier shortly after the exclusionary rules were introduced in August. I actually didn't receive answers to any of my questions so I'd like to ask you those questions now.

We know that investment assets are vulnerable to a number of factors, including the number of people contributing to the plan and the number of people receiving benefits, and we know that the greater the number of people in the plan, the stronger the pool of capital.

In December 2014, the ORPP consultation paper stated that your government's preferred approach was "restricting the definition of 'comparable' plan to only DB plans...." That definition was then broadened in August 2015 to include defined-contribution plans with the intention "to develop an appropriate comparability threshold for" pooled registered pension plans as well.

At that time your press release said, "Our goal is for every employee in Ontario to be part of the ORPP or a comparable workplace pension, by 2020." However, if we fast-forward to January 2016, the government's press release at that time read, "Today's announcement brings the government closer to achieving its goal of ensuring that every eligible Ontario employee is part of the ORPP or a comparable workplace pension plan by 2020."

The government has admitted in black and white that not every Ontario employee is considered eligible. This is not including those in comparable workplace pension plans. My question: Minister, will seasonal workers be considered eligible for the ORPP?

Hon. Charles Sousa: I think it's well defined in the act that's coming forward. The CPP has some exclusionaries for religious issues, I believe it is, and those are the ones that we've identified. In terms of seasonal employment, there is a threshold—I think the minimum is $3,000 a year.

Ms. Jennifer K. French: Okay. What about independent contract workers?

Hon. Charles Sousa: Self-employed people have some exclusionary issues. I think that's also in tandem with the CPP. But, for all intents and purpose, if they're working for the same contractor, they would be subject to eligibility.

1550

Ms. Jennifer K. French: Okay. What about those workers who are not considered an employee under the Employment Standards Act?

Hon. Charles Sousa: We have our resident expert on the ORPP. Do you have an answer, Mitzie Hunter, on this particular issue, which is the exclusionary items for respective employees on the ORPP and one being—just now?

Ms. Jennifer K. French: Workers who are not considered an employee under the Employment Standards Act.

Hon. Mitzie Hunter: Our goal is to ensure that every worker in the province of Ontario is either in a comparable workplace pension plan or the ORPP by 2020. We are working towards that goal. We're phasing in employers and employees starting in 2018 in terms of contributions. Where there are areas with restrictions under the Income Tax Act, we have to respect those restrictions. At the same time, we are approaching the federal government in terms of meeting our goal, which is to ensure that everyone is covered under either the ORPP or a comparable workplace-based pension plan.

We are very committed to ensuring that there's adequacy and coverage when it comes to retirement security in Ontario.

I understand there was a question with respect to agricultural workers, and I'm happy to have our associate—

Hon. Charles Sousa: That's the question right now.

Ms. Jennifer K. French: Well, I'm pleased to hear you saying "every worker." As I was pointing out, originally you'd said "every employee," and then "every eligible" and now I'm hearing you say "every worker."

Hon. Mitzie Hunter: It's every worker. Our commitment and our goal here in terms of establishing the Ontario Retirement Pension Plan—and this is a priority of our government and a commitment that we've made—is for all workers in Ontario to either be enrolled in the ORPP or a comparable workplace-based pension plan by 2020.

Ms. Jennifer K. French: If you would like me to repeat the earlier question just so you know what the minister answered, if you wanted to weigh in, I had asked, "Will seasonal workers be considered eligible?" I had asked about independent contract workers, and then the last one was those who are not considered employees under the Employment Standards Act. Will they be eligible?

Hon. Mitzie Hunter: I'll let the associate deputy—

Interjection.

The Chair (Ms. Cheri DiNovo): Excuse me. Mr. Thompson, could you introduce yourself before you begin to speak?

Mr. Scott Thompson: Of course. I apologize. Scott Thompson, Deputy Minister of Finance. Thank you, Chair.

Just to hum a few more bars on the "everybody" approach, because that is the goal—there are some hurdles, though, in terms of self-employed and employees of federally regulated entities. We'd like to work with the federal government to get those exclusions addressed so that those two categories of employees could also be included, but we don't have the authority to do that just on our own. We would need to get the federal government to assist us on that.

Ms. Jennifer K. French: Okay.

Mr. Scott Thompson: Is there a specific example of somebody excluded from the Employment Standards Act?

Ms. Jennifer K. French: I don't have a specific example, but an employee who isn't—a worker who is not considered an employee under that.

Interjection.

The Chair (Ms. Cheri DiNovo): Again, might I remind you to—

Mr. Mahmood Nanji: Mahmood Nanji. I'm the associate deputy minister of finance responsible for the ORPP.

The workers who would not be eligible or subject to the Employment Standards Act would be federally regulated workers. That would be one category of workers. As the ministers have indicated, pending approval from the federal government, the desire is to include those in there.

The Canada Pension Plan has specific exemptions for certain types of workers. For example, when individuals go overseas to teach English, they are excluded from that. Seasonal workers who make less than $250 are excluded from that. The intent of the ORPP is to parallel all of those exemption categories.

Ms. Jennifer K. French: Thank you. Based on your latest definition of "comparable pension plans," can you tell me how many Ontarians will be excluded from the ORPP?

Mr. Mahmood Nanji: Excluded?

Hon. Charles Sousa: The intent is to have everyone covered by some form of workplace pension that's comparable to the ORPP.

Ms. Jennifer K. French: Right.

Hon. Mitzie Hunter: We know that two thirds of Ontario workers don't have a workplace-based pension plan. When we look at younger workers, in fact, 75% of young workers are not part of a workplace plan.

Ms. Jennifer K. French: Right. But that's who you're looking to include.

Hon. Mitzie Hunter: So our goal, as we've said, is, by 2020, to have all workers in Ontario either part of the ORPP or a comparable plan, with the limitations that the associate minister and the deputy minister have talked about. We are seeking to address those limitations. We have to work co-operatively with the federal government to adjust the ITA rules in order to have federally regulated employees enrolled and make those adjustments, but our intention is to have all workers who need a plan in the ORPP.

Ms. Jennifer K. French: We've had an evolving definition of what comparable would be. Early on in your discussion paper, there was a goal—you know, comparable at that time was hopefully going to just be defined-benefit. That has shifted. There are more now that will be in what is considered by this government a comparable plan. So when we look at what would fall under that comparable, and therefore exempt, umbrella, what numbers are we talking about? How many Ontarians are in what you would consider comparable plans? As you're looking at things like PRPPs and all of that in terms of what you are proposing as comparable, how many are not going to be eligible for this plan that are under comparable plans?

Hon. Charles Sousa: So how many would be comparable under a mandatory PRPP or a substantive DC plan—

Ms. Jennifer K. French: When you add up your DBs and your comparable DCs and PRPPs, how many are we talking?

Hon. Mitzie Hunter: So I think this is a great opportunity to really talk about what comparable means and why we came up with that approach. You're right: Our approach was intending to consult with Ontarians to talk about the implementation of the ORPP. I went out a year ago with a consultation paper—

Ms. Jennifer K. French: I know; I was there. I crashed at least one.

Hon. Mitzie Hunter: You were there. I believe that was the Kingston consultation. We heard very clearly that retirement security is a challenge and that we need to ensure that people retire with enough income, and that's income for life. What we recognized is that there are very solid defined-benefit and defined-contribution plans out there. This was done through analysis, and through talking with those employers and employees as well, in terms of the value of those plans.

We have come up with a test. In fact, we will have a verification process—

Ms. Jennifer K. French: Are you still determining what comparable is going to be?

Hon. Charles Sousa: No, no.

Hon. Mitzie Hunter: No, we have a test, and I can go through what that test is. For defined-benefit plans, it's an accrual rate of 0.5%; for defined-contribution plans, it's 8% contribution, with at least half of that coming from the employer. Also, for multi-employer pension plans, they would have the choice as to which of those tests they would use.

Ms. Jennifer K. French: So for something like a PRPP that doesn't even exist yet, to have any kind of level of those comparable, what does that look like?

Hon. Charles Sousa: It would be a mandatory form. It has to be a registered plan and it would have to have at least 8% contribution.

Ms. Jennifer K. French: So when you look at the pension landscape—well, I would argue that a PRPP is not a pension, but if you look at the comparable vehicle landscape, how many Ontarians would you add up and estimate will be considered comparable and not eligible for participation in the ORPP? And then I have great questions on design and delivery I'd like to move on to.

Hon. Charles Sousa: The premise of the question, though, is that 100% of those workers would have some form of a pension plan, of which 60% or so do not now have one. Those who do have one is your question. Of those who do have one—

Ms. Jennifer K. French: How many?

Hon. Charles Sousa: How many? All right.

Mr. Scott Thompson: So we would have to—mostly on the DC side, because that's probably where there's going to be more judgment as to whether the DC is comparable or not. We have to do some work on identifying what those are and what their benefits are, but a rough estimate would be a little less than a million. So if you're asking how many individuals are in plans that are considered to be comparable, somewhere south of a million.

1600

Hon. Mitzie Hunter: I do want to say, if I may, that we will ensure that all employers undergo a verification process to determine the nature of the plans that they have and to ensure that that comparability lens is applied. Because, as I said, our goal is to ensure that all workers are covered for retirement security, either through the ORPP or through a comparable plan, as based on the tests that we've just discussed.

Ms. Jennifer K. French: Okay. I have a couple of questions about design. You've mentioned the CPP a couple of times. As I recall, originally you had said that the ORPP would be modelled after the CPP, or would be designed in such a way that it could fit together with it or whatever. But it was a different place than where we are now, which is that it seems you're literally flipping that around. We're talking about having the CPP expansion perhaps be modelled after the ORPP.

According to the 2016 budget, page 151, "The province's extensive consultations in developing the ORPP have helped to inform Ontario's view that a CPP enhancement must be timely and provide a level of adequacy and targeted coverage that is consistent with the ORPP."

Anyway, that was a bit of a surprise that it was the flip there. What effect will the exclusions that we've just talked about have on a future CPP expansion, and will an enhancement of the CPP also start leaving certain groups of Canadian workers out?

Hon. Charles Sousa: Obviously, we want to accommodate all workers in Ontario. The issue that has arisen as a result of the consultations made by Associate Minister Hunter and others is that too many don't have the pension that would even be accommodated by an enhancement to CPP. We have indicated through these consultations that a greater need exists and that those who don't have a pension plan need some form of greater relief.

The ORPP is a much more substantive supplementary plan than that which has been proposed in the past for an enhanced CPP. We're going down both tracks, recognizing that what we're offering as a result of our consultations is more wholesome than a CPP enhancement.

Hon. Mitzie Hunter: We're looking to supplement the Canada Pension Plan. The average in Ontario is around $6,900 that people receive from the CPP, which is simply inadequate. The maximum is $12,500. The ORPP, with a contribution of 1.9% each from the employer and the employee, is targeting to replace 15% of pre-retirement income. Together with CPP at around 25% and an ORPP, people will have a very strong retirement income savings floor from the benefits that they receive from the ORPP and the CPP together.

Our expression in the budget is that we're participating very fully in those discussions in terms of CPP enhancement. In fact, one of the core pillars of our government is to ensure that we have strengthened retirement security in this province for workers. Our conversation with CPP is to ensure that that work we've done on retirement security is part of the consideration.

In terms of adequacy, ensuring people have a strong retirement income savings floor is something that's very important to us. We want to see that achieved—that's the 15% for retirement income replacement. In terms of coverage, we know, through our analysis of the pension world, that there are very strong pension plans that do exist and that are delivering that coverage already.

Ms. Jennifer K. French: As you're working with your federal counterparts and you were having pension conversations—that part's good. But in terms of CPP enhancement, I read the budget correctly that it is your view that it should be targeted coverage as opposed to expansive, that it would be sort of a two-tiered, much like this is: that you have comparable and exempt when you have those who are covered, and you're looking to affect the CPP enhancement in such a fashion?

Hon. Mitzie Hunter: Yes, and those discussions—you might want to expand on those—are just now under way. Ontario is participating in those discussions. We don't have a model yet that we can react to, but we certainly want to bring all of the lessons that we've learned as we've been going out and doing consultations. We received 1,000 responses to our consultation paper in written submissions alone. We want to make sure that we inform that process with what we've learned.

Hon. Charles Sousa: In 2013, we did have a session with the federal-provincial-territorial meeting regarding security enhancement, which Ontario brought forward together with the council to foster a CPP enhancement solution. It didn't fly in 2013.

In our most recent meetings, other provinces were more hesitant with a CPP enhancement. As a result, we've made it clear that we are proceeding with the ORPP. We'll provide forward a solution that would work in Ontario. It would be a platform that could be used by other provinces as well. We are still engaged and willing to provide a national solution with the federal and other provincial ministers.

Ms. Jennifer K. French: But where we have CPP and a universal plan versus this, which is—

Hon. Charles Sousa: It's a targeted plan.

Ms. Jennifer K. French: —so not a universal plan. Now, to design that expansion, in keeping consistent with the ORPP, as you put it—I just want to be clear that—

Hon. Mitzie Hunter: But you know, I think that—

Ms. Jennifer K. French: I would also like to move on to some of the specifics.

Hon. Mitzie Hunter: Sure, and I think that what's important in terms of our goal of ensuring everyone has an adequate pension plan is it's something that Ontario is committed to. The ORPP will enroll 450,000 employers. Four million Ontario workers will be members of this plan, with contributions annually of around $6 billion when the plan is fully in place. We know that people need retirement security; they need adequacy in retirement. That is the intention of this particular plan.

Hon. Charles Sousa: And we'll continue to encourage a CPP solution.

Ms. Jennifer K. French: Okay. In terms of delivery, like in last year's budget, the 2016 budget states on page 148 that the administration of the ORPP may be delivered using third-party delivery partners.

I would ask if the minister can confirm whether the ORPP will be privatized, and also, can you update us on where the government is in this process?

Hon. Mitzie Hunter: Sure, so—

Hon. Charles Sousa: Go ahead.

Hon. Mitzie Hunter: We've actually established the Ontario Retirement Pension Plan Act. That was passed last summer and set up the corporation. We have an initial board of directors chaired by Susan Wolburgh Jenah. Murray Gold and Richard Nesbitt are on that initial board. It is arm's length from government. The purpose of the ORPP AC is to provide the administration for the plan, including benefits as well as managing the funds. So it will be a professionally managed, board oversight organization.

Ms. Jennifer K. French: In terms of admin, but then the delivery side?

Hon. Mitzie Hunter: It's actually responsible for both in terms of the collection of contributions as well as the investments of those funds and the payment of benefits once that begins in 2022.

We were committed to this. We also passed, as you know, the framework legislation, the ORPP administrative act, 2015, which outlines the fact that we want to ensure that we have a sustainable plan and that these funds are held in trust for the members of the plan. It is important that we have a plan that is as efficient and effective as possible in terms of its administration.

We're, in fact, working together with the federal government to talk about data sharing and plan registration, and also to talk about options for working together on administration as well. We are looking at third parties as well. We have great public sector pension plans right here in Ontario. We have a lot of pension and financial services expertise that we want to build on and bring that knowledge into the ORPP as we set up this plan. So it is an arm's-length agency that will be responsible for those areas of administration and investment, as well as contributions collection.

1610

Ms. Jennifer K. French: Chair, how much time do I have left?

The Chair (Ms. Cheri DiNovo): You've got about seven minutes.

Ms. Jennifer K. French: Wow, okay. So we're going to move faster.

Underfunding DB plans: If we were looking at the 2014 Auditor General's report—I'm hoping that you guys have taken the AG's recommendations, so I have a few questions.

"For the pension plans to pay" retired members' benefits, "the assets of the plan must be sufficient to meet ... pension liability....

"A defined-benefit pension plan has a solvency deficiency ... when it is underfunded and does not have enough in assets to pay its pension liability if the plan were to wind up immediately....

"FSCO prepares a monthly internal solvency watch list report that lists all defined-benefit pension plans with solvency concerns...."

Based on the latest quarterly update from FSCO—December 31, 2015—we know that only 8% of plans had a solvency ratio greater than 100%, meaning that about 92% of defined-benefit plans still have a solvency deficiency. This is also similar to the percentage reported back in 2013.

Can the minister provide us with the total underfunding value, as well as the breakdown by pension plan type?

Hon. Charles Sousa: FSCO does provide that. There are some that are more at risk than others, depending upon the degree of insolvency. I can go back and determine if we can get those numbers for you.

Ms. Jennifer K. French: Okay. How many active and retired members are affected by the solvency deficiency?

Hon. Charles Sousa: I'll get those exact numbers. But we do have accommodations. We're dealing with all of those that are affected. There are about two or three that we're trying to resolve right now.

Ms. Jennifer K. French: Thank you. By the end of 2015, 65% of defined-benefit plans in Ontario have solvency concerns.

Hon. Charles Sousa: Say again?

Ms. Jennifer K. French: Less than 85%.

Hon. Charles Sousa: Yes. The effects of the market that have occurred of late, including WSIB, have now returned to stronger positions, similar to some of these other pension plans that you've cited. They are having recovery.

Ms. Jennifer K. French: Well, yes. Based on the numbers that I have here, there are approximately 1,300 defined-benefit pension plans. Of those, 845 pension plans have solvency concerns.

Hon. Charles Sousa: We might have these answers for you right now.

Ms. Jennifer K. French: Okay. I have a whole whack of—whoops! Throwing things around.

What I'd like to know is: How many active and retired members does that represent? What's the total amount of the underfunding? Then I would like to know the specific breakdowns of how many defined-benefit plans have solvency ratios that are equal or greater than 0.7. There's a chart. We'd like to find out who we're talking about—how many plans and how many people are affected; real numbers.

Mr. Scott Thompson: So why don't I ask Leah and Brian to give you a summary? We're not going to have those exact numbers with us today—

Ms. Jennifer K. French: That's fine.

Mr. Scott Thompson: —but we will go away and look at what we have and what we can give to you.

It's also important to note, as the budget pointed out, that we're looking at solvency. We have David Marshall appointed to look in more detail at our solvency rules in an official review.

But as far as your more specific questions about active and retired members and types—

Ms. Jennifer K. French: I'm happy to have that addressed later, if we can, if you don't have the specific numbers now. It's more to the point that we want the human numbers.

Mr. Scott Thompson: Just to make the most productive use of our time, maybe Brian could at least help to understand exactly what you're requesting so that we can tell you what exists and what doesn't.

Introduce yourself, Brian.

The Chair (Ms. Cheri DiNovo): Yes, please. Thank you.

Mr. Brian Mills: Is it on now?

Mr. Scott Thompson: Yes.

Mr. Brian Mills: It's Brian Mills. I'm the CEO and superintendent of financial services at FSCO.

Ms. Jennifer K. French: Hi.

Mr. Brian Mills: Hi. We've met before.

Ms. Jennifer K. French: I was going to say.

Mr. Brian Mills: We produce an annual DB funding report, which will be released in the next week, so it may be released in public by the time we meet next week. A lot of the information that you've talked about and asked about will be available in that report.

Ms. Jennifer K. French: Okay, great. I'm going to move through this. You might want to stay there, because I've got a couple more questions for you.

"FSCO does not make public its solvency watch list, even in summary form. FSCO senior management told" the Auditor General "that because the Pension Benefits Act does not explicitly state that names and details of pension plans with solvency deficiencies should be reported publicly, it has not made a practice of doing so."

I'm asking if the minister will commit to making the solvency watch list public.

Hon. Charles Sousa: So what do we do?

Mr. Brian Mills: We do not publish that information. That information is particular to individual plan members who are participants in those pension plans. Therefore, they get that information because they're participants in those pension plans. It is available to them; they get it through annual members' statements. That is available to them so that they know the financial situation. In fact, the government recently introduced, a couple of years ago, the transfer ratio, which is really the windup ratio of the pension plans. That is provided to all members through their annual pension statements so they know the status of their pension plans every year and whether it has improved or not improved.

Hon. Charles Sousa: And when we make some conditions respecting those pension plans, it is communicated to the beneficiaries. It's their privacy issues that we're trying to resolve.

The Chair (Ms. Cheri DiNovo): I'm afraid you only have about a minute to wrap up.

Ms. Jennifer K. French: Ah, okay. Time flies when you're having fun. Gosh, prioritizing—so many.

The Auditor General recommended that FSCO conduct an analysis on the rise of underfunding. Without giving all the background, has this analysis been completed by FSCO? If so, can you share the findings with the committee?

Mr. Brian Mills: Actually, we are currently working on that analysis. The target date we gave—it was actually to this standing committee—was September of this year.

Ms. Jennifer K. French: Okay, thank you.

We see a lot of things happening with the Office of the Superintendent of Financial Institutions. They have a five-stage rating system. Are there any plans to mirror federal practices? I'm jumping all over the place because I have less than a minute—sorry. Limited powers of the superintendent of FSCO: That's what we're talking about. Are there any plans?

Hon. Charles Sousa: We are doing a review of FSCO, of DICO and of some of our agencies. They're well aware of some of that work that's being done. We have recommendations that are coming forward that address and recognize that we want to maintain the integrity and the transparency of the work that FSCO does do. We want to ensure that that is abided by.

The Chair (Ms. Cheri DiNovo): I'm afraid that your time is up, Ms. French. We now move back to the minister, who has 30 minutes.

Hon. Charles Sousa: Thank you, Madam Chair, and thank you to the committee members again for the opportunity to address you this afternoon.

In the 2016 Ontario budget, we outlined the next steps in our government's plan to grow our economy and create jobs while eliminating the deficit. Ontario's plan has been long in the making. We continue to chip away at the deficit and exceed our targets. Now we're in the home stretch, and I'm pleased to say that Ontario will balance the budget in 2017-18.

The main benefit from a growing economy is more high-value jobs. Our economy is doing a little better than other regions. We're expecting real GDP growth to continue this year at about 2.2%. Our unemployment rate has also improved relative to the national average. That's because small and medium-sized enterprises punch above their weight and have contributed more.

Between 2010 and 2014, the rate of increase in employment by small and medium-sized enterprises was twice that for large companies. More than 610,000 net new jobs have been created since the depths of the global recession, and we expect 320,000 more jobs over the next three years. That would bring the total new jobs created to more than 900,000 in 10 years. We're proud of that.

But we're cautious and we recognize the uncertainty that Canada and the rest of the world are facing. That said, we're seeing improved economic growth in the US, lower oil prices, a more competitive Canadian dollar and, of course, low interest rates. All these factors are currently favouring our provincial economy. These projections are based, as you can appreciate, on independent forecasters, who, in fact, expect Ontario's growth to continue beyond 2016.

However, we know from experience that the global economy can turn quickly. We can't trust that fair economic winds will always remain, so we must chart our new course and stick to it, a course that we've laid out in the 2016 Ontario budget after extensive consultations with the people of Ontario. In fact, we conducted pre-budget consultations across the province. This included 20 in-person pre-budget sessions in 13 cities with more than 700 people. It included two telephone town halls reaching more than 52,000 Ontarians, it included receiving 500 written submissions and it included online consultations with more than 6,500 users through our Budget Talks website. Ontarians let us know how they felt about the subjects that mattered most to them, like jobs, education, health care and the environment.

So we have charted our course. We took into consideration the reviews and submissions made to the finance committee and the consultations that I had with the members around this room. The 2016 budget includes a number of those key actions to keep us on track.

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In the 2016 budget, we renewed our commitment to ensure Ontario's dynamic and innovative business environment.

Ontario has become the top destination for foreign direct investment in all of North America, beating out California, Texas, New York and every other province. That's not by accident, because we've kept taxes competitive. We've cut the marginal effective tax rate on new business investment in half. We've reduced our corporate income tax, noting that the combined CIT rate is lower than the comparable rate in any of the US states.

We're also lowering the costs of doing business by reducing red tape and lowering electricity costs through initiatives like the industrial conservation initiative, which we expanded last July. This should help more than 280 of Ontario's largest energy consumers save about 25% on their electricity bills. With the elimination of the debt retirement charge on April 1, 2018, for commercial, industrial and all other users nine months earlier than previously estimated, this will further reduce electricity costs.

We must always look for new ways to help our businesses be more productive. Maintaining a dynamic business environment is key. It's also worth noting that for the fourth year in a row, the C.D. Howe Institute has recognized Ontario as one of the leading jurisdictions in Canada when it comes to fiscal accountability.

Ontario has just received an overall grade of A minus for its transparent presentation and explanations of financial results. We rank among the best in forecasting spending, reflecting low bias and high accuracy in expense projections. Regarding revenue, Ontario has the lowest forecasting bias of all jurisdictions.

Ontario continues to act on opportunities to further strengthen government transparency, financial management and fiscal accountability. To help make the fiscal plan a reality and to deliver programs and services through enhanced stewardship of public funds, the government will continue to build on its proven track record of responsible fiscal management and will balance the budget by 2017-18.

Here are some steps we're taking. We're investing in regional development funds to encourage local companies to be more innovative. We're embracing the sharing economy, from source capital to disruptive services in traditional business practices. This emerging sector's potential is huge for economic growth, innovation and productivity.

That's why we also announced the Business Growth Initiative. This five-year, $400-million investment will support further scaling up of businesses. The BGI focuses on modernizing business regulations, continuing to lower business costs and helping turn our firms into global industry leaders.

As part of this initiative, we launched the Red Tape Challenge, which includes an online consultation tool to engage the public and stakeholders about the regulatory challenges that obstruct businesses. People across Ontario will be able to help identify and eliminate regulatory duplication, lessen compliance burdens, shorten response times and make it easier for businesses and citizens to interact with government.

The Red Tape Challenge will focus on six business sectors over the next two years. It has already started with auto parts manufacturing, and then will focus on food processing, financial services, mining, chemical manufacturing, and forestry.

This program will also help deliver on Ontario's commitment through the Business Growth Initiative—an initiative that will help foster an innovative and supportive business environment, as I've said, but develop modern, outcome-focused and evidence-based regulations, while protecting environmental and health standards and enhancing worker safety.

I encourage everyone to have their say to identify and eliminate unnecessary regulatory burdens. We'll make that access even more effective because we want to hear from Ontario businesses on how we can further cut red tape, reduce costs and make it easier to do business, especially so that they will continue to invest more to grow our economy and create jobs for more Ontarians.

We know first-hand that our businesses' greatest need is a skilled workforce. We also need a talented workforce to innovate, compete and succeed. Seven out of 10 new jobs in Canada are in high-skilled or management occupations, and that requires higher education and specialized skills.

To succeed, Ontarians need access to post-secondary education. While our province has one of the highest post-secondary attainment rates in the world, we're taking steps to do even better by making post-secondary education more affordable. This is one of the highlights in our 2016 budget. We're transforming student financial assistance. Ontario is making college and university more accessible and affordable for low- and middle-income students across Ontario through the single largest modernization ever of the Ontario Student Assistance Program.

We also announced in the 2016 budget that the government will create a single, targeted, non-repayable grant, the Ontario Student Grant, starting in the 2017-18 school year. The changes to OSAP will make average tuition free for more than 150,000 eligible low- and middle-income students across the province, and they will reduce the cost for many more by:

—providing the majority of eligible students whose parents earn the median annual income of $83,300 or less with enough in grants to more than cover their tuition costs;

—eliminating provincial student loan debt for eligible students whose parents earn less than $50,000; and

—ensuring that no eligible student receives less non-repayable aid through the new grant than they currently do through the 30% Off Ontario Tuition Grant.

Students and families will have the continued benefit that they've had before, and more. We're giving more for those students most in need. We're taking away the sticker shock to enable more students to recognize that it's not beyond their reach. It is our hope that it will be oversubscribed so that more students can access post-secondary. All students will receive the same level of support, or more, as they do now under the current Ontario Tuition Grant.

Bottom line: We will all enjoy a more educated and productive workforce. In that way, transforming student assistance will benefit our businesses.

Another important issue we must consider and we've talked about: retirement security. We know that many Ontarians are not saving enough, and many don't have a workplace pension to provide a financial cushion in their retirement years.

The Ontario Retirement Pension Plan will help reduce the retirement savings gap. It not only helps Ontarians save more for retirement; it also adds billions of dollars to our economy.

We also heard from businesses that they want more time to prepare for contributions, and we listened. We're moving the contribution date for large companies to 2018 while maintaining the enrolment date as of January 2017. It further provides us more time to work collaboratively with the federal government and the provinces and territories to seek a national solution through the CPP. Either way, we will ensure that by 2020, all eligible Ontario workers will be covered by a comparable workplace plan or by the ORPP.

Ontario's budget 2016 also builds on our recent trade missions to China and India. In her most recent trips to India and China, the Premier and business groups signed more than 100 agreements and MOUs valued at $2.8 billion. That's expected to create more than 1,800 jobs in Ontario. These agreements not only benefit our economy; they send a clear message that the world is welcome here in Ontario, that we want them to set up and expand their businesses right here in Ontario. In fact, our well-diversified economy has been able to weather economic storms and foster greater growth opportunities than anywhere else.

Fighting climate change is also one more issue that we're facing head-on. We know well that climate change will cost our economy and businesses if we do nothing. It's not a distant threat; it's already costing Ontarians. It's costing by increased insurance rates, higher food costs and more weather-related damage.

The Organisation of Economic Co-operation and Development estimates that global annual GDP will suffer by up to 3.3% by 2060 if climate change is left unchecked. Ontario already took action by moving towards a low-carbon economy a decade ago, when we achieved North America's single largest greenhouse-gas-reducing initiative by closing down our coal-fired power plants. In 2005, we had 53 smog days. After closing our last coal-fired power plant in 2014, the total number of smog days in Ontario was zero—none.

The global economy is moving to fight climate change. The world is heading towards pricing carbon.

This can be a challenge for some businesses. Those who do not act to reduce emissions will be faced with additional costs. But taking early action and providing allowances under our cap-and-trade program can help Ontario businesses overcome this transition and thrive in the new low-carbon landscape.

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The system rewards innovative businesses and households who invest in clean technologies. Following its first auction in 2017, the cap-and-trade program will deliver up to $1.9 billion a year in proceeds to be invested exclusively in green projects that further reduce emissions.

This is not the only way we're helping companies go green, mind you. We've launched the $325-million Green Investment Fund to spur investment and innovation in clean-tech solutions and to help provide solutions to large emitters that face barriers in reducing greenhouse gas emissions to become more efficient, setting them up to succeed in the world's new, low-carbon economy. We're helping them get up to speed prior to the introduction of cap-and-trade.

In 2013, our government introduced the largest public infrastructure investment in Ontario's history—$130 billion over 10 years, and we're making progress on that investment. In fact, our infrastructure program now stands at around $160 billion over 12 years, which represents the largest investment in public infrastructure in the province's history. This investment will make Ontario more competitive, enabling goods to access markets more quickly and move people more safely. It also stimulates economic growth and creates jobs for today and tomorrow with over 110,000 more jobs on average per year.

A September 2015 report by the Broadbent Institute and the Centre for Spatial Economics showed that, on average, investing a dollar in public infrastructure in Canada raises gross domestic product by $1.43 in the short term and up to $3.83 in the long term. And an October 2015 report by the Canadian Centre for Economic Analysis found that the province's 10-year infrastructure plan supports approximately 11% of Ontario's economic growth over the next 30 years. A return of 43% in the short term and over 300% in the long term is a good investment.

As part of our plan, in June 2015, we passed the Infrastructure for Jobs and Prosperity Act, 2015, which will come into force on May 1, 2016. This act will align infrastructure investments with Ontario's economic development priorities through long-term planning while strengthening the province's competitive edge globally. When fully implemented, the legislation will support the evaluation and prioritization of infrastructure investments.

A major component of the act is the requirement that Ontario publish a long-term infrastructure plan within three years. Subsequent plans will be tabled at least once every five years. This plan will describe the province's infrastructure portfolio, outline anticipated needs of the portfolio and propose strategies to meet these needs.

This overall plan for infrastructure includes our Moving Ontario Forward plan. In the 2014 budget, the province announced that nearly $29 billion would be made available for investment in public transit, transportation and other priority infrastructure projects. A total of $3.1 billion of this was dedicated funds projected to be provided as part of the government's asset optimization strategy.

In the 2015 budget, our government announced it was moving forward with broadening the ownership of Hydro One as part of the asset optimization strategy and increased its asset optimization target by $2.6 billion. Investments in Moving Ontario Forward then increased by an equivalent amount, from nearly $29 billion to $31.5 billion.

In the fall of 2015, our government moved forward with the first phase in broadening ownership of Hydro One. We're building on our commitment to invest in transit, transportation and other priority infrastructure by continuing to broaden the ownership of Hydro One through a secondary share offering announced just last week. This offering will generate $1.7 billion with net proceeds to be dedicated to the Trillium Trust as part of the largest investment in infrastructure in the province's history.

Our province also remains on track to generate net revenue gains of $5.7 billion from asset optimization over time. The net revenue gains from the province's sale of Hydro One common shares will be fully dedicated to the Trillium Trust to help fund infrastructure projects that will create jobs and strengthen the economy.

More specifically, these net revenue gains will help fund priority projects such as GO Transit regional express rail; light rail transit projects in communities across Ontario through the Moving Ontario Forward initiative; and natural gas network expansion in rural and northern communities.

Maximizing the value of provincial assets is part of the government's economic plan to build Ontario up and deliver on its number one priority: to grow the economy and create jobs.

The four-point plan includes investing in talent and skills, including helping more people get and create the jobs of the future by expanding access to high-quality college and university education.

The plan is making the largest investment in public infrastructure in Ontario's history and investing in a low-carbon economy, driven by innovative, high-growth, export-oriented businesses.

The plan is also helping working Ontarians achieve a more secure retirement.

To build Ontario up across the province in a way that is fair, total dedicated funds for Moving Ontario Forward are allocated using census data from Statistics Canada, with about $15 billion available outside the greater Toronto and Hamilton area and about $16 billion available within the GTHA. The plan will support the development of an integrated transportation network across the province, manage congestion, connect people and improve the economy and quality of life.

Our infrastructure plan includes investing in child care and education infrastructure as well. Investing in schools is part of the government's plan to build Ontario up. The funding responds to local needs while creating contemporary learning environments for students.

Over 10 years, the province plans to provide more than $11 billion in capital grants to school boards. These funds will help build new schools in areas of high growth, improve the condition of existing facilities, and invest in projects to reduce surplus space through school consolidations.

Ontario is also investing in child care by creating approximately 4,000 new licensed child care spaces in local schools to give children the opportunity to transition more easily into full-day kindergarten. These new spaces will be built in areas of high demand and will enhance access to quality child care options for families across the province. This investment is another step towards a modern child care and early years system that will enhance programs and supports for children in Ontario.

Our infrastructure plan includes post-secondary education infrastructure too. As I indicated earlier, we're investing in tomorrow's workforce so that we can innovate, compete and succeed. We're committed to developing a sustainable, transparent, student-centred post-secondary sector where students have access to high-quality programs closer to home and where Ontario's investments contribute to building a strong economy.

For example, we announced plans in May 2015 for a new post-secondary campus in Markham for about 4,000 students. This project will be a partnership between York University and Seneca College.

In 2016, Ontario will issue a second targeted call for proposals under the framework to serve the growing demand in Peel and Halton regions. After York, these regions are the fastest-growing areas of the province. This project is part of the province's plan to provide $3 billion in capital grants to post-secondary institutions over 10 years.

Of course, our plan also includes health and community infrastructure. Health capital projects are part of our government's infrastructure investment plan to improve access to high-quality, reliable, specialized health care services and facilities for Ontarians.

The province plans to provide $12 billion over 10 years in capital grants to hospitals to continue building essential infrastructure. Health care infrastructure investments help ensure that patients continue to receive high-quality care in a safe and healthy environment.

Across the province, approximately 35 major hospital projects are under construction or in various stages of planning. In addition, the province is providing new annual funding of $50 million to assist hospitals in maintaining their facilities in good repair.

This investment will build on increases announced in the 2014 budget, to more than triple investments in the Health Infrastructure Renewal Fund from pre-2014 levels.

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We are also investing in community health infrastructure projects to expand local service capacity and address emerging needs in the community. The government has released a redesigned community health capital programs policy that provides for expanded eligibility and a streamlined approval process for community health care infrastructure projects in Ontario.

The province continues to work closely with the special adviser on community hubs to advance the recommendations contained in the recently released report titled Community Hubs in Ontario: A Strategic Framework and Action Plan.

The 2016 budget is a progressive plan to grow our economy and create jobs, while effectively managing spending to eliminate the deficit and achieve a balanced budget in 2017-18, and again in 2018-19. Our government is committed to our people and to businesses in moving our economy forward.

To summarize, our plan builds upon four pillars:

(1) fostering a dynamic and competitive business climate that will scale up our home grown companies;

(2) investing in skills and training that prepare our young people with the talent needed for today and tomorrow;

(3) investing in strategic infrastructure that stimulates economic performance; and

(4) promoting a fair society that supports improved health care through the transformation of quality public services and protects retirement security.

All this work that we do in the Legislature—in opposition, in our debates, in our committees, in your consultations—ensures that our province is able to compete, win and succeed. We have taken many measures to put forward very progressive plans, while being very prudent in our fiscal plans, recognizing how important it is to ensure we come to balance to enable us to afford the things that matter, so that we have what it takes to build a bright future, where communities all across Ontario benefit—some more than others at this point. We want to put everybody at their best, where people can have greater access and where people can thrive.

I appreciate the efforts and the work done by all of you, enabling us to do that, because after all, it can only be done when we work together. It can only be done when we ensure that the bills we put forward are reviewed, are assessed, are discussed, are debated, and are improved for the benefit of the people of Ontario.

I recognize that we have a lot of initiatives that we brought forward in the 2013 budget, 2014 budget, 2015 budget, and now in 2016. We're providing retirement security for those who don't have a workplace pension. We're ensuring that we engage and embrace the low-carbon economy so that we can protect the very industries that are being affected in Ontario, and so they can compete even more effectively around the world.

We recognize that a diversified economy is critical to our success. It is why we're broadening the base by supporting not only our primary industries in mining, forestry and traditional manufacturing; we're embracing as well advanced manufacturing, the innovation hubs, and the financial technology initiatives. Ontario leads in this realm. Ontario has a strong reputation around the world for doing these very things. As I said, it's no surprise that more companies are investing in Ontario because of it.

We have what's even more important, and that is our talent. It is our skills and training. It is the attraction that many foreign students look to Ontario for the high level of quality education that we have. It is why many businesses invest in Ontario: because of universal health care, public education and the people—people who are trained effectively to do the very businesses that they are promoting. Ontario is attracting and competing in all those cases.

Once again, I am pleased to have this opportunity to be before the committee. Madam Chair, I turn it back to you.

The Chair (Ms. Cheri DiNovo): You still have a couple of minutes, Minister, if you would like to continue to wax eloquent.

Hon. Charles Sousa: I think Vic Fedeli is just hungry to ask more questions.

The Chair (Ms. Cheri DiNovo): Okay. We will move on.

Mr. Fedeli, you have 20 minutes.

Mr. Victor Fedeli: Thank you very much, Chair. Much appreciated.

Minister, I just want to review, very quickly, what we talked about yesterday about the fire sale of Hydro One, and then I have a specific question to ask you.

Back in the 2014 budget, you first announced the $130-billion infrastructure program. At the time, it relied on a small amount of asset sales in addition to the General Motors shares of $1.1 billion.

In the 2015 budget, the $130-billion infrastructure program was reintroduced almost verbatim, except this time it needed the sale of Hydro One shares to make that $130 billion come true. You took the asset sales of $3.1 billion and brought them up to $5.7 billion. It's the same $130 billion, but this time you've got those additional funds.

Then we get to the 2016 budget, which confirms that you use that Hydro One revenue in general revenue, which has reduced the deficit. You are directed to take the sale of Hydro One money and put it into the Trillium Trust. That's understood.

You brought out a bill, Bill 144—in November, was it? November 18. It authorizes the expenditures for the Trillium Trust. It says here on page 162, under "Authorized expenditures," that you can fund "costs relating to the construction or acquisition of infrastructure." That's what you told us it would be for; you told us you would sell hydro and buy infrastructure.

The very next line is the one that gives you the opportunity to drastically change your method. It says, under "Authorized expenditures," that you can reimburse the crown for costs relating to construction or acquisition of infrastructure.

So, basically, you have announced infrastructure funds, you have sold an asset to ostensibly pay for them, you've put the money in to pay for them, and then you take the money that was already budgeted and move it around and attempt to balance the budget. That's what we've seen you do here. That's understood, now, by virtually everyone in Ontario.

Can you state unequivocally that not one dollar from the sale of Hydro One will help balance the budget?

Hon. Charles Sousa: Let's go through your line of thinking. In 2014, we introduced a budget that indicated that we would look at asset optimizations to be reinvested into infrastructure so that we can continue to do our work. We cited $130 billion over that period of 10 years, plus we dedicated $29 billion of that to public transit and Moving Ontario Forward in the respective regions.

A year goes by, and we get re-elected running on that platform to optimize our assets, which we highlighted very clearly in our platform. The next budget comes out. We indicated which of those assets we had more certainty about in terms of where we would proceed, and highlighted the fact that Hydro One would be one of them. As we did that, we increased our commitment to Moving Ontario Forward from $29 billion to $31.5 billion and cited the fact that we would now be investing more than $130 billion over the next 10 years. You have to remember that we have just moved a year. In the previous year, about $11 billion were probably already invested into infrastructure; now you have a rolling-over of the next 10 years. So that part was taken.

Then we moved on to the next budget, highlighting the fact that not only did we exceed our deficit targets without asset optimization, but we have now gained even more value from the work that we did, with the net proceeds dedicated to the Trillium Trust, going forward. We cited the fact that we estimate that, of the about $9 billion over that period of time from the repurposing of the sale of the shares of Hydro One, $5 billion will be dedicated to repaying debt; the other $4 billion would be dedicated into the Trillium Trust. Additional monies will be invested into the Trillium Trust—being the GM shares, as already cited by the member, as well as other opportunities that we've cited in the budget of 2016 that will also be used.

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Mr. Victor Fedeli: So the question was, can you state unequivocally that not one dollar from the sale of Hydro One will help balance the budget? I'm just looking for that answer.

Hon. Charles Sousa: The government is not relying on the asset sales to meet the commitments to balance our books. We have a $130-billion budget. We are looking at the repurposing of assets to reinvest in new infrastructure and new assets.

Mr. Victor Fedeli: As I mentioned, in Bill 144, you put the loophole in there. There are many loopholes in the Trillium Trust Act, where you may put a portion of the proceeds, even though we brought amendments trying to get you to change that to "we must put all of the money"—that was one of the loopholes. But the biggest loophole was the one I read in Bill 144, where you can reimburse the government.

My question to you is, can you state unequivocally that your deficit reductions this year did not use a single dollar from the sale of Hydro One?

Hon. Charles Sousa: You're talking about the Trillium Trust, which has been put in place to take all of the net proceeds of those assets, to be dedicated to their reinvestment into new assets. We've made it very clear that those net proceeds, after we pay down debt, would be invested into the Trillium Trust. That will continue.

Mr. Victor Fedeli: Chair, my question, again: Can you state unequivocally that your deficit reductions this year that you announced did not use a single dollar from the sale of Hydro One?

Hon. Charles Sousa: I can state that government of Ontario is not relying on the repurposing of assets to pay down the deficit. We are relying on many factors to reduce our deficit: growing the economy, managing our spending and ensuring that we go after the underground economy. The steps that we have taken have actually surpassed our targets, regardless of asset sales.

Mr. Victor Fedeli: Well, that's not quite what the experts are saying. In fact, I'm referring to some of the experts who are sitting in this room.

On page 100 of your fall economic statement, you say that "the province's total revenue projection for 2015-16 of $125.6 billion is $1.2 billion higher than the 2015 budget forecast. This increase largely reflects the government's progress on its asset optimization strategy related to the recent Hydro One initial public offering...."

In fact, back on page 99, you list over $1 billion of that $125.6 billion coming from the sale of Hydro One. How can you tell us that you didn't use or are not using any of the revenue from Hydro One when, on page 101, under "Other Non-Tax Revenue Changes," you've got $1 billion added there, which helped balance your deficit? How does that happen?

Hon. Charles Sousa: Madam Chair, we put forward our numbers illustrating what has transpired, and I'm telling you that we're not relying on assets to balance the books; we're relying on assets to be reinvested into areas where we can generate more income and borrow less as a result.

In the meantime, we are growing our revenue, we are growing our GDP, we are controlling our net debt-to-GDP and, as a result, we're surpassing all those expectations.

Mr. Victor Fedeli: I'm looking for a specific answer. The minister is saying one thing, but his own ministry is saying another. Maybe I'll read from the Financial Accountability Officer. Maybe that's the one that will make this work.

When the Financial Accountability Officer submitted, at the end of October/early November, An Assessment of the Financial Impact of the Partial Sale of Hydro One, he opened with, "The initial 15% sale of Hydro One would significantly reduce the province's deficit in 2015-16."

Your book tells us that's what you did and the Financial Accountability Officer tells us that's what you did. How can you say that's not what you did? I don't understand how you come up with that number.

Hon. Charles Sousa: I think that's the issue. It seems to me that you don't understand, because we've specifically highlighted the trail of receipts and where we are reinvesting. That's evident for all to see. The Financial Accountability Officer also cited the sensitivities of the transaction that may occur, and you always cite the low end of his sensitivities, but the fact of the matter is, we've exceeded even that result, all of which will be reinvested into the Trillium Trust to build new assets.

Mr. Victor Fedeli: Hang on. No, no, no. Look, it's either you or the Financial Accountability Officer who is correct. So he's telling us here that the "sale of Hydro One would significantly reduce the province's deficit in 2015-16." Then your own document says, "This increase largely reflects the government's progress on its asset optimization strategy," and you show here that you've booked $1.09 billion in other non-tax revenue—the sale of Hydro One.

How can you tell us that you're not relying on the sale of Hydro One to lower your deficit? We've gone through your own documents that outline how you did it. That's well understood now by virtually everybody who's writing about this. How can you sit there and tell us that's not what you're doing when we know that to be true?

Hon. Charles Sousa: Madam Chair, what we are relying on is the investments we make to grow the economy. We have a $130-billion budget growing to $135 billion, of which assets are not the issue of repayment. It's the issue of lessening our obligations on debt, to be reinvested, and, frankly, repurposing an asset that we feel can be better managed and enhanced. That's exactly what has happened.

We're taking assets that are unproductive, some real estate that could be used better, as well as passive shares like GM, and we put them into the Trillium Trust. We're going to continue putting more into that, which are the net proceeds of any gains that we have—which is what the member opposite is discussing—and reinvesting it. The accounting of all of that is very well illustrated and shown.

What's also interesting is that he referenced the Trillium Trust and a number of initiatives that we put forward, and yet the very things that we've tried to put in place to substantiate a strong document and the amendments in the 144 that clarify our commitment to the Trillium Trust, he voted against.

Mr. Victor Fedeli: Well, of course I did.

Hon. Charles Sousa: You can't do both. What we are doing is ensuring that we have transparency and accountability in the funds.

Mr. Victor Fedeli: Well, I still didn't get an answer.

Hon. Charles Sousa: As I said earlier, C. D. Howe Institute has very clearly illustrated that it's been transparent and prudent, and that we have been forthcoming in all the work we've done.

Mr. Victor Fedeli: I'm not getting an answer to my question.

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

Mr. Victor Fedeli: I was looking for an answer to that question and the question before. I've asked it several times now and I've not gotten an answer yet. Let me restate in a different way, and ask yet a different question of a similar nature.

Quite simply: The deficit is getting smaller because of the sale of proceeds from Hydro One. In your own fall economic statement, you booked $1.9 billion into revenue from the Hydro One sale. In fact, as I mentioned earlier, page 100 reads, "this increase is due to the asset optimization strategy." It tells you, it tells the public and it tells everybody reading it that the number is lower because you booked a billion dollars from the sale of Hydro One. Will you admit that you're using money from the Hydro One sale to balance the budget?

Hon. Charles Sousa: Well, I thank you for the question, because what you're asking about is our path to balance and what it is that we're doing to achieve that.

Mr. Victor Fedeli: I'm asking about the Hydro One—

Hon. Charles Sousa: Yes, you are, and I'm telling you what we are relying on. We're responsibly managing our spending—

Mr. Victor Fedeli: Chair, that's not what I'm looking for.

Hon. Charles Sousa: We are controlling our spending in order to come to balance. We're transforming and modernizing government to enable us to get the services—

Mr. Victor Fedeli: Chair, that's not the question I asked. I'd like to—

Hon. Charles Sousa: No, you asked, "How are you eliminating the deficit?"

Mr. Victor Fedeli: If he's not going to answer the question, I'm not going to let him carry on.

Hon. Charles Sousa: Madam Chair, he asked me how I'm eliminating the deficit. I'm telling—

Mr. Victor Fedeli: No, I asked you if you're using money from Hydro One.

The Chair (Ms. Cheri DiNovo): One at a time, please. You asked a question; the minister is answering. You asked another question; the minister is answering. You may not get the answers you want. He's filling up your airtime and we now have five minutes left.

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Mr. Victor Fedeli: But, Chair, I'm asking a very specific question and he wants to talk about some other fluff. I'm not interested in the fluff side. I've asked a very specific question. If he's not going to answer that question, I'd like to move on to other questions and not have him chew up the time.

The Chair (Ms. Cheri DiNovo): And that is always your option, Mr. Fedeli.

Continue.

Hon. Charles Sousa: I'd like to answer the question. Our path to balance includes a number of factors. We do not rely on the repurposing of our assets to do so. We rely on ensuring that we manage effectively by controlling our spending and finding savings. We're modernizing and transforming the way we do government to provide for greater value. We're looking at the underground economy and tax compliance measures, which gave us a billion dollars more last year, and we're investing strategically to grow the economy. Those have resulted in a balanced path, as well as increasing our revenues through the growth of our economy.

Mr. Victor Fedeli: Chair?

The Chair (Ms. Cheri DiNovo): I would ask the minister to wrap up.

Mr. Fedeli, your next question.

Mr. Victor Fedeli: Well, again, that is not what the Financial Accountability Officer told the Legislature. He told us in his opening page, under "Essential Points," that "the province's net debt would initially be reduced, but will eventually be higher than it would have been without the sale."

What the Financial Accountability Officer has told the people of Ontario is that they are artificially lowering the deficit by using the sale of Hydro One. He said that earlier: "The ... sale of Hydro One would significantly reduce the province's deficit" for 2015. If the Financial Accountability Officer can tell us that, I don't know why the minister can't. He has also said that the net debt would be initially reduced, but will be higher. He said that the long-term negative impact will be on the province because of this.

So if the minister won't answer the question that I've asked several times, maybe he'll answer this one: Can you please provide to the committee evidence—including a thorough breakdown of revenues and expenses—that you could balance the budget by 2017-18 without revenue from the sale of Hydro One? That's the question that I have.

Hon. Charles Sousa: Madam Chair, we indicated in our 2016 budget our path to balance, as well as our net debt-to-GDP ratio that would be peaking at this point and then tapering down because of the efforts that we've made.

The member has just spoken about forgone revenue, which he knows all too well about, because they never took that into consideration when they sold 100% of one of our most valuable assets, which was the 407. We have not done that in this—

Mr. Victor Fedeli: Chair, I've asked for a thorough breakdown. Can I ask on the record?

The Chair (Ms. Cheri DiNovo): Stop for a second. Mr. Fedeli has asked a question. I would ask the minister to address the question. He asked for specific information.

Hon. Charles Sousa: Yes, Madam Chair. The question is our net-debt-to-GDP ratio or our ability to achieve it and taper it down, which we said we have. We have broken down the elements of how we're achieving that in the 2016 budget.

Mr. Victor Fedeli: No, I'm asking for a thorough breakdown. I'd like him to be able to either provide it here now or have it sent to the Clerk.

The Chair (Ms. Cheri DiNovo): Just to let you know, Mr. Fedeli, you have under two minutes.

Mr. Victor Fedeli: Yes. So I'm asking the—

The Chair (Ms. Cheri DiNovo): Will the minister provide this information?

Hon. Charles Sousa: I can provide the member that—our growth and our GDP, which is what's enabling us to have improved net debt to GDP—

Mr. Victor Fedeli: No, no. Let me repeat the question, because he obviously hasn't understood the question.

The Chair (Ms. Cheri DiNovo): You have time just to repeat the question.

Mr. Victor Fedeli: Can you please provide to this committee—in writing, submitted to the committee—the evidence, including a thorough breakdown of revenues and expenses, that you could balance the budget by 2017-18 without revenue from the sale of Hydro One? That's what we're asking be submitted to the committee.

Hon. Charles Sousa: Madam Chair, the numbers are there to be seen. We have it in the 2016 budget. It will come out in the public accounts in short order as well. We've clearly laid out—

Mr. Victor Fedeli: That's the fall. Public accounts are in September. I'm asking for it now, Chair.

The Chair (Ms. Cheri DiNovo): Okay. What I've directed is that research will attempt to find that information and provide it to the member.

Interjection.

The Chair (Ms. Cheri DiNovo): To rephrase: Research is keeping track of the questions. It is up to the ministry to provide the information to the member.

Mr. Victor Fedeli: Yes.

The Chair (Ms. Cheri DiNovo): You've got 30 seconds, Mr. Fedeli.

Mr. Victor Fedeli: Well, it's obvious that I'm not going to get any questions about Hydro One answered. It's obvious that we've touched a point—obviously, we're going to rely on the Financial Accountability Officer. He was forthcoming with the fact that, indeed, Hydro One will reduce the province's deficit. So at least we have the answer from the officer. I was hoping to have the answer from the government. I would have thought when the minister, in his opening—

The Chair (Ms. Cheri DiNovo): Your time is up, I'm afraid. Thank you, Mr. Fedeli.

We now move to Ms. French. You have 20 minutes.

Ms. Jennifer K. French: I'm going to shift us back into a pension direction—

Hon. Charles Sousa: Fair enough.

Ms. Jennifer K. French: —as much as I would like to get answers for you, Mr. Fedeli.

I had already asked this question, but I'd like to revisit it briefly, just so that I'm clear on the answer regarding FSCO making public its solvency watch list. The answer I was given is that they do not, and my takeaway was that they will not. But my question had been, will the minister commit to making the solvency watch list public?

Interjections.

Hon. Charles Sousa: I'll see if I can provide that, because there are issues of privacy that have to be adhered to. I recognize where you're coming from. We monitor it. That's why FSCO exists, to ensure they protect the interests of the beneficiaries and the plan holders, but we have to touch base with the plan holders before we can make their issues public to others.

Ms. Jennifer K. French: Okay, I appreciate that.

Also—again, I had rushed through this; I forgot that I had 20 more minutes. So back to the rise in underfunding: The Auditor General had recommended FSCO conduct an analysis of the reasons for the increase, the potential for plans to recover based on a variety of economic scenarios, and the financial exposure to Ontario should the underfunding situation not improve in the next few years. When I asked, "Has the recommended analysis been completed," you said that you're currently working on it, and it's my understanding that we can expect that by September.

Mr. Brian Mills: We'll be producing that report by September of this year.

Ms. Jennifer K. French: Okay, thank you. In terms of sustainability of the Pension Benefits Guarantee Fund, according to the 2014 Auditor General report, the financial risk exposure of the Pension Benefits Guarantee Fund has increased significantly since the 2008 global recession. In 2008, there was a cumulative $6.6-billion solvency deficiency for 2,258 pension plans covered by the PBGF. As of March 2014, the deficiency had increased by more than 400% to almost $28.9 billion, covering only 1,834 plans.

Can the minister provide the committee with updated numbers?

Hon. Charles Sousa: I think the PBGF is now funded. But Leah, do you want to—thank you.

Mr. Brian Mills: The last public financial statements had the assets in the PBGF at $541 million and it was in surplus to the tune of $371 million. That's the current status of the PBGF.

Ms. Jennifer K. French: Okay. I had touched on this question and I think confused us all, but on the limited powers of the superintendent of FSCO: The superintendent has no power to appoint a new administrator to a pension plan even when the plan administrator has not met its obligations, unless the plan is being wound up. In comparison, the federal Office of the Superintendent of Financial Institutions has a number of discretionary powers to address specific pension plan solvency issues. Their objective is to intervene as early as possible to minimize problems before they escalate and to reduce the risk of loss to pension plan members.

OSFI has developed a five-stage rating system—which I referred to earlier but didn't have a chance to expand on—which determines the level of intervention required. So it has its stage zero: no significant problems and ongoing monitoring of the plan continues. I will spare us all of the steps but straight through until stage 4, which is permanent insolvency: OSFI facilitates the windup of the plan.

Are there plans to mirror the federal practice? Will FSCO follow suit?

Mr. Scott Thompson: One of the things that's under way now that we reference in the budget is a mandate review of FSCO. We're looking at all aspects of FSCO, the agency, how it's managed, how it's organized and the powers of the superintendent and others. Part of that would be contrasting to other similar bodies. That's not complete yet, but that will be something that we will hopefully be speaking about publicly soon.

Ms. Jennifer K. French: So is the mandate review under way, upcoming, ongoing or completed? Sorry, just so I'm clear on dates.

Hon. Charles Sousa: It has been under way for some time now. It does include other agencies as well as FSCO. We anticipate having a report made public shortly.

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Ms. Jennifer K. French: What does "shortly" mean to the government?

Hon. Charles Sousa: It means soon.

Ms. Jennifer K. French: Which begs the question, what does "soon" mean to the government? Okay.

Has the December 2010 amendment to the Pension Benefits Act, that authorizes the superintendent to terminate a plan administrator and either appoint a new one or allow the superintendent to act as the plan administrator, been proclaimed by the Lieutenant Governor yet?

Hon. Charles Sousa: Go ahead. Introduce yourself.

Ms. Leah Myers: I'm Leah Myers. I'm the assistant deputy minister for income security and pension policy at the Ministry of Finance.

No, that hasn't been done as yet. It is certainly on our—

Ms. Jennifer K. French: Is that in the hopper?

Ms. Leah Myers: Yes, it's on our to-do list.

Ms. Jennifer K. French: And will that be done shortly or soon?

Ms. Leah Myers: It's among the many regulatory amendments that came out of the 2010 reforms and it is on our list. It's not actively under way, but it is something that we would be consulting on and posting a description of the necessary regulations that would allow that section of the act to be proclaimed. It's not forthcoming, but it is on our list.

I would also add that, given the broader look at FSCO in the context of the mandate review that the deputy minister spoke about, the timing of that type of change along with any other changes that might come out of the mandate review will want to be coordinated on that whole piece.

Ms. Jennifer K. French: Okay. Has the government established a regulation that prescribes the circumstances when the superintendent can terminate a plan administrator? If so, what are the preconditions? If not, why not? I'm sure I'm going to hear more about the mandate review.

Ms. Leah Myers: It's in that same bundle of superintendent powers. There are a number of regulations that fall in that same category which we have not yet addressed. We haven't addressed it most recently because of the work going on with the mandate review and whether or not we want to go even beyond those regulations to the kinds of reforms that you're talking about with respect to the powers that OSFI and potentially other jurisdictions might have.

Ms. Jennifer K. French: Thank you.

Moving on to assessment of funding status, periodic actuarial evaluations determine whether a plan has sufficient assets to fund its expected pension liability obligation to its members. Under the Ontario Pension Benefits Act, plan administrators of defined-benefit pension plans must file actuarial evaluation reports every three years if their plan does not have a solvency concern, or annually if the solvency ratio is lower.

FSCO does not have the power to order an interim actuarial evaluation of a pension plan. On the other hand, though, federal pension legislation requires more frequent filing of actuarial evaluation reports. Plans funded at less than 120%, which is a significantly higher threshold than the 85% in Ontario, are required to file every year, as opposed to every three years. This allows for more accurate and timely reporting on the funding status of pension plans.

I'm sure we'll talk more about the mandate review, but are there plans to raise the filing requirements to mirror this federal practice?

Ms. Leah Myers: I actually wanted to pick up on the reference that the deputy minister made to the review that we're doing of solvency funding rules.

For defined-benefit plans in Ontario, there was a reference made to that in the fall economic statement in 2015 and elaborated upon in this year's budget around the appointment of David Marshall to look at the solvency funding rules for defined-benefit plans. There are a lot of changes going on in other jurisdictions. We thought it was timely to look at the basis on which defined-benefit plans are funded and whether or not the current regime of solvency funding and the way that we do it now in the associated filings, monitoring and steps that can be taken are appropriate. That's under way right now.

As an initial step, we hope to be releasing a consultation paper this spring that will ask some questions around the current regime and elicit proposals for change. We're not contemplating anything outside of that, because the question of filings and how often and under what circumstances will depend on, sort of, the robustness of the solvency funding framework. That's what we're actually looking at now.

Ms. Jennifer K. French: As the Auditor General has put forward, "FSCO now carries out detailed reviews of only a small number of actuarial reports each year on a sample basis. FSCO no longer formally tracks the number of reviews it performs every year, and does not report internally or externally the results of these reviews." However, conversely, the federal Office of the Superintendent of Financial Institutions "publicly reports the number of detailed actuarial valuation reviews completed yearly, as well as their observations from the reviews."

Same question: Are there plans to mirror the federal practice?

Mr. Brian Mills: Let me speak to this. There were a number of recommendations that the Auditor General made with respect to our examination process. We have implemented some of those. We're still in the process of implementing several others. That is the process we're following.

The details of what we were going to do were outlined in the documents we filed with the Standing Committee on Public Accounts. Those were the action steps, and there were deadlines associated with each of those. We are in progress, and we have done a lot of the activities that the Auditor General recommended we look at.

Ms. Jennifer K. French: Well, that's a step in the right direction.

Non-compliance with statutory filing requirements: "The Pension Benefits Act requires pension plan administrators to regularly file with FSCO key information on the plan, including its funding status, sponsor contributions, investment returns and activities, and member pension obligations." Again, according to the Auditor General, "to effectively monitor pension plans, FSCO must ensure it receives statutory filings on a timely basis, or take action when they are not received." So, "as of May 2014, 1,384 pension plan administrators had not submitted one or more statutory filings on their due dates and were past due for over one year." Can the minister provide us with the latest figures, please?

Hon. Charles Sousa: We're dealing with a bunch of them now. Go ahead.

Mr. Brian Mills: I can update you on that. When the auditor's report was filed in December 2014, we had already cleared the backlog with respect to those filings. All of the filings are now required to be fired—filed—

Ms. Jennifer K. French: Filed. Got it. Nobody's getting fired.

Mr. Brian Mills: —electronically now. We have over a 99% compliance rate from the 7,000 pension plans in Ontario.

Ms. Jennifer K. French: When did the change to digital filing happen?

Mr. Brian Mills: We've been implementing online filing for the last four years. It's mandatory that all pension plans register with that portal and file electronically.

Ms. Jennifer K. French: You're saying that you have a 99%—

Mr. Brian Mills: Yes. If we look across, there are numerous statutory filings. I think they have six, plus an additional one that was added this year, which is the statement of investment policies and procedures. That is a new filing that is a requirement this year, so that will be added to the list. In those six compliances, we have rates that are anywhere from 98% to 99%, which is way better than a couple of years ago when the auditor—

Ms. Jennifer K. French: I was going to say. I'm going to take us back to May, then, and you can sort of bring us forward on a few other points.

As of May 2014, FSCO had taken action on 1,384 that had not submitted one or more statutory filings. You had taken action on only 13% of those cases or 176 plans. The action taken was limited, at that point, to sending a letter to the plan administrator requesting compliance with filing requirements. At that time, no action was taken on 1,208 plans, including 127 plans that had pension assets of more than $1 million.

Can the minister tell us the percentage of cases FSCO has taken action on to date?

Mr. Brian Mills: By the fall, we had cleared the backlog. That means they had all filed their outstanding forms.

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Ms. Jennifer K. French: By the fall in 2014?

Mr. Brian Mills: In 2014. So, from that time forward, we've basically been keeping current. I'm sure we're still sending out letters to those who are non-compliant. Ultimately, one of the recommendations that's part of the package that Leah was just talking about is to institute administrative monetary penalties. Instead of going through the Provincial Offences Act, which is very time-consuming, we would levy administrative monetary penalties associated with any late filing, therefore taking that 99% to 100%.

Ms. Jennifer K. French: Okay. How am I for time?

The Chair (Ms. Cheri DiNovo): You've got just under five minutes.

Ms. Jennifer K. French: Okay. Well, I think you've already touched on this, but I'll get it on record and you can answer it anyway.

As the Auditor General had recommended or had pointed out, FSCO doesn't penalize administrators who file persistently late. FSCO has had the power to impose administrative monetary penalties, or AMPs, like you just referred to, in the mortgage sector since 2008 but not on pension plan administrators.

Back in 2013-14, for example, there was a 95% compliance rate by mortgage brokers for submitting statutory filings. In 2010, FSCO recommended to the Ministry of Finance that it be granted the authority to issue AMPs in the pension sector.

Minister, has the Pension Benefits Act been changed to allow FSCO to impose AMPs in the pension sector?

Hon. Charles Sousa: Leah.

Ms. Leah Myers: The answer is no, it hasn't been changed, but that issue of administrative monetary penalties is being looked at in the context of the mandate review. You're absolutely right. It is an authority that FSCO has in those other areas, and we know that in other jurisdictions pension regulators have that type of power. So we would expect that that may well be among the mandate review recommendations that we would be acting on.

Ms. Jennifer K. French: Okay. Should I ask about hydro?

Mr. Victor Fedeli: Good luck with that.

Ms. Jennifer K. French: What was the question exactly?

Mr. Victor Fedeli: I only asked it 11 times.

Ms. Jennifer K. French: I know. Would you like to tell us about the announcement you're making tomorrow morning?

Hon. Mitzie Hunter: Sure. We are ensuring that we provide information and updates as it relates to the Ontario Retirement Pension Plan. As you are aware, it's a priority for us. We've committed to ensuring that we introduce legislation that will form the basis of the plan, and we want to ensure that we provide that update.

Tomorrow's announcement is our opportunity to get this information out, ensuring that businesses and Ontarians have the information they need in advance. That's the opportunity we have to talk about the ORPP and the details of the plan and its benefits as well, ensuring that people are aware that this is about providing a predictable stream of income for life and our commitments that we're making to the ORPP.

Minister?

Hon. Charles Sousa: Yes. Stay tuned.

Hon. Mitzie Hunter: Yes.

Ms. Jennifer K. French: Okay. Back to the ORPP then while I still have a couple of minutes and I'm feeling inspired.

The Chair (Ms. Cheri DiNovo): You have a minute.

Ms. Jennifer K. French: I will fit it in there. Back in January, you said Ontarians can't wait any longer for increased retirement security, but less than a month later we seem to think that Ontarians can wait because we've talked about the phase-in beginning in January 2018.

For the record, these aren't small businesses or mom-and-pop shops that the ORPP is being delayed for; instead, it's the largest corporations in our province. So they lobbied pretty hard. Why has your government put the interest of big corporations ahead of the interest of Ontarians?

Hon. Mitzie Hunter: What we said in our announcement earlier this year was that we want to make sure that businesses have time to plan for the proper and efficient implementation. We had entities, like the Canadian Payroll Association, that work with corporations in terms of their readiness in terms of their systems, that asked—

The Chair (Ms. Cheri DiNovo): Associate Minister, I'm afraid that your time is up. Thank you very much.

We're going to move to the government side, but before we do, I just want to make a point. There was a question asked of the Chair about filming and photography. Everything you say, of course, is in Hansard, and you are being filmed and anyone can watch that. But the rules of the House apply to committees, so guests, ministry staff and others who are sitting here are not allowed to take photographs or to film. I'd ask that that be respected.

Now we move to the government side. Mr. Baker, you have 20 minutes.

Mr. Yvan Baker: Before I get into my question, did you want to finish what you were saying in response to Ms. French, Minister Hunter?

Hon. Mitzie Hunter: Yes, absolutely. Thank you so much.

I really do want to say, with regard to the launch of the ORPP, that we are very committed to begin enrolment of employers in that plan on January 1, 2017. In fact, by the end of this year, we will be ensuing a verification process for all employers in Ontario. Contributions will begin on January 1, 2018—those will be the larger corporations as well as medium-sized corporations. We've maintained our commitment to small businesses, who have definitely asked for the most amount of time to prepare—January 1, 2019.

Also, those employers that have a pension plan that may not have been seen as comparable will have until January 2020 to either adjust their plans or enrol in the ORPP. We also will be ensuring that this is a gradual enrolment at all stages. Contribution rate will be phased in as well, starting at 0.8% and increasing each year until it reaches 1.9% each.

We are ensuring that we listen to businesses and to Ontarians as we move forward with implementation of the ORPP, so that we maintain the commitment of having all workers in Ontario part of the ORPP or a comparable plan for 2020.

Hon. Charles Sousa: If I may add, it's giving us the additional opportunity to work with the federal government to find options and opportunities to make it more efficient and less expensive. That's part of the reason we also provided for the opportunity to delay not the enrolment but just the collection for those large companies.

Mr. Yvan Baker: That's good to hear.

Minister Sousa, my first question is for you. One of the things I've been proud to work on with you, as a member of Treasury Board, and the members here on this side is our fiscal plans; specifically, on balancing the budget by 2017-18, which we've committed to several times as a government.

Many members of the opposition, including Mr. Fedeli today, have criticized the fiscal plan. They've also suggested that we'll be unable to balance by 2017-18. Can you comment on these criticisms and concerns, and how our government is achieving our fiscal targets?

Hon. Charles Sousa: As I have indicated a number of times, part of it is the growth of our economy. The investments we've made to generate greater opportunities, greater growth and greater revenues through more companies investing, more people working and enabling greater trade: That has increased growth.

In fact, Ontario is one of the leading jurisdictions in Canada, and frankly in North America, around that area since the recession. Over 600,000 net new jobs have come our way because of these initiatives. Even though growth has not been at the pace we had anticipated, we've recalibrated our spending to enable us to exceed our targets and reduce our deficits beyond what was anticipated. In fact, our accumulated deficit is about $40 billion or $50 billion less than we anticipated at this point in time because of some of those efforts.

The important thing is to ensure that we continue to generate and maintain great discipline in our spending. So part of our review is to go line by line to ensure, as Treasury Board does, that we find savings in the system, repurpose the way we do things to have more value for money and ensure that we get better benefit from those services without sacrificing the things that are important, like health care, education and social programs. It's a very progressive plan that we've put in place because we've provided increases on those very issues.

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But we've also found tremendous savings. On a per capita basis, Ontario is now the lowest per capita government in Canada. We do so to ensure that we find more opportunity to invest in those things that matter.

It should also be noted that Ontario, on a per capita basis, is one of the lower per capita jurisdictions in revenue. When you look at other provinces, they have higher taxes and in some respects they have more revenue per usage of user fees, but they also have higher spending. In some cases, they have higher debt on a debt-to-GDP ratio.

One of the things we measure very clearly is our debt to GDP. We've peaked lower than anticipated, at 40%, and it's tapering down. That is helping us ensure that we continue to have the receipts necessary to provide and control our deficit. Managing our spending responsibly is essential. We're at around 1.8% on average. Transforming government and modernizing government is part of that plan.

Another one is ensuring that we go after tax-avoidance measures and the underground economy. As I stated earlier, that's about almost $900 million last year that we were able to achieve through those efforts, working closely with the CRA. Ontario has invested in those programs. It hasn't been the CRA. We've taken the lead to enable them to find ways to continue to collect and avoid some of those tax compliance issues.

We've been very careful about investing strategically in our economy as well, broadening the diversification of our economy. Those sectors have been growing more quickly than anticipated, especially around innovation and improved productivity in some of those firms, which we know is essential to our overall ability to compete. It's something that we've cited in all of the budgets that I've had the privilege of delivering, using David Dodge, in fact, as part of the author of those respective chapters in terms of citing the productivity gap that exists and how do we improve upon it.

David Dodge came forward with a number of recommendations to find some of the savings in the system, and we've implemented close to 90% of them. He himself has been on the record saying that he is astounded that the province of Ontario has overachieved, even on his recommendations in certain areas.

Interjection.

Hon. Charles Sousa: This is Don Drummond. Yes, I'm sorry.

Again, we've taken the steps necessary to find ways to improve overall spending.

But it is about improving our revenues. It is about improving our growth and our economy. Some $130 billion in overall revenues that the province of Ontario generates represents well over 40% of Canada. It is essential that we continue to make that growth. They look to Ontario to show some leadership in that regard.

I can cite the fact that I take some degree of pride—as we all should as a province—that not only is our debt-to-GDP ratio peaking and now coming down, but our interest on debt is another number that is often cited, and rightly so, to ensure that we have that measure controlled.

Because Ontario has been able to lock in some of the plans over a longer period of time, we now have an interest on debt of about 8.9%, which is the lowest it's been since—well, lower than the Conservatives when they were at 15%; lower than the NDP when they were hovering around 12% and 13%.

Part of this, of course, is that the environment of interest is lower today than it was back then, but it's also because we've locked in some of those rates with long terms of maturity, minimizing the volatility. We have been able to access over $200 million just last year in savings in interest on debt as a result.

The accumulated deficit is also another number to watch, as it relates to GDP. Ontario is now at around 25.9% accumulated deficit to GDP. It measures our program spending as it relates to GDP. That number is the same as it was in 2003, referencing the fact that our accumulated deficit, which all governments have had in the past, has not been that substantive when we relate it to the GDP.

Our overall debt accumulation that we've used to invest in infrastructure to stimulate the economy, as we do with counter-cyclical fiscal policy, has achieved a net debt-to-GDP ratio that is higher but is still acceptable, and it's now going down.

We have about 2.5% growth in GDP in 2015. It's around 2.2% in 2016. It's estimated to be about 2.4% in 2017 and, again, that is leading the way in Canada. Our deficit is going to be around $4.3 billion. But it's important to note something that the members of the opposition, especially one who cites the contingency fund as something that we use to balance the books—obviously, it's misunderstood by the critic because we are building prudence into the system. We do that year over year. In fact, the federal government reduced that number substantively to show a balanced budget, and they didn't do that.

We, of course, maintain a very high ratio. Our reserve is about $1 billion, plus we have other prudence measures. That is giving us the comfort necessary to come to balance by next year. We're relying on the growth of our economy, we're relying on the measures we are taking to control our spending to come to balance, and we are exceeding that. We are coming to balance yet again the year after that because of the same measures with the same degree of prudence that we have built in.

Mrs. Laura Albanese: Madam Chair?

The Chair (Ms. Cheri DiNovo): Ms. Albanese.

Mrs. Laura Albanese: Minister, I wanted you to elaborate a little more on how our economy is performing. Our province has become one of the fastest-growing provinces in 2014 and 2015, and private sector economists are expecting this will continue until at least 2017. As you stated, Ontario's real GDP increased by 2.7% in 2014, strengthened from the growth of 1.3% in 2013, and outpacing the national average, I believe, for the first time since 2002.

My question is, could you outline more specifically the state of our economy and how good our prospects are?

Hon. Charles Sousa: I'm going to introduce our chief economist in a moment. What we do, just for the purposes of understanding by the committee—and it is outlined in our budget—is that we take assumptions from independent economists who make projections. In fact, many of them did that in 2014 and they all got it wrong, not by their mistakes or errors, but we actually got it more right, to the extent that we tapered down even further and we still had to make corrections.

More recent results have come in since we outlined our budget. With that, I'd like to pass it over to you, Brian.

Mr. Brian Lewis: Thank you, Minister. I'm Brian Lewis. I'm the chief economist and assistant deputy minister of the office of economic policy in the Ministry of Finance, reporting to Deputy Minister Thompson and Minister Sousa.

Your comments about Ontario's economic growth and becoming a growth leader in Canada are absolutely correct. Ontario's real GDP growth rate was 2.7% in 2014, exceeding the national figure for the first time in some while. Our estimate at the time of the budget for 2015 was that real GDP growth was 2.5%. We will be releasing our new figures later on this week that will be very close to that—a little bit stronger.

Ontario substantially over-performed Canada-wide economic growth in 2015. Our number is going to be 2.6% and Canada was 1.2%, so Ontario has really, really become a growth leader in Canada. Certainly, the changing global economic circumstances have favoured Ontario, and through the early parts of 2015, there were really mixed signs about the degree to which that was favouring Ontario.

One of the interesting things we've seen in recent months, even in the time since the minister tabled the budget, is that Ontario's economy has really seemed to have picked up steam in the latter part of 2015 and early in 2016. Even with a few indicators easing in February, we are looking at a very strong—not only carrying on the momentum from late last year where we saw a pretty strong third quarter; we are going to report on a reasonably strong fourth quarter soon.

The first quarter of 2016 is also looking like a pretty strong growth quarter. A few indicators, such as job growth, continue to be very strong, especially strengthened over the latter part of the year. As of March, we are 77,000 jobs ahead of where we were in just September in Ontario, which is a pretty good increase in a short number of months.

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Merchandise exports have been incredibly strong in Ontario. We're finally starting to see indications that favourable global economic circumstances are really starting to favour Ontario's exporters. We had a record level of Ontario merchandise exports in January 2016. The level eased a little bit in February, but we're still 23.4% above where we were a year ago, which is a pretty phenomenal increase, year over year.

Other parts of the economy continue to do well. Retail sales in January were 4.1% higher than they were in June, and manufacturing sales were also 11.3% higher than they were in June. What we're seeing over the latter half of 2015 is some really, really strong economic performance for Ontario that is picking up in the early parts of 2016.

We are seeing this in private sector forecasts as well—I'm just presenting here some of the recent economic indicators. But since the time of budget, most private sector forecasters have revised their forecasts of Ontario's economic growth. Most of them have increased Ontario's economic growth prospects for 2016.

Most notably, in the month of April, three of the bank economic forecasting shops have increased their projections for Ontario's economic growth. The Bank of Montreal increased their annual growth rate in real GDP to 2.9% from 2.2%. That's a pretty substantial increase, and 2.9% would be a pretty strong growth year for Ontario. CIBC, likewise, increased their number to 2.7%; it had previously been 2.4%. Toronto Dominion Bank increased theirs to 2.9% as well.

Not only are we seeing strength in the economic data for Ontario, but private sector forecasters are seeing it and are raising their growth projections for Ontario. There have been a lot of good indicators on the economy leading up to the budget and, frankly, emerging since the time the minister tabled the budget.

Mrs. Laura Albanese: Thank you.

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

Mr. Han Dong: Thank you very much, Madam Chair. How many minutes do I have left?

The Chair (Ms. Cheri DiNovo): You have about three and a half.

Mr. Han Dong: Okay, good.

Minister, you mentioned our plan to reduce the debt. I just want to let you know that many in my riding are in financial services, and they're quite satisfied with the recent budget that we presented. But I got some questions over the debt: What are we doing with our debt?

I know our government has a plan to reduce our net debt-to-GDP to the pre-recession level by 27%. Can you share with the committee a bit more information about the government's plan to reduce the debt?

Hon. Charles Sousa: It's important for us to be mindful of our degree of debt, and we recognize that. It's one of the primary reasons that we are looking at our existing assets that are underperforming. We want to ensure that we take some of these assets, repurpose them, enhance their value and pay down debt. Part of our restructuring and repurposing of the assets is actually paying down $5 billion in debt, as we move forward with paying off the OEFC and other obligations.

It's also important for us to be strategic. You don't want to borrow to cover your operating expenses; you borrow to invest in capital and capital investments that provide and make us more competitive. The net debt-to-GDP ratio is a critical number that we monitor to ensure that it is at a point that is manageable. The accumulated deficit-to-GDP is also an important number to determine that you're not using deficits to cover your operating cost but, in fact, you're using debt to invest in capital. That's what those two charts differentiate.

As we proceed to benefit from those investments that we've made—because, in the past, the easy answer was, "Don't invest. Don't build those subways. Don't build that transit system because it's expensive." As a result, they don't take the bold action necessary to be competitive, and you kick the can down the road. That's what people are asking us to do; that's what other members of our House have indicated to us. They don't want to make those infrastructure projects because they fear that it will be too expensive and that you're accumulating too much debt.

The point being, our economy has grown. It has grown substantively, to over $780 billion today than what it was only 10 years ago. So that relation of growth—

The Chair (Ms. Cheri DiNovo): Minister, if you could just wrap up. You only have about 30 seconds left, just to let you know.

Hon. Charles Sousa: That relationship is what's important. You have to have growth in GDP, growth in our economy and growth in the value of our system. If you don't want to borrow, then you're hampering that ability to grow your economy, you're hampering the ability to create jobs and you're hampering the livelihood of our young people who are going to benefit from those investments. That's what we're doing.

Mr. Han Dong: That's good.

The Chair (Ms. Cheri DiNovo): Thank you. Just before we go to the official opposition, I wanted to clarify something around the research officer whom I have sitting ably to my left here. I've come from public accounts, so I apologize for the confusion.

Number one, we cannot compel either the Minister of Finance or any other ministry to answer in a way that perhaps would fulfil some members' expectations, and we cannot compel them to provide information. I just wanted to make that very clear.

A member of the official opposition: Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much, Chair. I'll take the minister's good faith that he will provide the documents that we were asking for.

Before the last fall economic statement came out, the Financial Accountability Officer warned that your revenue projections were far too lofty—a full 1% more lofty than when it comes to the nominal GDP. If I can remember correctly, he warned that a full 1% is approximately $850 million. The amount that you were off would mean that about $1 billion in revenue should be reduced.

He basically talked about the fact that he estimated the nominal gross domestic product to grow by 3% at the time. In the 2015 budget projection, it was listed at 4.3%—quite a bit higher. But the government's own fall economic statement confirmed the FAO's suspicions, and on page 95 you actually dropped the nominal GDP to 2.9%—a prudent thing to do, actually. It was at 4.3%, and he said that you should drop it to 3% and reduce your revenue by $1 billion to accommodate that. You actually did a little better and dropped it to 2.9%, except, instead of dropping revenue by $1 billion to allow for that, you increased revenue by $1 billion, a delta of about $2 billion here.

Why would you think you should be able to raise revenue by $1 billion when the Financial Accountability Officer suggested you should be lowering revenue by $1 billion? Was that revenue made up for by the sale of Hydro One assets?

Hon. Charles Sousa: We did recalibrate our revenue numbers according to the GDP impact. I think it was HST or CIT that was shy at that point. We took that into consideration and we reflected that in our revenue numbers.

Mr. Scott Thompson: A big part of the revenue improvement for the fiscal year just ending was from improved returns on HST. A lot of that was due to housing activity.

When you reference the FAO, one of the things I think he said in his report or when he appeared at a legislative committee was that he thought that our GDP forecasts were too rosy.

It's important to note that everybody is doing forecasts. You can't do a budget without doing a forecast. You have to make lots of assumptions on everything. We made assumptions on what the GDP growth is going to be. I think we're encouraged by the fact that what we said the real GDP growth was going to be last year—I think we said 2.7% was what we were anticipating. As Brian just pointed out, with the banks coming in and giving final numbers on 2015, they've almost come up to match what we said our projection was. So, in fact, we were pretty close. We were then, I think, one 10th of 1%.

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Mr. Victor Fedeli: I appreciate that. Your estimate was 4.3% and, in your next production, you lowered it to 2.9%. That's the prudent thing to do. The Financial Accountability Officer told the committee, SCOFEA, the Standing Committee on Finance and Economic Affairs, "Watch for this number. It should be 3%." You were more prudent and put it at 2.9%. That's fine. But he also said, "And what that means is the revenue—watch for the revenue to also drop by $1 billion." Instead, the revenue increased by $1 billion. Again, how can that have occurred?

Hon. Charles Sousa: We've indicated in the budget the receipts of those revenues as they relate to the growth of the economy after the fact, and we've taken the prudent assumptions necessary to ensure that we take appropriate initiatives. We have increased some revenues from our tobacco taxes and alcohol charges. We've increased revenue, through tax avoidance measures and the underground economy, as I've stated, to almost $1 billion.

Mr. Victor Fedeli: I appreciate that, but he is saying drop it by a billion, and you didn't. You raised it by $1 billion. That's a spread of $2 billion. Without the sale of Hydro One, how could that have happened?

Hon. Charles Sousa: Yes, and I've stated clearly what our reliance is in terms of improving our overall revenues year over year with economic growth, and I've already indicated—

Mr. Victor Fedeli: No, no, no. Hang on. You've corrected the growth. We're not talking about growth, because you dropped the growth from 4.3% to 2.9%, pretty much as he advised. But he also advised, "If you do that, you better drop your revenue in an according amount of a billion." Instead, you raised your revenue by $1 billion. How can that be?

Hon. Charles Sousa: Which year are you talking about, Mr. Fedeli?

Mr. Victor Fedeli: His last report, or his first report.

Hon. Charles Sousa: Which year was the FAO referring to?

Mr. Victor Fedeli: In his report entitled An Assessment of Ontario's Medium-term Economic and Fiscal Outlook, he's referring to 2015. We're on page 7 of his report. He had your estimated growth at 4.3%. He's suggesting 3%, but he's also suggesting and saying, for the fall economic statement, to look for these two numbers: to look for that 4.3% to fall to 3.0% and to look for revenue to fall by $1 billion to match that.

How can you do one thing he talked about but the absolute and complete opposite of the other? That's what I'm asking.

Hon. Charles Sousa: Right. As I stated, we've improved our collections of the underground economy and tax avoidance measures. We've been able to control and provide for greater revenues through certain growth in our economy and we've achieved—and these are our projections, after all, and we made adjustments to our projections accordingly.

Mr. Victor Fedeli: Well, you made adjustments to your growth projections perfectly according to the FAO, but when it came to the actual dollar projections, he's suggesting you should drop it a billion, and you raised it a billion—

Hon. Charles Sousa: Well, that's not true. We reduced it as well.

Mr. Victor Fedeli: No. No. In fact, I can actually tell you—I can refer you to your own documents—that the FAO projection would have dropped you from $124 billion to $123.4 billion. Instead, your fall economic statement revenue projection is $125.6 billion. You're off by $2.2 billion. He takes you to the next year and suggests it should be $127.4 billion, and you've put $129.5 billion. You're off by $2.1 billion. In 2017-18, he says you should be $131.6 billion. You're actually startlingly at $135.3 billion. You're off by $3.7 billion. When you add those three years together, you're off by $8 billion. Stunningly, there's an $8-billion hole in your budget. So if you're not using revenue from the sale of Hydro One and others, how do you plan on amassing that $8 billion that he's referring to?

Hon. Charles Sousa: Mr. Fedeli, you've made assumptions there which just aren't correct.

Mr. Victor Fedeli: No, I'm not making any assumptions. This is out of your fall economic statement.

Hon. Charles Sousa: We have very clearly substantiated—and I refer again to independent reviews that are made, that are audited as well, indicating that the numbers that we put forward are very transparent and with full integrity. The audit of the FAO made assumptions—

Mr. Victor Fedeli: Do you not agree with the Financial Accountability Officer?

Hon. Charles Sousa: —and we respect it. That's why we've taken his considerations into play and we have adjusted our forecasts as necessary.

Mr. Victor Fedeli: But, no, you haven't.

Hon. Charles Sousa: But we did, and we have now readjusted them going forward and we've cited the sources of revenue as we proceed forward.

Mr. Victor Fedeli: He's telling us on page 17 of his statement that you've got an $8-billion hole in your budget. He repeats throughout here that if you don't use these numbers, this is what's going to happen.

I'm quoting the FAO revenue projection numbers that are on page 17. I'm quoting the financial economic statement revenue projection numbers that are in your book. When you add the three years up—$2.2-billion deficit, $2.1 billion, $3.7 billion—you've got an $8-billion hole in your budget compared to the Financial Accountability Officer, which probably is why he states that if you don't change your assumptions, you could have—he's using a rough number here—a $7.4-billion deficit in 2017-18. But you say you don't. You say you're going to balance. Again, I ask you, are you balancing because of the one-time sale of assets, as the Financial Accountability Officer states?

Hon. Charles Sousa: Mr. Fedeli, I think I will refer you to the more recent report by the FAO and the recent 2016 budget which clarifies all those issues.

Mr. Victor Fedeli: Well, if I look in the budget, I now get further clarity which we'll talk about next week when we're back, I guess, because it talks about using $1.2 billion of the sale of Hydro One—that's only one of the tranches that you're selling. You've got three more to go.

I suppose, if I can extrapolate that, that means you'll be using a total of more than $4 billion to help balance your budget just from the sale of Hydro One alone. When you go through the one-time sale of the LCBO headquarters, when you go through the one-time sale of the OPG headquarters across the street, I expect that somehow you're going to manage to come up with that $7.4

billion, but it doesn't affect the structural deficit that you've created in the province of Ontario; it only masks over it. It artificially balances the budget with one-time money, but that money won't necessarily repeat itself unless you continue to find assets to somehow sell.

Hon. Charles Sousa: What affects the overall sustainability of the budget and our fiscal plan and the ability to stay on balance throughout is to manage our spending, improve our revenues on an ongoing basis, and we've done that. That is exactly what's proceeding. The sale of assets are reinvested—the net gain is reinvested into the Trillium Trust to build new assets and about $5 billion of that is going towards debt.

Mr. Victor Fedeli: We now know you've put a takeout clause in Bill 144 that was passed last November—

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

Mr. Victor Fedeli: Thanks. I appreciate that, Chair.

Again, let me review. The Financial Accountability Officer said to us, "You're using 4.3%. You should be using 3%." For every per cent that you change, it's about an $850-million—I think your own book says $885 million—revenue change, for each percentage point change in the nominal GDP growth. That's page 273 of your 2015 budget.

So at the percentage difference of 1.3%, that would make it a little over a billion dollars, and that's what the Financial Accountability Officer told us. He told us very, very plainly in his answer to watch for two things: to watch for the drop in the percentage from 4.3% to 3% and a billion-dollar drop. Instead of a billion-dollar drop, you had a billion-dollar increase, which coincides, coincidentally, with your sale of Hydro One and other asset sales.

The Chair (Ms. Cheri DiNovo): Thank you. That will conclude for today. We convene again Tuesday, April 19, at 9 a.m. At that point, we will resume consideration of the estimates of the Ministry of Finance. At that point, the official opposition will have approximately six minutes to conclude.

Thank you, everyone. Have a good evening.

The committee adjourned at 1800.

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