

# **Pre-Budget Consultations in the Ontario Legislature: A Case Study of the Standing Committee on Finance and Economic Affairs**

by

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**Paper delivered at the Annual Meeting of Canadian Political Science Association, 9 a.m., Friday, June 1, 2007, Saskatoon, Saskatchewan**

Graham White has noted that “in many ways the real work of the Legislature is done in committee, whether that work entails scrutiny of the executive and fostering of governmental accountability, the development and refinement of policy, the representation of individual and group interests to government, or the legitimization of the entire political system.”<sup>1</sup>

This paper will deal with the pre-budget consultations undertaken by the Standing Committee on Finance and Economic Affairs (SCFEA) of the Ontario Legislature every year. The questions that this paper seeks to ask are: a) how effective are the hearings that take place every year; b) how much input does the committee’s recommendations and reports have in the actual budget process; and c) do the committee’s hearings allow for the voice of the public to be heard in the budgetary process.

The paper will begin by a description of SCFEA, its membership and history, as well as the role of the committees in the Ontario Legislature as a whole. From then it will evaluate the effectiveness of committee hearings based on interviews and evidence, as well as a description of the budgets that have been delivered since 2003. In the interests of both space and resources, I will confine my analysis to the current Liberal government, which has been in office since 2003.

## **History of the Committee**

According to McLellan, “Ontario has been the pioneer in formal pre-budget consultations. Other provinces have experimented... but only the federal model parallels Ontario’s all party legislative committee.”<sup>2</sup> The Committee’s hearings have provided a forum for which Ontarians can present their concerns directly to Members of Provincial Parliament (MPP). Traditionally, the hearings heard exclusively from organizations such as interest groups, members of the business community, labour unions, and representatives of the so-called MUSH (municipalities, universities and colleges, schools and hospitals) sector, but in recent years more and more individual citizens have asked to be heard by the committee.

In July 1985, Robert Nixon, then provincial Treasurer (now known as Minister of Finance), introduced the idea of establishing a committee that would conduct pre-budget consultations with the public. In October of that year the provincial Treasury (now known as the Department of Finance) released a report on the subject of consultations, and it was decided to proceed with consultations. In 1986 the Standing Committee on Finance and Economic Affairs was established for the express purpose of holding pre-budget consultations (its mandate has since expanded), and the first budget hearings began in early 1987. It opened what was widely considered a closed process.

## **Ministerial Consultations**

Historically, the Treasurer/Minister of Finance would hold *in camera* meetings with interested stakeholders in the budgetary process. These consultations were not

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<sup>1</sup> Graham White. The Ontario Legislature: A Political Analysis (Toronto, ON: University of Toronto Press, 1989), 154.

<sup>2</sup> Ray McLellan. “The Ontario Pre-Budget Consultation Process.” Ontario Legislative Assembly Research Paper C202 (January 2000), 1.

advertised and it was not widely known that they took place, and participants were usually limited to the Minister and a few staff members. Most meetings were about thirty minutes in length and considered by many to be very informal. While the Minister engages in general discussion with the group, he or she “cannot reveal, or even hint at, any possible tax changes, for fear of breaking the rules of budget secrecy.”<sup>3</sup> Initially, these consultations were almost exclusively limited to business groups, but by the 1980s the roster of individuals and organizations the Minister consulted with had expanded to include labour and social organizations.

There was a widespread perception that these hearings were secretive and restrictive, being confined to only important members of the business (and later, social) community and not giving other voices a chance to be heard. These arguments against the ministerial consultation process were one of a main impetus toward establishing SCFEA and opening up the process.

### **SCFEA is Established**

The 1985 budget contained a discussion paper called *Reforming the Budget Process*, which contained proposals to increase the involvement of the Legislature in the budget process.

Several benefits were identified:

- briefs prepared by the groups would be tabled and the Hansard of the consultations would be available to the public;
- members of the committee would have the opportunity to bring varying perspectives to these discussions;
- the committee could encourage participation from groups and individuals not previously involved in the budget process;
- the committee could hold hearings across the province;
- the committee would be responsible for the review of tax legislation, and related matters; and
- the committee could synthesize the views expressed and provide recommendations to the government.<sup>4</sup>

In 1986, the Committee was established. During its inaugural meeting during the 1987 pre-budget consultations, the committee envisioned the annual hearings would be “a framework through which members of the public can express their views on Ontario’s economy and the upcoming budget, and provide Members of the Committee with an opportunity to deliberate on the priorities for the province. As an all-party committee, it endeavours to make observations and recommendations that reflect the consensus of the members.”<sup>5</sup>

<sup>3</sup> G. Bruce Doern. “Fairness, Budget Secrecy, and Pre-Budget Consultation,” in *Taxing and Spending: Issues of Process*, Allan M. Maslove, ed. (Toronto, ON: University of Toronto Press, 1994), 9.

<sup>4</sup> Ontario. Ministry of Treasury and Economics. *Reforming the Budget Process* (Toronto, ON: Ministry of Treasury and Economics, 1985), 16.

<sup>5</sup> Ontario. Standing Committee on Finance and Economic Affairs. “Pre-Budget Consultation 1990.” (Toronto, ON: Queen’s Printer for Ontario, 1990), 2.

## Structure of Committees in the Ontario Legislature

The role of the committee within the Ontario legislature, as in most Canadian jurisdictions, is considered to be the place where members do their most substantial work within the legislative sphere. As White wrote, “members of the Ontario legislature rightly believe that their most interesting and effective work takes place in committees.”<sup>6</sup>

Committee activities in Ontario are divided into three parts: legislation, estimates review, and special studies. The latter is done when a committee is struck to study a particularly significant piece of legislation: during the 38<sup>th</sup> Parliament, only one special committee was established, that of the Select Committee on Electoral Reform, which studied possible changes to Ontario’s electoral system.

The terms of reference for all committees are derived from the Standing Orders. Memberships on committees are determined by the proportion to the recognized parties in the Legislature. Committees usually have two or three staff members; the committee clerk, who handles all the administrative responsibilities of the committee, and one or two researchers who draft reports and studies for the members.

The role of the committee chair in the Ontario legislature is different than many jurisdictions. In the U.S. the chair is endowed with incredible policy-making powers and holds great sway over legislation, and in the U.K. the chair is seen as a neutral arbiter who does little more than keep order and make sure everything runs on time. The Ontario model tends to draw on the latter approach, although Ontario committee chairs do have some power. White notes that “[the chair]’s influence is in part a reflection of his skill in running a meeting – knowing how and when to cut members off, how to steer debate towards or away from certain topics, how to draw consensus out of disparate viewpoints... [the chair]’s power stems principally from the fact that he is, by default, left with the responsibility of organizing the committee.”<sup>7</sup>

As was previously mentioned, the Standing Committee on Finance and Economic Affairs (SCFEA) was struck in 1986 in order to provide a forum for the public to offer their input into the budgetary process. It is an all-party committee, and is required by the Standing Order 88 (b) to be chaired by a member of the government (only one other committee, Public Accounts, is required by the standing orders to be chaired by a member of a certain party, in that case the official opposition; the Standing Committee on Estimates, while not required by the Standing Orders, is usually chaired by an opposition member, as well). Although the high turnover of committee chairs has been noted by scholars such as White, the current SCFEA chair, Pat Hoy (L—Chatham-Kent-Essex), has been chair of the committee since 2003. According to the Standing Orders, the committee is empowered to “consider and report to the House its observations, opinions and recommendations on the fiscal and economic policies of the province and to which all related documents shall be deemed to have been referred immediately when said documents are tabled.”<sup>8</sup>

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<sup>6</sup> White, 154.

<sup>7</sup> White, 173.

<sup>8</sup> Ontario. Legislative Assembly of Ontario. Standing Orders (Toronto, ON: Office of the Clerk of the Legislative Assembly, August 1997), S.O. 105(f).

Currently there are (as of May 2007) nine committee members; six Liberals (including the chair, who does not vote except in cases of a tie), two Progressive Conservatives, and one New Democrat. These percentages are roughly in proportion to the standings in the Legislature, which are 69 Liberal, 24 PC and 10 NDP. The current members are chair Pat Hoy; vice-chair Phil McNeely (L—Ottawa-Orléans); Ted Arnott (PC—Waterloo-Wellington); Wayne Arthurs (L—Pickering-Ajax-Uxbridge), who also serves as parliamentary assistant to the Finance Minister; Toby Barrett (PC—Haldimand-Norfolk-Brant); Judy Marsales (L—Hamilton West); Deborah Matthews (L—London North Centre); Carol Mitchell (L—Huron-Bruce); and Michael Prue (NDP—Beaches-East York).

### **Selection of Witnesses & Travel**

The witness selection process and the travel schedule is one of the first, and one of the most important, processes the committee goes through. This process is done by the subcommittee, which consists of the chair and one member of each party represented on the committee. The travel schedule is determined in advance of any sittings of the committee or decisions on witnesses. The committee negotiates geography at this point, taking into account several factors, such as lack of representation at previous hearings, importance to the provincial economy, and other factors such as demographics of the area. The subcommittee tends to choose locations for the committee that are a mix of urban and rural. Toronto tends to have the greatest number of hearings (due to its importance to the province) and of course requires no travel; however, Northern Ontario tends to be an important area for travel as well, due to its geographic location far from the large urban centres of the province and because of a feeling that the North tends to get “underrepresented” and not listened to enough.

According to committee members, these negotiations are usually fairly straightforward. However, sometimes compromise negotiations are required: the government tends to prefer holding hearings in areas that are more friendly to the government, whereas the opposition parties prefer to visit areas which would not be particularly friendly to the government. The subcommittee also decides how much time that the committee should spend on the road and how many days the hearings will last. The committee usually conducts two weeks of hearings on the road and a week in Toronto.

Once the locations for the committee hearings have been determined, the Committee conducts daily advertisements for submissions for the committee’s consideration. These submissions usually come from important stakeholder groups, agencies, organizations, and even individuals. Once the submissions have been received, the subcommittee meets again to determine who will be heard, from lists drafted by the Legislature’s research department. Each party is usually allowed one choice from the lists provided without it being questioned or argued against by the opposing parties. Once this is done, the decisions are made with regard to what witnesses are going to be heard. According to both government and opposition MPPs, this decision is made with little or no argument and acrimony between the parties, with the decisions being fairly straightforward.

## **The Hearings Themselves**

The hearings are, of course, run by the chair or, in his absence, the vice-chair. Each presentation is a total of fifteen minutes in length. The presenter is allowed ten minutes in which to make his or her presentation, and is then followed by five minutes of questions from committee members. The questioning goes in five-minute segments with each party going in rotation – because of the strict nature of the rotations, it is inevitable that some parties may have to forgo certain questions that they may want to ask. Participants are usually informed in advance of their presentations of the time length allowed and keep their presentations under the ten minute length – thus, allowing for more questions.

Generally, the first witness that presents is the Minister of Finance and his staff. The Minister provides an outline of the province's finances as well as provides an outline of the province's revenues and expenditures. Expert witnesses on the economy generally follow the Minister, and then the hearings are open to those who have been chosen by the subcommittee to present.

Both opposition and government MPPs have noted current chair Pat Hoy's strict adherence to the time allocations, which has been beneficial in keeping presentations and questioning on time. They have noted Hoy's "strict but fair" adherence to the rules and role as chair.

## **Report Writing**

After the hearings are conducted, the legislative library's research staff synthesizes the many presentations and reports into a committee report that which will be studied and debated by committee members.

The committee usually sets aside two days for report writing, which includes motions for what is to be put into the final draft of the report.

During the report writing stage, each member offers their input into what the report should contain and what recommendations the committee should make. One member of the government caucus takes the lead in presenting motions and recommendations from the government side; usually this role is fulfilled by the parliamentary assistant to the finance minister (currently Wayne Arthurs). Each opposition party also has a representative on the committee who takes the lead, usually the finance critic from each party (currently the NDP has one member on the committee, Michael Prue, who is also the party finance critic). These critics, especially the parliamentary assistant, essentially act as "caucus whip" on the committee.

The report writing stage usually involves debate on many of the recommendations that have been synthesized by the researchers. The members of the committee debate and then individually vote on each recommendation which has been presented to them. In the case of majority governments (as has been the situation in Ontario since 2003), the government members usually adopt a report favourable to the government, or at least do not incorporate too many recommendations or reports that are critical to the government. Opposition members also have the opportunity to draft and debate motions, but these are usually defeated; however, there are some instances where the government members will

pass a motion that was proposed by the opposition (Michael Prue notes that there are usually one or two opposition recommendations passed in each report).

At the end of the consultations, the committee makes specific recommendations regarding the budget. It suggests courses of action or specific policy items that the government should include in the budget. These recommendations are voted on by committee members to be included in the final report.

The opposition also usually incorporates a “minority report” as part of the full report. This usually includes emphasizing recommendations that were made by important stakeholders to each opposition party, as well as alternative recommendations. These minority reports, however, are included but are not considered to be part of the official report when it is tabled, usually serving as appendices.

After the report is voted on, it is presented in the Legislature to be tabled. A copy is also sent to the Finance Minister for his consideration.

### **The Report and the Budget: Empirical Evidence**

Now that the pre-budget consultation process has been described in earnest, we must turn to the crux of this paper: do the pre-budget consultations have any discernable effect on the government’s budget?

There have been conflicting arguments made on the effectiveness on the consultations: some argue that the committee’s hearings are mere window dressing, that the hearings give the appearance of being important to government but in reality the budget is determined well in advance of the hearings; other sides argue that the consultations have an effect in that they provide concrete solutions to problems that the government may be facing in the budgetary sector, as well as providing broad themes for the direction fiscal policy can take. If anything, they allow the public to be heard on important issues and give the government an idea of what people are thinking about.

The following section will review the budgets delivered by the current government since 2004 as well as some of the major themes and outcomes of the committee, to see if there is any conjunction between the two.

#### *2004*

The 2004 budget was the first budget presented by the McGuinty government, delivered by Finance Minister Greg Sorbara on May 18, 2004. The first budget set out a four-year fiscal plan for the government, with the focus being on health care and, to a lesser extent, education. The health care aspects of the budget focused on reducing wait times for cancer and cardiac procedures, as well as joint replacements and dialysis, as well as \$11.3 billion in operating support for hospitals and \$406 million in new funding to open 3,760 new long-term care beds and increased funding to hire more nurses.<sup>9</sup>

The most controversial aspect of the 2004 budget was its measure to pay for increasing health care costs and the new promises on health care contained in the budget, which was the Ontario Health Premium (OHP). The premium was a levy exclusively dedicated to health care expenses, and was brought in to help fund spiralling health care

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<sup>9</sup> Ontario. Ministry of Finance. “Ontario Budget 2004 Highlights: The Plan for Change.” (Toronto, Ministry of Finance, 2004), < <http://www.fin.gov.on.ca/english/budget/ontariobudgets/2004/budhi1.html>>

costs. The premium would cost between \$300 and \$900 a year, and would be based on income, with people at the lowest end of the economic scale paying the least amount (and many being exempted if their income was low enough).<sup>10</sup>

The health premium engendered a great deal of controversy, from both the public, the media, and (especially) the opposition parties, who accused the government of breaking their promises of not increasing taxes during the election campaign. The government countered with the argument that the premium was not a tax, and that it was necessary to protect the public health care system, which many Ontarians put a great deal of value into.

In addition, the 2004 budget also dealt with another major part of the Liberals' 2003 election campaign platform, education. Premier Dalton McGuinty, during the campaign, positioned himself as the "education premier" and would invest heavily in primary, secondary, and post-secondary education. The budget contained promises to cap class sizes between junior kindergarten and Grade 3, train 1,000 more teachers, and to make sure at least 75% of the population passed their literacy tests. The investment in education included an additional investment of \$2.1 billion, increasing per-student funding by \$1,100.<sup>11</sup>

SCFEA held their consultations between January 26 and February 12, 2004. Many of the important investments made in the 2004 budget had their genesis in the 2003 Liberal election platform, such as the promise to cap class sizes and increase funding for education to health care. Because of the proximity of the election to the budget and (especially) the committee hearings, and with promises in the election platform being at the front and centre of Liberal investments, it is safe to argue that the committee's hearings would not have been as influential as many would have liked. However, it is also important to note that the 2004 hearings were heavily dominated by representatives of the health care and educational sectors, in which views were expressed to the committee that the government should focus on investment in these two sectors. In this case, many of the broad themes of health care and education were painted, and the budget focused on these two areas.

## 2005

Finance Minister Sorbara presented the 2005 budget in May 2005. Once again, the budget embraced a theme – this time, post-secondary education.

The government's cornerstone programme was the four-year *Reaching Higher* investment in colleges and universities in Ontario with a \$6.2 billion funding package, and increased funding for financial aid, with restrictions being eased so more students could take advantage of OSAP and other government funding programmes. The budget also included a four-year, \$30 billion infrastructure plan for roads, transit, hospitals, schools, colleges and universities. The budget also contained increased funding for health care, particularly in the wait times area, as well as funding to build more

<sup>10</sup> Ibid.

<sup>11</sup> Ontario. Ministry of Finance. "Ontario Budget 2004: Health and education at centre of plan for new generation of economic growth." (Toronto, ON: Queen's Printer for Ontario, 2004). <http://www.fin.gov.on.ca/english/budget/ontariobudgets/2004/nr1.html>. Accessed May 19, 2007.



affordable housing. The budget also contained a steady reduction of the deficit, due to increasing revenues and holding the line on spending in several ministries.<sup>12</sup>

The committee held hearings between December 2004 and January 2005, with 158 witnesses appearing in person. 82 written submissions were received as well. One of the major themes of these hearings were post-secondary education, and the need of the government to increase investment in the post-secondary sector “in order to keep Ontario’s workforce among the most skilled, attract cutting-edge research and development, foster innovation, and make Ontario’s economy a global leader in efficiency, growth, and quality of life.”<sup>13</sup> The report noted that countless presenters from across the province – educators, students, union leaders, business leaders, municipal representatives, and others – recommended that government increase spending in the post-secondary education sector. Some of the main goals outlined were to improve quality, accessibility, and accountability in post-secondary education. A major recommendation made by many presenters was to make post-secondary education accessible to all who qualified for it, and to make changes to the OSAP system, including extending eligibility, increasing caps, and targeting assistance for students with special needs.

Committee chair Pat Hoy noted that the 2005 hearings tended to have an “education focus,” and much of this was reflected in the budget itself, with its major initiative being the *Reaching Higher* plan. In this regard, the committee hearings were effective in showing a great deal of concern with the post-secondary sector and the need for the government to respond to these concerns.

Another topic of great interest was the government’s plans with regard to the deficit. The report noted that many witnesses agreed with the need to balance the budget, although some noted the need to achieve a balance between cuts and revenues and not to employ a “dogmatic” approach in getting a balanced budget. However, with those advising holding steady on balancing the budget, there was less consensus on how to achieve it – some favoured an expanded role for the private sector in health care and energy; others recommended privatization of crown corporations such as the LCBO. Although these widely divergent viewpoints emerged, many of the presenters noted the need to achieve budget balance and to do this in a balanced manner. The government seemed to take this approach in the budget, holding firm to a steady budget-balancing approach of relying on increasing revenues and targeted spending cuts.

However, there were other recommendations made to the committee that did not make it as part of the final budget. There was almost universal opposition to the health premium levied in the 2004 budget – as the report noted, “business, labour, and social welfare groups were united in calling for the elimination of the Ontario Health Premium.”<sup>14</sup> However, the government continue to contend that the premium was necessary in order to fund the health care system adequately. On the health care front, the committee heard more presentations on the health sector than any other, which was

<sup>12</sup> Ontario. Ministry of Finance. “Ontario Budget 2005: Budget Highlights.” (Toronto, ON: Queen’s Printer for Ontario, 2005). <http://www.fin.gov.on.ca/english/budget/ontariobudgets/2005/budhi1.html>. Accessed May 19, 2007.

<sup>13</sup> Ontario. Standing Committee on Finance and Economic Affairs. “Pre-Budget Consultation 2005.” (Toronto, ON: Queen’s Printer for Ontario, 2005), 29.

<sup>14</sup> “Pre-Budget Consultation 2005,” 5.

“consistent with this Ministry’s place within the province’s expenditure budget.”<sup>15</sup> Most of those presenting on the health care front recommended that the province prevent any increasing privatization in the health care sector, and a steady commitment to health care funding continue. The budget itself included increased funding for health care and a commitment to reduce wait times for major surgical procedures.

In conclusion, both the budget and the pre-budget report seemed to have a focus on post-secondary education, reflecting the mood of the public to see more funding and a long-term programme in this area. Although it is difficult to find a direct relation between the committee report and the final budget’s focus on post-secondary education, there seems to have been a mood in the public regarding focus on post-secondary which the budget tended to focus on.

## 2006

The 2006 budget was presented by Finance Minister Dwight Duncan on March 22, 2006. This budget had a focus on infrastructure and transportation, with the usual emphasis on health and education.

The highlights of the budget were *Move Ontario* — a new \$1.2 billion infrastructure investment programme in transit, roads and bridges; no new taxes or tax increases; investing an additional \$1.9 billion in health, including increasing the number of Family Health Teams and reducing wait times; \$30 million by 2008–09 to fund the purchase of insulin pumps and related supplies for about 6,500 children with Type 1 diabetes; \$7 million annually to enhance newborn screening and support the creation of a new screening facility at the Children's Hospital of Eastern Ontario; expanding breast screening for women between ages 50 and 74; an additional \$218 million in 2006–07 to help at-risk youth and vulnerable adults and families; ensuring more postsecondary students qualify for upfront grants by doubling the family income threshold for a family with two children to \$75,000; covering the full cost of books for 138,000 students — 75 per cent of all student aid recipients; increasing funding for school boards in 2006–07 by \$424 million to help support smaller JK to Grade 3 class sizes and higher literacy and math scores for Grades 3 and 6; and a projected interim deficit of \$1.4 billion for 2005–06, down 75 per cent from the \$5.5 billion inherited in 2003–04.<sup>16</sup>

The committee held hearings in December 2005 and January 2006. The committee heard from 136 witnesses in person, and received 65 written submissions. Many witnesses counselled the government to continue to stay the course on deficit reduction, to ensure that the budget was in balance as soon as possible. The budget tended to continue the government’s previous commitment to steady but not dramatic deficit reduction, which the committee recommended in its final recommendations.

Committee chair Pat Hoy also noted that many of the presentations during the 2006 hearings tended to have a focus on anti-poverty and social issues. There was a consistent theme of the need to help the most vulnerable in society. A recommendation made by many presenters was to end the clawback of the National Child Benefit

<sup>15</sup> “Pre-Budget Consultation 2005,” 19.

<sup>16</sup> Ontario. Ministry of Finance. “Ontario Budget 2006: Budget Highlights.” (Toronto, ON: Queen’s Printer for Ontario, 2006). <http://www.fin.gov.on.ca/english/budget/ontariobudgets/2006/budhi1.html>. Accessed May 19, 2007.

Supplement (NCBS) – with some suggesting that this would be the “strongest measure the government could take to fight child poverty.”<sup>17</sup> In addition, presenters recommended changes to the Ontario Works (OW) and Ontario Disability Support Program (ODSP) system – that these systems should be improved, and that basic social assistance rates be increased.

Interestingly, many of the presentations made with regard to poverty and social benefits seemed to have an influence on the 2007 budget, which will be described in a moment. Several committee members noted that the presentations on social assistance made the committee in the 2006 cycle became an integral part of the 2007 budget, in conjunction with other factors, such as a push to increase the minimum wage. One of the recommendations made by the committee was to address “the province’s social deficit as a priority in support of vulnerable Ontarians.”<sup>18</sup> In this case, although there seems to be a lag in the committee’s recommendation and what was actually addressed in the budget, the committee’s focus on social welfare and child poverty in 2006 seemed to have an influence in 2007.

### 2007

The 2007 budget was presented by Finance Minister Sorbara on March 22, 2007. The focus of this particular budget was on poverty and aid to children.

The cornerstone of the government’s poverty agenda was the Ontario Child Benefit (OCB). The OCB was a programme implemented to provide children in low-income families with \$2.1 billion over five years. The programme would begin with a down payment in July 2007 of up to \$250 per child under age 18, rising to a maximum of \$1,100 annually by July 2011. The other centrepieces of the “poverty agenda” were increasing Ontario Works and Ontario Disability Support Program rates by two percent, \$127 million for affordable housing, \$185 million for new housing allowances, ending the clawback of the National Child Benefit Supplement, and a promise to raise the minimum wage to \$10 an hour by July 2010. The government also cut the business education tax (BET) by \$540 million, and made changes to the property tax assessment system. The budget also invested \$125 million in immediate initiatives to support energy efficiency, environmental research, green communities and the province’s natural resources, including \$24 million to provide Ontario homeowners with rebates of up to \$150 for home energy audits, and \$2 million to support the planting of trees, which helps remove carbon dioxide from the air. The budget also made a promise to deliver a major plan for a greener economy, to be unveiled in spring 2007.<sup>19</sup>

The government also focussed on health care and education, by providing \$37.9 billion in health care funding (up 29% from 2003-04) and an additional \$781 million for schools, with promises to hire 8,000 new nurses and 1,200 new elementary school

<sup>17</sup> Ontario. Standing Committee on Finance and Economic Affairs. “Pre-Budget Consultation 2006.” (Toronto, ON: Queen’s Printer for Ontario, 2006).

<sup>18</sup> “Pre-Budget Consultation 2006,” 33.

<sup>19</sup> Ontario. Ministry of Finance. “Ontario Budget 2007: Budget Highlights.” (Toronto, ON: Queen’s Printer for Ontario, 2006). <http://www.fin.gov.on.ca/english/budget/ontariobudgets/2007/budhi1.html>. Accessed May 19, 2007.

teachers by 2008-09.<sup>20</sup> In addition, the budget was in balance for the first time since the government took office in 2003.

Once again, the pre-budget consultations began with a focus on the deficit. According to the report, “balanced budgets and debt reduction are firmly rooted in the public lexicon, as underscored by witness presentations.”<sup>21</sup> Spending controls were seen to keeping the budget in balance, and the government was discouraged from implementing new taxes as part of their deficit elimination programme.

In the field of social services, welfare, and poverty, the common themes that were mentioned in the 2006 report were mentioned again here. The government was urged to develop a long-term plan to address child and family poverty and make it a core priority of the 2007 budget. The five key components identified were good jobs at living wages, affordable child care, affordable housing, adequate child income benefits and a renewed social safety net.<sup>22</sup> There were numerous recommendations to raise the minimum wage to \$10 in order to provide a better living wage to those at the bottom of the economic ladder, as well.

In addition, there were many presentations on the environment, thus reflecting the public’s growing concern with environmental issues. Presenters promoted a balanced, partnered approach to climate change, between industry, the province and the federal government, in order to achieve greenhouse gas emission reductions and vehicle emissions. Although the budget contained some environmental initiatives, the government promised to release their “green” strategy sometime in the spring and summer of 2007.

Once again, there seems to be some correlation between committee hearings and what actually ended up in the budget. First is in the social sphere: the numerous recommendations made by committee to concentrate on the social agenda, child poverty, and the minimum wage, in conjunction with a widespread public opinion campaign on the issue spearheaded by many social groups, including many NDP members, led to the government to make a focus on the social sector. Although it is hard to say whether or not the committee’s hearings had an effect on the budget directly, the committee hearings tended to reflect a concern in the public with regard to the social sector. In addition, concerns about the environment were addressed to the committee, which led to it being addressed with a promise to unveil a long-term green strategy.

### **Does It Have Any Effect?**

In their article, Boulaine, Deschênes, Pelletier and Proulx argue that “... the [Finance and Economic Affairs] committee makes an original contribution to the process leading up to the budget by providing the general public with an opportunity to take part, which no doubt has an influence on the Government’s decisions. This area of its work clearly heightens the profile both of the committee and of the report it tables before the

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<sup>20</sup> Ibid.

<sup>21</sup> Ontario. Standing Committee on Finance and Economic Affairs. “Pre-Budget Consultation 2007.” (Toronto, ON: Queen’s Printer for Ontario, 2007), 3.

<sup>22</sup> “Pre-Budget Consultation 2007,” 9.

Assembly.”<sup>23</sup> McLellan argues that the committee’s report has been an “integral part of the Ontario political scene.”<sup>24</sup> McElwain says that the “opening of the budget process to a greater exchange of information and input with the public and the Legislature can assist in developing budgets that are increasingly reflective of citizens’ views.”<sup>25</sup>

Many of the positives of the committee’s hearings have been identified. Foremost among them are the fact that the presentation process by the public has allowed the public’s voices to be heard with regards to the government’s overall fiscal direction, and allowed public input into the budgetary process. Whether or not the government tends to follow these directions is arguable, but the public’s voice is heard during the process. In addition, the economic analyses offered by both the Ministry of Finance and independent analysts allows the government’s fiscal record and overall direction to be put on the table, as well as to offer both the committee and the public possibly divergent opinions on the economy’s direction and the government’s fiscal plan. The traditional arguments against the Ministerial consultations on the budget were that they were too closed and the public was not able to hear what recommendations were being made; this is alleviated somewhat by the public consultations of the committee, the Hansard of which is readily available to the public, thus enhancing accountability in the Legislature.

Naturally, there are corollary negatives to the positives of the committee, the primary of which is that the pre-budget hearings are done too late to have any discernable impact on the budgetary process: since the hearings are (usually) held in January and February, and the budget is traditionally delivered in May, the recommendations and report do not have much of an impact on the Ministry’s thinking, as it has limited opportunity to study the recommendations. In addition, the committee has not travelled widely enough in Ontario to hear all viewpoints on the budget, and the availability of witnesses to present their viewpoints on the budget is limited due to time structures and location.

Much of the criticism surrounding SCFEA’s pre-budget consultations is that the hearings have little discernable effect on the budgetary process. Many reports are tabled far too late to make an impact on the process; for example, the 2007 report was tabled in the Legislature on March 19, three days before Finance Minister Greg Sorbara presented the budget on March 22. Even the most optimistic of prognosticators would have a hard time arguing that the government’s budget would be changed in order to incorporate the committee’s recommendations.

Others argue that, since the budget provides a sounding board for the public at large to present their opinions on the fiscal direction of the province, many of the hearings’ themes, if not the direct recommendations, have an effect on the budget in following years. Chair Pat Hoy noted that the budget presentations that he has chaired since 2003 seemed to have annual “themes.” He also noted that both the 2006 and 2007 pre-budget consultations had a great deal of input from groups concerned with poverty and social issues; the government’s 2007 budget contained many policies implemented to

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<sup>23</sup> Valmond Bouliane, Gaston Deschênes, Réjean Pelletier, and Mathieu Proulx. “Committee Systems in Quebec and Ontario: Part II: Structure and Organization.” *Canadian Parliamentary Review* 19:2 (1996). <http://www.parl.gc.ca/Infoparl/english/issue.htm?param=157&art=1071>

<sup>24</sup> McLellan (2000), 9.

<sup>25</sup> Mark McElwain, “Ontario’s Budgetary Process,” in Graham White, ed. *The Government and Politics of Ontario, Third Edition* (Scarborough, ON: Nelson Canada, 1990), 372.

address poverty and inequity, such as the ending of the clawback of the Federal Child Benefit Supplement and the implementation of the Ontario Child Benefit, which will provide increased benefits for children of poor families. Hoy also noted that in previous hearings, representatives of the business community had expressed reservations regarding Ontario's business education tax, which was eliminated as of the 2007 budget.

The specific recommendations made at the end of each report have a mixed result of being included within the budget. It seems that some of the very broad recommendations manage to find themselves as part of the fiscal plan, but the overall, specific recommendations involving specific policy issues or programmes tend not to make it into the final budget document. For example, the 2006 report's first recommendation was to ensure that "the government continue to reduce the fiscal deficit and achieve a balanced budget in accordance with its plan and not at the expense of priorities of Ontarians such as health care and education."<sup>26</sup> This generic recommendation is short on specifics and detail, but gives the government a broad outline to follow, in which the details are left to the Ministry and government. In addition, this recommendation is in keeping with previous committee recommendations as well as what has been suggested by witnesses as well as the general direction in fiscal policy that has been undertaken since the current government took office in 2003.

The argument here is that, whereas the individual items and allocations requested during the pre-budget consultations may not be included in later budgets, many of the themes carry forward into the discourse surrounding the budget, and lays the groundwork for future fiscal policy.

However, Hoy acknowledges that people would like quicker outcomes to their concerns. They come into the meetings with high expectations and many of these can't be resolved, due to the other pressures that are put on government with regard to the budget.

## **Conclusions**

The pre-budget consultations performed by the Ontario Legislature's Standing Committee on Finance and Economic Affairs (SCFEA) continue to be an important part of the Ontario legislative process. Each year, the committee's hearings allow the general public in Ontario to voice their opinions regarding what direction the government should take with regard to budgetary and fiscal policy.

Although there have been many weaknesses pointed out in the process, evidence seems to show that the committee's hearings tend to have a positive effect on the budgetary process. If anything, they allow the public to give their opinion on their concerns and how they should be addressed by the government, which gives the government a blueprint to follow with regard to fiscal policy and other matters. Although the specific concerns may not be immediately addressed in the budget, many committee members argue that the committee's hearings provide broad themes on the direction the government should take; in effect, the hearings lay out a blueprint for future policy, with the government filling in the specifics. It also allows the government to gauge the

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<sup>26</sup> Ontario. Standing Committee on Finance and Economic Affairs. "Pre-Budget Consultation 2006." (Toronto, ON: Queen's Printer for Ontario, 2006), 33.

public's mood on their fiscal direction and, in conjunction with the annual hearings conducted by the Finance Minister, provide a valuable resource for the government's fiscal policymakers to follow when crafting their budgetary policy.

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