

May 16, 2006

Ms. Sheila Fraser
Auditor General of Canada
Office of the Auditor General of Canada
240 Sparks Street
Ottawa, Ontario
K1A 0G6

Dear Ms. Fraser:

In November 2005, the Ontario Chamber of Commerce (OCC) formally requested your office to conduct a thorough review of the federal transfer system, including the 'equalization' program, due to serious reservations about their perceived benefits and outcomes, as expressed by our membership of 57,000 businesses.

Today, in view of the issue receiving a greater level of attention from Prime Minister Harper and his government, the OCC reiterates the importance of such an independent review and audit and re-states our request that your office give serious consideration to making this issue a priority.

The OCC's own analysis, contained in our report "***Fiscal Imbalance: A Roadmap to Recovery***", reveals that there are currently no formal procedures or systems in place at the federal government level to adequately measure and report the effectiveness of programs designed to ensure comparable public services across Canada.

Considering that Canada's transfer system is the largest of its kind in the world, the OCC was astounded to learn that the entire program is neither measured in terms of its possible impacts on contributing provinces, nor assessed on whether it has produced tangible benefits for the receiving jurisdictions. Our membership believes the Canadian taxpayer must have assurances that they are receiving value for their money; however, there is evidence to suggest that such value is more perceived than real.

We believe it is imperative that your department undertake an independent review of whether there are adequate and transparent measurements in place to determine the effectiveness of the equalization and overall federal transfer programs.

The OCC considers the Auditor General's Act provides the mandate by which you may conduct a "performance audit" on the transfer system. We note with particular reference the Auditor General's own definition of "performance audits": "Examine management practices, controls and reporting systems with a **focus on results** (*our emphasis*). These audits examine whether government activities are being managed with due regard for economy, efficiency, and environmental impact, and with measures in place to determine their effectiveness (*our emphasis*)."

Based on extensive research, the OCC is convinced that such standards, controls and reporting systems are not in place which would help ensure true comparable levels of public services across Canada.

The OCC has recommended that the federal and provincial governments implement a measurable reporting and benchmarking system focusing on the distribution of tax dollars across this nation. This must be done to ensure the long-term economic prosperity and social well-being of our country.

I would appreciate your early consideration of this request, and would welcome the opportunity to meet with you to discuss it further.

Thank you very much for your consideration of this very important issue.

Yours sincerely,

Len Crispino
President and CEO

ccs: Steve Jones, Chair, Ontario Chamber of Commerce
The Rt. Hon. Stephen Harper, Prime Minister of Canada
The Hon. Michael Chong, Federal Minister of Intergovernmental
Affairs
The Hon. Dalton McGuinty, Premier of Ontario
The Hon. Marie Bountrogianni, Ontario Minister of
Intergovernmental Affairs
OCC Membership

As the most diverse and most influential business group in the province, the Ontario Chamber of Commerce works closely with governments, labour, academia and various other groups to create a stronger and more vibrant economy in Ontario and the surrounding regions.

The OCC represents 57,000 members through 160 independent chambers of commerce and boards of trade throughout the province. The OCC has worked on behalf of business since 1911.
