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**Journal
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(Hansard)**

Tuesday 12 December 2000

Mardi 12 décembre 2000

Speaker
Honourable Gary Carr

Président
L'honorable Gary Carr

Clerk
Claude L. DesRosiers

Greffier
Claude L. DesRosiers

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LEGISLATIVE ASSEMBLY
OF ONTARIO

Tuesday 12 December 2000

ASSEMBLÉE LÉGISLATIVE
DE L'ONTARIO

Mardi 12 décembre 2000

The House met at 1845.

ORDERS OF THE DAY

BALANCED BUDGETS
FOR BRIGHTER FUTURES ACT, 2000

LOI DE 2000
SUR DES BUDGETS ÉQUILIBRÉS
POUR UN AVENIR MEILLEUR

Mr Young, on behalf of Mr Eves, moved second reading of the following bill:

Bill 152, An Act to implement the 2000 Budget to establish a made-in-Ontario tax system and to amend various Acts / Projet de loi 152, Loi visant à mettre en oeuvre le budget de 2000 en vue de créer un régime fiscal propre à l'Ontario et à modifier diverses lois.

Mr Rick Bartolucci (Sudbury): On a point of order, Mr Speaker: Since this is going to be an important debate this evening, do we have a quorum?

The Acting Speaker (Mr Tony Martin): Is a quorum present?

Clerk at the Table (Mr Todd Decker): A quorum is not present, Speaker.

The Acting Speaker: Call in the members.

The Acting Speaker ordered the bells rung.

Clerk at the Table: A quorum is now present, Speaker.

The Acting Speaker: The member for Willowdale.

Mr David Young (Willowdale): Mr Speaker, with your permission this evening, I will be sharing my time with a number of members of this assembly, including the member from Scarborough East, the member from Simcoe North and the member from Barrie-Simcoe-Bradford.

It is indeed a pleasure this evening to have an opportunity to speak to this bill, An Act to implement the 2000 Budget to establish a made-in-Ontario tax system and to amend various Acts. It is the second stage, the culmination, of what was an historic budget for this province which was introduced in this very assembly in May of this year by the Honourable Ernie Eves, the Minister of Finance and Deputy Premier. You will undoubtedly recall that he stood in this Legislature and announced that for the first time in my lifetime, and certainly in a considerable period of time, we had a province that was the envy of the nation in terms of economic development and

fiscal growth. We had a province that was working better than not only any other province in this country, but better than the United States and, in fact, had a net GDP growth rate that was significantly higher than any other G7 country.

That in and of itself would have been reason to celebrate, but Minister Eves was also in a position to proclaim to the hard-working men and women of this province that we had balanced the budget of this province and that we had not only done it for this year, but we had done it for the previous year. We realized that after having had an opportunity to consider just how great the economic growth was for the preceding year. To be able to establish and to announce to the people of this province that we had balanced the budget for two consecutive years—I say “we”; in fact, I should say the people of Ontario did that. It was with great pride that the minister stood there and made that announcement and then, of course, there was legislation introduced at that time. This is the second stage of that, which will implement some remaining portions of the budget announcement. We'll talk about that this evening at some length.

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It's indeed a privilege to be able to talk about the accomplishments. It's particularly important to stress, though, just how far we have come. Because while it is true that even if Ontario had experienced sustained economic growth over the last 10, 15, 20 years, this would be a good-news announcement, this would be a budget that was worth reading, this would be a budget that was worth celebrating, because there are in excess of 830,000 more people working than there were five-plus years ago, because there are more than half a million less people collecting welfare, half a million people who now understand the dignity of a job, have that privilege, who have been able to go home and utter those magic words, “I got the job”; because our tax rate has continued to decline year after year after year and because the growth in this province has continued to increase year after year after year since Mike Harris took office.

That would be reason enough to celebrate. But when one considers just how far we have come, given where we started from, when one considers that in 1995 we took office and the people of this province talked at some considerable length about the fact that we were on the verge of bankruptcy—now whether that was real or whether that was simply a perception, a widely held perception, is really of no import. What was important is that the people of this province had lost confidence, had lost faith. There was no longer the confidence, the secur-

ity to go out and buy that new automobile, to renovate the house, to make important changes in one's life, because there was a concern that we as a province collectively, and individuals within that province, simply didn't have the financial wherewithal, the financial security to afford that over any length of time.

As evidence of that, and certainly one of the signs that was most disconcerting to the Conservative Party as we ran in the 1995 election, and undoubtedly was very upsetting to the people of this province, was the fact that the predecessor government, the NDP government before us, had tabled a budget that anticipated a deficit for the coming year of in excess of \$11 billion.

So when one considers that over five and a half short years we have managed to balance the budget two consecutive years, we are now in the process of paying down the debt, we have all those hundreds of thousands of people working, fewer people receiving social assistance, there is reason to celebrate—so much so that even those naysayers, those who thought we were on the wrong course, including some very well-respected economists at the time, and certainly the members opposite, the NDP and the Liberals, who said, "Cutting taxes is not the way to go. Cutting taxes won't earn you more revenue as a province. Cutting taxes won't create more jobs," with the greatest respect, were wrong. What has happened over the last five and half years has proven them to be wrong.

What we have now is very clear evidence that tax cuts do create jobs and play a big part in fuelling the economy, fuelling the growth of this province. I do want to stop to acknowledge, as undoubtedly will my friends who follow me, that we have benefited in this province by the boom that has occurred in the US. There's absolutely no doubt about that. But let's remember what I said a moment ago, what Minister Eves has said repeatedly in this Legislature; let's remember that the growth rate within this province is one that is far greater than the other provinces, that is greater than the United States, that is greater than the G7 countries. So we're doing something more to stimulate the economy than simply riding along on the coattails of our American neighbours. But I do acknowledge that is a factor.

Having said that, if that was the only factor, then we would be following them, and we're not. We're leading the way, so much so that even one of our greatest critics, an individual who on every possible occasion has gone out of his way to suggest that we were proceeding down the wrong road, that we were heading in the wrong direction—whose name I'll reveal to you in just a moment—recently was quoted in a National Post article as saying the following: "Our tax system is now very competitive with the Americans. If you look at Ontario, the income tax in Ontario, provincial and federal together, is competitive with New York, and Michigan, California, and the state of Washington. Corporate tax, too. But the payroll tax in Canada is much lower than in the U.S." That is what this individual said about Mike Harris's Ontario. The name of the individual—

Mr Toby Barrett (Haldimand-Norfolk-Brant): Who was that? Mike Harris?

Mr Young: No, it wasn't Mike Harris. He was talking about Mike Harris. The name of the individual who had such great admiration for what we have done in this province is Jean Chrétien. The Prime Minister of this country was recently quoted as acknowledging just how competitive this province has become. The Prime Minister has acknowledged that Ontario, with its tax-cutting ways—less income tax, less corporate tax, less payroll tax—is leading the way to the recovery of this country. Whether or not one describes the Prime Minister as a johnny-come-lately, the reality is that we're glad that he too acknowledges—although later, not sooner—that tax cuts are and were necessary.

So we have a budget bill that we're debating this evening that continues many of the traditions that were commenced when the Mike Harris government took office in 1995. I'm very proud to be here to discuss that because there is a great deal more to do. There should be no doubt that there is more to do. One of the ways we're going to be able to do more is to establish in this province a made-in-Ontario, made-for-Ontario tax system. What this legislation encompasses is a made-for-Ontario personal income tax system that will allow the people of this province to calculate the provincial income tax they owe based upon their total income, not based upon the federal taxes they're paying.

It's important to emphasize that is what this provision will do and it's important to emphasize what it will not do. We do not believe that this will require the average Ontarian to fill out an additional tax form. If we did, we would be reluctant to proceed down this road. The reality is that it may well change a couple of the lines on your current tax form, but it's unlikely to significantly increase or, in reality, increase at all the load of an Ontario taxpayer. What it will do by having a made-in-Ontario tax system is make it very clear, very transparent to those in this province what amount they are paying to the provincial government and what amount they are paying to the federal government. It will make it very clear to them. It will also allow our province to establish tax policies that will meet the needs of the people of this province.

Because we live in a diverse country, and as proud as we are to be Canadians, we acknowledge that there are differences. There are different challenges on the east coast than there are on the west coast. The lobster industry is of less import in the province of Ontario than it is in Newfoundland. Provisions and incentives dealing with the growing of wheat are less important in Ontario than they would be in Saskatchewan. That is why Ontario, along with most of the other provinces in this country, is moving toward having a tax system that will recognize the unique nature of each province.

One of the things we will be able to do in that regard is to put forward employee benefit options that will allow for incentives, particularly in areas such as media and film. A mining tax exemption which is contemplated in

this legislation will support the mining industry in this province, often in remote areas, by providing a 10-year or \$10-million mining tax exemption. It will provide investors in research-intensive, labour-sponsored investment funds with an enhanced tax credit, in many instances, of 20% instead of 15%. This will undoubtedly serve to continue to stimulate, to stir, to promote those sectors that have proven to be so successful and that are so sought after in other parts of the world.

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We are also including in this legislation provisions that will deal with the new education technology tax incentive to encourage businesses to support Ontario's universities and community colleges in a very substantial way by acquiring new equipment and technology.

As well, we are extending the right to incorporate to professionals regulated under public acts, while leaving in place—and I stress this—the personal professional liability that has always existed. So the fact that a lawyer might have the right to incorporate will not in any way, will not in any shape, will not in any form affect one's ability to sue and to recover damages from a lawyer if he or she is negligent or somehow or other has failed that client in a manner that would call for compensation to be ordered. It will provide those professionals with some of the benefits of incorporation that have existed in other provinces and that exist for other professions. The same right would be extended to certified general accountants, who would be governed by the same act.

So we have legislation that we believe will continue to spur on the economy of this province, and I'm very pleased that we have an opportunity to discuss it this evening.

One provision that was discussed when we last dealt with the issue of the budget in this province in May of this year was the Ontario research employee stock option credit. This is a credit that would allow employees of eligible research and development companies in this province a personal income tax credit for the first \$100,000 of taxable employee benefits and capital gains each year arising from designated stock options. You will recall that I mentioned earlier how important it is that we maintain and provide a basis for growth for high-tech companies that are so important in the 21st century, that are so sought after throughout the world. This is an incentive that I anticipate will have just that effect. Eligible corporations are those that perform research and development in Ontario and spend, on a corporate group basis, at least \$25 million or 10% of their group revenue in eligible research and development expenditures. It's important to emphasize that both small and large companies will benefit from this provision and will qualify.

In our legislation, we also deal with the Employer Health Tax Act. We're proposing to help high-tech firms keep top employees by excluding from the employer health tax base the stock option benefits for employees of eligible research-and-development-intensive companies. We believe this measure, if passed by this Legislature, would help these companies attract the best and the

brightest minds to this province and would allow them to keep those individuals when they come to the province.

Another initiative dealt with in this legislation is the research-oriented investment funds. This, as I indicated earlier, will be an enhancement and improvement of the very successful labour-sponsored investment funds that have existed in this province for a number of years and which many hard-working Ontarians choose to invest in as part of their RRSP contributions.

With the educational technology tax incentive, we propose to make some changes to encourage businesses to support Ontario's universities and community colleges. As I indicated before, we believe this will have a very profound effect. It's in addition to tax deductions and credits that are currently available for donations and price discounts.

I talked earlier about the remote mines provisions, because it is important not to forget those parts of the province that haven't experienced the same level of economic success that most of the province has. There are many parts of this province that continue to need some economic stimulation, and we are hopeful that this will be one further source of that.

This bill, if passed, would allow more Ontario small businesses to use the short-form corporate tax return. The requirement to file a corporations tax return is burdensome, particularly so for a small business in this province. We've heard from small business representatives about this concern and we have responded. A large part of the general return is frankly irrelevant for small corporations, especially those exempt from capital tax. So we have a simplified tax return that will be available, and that is in keeping with the general philosophical approach this government has of simplifying and cutting red tape. The simplified tax return would reduce the red tape for small businesses and ease the burden on those small companies. Of course, it is the small and medium-sized corporations that create the most jobs in this province.

This bill is one that, when passed, will undoubtedly serve to continue the growth that we have experienced in this province. But I want to come back to where I started. I want to come back to the fact that we in this government have attempted to lay the groundwork for the economic recovery of this province, but it is the men and women of this province who each and every morning get up and go out and do their job, and do it well and take pride in their job. They are the ones who deserve the credit; they deserve the accolades and they deserve the applause, because it is each of those individuals who have helped to turn around the fortunes of this province. Yes, it is true, and I sincerely believe that many of the initiatives that we have brought forward over the last number of years have helped, have created a fertile climate for that growth, but I think it's important to remember that it's individuals and their hard work, it's entrepreneurs large and small, who are prepared to take risks, often mortgaging their homes and risking their futures in order to continue the growth in this economy.

I anticipate that when the Liberals and the NDP have an opportunity to speak, we will hear a great deal about

other reasons they will suggest exist for the growth and economic turnaround in this province. I want to say this: I think we all, as parliamentarians in this great province, should stop and acknowledge that it is possible for the people of Ontario to be responsible for this success. We need not look over our southern border, as we so often do when we examine positive developments. We need not look over our southern border in order to find an explanation for the growth and the success we've experienced in this province exclusively. I acknowledge to you that there has been a positive effect from the growth there, but for the reasons I stated earlier, that's not the only factor that has stimulated the economy in this province.

So let's stop. Let's take pride in what we have done in this province—and I say “we” collectively. I'm not talking about just within this Legislature. Let's take pride in what we have done and let's look ahead with the same level of optimism that has been experienced over the last two or three years within this province since the reforms of the Mike Harris government have really taken effect. Let's look ahead with the same level of optimism for a brighter future for ourselves, for our children and for our grandchildren.

I think some of my colleagues would like to address this very important piece of legislation as well.

Mr Joseph N. Tascona (Barrie-Simcoe-Bradford): I'm very pleased to join and follow the member from Willowdale, who is the parliamentary assistant to the Minister of Finance. The short title of the bill is the Balanced Budgets for Brighter Futures Act, 2000. The bill provides the legislative framework for a made-for-Ontario personal income tax system, a system that will be independent of the federal government. This system is being developed to ensure that the province has the ability to develop taxation policies that meet the needs of our taxpayers.

We are fulfilling our commitment to introduce a provincial income tax system based on income so that people can keep more of their hard-earned money. Ontario taxpayers would benefit from more cuts to personal income tax this year and a fairer made-for-Ontario personal income tax system for the tax year 2001.

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The legislation proposes to restore full indexation of Ontario's personal income tax system, thereby eliminating bracket creep and ensuring that no Ontario taxpayer pays more than their fair share because their income increases to keep up with inflation.

Research employees whose compensation packages include stock options would benefit from the Ontario employee research stock option credit. This tax credit would effectively exempt from Ontario personal income tax the first \$100,000 of taxable employee benefit and capital gains each year arising from designated stock options.

The bill also proposes excluding from the employer health tax base the stock option benefits of employees of eligible research-and-development-intensive companies. The Balanced Budgets for Brighter Futures Act, 2000,

would benefit a broad range of taxpayers at all income levels, all business sectors and all parts of the province.

Other tax-cutting measures proposed in the bill include: providing investors in research-intensive labour-sponsored investment funds with an enhanced tax credit of 20%, up from the current 15%; supporting mining in remote areas by providing a 10-year or \$10-million mining tax exemption for eligible remote mines; enhancing corporate tax incentives that support the book publishing, digital media and film and television production industries; providing the new educational technology tax incentive to encourage businesses to support Ontario's universities and community colleges in acquiring new equipment and technology; and, finally, extending the right to incorporate two professionals regulated under public acts while maintaining personal professional liability to protect the public interest. This same right is being extended to certified general accountants who are governed by a private statute.

Since 1995, 830,000 jobs have been created in Ontario. There can be no doubt that by allowing Ontarians to keep more of their hard-earned money, they have been spending more and investing more. The evidence is clear: tax cuts do create jobs and play a big part in fuelling economic growth in every region of this province.

I want to comment on a couple of areas of the legislation before I give up my time to the member for Simcoe North. The made-for-Ontario tax system: in the 2000 budget, we announced that we would fully implement a made-for-Ontario tax system for the 2001 year. Under this system, Ontario would establish its own income tax rates and brackets and a uniquely Ontario approach to reductions in income tax through credits, exemptions and deductions.

It is our view that the flexibility provided by the made-for-Ontario income tax system is desirable. We also think that it can be achieved within a single tax administration system. Our tax system would enable the province to gear tax policies to the specific needs of Ontario taxpayers. For example, as announced in the fall 2000 Ontario Economic Outlook and Fiscal Review, we announced our intention to use this new flexibility to enhance Ontario's non-refundable tax credits for students, people with disabilities and their caregivers in the year 2001.

Another example is the Ontario research employee stock option credit, an initiative that is designed to improve Ontario's competitiveness as a place for researchers to locate and conduct their work.

Also, the educational technology tax incentive: to encourage businesses to support Ontario's universities and community colleges in acquiring new teaching equipment and learning technology, the education technology tax incentive has been proposed. Under the new incentive program, corporations get a tax deduction and unincorporated businesses get a tax credit on donations and price discounts to Ontario universities and colleges in respect of new teaching equipment and learning technologies. This incentive is in addition to tax deductions or credits currently available for donations and price discounts.

One other area that I want to comment on is the short-form corporations tax return. This bill would allow more Ontario small businesses to use the short-form corporations tax return. The requirement to file a corporations tax return is burdensome for small businesses. A large part of the general return is irrelevant for small corporations, especially those exempt from capital tax. Having a simplified tax return would reduce the red tape for small business and ease this burden.

The bill also deals with professional incorporation, which I commented on earlier. Many other provinces already allow professionals to incorporate using professional corporations. At the moment, Ontario allows only certain regulated professionals, such as architects and professional engineers, to incorporate their practices. Other self-employed professionals, including physicians, dentists, lawyers and accountants, told this government during recent consultations that they too would like the option of choosing whether or not to incorporate. From the comments of the governing bodies and professional associations representing these groups, the opportunity is now here to propose to extend the right to incorporate to professionals regulated under public statute, as well as certified general accountants, who are governed by a private statute. The legislation would maintain personal professional liability while protecting the public interest.

In this area, the amendment could provide significant tax benefits to valuable medical professionals such as nurses, specialist doctors, physiotherapists, midwives, speech pathologists, radiation therapists, dentists and hygienists, many of whom are in strong demand across the province and are being lured away from Ontario by incentives in other parts of this country or the continent.

If passed, there would be additional consumer protection proposals. Professional liability would not be limited through incorporation, and share ownership of professional corporations would be restricted to members of professional associations.

In closing, I just want to say that I support this legislation. I give my time now to the member for Simcoe North.

Mr Garfield Dunlop (Simcoe North): It's a privilege to rise this evening to speak for a few moments on second reading, the House calendar motion debate of Bill 152, the Balanced Budgets for Brighter Futures Act, 2000. I believe this budget does bring a lot of bright futures. The long title of this act is An Act to implement the 2000 Budget to establish a made-in-Ontario tax system and to amend various Acts.

I'd like to thank my colleague from Barrie-Simcoe-Bradford, as well as the parliamentary assistant, David Young from Willowdale, for their comments.

I'd like to congratulate our finance minister, the Honourable Ernie Eves, for once again bringing forth a budget that all Ontarians should be proud of. This minister, as all Ontarians know, inherited probably the biggest financial disaster in the history of any of the provinces in our country, and certainly the biggest financial disaster in the province of Ontario. He did this back

in June 1995. Imagine the magnitude of a deficit of \$1 million per hour. That's \$11.3 billion per year he inherited, at exactly the same time that the federal government in Ottawa cut billions of dollars from our health care system.

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Mr John Gerretsen (Kingston and the Islands): Garfield, the election's over.

Interjection: It's never over.

Mr Dunlop: You're right. Until it's fully restored to 1993 levels, this argument is never over. You'd better get used to that because you're going to hear a lot about it.

Ontarians believed in the ability of Finance Minister Eves. They believed in the Mike Harris Common Sense Revolution. They believed that Ontario could once again be the engine that drives the Canadian economy. They believed that a Mike Harris government would one day deliver a balanced budget even though Ontarians had lived through a 10-year cycle of tax and spend and borrow that had choked our province's growth and killed jobs. Worst of all was the loss in consumer confidence by all sectors that wanted to invest in our economy.

I chuckled the other day when I heard the member for St Catharines heckling that the budget could have been balanced five years ago. I really wonder how someone could have balanced the budget, how anybody on this planet could have balanced the budget, in 1995. I'm really curious how he actually does his math, especially when he sat as a member of cabinet of a Liberal government that increased taxes over 62 times when they were in power. Was it his intention to tax our citizens even more if his party had been elected? I don't think so. Higher taxes would only have driven the province deeper into debt.

I would suggest to you that it would take innovative ideas to turn this province around, and the Mike Harris government had the right approach: the only party with a platform, the only party with policies. The solution was to stimulate our economy by cutting taxes, a courageous and almost unheard-of move in this country. That courageous move, along with other difficult but necessary decisions, has resulted in the following:

Some 166 tax cuts in the last five years have resulted in revenues estimated by the end of this year at \$14 billion more annually than in 1995.

The private sector has created 830,000 net new jobs since September 1995. The province of Ontario is creating almost half of the jobs created in the country with only one third of the population. To me, that means that in the rest of the country we're not having the same economic growth. Certainly we know that's not happening in BC. It has happened in Alberta. Alberta is doing very well, and so is Quebec. I hear now that Newfoundland is coming on stream a little bit. But the rest of the country is not having the same kind of growth.

Over 530,000 people have left their dependency on welfare. A lot of people say these are minimal jobs that have been created, that we're taking people off welfare and they are minimal jobs. But we look at those jobs as

stepping stones to other jobs. In a lot of cases, people have two and three jobs because they are able to find them. In fact, in Simcoe county in my riding, in 1995 we had 11,000 cases of welfare. Today that's down to 3,800.

The real economic growth for 1999 ended up being 5.7%. The Ontario economy grew faster in 1999 than those of all of the industrialized countries in the G7. I know the opposition doesn't want to hear about these things. They say it's because of the American economy and all these other reasons, but the fact of the matter is that we have a strong economy here in Ontario that doesn't exist throughout the rest of our country. More people are working, more people are spending, and we are expecting even stronger economic growth, resulting in provincial revenues surpassing our projections. Those projections are now at \$5.3 billion more for 1999. With that \$5.3 billion we've been able to invest in a lot of hospital work, construction and modernization. We've invested in a lot of post-secondary education spaces. We wanted to give people some of their money back as well.

With these things accomplished, we've had a surplus of \$654 million in the 1999-2000 budget year, meaning the budget was balanced last year. This will be the first time, last year along with this year, that we'll have balanced budgets two years in a row: the first time since 1942-43 and 1943-44, 56 years ago, that that has happened in the province of Ontario.

I'd like to take a moment and talk a little bit about health care spending. I know we heard a little bit of heckling a little earlier on, but in 1999 we promised to invest no less than \$17.4 billion in health care. In 1995-96 we spent \$17.6 billion; in 1996-97 we spent \$17.8 billion; by 1998-99 it went up to \$18.9 billion; in 1999-2000 we're planning on investing \$20.6 billion; and next year we'll go to \$22 billion a year.

I say that again because I'm very concerned about the federal transfer of money. We keep talking about tax points and all these things, but the bottom line is that there will be no additional money transferred, we understand, until April or May of next year. It is very important that we as a province receive that money from the federal government. You have to remember that when the economy of Ontario is strong, the federal government is receiving almost half of its revenue from the province of Ontario, so we do expect some of our money back.

I know the member from Scarborough East has a number of comments to make on the budget and I would be pleased at this time to turn the floor over to him and he can carry on.

Mr Steve Gilchrist (Scarborough East): I thank my colleagues for allowing me a few minutes to speak to this important bill, the Balanced Budgets for Brighter Futures Act, 2000. I don't think anyone in this province is unaware of the fact that our government has led by example these last five years when it comes to cutting taxes, when it comes to making sure that as much as possible of the hard-earned money being generated in our booming economy stays in the pockets of the businesses and the individuals in this province.

Over those same five years, unfortunately, far too often, as we cut taxes in our provincial budgets a total of 166 times, in most years the federal Liberal government passed tax increases. In some years they were so callous that they were almost to the penny the offset to the tax cuts we had made. So people all across this province would look at their tax return every year and ask themselves what had happened to these savings they had heard about from our Common Sense Revolution promises and in the media every time they covered the news of another provincial budget.

With the publication of the little handout that was attached to the \$200 tax rebate that we sent out to millions of Ontarians, they saw for the first time, in hard dollars and cents, exactly what our tax cuts have meant to them. I can tell you that more than a few people in my riding of Scarborough East have commented to me that they had no idea that the tax cuts, year after year, meant thousands of dollars. The average person who has come to me has had a tax cut of \$6,000. All across the province it will vary, obviously, by your income level, by the number of deductions, by the number of dependants and that sort of thing, but as a general rule of thumb, Ontarians have saved over 30% on their income tax.

We have made a commitment, and in this bill we are acting on the commitment, to guarantee that in the future no one will be able to in any way, through smoke and mirrors or through any other artifice, block your ability to know exactly how much you're paying to the provincial government for the provincial services you are receiving. Never again will you have to rely on some arcane and very difficult calculation appended to a federal tax return to decide whether or not you're getting value for the money you pay.

If this bill passes and the creation of a made-in-Ontario tax system comes to pass, my expectation is that literally millions of Ontarians will for the first time understand what an extraordinary bargain they are getting. When they look at the relatively small amount of money they pay to Ontario in the form of their income taxes every year, and when they balance against that small amount the extraordinary quality of care they are receiving in our health care system, the extraordinary high-quality education system their children are receiving, the investments they see every day in expanding our roads and other infrastructure, they will see for the first time just what a bargain they get at the provincial level.

We can only hope that with the spotlight now very clearly shining on the federal government as a stand-alone, the federal government might want to turn around and apply some of the extraordinary amount of money they generate in Ontario back in Ontario investments.

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We pay 42% of all the federal income tax; in most of the programs we get back about one tenth of the federal spending. That isn't fair. By segregating, differentiating our tax system, for the first time the taxpayers in Ontario will see that inherent unfairness and they will recognize

which level of government has been gouging them at least these last five years.

We committed in the 2000 budget that by the year 2001 we would have a made-in-Ontario tax system. We're going to establish our own tax rates and our own tax brackets, a unique system that will guarantee that we have the ability, through various tax credits and future tax reductions, to make sure that the boom we've seen in our economy these last five years continues. We will not in any way be tied to the millstone of federal boondoggles and the totally inappropriate spending that has been the instigator of no fewer than four criminal investigations in the Prime Minister's own riding, and that just from the actions of one federal ministry.

Time does not permit a detailing of all of the federal expenditures that we believe are inappropriate and have certainly not been in the best interests of Ontario taxpayers. But I'll stay on topic here because I think we've got another good-news bill before us, and one can only hope that even at this late date, five years after our first election, the members of the opposition will see the wisdom of putting more money into the pockets of their own constituents.

We've gone further and we've guaranteed that by having our own tax system, we will be able to target specific areas of our economy that we believe need even further bolstering, further enhancement. One of those enhancements will be the Ontario research employee stock option credit. It's going to allow employees of any company, large or small, that spends a significant amount of money on research and development to get a personal income tax credit for the first \$100,000 of taxable employee benefits and the capital gains arising each year from any stock options.

We're also going to make sure that research companies that have done an awful lot to stimulate our economy these last few years continue to be attracted to our province. This tax incentive would increase the supply of skilled high-tech workers who are attracted to Ontario or given the incentive to remain in Ontario if this is where they got their education. By having access to that pool of skilled labour, we're confident that these high-tech companies will continue to grow and expand and create even further jobs and pay even more corporate tax in the future.

We're also proposing to help these high-tech firms to keep top employees by excluding from the employer health tax the stock option benefits for any employees of any eligible research and development companies. This measure would help those companies attract the best and brightest minds from all around the world by offering a competitive compensation package.

We've built into this bill a number of other research-oriented incentives. We've built in an educational technology tax incentive. It's going to encourage businesses to support Ontario's universities and community colleges in acquiring new teaching equipment and learning technology. Under the incentive program, corporations will get a tax deduction and unincorporated businesses will

get a tax credit on donations and price discounts to Ontario universities and colleges in respect to any new teaching equipment or computer software or learning technologies that they sell to them. This incentive, by the way, is over and above the tax deductions or credits which are currently available for donations and price discounts.

This bill goes far beyond incentives, though, for just the high-tech sector. There are a number of other sectors in the economy that we believe need further incentives to expand and create new jobs. We're proposing to enhance the Ontario book publishing tax credit to increase the maximum tax credit for each book, from \$10,000 to \$30,000, and to extend the credit to the first three books by any eligible Canadian author.

We're also proposing a regional bonus for film and television productions shot outside the greater Toronto area. This regional bonus will guarantee that Ontario not only remains competitive with other jurisdictions, but that the almost \$1 billion worth of annual benefit that has accrued to the Toronto area from film and television productions will in fact not only be distributed across a greater area in this province but hopefully will become the base for far greater investments by the film and television companies. We're going to expand the interactive digital media tax credit to include a limited amount of marketing and distribution expenses. This enhancement would go a long way to assisting small and emerging Ontario companies in the interactive digital media industry to compete internationally in marketing and distributing their products.

One of the other hallmarks of our government for the last five years has been our efforts to dramatically reduce the red tape that has been a tremendous burden on businesses large and small. I'm proud of the fact that we've eliminated literally thousands of regulations. We've scrapped redundant bills wherever possible. We've streamlined the way that business can do business and certainly the way they do business with the government. This bill incorporates another such enhancement. It's going to allow even more Ontario small businesses to use the short-form corporation tax return. The requirement to file a corporate tax return, as anyone who has done it would know, is very burdensome, very expensive and, quite frankly, a great revenue generator for accounting firms, but very often has been a very, very difficult burden for smaller corporations, in particular, to pay. Having a simplified tax return would reduce red tape for small businesses and go a long way to easing this burden.

Professional incorporation is another area targeted in this bill. The bill would also go a long way to allow professionals to incorporate using professional corporations. I'm sure there isn't a member in this House who hasn't had any number of professionals, whether they were lawyers or doctors or accountants or others who have come to us and made an appeal that their ability to do tax planning, their ability to shelter themselves from personal liability has been complicated and compromised

by the fact that they could not incorporate. At the moment, Ontario allows only certain regulated professions such as architects and professional engineers to incorporate their practices. Other self-employed professionals, including physicians, dentists, lawyers and accountants, would be given the option of choosing whether or not they wanted to incorporate.

We've listened to the comments from the governing bodies for those professions, and we've now proposed the right to incorporate to all those regulated professions, as well as to certified general accountants, who are governed by a private act. The legislation would absolutely maintain personal professional liability and would protect the public interest but, quite frankly, would address a very long-standing concern by a wide range of professionals, something that I'm sure first came to the attention of parliamentarians long before we were elected in 1995, but an issue that was not addressed by either of the previous two governments.

We have other important issues in this bill, but I'll dwell on just one. We intend to support the mining sector by providing a 10-year or \$10-million profit exemption from the mining tax for eligible remote mines. There is no doubt—any of the northern members would certainly know all too well—that the parts of Ontario close to the Trans-Canada Highway and other major routes have already largely been explored and everything we're going to find has been found, but there are vast areas in northern Ontario that have been relatively inaccessible, that contain who knows what resources. It has been very expensive for the mining companies to access those sites. We believe that it's appropriate for us to give a tax incentive to encourage those investigations and to encourage that research. There is no doubt that over this past century Ontario has derived great benefit from the mining community. In fact, it is arguable that Ontario alone could be considered the miners to the world. Our technology, our expertise, gained by companies like Inco and Falconbridge, has now been taken and applied all in mining sites all around the world—in Malaysia and Peru—not just Canada, but the world. Far more often than not, it is Ontario companies that have been in the forefront of doing that expensive—and very profitable to those communities—research.

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We'd like to see those investments brought back to Ontario. We think it is long overdue and, quite frankly, shameful that companies like Inco have been taxed out of new research in Ontario, that Peru and Malaysia became more attractive. We've gone a long way, through the changes to other corporate taxation and other elimination of red tape in the mining industry, to level the playing field. But now we are very specifically targeting the need and the reality that it is remote sites that will be the salvation of the mining community, certainly 10, 20 or 50 years into the future.

After a remote mine has used its 10-year or \$10-million exemption, the profits from that mine would still only be taxed at a rate of 5%. My goodness, when you

contrast that with the corporate tax rate that we inherited in 1995, it is a day-and-night comparison. It's small wonder that our economy, not just the mining industry but our entire economy, has grown at a rate greater than that of any of the other industrialized nations of the world. To have heard in our recent economic statement from the Minister of Finance that Ontario's economy grew at 6.1% this past year is nothing short of remarkable. I would encourage my colleagues opposite, when they are considering their comments to this bill, to keep in mind the investments that are being made by Ontarians in their communities to be part of the great success story that is the Ontario economy. The same claim that we were number one in the world can be made for each year since 1996.

I hear all too often from my colleagues opposite that somehow it's the American economy and what's happened there that has profited Ontario. In saying that, they obviously have come up with a new theory, some new law of physics where the engine that's pulling can go slower than the cars that are being pulled, because that is very much the case. If the Americans are responsible for our growth, they have a hard time explaining why we've grown faster. They also have a hard time explaining it if Ontario, as certainly the dominant player in the Canadian confederacy, has always been the number one jurisdiction for job creation and tax generation, but more or less, a constant percentage of the national percentage of the national performance. They have a hard time explaining why, since 1995, whatever growth the American economy supposedly has created has really only profited Ontario. They can't quite explain why all the other provinces, with the possible exception of the Conservatively governed Alberta, have not seen the same American spinoff benefit. I'm waiting to hear the answer for that, but after five years, so far not a peep.

To go back to the mining exemption, in 1996 we announced that we would investigate further partnerships between the government and the private sector to build infrastructure and stimulate resource development in remote areas north of the 51st parallel. This bill goes a long way to guaranteeing the mining industry will have all the tools they need to make those very expensive investments in new mining sites.

I know that speaking last in the rotation comes with some risk that a lot of the good news has already been shared by your colleagues, but I think it bears repeating that this bill has to be seen as just the next step in a continuum that dates back all the way to the Common Sense Revolution, which itself predated the 1995 election by 13 months. We have had an absolute commitment and we have honoured the commitment to make sure that Ontario's tax system was the most competitive, not just in Canada, not just in North America, but all around the world, as no less a person than Prime Minister Chrétien announced down in Durham, North Carolina, just a couple of days ago. Talking to an American audience, he paid great tribute to the Ontario tax system—not the federal one. He singled out Ontario and said that our tax

cuts, our reduction in red tape, all the incentives we've built in to attract new business are something that every American business should keep in mind when they are considering where to build their next plant.

Interjection.

Mr Gilchrist: I'd be happy to share with my Liberal colleagues opposite the inspired and informed utterances of the Prime Minister. The fact of the matter is that, maybe for the first time ever, I agree with Prime Minister Chrétien. I agree that the Ontario tax system is worthy of applause; it is worthy of praise. The fact of the matter is that we have seen not just the creation of 830,000 new jobs, not just the increase in revenue by \$14 billion, but at the same time we understand and it is clearly demonstrated that each Ontarian is paying a smaller portion of that bigger pie. Everyone has seen their taxes go down by an amount that was absolutely unprecedented. It has never been done before or since by any jurisdiction in Canada or, to the best of my knowledge, any jurisdiction in North America.

We've not heard any questions from the Liberals, in particular, for probably the last two years when it comes to challenging our original expectations on job creation, on balancing the budget, stimulating the economy. They've gone on to other causes du jour, but hardly a day went by when Mr Phillips or one of his colleagues wouldn't be on his feet suggesting that his crystal ball told him that we would fall short of our promise of 725,000 new jobs and that there was no way that tax cuts create jobs, there's no way that tax cuts bring in more revenue. Mr Phillips clearly ignored the fact that we were the 54th jurisdiction in the world that had cut marginal tax rates and we were the 54th jurisdiction in the world that cut marginal tax rates that saw their revenue increase. We had the faith that money left in the pockets of Ontarians personally and as entrepreneurs would stimulate the economy, in stark contrast to what had happened in the lost decade between 1985 and 1995.

This bill goes a long way to guarantee not just that those tax cuts will be cemented for all time and no government would be able to slip an increase through under the cover of the federal tax system, but that for the first time Ontarians will know which level of government has cut their tax, which level of government is investing those increased sums into improved infrastructure, which level of government is truly committed to making this the best place to work, live and raise a family.

The Acting Speaker: Comments or questions?

Mr Bartolucci: I listened intently to the speakers on the other side over the course of the last hour, and they didn't mention at any time during the discussion that they'll be spending \$8.9 billion just to finance the debt over the course of the next year. They didn't mention that they added \$24 billion to the debt over the course of the first term. Now, this is a government that is supposed to be so good with money. They also didn't mention that they borrowed \$10 billion for their tax cuts. They also didn't mention that the amount of money that they're going to use to finance the debt is approximately \$800

million more than they're putting into the education system.

No wonder that government-appointed committee, the Education Improvement Commission, told this government, "If in fact you want a brighter future for Ontario students, if you want a brighter future in education, you're going to have to put back the millions of dollars into education that you took out. You're going to have to go back to the basics in education so that you'll have children who are taking part in meaningful early education programs. You're going to have to have professional development for teachers in a meaningful way." They said this government should provide a positive learning environment and that there should be some accountability network in place for the government. If the government members across the way are interested in a brighter future, I would suggest they start listening to people on the Education Improvement Commission and start re-investing in education and start making a difference to the people of Ontario.

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Mr David Christopherson (Hamilton West): I'd like to pick up on the comments of the parliamentary assistant, who led off the debate for the government side today. But before I do that, just with regard to the previous speaker, it's interesting that the Liberals continue to talk about reinvestment, rebuilding and putting money back in that has been cut by the Tories, but in the last election they never did explain where the money was going to come from. They weren't upfront enough to say, "We're going to get it from new tax revenue sources here," or, "We're going to cut money here to place it there." They never did that. All they did was say, "What the Tories did was horrible," which we agreed with, but they didn't offer up where the money was going to come from. Although it may not have been the biggest political win of the electoral season last year, we were upfront, and we were very clear about where we would get the money, and maybe it's about time the Liberals started talking about that and linking it with their criticisms.

It's interesting that during his opening comments the parliamentary assistant was bragging about the fact that they had balanced the budget, and I'm sure through the course of this debate we're going to hear many Tory backbenchers do that also. But it's important to remember and to remind members of the government that had you not brought in your tax cuts—I realize you've got your spin on what that is and we've got our take on what that means, but nonetheless, just the numbers themselves say that if you had not given the tax cuts upfront but allowed that money to be used to reduce the annual deficit of the government of Ontario, we would have had a balanced budget years earlier and we wouldn't have had the slashing and cutting that we saw go right across and continue across the province. If you had just waited, as many economists suggested you should, we wouldn't have had to go through all that pain, but then again, you wouldn't have had the billions to give to your rich friends, would you?

Mr Bart Maves (Niagara Falls): My colleague from Hamilton West is wrong on his second point, but he's right on the first point, the first point being that the Liberals will want to spend billions and billions of dollars. They announce in here every day all these different programs that they would give more money to, but they never want to explain where the money is going to come from. The member is very right to say that they never will define that. I think he's correct in saying that.

He's wrong, though, when he says if we had not touched the tax system the economy—he is assuming that the economy would have grown to the extent that it did grow without any tax cuts, without any of the other changes this government made from 1995 to 1999. We know that's wrong, because the biggest part of the economic growth that has happened in this province over the past five years has been on the consumer-driven, consumption side of the economy. The vast majority of the growth has come on that side of the economy, and that was driven, quite frankly, substantially by the tax cuts. So you would not have had the revenue stream simply by saying, "With the following economic growth, with the old tax rate, what would the revenue stream have been?" That's the error in the assumption that the opposition makes all the time. We knew that going in, and that's why we cut taxes, at the same time getting government spending, which was out of control, under control. Yes, we did add to the debt. If you go back to the 1995 red book, the Liberals said they were going to balance the budget in four years, at the same time doing tax cuts.

They also complained and screamed about every single expenditure reduction that we made on this side of the aisle for four and a half years, so how they would have pulled off that economic miracle no one knows. The answer is, they probably wouldn't have. But they rarely have to prove or put into practice what they preach in their red book.

Mr John C. Cleary (Stormont-Dundas-Charlottenburgh): I am pleased to stand here to reminisce a little bit too. Since this government took over, they have increased the debt by \$24 billion and \$8.9 billion to finance the debt. I'm also worried about many of the things they have downloaded on to the municipalities: social housing and ambulances. I'm also concerned about what is happening in our hospitals. I know that in my part of Ontario you can't even get into an emergency room right now. There are staff shortages. We have two hospitals operating right now, and that is going to be one hospital shortly.

I know that the nurses and the doctors are frustrated. There are all kinds of tensions. They can't get the people they need to help. I think in the education system we're taking it out on our students where we shouldn't be, and it's all to do with this government.

Then we get into the infrastructure. Many municipalities in our part of Ontario—one in particular bought a farm because they couldn't afford to get any help from the government to build a bridge that connected that farm to the highway. I don't think that's the right way to go.

The old system under Bill Davis and some of the previous Tories was a lot better.

It's a disgrace in our agriculture community. We're facing weather conditions we don't have in a normal year. We have low oilseed prices. Many of the farmers have been leaving their corn in the field for the weather to dry down, and now we've got the big snowstorm so they'll probably lose their crop.

Things in our part of Ontario aren't as wonderful as the people across the way say they are.

The Acting Speaker: Response.

Mr Gilchrist: On the final comments made by the member for Stormont-Dundas-Charlottenburgh, we've never claimed to have any control over the weather, so you'll forgive us for whatever problems accrue there, but everything else in your speech and the comments made by your colleague from Sudbury we totally disagree with. You throw these numbers out with gay abandon. The fact of the matter is that the only way the debt of the province of Ontario would not have increased is if on the first day after being elected in 1995 we had cut \$11 billion worth of programs. I've never heard any of you stand up and say that we are guilty of that oversight because, mathematically, you know that every minute—every minute—we were losing money—\$1.2 million an hour on the day that we were elected. So don't throw out these numbers and suggest that somehow if we had done nothing the economy would have grown, because the evidence is that nowhere else in Canada it did.

Where is your proof that any spillover effect would have accrued to Ontario just because we existed? The fact of the matter is that we took steps to differentiate ourselves from the rest of the jurisdictions in Canada and from jurisdictions in the United States. We cut taxes 30%. We eliminated the tax for the poorest Ontarians completely. You look at the difference between where our marginal tax rates start and where the federal cut-off point is and you tell me that federal Liberals care about poor people in this country. You earn \$7,000, they start taking money from you. The fact of the matter is that it is by having tax differentiation that was driven by cuts, that was committed to making sure more money stayed in your pockets and the pockets of your constituents. That's how this economy grew, that's why Ontario is leading the world and that's why it's going to continue to lead the world, not just in the rest of our term but all of our future terms.

The Acting Speaker: Further debate?

Mr Gerry Phillips (Scarborough-Agincourt): I'm pleased to continue the debate on Bill 152, the tax bill. I just want to once again state what every economist in the province of Ontario knows to be the case. What has driven Ontario's economy in the last five years—and you will not find any economists who disagree with this—has been exports to the United States driven by the auto sector. Why is Ontario doing better than other provinces? Because 20, 30 years ago we were able to attract the auto industry to locate here. That's why Ontario has done well in the last five years, because of auto exports to the US.

Mr Gilchrist wanted the evidence of why Ontario is doing better. He can leave now, but that is the fact and every economist will tell you that is the case. Let's recognize the facts on this because we'd better understand that Ontario's economy is heavily dependent on auto sales to the US. I would say to Mr Gilchrist and others that it's simply a fact that since Premier Harris came in the debt of the province has gone up \$24 billion. We in the Liberal caucus have one hour to discuss this bill now. In that one hour, Ontario will pay \$200,000 just for interest cost on the debt that Mike Harris has added to the province.

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By the way, I will be sharing my time with the member for Kingston and the Islands and the member for Renfrew-Nipissing-Pembroke.

These are simply the figures that the government just produced. The debt servicing costs are \$9 billion on the extra debt that Premier Harris added. In the next hour we'll spend \$200,000 just to pay the interest on the debt that Premier Harris added. The reason I go over this is, if we in this province don't understand, we are now the most export-oriented jurisdiction in the world. That's what this economic statement says. We have gone from international exports representing 29% of our gross domestic product; they now represent 55%. And good for us. I'm proud that Ontario has been able to compete aggressively and effectively in the US. It is a testament, frankly, to the calibre of our workforce and the calibre of our business community.

By the way, I remind all of us that when we are undermining health care, education, the environment and our labour relations, those are all the things that the government says in its own document. "Why locate in Ontario?" It says, "Here's why you should locate in Ontario: because of the publicly funded health care system, because of our publicly funded education system accessible to everyone, because of our clean air and clean water, and because of our good climate of labour relations." And what has the Premier done since he became Premier? Almost the first act he did was to cut hospital budgets by 20%. I remember it well. It was in the spring of 1995, and that started our tremendous problems in our health care system.

I've never seen a worse relationship between our teaching profession and the provincial government than we have now. Make no mistake about it: what determines the quality of education is a well-motivated, well-trained teacher in front of a group of students, and we have undermined the key reason for a quality educational system, that is, the morale and the enthusiasm of our teaching profession.

With the cutting of almost 25% of our inspectors in the environment area, as the auditor said, we've lit the fuse of an environmental problem.

In the last few days we've been passing three bills that will rip apart our labour relations climate here in Ontario.

With that backdrop as we deal with this budget bill, let's all of us in the province appreciate how important

exports are to us. I know the government tries to underplay that because they want to say, "Listen, the tax cuts have been the thing that's driven the Ontario economy, not exports," but as the US economy is beginning to slow down somewhat, particularly in the auto sector, that has some significant implications for the province of Ontario. By the way, I'll add that the government says in this document, "US manufacturers pay, on average, more than \$3,100 per employee for the kind of health care coverage provided by Canada's publicly supported system, whereas Ontario employers pay about \$540 per employee." There's a \$2,500 per-employee cost advantage in the way that we fund our health care system here in Ontario versus the US. And make no mistake, that is a huge advantage for our auto sector, and thank goodness for it. It is a huge advantage for many of our industries to locate here.

But the latest government economic statement points out that now the corporate taxes in Ontario are—the combined corporate federal taxes—30%. In neighbouring states they're 40%. In other words, corporate taxes here in Ontario are 10 percentage points lower than the neighbouring US states. You might say that's terrific, but all right, how then do we fund our health care system? If we've determined it won't be on corporate taxes and we've determined that this is something that—and I dare say the Liberal Party, under Dalton McGuinty, certainly believes that a publicly funded, universally accessible health care system is the cornerstone of our society. If we are going to fund health care in a completely different way than the US, we have to have a debate around how we do that.

By the way, we attempted to have our all-party legislative committee, our finance and economic committee, debate this. We invited the finance minister to come and said, "Listen, this is an issue." But each year the all-party legislative committee gets one hour of the finance minister's time. I don't mean to be rude, but he spent more time with Tiger Woods since he became finance minister than he has collectively with our finance committee. He spent a total of five hours with us in five years; he's spent more time with Tiger Woods.

I raise that because surely, as we look ahead here in Ontario, and we want to have a publicly funded health care system, we're going to have to determine how we fund it. We've determined we want corporate taxes significantly lower than the US bordering states, we've determined we want our capital gains tax at or lower than the US states, we've determined we want our income tax at or lower than the US and we've determined we want our property taxes at or lower than the US. All right, then. Let's discuss how we fund health care.

I want to turn to several aspects of the bill. The first thing I want to talk about—none of the Conservative members mentioned this—has to do with the continued chaos—there's no other word for this—in our electrical generation and distribution system in the province of Ontario. It's a mess, and this bill has many sections in it. It was instructive that of, I think, the five members of the

Conservative Party who spoke on the bill, none mentioned the electrical provisions in this bill.

What it does, among other things, is continue the delay in opening up the marketplace. We're getting—I'm sure all the members are; certainly my office is—calls from concerned residents saying, "I've got people trying to sell me electricity and I don't know what I'm buying here, but they're putting the pressure on me to sign up for the distribution of electricity and I don't know what I'm signing."

This bill delays again the debt retirement. The Provincial Auditor pointed out in his special report just last week that the province tried to keep the debt of Ontario Hydro off their books, and he wouldn't let it happen. He said, "I insist that the debt of Ontario Hydro be on the province's books." By the way, they're on the books for a considerable amount of money. It was about \$19.4 billion the previous year and it went up to \$19.8 billion, a debt about which the auditor is saying, "Listen, I want that on the books. I want it shown on the books because if the plans don't work out"—and there's a risk that they will—"who will be ultimately responsible? It will be the Ontario taxpayers."

I think there are six different provisions here in the electrical area, and one of them is to postpone even further the beginning of the debt retirement repayments. Last year, as you can see, the debt went up another \$500 million and I guess it'll go up another \$500 million as this debt retirement plan gets stretched out further.

So a significant part of this tax bill continues, and by the way, it had nothing to do with the budget; this was just put into this budget bill to try and patch over some of the problems that are being created in the marketplace right now. Also, when we were first told about this new plan for Hydro, we were told that the generation plants and the end users would pay the retirements costs. We now find, of course, that they've taken it right off the generation; it's now exclusively on the ratepayers.

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The second thing I want to talk about is this made-for-Ontario tax program. This is interesting because, as the federal government made the announcement that it will be reducing personal income taxes, Premier Harris got frightened to death that as the federal government cut its income taxes, because the province of Ontario's income taxes have been as a percentage of the federal tax, Ontario's tax revenue would begin to drop. So it's no coincidence that this made-for-Ontario tax policy came in just at the time when the federal government was reducing taxes, and all this does is rejig the numbers so Ontario essentially recovers the same amount of money.

I say to all of Ontario that this thing is positioned as, "We are going to have our own tax policy. We are going to separate from the federal government." What is without question driving this is the fact that, as the federal government reduced its taxes, the province of Ontario thought, "We're going to have to find a new system and make sure we recover the same amount of money." I might add that with the announcement of the federal

government's tax cuts starting January 1, 2001, the province of Ontario is going to have to look at some fairly significant cuts in its rates or else Ontarians will be paying more under this system than they would have been paying under the old system. By the way, all the other provinces are doing it because they all face the same problem, and that is, as the federal government is aggressively cutting its income taxes, they frightened about their own revenue drying up.

I want to pick up on a couple of comments made by a couple of members. I would hope that Ontario will not continue to rattle sabres about setting up a completely separate tax collection system. That would cost at least \$300 million. It is a monumental cost to the taxpayers, an extra \$300 million just here in the province of Ontario, and it's frankly all about egos. Rather than attempting to reach solutions—

Interjections.

The Deputy Speaker (Mr Michael A. Brown): Would the members take their conversations outside. The member for Scarborough-Agincourt.

Mr Phillips: Rather than continuing to rattle sabres about small jurisdictional matters, I think Ontario looks to its government to not be contemplating wasting at least \$300 million setting up its own tax collection system. I was encouraged when one of the members—I think it was the parliamentary assistant—said they wouldn't contemplate that, but then we still hear threats that they might do that. When Canadians are looking for their governments to streamline, when Canadians are looking for their governments to operate more efficiently, the thought of us setting up a completely separate collection system is, at the very least, strange.

The next one I want to talk about is the incorporation of professionals. I gather from the comments of the government members that the fundamental purpose of this is to allow—I hope I'm paraphrasing one of the members accurately—a significant tax advantage to the establishment of a corporation. I think one of the members said, "This will minimize the risk of losing these people to the United States because it will substantially enhance their remuneration." I understand that, and there is a substantial tax advantage. But I would just say that what we're doing here is allowing the incorporation of chartered accountants, lawyers, certified general accountants, public accountants, veterinarians, chiropractors, dentists, dieticians, social workers, midwifery, nursing, optometry, pharmacy, psychology, dental hygiene, dental technology—

Hon Cameron Jackson (Minister of Tourism): Podiatry.

Mr Phillips: Podiatry is right, thank you—quite a broad range of individuals who can now set up their own companies. The reason for that is because they will get a substantial tax advantage. I'm gathering from the comments that this will keep some of them from moving to the US.

If the issue is that in order to keep these people from moving to other jurisdictions we really have to find a

way to increase their remuneration, and this is the way we are going to do it—we are going to allow them to incorporate and this will help to increase the remuneration and therefore we'll be less likely to lose them—then it raises a question for those who can't incorporate. What do they then do? How do they increase their remuneration?

I understand that governments love to have what's called a tax expenditure rather than the other kind of expenditure because it doesn't show up as an expenditure, just as a reduction in tax revenue. I would say that if the purpose of this is to keep many from moving to the US, I think we should re-examine whether we are remunerating the profession properly, because if it's just going to end up with whatever number, 5% or 10%, of the profession incorporating and therefore doing quite well, the other 95% may not be in an environment that's conducive to incorporation.

I raise that issue. It's interesting. We are broadening it, as I say, to a wide range of people, and I think it raises the question of whether we should be looking at the total remuneration as opposed to allowing a few of them to increase their remuneration through incorporation.

Interjection.

Mr Phillips: Mr Wood says it's a free market. Yes, it is a free market, but if you're a nurse working in a hospital, you can't incorporate. If you are a nurse working in a different environment, you can. So if our problem is that we're losing nurses, particularly in the hospital situation, if this is designed to solve that, it won't solve it. This is not a solution. Mr Wood said, "Let the marketplace handle it." Nurses working in hospitals, on staff at hospitals—and I think we want our nurses part of the hospital. If now the solution is that in order to get a raise in the province of Ontario, you should incorporate, if that's the solution, if that's what this bill is all about, then surely we are heading in the wrong direction.

Interjection.

Mr Phillips: Mr Wood asks if I am against a level playing field. What I'm in favour of is finding ways that we keep our talented people in our health professions working in the important areas. So if you're saying, "Listen, nurses, here's the Mike Harris salary increase. This is how you can get more money: go out and incorporate. Set up your own corporation, give yourself a name for the corporation, and you'll be able to get a significant raise in remuneration because you have all these tax advantages," that's not going to help our hospitals. If you say to our social workers, "Listen, we're not going to pay you any more but here's a good idea: go out and incorporate. Set up your own business, social workers. It's the marketplace. It's Mike Harris's marketplace and you've got to get with the program. You've got to incorporate, set up your own company, become Social Worker Inc. That's how you get an increase," that's not where I think we want to go.

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If Mike Harris says, "Listen, the only way that social workers and midwives are going to get any increase in my Ontario is that you've got to have your own corpora-

tion. You've got to set it up and you've got to let the old marketplace handle it," if that's what this is all about, is that really what we want to do? I don't think so. It isn't. It's a short-term benefit for a doctor who wants to set up—this came heavily, I think, out of the agreement signed by Mike Harris and the Ontario Medical Association, and it is probably a fairly substantial tax advantage for doctors. They can set up their own corporations. They can probably have a multi-doctor corporation. This probably facilitates owning buildings and things like that. But we are told this legislation now is designed to help nurses and social workers increase their pay so they don't have to go to the US. It seems to me this is not a solution to that problem.

I wanted to talk about another part of the bill, and that is the provision for the \$100,000 capital gains tax exemption for research employees. I gather from the government that this will involve about 6,000 or 7,000 people and will involve an expenditure of \$70 million. This is not an insignificant amount of money. This is \$70 million that the government has said we're prepared to forgo on tax revenue in order to keep highly skilled, research-oriented people. It's for firms that the parliamentary assistant mentioned, firms that spend 10% of their expenditures on research-oriented expenditures, for those employees. I understand. Today this is the high-demand group. These are the people who can kind of shop their talents worldwide. These are people who, I gather, are not unlike professional baseball players: in order to keep them here in Ontario, you've got to offer bonuses and you've got to offer really an attractive environment. As I say, for these 6,000 or 7,000 people it's \$70 million; this is the government's number out of its budget.

Maybe we've got to do that—we're going to do it—but I would also say that they are not the only people I worry about keeping here in Ontario. So \$70 million for 6,000 or 7,000 high-flying research people is—and I realize that in this era of e-commerce and Internet and high-tech and computers—is very much seen as something that Ontario needs to do to stay current with the rest of the world. I'm just saying to all of us that we have problems with other talented people who are leaving Ontario that also need addressing.

Two groups come to my mind instantly; first, the thousands of nurses we lost over the last few years. I know the Premier doesn't like to hear this, but when he cut the hospital budgets—he did that within the first three or four months of taking over—the nurses said, "You're going to lose a lot of talented people." He said, "Sorry, but they're like Hula-Hoop workers. Their time is gone. Nurses may have been important before. Hula-Hoops were important and people had to make them, but they were a passing fad," and we lost a significant number of nurses to the United States. Now we're desperate to get them back.

We've decided we're going to spend \$70 million on the high-tech group, and I understand that. My leader, Dalton McGuinty, is from Ottawa. He talks often about technology to us. He understands it and we recognize the

importance of continuing to develop our technology industry here in Ontario. It has been an engine driving it, no question. Ottawa has been driven by technology. The Waterloo area has been driven by technology; the Markham area has been driven by technology. All those things are important. But we are dealing with one group of people here, and that is 6,000 or 7,000 technical people, and we're not addressing what for many of us is certainly a bigger short-term problem: how do we attract our nurses to come back to Ontario and how do we keep our teachers from going to the United States? As I say, within the budget it's \$70 million—not an insignificant amount of money, but there's no program here for dealing with illness.

I want to touch briefly as well on the film issue. What Toronto has done is made itself Hollywood North. It has, over 15 years or so, developed a terrific industry of making films here. What this budget does is say, "We will give you a bonus if you do work outside the greater Toronto area." It's attempting to get film work done outside the GTA and you get a bonus for that. Frankly, I understand that, but my issue is this: when communities develop centres of excellence—and there are centres of excellence around Ontario. Guelph is a centre of excellence for agriculture; Ottawa and Kitchener-Waterloo are centres of excellence for high-tech; Sudbury is a centre of excellence for mining. We want to be cautious when we say, "You've been too successful. We're going to now step in and reward companies that locate elsewhere and offer them a bonus." In this particular case, I can understand it. It's an attempt to move a modest amount of the production outside Toronto. I just caution us that as communities work to develop their own unique industries, we have to be careful that the province doesn't step in and say, "Time for us to undermine all the work you've done."

On the tax bill, some significant concerns. On the electrical side, this just perpetuates the chaos as we once again have six or seven provisions that have nothing to do with the budget; they're basically to do with patching up the Hydro situation. On the made-for-Ontario tax scheme, let's be completely candid: it was designed to keep the revenue in Ontario that they were going to lose as the federal government cut its taxes. I was encouraged to hear one of the government members say they're not going to proceed aggressively to set up their own tax collection system. That would be a \$300-million boondoggle of the taxpayers' money when we should be working together. As I say, if the incorporation of individual professionals is purely to give them a pay raise that couldn't be gotten in other ways, then we're not going to deal with some of those professionals who have no opportunity to incorporate but equally deserve a raise.

Just to conclude my remarks, remember what has driven the Ontario economy has been our exports to the United States—thank heaven, thank goodness for the United States' strong economy—not the tax cuts.

Mr Gerretsen: I'm always pleased to join these debates on the budget and on the budget bill etc, because

it always gives me an opportunity to go back to the government's own document, its own Ontario Economic Outlook and Fiscal Review. From listening to the government members here earlier, you would think that everything is just great in the province of Ontario. I'm sure there are an awful lot of people watching tonight who would say to themselves, "If everything is so great, why do we have, first of all, such chaos in our education system?" Now, we know what has caused it. We know that this government's continuing attack on the teachers of this province has lowered morale to probably an all-time low. In a lot of areas of this province, there is no such thing as extracurricular activities any more outside of school hours. A lot of our students are suffering from that. Let's face it, the extracurricular activities are a part of the education process of our students, and that is lacking.

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Why do we have this constant strife within the system between the teaching federations and the government? Who is suffering from all that? We know who's suffering from all that. They are our students. Many of those students, particularly the students who are now in grades 10 and 11 and will be part of the double cohort problem in the year 2003, which this government still hasn't dealt with, are suffering from that. I hear from students and parents all the time who wonder what is going to happen in the year 2003, when all of a sudden we have an extra 80,000 students who are graduating out of our high school system ready to go into colleges and universities.

I know the government has made some provision for some capital expansion of some of our universities and colleges. I know that in my own community of Kingston a \$40-million expansion that is taking place at Queen's University which will add a new building with new lecture halls etc is a plus, as well as at St Lawrence College, which has a \$16-million expansion. But absolutely nothing has been done with respect to making sure that the human resources, the professors and the instructors, are going to be there to be able to teach the extra numbers that will be entering our universities and colleges. That is a major concern. Every time that it has been raised with the minister, either in the House or away from the House in private conversations or in correspondence, there has been a total silence on that issue.

I know that currently a study is taking place with some professors at Queen's University who are looking into this situation. But the parents, the students, the universities, the colleges, everyone involved in the system, want to see what the answer is going to be and want to have an answer to that situation. On top of that, we all know there are many people who are teachers in our colleges and universities who are also ready to retire during that period of time. So the boom of the 1960s and early 1970s that took place in our university and college system that required a great number of new instructors and professors to come into the system—these people are ready to retire in another three or four years, and where are the qualified teachers, instructors and professors

going to come from? I say to the government that if you have all this money available, if you have all these surpluses, why don't you reinvest it into some of our educational programs both at the primary-secondary and post-secondary levels?

Second—and I'm very pleased to see that the Minister of Health is here tonight—there is still a great turmoil in this province about health care. I know that the minister probably doesn't want to hear this because I'm quite sure that she, being the honourable member she is and the hard-working minister she is, no doubt deals with these problems on a day-to-day basis. I for the life of me cannot understand why, if everything is going so well in the province of Ontario, we still have these continuing pressures, for example, within the ambulatory care system where ambulances cannot get into hospitals because waiting rooms are overcrowded; people are unable to get into hospitals; they have stretchers in hallways, and all sorts of problems like that; why there isn't enough money for home care and nursing care.

I think we can all agree that the way medicine was practised maybe 20 or 30 years ago is by and large no longer necessary. Then when somebody went into a hospital quite often they were there for a long period of time to recuperate. I realize that with modern technology and modern methods of dealing with patients in our hospitals they no longer have to spend the same length of time in hospitals. From a philosophical viewpoint, we have absolutely no problem with patients being able to recover in a setting other than a hospital, whether it's in their own home or in some other institutional setting of perhaps somewhat lesser care etc. But what has to take place at the same time—and Duncan Sinclair spoke about this right from the very beginning when he took on the hospital restructuring situation back some four or five years ago. He made it quite clear that if you're going to make some major changes to the hospital system and if you're going to cut the number of hospital beds and close hospitals, you'd better have the community care facilities and resources available to take care of people outside of the hospitals. That is where this government has been sadly lacking. I think it's high time that in this province and in this country we start talking about a mandated home care or nursing care or community care system.

Everyone will agree that if a person doesn't need the expensive daily care in a hospital and can be dealt with efficiently, effectively and in a very compassionate fashion elsewhere—in their own home—then that's possible. But we want to make sure that those nursing care individuals and the homemakers are going to be available for these people, and that isn't happening right now.

In my constituency office—and I'm sure I'm not alone; I'm sure this happens to other members as well—I still get call after call from people who are being discharged from hospitals and sent home, quite often without any kind of home support at all—they may not have a family at home etc—and they are being given either no home care or nursing care at home at all, or they're limited to one or two hours a day, which is completely

inadequate for their particular purposes. So I say to the minister, rather than promoting the corporate tax cuts or personal income tax cuts that this government is currently implementing in this bill, why don't we take some of that money and put it into community care? That's where it's needed. For those people, the tremendous boom taking place in some parts of the province—and by the way, the economic boom hasn't taken place in all of the province at all.

Mr James J. Bradley (St Catharines): Rich people can afford it themselves.

Mr Gerretsen: That's right. Rich people can afford it themselves, as the member for St Catharines said, but for many people they are lacking those services currently.

The other group, whom I know the Premier doesn't want to talk about, are children on social assistance. Today he was asked a question in the House about whether he was even contemplating raising the amount of social assistance money that can be made available to children on welfare, since that was cut by 21% in 1995 and there has been absolutely no cost-of-living increase since that time, and he didn't want to answer the question. He said, "There are a lot of people who are no longer on welfare." That may be, and we all applaud that; everybody would applaud the fact that there are fewer people on welfare. But what we're talking about are those children who are still on welfare, for whatever reason. We know darn well it isn't their fault that they're on welfare. Why cannot we do something, if we have all this money in our provincial coffers, to make sure that the children who rely on social assistance through their parents can at least get a cost-of-living increase when in fact their circumstances have deteriorated quite drastically over the five years?

The other issue, of course, that I'm always interested in personally is the whole public debt situation. Again, reading from the government's own document, it's very interesting to see that now the interest service on our provincial public debt is higher than any category other than the amount spent on health care. The interest on the public debt, even with the low interest rates we've had over the last number of years, amounts to \$8.9 billion per year.

By comparison, just so the people out there will have some understanding of what we're talking about, all the community and social services money we're spending in this province for the current year is \$7.5 billion. This is right out of your own document. What we're spending on education that comes out of the provincial coffers is \$8.1 billion. There is an awful lot of money still coming out of the property taxes that people are paying on commercial and industrial properties and on residential properties as well. It may be half of what it was before, but there's still a significant chunk of money coming from that area. But in terms of what the province itself is paying from our tax dollars that we contribute through sales taxes, personal income taxes, corporate taxes etc, we are now spending less on education and less on community and social services than we are in interest on

the public debt. The argument that we've always made on this side of the House is that before you start giving any tax cuts to anybody, you've got to balance the budget, and I'm glad to see that the budget is balanced, because hopefully, at least, we are not going to add to this public debt more than what we have right now.

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But then, of course, we know another thing that this bill does. Instead of the \$114 billion in public debt that the people of Ontario might think is there—which by the way is \$24 billion more than when Mike Harris took over in 1995—we have in effect added another \$19.8 billion of Ontario Hydro's debt. That is the so-called stranded debt, which means the debt over and above 100% of the value of the assets, because the assets of Ontario Hydro are already mortgaged to 100%. But even over and above that amount, we have a debt of \$19.8 billion, and whereas at one time the energy generators used to pay at least a portion of the carrying charges of those debts, or of that particular debt of \$19.8 billion, now as a result of this bill that entire \$19.8-billion debt is going to be paid for either by the ratepayers or the taxpayers of Ontario, who are by and large the same individuals. The people of Ontario have to understand that. That's in addition to all the other energy cost increases we're going to see over the next little while.

We've heard a lot about that, which, by the way, is kind of interesting because I can still remember the Minister of Energy in this House stating unequivocally, when he wanted to break up Ontario Hydro into the different companies less than two years ago, that it was going to be done so that hydro charges and hydro energy costs would not increase in Ontario. What has happened since then? Since then energy costs have gone up and we all noticed this winter. We're expecting major increases of the utility bills. But even leaving all that aside, the ratepayers of the province of Ontario will in effect also have to pay the \$19.8-billion stranded debt of Ontario Hydro. That is a shame, because at one time the energy generators used to pay a portion of that debt, and that's no longer the case.

All I can say on that score is, yes, energy costs may have gone up, but certainly the additional cost that we're talking about in picking up the interest cost on the \$19.8-billion Ontario Hydro debt and the capital portion that has to be paid on a regular basis is going to make for even higher increases in cost to the taxpayers of Ontario than need be the case.

Finally, let me just say one very brief thing about the made-for-Ontario tax system. It's hard to believe that the province of Ontario would even contemplate setting up a taxation system that may cost an extra \$300 million per year to administer. Surely to God there can be absolutely no excuse for that whatsoever, and it's all done for one purpose and one purpose only, just so that the province will get credit for any further decreases in taxation, whereas under the current system, if the federal government decides to decrease the tax levels, the Ontario government wouldn't get credit for that.

Surely to goodness, if there's one thing that the people of Ontario should be totally upset about and communicate with their local MPP about it's the fact that we do not want another tax system set up here in Ontario that not only is going to cost the taxpayers an extra \$300 million per year, but is also going to be a lot more inconvenient to people when they fill out their annual income tax returns.

With that, I'll turn it over to the member for St Catharines.

Mr Bradley: I will actually take over from where the member for Kingston and the Islands left off. He was asking about wanting to get credit. What he should know is that Mike Harris and his government are always first in line to take the credit, last in line to accept any responsibility. If there's a photo op with the cheque, you can be sure there will be a Tory MPP there, large as life, a grin from ear to ear, to present the people with their own money, that is, with taxpayers' dollars. But when there is responsibility to be assumed for something that isn't going as it should, it is difficult to find that Conservative member, and certainly the Premier can be found only pointing fingers at someone else.

You are aware that we in the opposition, under the auspices of the member for Scarborough-Agincourt, Gerry Phillips, developed a new system for answering questions. Mr Phillips suggested we simply pull out a number and hold it up, in other words, the government do so, or just say, "Number one, number two, number three" because that would tell us who they were going to blame: number one was the federal government, number two was the Liberal government previously, number three was the NDP government, number four was the news media, number five the special interests, number six the unions, and the other day the Premier was blaming the world. He said, "There's a worldwide shortage of nurses."

Mr Gerretsen: Don't forget the Communist Party.

Mr Bradley: One of the members mentioned the Communist Party the other day.

I think what we have to look at is the value of the people who have been turfed by this government. We all recall that the government was going through the process of shrinking the hospital system in the province. It was ordered from on high, from the Premier's office. There was a commission set up which was to do the difficult work for the government of actually closing those hospitals. In my own community, we have the Hotel Dieu Hospital in St Catharines, and it was threatened with closure. I suggested at the time, when we began the fight, that it was going to be a very difficult fight. Some came on board after into the battle, not at the beginning.

I well recall there was a celebration the day the commission brought down its report and Hotel Dieu was saved from having its doors closed and bolted and the windows covered up. I can remember my friend Frank Sheehan was purportedly dancing an Irish jig on the steps of the Hotel Dieu Hospital. I can tell you, at the risk of being the prophet of doom and gloom of the day, I

predicted to many that it would become a glorified walk-in clinic. Unfortunately, a hospital which has a very strong tradition of 50 years of service to the people of the community, which has done such a good job in oncology, that is, the chemotherapy portion of cancer care, and such things as the kidney dialysis, the renal dialysis unit, is now going to have both of those, by dictum from the Ministry of Health apparently, snatched away and placed somewhere else.

Nobody in this world suggests that hospitals maintain the same responsibility they've had over the years. In fact, hospitals have been rationalizing services for some period of time. But here was an opportunity to have the regional services for cancer treatment and for renal dialysis at one hospital, along with an emergency ward, and I can tell you the emergency ward is going out the window. They're going to have a much scaled-down urgent-care unit. But at a time when ambulances are being sent from one area to another because the hospitals are on redirect—in other words, they can't take the patient in that hospital—here the government is announcing it's going to close down an emergency care centre, the emergency department of the Hotel Dieu Hospital.

This, from a government which is giving \$4 billion to the corporations of this province. The last I saw, the profit structure of corporations in this province was pretty healthy, and I'm happy about that. I think most people are going to be happy about that. Heaven knows these same corporations do not need yet another huge tax cut at the expense of some investments this government could make in important areas such as health care.

The other day there was a debate in this House over PSA tests—someone will correct me if I'm incorrect—I think that's the prostate specific antigen test, or something close to that. It's about \$20 to have it in many cases. I think that test should be free of charge. Should anybody be able to get it at any age, willy-nilly? I suppose the answer to that is no, but I do believe that test should be available to people. I've had letters from many people and calls from people who think that's a good test to have. Does it cost money? Yes. The Minister of Health better than anybody in this House knows how much health care costs. I'm here to support her request to her government and the requests of people across this province for an investment in health care.

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Look, the \$200 you sent to everybody—people will spend it on things. I'm giving mine to Community Care of St Catharines because it's an organization that does a good service for people who are at the lower end of the economic scale. Each member of the Liberal caucus committed to giving that money to a charitable organization of their choice. But I'll tell you, we could have used that money invested in the health care system. People suffering from macular degeneration have an opportunity to use—my friend from Fort William will correct me on the pronunciation—Visudyne, which is a procedure and a drug, a treatment, that can significantly help those people who have macular degeneration in their eyes and are in danger of losing their eyesight.

These are the kinds of investments I think we should make. This is where government belongs. Instead of giving huge \$4-billion tax cuts to the corporations in this province, we should be investing this money in the health care system and to protect the environment, because we've had huge cuts: one third of the staff of the Ministry of the Environment, 45% of the budget of the Ministry of the Environment. Maybe it's anecdotal, but some of my colleagues in this House who represent various areas say that the level of service on roads during winter conditions is diminished over what it was in years gone by. I think that's noticeable. It presents a greater danger for all of us. Again, I see investment in that area as a good thing.

I'm amused by those who just a few years ago, when the NDP was in power—I used to meet with the chamber of commerce political action committee or political affairs committee, and every time they would talk about the debt, "We've got to get that debt down," and I agreed that the matter of addressing the debt was important to all of us. But as soon as the Conservatives got in power the debt apparently vanished, because they now wanted huge tax cuts instead of cutting the debt. I agree with investing in important programs and projects in this province on one hand and paying down the debt in the other. I think the tax cuts should wait.

Look, this government has already implemented tax cuts. Whether it was right at the time or not, those tax cuts were implemented. Did it cost us money in terms of the debt rising? Yes. Because the government had to forgo—as the Canadian Bond Rating Service, hardly a bastion of Liberal or socialist thought, said, about \$5 billion a year was lost in revenue to this government as a result of those huge tax cuts while we were running a deficit. I had a hard time finding a Conservative in this world who would recommend cutting taxes when you already had a huge deficit in this province to deal with. As a result, today, to service the provincial debt we pay more than we do in the whole education budget. Education is important to invest in, both at the primary level, the secondary level and the post-secondary level. It's a good investment in the future, an investment in education. It makes us competitive, and I recognize we live in a very competitive world.

Energy costs are just going to skyrocket this winter. I notice that the Premier and some of his cabinet colleagues are like lions when they're dealing with the poorest people in this province one day. They want to put liens against the houses of people who are receiving social assistance; the next day they want to test them for drugs, as though everybody who is receiving public assistance is somehow suspicious because they somehow must be using drugs. They're large as life attacking those people. But when it comes to dealing with the energy sector, they're like kittens out there; not like lions, but like kittens. The major gas companies simply elbow them aside and charge whatever they want, regardless of whether it can be justified or not. They put the boots to independent dealers who try to provide a competitive price. We have home heating costs skyrocketing.

Just the other day the member for Pembroke asked a question in this House about providing some assistance to low-income people to beat those energy costs, because they aren't frills. Heating the house in the winter is not a frill in this province, particularly in areas where there is no competition and the only fuel you can get is one kind of fuel. All the fuel has in fact gone up. So the electricity sector is going to be rather interesting.

I see they're back to their old tricks of wanting to have their own tax system. They were deathly afraid that the federal government was actually going to cut taxes, and they did. But you see, when the federal government cuts income taxes, that automatically cuts provincial income taxes and these people did not want to lose that revenue in that particular case because they'd get no credit for the tax cut but they would have to raise their part of it simply to recover the revenues. So it's all about getting credit, just like the silly mailing of cheques to people. If you were intent on cutting taxes, they should have simply deducted that when you file your tax return. But it was all about getting a letter from the Premier or the Treasurer saying, "Ain't we great people? We're giving you a tax cut. We're giving you your dollars back." I tell you there are a lot of people in this province who would have liked to have seen that money invested in important essential services—not spent frivolously, but spent and invested in important areas of endeavour.

This bill is yet another interesting one for us to look at. I happen to believe that the Provincial Auditor has passed judgment on this government in more ways than one. Certainly, the Ontario Realty Corp has been generous with those who want to buy property from them. There seems to be a fire sale going on out there. I guess there's some kind of investigation going on at the present time. The Chair of Management Board will be out of his ministry by the time the report actually comes in. The word is that he's going to be moved to another portfolio, perhaps more senior. I don't know if there's anything more senior than Management Board. It's speculated that maybe even health—that's one speculation—or the treasury, one of the two. I just hope whoever takes over Management Board—and I hope it's not the Minister of Municipal Affairs who's stuck with this Ontario Realty Corp scandal where there seems to be property going at a fire sale rate.

The last thing I want to say, because I have to say this on many occasions—and the member from Erie-Lincoln is here to nod his head in agreement, I'm sure. We both want to pay tribute to our Minister of Municipal Affairs for not being bamboozled into having one big region and destroying all those communities in our area. I know Tim agrees with me on this particular issue and it's an enlightened point of view. Sometimes I disagree with him. It's an enlightened point of view on this particular occasion. Merger-Mania in the desk of the minister ensures that we will not have acquiescence to the one-big-city people.

The Deputy Speaker: Questions or comments?

Mr Christopherson: Just to pick up on a comment by the member from St Catharines, he was reiterating a

point I'd made earlier, that many of us have made in this House, and that is that for the longest time we heard that the deficit and the debt were the absolute number one priority. Nothing was more important than eliminating the deficit and starting to eat away at the outstanding debt. That was the number one purpose, economically and politically, for the right wing and therefore for this government. That was the only thing that mattered. Anyone who looks at the newspaper reports and the Hansards from when the government was over here in the third-party position, that's what they argued. As soon as they became government, suddenly that wasn't the number one priority. It had to be tax cuts. Suddenly that was more important.

Of course, we all know that a tax cut, when you're talking budget building, is a tax expenditure. It is an expenditure from the resources of the province, no different than if they had purchased equipment or if they had purchased a service and there was a bill sent and there's the money. In this case, the tax expenditure suddenly became more important than the deficit, but by incurring this tax expenditure, that left money available to put toward the deficit. So what happened? What was the big change? The big change was that in the ramp-up to and during the 1995 election, and I would argue the 1999 election, this government had political debts to pay. They incurred political IOUs, and that meant dumping the deficit as the number one priority. Tax cuts for your friends became the number one priority.

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Mr Young: It's a pleasure to have the opportunity to comment upon the submissions made by the members for Scarborough-Agincourt, Kingston and the Islands, and St Catharines. They spent a fair bit of time essentially trying to turn what is a good-news story into a bad-news story. While I appreciate that as opposition members that is one of their roles, I think in this particular instance it is a stretch that most of those who are watching from the galleries and those at home would have difficulty accepting.

Ontario is a province that over the last five years has seen unprecedented growth, growth that continues, jobs that continue to be created, debt that continues to be paid down, and I'll come back to that in just a moment. It's important to remember that while we do all that, we also accelerate and increase the amount of money that we pay for health care in this province. This year, health care spending will exceed \$22 billion. So while my friends opposite talk about how much they regret that the people of Ontario found a \$200 cheque in their mail, found their money being returned to them, while my friends opposite talk about how much they would like to have seen that money used for other things—and in fact, by my count there's about 48 other things they wanted to see it used for—regardless of where they would have placed that money, let's remember that we are continuing to invest in priority items such as health care.

It is only because the economy of this province has grown, it is only because we now have \$14 billion more coming in each and every year, with 166 tax cuts, it's

only because we have that increased revenue that we can afford to spend money in priority areas. That's what we have done, that's what we will continue to do and that's what this budget allows us to do for the foreseeable future.

Mrs Leona Dombrowsky (Hastings-Frontenac-Lennox and Addington): I really am very pleased to have an opportunity to make some comments, and I do appreciate the presentations that have been made by all members of the House. We are talking about The Balanced Budget for Brighter Futures Act. In other words, we're making comments this evening on how the government has presented its plan to spend money. I think it's important for the members of the government to perhaps understand the impact that its plan has for people in my riding, Hastings-Frontenac-Lennox and Addington.

As you can appreciate, my riding is largely rural, so you can also understand when I say to you that issues relating to agriculture are very important to people in the farming communities in my riding. I have to say that farmers in my riding have not felt especially supported by the plan of this government; in fact, they have indicated to me they've felt especially left out. When we consider that they are the second-largest industry in Ontario and they receive less than 1% of the total expenditure of this government, when we see over recent weeks the mismanagement of a significant support program for farmers, Agricorp, I hope you can appreciate what we're trying to do here is have you understand that your plan for supporting and providing services for people in all of Ontario is not as effective as you think or would present publicly.

Another important area of concern in my riding is with regard to the environment, and so of course the fact that over the course of your term your government has significantly reduced the number of staff and the number of dollars that you have dedicated to the Ministry of the Environment. I'm not simply standing here as an opposition member saying no, we don't like what you're doing; I'm trying to have you understand that your plan is not effective in my community.

Mr Maves: I was just in the back reading some of the debates from 1995 and 1996 of the members opposite, and specifically some of the comments and questions asked by the member for Scarborough-Agincourt. It's really interesting to see—my recollection was correct—how many times that member got up and talked about how the sky was falling. That member used to get up on a regular basis and try to do some math and say, "Where are the jobs? You haven't created the amount of jobs you said you were going to create." In the election of 1995, we said we would create 725,000 jobs over five years. So in the first couple of months he started dividing months by the amount of jobs that had been produced at that point in time in the economy. Of course the jobs wouldn't be created until our policies were implemented, which would take a bit of time, and our tax cuts were implemented. He used to get up and say, "Where are the jobs? Where are the jobs?" Sure enough, that member

had to eat crow, because we exceeded, in a five-year period, the 725,000 jobs that we predicted we would bring in.

The members opposite never ever thought we'd bring in the tax cuts we brought in. They never thought we'd be able to create the jobs that we've created. They never thought we'd be able to balance the budget in five years, which is what we promised, and in actual fact we balanced it in four.

As those folks sit at home tonight and listen to the debate, I encourage them to go back and read Hansard. Have a look at the members opposite. Have a look at the predictions they made back in 1995, 1996 and 1997. The sky was always falling: "You'll never reach your goals. You'll never cut those taxes. You'll never create those jobs. You'll never balance those budgets." They were wrong then and they're wrong tonight.

The Deputy Speaker: Response.

Mr Gerretsen: I thank all the members for responding, but I've got to respond to the last member. The problem is that there are still people not able to get into hospitals and get the kind of health care they need in a timely fashion. There is still the problem of ambulances being turned away at hospital doors and having to go on a redirect to other hospitals. There are still problems with people not getting the community care and home care they need on a day-to-day basis. There are still problems in our schools with children who need special education assistants and the money not being available for the different boards of education to pay for those services. There are all sorts of problems like that.

If everything is really all that well in the province, why don't you people take just a little bit of this excess money, and rather than cutting in a \$4-billion corporate tax cut and a \$1.2-billion personal income tax cut and a \$1.2-billion capital gains tax cut, solve some of these problems that we have in the education system and that real people have in the health care system—people who cannot get the care they need, who have to wait for an operation for an inordinate amount of time, and people who cannot get community care. I could just go on and on and on. Why don't you just do that? Then the world would really be perfect as far as you're concerned.

How about those 100,000 kids who are living on social assistance who haven't been given one penny of an increase over the last five years? Don't you feel you've got some responsibility toward those people as well? They are part of this society and, for whatever reason, may not be as fortunate as you and I, but they certainly need to be respected and taken care of in this province of plenty.

ROYAL ASSENT
SANCTION ROYALE

The Deputy Speaker: I beg to inform the House that in the name of Her Majesty the Queen, Her Honour the Lieutenant Governor was pleased to assent to a certain bill in her office.

Clerk at the Table: The following is the title of the bill to which Her Honour did assent:

Bill 128, An Act respecting social housing / Projet de loi 128, Loi concernant le logement social.

BALANCED BUDGETS
FOR BRIGHTER FUTURES ACT, 2000

(continued)

LOI DE 2000
SUR DES BUDGETS ÉQUILIBRÉS
POUR UN AVENIR MEILLEUR

(suite)

The Deputy Speaker: Further debate?

Mr Christopherson: In the 15 to 20 minutes I have this evening as part of my leadoff, I want to begin by picking up on a comment of the parliamentary assistant to the Minister of Finance. I'm paraphrasing and you're here, so if I'm wrong, if I'm misrepresenting you, please say so because that's not my intent. But I believe the essence of what you said was that the opposition is always trying to turn good-news stories into bad-news stories.

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Mr Wood: That's the gist of it.

Mr Christopherson: All I wanted to get was the gist of it.

Let me just say to the member that in terms of good news/bad news, it's not a question of what we do to the information; it's a question of how you're treating the people of Ontario as to whether or not it's a good-news story or a bad-news story.

For instance, right now, under your budget, if someone earns \$330,000 in Ontario, they're going to get \$10,000 as a result of the Tory tax cut. I've got to believe that if I'm a member of that family that's earning \$330,000 and we're going to get \$10,000 more—didn't do anything extra, didn't work any harder, didn't work any smarter, didn't do anything except maybe make a political contribution to a platform that works well for us; and there's nothing wrong with that; you would expect people would vote in their own best interests—I would think we'd be pretty happy. To them, this budget may be good news. Certainly, I would say to the government members, you could make that argument. If you give somebody 10 grand, they'd see it as good news.

On the other hand, let's remember that since 1996, in this province of plenty, which has more plenty than we've probably ever had in the history of Ontario, where that person earning \$330,000 is getting \$10,000 as a result of this budget, only Newfoundland shares the distinction of having a poverty rate that is increasing, meaning there are more people in deeper poverty since 1996 in Ontario and one other province than all the other provinces in Canada.

I would say with a great deal of respect to the parliamentary assistant that I don't have to manufacture or spin that as a bad-news story for those individuals who are in

poverty. The actions, the programs and the lack of attention and caring on the part of your government makes it, regardless of what I say, a bad news-story.

Further to that, today we voted second reading on Bill 147, changes to the Employment Standards Act, which again hurt the most vulnerable in our society. People who are governed by that legislation earn the minimum wage, and right now that's \$6.85 an hour. Thanks to your new Employment Standards Act, they are going to be forced to work longer for less money. That's not me making it a bad-news story for those individuals. All they have to do is be at the poverty level of \$6.85 an hour and you make it a bad-news story for those individuals.

Think about it. Think of the difference in the world, the lifestyle, the quality of life, the things people think about, where they walk every day, their workplace surroundings, their home surroundings, everything about their very existence. Think about the difference between someone who earns \$330,000 a year—and I'm not saying they don't deserve it. That's not my point. My point is to ask all of us to take a minute and think about life at \$330,000 a year versus life at \$6.85 an hour. What are those two worlds?

This budget helped the people who are earning \$330,000 and did nothing for the people who are earning \$6.85 an hour. Ten thousand dollars will buy you a fair bit of quality of life in one year, especially if it's discretionary money that you don't have to put toward existing bills. The person earning \$6.85 doesn't get that. In fact, the average family will be lucky if they see a few hundred bucks.

In terms of good news and bad news, I really don't think it's a question of political spinning or posturing; it's just a question of looking at the reality, breaking away all our words and seeing who benefits, who loses and who pays for those who are benefiting.

Some \$1.3 billion in new tax giveaways, a total of \$4 billion by 2004; this is a corporate Ontario budget. I would remind members that this is not the depths of a recession or depression, when every single tool and lever of government must be brought to bear to revive the economy. It's the exact opposite. In fact, the Globe and Mail's Report on Business recently reported that—get this—173 major public companies in the last quarter earned \$7.6 billion in profits, up 20% from a year ago.

If that were the end of the story, most people would probably say, "Hey, I guess things are doing well. I guess that means I've got a little more security, my family has a little more security and my community may be strengthened a bit in terms of our local economy." Why wouldn't somebody think that's probably a good-news story? But it's these very corporations that receive billions of dollars in further tax cuts, which are being paid for on the backs of the middle class, as well as those in poverty and the working poor. Whether they're on social assistance or the working poor, poor is poor. That's what you deem to be the biggest priority. In the biggest economic boom we've ever seen in North America, you've decided that groups that make \$7.6 billion in one quarter, 173 of them, need billions of dollars of help.

First of all, you took away 22% of the income of those who are on social assistance, and the working poor are at \$6.85 an hour, after we see the United States surpass us in their minimum wage. Most of us grew up with a very different world. When people find out that the US minimum wage is higher than ours, it shakes them. It shakes their reality, because it changes what they thought was the geopolitical world in North America that they knew. You chose to do nothing for them. How can you justify that?

For every dollar you gave in a tax cut, you put a penny in health care. Education has been slashed. Tuition fees are leaving young people, those who are probably not, I would argue, from \$330,000-a-year-income families, with about \$25,000 in debt that they start their working lives with, or have to accept that prior to going to university. You've done nothing about that. Yet you all want to stand up and brag that this is nothing but a good-news budget, that everybody ought to be happy and that all of us in the opposition who are opposing it are only doing it, at best, because our oath is to be the loyal opposition.

Some 27% of the new income tax breaks go to just the top 5% of income earners in this province. Some 27% of the new income tax cuts go to 5% of the population. That 5% of the population, their share of all this is about \$730 million; not bad, when you didn't have to do a thing for it—absolutely nothing.

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Now, we've heard some members of the government talk about the fact that, "Yes, well, we gave out that 200 bucks. How about that, eh? We gave out that 200 bucks. Wasn't that something?" It was something, all right. Do you know what happened in my constituency office and in my colleagues' constituency offices, and I can't see why it wouldn't apply across the whole House? We had people in droves calling up wanting to know where their 200 bucks was. Do you know who the majority of those folks were? Ontarians who aren't going to get a \$200 cheque or any part thereof. Do you know why they'd phone? Because \$200 to them might mean the difference between Christmas presents or not, and they didn't share in this. By the way, it's about 25% of the population; 25% of the population got nothing. The answer we get from the government when we raise it is, "It's for those who pay taxes. If you didn't pay taxes, why would you get the \$200?" The problem with that thinking is that it doesn't take in the next step, and that next step is, where did you get the billion dollars in the first place? You got the billion dollars by cutting public services.

I talked about tax expenditures in an earlier two-minute response. Your tax expenditures, yes, in part are paid for in growth in the economy, but given the amount, the total billions that you've cut out of Ontario's finances and given largely to the very wealthy and to corporations that are making more money than they've ever made, it comes from cutting public services. Who needs public services the most? Usually, the lower the personal and family income, the more they need public services. Why? Because they don't have the financial means to purchase

them on their own, which is why the Alliance and the Mike Harris Tories are so in favour of and so enamoured with a two-tier health care system. They try to argue it in economics, but the reality is they want to free up public money so they've got more room to cut taxes because they know—"they" being the very wealthy—that they win a lot more money. Disproportionately, they receive a higher percentage of the money. Then when it comes to health care, they've got the funds and the means to purchase that private care. The hope is that it's money that—and you're helping them, by the way, with more tax cuts, 10 grand a year. Not bad. That's just one year. These are people who have already benefited to the tune of tens of thousands of dollars from your previous tax cuts. So they've got the money, the disposable income, to not only purchase the private health care, but because you're bleeding away funding to the public health care system, they are probably going to get it quicker and with the latest technology, the latest medicine, and probably the most highly trained individuals. At least a lot of them will be there.

It's not as if people who think that way do so, in my opinion, from a philosophical base. It's a matter of saying, "How do I want to arrange the world so that I can benefit the most?" which again I don't say is thinking limited to just those who have money, but as the whole dog-eat-dog, bare-knuckle capitalism takes hold, that reality has a lot to do with the kind of politics we have.

Let me also just say parenthetically that because I think this way—and I know there are members across the way who obviously do not, but I do think this way. When I see the historic level of turnout in the last federal election, we know that when there is a lower turnout, it's those who, as you go down the socio-economic scale—meaning those who have lower income, lower education—are likely to be the ones who decided not to vote. Governments know this. Therefore, you don't need to worry as much politically, do you, about what the poor might do, or the middle class, because a lot of them aren't going to come out and vote.

But you also know and we all know that the higher the income and the higher the education level, the more likely an individual is to go out and cast that ballot, and if you're framing everything toward them and their world, why is it not reasonable to expect people would vote for that? The fly in the ointment is that during a boom time you can cover all of this—because quite frankly there's enough money splashing around out there in the economy to paper over a lot of this—but where it's really going to show itself is when the downturn comes. Is that going to be next year, the year after, five years from now? No one knows, but I would love to see a minister of the crown of this government stand in his or her place and give us an assurance that it's not going to happen.

I see the gloves on there, Sergeant. Does that mean that I'm getting close? I see the Speaker telling me three minutes. That's probably stretching it.

Let me just say that what I want to do in the remaining time when next this bill is called is talk about the kind of Ontario that I think we will see when that recession hits,

the people it's going to impact and the way our communities are going to look versus the way that they would before the revolution took hold. Let me assure you that they are two very, very different worlds, and if we see a lot of disparity in what I've mentioned this evening, from those who are in \$330,000 to those who earn \$6.85 an hour, wait until we take a look at what a recessionary Ontario economy looks like in terms of how it would apply to the majority of my constituents in Hamilton West versus those that you have so adequately taken care of in the first years of your time in government, the very wealthy.

The result is quite frightening, but it needs to be said and it needs to be pointed out that this is the world that

they have created and there are going to be winners and losers, but there are going to be a lot bigger winners and bigger losers when we get into the tough times. The strain and cracks that this government has put in place are going to widen to the point where—and I'm not trying to be over the top—a lot of nightmare scenarios are going to come true for far too many Ontarians.

With that, I will sit down and speak next time we call this bill.

The Deputy Speaker: It being 9:30 of the clock, this House stands adjourned till 1:30 of the clock tomorrow afternoon.

The House adjourned at 2128.

LEGISLATIVE ASSEMBLY OF ONTARIO
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		York West / -Ouest	Sergio, Mario (L)

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Une liste alphabétique des noms des députés, comprenant toutes les responsabilités de chaque député, figure dans les premier et dernier numéros de chaque session et le premier lundi de chaque mois.

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Garfield Dunlop, Raminder Gill, Pat Hoy,
Frances Lankin, Bill Murdoch
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