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**Official Report
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(Hansard)**

Thursday 26 April 2001

**Standing committee on
finance and economic affairs**

Pre-budget consultations

**Journal
des débats
(Hansard)**

Jeudi 26 avril 2001

**Comité permanent des finances
et des affaires économiques**

Consultations prébudgétaires

Chair: Marcel Beaubien
Clerk: Susan Sourial

Président : Marcel Beaubien
Greffière : Susan Sourial

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Thursday 26 April 2001

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 26 avril 2001

The committee met at 1003 in room 151.

SUBCOMMITTEE MEMBERSHIP

The Vice-Chair (Mr Doug Galt): We'll call the standing committee on finance and economic affairs to order.

Mr Monte Kwinter (York Centre): Mr Chairman, on a point of order: I raised this question before the meeting convened. In the many years I've sat on this committee, when the committee is meeting to consider its report, it has always been done in camera. Given that we are in the Amethyst Room, which has television, and I understand the plan is to have this televised, I feel this is something that we, as a committee, should resolve before we start.

The Vice-Chair: OK. The first item of business is the election of a subcommittee person, since there has been a shift in those participants on the government side, so maybe we can move through that item. Your point's well taken; I certainly won't jump over it. It's up to the committee whether they want to discuss this in camera or in public. Can we have a motion to elect a person to the subcommittee from the government side?

Mr Joseph Spina (Brampton Centre): I move that Mr Hardeman be appointed as the representative of the government side to the subcommittee.

The Vice-Chair: Thank you very much. Any further nominations? Hearing no further nominations, I declare the nominations closed. Mr Hardeman will be the representative from the government side on the subcommittee for the standing committee on finance and economic affairs. We will congratulate him on his arrival.

PRE-BUDGET CONSULTATIONS

The Vice-Chair: The next item of business is the subcommittee report. I turn to Mr Phillips and also Mr Kwinter, however you would like to handle this discussion. I believe it's Mr Phillips's motion.

Mr Gerry Phillips (Scarborough-Agincourt): Yes, it is my motion. I move that the committee meet to consider its draft report on pre-budget consultations on Thursday, April 26, 2001.

The Vice-Chair: And we're here. Is there anything else to the report, other than to meet to discuss it?

Mr Phillips: I don't think so. I'm just moving our subcommittee report.

The Vice-Chair: OK, thank you. Debate?

Mr Spina: I have a question, if I may. I wasn't sure whether this is for debate on the report or the adoption of the report, to be submitted to the House. I'm just trying to get a clarification here of what you're looking for.

Mr Phillips: No, it's just to give the committee the authority to begin the debate on the report, as opposed to adopting the committee report. You are not agreeing to the report. If you vote with this motion, you're agreeing to begin debate on the report, to finalize it.

Mr Spina: OK. Another question, if I may: given the publication of the date of the budget on May 9, what kind of time frame are we looking at? I think you would agree that time is of the essence. If we're going to adopt a report to submit to the House for consideration by the finance minister, we should try to give it to them as soon as possible so whatever is in there can be considered for inclusion in the budget. I just wanted some idea of a time frame, if Mr Phillips had any thoughts on that area.

Mr Phillips: My hope would be that we finish today; if not, certainly by next week's meeting so we can we have it to the House by next Thursday.

Mr Spina: OK. The other question I have, Chair, is that, being newly appointed to this committee, I haven't seen a copy of the draft. Have other members of the committee seen the draft report?

The Vice-Chair: It was certainly circulated to the previous members of the committee.

Mr Spina: Oh, it's right here. The clerk was nice enough to tell me. Thank you, Susan.

The Vice-Chair: As I understand, this motion is so we can proceed to discussing the report as written by staff. It's not necessarily to get into the debate. If we're to discuss it in camera, we can take that motion after this one has been passed or defeated.

Further debate on whether we discuss this report, or how you would like it handled? No further debate? Those in favour of the motion? Those opposed? The motion is carried unanimously.

Now we move into discussion of the report. Mr Kwinter, do you want to comment now about in camera or in public?

Mr Kwinter: Mr Chairman, I'm in your hands. My only concern is that the document I have in front of me says "Confidential: for committee use only." If that is not

the case, I have no problem. I'm just saying there should be a determination. Is this supposed to be confidential or not? My copy of the document, and I assume everyone's, says "Confidential: for committee use only." I just want a resolution of what that means.

Mr Ernie Hardeman (Oxford): I have no objection to doing it in camera. I suppose it's opposite to what you would expect. I have no problem with doing it in public either, but I do have some concern, as Mr Kwinter mentioned, that it says, "Confidential: for committee use only." The debate may very well be debating whether the report actually actively interprets what was heard at the committee. I would not object to going in camera.

The Vice-Chair: This may be helpful for the debate, if I may, as the Chair, make a comment: item 5, under "Chair's Notes" on report writing for the committee says, and I quote, "Before a committee begins to write its report, it should decide whether it will write the report in public or in closed session. If a committee meets in public to consider and adopt a report, the report itself is considered confidential until tabled. It may be considered a breach of the privileges of the House to release or disclose the contents of the report before it is tabled in the House." To my way of thinking, that's pretty clear.

1010

Mr Phillips: I'm not sure whether it is clear. My own view is that wherever we can do business in public, we should do it. We should only move into private where there's a person involved, where someone's reputation's at stake or where someone could benefit financially from our deliberations. In all other cases, I think we should be in public. If I'm not mistaken, that has been the case with this committee in the past few years, that we have dealt with this report in public. I personally prefer that we deal with it in public. If there's a part we come to that says someone is going to be impacted because of what we say here, someone can certainly move that into private and we can deal with it, but just as a matter of principle, I prefer to deal with whatever we possibly can in public. What you read there I thought allowed us to deal with it in public.

The Vice-Chair: It says, "It may be considered a breach of the privileges of the House to release or disclose the contents of the report before it is tabled in the House." It says "it may be"; it doesn't say "It will be." Any other comments?

Mr Spina: I would ask for the clerk's or counsel's opinion, under what circumstances it would be considered a breach, because we certainly wouldn't want to do that. I agree with Mr Phillips. Most of this stuff, these are all people who came to the committee hearings, right? All this information is just the summary of the submissions made to the committee, which are in Hansard in a very public way anyway. Unless, as Mr Phillips correctly identified, there is a situation where there's an individual's name or someone might financially benefit from this—but these are submissions; these are not recommendations. That's why I would ask advice from

the clerk and counsel. Under what circumstances would it be considered a breach before it's tabled in the House?

The Vice-Chair: Fair question. If you would just hold on for a second. I'm told I'm the one to give advice, and we're looking it up.

Any other comments while we look for information for Mr Spina?

Mr Hardeman: Just to make sure that you have enough questions to mull over, I share the comments of Mr Phillips that we need to do as much as we can in public, but at the same time I think we have to recognize that the purpose of writing the report and to present it to the Legislature is to inform our colleagues in the Legislature of what we have heard. If you table something in the Legislature, it would seem to me that our colleagues in the Legislature are the first who should hear that; it should not be released from here to the public and then tabled at some date in the future in the Legislature.

Again, as Mr Spina mentioned, if we're talking about just what the committee heard in their public consultations, and that is the total extent—not interpreting what we heard, but just that what is in the report is the staff's recollection of what was heard or the putting together of what was heard—I see no reason why that couldn't be discussed in public, for it is already in Hansard. But if there's anything more going to be done with the report that would be new that would not already be in Hansard, then I think that should be done in camera.

The Vice-Chair: Basically, this is what I am picking up from discussions here in consultation and looking up in procedures. Yes, it's in Hansard. Yes, it's something we can discuss. If we do come to something that might be sensitive to a corporation or to an individual, it would be wise to move in camera at that time, but otherwise this discussion on the report writing can be in public with no problem.

I don't think we need a motion. We'd only need a motion to move in camera, so I think we can go ahead now with the discussion on the report, unless somebody has something else they'd like to comment on prior to going into that discussion. I trust, Mr Kwinter, you're comfortable with that.

Mr Kwinter: I just wanted it clarified, because the document said it's confidential.

The Vice-Chair: Yes, I really empathize with where you were coming from, but also I empathize with the point of being as public as we possibly can all the time.

Mr Phillips, you're submitting the report. Would you like to lead off with comments?

Mr Phillips: At the top of page 2, just to start, there's a comment on the second line, "the principal engine of growth"—which I agree with, by the way. It wasn't the only engine of growth, but the principal one. I just highlight that because there were some other views that it wasn't the principal engine of growth.

Mr Hardeman: Mr Chairman, I missed the first part of where we were.

The Vice-Chair: It's page 2, line 2.

Mr Phillips: I'm commenting, really. That was the comment on exports being the principal engine of growth, which I agree with. It's not the only engine of growth, but the principal engine of growth.

On the job front, the challenge in this report always is that we are reporting on what was presented to us. There's not an opportunity to update the report, the numbers. But we now have March numbers in, and we've lost, if I'm not mistaken, 46,000 manufacturing jobs since January 1. We can't put that in, because no presenter made that presentation—this is summarizing it—but that is of concern, certainly, to all of us.

I'm just going through my comments. I don't know whether anybody else wants to speak.

The debt now is at \$112 billion, down from \$114 billion, but up, I gather, from the previous few years.

I thought the comment on school boards accumulating debt—I'm now on page 3, the second paragraph from the bottom, the bottom two lines in that paragraph—is an important one for us, because if I'm not mistaken, school boards are adding capital debt at the rate of \$900 million a year. Because the school boards now rely 100% on provincial funding, that really is going to be our debt, provincial debt. So I think that was a good comment to make or a good comment for all of us to be aware of.

I gather on the bond rating situation that we've had one upgrade, but we're still two below where we were previously. There's no need to point that out, I guess, in the text.

On the personal income tax side—this is on page 4 now—I believe I asked for the staff to give us an update on where we stood on the tax cut. The government said, "We are going to cut personal income taxes by 20%," and the government has said, "We're going to complete that cut in this upcoming budget." I think I asked the staff, "All right, we are somewhere along the line in that 20% cut. You're going to complete the 20% cut. How much has already been done and how much is there still to do?" It's a fairly straightforward question, I think. I'm just waiting. Have we got an answer back from the ministry staff on that?

1020

Mr John O'Toole (Durham): If I may, I just want to clarify that the government has a commitment to a 20% tax reduction. To be clear, it's an additional 20% to the provincial tax rate. I want to be clear that we delivered on the first promise from 1995 to 1999, so that 20% is reflected in the current rate. As people are now doing their income tax, they will see that. When you separate the provincial and federal tax, you can see very clearly what the province has given back to the taxpayer. I think it would be fair to assume, with proper fiscal tools, that the provincial government has, in its purview over its mandate, a commitment to a further 20%. Now, what that number is today is, as Mr Phillips would know, part of the policy of the government of having a balanced fiscal plan going forward. There is a certain part of that that's been delivered, and I, like you, anticipate the full com-

mitment or the promise over the mandate of this government.

Mr Phillips: You may not be aware that you've already made—it says here, "implementing a further 20% personal income tax cut to be fully delivered in the 2001 budget." This is the document that the Minister of Finance released just a few weeks ago. So this budget will fully implement the remainder of the 20% cut.

I have a very simple question that I think Ontarians deserve an answer to. You've already implemented a part of it. You are going to complete it in this budget—not in your mandate, but in this budget in two weeks, two weeks yesterday. I just simply want to know how much of the 20% cut has been implemented already and, therefore, how much more is there to go? It's a very straightforward question. Surely anybody would believe that the government should just simply say, "Listen, in the last two budgets we implemented 10% of it; we've got 10% to go." "We implemented 8%; we've got 12%." "We implemented 12%; we've got 8%." Whatever it is, I just want to know the answer to that. Mr O'Toole has not been told, I guess, that you've committed to doing it, not in your mandate, but in this budget.

The Vice-Chair: I wonder if Mr Hardeman, as the newly elected representative to the subcommittee, is aware that that request went in and also a follow-up letter was sent from the clerk's office asking for that answer. Do you know where that may be at, or not?

Mr Hardeman: No, Mr Chairman, I do not, but I will make every effort to make sure that we get that information for Mr Phillips. He did mention, I believe, yesterday afternoon to me that he had not yet received some of this information that he asked for during the presentations.

I would point out in particular that, as Mr Phillips mentioned, the government is committed to finishing that 20% cut, which, as Mr O'Toole said, we are going to do. We had originally promised it in this mandate. We will be doing it, according to the presentation, in the next budget. So as thorough as he is at reading the previous budgets, whatever isn't in those budgets will be in the next one. The people of Ontario will find out on May 9, when the budget comes out, how much more they will get this year, compared to what they've had in the past. But we will get that information for Mr Phillips.

Mr Phillips: I would think that it would be on the tip of people's tongues, OK? "We've already delivered X% of it." Can anybody in the Conservative caucus tell us where we are on it?

Mr O'Toole: All I can say to taxpayers is that certainly we are anticipating to deliver on our promise. I would only hope that on May 9, the people of Ontario will be looking forward to it as well. I would offer up that we usually keep our promises.

Mr Phillips: Usually?

Mr O'Toole: I would say "always," but no one likes to be that definitive.

Mr Christopherson: When did that start?

Mr O'Toole: I'm not the minister.

Mr Phillips: I've been amazed that I can't get an answer on what seems to be a pretty straightforward question.

The Vice-Chair: You have a new point person on the subcommittee who's going to look after it for you tout de suite with his report.

Mr Phillips: I think the last one got promoted to cabinet without giving me the answer.

The second thing we asked the minister to do was to give us the forecasts of their revenue on a variety of economic assumptions. The minister, in public comment, said that they've done these analyses within the ministry, and they've looked at various different economic assumptions, and we asked him just to provide us with those projections. You may recall that the government said the economy's going to grow at 3.1% and then a few days later it was 2.8. I gather they may now be saying it's something less. We requested that. I sent a letter to the minister, and I think the committee did as well. Have we heard back from the minister? Have we got those numbers yet?

The Vice-Chair: The answer's negative.

Mr Phillips: I wonder if Mr Hardeman might ask for the same thing.

The Vice-Chair: Are you aware of that request, Mr Hardeman?

Mr Hardeman: Again, I wasn't aware of the request, and I apologize for not having been a member of the committee prior to today and not having been there when those questions were asked.

Having said that, though, I think it goes back to where we started from earlier this morning about deciding what the committee was going to be trying to accomplish as we're sitting here. My impression was that we were going to complete a report that tells our colleagues in the Legislature and the Minister of Finance what the committee heard over their period of consultations. I do believe that the questions that Mr Phillips asked—he has the right to get those answers, and we will endeavour to do so. But I don't think that information is required to complete a report that highlights what the committee heard in their consultations to advise our minister on. So though we will get it for him, I would propose that we continue reviewing the report and make sure that what is written there is accurate, according to what the committee heard in the process.

Mr Phillips: I can remember sitting in this chair, and what I heard from the minister, while the minister sat there and the minister's staff sat there, was that they were going to get us these answers. So I heard that. I thought that would be part of our report. It seems the public deserved those answers. This report should reflect what the committee heard, and the committee spent some considerable time listening to the ministry staff. I'm trying to get the report to reflect what the ministry staff said and promised. The minister and they were part and parcel of this presentation. This reflects not just outside presenters but presenters from the government. That's why I think it's important we get that.

Mr O'Toole: I did sit in on the pre-budget hearings, and I think we did receive a lot of very balanced input and, indeed, some extremely good questions, of which Mr Phillips refers to just one, which is the revenue picture. As he would know, the revenue side is basically premised on a revenue forecast with respect to other implications on GDP and its number and its certainty of that number. There is a direct relationship. As he knows, 1% equals some \$500 million to \$800 million in revenues, so that number has been talked about as well: is it \$500 million? Is it \$535 million?

What they fail to record here in the record is that the minister made no subsequent commitment to deliver on forecast revenue numbers. I suspect those numbers will be part of the budget, and those will be the one-year look ahead. I think Mr Phillips is looking for a longer number. Indeed, I think Mr Drummond, from the TD Bank, did make the assertion that we should look further ahead, and I think the minister said that we should look further ahead in terms of the current revenue side. Of course, I think that's an important planning tool that the Ministry of Finance has used over the years. In the past they have not done revenue forecasts beyond current-year revenue. There are numbers out there. You tie the GDP number to the growth projections, and those will be in the budget.

1030

Mr Phillips: The minister in public statements said they've done various analyses and that if the economy slows down substantially, it's not a problem because they've done the analysis and Ontario shouldn't worry about it. I'm just simply saying they've done the analysis. Wouldn't you think it would be wise for us, trying to provide the Legislature with some advice, to take a look at that? If we want to operate on the least possible information from the minister, so be it. I think that they've done it; the taxpayers paid to have it done; he said it's available. Just simply, let's take a look at it.

The Vice-Chair: No further discussion?

Mr David Christopherson (Hamilton West): On this, or anything?

The Vice-Chair: I guess we've run out of discussion on this one. We'll move on to another point.

Mr Christopherson: On page 9 under "Automobile Industry," the second sentence—it's in the third line: "Production is expected to decline in the first two quarters of this year." I would just make the note that they did say for at least the next two quarters. If you recall, things were a lot rosier at the beginning of our hearings than they were at the end because shortly after we started, Nortel announced their earnings drop, all hell broke loose, and the government's message changed along with the news that was coming forward over the course of those two weeks. So I would suggest that we did hear from people that they hoped it would only be the first two quarters, but they really didn't know. And as we're seeing now, it's likely to be into the third, fourth—some are even talking into the next year. So I would make that suggestion.

Secondly, in the same paragraph, the last sentence, that starts on the third line: “The competitiveness of the Ontario industry, including higher productivity levels and unit costs that are lower than its American counterpart, will ensure that growth continues to be strong.” That’s a little too definitive for me. To just blatantly say it will ensure that growth continues to be strong is really not 100% accurate, because it isn’t turning out that way. There should be a modifier in there, because no one did come in and guarantee us. Some of them were optimistic about suggesting this, but for us to make that statement, to me, flies in the face of the evidence of the numbers and analysis that has been coming forward over the last six to eight weeks.

The Vice-Chair: Do you have an alternative suggestion like “should” instead of “will”?

Mr Hardeman: I would agree with Mr Christopherson on the first comment about the first two quarters, that it’s not a given, and it is now a given that it won’t be, so it would be at least the first two quarters. The second one, I suppose I would have to ask again whether the Hansard and the presentation said this and we now disagree with it, or they have been proven wrong, or whether it was wrong to start with.

Mr Christopherson: Even if the sentence had said that “some presenters said,” my difficulty is I looked for that qualifier. I don’t see it, and so we’re just left with that blatant statement as if it were a finding of fact by this committee, which of course is not the case.

Mr Kwinter: I’ve been listening to the discussion. I have a couple of concerns. The economic and finance committee is charged with making a report to the House on their pre-budget consultations. I don’t think their mandate is to limit that just to what was presented. If that were the case, then we wouldn’t need a committee. All we would do is say, “Send in your representations, and we’ll have the clerk collate them,” and say, “Here’s what people told us.”

I think what we have to do is listen to what people say. There will be people who will be speaking diametrically opposed to each other, as we had with people with the alternative budget. When you hear labour, they have one point of view. You hear management, they have another. You hear the financial institutions, they have another. You hear the economists, they have another. What we have to do is try, from all of that, to come up with a report that uses that information. But certainly, if it’s going to be of any value, there’s no sense just doing historically what people said to us two months ago. We’re trying to give advice to the Treasurer, the Minister of Finance, as to what should be in the budget, and whatever information is relevant, should be included. One of the things that we have to do—and this is what happens traditionally. This committee will come forward and say, “Well, here’s what we think.” And then, of course, the two opposition parties say, “We don’t agree, so we’re going to put in a minority report, and here’s what we think.”

I think it’s important that we not restrict ourselves just to what was presented to us by presenters, because it gives you a lot of useful information, but it doesn’t give you the ultimate information.

Mr O’Toole: Just on technical—as the time goes on. There’s one particular section on page 6 under “Property Taxes” that I really think is a potential reference error. Hopefully there’s no concern with it. It’s about the fifth line down.

Mr Christopherson: On a point of order, Chair: Could I just maybe suggest, before we move into new ground, that we finish this off and then gladly move to Mr O’Toole’s issue?

Mr O’Toole: Sure, no problem. I thought we were finished.

The Vice-Chair: I was about to mention that, but thank you. I think that’s a good idea. Under “Automobile Industry,” page 9, is there any agreement here or—

Mr Christopherson: I think Mr Hardeman, on behalf of the government members, was offering up his comfort with “for at least,” so I would start with a motion to amend. On page 9 under “Automobile Industry,” third line, the sentence is, “Production is expected to decline for at least the first two quarters,” and remove the word “in.” And then, Ernie, I didn’t hear exactly where you were on the last piece.

Mr Hardeman: Did you just say that you were going to take out the word “in”?

The Vice-Chair: No, I think it was to put “at least” in between “in” and “the” would make it sound better.

Mr Christopherson: “Production is expected to decline”—oh, I see. I was saying, “Production is expected to decline for at least the first two quarters of the year.”

The Vice-Chair: Changing “in” to “for.”

Mr Hardeman: I would suggest that I would leave in the word “in.”

Mr Christopherson: OK, but how do you want to broaden it out?

Mr Hardeman: “Decline in at least the first two quarters”? That works for me.

Mr Christopherson: “In”? “For”? I don’t know that the grammatical aspect holds up, but I can live with the politics of it.

Mr O’Toole: I think it makes the point.

The Vice-Chair: Yes, one way or the other, whether the English is perfect or not.

Mr Christopherson: It gets the point across.

Mr David Rampersad: Do we leave “in,” or do we delete it?

The Vice-Chair: Right now my understanding is we stick “at least” in between “in” and “the.”

Mr Rampersad: So we retain the word “in.”

The Vice-Chair: We leave “in” in.

Mr Christopherson: This is the same process where we’ve got one hour of committee work and you give us 50 pages of amendments. And here we are—just to make that point, Mr Chair—debating the word “in.” Next we’ll be debating “so.”

The Vice-Chair: The rest of "Automobile Industry," page 9.

Mr Christopherson: Correct. So is that agreed then, that change?

The Vice-Chair: Yes. That's agreed.

Mr Christopherson: Then we're left with the qualifier I was seeking for the last sentence in that same paragraph that begins: "The competitiveness of the Ontario industry...." This starts to speak to where Mr Kwinter was, but it doesn't say "presenter said" or "some views held," it just makes that as a statement.

The Vice-Chair: This is a summary. As the Chair, could I suggest you might consider replacing "will" with "should"? Would that be a comfortable word all around?

Mr Christopherson: I don't want to be a stickler here, but because there's nothing else in that paragraph that makes any reference to witnesses, if there could be something just to further qualify. But your suggestion of changing "will" for "should" is fine.

The Vice-Chair: I'm just trying to be a conciliator here.

Mr Spina: I guess the context of this statement constitutes a recommendation on the part of the committee, so it really boils down to whether or not we agree with the statement as it stands: "The competitiveness of the Ontario industry, including higher productivity levels and unit costs that are lower than its American counterpart, will ensure that growth continues to be strong." If we agree with that statement, then it can stand. I just want to understand: David, are you saying you don't agree with that statement and therefore the context would be that this was what presenters told us?

Mr Christopherson: I appreciate your thoughts, but this is definitive in that it says "will ensure," and we already know that that's not the case. Competitiveness is a key component of all this, no question, and certainly the wage differential that's saved by virtue of our public health system is a major competitiveness issue. But to state "will ensure that growth continues to be strong"—it has already proven to be untrue because of the weakening of the economy.

1040

The Vice-Chair: Just as a thought for this sentence, for consideration only. It's been offered. It was suggested, "The competitiveness of the Ontario industry ... should ensure...." Would everybody be comfortable with that?

Mr Christopherson: It answers my concern.

Mr Morley Kells (Etobicoke-Lakeshore): "Some presenters suggested."

Mr Christopherson: I think that needs to be mentioned in at least each paragraph where we have strong statements, some reference.

The Vice-Chair: "It was suggested by the presenter." Is that your comment, Mr Kells?

Mr Kells: My point was "some." I don't know which ones did.

Mr Christopherson: I can live with that.

Mr Kells: Put that in front and you don't have to change the wording.

The Vice-Chair: And then "should ensure."

Mr Hardeman: If it's going to be the presenters, it works.

The Vice-Chair: We don't need to change that.

Mr Christopherson: Correct.

The Vice-Chair: So it was suggested by "a" or "some" presenters?

Mr Kells: I wasn't here. Do you remember, David?

Interjection: I'm sure there was more than one.

Mr Christopherson: Go for it.

The Vice-Chair: It was suggested by "some" then?

Mr Christopherson: Yes.

Mr Kells: When you say "presenters," you mean them all, so you better say "some" there.

Mr Christopherson: Given they were proven wrong, I'm not sure they're going to jumping up and down saying, "I said it."

The Vice-Chair: OK. Can we move back to page 6 as was requested? I guess we can, can't we?

Mr Hardeman: Going back to page 6, in the property tax issue in the fifth line where it says, "property tax rate," I think that should not be the "property tax rate" but the "property tax bill." The different issues are the percentages of the property tax, but then at the end a "component of the property tax bill" that goes out to the individual property taxpayer.

Mr Christopherson: On that, "Many witnesses, especially from the business sector, expressed concern about commercial property tax rates which are three times higher than residential rates...." You're talking about changing the word "rates" in both of those contexts or just the one?

Mr Hardeman: No, just in the one.

Mr Christopherson: Why?

Mr Hardeman: The paragraph speaks about the significance of the property tax rates, the varying rates, but then the end result is that it has a significant impact on the property tax bill that goes out.

Mr Christopherson: Oh, I see. It's the second sentence where you want to change the word "rate."

Mr Hardeman: Yes.

Mr Christopherson: I'm sorry. OK. If I have it correct then, "It was pointed out that the education tax, at approximately 50%, forms a significant component of the property tax bill."

Mr Hardeman: Yes.

Mr Christopherson: Got you.

Mr Hardeman: Because if it's 50% of the tax rate, it's automatically 50% of the tax rate.

Mr Christopherson: Right. I thought you were changing the other one, in which case we would have gone from apples and apples to apples and oranges. No, I'm fine with that.

The Vice-Chair: Other areas of consideration?

Mr Phillips: I thought there was also the concern about the dramatically different education business tax rates by municipalities. Brockville businesses, for exam-

ple, are paying four times the tax rate that a similar business in Parry Sound is paying. I thought that was raised as well, but maybe my memory's fading. There was another issue, which is that the province sets the business education tax rates. There's talk about equality of educational opportunity across the province, but with identical businesses in Parry Sound and Brockville, the Brockville business is paying four times as much education tax as the Parry Sound business is.

Mr Hardeman: Again, Mr Chairman, I'm not speaking to what all the presenters spoke to, but I think it's important to recognize that we have in previous budgets, and hopefully we'll continue to do that, lowered the business tax rates across the province to get to a fair and equitable taxation system for all the businesses.

I don't know if Mr Phillips is suggesting that more work needs to be done to point out what some of the presenters actually said, but I think the end result of what he's speaking to is, the province is presently in the process of trying to get that fairer tax rate across the province and lower the business tax rate to make us more competitive and to create a stronger economy and new jobs in the province.

Mr Phillips: That's always the problem of trying to get everything in, and if I try and insert that, then somebody else will try and insert something. But I think it was CFIB, the Canadian Federation of Independent Business, that presented us with the property tax issue. Those who were here would remember that they presented a chart showing that education taxes are dramatically different municipality to municipality. I think they used several examples, but they had a Parry Sound and a Brockville example. As I say, that was part of a presentation, but it's not part of our report right now. If everybody starts to insert everything they want in it, we may—

The Vice-Chair: We can always put it in the addendum from your party, if you so prefer.

Mr Phillips: My hope is we have a unanimous report.

Mr Christopherson: I just wanted to add to the concern that Mr Phillips has raised, and I appreciate the comment that we could be adding things all along. But for some communities—I know in Hamilton the business education tax is huge and it was referenced. It's more important than most issues, given the fact that it's sort of a moving target, the whole process is in a phase-in. It was accelerated in the last budget from what your original plan was, which is fine. It didn't go far enough, but it was going in the right direction. It seems to me, that being such a hot issue, it really ought to be part of the report to reflect the importance it was given.

Some members who don't have this as a huge issue in their community may not have paid as much attention. But again, in Hamilton I know we're being strangled downtown, small business, because of the business education tax and the fact that we're paying so much higher than neighbouring municipalities. It's the policy of the current government to maintain that inequity for a number of years.

I think there is certainly a great deal of legitimacy in saying this is a big enough issue that it needs to at least be reflected as having been raised, otherwise we do a whole lot of municipalities a major disservice in not speaking to their major issue as it relates to property taxes.

The Vice-Chair: Since it's been brought up two or three times, as Chair I would entertain a statement that might be put in and then we could vote on it, or maybe we could ask staff to draft it while we continue discussing. Would that be in order? Everybody comfortable with trying to draft something from the discussion to this point?

Mr Spina: I had a question and a comment. First of all, I'm just trying to zero in on where Mr Christopherson is exactly. Is it under the property tax, David?

Mr Christopherson: I was actually following up on the discussion started by Gerry.

Mr Spina: This is under the property tax issue. I was looking at the last sentence in the second paragraph of that property tax section, that reads, "A maximum tax rate on business property throughout the province would also help level the playing field for business." I thought that statement, as clearly as it's been made, would at least address your concern, David, with regard to—

Mr Christopherson: The difficulty is that the business education tax forms a part of the total business tax paid and it's a variable, depending on which community you're looking at. Again, downtown Hamilton is one of the hardest hit. It's a subcomponent of that. Anyway, the short answer is, I don't think that quite covers off the specificity of what we're talking about.

The Vice-Chair: From what the Chair is hearing, the difference is the overall tax bill versus the business education tax portion of that bill.

Mr Christopherson: Correct.

Mr Hardeman: I would agree. I think there's a need for government to work at reducing the total education burden on our industrial sector. The present rate has been reduced, but it was based on the inequities that different areas of the province were charging prior to the changes that our government made as they were increasing the ratio between the industrial and the residential. They had a larger spread there before the changes. Then when we changed to the new taxing system, some of that spread is still there in some areas and I think we need to work toward reducing that.

The Vice-Chair: Just to kind of round out this debate, it might be helpful—staff would like to review some of the material at that time and then come forward with a statement or two. Would that be in order with the committee, rather than spending a lot of time debating it now, and we would re-look at it at 3:30?

1050

Mr Kwinter: I think there are two issues. One is the overall, arching policy of reducing business tax. The other one, and I think this is the point that Mr Phillips has made—that's one issue, but the major issue that was brought to us by CFIB is the discrepancy. The city of

Toronto's education portion of the business tax is considerably higher than the city of Vaughan's or Markham's, which is that businesses across the street from each other are paying totally different rates of tax. The issue is really this discrepancy, the difference between Parry Sound and Brockville and all of these other communities, and that is really what has to be addressed. Communities are being penalized because there's going to be a flight of business to more reasonable tax havens. I think that's the issue that has been mentioned.

Mr O'Toole: I think it's a very beneficial discussion, and how they summarize those remarks is yet to be seen.

I think what Mr Christopherson was saying really does make a lot of sense, that high taxes actually kill communities. So the general message is that we want to be competitive with not just "the city above Toronto," as we've heard on the news. It is about competitiveness. The government's goal is very clear: to reduce that burden.

Those historic inequities between, say, Toronto and Parry Sound and other municipalities, as Mr Kwinter has referred to, are exactly what we're committed to fix. Ideally, we would have a uniform rate, as we do on the residential side, for the commercial side. I think that's an enviable goal. I'm glad that we've got unanimous support that cutting taxes helps the economy.

Mr Spina: I was going to suggest that I don't think there's any disagreement—and please correct me if I'm wrong—on the issue that has come forward here; that is, it is the inequity of the education portion of the property tax that we want to address. So to that end, rather than redrafting the whole thing, I'm just making a suggestion here that's words—and there may be other people who want to comment on it—but where we talk about that sentence that I mentioned earlier, "A maximum tax rate on business property," if all you inserted perhaps was "with specific reference to the inequity in education tax" in that sentence, would that cover it, would that address it? That's really my question to the other members of the committee.

The Vice-Chair: What I heard from you is that you would put at the end "playing field for business, with specific reference to the inequity of the business education tax."

Mr Spina: No, it would probably be better inserted earlier on in the sentence where it says, "A maximum tax rate on business property, but specifically to the education portion of that tax rate, throughout the province would also help level the playing field for business."

Mr Christopherson: I appreciate the effort to resolve it, but I don't think that quite does. Just to respond to Mr O'Toole, because I've attempted to be co-operative this morning in terms of trying—

Mr O'Toole: I have.

Mr Christopherson: Then you made the statement you were so glad we were all thrilled with the tax—you know, your little verbal dance there.

There's a huge difference between wanting to make sure that municipalities are treated equally and fairly in terms of how their downtowns are taxed, especially when you go to Hamilton and see the dire straits that we're in as a result of that inequity, versus whether or not it's good fiscal policy to be cutting taxes at a time when we desperately need revenue being pumped into health care and education and environmental protection.

We all make those political speeches, but the fact is that on this one I would think we probably have some common agreement, except that we've maintained certainly in the NDP that you could have spent a lot of that money, the billions you've been spending on tax cuts, in going immediately to a level playing field vis-à-vis the business education tax, again because of the absolutely detrimental and horrific damage that it's doing to our downtowns. In downtown Hamilton we're still seeing business flee because of the business education tax. Just to fold it in there with respect to Mr Spina's suggestion really doesn't do it. It's a separate thought from the maximum rate. That really is a different issue. This again speaks specifically to whether or not this committee believes we heard enough emphasis on the business education tax to reflect something in the report.

The Vice-Chair: I think maybe the Chair is hearing that there is agreement on both sides. Perhaps we could give it to staff to do a little review—they've heard the discussion here—and come back at 3:30 with a statement. Otherwise I think we'll debate till noon on this item.

Mr Hardeman: I have no problem with that. I do want to disagree with the comment and put on the record that I don't believe, and the government doesn't believe, we could have used the tax cuts in any other way and still have had them. The tax cuts create jobs and a solid economy, so it is not there to be spent again. Having said that—that's the political part of it—I want to say that the government agrees there is a need to look at this disparity in the education tax rates across the province. That's not a disparity that has been created in the last little while; that's a disparity that's been there for some time. We have been trying to reduce that in the areas where the tax rate for education is far too high, to try and get that down to make it more competitive. So I would support the consensus here that the staff come back with wording that would cover all our concerns.

The Vice-Chair: Sometimes we have trouble agreeing to an agreement, don't we?

Mr Christopherson: We're just about there, but I would of course remind Mr Hardeman that the decision not to equalize was a political one made by this government, so to say it reflects some inequity doesn't wash, especially given the fact that after you introduced your first property tax reform bill, it took seven other pieces of legislation to correct the mistakes you'd made in rushing through the previous six pieces of legislation. Just saying that there were inequities in the past doesn't cover it off. You made a decision when you drew a line in the sand that you were going to allow the inequity to continue and

that you were going to direct your tax cuts in other areas. So we have, I think, a legitimate political difference, but we do agree on the action with regard to this report.

The Vice-Chair: So we have an area we agree on and an area to disagree on. Can we move on to another issue?

Mr Phillips: If we're all set, I'd like to go back to page 4, "Corporate Taxes," just to make sure the statement reflects what the minister said. The first sentence in the paragraph: "The minister pointed out that corporate income taxes had been reduced to ensure that the joint federal-provincial corporate income tax rate is lower than those prevailing in the Great Lakes states, the province's main competitors for investment." To the staff: is that what he said? Was that in the context of saying that as a matter of policy, we believe our corporate taxes should be lower here than in the neighbouring states? Maybe it's to the staff, I haven't reread the Hansard on that.

The Vice-Chair: Would you like to respond?

Mr Rampersad: That's what I recall, but I can check it just to confirm that this was indeed the case.

Mr Phillips: To go back to a point I made when the government was introducing legislation on this, this is a very fundamental issue. Do we want to compete on the basis of lower taxes? There's another alternative, which is to say, "Listen, we have competitive taxes in Ontario, but locate here because we've got a more skilled workforce, a better educated workforce, quality of health care," those sorts of things. If we're saying that the competitive edge in Ontario is best here because we've got lower corporate taxes, if that is a goal of the Ontario government—it's a moving goal too, by the way. That's a fairly easy one for someone to duplicate.

Mr Kwinter: I want to add to what my colleague said. I think that the wording, as opposed to making sure the income tax rate is "lower" than our neighbouring states, should be "competitive," because if you start working at being lower, then it's a race to the bottom. You start comparing yourself with some of the southern states and you're really in trouble. I think the main thing is that we can't be so out of whack with our corporate tax that it is a disincentive to invest. A fair representation of what I think the minister said is that we are to be competitive. It doesn't necessarily mean we have to be lower. We have to be competitive so that it doesn't become a factor in the decision.

1100

The Vice-Chair: This is a statement in reference to the minister, so we need to go back and double-check. Whether we agree or not with the minister is beside the point. We need to reflect accurately in this sentence what he said.

Mr Hardeman: That's my point. This is a statement that was made in the minister's presentation. If he used the word "lower," then I think the staff has an obligation to use the word "lower." When all is said and done, I at least have the assumption that "lower" and "competitive" in this day and age are one and the same thing. If we're not at least the same or lower, we are not competitive when you come to tax rates. You can use other attributes

too, but the past has shown that if we don't have a competitive tax rate that is the same or lower, then business will not invest here. That's why lower taxes have encouraged increased investment in Ontario. That's my view, but I think that as it relates to this paragraph, it should be printed as the minister said it.

Mr Kwinter: "Competitive" and "lower" are not synonymous. If someone is trying to make an investment decision and they take a look at the various tax levels and they're all the same, then they're competitive. You don't have to be lower. You don't have to say, "We're all the same, but we're going to go lower." What you do then is you put yourself into a financial bind because then there's always someone who will move the bar lower and lower. You have to be competitive and they're not necessarily synonymous.

Mr Christopherson: The opposing point has to be put on the record, and that is that one of the major competitive advantages for the key engine of our economy, which is the auto industry, is not related directly to comparable tax rates. The biggest competitive advantage we have is \$6 an hour to our American counterparts because we have a public health system that doesn't have to be included in the private wages or benefits package between the employer and the employee. It not only gives us the world-class health care system we're so proud of, but it's a major investment factor in the continuing flourishing of an automotive industry in Canada. That's the competitive issue and it's got nothing to do with rates. It's how we structure society and how we decide to provide an infrastructure for anyone who wants to invest here, and having a public health care system the way we do in Canada has been a distinct economic competitive advantage.

Mr Hardeman: This paragraph doesn't suggest that the lower tax rate is the only thing required to encourage investment, but it suggests, as I read it, that it is one of the requirements. I'm quite prepared to accept that it be written in the document as the minister said it.

The Vice-Chair: The agreement I hear from both sides is that whatever the minister said, we will correct if necessary, and this will be item 2 that will be reported back by staff at 3:30.

Mr Spina: I have a quick question on that. While I understand and appreciate what Mr Christopherson is saying, and he's right, was that mentioned by the presenters or is that something you're choosing to add?

Mr Christopherson: No, I recall Mr Stanford particularly talked about it and highlighted it in his presentation. He was one of the expert witnesses who came in and made an hour presentation, so it was clearly highlighted. I could be wrong, but I think it was even raised in discussion with some of the automotive suppliers and they weren't arguing the point.

Mr Spina: If that's part of the submission, then I don't have a problem with it being included. Generally we're just submitting this report as what has been submitted, because I'm not sure all of us are comfortable in developing a long series of recommendations. Specifically at this point, that is my understanding.

The Vice-Chair: Other items.

Mr O'Toole: Just in a general sense, if I may, Mr Chair, if we have time before lunch—I'm not filling that time, but making an important contribution.

Mr Christopherson: If it looks like a duck.

Mr O'Toole: In the context of the Ontario economy and in the context of the broader Canadian economy and the relationship—not just on our wonderful public health system as being a competitive advantage, which I think everyone agrees with—I'm appalled with the value of the Canadian dollar. What it really does in a fundamental way is undermine the standard of living that we, as Canadians—all of that work and effort that our industry group and our entire employment group contribute to an exported product or value, which is good in terms of jobs, but we don't get to enjoy the fruits of our labour. That's the value of a tax policy or a fiscal policy federally that has resulted in a dollar that's so dangerously low. It also masks the underlying problem of productivity itself, because if we use those advantages, our public health system, which we pay for in taxes, which could be why we have the highest taxes in the G7, it's really discounting and actually underwriting—subsidizing, if you will.

The other part is the value of the dollar, which I think masks the competitive nature of the very issue we're talking about, which is in trade, not just in autos but in technology and other things.

There are some federal responsibilities here that somehow have to find their way into this report that I think are serious fiscal challenges ahead for all Canadians.

The Vice-Chair: Further discussion? Would you like to move to a new topic, other issues in the report? We've moved from page 9 to page 6 to page 4. Maybe we can go in the other direction.

Hearing no further discussion—or am I hurrying things—we have two items to be reported back?

Mr Phillips: We have to deal with the recommendations now.

Mr Phillips: This is normally where each caucus submits its recommendations and we deal with the recommendations. We dealt with the report.

The Vice-Chair: OK. Do you have a list of recommendations from the Liberal caucus?

Mr Phillips: Yes. I assume the government does as well.

Mr Hardeman: From the start, I think we debated whether this should be in camera or whether it should be public. I made the point at that time that if we're talking about what is written here and saying it accurately reflects what the committee heard and they are forwarding those comments and recommendations to the Legislature and to the minister, then we should have an open debate on that. We should make sure we all understand what's in the report, and then when we have that completed, we forward that to the Legislature.

At this point, particularly because of the process this committee has gone through—and it's not the same committee; the committee had tabled its work at the

proroguing of the Legislature—we are now just finishing up to make sure the Legislature has the benefit of everything we've heard, but it's not necessarily what we as individuals on this committee heard, because that's not totally what happened.

I see absolutely no benefit to us at this point in time going through the whole report again and making recommendations or adding on to what we've heard. We've discussed the issues that are in the report and where we disagree on what's there. I think we should proceed to get those two items back from staff to make sure we can get those in the report in the appropriate manner and, with those amendments, adopt the report and forward it to the Legislature.

1110

Mr Christopherson: It's interesting. I think the argument Mr Hardeman just made would argue for this committee not to have done what we just did, which is to review what we heard. Your argument that you don't have the same members reflects more on whether this report actually reflects what we heard and the importance of it rather than the recommendations. I think your argument actually works against what you'd like to achieve.

It seems to me that Mr Kwinter hit on it earlier. The fact is, this is more than just a recording secretary role. The role of the committee, given that it's made up of all three parties, is to hear all this information and then make our recommendations to the minister. The fact that time is so short until the budget speaks to the confusion in the government more than whether or not we should do this, because you're the ones who let this committee go off and do its work and then prorogued the House, leaving us stranded high and dry with no ability to complete what we had heard in terms of what we needed to do.

I would say to you that there's no argument based on whether we were all on this committee or not, because as long as the buses are running, membership on this committee can change overnight if somebody happens to be standing in front of one at an inopportune time. More to the point, the practice most of the time—and Gerry, we've been around this now a few times—

Mr Phillips: Too long.

Mr Christopherson: —it seems to me that what we've done in the past is debated the report to get it as factually correct as possible just so we have a basis of fact that we agree on in terms of what we heard. Then there is a series of recommendations that ultimately are the government's but become the report's recommendations, and the report of course, de facto, belongs to the government by virtue of your majority control and then we vote against it. Then we provide our own series of recommendations, and the public has the ability to see the philosophical difference in the ramp up to budget preparation between the Tories, the Liberals and the NDP.

For the life of me, I would not understand how we could even begin to consider our work finished unless we worked on recommendations or you provided your recommendations and we had a vote. We can have a

discussion and then there are two subsequent reports that come from the two opposition parties. Anything less than that, to me, you might as well go the whole hog and just kill the committee.

The Vice-Chair: Maybe at this time, as Chair, I should ask—I understand the Liberals have a list of recommendations. I'm wondering if the NDP and the PCs have a list of recommendations that need to be considered at this time.

Mr Christopherson: If I might, rather than a list of recommendations, ours is going to be contained in the report that we add. Going through the process of introducing all the recommendations just to have them defeated after the government has already adopted their own is not necessarily practical. If the government wants to make recommendations, they should, in my opinion, table them. We can debate them and vote on them. Then there's a final vote on the committee report with the recommendations and then, based on the long shot that we might disagree, we would provide an alternative report that would be attached.

The Vice-Chair: Does the government have recommendations to put in on page 17?

Mr O'Toole: I would like to share my time with Mr Hardeman, the lead on this from our perspective.

The Vice-Chair: That's very thoughtful of you, Mr O'Toole.

Mr O'Toole: I think at this point it would be fair for me to understand that we have generally a harmonious unanimous—if I could be so strong—report in front of us that most committee members have made some attempt to address. The recommendations certainly will be part of the debate. I'm certain Mr Phillips will embellish his recommendations during the budget debate itself. I'd like to think we'd have a unanimous report from the committee, because it does reflect what we heard from all the hearings for 10 days. A recommendations debate could get bogged down a bit if we want to get into that long, drawn-out tabling of them.

I, for one, would like to see them first. I can't vote on anything or even comment positively or negatively on yours or Mr Phillips's. I would like a copy of those. I pretty much need those without being able to say much further because, really, at this time I have nothing except a report, which each of us seems to have agreed to. I'd be happy to move forward with that. I think it reflects well on the committee and its work. If there's something to be appended or amended or added which I've not seen, I think it's untimely. I would have liked to have had them earlier today. It would have made the debate fuller.

I think I've made my point. If we're going to move forward and change the whole complexion of this issue, there is a lot of time left today.

Mr Hardeman: It has been pointed out by myself and by Mr Christopherson about the events that led up to today, where the committee had their hearings and listened to the public presentations. It was subsequent to that that the Legislature was prorogued, and then all the activities or all the things that were happening and all the

legislation that was in process were dropped, because we start a new sitting of the Legislature when the Legislature is recalled. We had some considerable discussion. Obviously the government wants to be in the position to prepare a budget and to get ready for the coming year. Our members of the committee have talked to the minister and given their interpretation and their suggestions of what they heard. I understood the minister wrote to each of the opposition parties to ask for their comments and suggestions. These recommendations the members opposite are referring to have been asked for because the minister, as I'm sure we are all aware, is in the process of preparing a budget. The opposition, if they have the recommendations they want to add to this report, could put them forward here. I suppose we could discuss them and attach them to the report if the committee totally agreed with them, or they have the ability to forward them to the minister so he can use them as quickly as possible in reviewing his budget to make sure that the views of not only the people who presented to the committee but the views of this committee are all taken into consideration as he prepares the budget.

I see very little benefit in sitting here discussing with this committee now the budget as it's being prepared when the opposition is going to use exactly the same discussion three weeks from now as we're doing the budget. We have all the information that was gathered. We've had this meeting to discuss whether the report reflects what we heard in the consultation and we should move forward with that.

I see no benefit to the people of Ontario for us to sit here for a few days bantering about what we should recommend or what we shouldn't recommend based on what they've told us. Why don't we tell the Legislature what the people told us and then the Legislature can individually make their decisions on what they think the government should or shouldn't do in the preparation of the budget.

Mr Kwinter: I think there has to be a basic re-evaluation of what this committee does. This is the economic and finance committee of the Legislature, and it's charged with advising the Minister of Finance in pre-budget deliberations. We go out and hear from the public to help us in making our decisions. We're not, as I said earlier, there just to be a collector and to provide all these documents and then send them off to the minister, and that's it. It is our responsibility to make recommendations.

What has been the tradition in this committee—and I've sat on it and some of my colleagues have been on this for many, many years—is that each caucus presents their recommendations. Many of these recommendations are unanimously accepted by all three caucuses. Some of the recommendations that are made from the Liberal caucus are accepted by everybody, some from the NDP are accepted by everybody, and some from the Conservative caucus are accepted by everybody. There are others where there isn't unanimity, and the political reality is that if the government caucus presents

something and they really want it, they get it. They have a majority on this committee. The only remedy we have is to present a minority report because our particular recommendations were not accepted by the majority, which means it was not accepted by the government because they have the majority. The only recourse we have is to present those particular recommendations we feel strongly about but that did not get the consent of the committee.

To suddenly say there's no sense debating all of these things—I mean, that's the only sense there is. Everything else that went before this is just to help us in our deliberations. But we are now in a position where we are supposed to be advising the Minister of Finance as to what we think should be in the budget. It's unfortunate the timing is very condensed because of a series of situations that we certainly had no control over, but I think we would be doing a disservice to the people who made presentations to us and to the interests of the three caucuses if we don't make the recommendations. Really, the purpose of this whole exercise is to make recommendations to the Minister of Finance and if we don't do that, we haven't been doing our job. I think we should be tabling the recommendations that everybody should be putting forward.

1120

Mr Phillips: Monte said it very well. The committees here, and perhaps under all governments, have become less and less relevant. We do ourselves an enormous disservice if we don't try and address that somehow or other. This committee's role, as Mr Kwinter said, is to provide advice to the government, the minister, the Legislature, and the only way to do that—we now have our own judgment, we've now heard from those who had a chance to present, we've read the views of those who couldn't. What do we think? What advice do we have for the Legislature and then the minister? If we don't deal with recommendations, frankly, it's almost a bit like we are completely irrelevant. They might just as well have mailed in their presentations and the research staff have done the summary and sent it on.

But the whole role of this is to take what we heard and try and pull it together into some advice. If we didn't deal with recommendations, I would find it odd in the extreme. As I say, I can hardly contemplate that we wouldn't. I'd fully expect that each of the caucuses would say, "Now we'd like to go over our recommendations." As Mr Kwinter said, there's often two thirds of them—eight or nine or whatever number—that we can all agree on, and then you end up with the third that reflect the different beliefs of the political parties.

Mr Christopherson: If I may, just two points. One is, it was interesting Mr Hardeman mentioned that the committee members on the government side had met with the minister. My question would be, that's only relevant to these discussions if that's part of the process, and if it's part of the process, then you left out this half of the House in terms of allowing opposition members to have a one-on-one with the minister. If it's not part of the

formal process, then again it's not relevant to our deliberations, because you're all in the same caucus and you all chat anyway. So that really is not the point. A clarification on how the government views their meeting with the minister might be enlightening.

Lastly, again to speak to Mr Hardeman's comments, if you take his thought and extend it, what it means is, the only person in the Legislature who should give any thought to what the budget looks like is the minister because we just take in what people tell us and then tell the minister what they told us. You may be prepared, as caucus members of the government, to defer and abdicate all of that thinking to your minister—that's your choice—but we, on this side of the House, certainly aren't going to do that. We intend to reflect on this and make our own suggestions, and it'll be the result of thinking that's different than yours.

If we remove all of that from this process, I agree with my colleagues on the opposition benches, this whole thing was just a useless waste of the taxpayers' money and the time and effort of the presenters who came in. There needs to be some deliberation and discussion of ideas based on what we heard and the different interpretations. That's the essence of why we're here. Without that, we're just one big Tory caucus, and I can assure you, nobody over here wants to be a part of that.

The Vice-Chair: May the Chair attempt a suggestion here? I see one of two things. One would be all caucuses put in their recommendations as an addendum. The other would be, whoever is at the table today with recommendations, distribute them and when we meet at 3:30, maybe we can agree on some of them. Those we can't agree on would then be added to the report as an addendum. Mr Hardeman did have his hand up, but is one of those two suggestions workable here? I think time is of the essence to get this wound up.

Mr Christopherson: There is a third one, if I might. Your first one was the cleanest, which was that each of us would submit our own recommendations, but again it eliminates any discussion.

The Vice-Chair: That's right.

Mr Christopherson: If you included in that that we would at least even set aside a given period of time where we could either comment on what we've submitted or comment on what the other parties have submitted, at least we'll be having some stimulating debate and discussion around the issues. I would be open to that idea because I think it meets both goals.

The Vice-Chair: In that discussion, we may agree on some of them, which would go into the official report and not an addendum.

Mr Hardeman: I just want to follow up on the last comment Mr Christopherson made. We could all be one caucus if that was your wish and then we could all be on the side of right, not necessarily on the right side.

Mr Christopherson: You mean far right.

Mr Hardeman: On some of the other comments made, I happen to believe, and I'd be the first to say, that we need to work harder to make committee work and to

make individual members more relevant in our system. But this process of pre-budget consultation is not designed for me as a backbencher. The process is designed for the people of Ontario to have input into the budget process and to have their views recognized, and I think this document does that. That's far more important than my input, as the process is here for this particular purpose. When you're dealing with legislation, I think it's a slightly different process, but it is a public pre-budget consultation with the people of Ontario. It just so happens that this group was the one that was selected to do that pre-budget consultation. The process we have here will get that information to the minister to help him in preparing the budget.

I don't know why one would suggest that because it doesn't include a group of recommendations—the opposition have already said they're going to disagree with ours and we will disagree with theirs.

Mr Phillips: I never said that.

Mr Hardeman: It was something to the effect, "Well, we really hope we can get the government to agree, but we likely won't. We'll likely have a dissenting report." If the opposition deems that's the appropriate way to deal with the public's comments, then they have the right to put in their recommendations. The government is in the position to say we have heard what the people of Ontario have said about their recommendations for the budget, and we want that information to go to the minister as expeditiously as possible so he can take that into consideration as he is preparing the budget.

One other item: the discussion about who has talked to the minister. I can assure you that in our government we talk to one another and talk to the ministers and put our viewpoints forward. The members of this committee, after they had concluded the consultation with the public, did that to make sure we had the views of all the members of the Legislature not in this process, not from one side. The minister wrote a letter to each caucus asking them to put forward their comments and suggestions from the consultation so he could take them into consideration, recognizing that it was a shorter time frame he had to deal with: "Tell us what you want and tell us what you've heard. Tell us your recommendations," and he could take them into consideration.

My understanding at this point is that no one from the opposition side has seen fit to comment. I leave that to the opposition. They have a right to comment or a right not to comment. But with that, I think we should move forward. This is the committee report. I think we should move forward and get that into the Legislature so it can be into the system in an appropriate manner as quickly as possible and the finance minister will get the benefit of it.

Mr Phillips: I want to comment in the strongest possible terms that the role of this committee, what we were supposed to do, what the minister stated in a letter was expected from us, what the people of Ontario expect from us, what the Legislature told us to do, was get input from the public and then propose recommendations on what should be in the budget. That is our job, Mr

Hardeman, and if you choose to stop us from doing our job, whatever your reasons are, I will find that unacceptable.

1130

We have not commented to the Minister of Finance, because we have been following what the process is. This committee is supposed to debate its recommendations, provide the Legislature with its input and recommendations. If, at the end of the day, the committee can't agree on what we think, we'll provide independent advice to the minister. If the minister's telling you we haven't responded to his letter, it's because we have been following what we thought was the legitimate process, and if you're telling us today that you are going to cut that process off, that the committee will not have a chance to debate recommendations, I guarantee you we have recommendations that we will put forward. We have recommendations that we will insist the committee deal with. I assume the government will have recommendations that they want the committee to deal with.

But I'm not here to report simply on what people present; I'm here to add my advice and my opinion. That's what we are instructed to do, and that is our role. If the minister is saying, "We haven't heard from the Liberal caucus yet," it's because we're following what we think was supposed to be the process. I will insist that this committee deal with recommendations. I will insist to the best of my ability—you can vote me down. But I will still move the recommendations, and you will have to vote me down on those recommendations.

At the end of the day if we send a report to the Legislature that is without recommendations, I think the public have a right to say to us, "What in the world are you doing with taxpayers' money, travelling around the province? It's your responsibility to provide recommendations and you didn't do it."

Mr Kwinter: I just want to follow up on what my colleague said. One of the problems with this committee is—and I keep saying I've been on it for many, many years—there's a perception out there that this committee is window dressing, that the people who really count, the movers and shakers, get access to the Minister of Finance. They have their pre-budget hearings with him and they're the only ones that really matter and that this committee is just out there as a sop to give the perception that there's public consultation. If we can't, as a committee, meet to absorb what has been presented to us, to make recommendations and then to debate them, it just reinforces the perception that this is really a meaningless committee that has no relevance to the process.

Again, all we have to do is take a look at the timing. If there's anybody in this room, in this province, who feels that the budget isn't virtually cast in stone at this particular point of time, they are very, very naïve. A budget that is coming down in less than two weeks, they're not still fiddling with it; it is virtually set. There may be some very little fine-tuning as a result of events that happen, but it is basically set. It makes no sense to continue this charade of saying, "We've heard what the

people say. Let's send it to the minister so that he can get the benefit of that input."

My colleague has said it very well. Unless we get recommendations, unless we get a chance to discuss them, we really are doing a disservice to this committee and we're doing a disservice to the people of Ontario.

Mr Spina: I don't disagree or agree with the comments that are made, but I just wanted to understand Mr Kwinter's point of view. If, as Mr Phillips, Mr Christopherson and yourself have indicated, we have the proper and usual process of creating recommendations from all three parties as has been the mandate of the committee, we need the time to do that, obviously, as we have had in the past, usually a day or two days of discussion on those recommendations. On the other hand, I'm trying to reconcile that with what you just said, Mr Kwinter, and that is that if the budget is virtually set and there is just fine-tuning, then I guess my question is, which is the charade, the recommendations or adopting what we have now, from which the minister's office has already been collecting input over the past three months anyway?

Mr Kwinter: Mr Chairman, can I respond to that?

The Vice-Chair: Certainly, Mr Kwinter.

Mr Kwinter: Because of the situation we are in right now, it is more important that we do these recommendations. There is an opportunity, hopefully, that there will be some fine-tuning. But if you don't have any recommendations and all you do is table the report as we have it now, I can almost assure you it will just be received and filed away, because it's of no consequence, there's no action required, all it is is a statement of what people think. If we have recommendations that are codified and very easy to understand, there is at least a possibility that there may be some response to it. I think it's absolutely critical that we have the opportunity to do that.

The Vice-Chair: If I may, just to help with clarification, standing order 106(d) states: "Standing committee on finance and economic affairs which is empowered to consider and report to the House its observations, opinions and recommendations on the fiscal and economic policies of the province and to which all related documents shall be deemed to have been referred immediately when the said documents are tabled." Then for dissent from various committees, standing order 129(c) states: "Every member of the committee, other than the Chair, shall be permitted to indicate that he or she dissents from a particular recommendation or comment. The committee shall permit a member to express the reasons for such dissent in an appendix to the report."

Can I go back to my suggestion: would you consider exchanging recommendations, if you have them, and when we'd meet at 3:30, see which ones we agree to, which would form part of the official report, and those we don't agree to would form the portion of the report that would be considered as dissenting, either from a party or from an individual?

Mr Christopherson: I appreciate what you're trying to achieve, Chair. I think that to fulfill the task you set

out would probably be a lot more hours and days of meetings than maybe you realize. The only way to adequately and properly do that is to take each recommendation or discussion separately from all three caucuses, debate it and see whether there is any kind of consensus or whether discussion and massaging of certain words and phrases would bring about a consensus. I just want to raise with you that the last part of what you suggest, that we all look through it and try to find common ground—boy, we better get out the calendars, because we're going to be here for a while.

The Vice-Chair: I was hoping it would be "yea" or "nay" and we'd move along.

Mr Phillips: I'm quite agreeable, by and large, with the process. I would change it slightly and say that at 3:30 we return and each of the caucuses put their recommendations on the table. My own experience with it is, you can deal with them relatively quickly, like by 6 o'clock—we could even set ourselves that timetable. I'm quite prepared to return here at 3 o'clock or 3:30, put our recommendations on the table and debate them.

The Vice-Chair: Is it possible to get these recommendations exchanged before we leave here at 12 o'clock, so everybody's ready—

Mr Phillips: If everyone else is ready for that, sure.

The Vice-Chair: —so that people can read them prior to coming to the table.

Mr Christopherson: I don't have them with me physically, so no, I can't give that assurance.

The Vice-Chair: Is it possible to fax them to the—

Mr Christopherson: Come on, Chair. Sometimes we get amendments from this government five minutes before we have to debate them and pass them in committee, so it's not unreasonable that some time before we meet this afternoon, we'll have a chance to exchange them. I also want to point out, with regard to what Mr Phillips has said, don't interpret what I said to mean I'm not prepared to do that. I am. I'm just not convinced we can do it in that time frame. If we can, terrific, but if we can't, then we'd better leave ourselves enough time so we can adequately do it.

The Vice-Chair: Listening to some of the comments from both sides, and not trying to enter into the debate but just to set the stage here, I think the reality is that if we don't complete it by 6 o'clock, the next time to meet would be next Thursday. The fine-tuning window probably would have been passed. Either we get it finished today—going by the date the budget is going to be tabled, we've probably missed the window for getting some recommendations forward. I would hope we either get it this afternoon or probably we're just not going to accomplish it.

1140

Mr Hardeman: Having debated here for a little bit, suggesting that I don't deem it appropriate to go through the recommendation process, I can assure you we don't have a list of government recommendations that we want included in the report. I take exception to Mr Phillips's comment, suggesting we followed a process and now we

find that we can't make a comment. You start the process on a recommendation that we do the public hearings. You get a letter from the minister suggesting that because of the timing issues, he would like to hear from your caucus about any comments or suggestions you may have, and you say, "We'll just disregard the letter, because we're following a process." That doesn't make sense to me. I think that's what they call political jargon. I just don't believe that's the case, Mr Phillips. You decided not to answer the letter so we could go through this debate here. I said yesterday when we were talking that I believed this process is, as Mr Kwinter says, going to be redundant unless we can get it done very quickly. If we follow Mr Christopherson's route and suggestion that we could take a number of meetings to put this together, it's going to be a nice document, but it's going to be of value to no one.

I think it's important that this committee take what they have heard from the people and get it into the Legislature and in to the minister so he can use that, and because of our wrangling here, we don't get caught up in saying all the people who presented to the committee might better not have presented because it was a total waste, nobody even got to hear it, nobody even got to see it in time to prepare a budget. I think we have an obligation, as a committee and as a government, to see that this information gets to the appropriate authorities so it can be used in the preparation of that budget. I don't think all this jargon about how you want to put forward amendments that you suggest will not likely be supported, and why we would put amendments forward that you suggest you wouldn't support, is going to serve the people of Ontario one bit. I think we should move forward and get this information that you've gathered and that we've gathered to the appropriate authorities so it can be used for budget purposes, not for political purposes.

The Vice-Chair: Further discussion?

Mr Phillips: Chair, we will respond to the minister's letter, but only after we have done what we were instructed to do, and that is to make recommendations to the Legislature on budget advice. I daresay this committee has spent hundreds of thousands of dollars of taxpayers' money preparing—

Mr Hardeman: I daresay it has.

Mr Phillips: Mr Hardeman, you might want to listen for a moment.

Mr Hardeman: Not likely.

Mr Phillips: Well, I appreciate that you may not want to listen, but I'll talk to other members of the committee who may want to listen.

We have our recommendations. I will insist that we attempt to introduce those recommendations. I hope that other members of the committee would also have some recommendations and advice. I say again, we spent an enormous amount of taxpayers' money on this process. We're duly elected with a responsibility of providing advice. If you don't want to do that, then so be it. But I will not be a part of that. I will put forward our advice,

and if you choose to vote it down, so be it. But I find it growingly disturbing that this committee won't even—I hope I'm misreading Mr Hardeman, but if he's saying he won't even bring forward any recommendations, I would find that completely unacceptable.

The Vice-Chair: I'm just wondering if at this time you would like to start bringing forth these recommendations to be looked at.

I'm not sure which hand went up first. How about O'Toole, Christopherson and Kwinter?

Mr O'Toole: I'll be brief, I promise. I just want to be on record as saying that I am very interested in the full mandate of this committee. It is our duty—certainly it's your privilege to submit the recommendations. That's certainly within order, and I expect you are implying that you're going to do that. I look forward to reading them, as I said earlier, and carefully considering them. I think at the end of the day it would be presumptuous of me to think or even suppose that some, all or part of those would be quite comfortably accepted, and that's this process. But I fully concur with our mandate, in terms of being elected and accountable, to consider that, and that includes Mr Christopherson.

The government's position is going to be stated very clearly in the budget. We want to support a report which is advice to the minister that may include recommendations.

Mr Christopherson: Two points: first of all, I want to say to Mr Hardeman that, in fairness, I can appreciate that the line gets a little blurry when you're in the government benches, but the fact that the Minister of Finance or the minister of anything sends a letter to a legislative committee does not necessarily equate to an edict from Mount Olympus that we must immediately bow to. This committee answers to the entire Legislature and answers to motions of the entire Legislature. It's not an arm of the Minister of Finance. So the minister can send out whatever letters he wants and for whatever very good reason. You can comment on whether or not you think it was right that we didn't respond; that's up to you. But to suggest that somehow a letter from the minister is a legitimate surpassing of our rights and obligations I have a great deal of difficulty with and would suggest is a misrepresentation of how the committee system is supposed to function in a parliamentary democracy.

Lastly, I would go so far, having now heard the actual mandate, as to raise a formal point of order, Chair, and suggest to you in my point of order that this committee would be out of order if we did not generate recommendations and advice; that merely sending in a sterile report that reflects what we heard is a violation of our mandate, therefore, outside the purview of this government, and therefore would be out of order; and that the only thing in order is some process of arriving at advice and/or recommendations. So I would ask you to rule on that point of order, Chair.

The Vice-Chair: Just let me reread it to you: "Standing committee on finance and economic affairs which is empowered to consider and report"—now, I need a little

assistance in the interpretation there—"to the House its observations, opinions and recommendations...." When it says "to consider," does that necessarily mean that you have to do each and every one of the items on the fiscal and economic policies of the province and so on?

Mr Christopherson: You've heard my argument. I'm arguing that, yes, it is a violation if we don't do those things, and I'm asking you to rule.

The Vice-Chair: We're looking for further advice on this particular item, whether it's something that thou shalt do or whether it's something thou may do.

Mr Kwinter: Mr Chairman?

The Vice-Chair: Yes, we were coming to you. That's right; you were the next in order.

Mr Kwinter: Two points: one point is as a result of what you just said. When you use the word "consider" in that particular context, it's to take in that information and, as a result of that information, do something with it. It doesn't mean, in my opinion, you decide whether or not you want to do it. As I say, there are two meanings to the word.

The Vice-Chair: That's why I'm having some difficulty, to be very honest with you.

Mr Kwinter: I suggest that it means the first interpretation that I have given. I am in your hands as to whether that's the case.

The other thing just for the record, because I agree with Mr Christopherson: this is the standing committee of the Legislature. Its responsibility is to the Legislature; it is not to the Minister of Finance. The standing committee invites the Minister of Finance to come to its committee to make his presentation, but it is this committee that has the obligation to the Legislature to report. It is not its responsibility to deal with the Minister of Finance and what he wants. He can make requests, he can ask that we consider things, but it's up to the committee to decide. I would suggest that unless we provide recommendations, I don't think we're doing our job, and I think it's important that we do it.

The Vice-Chair: Mr Hardeman?

Mr Hardeman: First of all, I want to apologize to Mr Phillips. I shouldn't have said I wasn't listening; I was. I can assure you I was listening to every word.

I think the problem I have is that, as Mr Phillips suggested, we've spent considerable taxpayers' revenue to gather this information. I think it becomes very important that we get it into the system so it can be utilized as best it can be in the system. I think in prolonging it and not putting it forward, we'll find, because of our process, that it's going to be totally missed, that all the gathering and all the discussion becomes irrelevant for this budget. We will have met the standing order, we will have done everything that it says, and we will have reported on the financial condition of it and the thing that's in the standing orders, but we will not have accomplished what we set out to do, which was to give advice on preparing a budget.

1150

My only comment is, and that's going back to the letter from the minister, that was to try and help out with that, to make sure what your opinions were that were garnered through the process could be put into that as he is preparing the budget, and we all recognize that isn't done in two or three weeks' time. That's done over a longer period of time, so he needed and wanted that information as he was preparing the budget.

The meeting is set up for this afternoon, if the issue is that we need to discuss the recommendations that all the members of the committee want to put forward. There is no problem with doing that. I just suggest that I'm not sure it's going to further the cause of getting this information that we gathered from the public into the right hands to actually accomplish the goal we set out to do.

I leave it at that. I said that yesterday and I say it again today: I think it becomes important to get the information we spent all the money gathering to the right parties so they can use it in generating the budget that we'll be seeing on May 9.

The Vice-Chair: The ruling, as I understand, is that there is no obligation to necessarily put forth recommendations. The fact that there is no recommendation sort of states something. It may be debatable on the quality of the report as you see it and as we have heard here, but my understanding is and my ruling is that there is no obligation to be putting forth recommendations.

However, there has been tradition, there have been other things, and I hear the debate here and we're still open for discussion. I had entertained the fact that we maybe exchange whatever we have in recommendations and see if we can't arrive at some consensus this afternoon. But I am at the beck and call of the committee.

Mr Phillips: I would move, Mr Chair, that the committee meet again at 3:30, that committee members be asked to have their recommendations ready then in written form and that the committee consider those recommendations.

The Vice-Chair: Can I request one slight modification: or shortly after question period, whichever is later, for the committee to meet?

Mr Hardeman: The committee can't start until after question period. We'll meet at the earliest appropriate time.

Mr Phillips: That's a given. OK.

The Vice-Chair: Discussion on the motion?

Mr Christopherson: Does the motion assume that at 5:59, regardless of where we are, the discussion ends?

The Vice-Chair: That wasn't in the motion.

Mr Christopherson: I know, and that's why I want to be clear. I'd rather fight it out now than at 5:59.

The Vice-Chair: Would you like to see if we can get a friendly amendment?

Mr Phillips: I'm agreeable to that, as a committee, as I have a feeling that we should try and complete the report today. Even though we haven't seen the recommendations, we're familiar enough with the budget that we can probably—so I would say that the committee—

The Vice-Chair: In other words, we agree to whatever we agree to by 5:59. Failing that, the rest go in as dissenting.

Mr Phillips: That would be fine with me, that we complete our deliberations on the report today.

Mr O'Toole: Mr Chair, if I may just recall the provision that all amendments or recommendations be submitted to the clerk prior to the meeting after question period, so then they would be in the full context of the debate as Mr Phillips has described it.

Mr Phillips: OK. That's fine with me.

Mr Christopherson: Is it the government's intention to submit recommendations? Because we heard statements earlier that they don't have them and they weren't planning to. Is there an understanding?

Mr O'Toole: Well, at 3:30 we're probably going up to caucus.

Mr Christopherson: Why would you make the point, then, that we should all do it if you haven't decided whether you're going to participate or not?

Mr O'Toole: If there are amendments or recommendations, they should be submitted before the start of the part—

Mr Christopherson: Do you know what, Chair? I want to support the motion, but the reality of what's happening on the government side versus the intent as I understand it of Mr Phillips's motion are getting further and further apart. Personally, I would just suggest that we adjourn with the request that all parties submit their reports and/or recommendations prior to reconvening this afternoon and then we'll just see where we are this afternoon. I have a funny feeling that any of the goodwill suggestions we're getting from the government by virtue of their words is going to be once again wiped out totally by their actions.

The Vice-Chair: Basically, the motion now is that we will reconvene at 3:30 and address the recommendations at that time, subject to a time limit of 5:59 or 6 o'clock. Everything will be considered as agreed to. Failing that, then they will be submitted as a dissenting vote.

Mr O'Toole: If I could ask the Chair a question, please. I put the question on the motion that's before us.

Mr Phillips: I'm sorry, Mr Chair, I was also prepared to submit them to the clerk at 3:30 just so we've got a written copy of them.

The Vice-Chair: Certainly.

Mr Christopherson: I'd like a recorded vote.

The Vice-Chair: OK. Discussion? All the discussion is completed. Maybe we could have somebody read the motion as it's going to be printed. Has anybody written anything down?

Mr Phillips: I move that the committee meet this afternoon, at the earliest appropriate time, to consider recommendations from committee members; that those recommendations be available in writing at the time the committee begins its deliberations; and that the committee complete its report by 6 o'clock today.

The Vice-Chair: Thank you. Further discussion? Did you want a recorded vote?

Mr Christopherson: Yes, please.

Ayes

Hardeman, Kells, Kwinter, O'Toole, Phillips, Spina.

Nays

Christopherson.

The Vice-Chair: Is there any other business at this point in time? I don't believe so. This committee is now adjourned until 3:30.

The committee recessed from 1157 to 1609.

The Vice-Chair: We'll call the standing committee on finance and economic affairs to order. The first item should be to review the changes made in the submission that we were looking at this morning. Could somebody remind me of the pages that some of these changes are on?

Mr Rampersad: Page 4.

The Vice-Chair: Page 4 is our first change? If everyone would turn to page 4, it would be under "Corporate Taxes." We see the changes underlined and some struck out. It would now read, "The minister pointed out that Ontario had reduced its corporate income taxes to ensure that the joint federal-provincial corporate income tax rate is more competitive than those prevailing in the Great Lakes states, the province's main rivals for investment." Comment?

Mr Phillips: That's what the minister said?

The Vice-Chair: That's what the researchers checked and that's what they're saying he said.

Mr Rampersad: That is the gist of what he said. I used the word "rivals" rather than "competitors," because we had the word "competitive" in the previous line.

The Vice-Chair: Everybody in agreement with that? I don't think we really need a vote on this one. Just a vote on the whole thing at the end would be in order? There seems to be unanimous consent on that.

On page 6, under "Property Taxes," we start with the second sentence, which would read, "While the education tax, at approximately 50%, forms a significant component of the property tax bill, there is a disparity in the manner in which the tax is assessed, with identical businesses located in different communities being charged different rates. Small business representatives suggested that the average business education tax rate of 3.3% be reduced to approximately 2%," the next sentence starting with, "Moreover, it was suggested," etc. Do we have any comments on that?

Mr Christopherson: If I can, Chair, the second sentence of that, "Small business representatives suggested that the average business education tax rate of 3.3% be reduced to approximately 2%," the 3.3% represents what, through you to David? The 3.3% is exactly what in this context, David?

Mr Rampersad: Let me just check that.

Mr Christopherson: I liked it better before. You had it right the first time.

Mr Rampersad: I'll be with you in a minute.

The Vice-Chair: Maybe we could go on to another one and come back to this one, if you don't mind?

Mr Christopherson: Sure. I'm an easy guy to get along with.

The Vice-Chair: Is that in order? The next one would be "Automobile Industry." We'll start with the second sentence: "Production is expected to decline for at least in the first two quarters of this year." I was under the impression it was to be "in" instead of "for," but is "for" better English?

Mr Hardeman: I have no problem with it.

The Vice-Chair: Sure. Then, starting the last sentence, "Some presenters suggested that the competitiveness of Ontario industry, including higher productivity levels," etc.

Mr Christopherson: Question?

The Vice-Chair: Yes?

Mr Christopherson: Again, I don't want to get us all caught up on two-letter words, but I don't understand why "in" is there. If you read it, "Production is expected to decline for at least the first two quarters of this year." Isn't that pretty much the statement? And I said that without the "in." You put the "in" in, and I don't think it makes a lot of sense.

The Vice-Chair: I think before the intent would be, where the "for" is—right now, it just needs to be deleted.

Mr Christopherson: Yes, just delete the "in."

The Vice-Chair: Yes. I think that's one of these word processing problems.

Mr Christopherson: The second one is just, "Some presenters suggested...."

The Vice-Chair: So we scratch that "in" after "at least." That's typographical. So everybody's comfortable with "Automobile Industry"? I think that's it.

Mr Rampersad: We need to go back to—

The Vice-Chair: Do we need to back up?

Mr Rampersad: To the statement by CFIB.

The Vice-Chair: What page are we on?

Mr Rampersad: This is Hansard, the presentation of the CFIB, going back to the previous page, page 6.

The Vice-Chair: OK, page 6. We're looking at Hansard for a moment.

Mr Rampersad: The CFIB representatives made the following statement: "We argue for reducing Ontario's average 3.3% business education tax rate, which is in fact eight times the residential rate, down to something like 2%."

Mr Christopherson: The reason I asked the question was that I was concerned we were moving into two different parts of the issue. The first sentence clearly deals with the issue we talked about this morning. If I can read the underlined, "...bill, there is a disparity in the manner in which the tax is assessed, with identical businesses located in different communities being charged different rates." That's the point. I didn't know what the reference was of the 3.3%. I didn't want that

detail to take away from the broader point contained in the sentence above.

Mr Rampersad: I understand. I included this because a number of members had talked about the CFIB making this point. Obviously it can be omitted.

Mr Christopherson: I don't have a problem with including it. I can live with it. It's not ideal but I can live with it if it meets the concerns of others on the committee.

Mr Hardeman: I too must agree with Mr Christopherson. It doesn't explain it totally, but I think it does a reasonable job of explaining it. I think the presenters presented on the basis of representing their whole community. They took the average of the educational tax rate and they want that reduced. In the past, and hopefully in future budgets, that's exactly what the province will be doing, to reduce the education tax burden on the business sector.

Mr Christopherson: You just confirmed my concern in your comments. Again, the issue here is that they're so way out of whack in communities like Hamilton. We go into this second sentence and we talk about the overall, which is an important issue, but what we were speaking specifically of is the—it just says "different rates." It doesn't point out and it doesn't give the impression of the huge disparity, say, between downtown Burlington and downtown Hamilton, which is one of the key comparators we have to look at.

Your comments, Ernie, leave me—

Mr Hardeman: The way I read it here now, the first half of the paragraph deals with the disparity. The second half is that the presenters said we should reduce the tax burden. There are no numbers to the disparity. They do vary. Then they suggest that we also need to make sure that we lower the tax burden on business to make it more competitive.

Mr Christopherson: Could you live with "also" being included after the word "representatives," so that it makes it very clear that they are two distinct issues?

The Vice-Chair: Whereabouts are you suggesting the "also"?

Mr Christopherson: In the new language underlined.

The Vice-Chair: "Small business representatives also suggested...?"

Mr Christopherson: Yes. That way it guarantees that the disparity remains one issue. We'd love to be at the 3.3% that a lot of communities are upset about and want to go down to the 2%. We're still drooling over 3.3% in Hamilton. So I really need, for me, to show the clear distinction between the disparity issue and then just whether or not the overall rate, as it applies, should be lower. They are two important points but very distinct.

The Vice-Chair: Is everybody comfortable with putting "also" in there? Any objections?

Mr Hardeman: I have no objection to putting the word "also" in, but I would point out that if you read the first sentence, if you reduce the disparity, you automatically reduce the average. I think the two do work together, but I have no objection.

Mr Christopherson: Well, we can argue the point, but if you agree with “also,” we’re there.

Mr Hardeman: We have to do both, so let’s use the word “also.”

Mr Christopherson: OK. I’m there if we put that in.

The Vice-Chair: Thank you very much. I think everybody is clear then that the sentence now will read, “Small business representatives also suggested that the average business education tax rate of 3.3% be reduced to approximately 2%.” Is that clear? Great.

We should now take a vote on these different items, up to recommendations. Do you want to do it at the end or would you like to take one vote now?

1620

Mr Christopherson: Can I ask what the motion would be? I’ll tell you why I say that. Unless there’s a standard motion, something along the lines of—I was thinking about this since our morning session—a reasonably fair representation of what we heard. That gives all of us who have some concerns about a few things some latitude, rather than just saying, “We all agree 100% with every word that’s in here.” I have trouble climbing to that platform.

The Vice-Chair: Is it easier, when we’re all finished with the recommendations, to just have one motion at the end?

Mr Christopherson: Well, they’re very different things.

The Vice-Chair: Do you want to put the motion forward?

Mr Christopherson: I can try a motion if you like.

The Vice-Chair: Basically what you were saying.

Mr Christopherson: I move that the committee accepts that the draft report presented to the committee is a fair representation of the comments made to the committee.

Mr Spina: And we adopt it.

Mr Christopherson: My colleague is just saying, “And we adopt it.” If we get into that, then we’re getting into a no. In the past we did try to work toward—and Mr Phillips alluded to that this morning, that in the past we’ve tried to at least have support for the presentation of what we heard. The analysis and what we all think about it and what you should do about it is where we’ll diverge. If we can agree on a fairly loosely worded motion—I admit that—then we’ve at least got some semblance of a foundation that people can look at and say, “OK, they agree that this is roughly what they heard,” and then there are the three differing positions by the three parties.

Mr Spina: I just want to clarify the opening part of your motion, David. Was it that the committee accept this as you described, as a fairly representative summary?

Mr Christopherson: I think that’s pretty much what I said. Yes.

Mr Spina: Is that what he said, that the committee accept it? I can live with that.

Mr Christopherson: Then we deal with the recommendations as a separate motion in whatever way we want.

The Vice-Chair: There is probably a formal motion we have to make at the end, to submit it to the House, I expect.

Mr Christopherson: But that’s just should the committee report, correct?

The Vice-Chair: It would be the whole package, with recommendations. We have to pass a motion then, but we could at least accept—

Mr Hardeman: I don’t disagree with accepting that this is a reasonable representation of what the committee heard. I just find the motion somewhat redundant. We can just agree to that. You don’t have to formally recognize that you’re accepting it from staff. What we are going to formally have to accept is the report that we send out of committee; not halfway in the committee decide, “OK, now we think we’ve pretty well got it set up to what we’re going to present in the end.”

Mr Christopherson: Again, that takes us back to where Mr Spina was, to the extent that in all likelihood you’re going to get—certainly you’re going to get a negative from me. I can’t speak for the Liberals, but you’re going to get a negative from me. I was just trying to separate it because in the past—I repeat myself—when I have tried to find common ground—even though I accept that the overarching motion at the end would still negate that there’s a consensus, if one wanted to look at the Hansard, you would find that this much at least we do agree on.

Mr Hardeman: If I might finish, I don’t object to having that passed and having in Hansard that we all agree to this as a reasonable representation of what the committee heard in the deliberations. I just don’t know what that does for the report, to take it to the next step.

Mr Kwinter: Could I suggest that we handle this the same way as you would do in clause-by-clause of any bill, in that we approve the draft as presented and amended and after that, we go on to the next step, and that is to introduce the recommendations and, at the end of that, we then pass the total package?

The Vice-Chair: That was my thinking, what I suggested. So your motion is still standing on the floor, that we accept this with the modifications or with the amendments we’ve discussed.

Mr Spina: Except that Mr Kwinter just used the word “approve” as opposed to Mr Christopherson using the word “accept.” So which is it?

The Vice-Chair: I heard him say “accept.”

Mr Christopherson: I prefer “accept.” “Approve” is a lot different in my mind. I can accept something without necessarily approving of it.

Mr Kwinter: The difference between “accept” and “approve,” in my opinion, is that when you accept something, it means you receive it. When you approve it, you’ve said, “OK, we’ve gone through this thing. We’ve now approved that part of the report.” It is not the total report because we’re not going to deal with the recommendations, but we have approved this, so we can move on. If you accept it, it’s a little different. The nuances of the syntax are such that, to me—there’s got to

be some closure to it. We've approved it. Let's move on to the next section.

The Vice-Chair: I'm sitting here as the Chair. Would you like a friendly amendment to that, would you like to put it forward as is, or would you like to withdraw it?

Mr Christopherson: I would just state, through you to Mr Kwinter, that I think the balance of the motion does that. By saying that we accept that this is a reasonable reflection, or whatever words I used when I presented it, I think therein is the action. If you go with "approved," why bother then including "reasonable"? "Reasonable" was meant to cover off those minor few things that we haven't taken the time to debate that we may disagree on. Once you say "approved," that means full lock, stock and barrel. Personally, I'd just as soon not go there. If somebody's got a new motion, I'm open.

Mr Hardeman: I think I need an interpretation of what Mr Kwinter means by "approved." Is that accepting that everything written in the report is what was heard, or is that accepting that "I agree with everything that's written in the report"? If we approve what's in the report, we have agreed that we agree with all the presenters, unless it actually identifies the presenters. If it's accepting the report as a reasonable facsimile of what was heard, I would be more comfortable supporting it. I don't have a problem either way, actually.

The Vice-Chair: The traditional word is "adopt."

Mr Spina: I'm just going to ponytail on what you just said, Mr Chair, because that was my original comment when Mr Christopherson used the word "accept." That's why I had suggested that we accept the report and adopt it, which essentially approves its reception by the committee. That doesn't necessarily mean we agree with everything that's said. What we're doing is approving the draft that staff has brought back to us as a reasonable summary of the presentations. Then, as Mr Kwinter I think correctly defined, we've approved the adoption of this part of the report, and then we get on with the recommendations, which—we may well be diverse in those recommendations, but at least we are concurrent in accepting and adopting the main part of the summary, the summary as it has been presented to us.

If you disagree with what's been presented to us, then it becomes a different story. Perhaps Mr Kwinter will agree with this; I don't know. But I'll defer.

The Vice-Chair: Two politicians agreeing will be two moons in the sky.

Mr Kwinter: We spent the morning going through the document and we made amendments. We went through it. At the end of the morning, the Chairman asked, "Are there any further amendments?" and there were none. We went to great lengths to discuss the fact that we felt there should be recommendations as an addendum to this report. To me, in order to move on to that step, we have to bring some closure to this. We either adopt it, approve it—acceptance doesn't quite do it for me, because all it really does is say we're receiving it. I don't think you can suck and blow at the same time. If you're saying, "I have no problem with this. Let's move on"—and you say, "I

don't want to say that. I want to say that I accept it, but I may not quite accept it or I may not quite approve it."

I really feel we have to move to the next step. If someone has a problem with the part we've already discussed, then let's discuss that. But if there isn't a problem, let's adopt or approve and move on so we can deal with the recommendations.

Mr Phillips: My preference would be the word "adopt" if only because there is always, in hindsight, a challenge. I think the challenge, if we use the word "approved"—there are lots of things in here that I don't agree with, because each person has their own views. So "accept" and "adopt" are not bad for me.

The Vice-Chair: Mr Christopherson, would you like to change the wording or would you like to have the question put, rather?

1630

Mr Christopherson: Well, continuing with the theme of trying to find agreement if we can, since this needn't be controversial, I can live with "adopt," but not "approve." If we go from my "accept" to "adopt," I can live with it. If we move to "approve," then I have to vote against.

The Vice-Chair: The motion now reads, "To adopt the"—could you give the rest of the verbiage there?

Mr Christopherson: The clerk may have the wording.

The Vice-Chair: "Moved that the committee adopt the draft report as a fair representation of what was said."

Mr Christopherson: I'll move that amendment.

The Vice-Chair: Those in favour? Those opposed? Unanimous. Wow.

Mr Christopherson: Live it up. It's the only one you're going to get.

The Vice-Chair: Now we move to recommendations. Three sets have been circulated. A member or two came to me about the confidentiality of this in discussion. Is it the wish of the committee that we move to in camera discussion or that we continue in public?

Mr Spina: I would move that we take the deliberations in camera for the recommendations.

Mr Christopherson: Can I ask why?

Mr Spina: There are various comments we'll each be making, many of which will be strictly political. It's my understanding that when we come out of camera and we actually vote on the recommendations, we still will each have an opportunity to comment on the motion on the floor at that time.

Mr Christopherson: Wait a minute. You're presupposing that we conclude our deliberations well enough before 6 o'clock that we can have that discussion. Usually, the reason you go in camera is because there's an attempt on the part of the committee to come up with a report that everybody stands behind, particularly if it has been noted as being controversial. A couple of examples: we've done a mental health bill—

Mr Spina: You're predisposing it will be divergent.

Mr Christopherson: I'm looking at the recommendations. I don't think it takes 20 years of experience

to realize that we're likely to end up on different sides, and the only chance to get anything said on the record is to do it in public. I don't know why we'd go in camera at this point. I will oppose it.

The Vice-Chair: I'm open to your wishes.

Mr Phillips: Generally, as I said earlier, I prefer to do everything in public. Many of us come from a municipal background, where that is the rule, and it's a good rule. The only time you go private, as I said earlier this morning, is when you're dealing with a personnel matter or where someone may stand to benefit financially from the information. I have a preference for staying in public for that reason. The stock market's closed now anyway.

Mr Hardeman: I agree with Mr Phillips that one should do everything as much as possible in public, but I think we do have one other problem with the budget documents. This committee has done the consultation, and remember, the consultation process and the recommendations are for the Legislature. I believe they and the Minister of Finance should be the first to receive those recommendations, as opposed to finishing here this afternoon and having the public document from here rather than the public document after those we are doing it for receive it. I think it's appropriate to do this in camera, strictly for the process.

Mr Christopherson: I didn't understand what he was saying. Is he suggesting that if we go in camera, the document won't be released until some point in the future because it's got to go to the minister first?

Mr Hardeman: It goes to the Legislature, doesn't it?

The Vice-Chair: Yes.

Mr Hardeman: Is it released publicly here first?

The Vice-Chair: No.

Mr Christopherson: You can't move motions in camera, so you've eventually got to move your package in public, at the end of the day, to forward. Those documents that are the subject of your motion are then part of the public record. That's why I'm asking. That's my understanding. Anything different would be a divergence.

Mr Hardeman: My understanding was that it would stay in camera until it was presented to the Legislature.

The Vice-Chair: I've just been told that motions can be made in camera, but going back to school board and municipal days, you made the motion out of camera and what was discussed—

Mr Christopherson: But was it lawful in camera? Motions of action on the part of a committee are lawful in camera?

The Vice-Chair: This is what I'm told, yes.

Interjection: You can adopt the decision outside camera.

Mr Christopherson: That's what I would have thought. You still have to do something publicly.

Mr Hardeman: Mr Chairman, the one difference here—and Mr Phillips mentioned the municipal days—is that if you look in the Municipal Act, you cannot vote in camera and have the resolution bind the corporation. We are not making any resolutions here in camera that are

going to bind the government. That's the difference. In camera in municipalities, providing that we all recognize that it doesn't carry the weight of law, you can vote in camera; you just can't have one that binds the corporation.

Mr Christopherson: I've never heard that this suddenly becomes a secret document until it gets into the hands of the members. That's not my experience on this committee.

The Vice-Chair: It does state in here that it is a confidential document until tabled in the Legislature. That's why it was sent to you with a "confidential" stamp on it.

Mr Christopherson: Well, the draft I understand, but I don't recall any reports being kept under wraps before, unless it was just a procedural thing and we didn't talk about it in the past.

The Vice-Chair: Usually it's pretty quick. From the time the committee tables it until it's taken to the Legislature is the next working day that the House meets.

I'm not fighting one way or the other for it. Some of these are surprises to me as I see the procedures.

OK. I believe Mr Spina put a motion on the floor that we move in camera, or were you just talking?

Mr Spina: I did have a motion on the floor.

The Vice-Chair: Do you want to leave it on for a vote?

Mr Spina: I'm getting conflicting advice, but I will leave it here.

The Vice-Chair: Further discussion on moving in camera? Those in favour? Those opposed?

Mr Christopherson: Sorry. Can I ask for that to be recorded.

The Vice-Chair: Yes, you may. We'll start again.

Ayes

Hardeman, O'Toole, Spina.

Nays

Christopherson, Phillips.

The Vice-Chair: The motion carries.

The committee continued in closed session from 1637 to 1722.

The Vice-Chair: The standing committee on finance and economic affairs has risen from camera. I'd now entertain four motions. The first one would be to adopt an amended report and the recommendations thereto.

Mr Christopherson: Recorded vote.

Mr Hardeman: I move that we adopt the report with the recommendations put forward, from 1 to 9.

The Vice-Chair: And the amendments.

Mr Hardeman: And the amendments that were previously discussed.

Mr Christopherson: I have a question, Chair: we're not reading the recommendations into the record, so are

we acknowledging that they will form part of the motion after the fact, that it be transcribed?

The Vice-Chair: An excellent point. Do these need to be read into the record? I'm told they don't need to be read into the record.

Mr Christopherson: But they will appear, obviously, as part of the motion?

The Vice-Chair: But they will appear, yes.

Mr Christopherson: OK, that's fine. Thank you.

The Vice-Chair: Further discussion? A recorded vote.

Ayes

Hardeman, O'Toole, Spina.

Nays

Christopherson, Phillips.

The Vice-Chair: Carried.

The second motion I would entertain: that the Chair be authorized to table the English-only version of the report in the Legislature.

Mr O'Toole: So moved.

The Vice-Chair: Discussion? A recorded vote.

Ayes

Hardeman, O'Toole, Spina.

Nays

Christopherson, Phillips.

The Vice-Chair: I declare the motion carried.

The third motion I would entertain is a motion to send the report for translation and printing after it has been tabled. I didn't say that very well. A motion to send the report for translation and printing after it has been tabled in the Legislature.

Mr O'Toole: So moved.

The Vice-Chair: Discussion? Those in favour? Those opposed? The motion is carried.

The final motion necessary: I would entertain a motion from one of you that a confidential copy of the draft report, with dissenting opinions, be presented to the minister before it is tabled in the House.

Mr Spina: So moved.

The Vice-Chair: Discussion? Those in favour? Those opposed? I declare the motion carried.

Mr Phillips: Mr Chair, I think there's one more motion we need, is there not, that any dissenting opinions be presented to the clerk's office by 4 o'clock Monday?

The Vice-Chair: That is in the in camera session. It's my understanding that that is printed and will become part of the record.

Mr Phillips: That's fine.

The Vice-Chair: It will appear as part of it, so it is public and it overcomes a concern from earlier.

Mr Hardeman: On the issue of the first motion—I'm not speaking to the motion. I'm requesting from the clerk as to the need for tabling the English-only version in the Legislature and then translating it after the fact. I think it's important that the record show why that's being done. There's no indication there that it should be translated, it needs to be translated, that there was a particular need to do that.

The Vice-Chair: My apologies for not expressing that when I called for the motion. The reason is, it takes approximately two weeks to have it translated and, because of the timing of the budget etc, we wanted to get it into the Legislature as early as possible so it could be used by the minister. The translation will take place and will be available, but standard procedure, as I understand it, is it will take approximately two weeks to accomplish that.

Mr Hardeman: The reason I bring it up is I noticed that there was a recorded vote requested to make sure that everyone knew who was supportive of putting it before the Legislature in time for the document to do any good and those who supported not to put it before the Legislature until two weeks later, when in fact we all know it would no longer be of benefit for the purpose for which it was created. I just thought the record should show that.

Mr Christopherson: Come on, Chair. Let's be realistic here. It needs to be said: the Minister of Finance is no more going to look at this than are the vast majority of Ontarians. Come on.

Mr Phillips: Ernie, if you want to play these games—

Mr Hardeman: Then why did you have a recorded vote for that?

The Vice-Chair: I'd just call it to order.

Mr Christopherson: There's no game there. I just didn't want to be supporting your recommendations, and they were contained in that motion.

The Vice-Chair: If I can just get the committee back to order. Just as we wind up, I'd like to extend a note of appreciation to the staff—to Hansard, to the clerk and those who have travelled with us and put up with us over the last month or two. I certainly appreciate their efforts—and recording; obviously our recorders and writers did a pretty good job, because we didn't ask for too many changes. I think that's an indication of the quality of work that they've been able to complete. So on behalf of the committee and the Chair, thank you ever so kindly for your collective efforts.

Mr Christopherson: I think it would be in order to recommend the clerk for sainthood, having stuck through the whole process.

The Vice-Chair: I thought you were going to say "a raise" for a second.

Mr Christopherson: That's a Tory idea.

The Vice-Chair: A recommendation for sainthood. Hear, hear.

With that, I declare the committee adjourned.

The committee adjourned at 1728.

CONTENTS

Thursday 26 April 2001

Subcommittee membership	F-1
Pre-budget consultations	F-1

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Président

Mr Marcel Beaubien (Lambton-Kent-Middlesex PC)

Vice-Chair / Vice-Président

Mr Doug Galt (Northumberland PC)

Mr Marcel Beaubien (Lambton-Kent-Middlesex PC)
Mr David Christopherson (Hamilton West / -Ouest ND)
Mr Doug Galt (Northumberland PC)
Mr Ernie Hardeman (Oxford PC)
Mr Monte Kwinter (York Centre / -Centre L)
Mr John O'Toole (Durham PC)
Mr Gerry Phillips (Scarborough-Agincourt L)
Mr Joseph Spina (Brampton Centre / -Centre PC)

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