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**Official Report
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(Hansard)**

Thursday 6 November 2008

**Journal
des débats
(Hansard)**

Jeudi 6 novembre 2008

**Standing Committee on
Finance and Economic Affairs**

Budget Measures and Interim
Appropriation Act, 2008 (No. 2)

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

Loi de 2008 sur
les mesures budgétaires
et l'affectation anticipée
de crédits (n^o 2)

Chair: Pat Hoy
Clerk: William Short

Président : Pat Hoy
Greffier : William Short

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

**COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES**

Thursday 6 November 2008

Jeudi 6 novembre 2008

The committee met at 0904 in room 151.

**BUDGET MEASURES AND INTERIM
APPROPRIATION ACT, 2008 (NO. 2)**

SUBCOMMITTEE REPORT

**LOI DE 2008 SUR
LES MESURES BUDGETAIRES
ET L'AFFECTATION ANTICIPÉE
DE CREDITS (NO 2)**

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will come to order. We're here this morning for public hearings on Bill 114. The first order of business will be to have the subcommittee report read into the record.

Mr. Wayne Arthurs: Your subcommittee met on Tuesday, November 4, 2008, to consider the method of proceeding on Bill 144, An Act respecting Budget measures, interim appropriations and other matters, to amend the Ottawa Congress Centre Act and to enact the Ontario Capital Growth Corporation Act, 2008, and recommends the following

Consideration of Bill 114, An Act respecting Budget measures, interim appropriations and other matters, to amend the Ottawa Congress Centre Act and to enact the Ontario Capital Growth Corporation Act, 2008 / Projet de loi 114, Loi concernant les mesures budgétaires, l'affectation anticipée de crédits et d'autres questions, modifiant la Loi sur le Centre des congrès d'Ottawa et édictant la Loi de 2008 sur la Société ontarienne de financement de la croissance.

(1) That the clerk of the committee, with the authority of the Chair, post the information regarding the committee's business on the Ontario parliamentary channel and the Legislative Assembly website.

(2) That interested people who wish to be considered to make an oral presentation on the bill should contact the clerk of the committee by Wednesday, November 5, 2008, at 5 p.m.

(3) That the presenters be offered 10 minutes in which to make a statement and five minutes in which to answer questions.

(4) That the clerk of the committee, in consultation with the Chair, be authorized to schedule witnesses on a first-come, first-served basis.

(5) That the clerk advise presenters that the deadline for amendments occurred prior to their presentations.

(6) That the clerk of the committee, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements to facilitate the committee's proceedings.

Chairman, that's your subcommittee report.

The Chair (Mr. Pat Hoy): In the second line, if you'd just perhaps state the bill number again. I think you stated it incorrectly.

Mr. Wayne Arthurs: Did I? I'm sorry: Bill 114. My apologies.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

**COALITION AFTER PROPERTY
TAX REFORM**

The Chair (Mr. Pat Hoy): Now we come to our first presentation of the morning. The Coalition After Property Tax Reform, if you would come forward, please.

Mr. Bob Topp: Good morning.

The Chair (Mr. Pat Hoy): Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard.

Mr. Bob Topp: Okay. My name is Bob Topp—with two p's. I am chairman of the Coalition After Property Tax Reform; we call it CAPTR. We're an alliance of waterfront, urban and seniors' groups, representing over one million Ontarians. We have consistently advocated that there should be a limit placed on assessment increases in order to reduce the volatility and the unpredictability caused by using real estate markets as a basis for distributing property taxes.

We wish to advise the committee of a number of concerns we have regarding the present assessment just coming out now—some have it; some will get it shortly—which sets the homeowners' share of the property tax load for the next four years. Given that Ontario seems committed to an assessment-based property tax system, the four-year assessment cycle is too infrequent to produce a fair property tax distribution and does not deal with volatility.

The expected weakening of the residential real estate market—prices are already, according to the Toronto Real Estate Board, down 10% from a year ago in the Toronto area—makes the use of the end of 2007 values for the next four years highly inappropriate. If all market areas and neighbourhoods declined by the same proportions, there would be no inequity. In fact, declines will vary widely from area to area in the same way that increases vary.

The finance minister has said that higher assessments don't mean higher taxes. This is correct, but it's really beside the point. The point is that higher-than-average assessments do mean higher taxes.

British Columbia recently recognized the problem of declining markets in spades by cancelling the mid-2007 assessment, due to a sharply lower real estate market in British Columbia.

Homeowners are confused by the new system. They are receiving their assessments now, some you've received—Toronto has been out for awhile—and some are still to come, but they are confused, and we are getting lots of e-mails, lots of phone calls. The notices that people are receiving stress the annual increases, the amounts of the annual increases and the percentages of the annual increases, but it's the overall increase that matters. The overall increase will affect taxes of homeowners for the next four years. That's the real number, and the assessment notice doesn't even calculate the percentage increase that people are facing, as it did in the past. If your increase is higher than the municipal average increase, you are stuck with that assessment-related tax increase for each of the next four years.

The four-year cycle and phase-in does nothing to mitigate the impact on those whose assessment increases substantially exceed municipal averages.

In many parts of the province, assessments are not accurate, due to inadequate sales and non-comparability of properties. This is particularly true in rural and waterfront areas, but it is also true in some older parts of urban areas.

The reduced frequency of assessment further reduces the likelihood of a reasonable valuation. We believe that a limit or cap on assessment increases would at least make the system fairer. The alternative to that would be to scrap the assessment system altogether and base valuation on the most recent sales value with an inflation adjustment on an annual basis.

Those are my comments.

0910

The Chair (Mr. Pat Hoy): Thank you very much. This round of questioning will go to the official opposition.

Mr. Tim Hudak: Mr. Chair, it's five minutes we have?

The Chair (Mr. Pat Hoy): Five minutes.

Mr. Tim Hudak: I have a couple of questions, as well as my colleague Mr. Arnott.

Mr. Topp, thank you very much for appearing at the committee. I want to commend you as well for your

dedication to property owners across the province of Ontario.

This morning's business sections in a couple of newspapers detailed that housing prices in Toronto and the GTA have fallen yet again. I think Toronto was about a 30% fall from this time last year. But under the new assessment scheme, people are locked in at the January 1, 2008, assessment date; they won't realize those changes. Do you care to comment on the changes of prices and the fixed assessment date?

Mr. Bob Topp: The system, as it was developing over a number of years, was moving to a more frequent assessment. We had a four-year assessment at one time. We went to three years, two years, and a year and a half at one point. The plan, as of a year and a half ago, was to assess all Ontario properties on an annual basis. A year and a half ago, the government changed that and has now moved to a four-year cycle.

We're faced with a classic situation right now. We've had a decline already in market values. We've had a huge decline in the volume of sales here in the city and in other parts of the province. I think it's inevitable, based on what's happening in other parts of Canada and south of the border, that we're going to see a continuing drop in real estate values. This system we now have basically hit the numbers at the top of the market.

Mr. Tim Hudak: A quick question, Chair, and then to Mr. Arnott: Bill 114 would eliminate the annual assessment notices being mailed out. You'd get it at the beginning of the four-year cycle and then you wouldn't get another one until four years down the road. We intend to amend that part of the legislation. Do you care to comment on the lack of notices that would come out every year now?

Mr. Bob Topp: Yes. You've got one piece of paper and that's all you'll have to indicate what's happening. The numbers are frozen. Unless you make major changes or improvements to your property, that's what you're stuck with. That's what you've got. You don't even get another notice the following year. That strikes us as an example of how the system will be working in future.

The Chair (Mr. Pat Hoy): Are we ready for Mr. Arnott?

Mr. Ted Arnott: Sure. Thank you very much, Mr. Topp, for your presentation, and thank you for coming in to speak on behalf of your membership. You've conveyed your ideas very directly to us and we appreciate that.

In the past, our party has advocated for a 5% cap on assessment-related property tax increases. I understand that you have an interest in that particular proposal. Do you still think that's something that should be considered by the government, going forward, in the coming years?

Mr. Bob Topp: Yes. We still believe that's an essential part. If we're going to have market value assessment as a basis for distributing property tax—the real estate market is volatile. It's an unfair way.

Ontario seems to believe, and most of Canada believes, in some form of market value assessment. There

needs to be, as there is in Nova Scotia, a restraint, as there is in 20 US jurisdictions, on that volatility. I believe very strongly that that's necessary.

In the last assessment, there were over 100,000 properties that were up in value over 30%, compared to an average which was somewhere around 15%. Those people are still paying for that much higher assessment.

The system is just too volatile, and the estimating process is too rough.

Mr. Ted Arnott: When our party has raised these issues in the Legislature in question period, the government's response typically is, "Oh, don't worry. It's just an assessment increase, which doesn't necessarily translate into higher property taxes." What do you have to say about that?

Mr. Bob Topp: I think that statement has to be challenged, and I commented on that earlier. The point isn't that it doesn't cause a tax increase. The point is that if your assessment increase is larger than the average assessment for your municipality, and larger than the average provincial assessment, you're going to get a tax increase—an assessment-related tax increase, in addition to whatever the spending increase is.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CANADIAN TAXPAYERS FEDERATION

The Chair (Mr. Pat Hoy): For the committee's information, there is no person presenting at 9:15, but I understand we have our next presenter in the room, the Canadian Taxpayers Federation, if you would come forward, please.

Mr. Kevin Gaudet: Was my appointment for 9:15 or 9:30?

The Chair (Mr. Pat Hoy): No, it was 9:30, but we don't have anyone for 9:15. So we appreciate your being here and accommodating the committee this morning.

I'm sure you know how the procedure goes, but I would tell you that you have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard.

Mr. Kevin Gaudet: Of course. Good morning, Mr. Chairman, ladies and gentlemen of the committee. Thank you for having me. My name is Kevin Gaudet. I'm the Ontario director for the Canadian Taxpayers Federation. I apologize, I just want to turn off my phone so I don't needlessly—

Mr. Tim Hudak: Do you need some time, because you're 15 minutes early.

Mr. Kevin Gaudet: I should be okay, actually. Thank you.

With respect to Bill 114, although I'm pleased to be here, I must say that the process through which I've come to be here is a little bit disappointing and frustrating. It does provide, I would argue, an undue imposition on the public or organizations when the Legislature does put together such committees and deputations in such a short

period of time. We're aware of the existence of the bill, but less than 24 hours' notice for individuals to come to committee is an onerous burden. A lot of people are either unaware or are incapable of making it.

At the risk of being solely polemic and perhaps a bit philosophical, it's disappointing at a time when, two days ago, we saw important change in our sister country south of us, an opportunity where people reached across the aisle looking for hope and change. There's a concern that I have that this Legislature is becoming increasingly disdainful of the public, and this is an example of that.

The last time I was at committee was the health tax review. To call it a review—it's an abuse of the language to have called it a review. The deputations were, at best, heard, if not properly undertaken, and no changes occurred. Here we are again at a committee making deputations on short notice for which the changes can't be implemented because the time for those changes has already passed. How is that anything but disdainful of the public and stakeholders? It's tragic. We're looking for politicians to step up and step across, and unfortunately we're seeing the opposite. I'm passionate about it. You are all entrusted with such a noble opportunity and a noble calling.

My grandfather was mayor of Charlottetown, and I'll tell you, I learned at his knee the importance of public service and what mattered. Partisan bickering, this type of disdain, ramming things through in an anti-democratic process is disrespectful of the public, and it degrades you all. It degrades the institution in which you've been entrusted as members of the Legislature, and I just think that's an unfortunate tragedy. I really do.

I appreciate that it's editorial and it's polemic. I'll address the bill more specifically, if I may, Mr. Chairman, but it's something about which I think—it's tremendously important. You all are the leaders of our society and you're ramming stuff down people's throats unnecessarily. The government already has a majority, for goodness' sakes. Why can't it at least allow proper, full debate on these types of issues?

However, notwithstanding that, if I try to get a grip on myself, I'd like to speak to schedules A, J, T and O, if I may.

Schedule A deals with MPAC and its assessments. I know Mr. Topp just spoke a bit to that prior to my being about to speak to it. I think the bill is importantly problematic, less for what's in it with respect to assessments than what is not in it with respect to assessments. Although I agree with Mr. Topp with respect to the fact that those individuals who see their assessments increase at values greater than the average will see a de facto increase in their property taxes, to be fair, that's an outlier of a problem. At the end of the day, the only protection a taxpayer can have from unreasonable increases in tax rates would be for the Legislature to pass some type of encompassing bill that would preclude property tax bills from increasing beyond the rate of inflation. Last week, the Canadian Taxpayers Federation issued a paper on how that could be implemented, the details of which are

available at our website. In practice, it would freeze assessed values at current levels, and cities, then, would have the freedom to increase those assessed values for the sake of property tax evaluations by no more than the high-water mark of the rate of inflation. That is the only protection against guaranteed rate increases of property taxes, which importantly affect the most those who can afford them the least: individuals on fixed incomes, seniors—poorer people, if you will, if they have the luxury of being able to afford a home.

0920

The only way you can guarantee that is to somehow rein in—and we have a proposal for this—the out-of-control spending of municipal governments and protect taxpayers through a measure which doesn't just gloss over assessment freezes. That's just window dressing, which does absolutely nothing to protect taxpayers. We went through this recently, where we went through a subterfuge of an assessment freeze. In the city of Toronto, for example, we saw taxes increase, property tax levels, at more than twice the rate of inflation. What kind of protection from property tax increases is an assessment freeze when the rate of my property tax bill doubles? I would suggest that this bill could provide some type of protection for taxpayers—two different kinds, one of which is the property taxes we're referring to. The other types of protections that I would argue are necessary in this bill, which this bill fails to include, are protections from overspending of government.

Mr. Chairman, could you help remind me how much time I have, please?

The Chair (Mr. Pat Hoy): You have about seven minutes left.

Mr. Kevin Gaudet: Thank you. That would deal with—

The Chair (Mr. Pat Hoy): No, I'm in error there. You have about four left.

Mr. Kevin Gaudet: Four.

Schedules J, T and O, J and T in particular, deal with this problem of spending. Schedule J—and it's a bit unclear on the process; if I'd had more time to do proper research, I could speak more intelligently to schedule J, but unfortunately we were precluded that occasion—I call the over-budget clause. It effectively authorizes program spending at or greater than the levels established in the economic outlook statement recently issued. As these levels are beyond what was budgeted in the spring, the bill effectively authorizes spending over the budgeted amount for the March budget. Importantly, it authorizes a return to deficit spending in Ontario, although exactly how large the deficit will be is, importantly, unclear. We've been told that it will be some \$500 million, although when you look into the detailed analysis of the funds authorized in this bill, it could suggest that program spending is in fact \$89 billion, which would put total spending at \$98 billion, which would take the deficit to \$2 billion.

One of the reasons this becomes a bit of a mug's guessing game unfortunately is that the province of

Ontario does not follow the practices that the federal government does with respect to monthly disclosure of revenues and expenses. I think that would be a prudent change; it would increase transparency of financing and provide individuals greater specificity and transparency of what in fact these numbers entail. Taxpayers won't be entitled to properly understand what the deficit is until next fall, when the public accounts are officially released, which will effectively be almost a year from the date after this bill gets passed. That's hard to see as anything but a subterfuge and a lack of transparency.

One of the reasons the province is experiencing this deficit, of course, we argue, is that the province has failed to keep its budget's targets. Let's agree to disagree, perhaps, on what the government ought to spend its money on, but it is inarguable that every year in office this government so far has established a budget in March, and every single year without fail this government has spent beyond that budgeted amount at the end of the year. Not only have expenses gone up beyond the rate of inflation and population growth combined, but importantly, it doesn't meet its budget targets. In this particular budget year, if the government had met the budget targets it established in March and not spent beyond them, we would experience zero deficit; there has been sufficient revenue growth to accommodate the expenses that had been projected for this fiscal year alone. So it's the failure of this government just to meet its own budgeted targets that's providing a deficit.

In our own homes, we seldom can afford to do that, and I would argue that at times like this it's even less appropriate for government. Rules precluding spending over budget are necessary, and not the least one to mention would be rules that would require that government limit spending growth on an annual basis to no more than the combined rate of population and inflation growth, barring exceptional circumstances in time of war or natural disaster, for example.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Kevin Gaudet: Let me finally, quickly, then close on schedule O. This is the schedule which creates the venture capital crown corporation, if you will. I don't agree that this money ought to be spent through a venture cap fund to begin with. I think of it as a type of corporate welfare. I'm happy to have that conversation. I've met with the venture cap association, and even some of its members, to be fair, are split on the value of this program.

But let's put that issue aside for a moment. It's unclear to me why this needs to be codified in legislation through a crown corporation. All this does is take the budget responsibility and financing decisions for the purchase and acquisition of assets by the crown into the hands of the crown corporation, which can be solely authorized by the Minister of Finance, if I understand this correctly. It takes away from this committee and the Legislature the power to properly make its own budgeting decisions, notwithstanding the fact that it decreases the likelihood

of the province to properly manage its money and exposes it to greater risk and loss and liability.

As an aside, Alberta, for example, precludes by law these types of investments. So this, I would argue, is an important move in the wrong direction with respect to the codification of the venture capital fund. As I said, we can agree to disagree on the existence of the fund, but importantly I think it's a dangerous move to have it put through a crown corporation.

So, in a very brief summation, the bill fails to provide protections for taxpayers both in areas of overspending and at the provincial level, and more importantly at the property tax level where you have an opportunity.

The Chair (Mr. Pat Hoy): Thank you for the submission, and we will go to Mr. Prue of the NDP.

Mr. Michael Prue: Thank you very much. I've just got five minutes. First of all, on the process: I think the opposition parties are unanimous; at least we all voted unanimously against the closure motion based on the fact that this was rushed.

One of the recommendations of the subcommittee, which was passed at committee today, was that the clerk advised presenters that the deadline for amendments occurred prior to their presentation. Was that in fact done? I trust it was that you were told that, notwithstanding your coming here, we can't put in any motion to back up anything you had to say today? Because we've already missed the deadline.

Mr. Kevin Gaudet: I spoke yesterday with Mr. Short, who generously advised me that although that is the case, there is some process, which I didn't fully, properly understand, in candour, that the committee of the whole of the Legislature may possibly be able to undertake some type of peculiar machinations whereby, if they do some gymnastics routine, there may in fact be a possibility for some changes to be undertaken.

Mr. Michael Prue: Okay, and I appreciate the language in which you couched that. I've been here seven years and I've never seen that once.

Mr. Kevin Gaudet: Although it's possible, it's not likely.

Mr. Michael Prue: It's within the realm of possibility.

The second set of questions relate to property tax. I'm intrigued by your organization's position. You want to freeze property tax at the current levels and then allow municipalities to increase their spending only at the rate of inflation. That sounds very close to what the NDP has proposed: that is, to freeze property taxes at the 2005 level and only increase them at time of sale or where more than \$40,000 in renovations have taken place. That's different from what Mr. Topp is suggesting. He's suggesting, and the Conservatives are suggesting, a 5% annual possible increase. Can you tell me why you have deviated, more like what we're saying and less like what the CAPTR and WRAFT are saying?

Mr. Kevin Gaudet: I would argue, sir, that it's important to be similar with respect to the freeze to sale. It's importantly dissimilar from both proposals. I would

argue that both proposals have it half right, that the only way to guarantee a protection for the municipal property taxpayer is that the equation is, no rate times property value equals tax bills. Taxpayers don't care a whole lot about assessment value unless they're selling their home. They care less about the mill rate, because it's some peculiar machination as well. They care about the total property tax bill. The only way to protect the latter from going up by no more than the rate of inflation is to freeze one of the two former components in the equation, so if you freeze the mill rate and freeze the value of the assessment to the rate of inflation, it would guarantee that the total bill could not increase by more than the rate of inflation. We wouldn't be freezing city spending; perhaps you misspoke importantly. I haven't had a chance to meet with you to discuss our proposal in detail.

0930

At a high level, let me simply say that our proposal in practice would effectively guarantee that an individual property taxpayer could not see a property tax increase greater than the rate of inflation, absent people voting for one in a referendum.

Mr. Michael Prue: Now, many cities are increasing their property taxes, and the mayors and councils make a pretty convincing case that it's because the infrastructure is so old and antiquated in some places that they have no option if they're to repair the roads, sewers and other things, because there aren't monies flowing from the province. Is that an argument that we should be listening to, or do you reject that?

Mr. Kevin Gaudet: I think there's an aspect of that argument that is accurate. I think that all levels of government have done a poor job, in the last 30 years, of properly maintaining the infrastructure that supports important aspects of our society. Politicians of all stripes at all levels of government, unfortunately, are subject to the victimization of interest groups who like to have them spend on a myriad of programs with overlap and duplication at a number of levels, and that makes it difficult for politicians, in my opinion, to properly keep their eye on the ball with respect to what their priorities are. There are any numbers of examples that we can give.

I have made a recommendation provincially with respect to infrastructure spending, and that will be a gas tax accountability act, which in my analysis would provide another \$2 billion in provincial money on an annual basis to municipalities. I would argue, though, that all levels of government ought to undertake full program reviews to reduce the amount of spending and increase working with privatization, outsourcing and not-for-profits and activity-based costing in a number of areas to reduce the burden on the taxpayer.

Part of the problem with seeing one level of government ask another level of government for more money is that taxpayers get tired of seeing politicians argue which of them ought to have more of our money, and importantly, at the same time, they do that absent the demonstration that they get, that it's difficult for taxpayers, or that they're willing to spend nearly as much time looking

at ways to save us money as they are spending our money.

Mr. Michael Prue: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Kevin Gaudet: Thank you.

The Chair (Mr. Pat Hoy): We understand that the next presenter is close by, but we'll recess until they arrive at the room, which might be five minutes or less.

The committee recessed from 0936 to 0943.

MUNICIPALITY OF CLARINGTON

The Chair (Mr. Pat Hoy): The standing committee will now come to order. Our next presenter is the municipality of Clarington. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard. You can begin.

Mr. Jim Abernethy: My name is Jim Abernethy. I'm the mayor of Clarington. I have with me today our director of finance, Nancy Taylor. Also with us is our municipal solicitor, Mr. Dennis Hefferon.

First of all, if I could, I'd like to thank the provincial government for the wonderful announcement that they made about the location of the new build to take place in our municipality of Clarington over the next few years.

Just as a little bit of background on this, I'd also like to thank you for the opportunity to speak to you about Bill 114. The primary focus of our concern pertains to amendments to the Assessment Act relating to the assessment of limestone and the retroactivity of those amendments to 2004. These amendments are set out in schedule A of Bill 114.

Subsection 2(2) will eliminate from paragraph 20 of subsection 3(1) of the present Assessment Act—which is a very long document that I'm sure many of you are aware of or are familiar with—the direction that limestone is assessable. Subsection 9(2) would make this amendment retroactive to January 1, 2004. So our concern is that you are exempting limestone from the Assessment Act and making it retroactive to 2004.

The municipality of Clarington is located at the eastern end of the greater Toronto area. We have two main revenue sources. We have two main industries, one being St. Marys and the other being OPG.

Clarington was the sixth-largest municipality in Ontario for licensed aggregate extraction in 2006, behind Ottawa, Kawartha Lakes, Hamilton, Uxbridge and Caledon. Durham region municipalities combined would rank second in that order.

St. Marys Cement is the largest aggregate producer in Clarington with a significant facility on the Lake Ontario shoreline in Bowmanville. The facility extracts limestone and produces cement. It is one of the largest open pit mining sites in North America and has a licence to extract down to 116 metres below sea level. The facility

is a wholly owned subsidiary of Votorantim Cimentos, which is based in São Paulo, Brazil.

0940

St. Marys Cement has appealed its assessment every year with at least six different tax consultant firms over the last 10 years, generally operating on a commission basis. This has been expressed as their business practice. Currently, St. Marys has active assessment appeals before the Assessment Review Board for 2006, 2007 and 2008. Clarington has also appealed St. Marys's assessment covering this time frame in order to protect the municipality's position. Pre-hearings for those appeals are scheduled for November 7 with the Assessment Review Board.

Due to St. Marys's continuing and ongoing attempts to erode the municipal tax base and therefore shift tax burden to other taxpayers, primarily residential, with resulting municipal costs incurred, a court application was submitted in December 2007. The application asks the court to require MPAC to perform its statutory duty to assess both the surface of the land and the limestone under the land.

Paragraph 20 of subsection 3(1) of the Assessment Act—and you have a copy of that; it's marked in orange—exempts minerals with the exception of limestone. So currently limestone is in, and your amendments are taking limestone out. We currently are before the courts asking for a ruling, and what you're doing, effectively, is eliminating our opportunity to ask the courts to initiate the items in the Assessment Act.

MPAC has failed to assess the limestone and has placed a limited industrial land assessment of \$37,500 per acre on the surface of the land only. The value of the limestone is many times the assessed value placed by MPAC upon the land. The date for the court application to be heard by the Ontario Supreme Court of Justice is November 13, 2008.

I think it's important for you to know that normally the municipality and the appellant would undertake negotiations pertaining to the assessment appeal as we always have done in the past. St. Marys has deferred discussion with the municipality on this whole matter subject to activities being undertaken by their affiliated aggregate associations on St. Marys's behalf.

With respect to royalties, the association's position is that royalties paid by producers under the Aggregate Resources Act were intended to take the place of property taxation of the limestone. Nowhere in the Assessment Act is that claim stated. I think that's a very important statement. Clarington received just over \$202,000 in royalties pertaining to the 2006 year, notwithstanding that Clarington was the sixth-highest host of extraction activities in 2006. This is a small portion of the property tax revenue that would be derived from proper assessment of the limestone at St. Marys's property.

Again I would like to remind you that Clarington was rated the sixth-highest level of extraction in Ontario. The top 10 host communities received an estimated combined royalty fee totalling only \$2.3 million. It is generally

understood that the intent of the royalties is to compensate affected municipalities for the negative impact of the aggregate producers beyond typical taxpayers on the condition of their road networks. This does not address in any significant fashion the cost implications of road repairs and reconstruction, never mind the other cost implications to the municipality, such as public concerns over air quality, firefighting, community association and ongoing public consultations and planning matters.

Taxes for St. Marys in 1999 were \$3.5 million. St. Marys has enjoyed progressively declining property tax ratios during a time of increasing municipal budgets due to the efforts to improve competitiveness of significantly large industrial taxpayers in the region of Durham. St. Marys's property taxes in 2008 were reduced by \$600,000, from \$3.5 million in 1999 to \$2.9 million in 2008.

That \$600,000 is split between Clarington, Durham region and the boards of education: 21% is received by Clarington, 37% is received by the region of Durham and 42% is received by the educational departments. Clarington's share covers all standard municipal services, plus the additional costs for roads, public liaison, firefighting and specific planning matters.

In conclusion, Clarington's objection to the proposed amendments to the Assessment Act included in Bill 114 is that they will directly interfere with the ongoing court proceedings by eliminating the statutory basis on which the application to court was brought. They will also interfere with the assessment review process before the Assessment Review Board respecting St. Marys by changing the statutory rules for assessment retroactively to the benefit of St. Marys and to the loss of the municipality of Clarington. These amendments are both unfair and unjust to all property taxpayers in the municipality of Clarington. We ask that they not be enacted. We request that they be removed from Bill 114 in their entirety to respect the due process of law currently under way.

Ladies and gentlemen, law is a system of rules enforced through a set of institutions used as an instrument to underpin civil obedience, politics, economics and society. Law serves as the foremost mediator in relations between people. The rule of law is the most important and basic form; it is the principle that no one is above the law. Thomas Paine stated in 1776: "For as in absolute governments the King is law, so in free countries, the law ought to be King; and there ought to be no other."

Ladies and gentlemen, we are requesting that you delete, and not approve, the amendments to subsection 2(2) and subsection 9(2) in Bill 114. We ask that you simply do not interfere with the due process of law. Due process is the principle that the government must respect all of the legal rights that are owed to a person according to the law of the land. If you allow amendments to subsections 2(2) and 9(2) of Bill 114 to be approved, you are, in effect, interfering with the due process of law.

Thank you very much, and we'll take questions.

The Chair (Mr. Pat Hoy): Thank you for the presentation. This round of questioning goes to the government.

Mr. John O'Toole: Chair, I would seek unanimous consent that I be permitted to place a question.

Mr. Wayne Arthurs: No.

Mr. John O'Toole: No?

The Chair (Mr. Pat Hoy): Seeking unanimous consent for Mr. O'Toole to place a question.

Mr. Wayne Arthurs: No.

The Chair (Mr. Pat Hoy): I heard a no. We'll hear from the government.

Mr. Tim Hudak: Point of order, Mr. Chair: Mr. O'Toole has joined the committee. These are the mayor and representatives of a town in Mr. O'Toole's riding. It's an important issue that he has brought forward on their behalf. Could he just ask one simple question as part of the time, just to clarify—

Mr. Wayne Arthurs: No.

Mr. Ted Arnott: On the same point of order, Mr. Chairman: This committee was scheduled to begin at 9 o'clock this morning. We had nobody at 9:15. Clarington was scheduled to begin at 9:45. Question period doesn't begin until 10:30. There's absolutely no reason why Mr. O'Toole shouldn't be given the opportunity to ask a question.

The Chair (Mr. Pat Hoy): A request has been asked for one question by Mr. O'Toole.

Mr. Wayne Arthurs: No.

The Chair (Mr. Pat Hoy): I heard a no. We'll go to the government. Mr. Arthurs?

Mr. Wayne Arthurs: Let me just take a moment or so of the time we have to thank Mr. Abernethy and Clarington for being here; secondarily, to respond to the request and my "no" response.

We do have a process that we've agreed upon for questions by the parties on a rotating basis as opposed to each party asking questions. Each time a municipal councillor, a mayor or a reeve might be here in front of any of our committees, but this committee in particular—if they were here and we were to deviate from that process we've agreed upon, at least at this point in time, for the purpose of a councillor or mayor to enter into the questioning, over a period of time that would, quite frankly, change the manner in which we've agreed to operate. If we choose at a future time to change that process, that's a different thing, but at this time, the time allocation is to the governing party for the five minutes available to us.

0950

I appreciate the fact that Mr. O'Toole is here. I was going to and do recognize the fact that Mr. O'Toole has taken the time, as the member from the riding of Durham, to attend the committee as a member of the official opposition, and certainly has had opportunity to speak with his mayor about this matter.

Mr. Abernethy, first let me thank you for your opening comment and for your presentation here, particularly in respect to the Darlington new build. We are certainly anxious as well to see that process move forward in as expeditious a fashion as one can hope for, given the complexities and the values that go with that. Both you and I

know—as does Mr. O’Toole—from our times at Durham region, the importance of that industry.

You mentioned the importance St. Marys in the context of declining tax revenue. There are at least three or four large organizations in Durham. The region over the years has tried to assist that large industrial sector by reducing that rate over time to continue their competitiveness. Certainly St. Marys is one of those. OPG is another large one. I was familiar with that in my time at Durham region because I had Pickering and Darlington both. GM is another. I think there are two or three others, but I can’t recall. One has changed its name, the steel site in Whitby. That certainly has had an impact on the local assessment base as those numbers have come down. The larger municipalities have tried to offset that elsewhere. Both Darlington and St. Marys would certainly impact on you as you reduce that large industrial rate.

I’m appreciative of the presentation in its totality. Mr. Hefferon I know—we haven’t seen each other for a while—from some work that our municipalities jointly did some time ago. Your Worship, your presentation was excellent in the context of the lay perspective. Whether you want Mr. Hefferon to make any comments from a legal context, particularly in light of the fact that you have a pending court appearance, I guess—the descriptor you used earlier. It might be helpful if Mr. Hefferon wanted to add anything for our benefit.

Interjection: I think that’s a great idea.

Mr. Wayne Arthurs: It’s entirely up to you. Is there any other clarity that legal counsel could provide for this committee, particularly in the context of your pending court hearing process?

Mr. Dennis Hefferon: As the mayor has indicated, the net effect of the legislation will be to eliminate the lawsuit. MPAC for a number of years has not assessed the value of what is below the ground, despite the provisions of the Assessment Act. The lawsuit is aimed at requiring MPAC to do just that, to follow the clear language of the legislation.

For anyone who knows values, to assess the quarry at \$37,500 an acre is a rather sick joke. It’s worth tens and tens and tens of millions of dollars. That has not been assessed, to the loss of not only the municipality but the province, through the Education Act, and the region of Durham. The net effect is that the burden of carrying the costs of government has shifted to other taxpayers.

We’re seeking, through the court application, to have that undone, to have that stopped and to have MPAC do its statutory duty. That’s what the lawsuit is about. That would be destroyed by this legislation. It also ties into the Assessment Review Board where the assessments for the 2006 to 2008 years are now at the pre-hearing conference stage; they’re well advanced. Again, it just eliminates the position of the municipality.

If one is looking at it cynically, one can see that at the end of the day, neither MPAC nor the taxpayer would win in court. They will win in court under this legislation, and the position of the municipality is that that’s grossly unfair.

Mr. Wayne Arthurs: How would you see this impacting on matters related to—if in effect you’re actually successful, what would you see as the effect on the royalty structures that are in place?

Mr. Dennis Hefferon: The royalties?

Mr. Wayne Arthurs: As you said, presumably it’s intended to sort of offset some of that assessment.

Mr. Dennis Hefferon: It’s very hard to say. That’s a matter for the government in administering the Aggregate Resources Act. But the \$200,000 is, in a sense, a pittance by comparison with the tax that should be paid by St. Marys, as every other taxpayer pays. You pay it and I pay it. There’s no justification in principle for exempting a particular taxpayer because there’s a handout of a small amount of money through the Aggregate Resources Act to municipalities.

When you look at a cement plant in operation and see the vehicles that actually use the roads, these are huge, huge heavy trucks, and they beat the very deuce out of the road system, quite apart from the unfairness of shifting the full burden of the cost of carrying municipal government to other taxpayers.

The Chair (Mr. Pat Hoy): Thank you. In that this is the last presentation of the morning and we do have a few moments left before we recess, I’m going to grant Mr. O’Toole one question to our presenters. This won’t become a habit of the Chair, but in this particular instance, I’ll allow one question.

Mr. John O’Toole: Thank you very much, Chair, for that ruling. I appreciate it. Also, thank you, Mayor Abernethy and counsel. The presentation does explain that, first and most importantly, under the Assessment Act as it reads, currently it is an exemption, and you’ve properly described that exemption. At the same time, the argument you’re making today is that this bill under schedule A, section 20, retroactively destroys your case in court, which was pursuant under the rules of the time, in good faith, on both parts.

I would ask you again, knowing that this time allocation motion restricts this committee, and the amendments were due yesterday at noon, it begs the question of the fairness principle that you brought in your response to Mr. Arthurs’ question. We are tied now and cannot make amendments, which would be in the requests that you’ve made this morning.

So I put the question to you: What is your sense of the options that we, as the other side of the argument, the opposition party, have? And on the record here today, what advice would you give the government in responding to the legal case you’ve made?

Mr. Jim Abernethy: The advice I would give is to acknowledge that you were not aware of this and to make it right. I hear all the time from your leader, “Do the right thing.” This is the right thing to do.

The retroactivity is the amendment that we have difficulty with. You can make your laws and change your laws any time you choose, but it’s the retroactivity. When you reach back beyond the case that we have now before the courts, which effectively you are now changing the

law—we were moving forward with the process under the rules that you established in the past with the Assessment Act. Now we're getting to stand before the courts and we're standing there without a defence. We were defending ourselves based on the Assessment Act. We were following the rules of the Assessment Act, and now what you're doing is changing the rules midstream. That's not fair.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

The committee is recessed until 2:30.

The committee recessed from 1004 to 1434.

The Vice-Chair (Mr. Jean-Marc Lalonde): Good afternoon, everyone. I will call this meeting to order. As mentioned in the government notice of motion, we had the public hearings this morning, and this afternoon we will proceed with the clause-by-clause consideration of Bill 114.

Are there any comments, questions or amendments to any of the sections of the bill? When I say “amendments,” as agreed upon, there shouldn't be any amendments because we had up to 12 o'clock yesterday to submit any amendments to this bill, Bill 114. Any comments at the present time? Yes, Mr. O'Toole.

Mr. John O'Toole: Yes, thank you very much for the opportunity to comment. I am looking forward to the clause-by-clause of this bill. It's unfortunate that time has made this a bit constrained, and as such there were a couple of procedural exceptions made earlier today in this committee to allow me to present a question to the mayor of Clarington and legal staff. Even in the Legislature today, I asked a question of the Deputy Premier, Mr. Smitherman, and I felt rather positive about his response. I'll say that on the record here, and I want that to be noted on the record.

So I hope that the parliamentary assistant to the Minister of Finance—and with all due respect, I understand the Minister of Finance's father has passed away and that's why the minister is not here, so it's very hard to bring conclusion. I'm saying all this to put on the record that we want to work in co-operation here to see if we can find some way to make up time until Mr. Hudak gets here—that's the primary function here—but also to see if there are comments by our critic, Mr. Hudak, that should be on the record.

What I want to do, with your indulgence, is to pass out this piece of paper, if I could, through the clerk.

The Vice-Chair (Mr. Jean-Marc Lalonde): If you could tell us which section you're referring to, Mr. O'Toole.

Mr. John O'Toole: Yeah, okay. Once the members have had a chance to look at it, I would like to move an amendment, and I would expect that Mr. Hudak would second the amendment.

Mr. Tim Hudak: Sure.

The Vice-Chair (Mr. Jean-Marc Lalonde): I'm sorry, Mr. O'Toole. The time for amendments has expired. It was until noon yesterday. This is out of order at the present time.

Mr. John O'Toole: I'd seek unanimous consent—through you, Chair, and thank you for recognizing. I'm just going to read this rather than move it. I'll just read it so it's clear:

“Bill 114 amendment to schedule A: assessment act

“(1) Subsection 9(1) is amended so that the first line thereof provides:

““Subject to subsections (2), (3), and (4), this’

(2) Subsection 9(3) is renumbered subsection 9(4).

(3) Subsection 9(2) is amended to provide—

The Vice-Chair (Mr. Jean-Marc Lalonde): Sorry, Mr. O'Toole, this is out of order.

Mr. John O'Toole: I guess it's really more or less a conversation—

The Vice-Chair (Mr. Jean-Marc Lalonde): Your name has not been submitted as a substitute, besides that.

Mr. John O'Toole: Perhaps—I know I'm not subbed on the committee. Mr. Hudak has the same amendment and I—with your indulgence—thank you for allowing me to speak.

The Vice-Chair (Mr. Jean-Marc Lalonde): Well, as I said, no amendment can be—

Mr. John O'Toole: Well, it's an argument—

Mr. Tim Hudak: Chair, as a point of clarification: My colleague, on behalf of the mayor of Clarington and the good people of Clarington, has brought forth an amendment. We heard from the mayor just a few hours ago. Mr. O'Toole has since then worked on an amendment. So if the mayor of Clarington wanted to see a legislative change made, when would the amendment have to be filed?

The Vice-Chair (Mr. Jean-Marc Lalonde): It would have to have been done prior to 12 noon yesterday. I'm sorry. I have to say that I have to go according to the rules that have been established, about which I have no say at the present time, and this is out of order.

Mr. Tim Hudak: I appreciate that, Chair, but please help me understand. The mayor of Clarington was here today, Thursday, November 6. He made a presentation this morning. You're telling me that the mayor of Clarington would have to have submitted a motion by Wednesday, November 5, when he was here Thursday, November 6.

The Vice-Chair (Mr. Jean-Marc Lalonde): Well, according to the time allocation motion, “the deadline for filing amendments to the bill with the clerk of the committee shall be 12 noon on Wednesday, November 5, 2008.”

Mr. Tim Hudak: I guess I'm looking for an understanding. If people were here on Thursday, November 6, and they made a presentation, how would it have been possible for us to file an amendment on Wednesday, November 5, before we even heard them make a presentation? I don't understand—

The Vice-Chair (Mr. Jean-Marc Lalonde): I have to say I'm sorry, but this is our deadline and we cannot go any further than this. That should have been done when the motion was brought up in the House. I'm sorry about that.

Mr. Tim Hudak: Explain the basic physics, then. If the mayor was here and other presenters made their case on the sixth, if they convinced a committee member that they had a good idea for a change, how, precisely, would then an MPP bring forward to committee a motion to reflect what he or she heard this morning from the deputations?

The Vice-Chair (Mr. Jean-Marc Lalonde): Mr. Hudak, I'm sorry. Again: "The deadline for filing amendments to the bill with the clerk of the committee shall be 12 noon...." I cannot go any further. This is out of order and I cannot accept it.

Mr. Tim Hudak: Short of a time machine handed out to MPPs, it would have been physically impossible for us to file an amendment yesterday based on something we heard today.

The Vice-Chair (Mr. Jean-Marc Lalonde): Exactly. I said it at the beginning: We're here to go through clause-by-clause and also look at all the amendments that were submitted by noon yesterday. That is what we have to do today. I have no choice but to make sure that we follow the rules.

Mr. Tim Hudak: I appreciate that. You're the Vice-Chair and you've taken on the Chair's position and I know that's what you have before you. I'm just trying to understand, one last time, that if we heard from a deputation just a few hours ago what we thought was a good idea, and a committee member wanted to bring forward a motion based on that, isn't it physically impossible to do so because they were due yesterday?

The Vice-Chair (Mr. Jean-Marc Lalonde): Mr. Hudak, I'll read for the last time that "the deadline for filing amendments to the bill with the clerk of the committee shall be 12 noon," and we shall proceed with the clause-by-clause at the present time.

Mr. Michael Prue: If I could, Mr. Chair, this was what I anticipated when I gave my leadoff speech against the bill. Those of you who were in the House heard precisely that this is what I said. It would literally be impossible for this committee to pass any kind of motion if we heard a good idea coming out of the deputations. I did not anticipate that this was going to be the good motion, but this is, by far and away, the most cogent and important thing that we have heard.

The only option that I see—and I am in sympathy with the Chair because he has no option because the House has ordered us in an untenable position. There cannot be a comfortable Liberal sitting on that side, having heard the deputation of the mayor of Clarington, who believes we ought not to do something. We need to do something.

1440

So what I'm going to ask, Mr. Chair, in the absence of our ability to do anything, is for the parliamentary assistant to take the unusual step—something I said this morning I had not seen in my seven years here, and I know, because I have not seen it, none of the Liberals opposite have seen it; perhaps Mr. O'Toole and Mr. Hudak, who have been here longer, have—and that is to take this matter into the committee of the whole. I will guarantee,

on behalf of my party, that if the parliamentary assistant gives his assurance that he will take this before the finance minister and the cabinet and suggest that this matter go to the committee of the whole, I will stop speaking on this matter now. I will give him the guarantee, on behalf of my caucus, that we will not try to unduly hold up the committee of the whole, because I know that's a risk governments look at, that the House can be caught for days debating a single motion.

This is an idea of considerable importance to the people of Clarington. The parliamentary assistant, as a former mayor, as I was, listened intently to what the mayor of Clarington had to say. He knows how important it is to the region from whence he comes as well and knows how important it is to the financial structure of Clarington and the surrounding area, and to the court case. I don't want for us to take away the legitimate rights of the people of that municipality.

I'm asking quite simply that the parliamentary assistant, knowing the constraints—the ones that were foreseen, the ones I talked about in my opposition to the closure motion—endeavour to take this issue before the finance minister and hence on to the full cabinet, and that the government resolve this issue by taking it before the committee of the whole House. That's my suggestion. I think what has been said here today is of such importance, I know that had I had an opportunity to have heard from the mayor of Clarington and his legal staff earlier, I would have, and I think the members opposite would have, put in such an amendment.

The Vice-Chair (Mr. Jean-Marc Lalonde): Mr. Hudak?

Mr. Tim Hudak: I think Mr. Prue, my colleague, has brought forward a very reasonable proposition. I am aware of only Mr. O'Toole's motion that has been brought forward, so if we would go to committee of the whole House to allow it to be fairly debated and then voted upon, it will be done so in a timely manner. I can give full commitment on behalf of the PC caucus that we would not drag out those proceedings; we'd have a fair debate, we'd have a vote and then we could move on.

The Vice-Chair (Mr. Jean-Marc Lalonde): As you're probably aware, this was filed on October 30 and everybody had a chance to debate this notice of motion in the past. I'm pretty sure all of you know about it because you are chairs of other standing committees. When the rules are decided by the House, we cannot divert from those rules.

Mr. Tim Hudak: To Mr. Prue's point, though, I think we could revert to committee of the whole House, if we had the parliamentary assistant's commitment to do so. I would certainly support Mr. Prue's idea; I think it's fair and reasonable.

Mr. Michael Prue: And if I could, I'm not asking that this committee do anything it cannot do. I don't believe we can overturn what the House has ordered us to do. That's very sad but that's real. The only option left is an extraordinary one, one I have not seen before but it is parliamentary and can be done, and that is having Mr.

Arthurs agree—and then we can get on with the balance of what we can do—to simply take this before the cabinet. I trust his powers of persuasion but I know we cannot hold him to guaranteeing it will be done, only that he will try.

The Vice-Chair (Mr. Jean-Marc Lalonde): Just before I go to Mr. Arthurs, I'm going to go to Mr. O'Toole.

Mr. John O'Toole: The timing of this is constructed. You filed October 30 in the evening. On Friday the House doesn't sit. We never saw it until November 1, and only then was it even discussed. After that, the next day, the amendments had to be filed. That construct in itself is the problem. I think it's not deliberate by anyone here, I'm not casting—but the legal beagles, if you will, have structured this in such a way as to box us out. Even today on a point of order this was raised. We're not discussing an amendment here. This only expunges the retroactivity provision of Bill 114. That's all it does. Going forward, when the McGuinty Bill 114 passes—bingo. This thing from heretofore on assessments and other issues within the bill, for homes for the aged and garden houses and all the rest of it, will go into law, as assented by the laws. We're asking for one sort of consideration of something that's before the courts. Its court date is November 14, I believe, and we get squeezed out. The retroactive nature of this bill will dismiss that work by the last year and more of well-intended—following the rules, it will be expunged for the court because it will be deemed to be out of order or in violation of the statutes.

So I ask you in all reasonableness, in terms of this process we engage in, to go to the committee of the whole, with the assurance of some House leaders' agreement, so that this committee could then deal expeditiously with the other sections of the bill. You're the government; it's your bill. But we've found this one little error, and I don't think it was deliberate. I got that impression from Minister Smitherman, the Deputy Premier. The finance minister isn't here. I would hope that they would respect what was suggested in the answer today, that they would give this due consideration.

With that, I am going to depart, because I don't have a role here; I'm not written in on the committee. I could easily have been, I suppose. So I just leave this in trust with you.

The Vice-Chair (Mr. Jean-Marc Lalonde): Mr. Arthurs, any comment?

Mr. Wayne Arthurs: I appreciate what's being said across the floor. For me, though, the reality with which we're working today is a time allocation motion—it's quite specific—on the fall bill. The ministry and the minister, I would suggest, have looked carefully at the provisions of the bill, including the provisions related to the matter that the mayor of Clarington raised with us today. I'm appreciative of the constraints. As Mr. O'Toole said, we didn't construct those constraints, but nonetheless those are the constraints.

I would go further to say, without getting into debating the matter that Mr. Abernethy raised with us, that there

would certainly be some question, at the very least, as to whether or not, at the end of the day, as a member I could support what was being proposed by Mr. Abernethy, respectfully, in his submission today. But it will not be my position—as to this matter being brought before cabinet and committee of the whole.

I'll leave it at that.

Mr. Tim Hudak: Obviously, I'm disappointed to hear that response.

I do want to note from the mayor's presentation and the advocacy of the member Mr. O'Toole from Durham that this is an amendment that affects not only the region of Durham, but Ottawa, Kawartha Lakes, Hamilton, Caledon. The parliamentary assistant himself has part of his riding in that region. The mayor makes the case that Durham region municipalities combined would rank second-highest in terms of potential lost assessment base under this measure, according to the mayor's presentation. So obviously it's an important matter to a number of communities.

Given that Mr. Prue's very reasonable suggestion of going to committee of the whole House has not won favour with the government, although the official opposition supports Mr. Prue's suggestion, can we have unanimous consent, then, to allow Mr. O'Toole's motion to stand for an up-and-down vote?

Mr. Wayne Arthurs: No.

The Vice-Chair (Mr. Jean-Marc Lalonde): I hear a no.

Mr. Tim Hudak: I think we need to note for the record that the PC caucus and the NDP caucus did oppose this motion in the Legislature and we didn't think that the time allocation approach was appropriate. It would have given more time for communities like Clarington to bring forward these suggestions.

Chair, maybe you'll want to confer with the clerk, but at the very least can we vote on the section of the bill that brings forward this change—that specific line? Will that achieve the task that Mr. O'Toole seeks to do without moving a motion, since we've had resistance to bring forward a new motion? It's subsection 9(1), right, that they're trying to amend? Of Bill 114, schedule A?

1450

I guess if we're not getting support from the government members to debate the motion itself, can we achieve the same purpose by voting on the individual sections of the bill or not?

Interjections.

Mr. Tim Hudak: So the most we could do, if I understand correctly, then, is vote against the entire section. You can't make any kind of changes to the language; all or nothing is the point we're at.

The Vice-Chair (Mr. Jean-Marc Lalonde): That is the most you can do, yes.

Mr. Tim Hudak: Well, it's unfortunate news, Chair. Mr. Prue and I have tried a couple of ways, and I want to commend Mr. O'Toole for bringing this forward on behalf of his community. I had hoped we'd find a friendly resolution of some kind to at least put it forward

to an up-and-down vote, but without support from the government members I guess we don't have that opportunity.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you very much for your comments. We will ask for unanimous consent to stand down sections 1, 2 and 3, to move to schedule A of the bill. Those in favour?

Mr. Tim Hudak: Sorry, this is the—

The Clerk of the Committee (Mr. William Short): The bill, with the schedules in the bill. So we'll start on schedule A.

Mr. Tim Hudak: Okay.

The Vice-Chair (Mr. Jean-Marc Lalonde): Okay, we'll start with schedule A.

Schedule A, section 1: Shall schedule A, section 1, carry? Carried.

Section 2: Shall schedule A, section 2, carry? Carried.

Shall schedule A, section 3, carry? Carried.

We'll move on to the amendment, PC motion number 1. Mr. Hudak?

Mr. Tim Hudak: I move that schedule A to the bill be amended by adding the following section:

“3.1 The act is amended by adding the following section:

“Maximum increase in assessed value

“19.1.1(1) Despite any other provision of this act, the assessed value of each property for the 2009 and every subsequent taxation year shall not exceed the assessed value of the property for the 2008 taxation year by more than 5 per cent.

“Termination of cap

“(2) Subsection (1) continues to apply to each property until such time as the property is transferred to a person other than a spouse or child of the person who owned the property on January 1, 2009.”

The Vice-Chair (Mr. Jean-Marc Lalonde): Comment, Mr. Hudak?

Mr. Tim Hudak: Yes. The concern that John Tory and the PC caucus continue to raise is the impact of skyrocketing property assessments on many homeowners, particularly retirees. We are seeing assessment increases in high double digits, some triple-digit increases, that are simply unaffordable to many families and to many seniors. They're already dealing with higher costs of groceries and higher taxes, they've seen their investments go on a rollercoaster ride in the stock markets of late, and this notion of a significant assessment increase and the resultant tax increases that would follow are something that we have great concern about and believe will have a damaging impact on these families and the local economy.

What we're proposing here is that assessments could not increase by more than 5% the previous year; it would cap them. Secondly, that protection would continue as long as that home is owned by that individual or his or her spouse or child.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments? Mr. Prue.

Mr. Michael Prue: The NDP takes a different position from the Conservatives. We don't believe in the 5% cap; we believe in freezing the value of the property until such time as it is sold or until repairs in excess of \$40,000 have taken place.

Notwithstanding that, I'm going to support this motion as the lesser of two evils. I think that as the MPAC assessments are going out, there are people out there who are going to be hurt very badly. Rather than freeze the value, as we would support, they're going to be at the whim, they're going to be increased by whatever amount the MPAC assessor has said their property is now valued at. This is going to be particularly troubling to people on fixed incomes, those who have owned their homes for a long time, and those who often struggle to stay in them.

A house that has a present tax regime of about \$5,000 a year, which is not a lot if one lives in Toronto—I would hazard a guess that those who live here or even in many of the places in the GTA will know that a \$5,000-a-year tax on a structure is not that huge. This will amount to \$250, plus whatever the municipality puts on. That's why we think that freezing it till sale is a better solution. And notwithstanding that, I would still rather them have a cap than nothing at all. Therefore, I will reluctantly support this motion.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any others? Mr. Arthurs.

Mr. Wayne Arthurs: I respect the position taken by the official opposition. It's certainly not a new position; it's a reiteration of a position that's been put forward before.

Two comments only, I think, at this point: One, in a practical sense today across the province, in today's particular market, I think the average assessment is about 20% over the four years phased in, which would create effectively a 5% cap on average, regardless of the marketplace standpoint. The important part, though, for us is that by capping, over time, particularly if one adds to part of the motion that speaks to transferring other than to a child or spouse, presumably the property could stay in the same hands for an extended period of time—multi-generational, potentially. If that were the case, over time, you would see some real distortion in the assessment of comparable properties by virtue of a freeze, a cap being put on to 5%. Both from the standpoint of a potential—more than one generation holding the property—and simply by virtue of the capping that would occur, larger properties on a percentage basis, a numbered basis, would end up at the end of the day having a smaller effective increase in their assessment than properties that were of a lower value, potentially, with a smaller assessment increase. We haven't supported this particular approach in prior bills that we've dealt with and can't see ourselves supporting it today.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments?

Mr. Tim Hudak: Recorded vote, Chair.

The Vice-Chair (Mr. Jean-Marc Lalonde): Sorry, Mr. Hudak. According to the notice of motion, any

division required shall be diverted until all remaining questions have been put and taken in succession. That would mean that any recorded vote amendment request would be deferred to the end.

Mr. Tim Hudak: That destroys all the drama.

The Vice-Chair (Mr. Jean-Marc Lalonde): We'll move to the next one. The next one is PC motion 2. Mr. Hudak.

Mr. Tim Hudak: I move that schedule A to the bill be amended by adding the following section:

“3.1 The act is amended by adding the following section:

“Maximum increase in assessed value

“19.1.1(1) Despite any other provision of this act, the assessed value of each property for the 2009 and every subsequent taxation year shall not exceed the assessed value of the property for the 2008 taxation year by more than the percentage prescribed by the regulations.

“Termination of cap

“(2) Subsection (1) continues to apply to each property until such time as the property is transferred to a person other than a spouse or child of the person who owned the property on January 1, 2009.”

By way of explanation, in case the motion I just brought forward fails at the end of committee, this one would allow, by regulation, for cabinet to determine the cap. So if cabinet had determined that the cap should be 3% or 2% as opposed to 5%, this motion, if passed, would give cabinet the discretion to do so. As I said, our preferred position is the previous one, but if that fails, then this is a placeholder that would allow future governments to have discretion as to what the level of the cap would be.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments? Mr. Prue.

Mr. Michael Prue: I can appreciate the 2% or 3% or the 1%, but what if the minister set a cap at 20%? This allows that, does it not? I mean, I just want to be sure, because I'm not going to vote for it if it allows the minister to say 20%, because he'd turn around and do it.

1500

Mr. Tim Hudak: Our intention—

Mr. Michael Prue: I know what your intention is, but I want to know if this motion allows for 20%.

Mr. Tim Hudak: Our intention in bringing this forward is to allow for a cap lower than 5%, but it does give cabinet the discretion to set the appropriate cap via regulation.

The Vice-Chair (Mr. Jean-Marc Lalonde): Further comments?

Mr. Wayne Arthurs: Again, this is a familiar motion in part. I can't support the motion. The distortions will remain the same over time. The quantum might be different depending on what regulatory cap was assigned at that time, but the long-term impact would remain the same, as a distortion in the market value of comparable properties.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any more comments? Seeing none—

Mr. Tim Hudak: Recorded vote.

The Vice-Chair (Mr. Jean-Marc Lalonde): The recorded vote will be deferred till the end.

Mr. Tim Hudak: Chair, do I need to ask for a recorded vote at this point in time, or do I have to remember each time to ask for a recorded vote?

The Vice-Chair (Mr. Jean-Marc Lalonde): If you want to let us know right now that you'll be asking for a recorded vote—

Mr. Tim Hudak: For each of our PC amendments? Terrific. Yes, I would, please, Chair.

Mr. Michael Prue: I might as well save you time. You might as well do our two amendments at the same time. We'll do them all together.

The Vice-Chair (Mr. Jean-Marc Lalonde): Now I will proceed with sections 4 to 9, inclusive, of schedule A.

Section 4.

Mr. Tim Hudak: Debate?

The Vice-Chair (Mr. Jean-Marc Lalonde): Yes.

Mr. Tim Hudak: I'm flipping through the bill as we're moving forward, and I just want to call attention to one aspect of schedule A that I have concern about, and that is section 4, where it's talking about exceptions. It says:

“Section 31 of the act is amended by adding the following subsection:

“Exception

“(1.0.1) Subsection (1) does not apply where the only change is an adjustment made under section 19.1.”

What I understand this to mean, and my colleague the parliamentary assistant can correct me if I'm wrong, is that if there's no change to your property between now and the next assessment, you would not receive a further assessment notice. I guess the government's view would be that because assessments are every four years, if you get one in the first year, you wouldn't get one in subsequent years. I'm going to object to that, because I do believe that people should get the annual assessment, even if you are in a phase-in period, because we all know that over time we may forget exactly what that was. Keeping a piece of paper around for four years isn't something that is easily done. People may move, as well, to a different home and not be aware of what the assessed value of the home is.

My last point would be, because the assessment value actually does change, each year it's phased in—my colleague's example of the assessment up by 20%: Over the assessment period, it's phased in over four years; it will be 5% a year. I think it's important to remind people that the assessment value has actually increased by 5% a year instead of expecting them to remember.

If I'm misinterpreting the act, I do apologize. But I do want to state that I think it's important for people to get the annual assessment in the mail so they know what the assessed value of their home is, in anticipation of the upcoming municipal taxes.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments?

Mr. Wayne Arthurs: Just very quickly, my understanding would be that if there were no other actions taken—not a request, not a change in the property—then you would get your assessment on the four-year basis. But I noticed, upon getting my assessment and looking at it, that I now have an identified-access private PIN that allows me to go in and access my assessment, which allows me to do comparables, all those kinds of things. My understanding is that if someone sought a reassessment or an update on their assessment during that four-year period, that would be achievable, and it would be a means, certainly, to get that information. Presumably, if someone had misplaced their paper during that period of time, they could certainly inquire as to what their assessment was. If they wanted to update it, they could make that request. But it's not going to be an annual process where every property is going to have an assessment and be notified of a new assessment during the four-year period.

Mr. Tim Hudak: I would just have a point of disagreement with my friend the parliamentary assistant. Just for the simplicity of the math, let's say that my assessment value had gone from \$200,000 to \$300,000. That would mean that this year my assessed value would be \$225,000, next year it would be \$250,000, the following year it would be \$275,000, then \$300,000 at the end of the cycle, under this current scheme. What you're doing, though, is asking folks in the third or fourth year to remember that their assessed value is going to be \$250,000 or \$275,000 or \$300,000. Some folks are good; they'll keep the paper there or they'll keep the PIN on hand for four years. I'm one who sometimes doesn't always keep those types of documents around. I just think it puts an unfair burden on the individual homeowner, whose circumstances may change significantly over four years. They may not keep that paper in that drawer for that period of time. I do think that assessed values should still go out so that they know what their assessment is going to be for a year and can help them anticipate their taxes.

The Vice-Chair (Mr. Jean-Marc Lalonde): Mr. Arthurs.

Mr. Wayne Arthurs: If one wanted to have a fresh copy of their notice—because it falls off the fridge or is behind the kids' fingerpainting—by contacting MPAC, they will certainly send out a notice advising folks of what their assessment was. But there won't be an annual assessment update or an annual process. So some onus is on the homeowner, I guess.

Mr. Tim Hudak: Over the four years, though, I'm saying, my friend, that you'll go from the fingerpainting to some pretty good art as the kids are aging in that four-year period. I don't know if the assessment notice is going to stay on the fridge for four years' time or if you're going to have the same fridge.

Interjection.

Mr. Tim Hudak: I'm going to have to depend on my wife, I think, to keep track of this, because I don't know if I will.

I don't want to belabour this point. I did want to call attention to it and express the concerns of the PC caucus. I think it does put an unfair burden on the property owner to keep track for four years' time of this document, or then to have the burden of calling MPAC and asking for it to be resent. Folks have enough to keep track of, and I do believe that this is a service that MPAC should continue to provide.

The Vice-Chair (Mr. Jean-Marc Lalonde): I'll call a vote on this one. Shall schedule A, section 4, carry? All those in favour? Those opposed? Carried.

Schedule A, section 5: Shall it carry?

Mr. Tim Hudak: Debate, Chair? I just want to make sure—Mr. O'Toole did bring forward concerns on behalf of the municipality of Clarington, which I believe was for section 9? Mr. O'Toole's suggested changes: section 9, was it?

The Vice-Chair (Mr. Jean-Marc Lalonde): Nine.

Mr. Tim Hudak: All right, thank you. I'll wait until section 9 to bring those points forward.

The Vice-Chair (Mr. Jean-Marc Lalonde): Shall schedule A, section 5, carry? Carried.

Shall schedule A, section 6, carry? Carried.

Shall schedule A, section 7, carry? Carried.

Shall schedule A, section 8, carry? Carried.

Shall schedule A, section 9, carry?

Mr. Tim Hudak: Debate?

The Vice-Chair (Mr. Jean-Marc Lalonde): Are there any comments on that one?

Mr. Tim Hudak: Thank you, Chair. This is the section that my colleague from Durham, Mr. O'Toole, had asked to be amended. Unfortunately, because of the bizarre circumstances in the time allocation motion, it would have meant that Mr. O'Toole would have had to go back in time and written the motion yesterday, based on what he heard today. We've debated that point. I'm disappointed that we didn't get it resolved. But I do want to note Mr. O'Toole's objections on behalf of his municipality to the amendments here under section 9.

I do want to also call the committee's attention to debate that took place during question period today, where Mr. O'Toole raised this issue with the Deputy Premier, Mr. Smitherman, and asked for some kind of agreement to be reached so that this issue could be examined. Mr. Smitherman, in his response, said that he would "take the question under advisement, seek to work with the Minister of Finance and produce, in a timely manner, for the honourable member and, indeed, for the community and the people of Clarington, a response to the specific case that's been brought forward."

I think we all understand that Minister Duncan's father sadly passed away, and our condolences and thoughts are with him. So we can't, obviously, expect Mr. Duncan to respond to this issue for a due period of time. But I wonder, since we couldn't get the motion brought forward, if the parliamentary assistant would ensure that at least Clarington will have a chance to make its case with the ministry now that the motion has been ruled out of order. I just want to make sure that the Deputy

Premier's commitments will be made good and not forgotten.

The Vice-Chair (Mr. Jean-Marc Lalonde): Mr. Arthurs.

Mr. Wayne Arthurs: Just a couple of things: It would be my understanding at this time that the municipality has had an opportunity—over what period of time I'm not sure—to have consultation and discussion with the ministry staff on this matter. Certainly, we would undertake, apart from Hansard and the work that our staff do, to ensure that the minister is apprised of the nature and level of discussion that this committee has had on this matter. It would be in his domain in that sense.

1510

The one particular point that I want to make is that what's being proposed in the bill is effectively codifying a practice that MPAC has had for, as I understand, decades under the auspices of multiple governments of all three parties over time. It's at this time that the government, through this legislation, is effectively codifying in the legislation what it is that MPAC has been doing in practice for quite a considerable period of time to which all governments were party, if not necessarily familiar with those detailed elements of that particular piece of legislation. It's not something particularly new, obviously, that's happening today; it's something that's been in place for quite a period of time. But certainly, we'll undertake to ensure, apart from Hansard and the staff, that this is brought to the minister's attention, and the nature and degree of discussion that this committee has had in regard to this matter.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you. Any other comments? Seeing none—

Mr. Tim Hudak: Chair? I appreciate the parliamentary assistant's undertaking to make good on the word of the Deputy Premier to address the issue directly with Clarington. I thank him for his words a moment ago.

Mr. O'Toole has raised his concerns. I had hoped that the motion would have been brought to the floor of the committee for debate and for a vote. Unfortunately, because of the bizarre nature of the time allocation motion, it was not, but I am going to recommend, because of those circumstances, that committee members vote against section 9 of schedule A.

The Vice-Chair (Mr. Jean-Marc Lalonde): Now I will call the vote.

Mr. Tim Hudak: Recorded vote.

The Vice-Chair (Mr. Jean-Marc Lalonde): We'll move to the end.

Shall schedule B, section 1, carry? Carried.

Shall schedule B, section 2, carry? Carried.

Shall schedule B carry? Carried.

Shall schedule C, sections 1 to 3, carry? Carried.

Shall schedule D, sections 1 and 2 inclusive, carry? Carried.

Shall schedule D carry? Carried.

Shall schedule E, sections 1 and 2 inclusive, carry? Carried.

Schedule F: We have an amendment. We'll do section 1 of schedule F first. Shall schedule F, section 1, carry?

Mr. Tim Hudak: Debate.

The Vice-Chair (Mr. Jean-Marc Lalonde): Do you want to debate it, Mr. Hudak?

Mr. Tim Hudak: Yes, please. Section 1 says:

“Subsection 2(1) of the Executive Council Act is repealed and the following substituted:

“Appointment of ministers

“(1) The Lieutenant Governor may appoint under the Great Seal such ministers of the crown as are provided for under any act or as the Lieutenant Governor sees fit to appoint, to hold office during pleasure.”

What does that do?

The Vice-Chair (Mr. Jean-Marc Lalonde): You're just asking a question of the actual bill, or—

Mr. Tim Hudak: An explanation, before we vote on it, of what it means. What the impact is, is a better way of phrasing it. What's the impact of that subsection?

The Vice-Chair (Mr. Jean-Marc Lalonde): Do you want to have the ministry staff come over?

Mr. Wayne Arthurs: We have ministry staff who might be able to provide some detail on what otherwise would be the minutia.

The Vice-Chair (Mr. Jean-Marc Lalonde): For the record, can we get your name and your title, please?

Mr. Michael Waterston: Certainly. I'm Michael Waterston, senior counsel with the Ministry of Finance and Ministry of Revenue, legal services branch.

We've been asked about the purpose of the amendment contained in clause 1 to schedule F, which proposes to repeal subsection 2(1) of the Executive Council Act and replace it with the provision which is shown in subsection (1). The proposed provision is intended to repeal the specific lists of ministerial positions that are currently included in the act. The purpose of that is because the names change frequently, so the list is out of date and would quickly become so again if the ministerial portfolios were updated. The proposed provision instead says that the Lieutenant Governor may appoint under the Great Seal such ministers of the crown as are provided for under any act, whereas the Lieutenant Governor sees fit to appoint to hold office during pleasure.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you. Further comment?

Mr. Tim Hudak: Any time a ministry changes you need to change the Executive Council Act? Is that what you mean?

Mr. Michael Waterston: No. The current Executive Council Act, the current subsection 2(1), has the specific names of the positions of ministers.

Mr. Tim Hudak: Right.

Mr. Michael Waterston: So this would amend that to take out that list of names so that if there is a change to the ministerial portfolios or to the identity of the ministers, the act would not have to be amended and it would not be out of date.

Mr. Tim Hudak: Okay. Thank you.

The Vice-Chair (Mr. Jean-Marc Lalonde): Shall schedule F, section 1, carry? Carried.

Now we have the amended NDP motion number 3.

Mr. Michael Prue: I move that subsection 7(2) of the Executive Council Act, as set out in section 2 of schedule F of the bill, be struck out and the following substituted:

“Certain absences

“(2) A day on which a minister is absent from the chamber is not counted as an absence for the purpose of this section if the Premier is of the opinion that the absence is justified by reason of illness, bereavement, a religious holiday or some similar reason.”

The purport and the reason we’re doing this is, currently the executive council forces ministers to attend question period two thirds of the time. The provision of Bill 114 amends the act to exempt ministers from this requirement when they travel for trade missions. Our amendment would effectively reverse that exemption.

All ministers, we believe, are busy and do important work and they make it to question period most of the time, and I think in every case in the last few years, two thirds of the time. So why would ministers who travel on government business junkets, or however the public sees it, be exempted? We think that travel and foreign travel should not take them away from their important duty in the Legislature more than one third of the scheduled time and therefore seek to have this removed. Otherwise you’re going to have a minister who can simply claim that they’re abroad and there is no accountability whatsoever. They don’t have to meet a minimum, not even a one-day standard, as the act is written.

The Vice-Chair (Mr. Jean-Marc Lalonde): Further comments?

Mr. Wayne Arthurs: Just briefly, we do have legislation requiring, at this point, ministers to be in question period two thirds of the time. Those attendance records are published so that the public has the opportunity to see the attendance of those ministers and judge their performance, at least in part, based on that. We believe, at this time, with international trade becoming increasingly important, apart from the matters that are already listed—bereavement, illness, religious holiday—that may or may not take ministers away from their duties in the Legislature on occasion, we need to have that level of capacity for ministers with those responsibilities seeking to sell this province and its business opportunities abroad—to have that flexibility without being unduly punished because of that.

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Mr. Tim Hudak: I am going to support my colleague Mr. Prue’s motion here. It seems to me that subsection (2)(b) is almost like a get-out-of-question-period-free card. I don’t perceive why a minister would be travelling internationally if he or she wasn’t doing something for trade or economic development. So basically, it would excuse every time the minister is outside of Canada from his or her duty to attend question period. I think Mr. Prue is right and he has spotted a dramatic broadening of the act.

I guess I’ll ask my friend the parliamentary assistant two questions. It is published, but I have not had a chance to look it up. Where are the absences published? And secondly, who would decide whether international travel was truly related to trade and economic development and not just a junket?

Mr. Wayne Arthurs: Let me start with the second part, because it wouldn’t be my view that ministers travelling for the purposes of trade or economic development internationally could, in any fashion, be construed to be junketing. Although I can appreciate why the member opposite might say that, that’s certainly not the nature of the business or the way that we have conducted the business of the enterprise over the past five years.

Subsection (2)(b) does speak to the issue of internationally related trade or economic development. It says in the beginning clause, “If the Premier is of the opinion that the absence is justified,” so it’s a mechanism for accountability that way, so that one couldn’t just not show up for question period over an extended period. It rests with the Premier to make that determination if, in his view, his minister is on international business for trade or economic-development-related activity.

If one were interested directly in seeing where those matters are published, they are published, I understand, on the Premier’s website.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other questions or comments?

Mr. Michael Prue: I just don’t want people to think I’m thinking only of the Minister of International Trade. The present Minister of Citizenship and Immigration has been in China with the Premier for a couple of weeks. I’m not sure that his presence there is of the same nature—I’m not sure what his purpose is there at all. But obviously, his absence will fall under his ambit. So it’s not just one minister; potentially literally every minister who travels anywhere can seek exemption.

What worries me is that this is open-ended. If you were constantly away, then you would constantly be forgiven, and the two-thirds rule would not apply. They could literally show up just once in a while and it would be satisfied provided they were out of the country. I just have difficulty—I know that members opposite may not, but that’s the way I see it. So when it comes to a vote, I intend to vote no, and I have already asked for a recorded vote.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments or questions?

Mr. Tim Hudak: I think Mr. Prue is on to something here. As I read schedule F more closely, I want to note, too, that the “Commencement” section, subsection 3(2), says, “Section 2 is deemed to have come into force on October 22, 2008.” The rest of this section comes into force whenever the bill receives royal assent—say, potentially in January or February, on a go-forward basis. But the get-out-of-question-period-free card is retroactive to October 22, 2008.

Mr. Michael Prue: Which was the start of the China trip.

Mr. Tim Hudak: Which was, as my friend says, the beginning of the China trip. So I wonder if we could have a friendly amendment to call this the “Minister Chan amendment” to the bill.

The Vice-Chair (Mr. Jean-Marc Lalonde): No other comments?

Mr. Wayne Arthurs: I hesitated to rise on a point of order with respect to amendments, but I took his comment in jest.

What I would say, though, is that the provision here would be—and Mr. Prue is quite right: It could apply to any number of ministers, obviously. It doesn’t say the Minister of International Trade and Development; it talks to international travel related to trade or economic development. The ministers themselves have to have a degree of public accountability. The Premier is the one who would make the determination, in his opinion, whether that absence was justified. They should be held accountable in the Legislature by the opposition, in question period, and by the public, both in his and our performance, generally, and at election time. I think there are provisions for that level of accountability, both in the Premier’s office and through the checks and balances, particularly through question period, that are available to the opposition and the public to be able to evaluate the performance of ministers accordingly.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you, Mr. Arthurs.

Any other questions or comments? Seeing none, since Mr. Prue has asked for a recorded vote, we will proceed to the next one.

NDP motion number 4.

Mr. Michael Prue: I move that section 2 of schedule F of the bill be amended by adding the following subsection:

“(2) Section 7 of the act is amended by adding the following subsection:

“Absence report

“(2.1) If a minister is absent from the chamber for international travel described in clause (2)(b), upon the minister’s return from travel, the minister shall prepare a report that sets out the following and cause it to be laid before the Legislature:

“1. A description of the minister’s travels.

“2. The costs of the minister’s travels.

“3. The trade or economic development matters attended to by the minister in the course of the minister’s travels.

“4. The guaranteed employment opportunities created by the minister’s travels.”

Mr. Chair, in the unlikely event that recommendation number 3 fails, we are putting forward this one because it allows for the Premier to absolve the minister of the responsibility of appearing before the Legislature by virtue of the fact that that minister is travelling, but it ensures that the Legislature has some control; so the Legislature is the repository of a note so that the Premier knows why the minister is travelling.

Quite frankly, I don’t know why the Minister of Citizenship and Immigration is travelling in China, although I understand his proficiency in Mandarin may be a useful tool, but I’m not sure how that’s related to his ministry or why he’s there. I’m not sure how much this is costing, but I would like to know. I’m not sure whether the trade or economic development matters attended to by the minister in the course of the minister’s travels—I want to know. I think we all need to know what he is doing there—or any minister; I’m not just picking on him. He’s just the one who’s away now, and I think we need to know what the minister has gained in the travels, whether or not we have secured some trade, some jobs or anything else.

That’s why this is being put forward. It’s about accountability and transparency and, in the unlikely event that number 3 fails, we hope you’ll support number 4.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments?

Mr. Tim Hudak: Again, I think that Mr. Prue’s first amendment was the superior amendment but, he’s right, we have to have a fail-safe in case we don’t convince enough members of the government to support the first motion; therefore, I will be supporting Mr. Prue’s second motion as well.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments? Okay. Once again, there was a request for a recorded vote. It will be deferred to the end.

Motion number 5, a PC motion.

Mr. Toby Barrett: Chair, this is also with reference to schedule F, section 2.

I move that section 2 of schedule F of the bill be amended by adding the following subsection:

“(2) Subsection 7(4) of the act is repealed and the following substituted:

“Status report

“(4) Immediately before the end of every session, the Premier shall prepare and cause to be laid before the Legislature a status report that shows, with respect to each minister and for the entire session,

“(a) which day or days the minister was absent from the chamber during part or all of the period set aside for oral questions and the reason for each absence; and

“(b) which day or days the minister was absent from the chamber during part or all of the period set aside for oral questions that are not counted for the purposes of this section by reason of subsection (2) or (3) and the reason for each absence.”

The Vice-Chair (Mr. Jean-Marc Lalonde): Any comments?

Mr. Tim Hudak: Chair, the motion read into the record by Mr. Barrett would basically ensure that each cabinet minister’s attendance record is tabled with the Clerk, including the particular reasons for a minister’s absence. Obviously, illness, bereavement, religious holiday—those things are all understandable and supportable. We believe, however, that if new reasons are given for ministers to be excused from question period, then all

members of the assembly should see those and form their own judgments about whether they're appropriate or not.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you. Any other comments?

Mr. Wayne Arthurs: We won't be supporting this amendment as it's put forward. We have a provision that requires ministers to be there with the capacity for exemptions—the exemptions that are there and additional ones as we list in today's legislation. I think it would be beyond onerous, quite frankly, to provide a detailed provision as to the whys and wherefores of each time a minister was absent in part or in whole from question period. I'd hesitate to stay if the minister had to step out in the hall to chat with someone and came back in, and then we'd have to record that five-minute absence. I know; I understand that, in part or in all, it leads to the capacity to go well beyond what would normally be expected in the amendment as it's put forward, but that capacity would always be there. We're satisfied that the legislation as it exists and whatever provisions come from the result of our debate today are appropriate.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments? Seeing none, with the fact that you've asked for a recorded vote, we'll move on to amendment number 6. It's a PC motion.

Mr. Toby Barrett: PC motion on page 6, also on schedule F:

I move that schedule F of the bill be amended by adding the following section:

“2.1 The act is amended by adding the following section:

“Report on international travel related to trade or economic development

“7.1 If a minister's absence from the chamber during part or all of the period set aside for oral questions is not counted by reason that the Premier is of the opinion that the absence is justified because of international travel related to trade or economic development, the minister shall, upon his or her return to the chamber, cause a report to be laid before the Legislature setting out full details of the results achieved by the minister on the trip.”

The Vice-Chair (Mr. Jean-Marc Lalonde): Are there any comments at the present time, before we proceed to the other?

Mr. Tim Hudak: Yes. I just wanted to add to Mr. Barrett's introduction of the motion, although I think it is quite self-explanatory. If ministers, if this new schedule F were to pass, had been excused by the Premier from attending question period for trade or economic development reasons, we think, similar to a motion brought forward by Mr. Prue, that they should then present to the Legislature a full accounting of the trip, what results had been achieved and the justification for that trip.

As Mr. Prue had mentioned earlier, Minister Chan was away from the Legislature for some time with the Premier in China, and we wonder if each day that the minister is away is actually truly in support of his ministerial portfolio or not—and that's just one example.

Members could then judge for themselves whether the trip was appropriate or not.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments? Mr. Arthurs?

Mr. Wayne Arthurs: I won't be supporting the amendment. I'm satisfied that the current provisions and any changes that may come as a result of this bill provide adequacy in the context of accountability. I would expect that any Premier, regardless of who the Premier of the day was, would be held accountable in the Legislature and by the public for the actions of his or her ministers and that that Premier would certainly hold his or her ministers accountable for their actions to government and ultimately to the Legislature.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments? Seeing none, I'll move on. Shall schedule F, section 3, carry?

Mr. Tim Hudak: I just want to debate it.

The Vice-Chair (Mr. Jean-Marc Lalonde): Mr. Hudak.

Mr. Tim Hudak: I'm not sure if staff from the Ministry of Finance had the answer to this, but subsection 3(2) says, “Section 2 is deemed to have come into force on October 22, 2008.” Why that day?

The Vice-Chair (Mr. Jean-Marc Lalonde): Further comments?

Mr. Tim Hudak: If we could have, maybe, advice from the Ministry of Finance staff, there's a date that this section is to come into effect—October 22, 2008. Typically, these things are at the end of a year or at the beginning of a month. It seems to be a rather arbitrary day of October 22, 2008.

Mr. Wayne Arthurs: Ministry staff is here. Certainly members of the committee have, as I understand it, the capacity to ask questions of the ministry if they're here and if they can provide information.

The Vice-Chair (Mr. Jean-Marc Lalonde): Do you want to give your name again for our record purposes?

Mr. Michael Waterston: Certainly. I'm Michael Waterston, Ministry of Finance. About the coming into force date contained in section 3 of schedule F: Subsection 3(2) says, “Section 2 is deemed to have come into force on October 22, 2008.” That is the date of first reading of Bill 114, and it is standard for amendments in bills to come into effect on the date of first reading.

Mr. Tim Hudak: But subsection 3(1) comes into effect at royal assent.

Mr. Michael Waterston: Yes.

Mr. Tim Hudak: Can you reconcile the two?

Mr. Michael Waterston: I can only say that it was the intent of subsection (2) that it come into force at an earlier date, being October 22, the date of first reading.

Mr. Tim Hudak: I don't want to ask staff this. Maybe to the parliamentary assistant or one of his colleagues: Do we know when the Premier went on his trip to China, what day he left?

Mr. Wayne Arthurs: I don't know the specific date. I didn't pay attention to that particular information.

Mr. Tim Hudak: Okay. Thank you.

The Vice-Chair (Mr. Jean-Marc Lalonde): Shall schedule F, section 3—

Mr. Tim Hudak: Recorded vote.

The Vice-Chair (Mr. Jean-Marc Lalonde): You've asked for a recorded vote; it's deferred to the end.

The next one is schedule G. Shall schedule G, section 1, carry? Carried.

Shall schedule G, section 2, carry? Carried.

Shall schedule G carry? Carried.

We'll move on to schedule H. Shall schedule H, section 1, carry? Carried.

Shall schedule H, sections 2 to 6, inclusive, carry? Carried.

Shall schedule H carry? Carried.

Shall schedule I, sections 1 to 3, inclusive, carry? Carried.

Shall schedule I carry? Carried.

I'll move on to schedule J. Shall schedule J, section 1—

Mr. Tim Hudak: Debate on schedule J? I know we do have an amendment—

The Vice-Chair (Mr. Jean-Marc Lalonde): Okay. Any debate on section 1?

Mr. Tim Hudak: I do. As a preliminary before we get to our amendment to section 5, I do want to note the concern of the PC caucus is that schedule J as a whole is basically authorizing the government to spend funds for the fiscal year ending March 31, 2010. That would mean they're asking us to allow for \$55 billion under section 2, \$1.5 billion under section 3 and \$130 million under section 4 to be handed to the government in advance of any kind of budget being tabled. This is a new approach that we greet with some caution because, as I said, it's authorizing the government in November 2008 to spend substantial funds in taxpayer dollars all the way to March 21, 2010, in advance of any budget being tabled in the assembly.

The Vice-Chair (Mr. Jean-Marc Lalonde): Further comments?

Mr. Wayne Arthurs: This is not the very first time this has come forward. I understand we've been at this process for at least a year or so. The amounts are reflective, as you go forward, of the current estimates for those periods. It's not an enhanced amount in any way. Any enhancements may come as the result of a budgetary process, but it does provide a provision for expenditures that for the most part would be in line with our current expenditure limits.

Mr. Tim Hudak: Chair, just to reinforce the concerns I have: First, to those members who were here at estimates or may have followed the debate, we asked Minister Duncan why the projections for revenue and expenses for 2009-10 were absent from his economic statement. Traditionally, future years' expenses and revenues, and therefore deficit, surplus or balance, are in the economic statement. For some reason, that was missing altogether. So not only do we not have a budget for next year—that will be in the spring—but we don't even know what the projections are, at this point in time, by the

Ministry of Finance for revenues or expenses the province would incur next fiscal year.

1540

So, through schedule J, they're asking us to authorize massive amounts of funds, more than \$50 billion in total.

The other point I'll raise is, typically these things were done through interim supply and supply motions, which were fully debatable in the Legislature. So members could rise and question certain sums, what ministries they were going into, or make suggestions for changes in the bill. What we're seeing here is one schedule in a larger bill, which will basically limit the attention it receives, because it's jammed into a bill with 20-some sections. Secondly, because this bill was time-allocated and given very short shrift at committee, substantial sums of taxpayers' dollars being authorized is almost swept under the carpet.

So I will be voting against schedule J, but I want to raise a general concern about this practice of the government to have these massive authorizations for new spending slipped into massive budget bills, as opposed to having a debate on something that's a very significant investment of taxpayer dollars.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments? Seeing none, shall schedule J, section 1, carry? All those in favour? Opposed? Carried.

Shall schedule J, section 2 to section 5, inclusive, carry?

Mr. Tim Hudak: Recorded vote.

The Vice-Chair (Mr. Jean-Marc Lalonde): Which one of them?

Mr. Tim Hudak: Sections 2, 3 and 4.

The Vice-Chair (Mr. Jean-Marc Lalonde): Okay. Shall schedule J, section 5, carry? All those in favour? Opposed? Carried.

PC motion number 7, Mr. Barrett.

Mr. Toby Barrett: This is a motion with respect to schedule J, new section 5.1, again with respect to the interim appropriations for the 2009-10 fiscal year.

I move that schedule J to the bill be amended by adding the following section:

“Maximum amount to be expended

“5.1(1) Despite sections 2, 3 and 4, the maximum amount that may be paid out of the consolidated revenue fund for the fiscal year ending on March 31, 2010 for a purpose set out in any of those sections shall not exceed the amount determined by increasing the amount authorized by the Supply Act, 2008 for the same purpose by the expenditure limit growth factor.

“Expenditure limit growth factor

“(2) For the purposes of subsection (1), the expenditure limit growth factor is the sum of,

“(a) the percentage growth in population in Ontario since March 31, 2008; and

“(b) the percentage increase in the consumer price index since March 31, 2008.”

The Vice-Chair (Mr. Jean-Marc Lalonde): Comments?

Mr. Tim Hudak: We have expressed concerns in the PC caucus about the rapid growth of government program spending under the McGuinty government, which effectively is the reason why we find ourselves back in deficit today.

As I said earlier, with respect to schedule J, we're concerned about the authorization of large sums, without due debate in the Legislature, so far in advance, particularly, of any kind of budget for that fiscal year—that we sought to put caps on expenditure growth, without further authorization from the Legislature, basically equivalent to population growth plus inflation.

The Vice-Chair (Mr. Jean-Marc Lalonde): Any other comments?

Mr. Michael Prue: I'm going to have a hard time supporting this, not because I don't want to rein in excessive spending, but because I'm very nervous about what is happening at this particular time with budgets, not only in this province, but around the world. We are in a deficit position. I have said publicly, and I did say so with Mr. Hudak and Mr. Sorbara being in attendance, that the province may have to look at short-term deficit financing, and I would agree to it, provided that the GDP-to-debt ratio remained relatively low, at below 20. I say that understanding that there are many Ontarians who are looking to this government for relief, particularly in terms of poverty, and I'm waiting for the poverty announcement in December. If there is not sufficient budgetary manoeuvring room to deal with the poverty crisis that is here and now, I hesitate to think what will happen if we do not take necessary steps come December. If the number of jobless people rises, if the misery index starts to go through the roof, then I think governments need to act and may have to look beyond what this would allow them to do.

So, reluctantly, I cannot support it. I understand what is being proposed, but the possibility of us being in a very, very long and protracted recession is all too apparent and real to me.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you, Mr. Prue. Any other comments?

Mr. Wayne Arthurs: The intention is to ensure, through the interim appropriations, until the budgetary process is completed, that there's capacity for the government to undertake its necessary expenditures. Given the fall economic statement and the fiscal condition we're currently seeing, I'm not anticipating a lot of growth beyond—what we tried to do is reflect what our current expenditure levels are. We've had some success in getting a budget in place prior to the end of the fiscal year over the past three or four budgets, now. It's unlikely even this year that I think we would see a long-delayed budget that would put us in a position where we weren't able to account, pretty readily, reasonably early in the year to the Legislature on what we anticipate happening.

Mr. Tim Hudak: As a final comment on this, what I would encourage my colleague to take back to the minister is, you could bring this forward as its own act,

and then the Legislature would have a chance to debate the authorization of over \$56 billion. I find the practice one of concern, the growing use by the McGuinty government of this type of massive authorization of spending stuck in a bill with 24 different schedules, and I do fear that it doesn't receive the appropriate debate when it comes about in this manner.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you. Other comments?

We'll move on to the next one, which is schedule J, section 6, and schedule J, section 7. Carried? Carried.

And then we'll move on to schedule K. Shall schedule K, section 1, to schedule K, section 4, carry? Carried.

Shall schedule K carry? Carried.

Shall schedule L, section 1, to schedule L, section 6, carry? Carried.

Shall schedule L carry? Carried.

Shall schedule M, section 1, to schedule M, section 8, carry? Carried.

Shall schedule M carry? Carried.

Shall schedule N, like Norman, section 1, to schedule N, section 8, inclusive, carry? Carried.

Shall schedule N carry? Carried.

Shall schedule O, section 1, carry? Carried.

Shall schedule O, section 2 carry? Carried.

The next one—

Mr. Tim Hudak: Debate.

The Vice-Chair (Mr. Jean-Marc Lalonde): Pardon me. You want to debate on this one?

Mr. Tim Hudak: Yes. We have an amendment coming shortly. I just want to raise the general concerns of the PC caucus. Basically, schedule O would create a new corporation. Currently, those duties have been undertaken with respect to a venture capital fund by the Ontario Financing Authority. We do worry about the growth rate in the bureaucracy. I assume that the OFA has been handling those responsibilities with existing staff. Given the fiscal situation the province finds itself in, we do wonder if setting up a brand new corporation should be a priority at this point in time and object to schedule O as a whole.

1550

The Vice-Chair (Mr. Jean-Marc Lalonde): Other comments? Seeing none, shall schedule O, section 2, carry? All those in favour? Opposed, if any? Carried.

The next one is PC motion number 8. Mr. Barrett.

Mr. Toby Barrett: This is actually the first of four motions with respect to schedule O, which enacts or establishes the Ontario Capital Growth Corporation Act, 2008.

I move that subsection 3(2) of schedule O to the bill be struck out and the following substituted:

“Board

“(2) The board shall consist of at least three and not more than 12 members who are to be appointed by the Lieutenant Governor in Council from a list of proposed members approved by all parties recognized in the Legislature.”

The Vice-Chair (Mr. Jean-Marc Lalonde): Comments?

Mr. Tim Hudak: This is anticipating that schedule O will pass based on government members' votes, so we're trying to make some improvements here and suggesting, in the interests of guarding the taxpayers' investment in the venture capital fund, that all parties work together in suggesting names to sit on the board of this new corporation.

The Vice-Chair (Mr. Jean-Marc Lalonde): Other comments?

Mr. Wayne Arthurs: Just so I understand—the public appointments process provides for scrutiny through the legislative committee on government agencies. So I'm not convinced at all that this needs the proposed members' approval by all three parties recognized in the Legislature.

Mr. Tim Hudak: The agencies committee has a bit of a soft veto. Members of the opposition can circle and question people who are being appointed; ultimately the government has votes on that committee. We thought in the interests of tripartisanship that the parties could work together and suggest a number of names for cabinet to consider to fill the board positions as opposed to the existing process where cabinet makes the decisions. You can call forward a couple of individuals for questions, but it's mostly a soft veto in agencies as opposed to something that's actually tripartite.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you. Any other comments? Seeing none, since there was a request for a recorded vote, it's been deferred to the end.

Now I'll move on to section 4 of the schedule. Shall schedule O, section 4, to schedule O, section 9, carry? All those in favour? Opposed, if any? Carried.

Interjections.

The Chair (Mr. Jean-Marc Lalonde): Can I ask again, shall schedule O, section 4, to schedule O, section 8, carry? All those in favour? Opposed? Carried.

The next one is a PC motion, number 9.

Mr. Toby Barrett: I move that section 9 of schedule O to the bill be amended by adding the following subsection:

“Exception

“(1.1) Despite subsection (1), not more than two employees may be appointed by the Public Service Commission to conduct the business of the corporation.”

The Vice-Chair (Mr. Jean-Marc Lalonde): Comments?

Mr. Tim Hudak: We want to maximize the funds invested in the venture capital fund. We learned during the estimates process that the OFA currently carries out the responsibilities. They're using, if I recall from the committee, two employees from their existing payroll. We think it fair to try to limit this new corporation, if it were to pass, to a maximum of two employees to make sure maximum funds are invested in venture capital firms as opposed to increasing the size of government.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you. Other comments?

Mr. Wayne Arthurs: Mr. Chairman, I think the government's intent would be to ensure as best it can that two employees are sufficient and will undertake that in a very cost-effective way, but should the mandate or the role be expanded and deemed to be so, then it's our view that the government needs the capacity to make those changes without necessarily seeking a legislative change.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you. Other comments? Since there are none, we'll move to the next one, since there was a request for a recorded vote.

Shall schedule O, sections 10 to 17 inclusive, carry? All those in favour? Opposed? Carried.

PC motion number 10.

Mr. Toby Barrett: I move that subsection 18(1) of schedule O to the bill be struck out and the following substituted:

“Winding up of the corporation

“(1) The Lieutenant Governor in Council shall order the board of directors to wind up the affairs of the corporation when the limited partnership known as the Ontario Venture Capital Fund LP ceases to carry on business.”

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you. Any questions? Mr. Hudak.

Mr. Tim Hudak: We're just trying to sunset this new corporation in the interest of saving taxpayers' dollars once the business is complete.

The Vice-Chair (Mr. Jean-Marc Lalonde): Other comments? Mr. Arthurs?

Mr. Wayne Arthurs: I just want to say that if it were successful, and we expect it will be, and the government of the day chose to seek opportunities in additional, potential funds, this would require us to go back for legislative approval yet again, which is not the most efficient way to move forward. So we won't be supporting the amendment.

The Vice-Chair (Mr. Jean-Marc Lalonde): Further comments? Seeing none, a recorded vote has been requested. It's deferred to the end.

Shall sections 19 and 20 of schedule O carry? All those in favour? All those opposed? It's carried.

PC motion 11.

Mr. Toby Barrett: Further and finally, I move that schedule O to the bill be struck out in its entirety.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you. This motion is out of order because you don't strike out a complete schedule. All you could do is vote against it.

Shall schedule O, section 21, carry? All those in favour? Against? Carried.

Shall schedule P, sections 1 to 6 inclusive, carry? Carried.

Shall schedule P carry? Carried.

Shall schedule Q, sections 1 to 6 inclusive, carry? Carried.

Shall schedule Q carry? Carried.

Shall schedule R, sections 1 and 2, carry? Carried.

Shall schedule R carry? Carried.

Shall schedule S, sections 1 to 7 inclusive, carry? Carried.

Shall schedule S carry? Carried.

Shall schedule T, sections 1 to 6, carry?

Mr. Tim Hudak: Debate.

Mr. Toby Barrett: We have a motion—

The Vice-Chair (Mr. Jean-Marc Lalonde): It's 6.1, your motion.

Mr. Tim Hudak: On the motion at hand of Mr. Barrett's, and we have one to come up next, again, I want to raise the concerns about this schedule being inserted into an act that has 24 different schedules. Similarly to schedule J, this authorizes the expenditure of—I'm just doing it quickly in my head—roughly \$34 billion without much scrutiny or real debate in the Ontario Legislature. Therefore, I want to raise the PC caucus's concerns. I'd like to add to that as a stand-alone, and will not be supporting schedule T.

1600

The Vice-Chair (Mr. Jean-Marc Lalonde): We'll ask for the vote again.

Shall schedule T, sections 1 to 6, carry? Those in favour? Opposed? Carried.

PC motion number 12: Mr. Barrett.

Mr. Toby Barrett: This is our last motion—schedule T, which refers to the Supplementary Interim Appropriation Act, 2008.

I move that schedule T to the bill be amended by adding the following section:

“Maximum amount to be expended

“6.1(1) Despite sections 2, 3 and 4 of the Interim Appropriation Act, 2008 and sections 2, 3, 4 and 5 of this act, the maximum total amount that may be paid out of the consolidated revenue fund for the fiscal year ending on March 31, 2009 for a purpose set out in any of sections 3, 4 and 5 of this act shall not exceed the amount determined by increasing the amount authorized by the Supply Act, 2008 for the same purpose by the expenditure limit growth factor.

“Expenditure limit growth factor

“(2) For the purposes of subsection (1), the expenditure limit growth factor is the sum of,

“(a) the percentage growth in population in Ontario since March 31, 2008; and

“(b) the percentage increase in the consumer price index since March 31, 2008.”

The Vice-Chair (Mr. Jean-Marc Lalonde): Comments?

Mr. Tim Hudak: In the interest of time I won't belabour the point, but similar concerns that are raised with respect to schedule J on limiting expenditures without full debate in the Legislature.

The Vice-Chair (Mr. Jean-Marc Lalonde): Other comments?

Mr. Michael Prue: I have similar objections to what I said on schedule J, motion 7.

The Vice-Chair (Mr. Jean-Marc Lalonde): Other comments?

We'll move to the next one, since there was a request for a recorded vote.

Shall schedule T, sections 7 and 8, carry? All those in favour? Opposed? Carried.

Now we're up to schedule U. Shall schedule U, sections 1 to 10, inclusive, carry? Carried.

Shall schedule U carry? Carried.

Shall schedule V, sections 1 to 12, carry? Carried.

Shall schedule V carry? Carried.

Shall schedule W, sections 1 to 11, carry? Carried.

Shall schedule W carry?

Mr. Tim Hudak: Hold on, Chair—debate?

The Vice-Chair (Mr. Jean-Marc Lalonde): Yes, Mr. Hudak.

Mr. Tim Hudak: On schedule W, I just want to raise some concerns. I know my colleague Mr. Barrett from Haldimand-Norfolk has raised these in the Legislature quite consistently. This schedule W, of course is the Tobacco Tax Act.

I think the intention of the government, through schedule W, is to crack down and take a bite out of the underground market. I do worry about the increase in contraband tobacco. I understand, through some of the work done by the Ontario Convenience Stores Association, for example, that contraband tobacco use has grown from 24% to 49% in the Ontario market in the last three years alone. That's a massive increase. It can be found in the homes of one in three smokers, and I think, most unfortunate of all, it's making the biggest gains among young people 18 to 29 years of age. These tobacco products are illegal, they are cheap, they get more people hooked on smoking as a result, and do dramatic damage in fuelling organized crime.

I want to echo the good work that my colleague from Haldimand-Norfolk has done in terms of calling on the government to crack down on the illegal smoke shops and on the growing black market that is causing more young people to smoke, let alone the impact on revenue to the province.

Mr. Toby Barrett: Further to that, these provisions will not stop one illegal cigarette from entering the market. I consider this a very weak and tepid response to a massive societal problem. Close to 50% of the tobacco smoked in Ontario now is illegal. In my riding alone, I have at least five manufacturing operations. They do not pay any provincial tax. One of them is meant to be paying federal tax. I don't think they have forwarded any federal tax in two years.

I like to think that the measures in this bill suggest there might be some kind of joint movement between the province of Ontario and the federal government. We recognize that the measures in this bill strengthen existing provisions, but these provisions are not being enforced at all. The government is proposing to strengthen a law that it does not enforce. It certainly does not enforce it in native communities, and that is a disservice to good people who live in native communities in this province. It does not enforce business that is going on on provincial highways across the province of Ontario. I'm

very concerned about that, and including this here essentially makes a mockery of this proposed legislation.

Mr. Wayne Arthurs: Briefly, I think that the concern regarding smoking illegal cigarettes and tobacco products is one that's shared. Various members of all parties have raised and continue to raise the matter in the Legislature. It's important from the standpoint of enforcement. But the legislation has been acknowledged as helping to build upon the penalties related to illegal activity around the sale and possession of those tobacco products. Obviously, unless you have the penalty framework in place as well, the enforcement can't do its job. So I can't help but agree that we need to be able to do more in the context of enforcement in all sectors, but we also need this legislative framework to make it effective.

Mr. Toby Barrett: This is the finance committee, and we've had delegations in the past, and the estimate now is that Ontario is losing upwards of \$400 million a year in tax revenue. That would have gone a long way to balancing the books, in light of the recently projected deficit.

The Vice-Chair (Mr. Jean-Marc Lalonde): Thank you. Shall schedule W carry? Carried.

We will go back to section 1. Shall section 1 carry? Carried.

Shall section 2 carry? Carried.

Shall section 3 carry? Carried.

As for the requests for recorded votes, we'll do them one by one.

PC motion number 1.

Ayes

Barrett, Hudak, Prue.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): It is defeated.

Motion number 2.

Ayes

Barrett, Hudak.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Prue, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): It is defeated.

Shall schedule A carry? Carried.

Mr. Tim Hudak: I had asked for a recorded vote on section 9 of schedule A, right?

The Vice-Chair (Mr. Jean-Marc Lalonde): Yes, we have it there.

Mr. Tim Hudak: This is the area that Mr. O'Toole had brought up.

The Vice-Chair (Mr. Jean-Marc Lalonde): Shall schedule A, section 9, carry?

Ayes

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

Nays

Barrett, Hudak, Prue.

The Vice-Chair (Mr. Jean-Marc Lalonde): Schedule A, section 9, is carried.

Shall schedule A carry? Carried.

Shall schedule C carry?

1610

Mr. Tim Hudak: Hold on a second. Did we ask for a recorded vote on C? I thought C already carried.

The Clerk of the Committee (Mr. William Short): No. We're doing a housekeeping issue.

Mr. Tim Hudak: Okay. I don't remember it.

Interjection.

Mr. Tim Hudak: Okay, sure.

The Vice-Chair (Mr. Jean-Marc Lalonde): Shall schedule C carry? Carried.

Shall schedule E carry? Carried.

Now we are on a recorded vote on NDP motion 3.

Mr. Wayne Arthurs: This is the amendment; correct?

The Vice-Chair (Mr. Jean-Marc Lalonde): It's the NDP motion.

Ayes

Barrett, Hudak, Prue.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): That is lost.

NDP motion 4, all those in favour?

Ayes

Barrett, Hudak, Prue.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): It's lost. PC motion 5, all those in favour?

Ayes

Barrett, Hudak, Prue.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): The motion is lost.

Shall schedule F, section 2, carry? All those in favour? Opposed? Carried.

PC motion 6, all in those in favour?

Ayes

Barrett, Hudak, Prue.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): The motion is lost.

Shall schedule F carry? All those in favour? Opposed? Carried.

PC motion 7, all those in favour?

Ayes

Barrett, Hudak.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Prue, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): It's defeated.

There was a recorded vote asked for on section 2 of schedule J. Shall schedule J, section 2, carry?

Ayes

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

Nays

Barrett, Hudak, Prue.

The Vice-Chair (Mr. Jean-Marc Lalonde): The motion carries.

There was a recorded vote on section 3. All those in favour?

Ayes

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

Nays

Barrett, Hudak, Prue.

The Vice-Chair (Mr. Jean-Marc Lalonde): Carried. Shall section 4 of schedule J carry?

Ayes

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

Nays

Barrett, Hudak, Prue.

The Vice-Chair (Mr. Jean-Marc Lalonde): It is carried.

Shall schedule J carry? All those in favour? All those opposed? It's carried.

The Vice-Chair (Mr. Jean-Marc Lalonde): PC motion number 8.

Ayes

Barrett, Hudak, Prue.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): It's lost. Shall schedule O, section 3, carry? Carried. PC motion number 9.

Ayes

Barrett, Hudak, Prue.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): It is defeated.

Shall schedule O, section 9, carry? Carried. PC motion 10.

Ayes

Barrett, Hudak.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): It is lost. Shall schedule O, section 18, carry? Carried. Shall schedule O carry? All those in favour? Opposed? Carried. PC motion number 12.

Ayes

Barrett, Hudak.

Nays

Aggelonitis, Arthurs, Leal, Pendergast, Prue, Sousa.

The Vice-Chair (Mr. Jean-Marc Lalonde): It is lost. Shall schedule T carry? All those in favour? Opposed? Carried. Shall the title of the bill carry? Carried. Shall Bill 114 carry? All those in favour? Opposed? Carried.

Shall I report the bill to the House? All those in favour? Carried.

The meeting is adjourned.

The committee adjourned at 1615.

CONTENTS

Thursday 6 November 2008

Subcommittee report	F-481
Budget Measures and Interim Appropriation Act, 2008 (No. 2), Bill 114, <i>Mr. Duncan</i> Loi de 2008 sur les mesures budgétaires et l'affectation anticipée de crédits (no 2), projet de loi 114, <i>M. Duncan</i>	F-481
Coalition After Property Tax Reform	F-481
Mr. Bob Topp	
Canadian Taxpayers Federation.....	F-483
Mr. Kevin Gaudet	
Municipality of Clarington.....	F-486
Mr. Jim Abernethy	
Mr. Dennis Hefferon	

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Mr. Jeff Leal (Peterborough L)

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Mr. John O'Toole (Durham PC)

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