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Jeudi 4 novembre 2010

**Standing Committee on
Finance and Economic Affairs**

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

Enhancement of the Ontario
Energy and Property Tax Credit
for Seniors and Ontario
Families Act, 2010

Loi de 2010 sur l'amélioration
du crédit d'impôt de l'Ontario
pour les coûts d'énergie
et les impôts fonciers
à l'intention des personnes âgées
et des familles de l'Ontario

Chair: Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

Thursday 4 November 2010

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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

Jeudi 4 novembre 2010

The committee met at 0901 in room 151.

**ENHANCEMENT OF THE ONTARIO
ENERGY AND PROPERTY TAX CREDIT
FOR SENIORS AND ONTARIO
FAMILIES ACT, 2010**

**LOI DE 2010 SUR L'AMÉLIORATION
DU CRÉDIT D'IMPÔT DE L'ONTARIO
POUR LES COÛTS D'ÉNERGIE
ET LES IMPÔTS FONCIERS
À L'INTENTION DES PERSONNES ÂGÉES
ET DES FAMILLES DE L'ONTARIO**

Consideration of Bill 109, An Act to amend the Taxation Act, 2007 to implement the Ontario energy and property tax credit and to make consequential amendments / Projet de loi 109, Loi modifiant la Loi de 2007 sur les impôts pour mettre en oeuvre le crédit d'impôt de l'Ontario pour les coûts d'énergie et les impôts fonciers et apporter des modifications corrélatives.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're here this morning for public hearings on Bill 109, An Act to amend the Taxation Act, 2007, to implement the Ontario energy and property tax credit and to make consequential amendments.

CARP

The Chair (Mr. Pat Hoy): Our first and only presentation this morning is from CARP. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. If you'd just state your names for our recording Hansard.

Ms. Susan Eng: Thank you. My name is Susan Eng. I'm vice-president, advocacy, for CARP. With me are Michael Nicin, who's our policy development officer, and Nav Chohan, who has just joined us as a policy researcher.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Susan Eng: Thank you. CARP is a national, non-partisan, non-profit organization. We have over 300,000 members across the country, two thirds of whom live here in Ontario. There are 41 chapters across the country—we expect to have 50 by the end of next year—

and there are 25 chapters here in Ontario, throughout the province.

CARP is on the record as welcoming the provisions of Bill 109, which will provide energy and property tax relief to older Ontarians. There is an estimated \$70 million of additional property and energy tax credits. We are told that over 740,000 Ontarians will benefit from the proposed changes. CARP has consistently called on the Ontario government to provide tax relief for home energy costs for Ontarians, who have been hit particularly hard by the combination of the new harmonized sales tax, the time-of-use meters and, of course, rising home energy costs generally.

When the HST was introduced, CARP made it clear in its submissions that regardless of whether the improved business climate postulated by the government would benefit current and future workers, those already retired and on fixed income did not expect to participate in that future prosperity. Further, the transfer of the tax burden from corporations to individuals was not considered by our members to be offset by the one-time-only rebates and generalized tax relief. This has been pointed out by research in other jurisdictions and in Ontario. Older Ontarians, especially those on low and fixed incomes, have faced escalating home energy costs, and those who find it necessary to spend much of their days at home have been the most affected by the prime-time electricity rates.

Energy prices in Ontario increased by 5.6% during the 12 months ending September 2010. Prices for electricity rose 7.7% in that period. Excluding energy, however, the CPI has only increased 1.5% as of September. So despite very low general inflation, energy has risen steeply and uniquely affects fixed and low-income seniors—low-income Ontarians over the age of 65—because their OAS and GIS are not indexed; they're indexed only to CPI, excluding energy costs.

In fact, researchers have found that while the general population would face a modest increase in tax burden due to the HST after the rebates and general tax relief were factored in, low-income Ontario seniors would be worse off by at least \$150 due just to the HST. Ontario is home to about 1.8 million people aged 65-plus, or about 13.5% of the Ontario population. An estimated 90,000 Ontario seniors are considered to live below the low-income cut-offs, or our generally accepted poverty line.

However, we believe that a better measure of financial insecurity is to look at the percentage of seniors who

receive GIS. About 1.5 million Canadians, or about 30% of all seniors, receive GIS. So if you apply this factor to Ontario, there would be over half a million Ontarians over 65 who are facing financial insecurity in retirement. Consequently, CARP sought target relief for home energy costs, particularly for lower-income seniors, but also to include those in modest and middle incomes. Home energy costs are not discretionary expenditures, especially for those who are housebound. The additional \$70 million in energy and property tax credits represented by Bill 109 will go a long way to mitigating these increased home energy costs.

We never come here without a poll, and we brought them before you when the HST was first introduced. In our submissions to government, we've supported our call for relief with the results of member polling. Of the over 3,700 respondents to the first poll, 69% did not think that the one-time-only rebates and generalized tax relief were enough to offset the added burden of the HST, and 86% did not believe that business would pass on their savings. The added burden, our members said, would force the vast majority of them to cut back on their expenses, including home heating. In a subsequent poll, when we were asking for what should be done about it, while half of the now over 5,000 people polled simply wanted the HST to disappear altogether, the remainder preferred relief for home energy costs over other mitigation options. While there was support for targeting low-income seniors, most wanted the tax relief on home energy costs for everyone.

CARP members will be very pleased that the Ontario government has responded to their call for relief. The targeted relief for lower-income seniors and moving to include a higher income bracket as well will be welcome news, and directs the relief where it's most needed but without leaving out modest-income seniors.

Obviously, our continuing advocacy will be to say that while that is very welcome and much needed—and we are respectful of the province's balance of accounts—we believe that there should be a little bit more because of so many seniors who do face financial insecurity in their retirement and, of course, the rising energy costs, which are a huge burden at a very terrible time for most of them. So we would be looking for control over those rising costs, some mitigation, as well as income supports for lower-income seniors.

Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the presentation. The questioning goes to the official opposition, Mr. Miller.

Mr. Norm Miller: Given that we only have one presenter, I'm certainly happy to share our time with the other parties as well.

First of all, I'm just wondering how you learned about today's proceeding, seeing as you are our only group coming before the proceedings to take note of advertising. If we're advertising, we should be doing or shouldn't be doing it—

Ms. Susan Eng: Well, we've been following this issue quite a bit. We were in conversation with the Minister of Finance's office on another matter. The Minister of Finance was good enough to attend our AGM on Friday, wherein he presented the new pension consultation document. Apropos of that conversation, it was mentioned to us that this event would be coming up.

Mr. Norm Miller: Okay. So it wasn't our advertising, then?

Ms. Susan Eng: No, I'm afraid not. I think it is wise to get that out there. I think that more people need to know about the legislative processes, and we try to keep our members informed about how these things work. We will have an upcoming newsletter that will deal with private members' bills, for example, and give people an idea of how that system works.

Mr. Norm Miller: Typically, it tends to be a pretty quick turnaround time; there's usually only a couple of weeks between when you find out about a hearing and when it's actually happening, so you do really have to be tuned in to know. If you follow the legislative channel all the time, you'd certainly know that they're going on.

With the issue of energy costs, I'd be interested in the sort of feedback you're getting from members. We have seen a lot of increases lately. The Ontario Energy Board—I think it was almost a 10% increase in the energy audit charge, now the charge for smart meters and soon, going to time-of-use metering and the HST. What are you hearing from your individual members about energy costs?

Ms. Susan Eng: We have a lot of complaints. We do get calls from people who are struggling financially, of course, and they will obviously have some real concerns with this. They feel that it's just completely out of control, that it's not something they can do anything about. They obviously have to keep the lights on and the heat on, and they realize that they have no other income coming in.

But it also concerns the people in the middle incomes; it's not like it's just a low-income situation. These are costs that seem to be taking on a life of their own and they can't personally do anything about them. Of course they respect the conservation aims of the government, but they realize—some of them have medical challenges, some of them have no place to go during the day, so there's no reason for them to—they can't avoid the prime-time charges. So we believe that there should be some kind of consideration for those people who are going to be facing those energy charges despite their best efforts.

Mr. Norm Miller: Okay. Did you have a question?

Mr. Toby Barrett: With your survey, you mentioned the 5,000 return. Do you do that electronically? You did two surveys. I was impressed that you were able to get feedback so quickly. Just how do you communicate with your membership?

Ms. Susan Eng: We can do it faster than that. I didn't want to go on because some of the members have heard me say this before. We have an electronic newsletter that

goes out twice a month. It goes to 80,000 email addresses now, opt-in subscribers, of whom some 20,000 or 30,000 always open the email and read it, and we get a response rate of about 3,000 to 5,000 people for any of our surveys, depending on their interest levels. Often, the answers are available overnight. We will have trend lines overnight; we will have over 1,000 overnight. If it's a really hot topic, we could have 2,500 overnight, and by four days, we have all the answers in, because after that, I guess they lose interest. But we will have solid trend lines overnight, and within two or three days, we can give you solid answers.

For issues that matter provincially, we will also do some cross-tabbing. We did so in respect to the HST items as well, so we tried to isolate Ontario and BC.

Mr. Toby Barrett: Thank you.

Mr. Norm Miller: If the other parties wish to ask questions, it's fine by us.

The Chair (Mr. Pat Hoy): In light of the fact that we only have one presenter, I'll allow it.

Mr. Peter Tabuns: Thank you very much for coming in this morning, by the way.

The Ontario energy and property tax credit: Do you expect it will offset the increased costs that the seniors are facing?

Ms. Susan Eng: The answer is no. It won't offset all the costs that they need. Especially at the low-income levels, an extra \$100, approximately, in the credit will go a long way to moving in the right direction.

It's substantive. We will argue it's not enough, but it's certainly a goodly amount, and it targets in the right way. It definitely looks after the people at the low-income levels, and it actually reaches up in almost the clawback levels that you find for OAS, so it's going into the higher levels of income as well.

I think that it will have a good net effect, but by no means do I think it's absolutely enough.

Mr. Peter Tabuns: I don't have any other questions. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The five minutes is concluded. Thank you very much for your presentation.

Ms. Susan Eng: Thank you very much.

The Chair (Mr. Pat Hoy): That concludes our committee business for today. We are adjourned.

The committee adjourned at 0913.

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