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**Official Report
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Tuesday 10 May 2011

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des débats
(Hansard)**

Mardi 10 mai 2011

**Standing Committee on
Estimates**

Ministry of Revenue

**Comité permanent des
budgets des dépenses**

Ministère du Revenu

Chair: Garfield Dunlop
Clerk: Sylwia Przedziecki

Président : Garfield Dunlop
Greffière : Sylwia Przedziecki

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Tuesday 10 May 2011

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The committee met at 0901 in room 151.

MINISTRY OF REVENUE

The Chair (Mr. Garfield Dunlop): Good morning, everyone. Good morning to the Minister of Revenue, all the staff and committee members.

We are here to resume the consideration of the estimates for the Ministry of Revenue, vote 3201. There's a total of two hours and 52 minutes remaining. When the committee was adjourned, the government had nine minutes left in the 20-minute rotation.

Now I turn it over to the government, Mr. Delaney, to carry on for the next nine minutes.

Mr. Bob Delaney: Thank you very much, Chair, and welcome back, Minister.

Over the weekend something happened at home that I thought I would bring up. It was very routine; we were just doing a little bit of landscaping, and my lovely other half, Andrea, had asked for quotes and whatnot. There was obviously one quote and one contractor that stood out above everybody else. She had asked, under her name; she uses her maiden name. So I had a chat with the guy—I don't think he knew who I was and what I did—and I said, "You've just quoted the one price here. Could you break the price out?" So he says, "Oh, yes. I'll break it all out for you." I asked him a leading question and I said, "Does this include all taxes?" And he said, "Yes, all of our taxes are built in."

I had another little chat with him and I asked him about the nature of his business and the type of people he employed. He'd been to university. He was a very, very bright guy, still in his twenties—lucky man. As we talked, he very clearly understood the business of being a landscaping contractor, and he also understood that in the progressive series of reforms to taxation that the government had implemented over the last several years, if you actually obey the law you have a competitive advantage over people who would default to working under the table. For example, all of the taxes that he pays on the fuel that goes into his truck, pro-rated by the amount that he uses for business as a proportion of his total mileage, is completely deductible against the taxes that he charges. All of the taxes that he gets his labourers to charge to him are completely deductible against the taxes that he charges to his clients. The list goes on: his tools—just about everything that he uses in the course of conducting

business, much of which he had formerly had to eat, in terms of taxation, and had to pass along in the form of higher prices.

What I thought was interesting is that here was a guy who understood the law, made no bones about the fact that he fully intended to obey it, but also grasped the point that it gave him a competitive advantage.

In doing analysis on this, one thing that comes to mind is that a taxation regime where everything like this is easy to understand and where you deduct the tax that you pay from the tax that you charge enables you to pass through all of that, where at each step you're only adding the incremental tax on that. This, in the jurisdictions that have adopted a value-added tax—which is what this is, a European-style value-added tax—has enabled many of the 140-some jurisdictions worldwide to eat into the underground economy, because it actually doesn't pay to be crooked. It does pay to be tax- and law-abiding because it gives you a competitive advantage in the marketplace.

I wonder whether or not you'd like to comment on that and expand on that.

Hon. Sophia Aggelonitis: Thank you very much, Mr. Delaney. You're right: The underground economy is a reality, in fact, in all economies, and its existence is unacceptable.

When we speak about the underground economy, it is a priority for our government. It is about combating it. What we know is that the underground economy hurts all Ontarians. Unpaid taxes mean fewer taxes for provincial programs such as health care and education, and they place a heavier burden on Ontarians who do pay their taxes. Making sure that we have a strong economy, an economy that strengthens an aboveground economy, is exactly what our tax package is all about.

I would like to quote, if I can, the federal budget for 2008. It's right here in the federal budget, and I'd like to read it for the record. The federal government is saying, "Replacing remaining provincial retail sales taxes ... with value-added taxes harmonized with the GST is another area where provinces can contribute to strengthening Canada's tax advantage. Provincial RSTs impair competitiveness because they apply to business inputs, increasing production costs and deterring investment. By comparison, a value-added tax system provides" more "businesses with full tax relief through the input tax credit mechanism. Provincial sales tax harmonization is

the single most important step provinces with RSTs could take to improve the competitiveness of Canadian businesses.”

That’s really important for us to note, especially when we are talking about the underground economy, because we want to make sure that our economy is strong. That’s why we want an aboveground economy, something that’s good for all Ontarians: because we know that our personal income taxes and our sales taxes help promote our services that we depend on, and those are health care and education and a stronger economy for jobs.

The Chair (Mr. Garfield Dunlop): Two and a half minutes, Mr. Delaney.

Mr. Bob Delaney: Okay; thank you very much.

One of the things I’ve found very interesting is that among the first noticeable price decreases in this, the fourth quarter of the implementation of the harmonized sales tax, have been from organizations that prior to the implementation of the HST had been subject to both taxes anyway, particularly in home contracting, flooring, roofing, tiles: things dealing with the building and construction trades. I think the form in which you often see it is that it started off by saying, “Buy by such-and-such a day and pay no sales taxes,” or pay no HST or whatever. And I thought, “That’s interesting, because that indicates you’re flowing through an 8%—if it’s ‘pay no HST’—price reduction, or ‘pay no sales taxes,’ and that’s a 13% reduction.”

Now, sometimes in advertising you’ll see, “For this limited time only, a price reduction of twice the sales tax.” I’ve seen that a few times as well. Interesting that they’ve been in businesses that have all been subject to both sales taxes before and since. Do you want to make a last comment?

The Chair (Mr. Garfield Dunlop): You’ve got about a minute there to wrap this up.

Hon. Sophia Aggelonitis: I would, Mr. Delaney. In fact, there is a report from Professor Michael Smart, who does document that two thirds of savings have already been passed to businesses in the last six months.

The Chair (Mr. Garfield Dunlop): Thank you, Minister. And I should say—just a second here—we’ve got a delegation here today from the province of Punjab, Pakistan, led by His Excellency Rana Muhammad Iqbal Khan, Speaker of the Provincial Assembly of the Punjab. Thank you very much, and welcome, sir.

We will now go over to the opposition members for the next 20 minutes.

0910

Ms. Lisa MacLeod: Thanks very much, Mr. Dunlop. I appreciate the opportunity, again, on behalf of the official opposition to ask questions of the minister and the deputy. I really appreciate you joining us again today. Of course, welcome to our special guests from Pakistan. I hope you learn a lot about the HST today, which is a tax that was brought in a year ago.

Over the weekend, I had an opportunity to review the Hansard of this committee. I understand that we probably have about 30 questions that are outstanding. The first

question I’d like to lead off with today is: Do we have any answers for those questions? I believe Terrence had prepared a briefing note. I’m hoping that it was provided to the minister.

Mr. Terrence Teixeira: It was provided to the clerk, who I believe passed it on to all committee members.

Ms. Lisa MacLeod: I’m talking about the memorandum, about the questions that were outstanding. Was that provided to the minister?

The Clerk of the Committee (Ms. Sylwia Przedziecki): No, it’s available here today.

Ms. Lisa MacLeod: Okay. Minister, so—

Mr. David Zimmer: Sorry, I didn’t hear that.

The Clerk of the Committee (Ms. Sylwia Przedziecki): It’s available here this morning.

Ms. Lisa MacLeod: So I guess it’s not—if we could provide that to you, because we would dearly love those.

The other thing that I did over the weekend, and I thoroughly enjoyed this, was read the transcripts by the former parliamentary assistant to this committee, Mr. Naqvi of Ottawa Centre. He had some hard-hitting questions. One of them was, “July 1 of ?” I assume that’s the date of the HST. I was happy to know that the minister was able to provide us with an answer of “2010.” But he did have a line of questioning which I thought was quite interesting, because he talked about the 83% of items that saw no tax increase, that stayed the same—no tax decrease either; let’s be clear.

I thought it was just a little bit over the top insofar that the former parliamentary assistant had talked about Tim Hortons. Yesterday was the first day that I went to Tim Hortons on the 401. I drive sometimes from Ottawa. In the last two weeks I’ve done that. I stopped in to a Tim Hortons, and I walked out for the first time ever, and do you know what was charged on my order at Tim Hortons?

Mr. Robert Bailey: HST.

Ms. Lisa MacLeod: HST.

I raise this because of much fanfare and excitement and pomp. I believe the Premier had gone to—perhaps it was Oakville or another Tim Hortons. Can you tell us why he made that announcement? I think it’s really relevant to where we’re at today.

Hon. Sophia Aggelonitis: I thank the member for that question. I too had an opportunity to review some of the Hansard over the weekend. I think we’re having a very good discussion about Ontario’s comprehensive tax package. We are having a very good debate on what it means for families and what it means for businesses. I think, most importantly, the question is, what does it mean for families?

Ms. Lisa MacLeod: No, I think the question I just asked was, effectively—a year ago, this government, the Liberal government, made an announcement at a Tim Hortons. It was raised, and you answered the member from Ottawa Centre.

I’ll read the question; let me find it. “What if I went to Tim Hortons and just got my—I usually get a tea biscuit and a small coffee; that’s my routine at Tim Hortons.

What kind of sales tax would I have paid before July 1, 2010?"

Hon. Sophia Aggelonitis: Thank you to the member. Again, what I do want to put on the record is that 83%—

Ms. Lisa MacLeod: Well, you put this on the record. You said: "If your bill was over \$4, you would be paying the tax."

Mr. Yasir Naqvi said: "The 5% plus 8%?"

You said: "The 13%—and if it was \$4 after July 1, it would again be 13%."

Mr. Naqvi: "As I recall, I think I pay something around \$2.30 or \$2.40 for that small coffee and a tea biscuit that I usually buy. What would have been the tax before July 1, 2010, on that?"

You said: "You would have paid the GST, but you would not have paid the PST. That is the same after July 1."

Mr. Yasir Naqvi: "So HST on something less than \$4 is still 5%?"

You say: "It is still 5%, and that's money that's collected by the federal government."

Mr. Naqvi: "Okay. So there has been no change."

Here's the problem: There has been a change, because when Mr. McGuinty and Mr. Wilkinson and Mr. Naqvi, at the time, decided that they were going to go to a Tim Hortons and tell the province of Ontario, "Don't worry. Prepared foods under \$4 won't be taxed," that was before many of our restaurants and small chains, like Tim Hortons, saw an increase as a result of their prices.

So yesterday, when I was driving down the 401, was the first time that I was actually charged HST.

I think it goes back—and with respect to the minister, who is refusing to answer this question—to the question on hydro. When hydro bills go up, how much more money are you bringing in? When prices at Tim Hortons hit that \$4.01 or \$4.02 mark, how much more are you bringing in? I guess that's the question that you're refusing to give us answers to. You can put as many things on the record as you want, but you know what? You're government and we're opposition, and we're asking you: How much more money are you bringing in as a result of, now, higher hydro prices and as a result of higher prices with prepared foods that perhaps have different reasons for going up? That's the question. I'd like to know.

Mr. David Zimmer: Jim Flaherty perhaps can answer this.

The Chair (Mr. Garfield Dunlop): Mr. Zimmer, you'll have your turn in another 20 minutes.

Hon. Sophia Aggelonitis: Thank you very much, Ms. MacLeod. Again, I do want to just mention that last week, when we were in this room with our deputy minister, Steve Orsini, when you spoke about exacts—because I did respond to your questions. I appreciate your questions. When I did respond—the Ministry of Finance for the province of Ontario is responsible for financial reporting, for estimates and for forecasts. For those specifics, I know that the Minister of Finance will be here.

But when it comes to the Ministry of Revenue, we do collect taxes. We have compliance programs. We administer tax statutes. And most importantly, we have been involved in making sure that the implementation of the HST runs smoothly and is helpful, not only to the people but also to businesses in Ontario, because at the end of the day, it's all about jobs for Ontarians and being more competitive.

Ms. Lisa MacLeod: You know what shocks me? We've had a week now, and the Ministry of Revenue and the Ministry of Finance have had an opportunity, I think, to talk to one another, to provide us with that answer.

Anyway, regardless, I was so inspired by Yasir Naqvi's line of questioning last week that I thought I'd follow up with my own take. Let's talk about home phone service. How much would you have paid on June 30, 2010?

Hon. Sophia Aggelonitis: Again, they're specifics, and I will definitely ask my deputy. But what I would like to say—

Ms. Lisa MacLeod: But you answered Yasir Naqvi on specifics, whether that was his Tim Hortons coffee or his basic groceries. I don't understand why it would be any different for a member of the opposition to ask you what a percentage would be, based on two different lists. You're happy about the 83%. We're concerned about the 17%. So perhaps you could tell me what the percentage of the GST and PST would have been on home phone service prior to July 1, 2010.

Hon. Sophia Aggelonitis: Absolutely. You know, Ms. MacLeod, just for the record, I have to say that without a doubt, I think that what the opposition parties and the government members bring to committees like this is extremely important for the people of Ontario, and I appreciate your questions.

But when it comes to your questions about what has changed and what hasn't changed, we have been open and transparent right from the start: 83%—

Ms. Lisa MacLeod: What was the per cent before, and what is the per cent today?

Hon. Sophia Aggelonitis: Home phone services before July 1 were 5% and 8%. Therefore, after July 1, it would remain 13%.

Ms. Lisa MacLeod: Okay. Let's go to a haircut.

Hon. Sophia Aggelonitis: A haircut—

Ms. Lisa MacLeod: I have a little girl and I've got to take her to get her hair cut. Before, it was only 5%; now it's an extra 8%. Now, for my daughter to get her hair cut, or any other person to get their hair cut, it's an extra 8%.

I'm just wondering about accountant fees. It's tax time. Some people file online; some people go to an accountant. The question I have—

Mr. David Zimmer: Ask Jim Flaherty.

Ms. Lisa MacLeod: Jim Flaherty's not here. You bring me Jim Flaherty and I'll have a conversation with Mr. Flaherty. But he's not.

The funny thing is, this is where I take great exception to—

The Chair (Mr. Garfield Dunlop): Okay. I don't think a debate between—

Ms. Lisa MacLeod: But this is where I take great exception to this Liberal government. They do not take ownership of anything that they have done. I want to know: On June 30, 2010, what was the tax on accountant fees, and what was the tax on accountant fees on July 2, 2010? What was the tax? What was the percentage?

Hon. Sophia Aggelonitis: Like I said previously, 83% of the goods and services that we in Ontario purchase saw no change; 17% did see a change.

0920

But I'm really glad you talked about accountant services. We know that our accountants have a very important job to do, because we know that they help people file their taxes, and 93% of people saw an income tax cut.

Ms. Lisa MacLeod: So did these accountant fees go down, did they go up or did they stay the same as a result of the HST? Do you have that answer?

Hon. Sophia Aggelonitis: Absolutely. What we have is a booklet about what changes and what doesn't change under the HST. This booklet was delivered to Ontarians, and we still have it online—

Ms. Lisa MacLeod: Does it say accountant fees went up by 8%?

Hon. Sophia Aggelonitis: —as we have many different—

Ms. Lisa MacLeod: Did they go up by 8%?

Hon. Sophia Aggelonitis: —a lot of different advertisements that we have done, but most importantly, trying to get the information to the people of Ontario about the tax changes.

Ms. Lisa MacLeod: Okay, so just in the spirit of how you answered Mr. Naqvi's questions when you were very excited about the fact that some didn't see a decrease and didn't see an increase but they stayed the same at 13%—the question, then, that I have, in the very same spirit of Mr. Naqvi's question, is: On June 30, what was the provincial and federal sales tax combined on accountant fees? On July 2, 2010, what was that tax rate?

Hon. Sophia Aggelonitis: There was a change.

Ms. Lisa MacLeod: Yes. Can you tell us what it was?

Hon. Sophia Aggelonitis: Well, like I said, 83% of the things that you and I—

Ms. Lisa MacLeod: No, let's just talk about the 17%, this one very small thing called accountant fees. What was that increase, or was it a decrease, or did it stay the same?

Hon. Sophia Aggelonitis: If you would like to know the specifics—

Ms. Lisa MacLeod: You're having a real rough time actually saying you've increased taxes on accountant fees by 8% overnight.

Hon. Sophia Aggelonitis: I think what's really important for the people of Ontario to know is that businesses receive input tax credits. Businesses like accounting services and other professional services would receive business income tax—

Ms. Lisa MacLeod: Do you know any accountant who reduced his fees since the HST was introduced?

Mr. Bob Delaney: Chair, on a point of order on that: The member is asking a minister of the crown to presume to know the business model of every particular service provider in Ontario, and it is not a realistic question to ask.

Ms. Lisa MacLeod: The question I have, though, is: If input tax credits are as a result of purchasing something, what would an accountant, in terms of a service structure, have purchased to lower the price of his service? I just debunked that.

But you know what? The reality is that we were having a tough time of them acknowledging the fact that they actually increased accountant fees by 8%. I know that my husband and I, when we do our taxes—that bill could be about \$800. That's a lot of money to add an extra 8% on tax to.

You know what else gets my goat? As you know, I have a small child and we're involved in lots of things: she dances, she plays soccer, she plays ringette.

Mr. David Zimmer: What's ringette?

Ms. Lisa MacLeod: And I have to tell you something: On July 1, 2010, do you know what happened to all of that sports registration—

Mr. David Zimmer: I'm just trying to understand the context—

The Chair (Mr. Garfield Dunlop): She's talking about sports that her daughter's involved in.

Interjection.

Ms. Lisa MacLeod: It's too bad that you don't understand things, but the reality is you can go Google it. It's a legitimate sport.

Anyhow, we have ringette, we have dance—and ringette's similar to hockey; it's played on ice—and we have soccer. I was shocked to know that after July 1, guess what happened with all of those registrations? Well, you should know, as the Minister of Revenue, that your department has increased those registration fees by 8%.

Mr. John O'Toole: That was 8% more.

Ms. Lisa MacLeod: That was 8% more that made it more difficult.

Let me just take the example of the dance studio, the Nepean Studio School of Dance—a great group of people; a lot of volunteers there who do a lot of fundraising for children in competitive dance. My daughter's not at that stage yet; she just has fun jumping and leaping around and wearing a tutu. It's a good time. Having said that, there are kids who are in competitive dance, and that extra 8% after July 1 has made it more difficult for families to make that payment.

As we got closer to the July 1 date of 2010 to bring in that HST, the government brought in something that we brought forward, which they had rejected at the time, which was a children's fitness tax credit—or a children's activity tax credit; I believe they also cover arts here. I thought that was a significant acknowledgement that they had made sports registration so unaffordable for so many

parents because of that 8%—that what they were effectively doing was taking with this hand, putting some in the pocket, taking a little bit out and giving a pittance back to families with children.

I would like your comments on that whole area—and by the way, it doesn't just affect parents who are putting their children through sports; it also impacts—we had Curves here. We had 300 or 400 people out front doing a rally one time because their memberships were going up. We hear it quite—

Failure of sound system.

The Chair (Mr. Garfield Dunlop): The mikes aren't working right now. Excuse me. We need a quick recess.

The committee recessed from 0927 to 0931.

The Chair (Mr. Garfield Dunlop): We'll reconvene, then. Ms. MacLeod, you have three minutes.

Ms. Lisa MacLeod: Three minutes. That's not a lot of time, but thanks very much, Chair.

Just another couple of quick questions similar to the line of questioning asked by your own caucus colleague Yasir Naqvi from Ottawa Centre, former parliamentary assistant to the previous Minister of Revenue.

If I went to the chiropractor on June 30, what tax would I have paid?

Mr. John O'Toole: Physiotherapy, too.

Hon. Sophia Aggelonitis: Again, thank you very much—

Ms. Lisa MacLeod: I was going to ask massage, but given the last two weeks, I decided I wouldn't ask that question.

Mr. Bob Delaney: We all know each other here.

Hon. Sophia Aggelonitis: Again, Ms. MacLeod, 83% of goods and services have seen no change; 17% have seen change. When you spoke a little while ago, you spoke about children and recreation fees. I want to put on the record that certain memberships and recreation fees are not subject to HST if they are provided by a public service body, a municipality, a not-for-profit organization, if they consist of supervised instructional classes or activities involving athletics, outdoor recreation, music, dance, crafts, arts, hobbies or other recreational pursuits where the program is provided primarily to children 14 years of age or younger, and a large part that does not involve overnight supervision, such as summer camps—

Ms. Lisa MacLeod: The only problem with that, Minister—and I apologize because we're dealing with this ourselves—many of those organizations do have to pay an increase on rentals, an increase on many of the things that they bring, so that price has actually gone up.

Hon. Sophia Aggelonitis: But they get rebates.

Ms. Lisa MacLeod: A rebate after the fact. Who goes for the rebate? We all know that's bureaucratic.

I did have a quick question, and I'd appreciate a direct answer because chiropractic was delisted by your government in health care. On June 30, 2010, what was the amount of tax that was applied to chiropractic services?

The Chair (Mr. Garfield Dunlop): You've got a minute left.

Hon. Sophia Aggelonitis: Again, I thank the member for the question. We know that 83% of goods and services in Ontario saw no change; 17% did see some changes.

Ms. Lisa MacLeod: And chiropractic, as you would acknowledge, is one of them?

Hon. Sophia Aggelonitis: At this moment in time, what I can tell you is 83% saw no increases—

Ms. Lisa MacLeod: So of the 17%, though, chiropractic did see an 8% increase overnight on July 1?

Hon. Sophia Aggelonitis: We have published a document; in fact, it's online, but we also—

Ms. Lisa MacLeod: Yes, I know. You know what? Come on. We're right here. We're like two feet, three feet apart—well, maybe longer than that. But the reality is, you can just answer. You don't have to revert to something on a website. You're sort of right there.

The Chair (Mr. Garfield Dunlop): You have 20 seconds to do whatever you're doing.

Ms. Lisa MacLeod: I would have appreciated the openness and the honesty, but—

Interjections.

Hon. Sophia Aggelonitis: Again to the member, we do have a brochure called “what changes and what doesn't change under the HST” for the people of Ontario to see those exact figures.

The Chair (Mr. Garfield Dunlop): Okay. That's the end of the official opposition's rotation. We'll now go to the third party. You have 20 minutes, Mr. Bisson.

Mr. Gilles Bisson: Hello, Minister, and good morning.

I've got a bunch of questions here, and I would ask if you can flip, on the expenditure estimates book, to page 208 before I start, so at least you follow along with what the questions will be. You're ready? Okay.

There are a couple of things that I'm trying to figure out here. On the operating expense side of your ministry, you're showing an overall decrease in expenditure of over a billion dollars, and I'm just trying to figure out exactly where that is coming from—well, I know where it's coming from, but exactly what you've done. For example, on line 1, operating expense, economic policy: You go from, I take it, \$20 million to \$10 million. Can you explain what the economic policy is? Not that it's a bad thing to spend less, but I'm trying to figure out why.

Hon. Sophia Aggelonitis: Well, thank you very much, Mr. Bisson, and welcome to the committee.

First, let me just say that in our printed estimates that you have in front of you, our ministry projected estimates for the 2011-12 fiscal year. It's \$2.3 billion in operating costs, a change of \$1.8 billion from last fiscal, which was just over \$4 billion. These changes are a net result of several increases and decreases to the ministry's operating budget, and I would ask my deputy if he could add to that.

Mr. Gilles Bisson: If you can just walk me through it on the first line, on economic policy. It's not a lot, but it's \$9 million less. What are you not doing that—

Hon. Sophia Aggelonitis: Can we just make sure that we're looking at the same—

Mr. Gilles Bisson: Page 208, fiscal and financial policy programs. It's the big book. You guys print this thing.

Mr. Steve Orsini: We have the annotated version of it.

Hon. Sophia Aggelonitis: If we could just take a look at that book, that would be great. Thanks.

Mr. Gilles Bisson: So on page 208, item number one, there's economic policy, a decrease of about \$10 million. What are you not doing? What have you done differently?

Hon. Sophia Aggelonitis: That page number that you're looking at, page 208, is under Ministry of Finance.

Mr. Gilles Bisson: No, I understand, but I'm asking. I figure you're somewhat related: You get the revenue and he spends it.

Hon. Sophia Aggelonitis: We do get the revenue, and I thank the member for the question, but those specifics about the Ministry of Finance—I know he's coming.

Mr. Gilles Bisson: So we're not going to get an answer to that. Okay, I was just trying. It was one way of getting to it.

Let me get to the next one. If I look at the amount of revenue that the province has brought in, looking at the budget book page 230—now we're back into not Ministry of Finance, but Revenue—as I look at that over the last 10 years, the amount of revenue coming in that has increased in the province of Ontario went from \$74 billion back in 2002 to \$108 billion this year, which is about \$50 billion extra—no, \$34 billion extra, excuse me. I look at the expenditure side, and you've basically gone from \$74 billion to \$124 billion; that's record expenditures of \$50 billion over 10 years.

As I looked at your budget in regards to expected revenue in order to balance, it seemed to me that your numbers were somewhat optimistic as far as what the revenue would be. I guess my question is, are you still holding firm to the numbers that you've put in the budget document when it comes to revenue, or do you think you may have to adjust that downwards?

Hon. Sophia Aggelonitis: Thank you, Mr. Bisson. That's a great question. What's in the 2011 budget book is a budget that was developed from the Ministry of Finance, which reports four times a year to the people of Ontario our budget numbers and our real numbers. I know that the Ministry of Finance will be coming to this committee to discuss those types of questions and I know they'll be here.

Mr. Gilles Bisson: No, but I'm talking revenue. You've gone from \$74 billion to \$108 billion with roughly a \$16-billion deficit. My question to you as the Minister of Revenue is, as I look at your expected revenue projections leading off from this year, it seems to me that they're fairly optimistic as far as what you're expecting. So I'm just asking the simple question: Do you hold true to the projections in this ministry budget that were in the

budget on the revenue side? Are you holding true to those or do you think you have to adjust them downward?

0940

Hon. Sophia Aggelonitis: I did say that the Ministry of Finance is really responsible for financial reporting, estimates and forecasting, where the Ministry of Revenue really is about administering the tax statutes, collection and compliance programs for the ministry of—

Mr. Gilles Bisson: So the Minister of Revenue doesn't give a little whisper to the Minister of Finance in regard to what they figure the revenue's going to be? If you're collecting the revenue, it seems to me that you're the one who gives the information to the Minister of Finance on what to project, or at least one of the people; aren't you?

Hon. Sophia Aggelonitis: Again to the member, the Ministry of Finance really is the one that is responsible for financial reporting, estimates and forecasting.

Mr. Gilles Bisson: That's not my question. My question is, do you give advice to the Minister of Finance in regard to what projected revenues will be—yes or no?

Hon. Sophia Aggelonitis: Again to the member, the Ministry of Finance is in charge of financial reporting, estimates and forecasts.

Mr. Gilles Bisson: So you don't give the advice, you don't want to give the advice or you don't know. Which one is it?

Hon. Sophia Aggelonitis: You know, again to the member, the important thing is that we have a 2011 budget that I think, when you look at our tax package for the people of Ontario, is a great package because it's putting money back into people's pockets.

Mr. Gilles Bisson: That's not my question. My question is, do you give advice to the Ministry of Finance when it comes to projected revenues that you will be collecting in the outgoing years of this budget?

Hon. Sophia Aggelonitis: The good news is that in the government of Ontario I think we all work very well together, collaboratively, for the best purpose for the people of Ontario.

Mr. Gilles Bisson: So you don't know?

Hon. Sophia Aggelonitis: Again to the member, the Ministry of Finance is responsible for financial reporting, estimates and forecasts. The Ministry of Revenue is in charge of collecting taxes, compliance programs and administering our tax statutes.

Mr. Gilles Bisson: Okay. I'm just going to make this statement and then I'll go to the next question. You're the ministry that collects all of the revenue for the government of Ontario. You collect \$108 billion in revenue through various means and taxes and transfers from the federal government etc., and it seems to me only logical that you would have some say as to what you think the projected revenue's going to be on sales tax, on employee health tax, on personal income tax, on corporate tax. It seems to me that the Ministry of Revenue would have some projections of what they think the numbers are going to be, as far as what the revenue's going to be in

the outgoing years. You don't want to answer that. People can draw their own conclusions.

Let me get to the next one over here. On the sales tax side, what's the total amount now—if I read this correctly, the total amount of sales tax, combined HST and PST, is estimated at \$20 billion this year?

Hon. Sophia Aggelonitis: Thank you for that question. The full package, the comprehensive tax package, is really a package that is good for families and businesses. I can ask my deputy if he could comment further on your question.

Mr. Gilles Bisson: I just want to properly understand. It's \$20 billion; right?

Mr. Steve Orsini: On page 183 of the budget—are you on that page?—it shows the interim numbers for 2010-11 for sales tax, and that is \$19 billion for sales tax for the full year of 2010-11. Then it provides a three-year projection. The Ministry of Finance estimates what the ministry believes will be the total sales tax revenue over the next three years. Then it shows all the other revenues that the Ministry of Finance forecasts.

Mr. Gilles Bisson: I guess my first question is, who makes the projection from the \$20 billion this year to the \$22 billion in 2013? Who makes that projection?

Mr. Steve Orsini: It's the Ministry of Finance. They have a dedicated revenue forecasting group that does that. The Ministry of Revenue provides audit numbers from the audit work that we do and our collections work on some of the tax statutes. A number of the significant tax sources are actually collected by the federal government. The corporate income tax is now collected by the federal government. That changed in the last couple of years. Sales tax is now collected by the federal government, and the personal income tax has been collected by the federal government for some time. There are 12 other statutes that the Ministry of Revenue collects.

Mr. Gilles Bisson: So you can't comment as to the projections, if you think they're high or low—

Mr. Steve Orsini: That's a Ministry of Finance question.

Mr. Gilles Bisson: You can't. Okay. All right. I hear you. We can get into that debate when we get the Ministry of Finance in.

Interjection.

Mr. Gilles Bisson: What's that?

Mr. John O'Toole: All the revenue numbers are low-ball.

Mr. Gilles Bisson: Yes, I know. That's why I'm asking the questions.

Let's get back to the sales tax, then. Do you have numbers as to the breakdown on the collection of sales tax on various sectors of the economy or various items? For example, how much HST is collected on a hydro bill? Do you have those kinds of numbers, total?

Hon. Sophia Aggelonitis: Again, any kind of specific like that would be financial reporting through the Ministry of Finance. In the Ministry of Revenue, we do not have those specific numbers.

Mr. Gilles Bisson: Hold it. You collect the tax, don't you?

Hon. Sophia Aggelonitis: Correct.

Mr. Gilles Bisson: So certainly to God, your ministry has to know how much revenue in total has come through the HST on hydro bills.

Hon. Sophia Aggelonitis: Again, Mr. Bisson, the total revenue that you're asking for, those specific questions about taxes—we have, in the province of Ontario, the Ministry of Finance, which is in charge of financial reporting, estimates and forecasts.

Mr. Gilles Bisson: Hold it. Does your ministry collect any money?

Hon. Sophia Aggelonitis: In fact, our ministry does a lot of things, including compliance, administering tax statutes—

Mr. Gilles Bisson: Minister, with all due respect, I'm asking a question as to the collection of taxes in the province of Ontario. Is your ministry responsible for the collection of taxes, yes or no?

Hon. Sophia Aggelonitis: With specifics to the HST, the federal government collects the HST.

Mr. Gilles Bisson: But the money, basically, is projected in your estimates, and I'm asking the question: How much HST is collected from hydro bills in the province of Ontario? Can you get me those numbers?

Hon. Sophia Aggelonitis: Again, if I could ask my deputy to add to that.

Mr. Steve Orsini: The province entered into an agreement with the federal government called the comprehensive integrated tax coordination agreement. This agreement specifies a funding formula for the revenues that the province gets from the HST. It's specified in the agreement itself. That money flows to the Ministry of Finance from the federal government, as well as personal income tax revenues and corporate income tax revenues.

The Ministry of Revenue is responsible for auditing twelve tax statutes, other than corporate income tax and personal income tax. Those are the ones that are collected, audited and enforced by the federal government. There's a formula that comes in one lump-sum payment from the government of Canada that doesn't segregate out the amounts for any particular item.

Mr. Gilles Bisson: All right. So can you get me the number as to the total amount of HST collected on hydro bills?

Hon. Sophia Aggelonitis: Again, to the member, I thank you for that question. The Ministry of Revenue administers; we don't forecast, as the Minister of Finance does. The Minister of Finance is responsible for financial reporting—

Mr. Gilles Bisson: Thank you, Minister. My questions are to legislative research. Can you provide this committee with a breakdown of a couple of things? What is the revenue collected—HST—on hydro bills, specifically; on home heating, excluding hydro, specifically; and how much extra revenue do we get by way of the gas tax—the HST collected on the tax, that is a tax on the tax on gas? Are you following where I'm going?

So on the HST, what I want to know is—

The Chair (Mr. Garfield Dunlop): You're asking legislative research?

Mr. Gilles Bisson: Yes, I'm asking legislative research. How much HST is collected on hydro and on all home heating outside of it? And also, if you could provide me the number on the taxes collected on gas? That would be a start.

Let's go on to other parts of your ministry, and hopefully you can answer these. The diamond tax: Can you tell me how much you collected on the diamond tax this fiscal year? I know it's in here somewhere, but I'm just curious.

Hon. Sophia Aggelonitis: I appreciate the question, but just if I could answer, you had asked a question prior to this. When you look at our tax system, our comprehensive tax package, we are in fact cutting taxes. That's really important to put on the table.

When it comes to the diamond tax, I will ask the deputy to answer.

Mr. Gilles Bisson: Specifically, what I'm looking for is, what do they pay now versus what they would have been paying before the increase? You have a royalty that you're collecting on diamonds that are coming out of the Victor project, and I'm just curious if you have the numbers for how much we are collecting this year, and what it would have been under the previous tax regime when it came to royalties.

0950

Mr. Steve Orsini: The diamond royalty would be as part of other revenues in the budget. Segregating that out, we don't have that information available. We would have to contact finance to get that information. We wouldn't have that available right now.

Mr. Gilles Bisson: So corporate taxes that you collect from your ministry, you don't have the numbers; it's the Ministry of Finance that has them?

Mr. Steve Orsini: The corporate income tax revenue is collected by the federal government, and they make payments to the Ministry of Finance. The ones that we would have numbers for are the amounts that Ministry of Revenue staff go out and audit under the 12 tax statutes that we do have responsibility for, like the employer health tax for example, so we would know how much audit revenue we would collect and also our collections amount. The total amount of revenue that would come from those sources would be part of the Ministry of Finance looking at general trends in the economy—you know, salary and wages, the number of employees—to gauge the estimate of what these tax revenues would be.

Mr. Gilles Bisson: To legislative research: Can you get me what the numbers are on the amount collected on royalty? I'm looking specifically at two things: Looking on the diamond mine side, what is the royalty that is collected this year, and what would it have been under the previous system before they did the increase? Also, if I can get a list of any other royalties. My understanding is that there is no royalty on gold. As far as I know, I think it's just corporate income taxes that are charged, but are

there any other royalties collected on other minerals? If you can break those down as well, I wouldn't mind getting it.

We collect a thing called a stumpage fee in Ontario; it's collected by the province of Ontario and charged to people who cut trees in our forests. Do you have those numbers? It's revenue.

Mr. Steve Orsini: I think that is under the category of non-tax revenue—I'll need to clarify that—and that would be the Ministry of Natural Resources and forestry. We ourselves—it's not one of the statutes that the Ministry of Revenue is responsible for.

Mr. Gilles Bisson: Thank God research is here. If you can provide me with the numbers collected over the last three years, the money on stumpage that was collected, if you can give me that as well. I'm going somewhere with all this, obviously.

The Chair (Mr. Garfield Dunlop): You have two minutes left.

Mr. Gilles Bisson: Yes, thank you, two minutes left.

On the income from government businesses: We operate casinos, the LCBO, all that kind of stuff. I'm sure it's in the book, but I notice that your revenue projections on those types of businesses increase by about \$800 million over the next two years. We're currently collecting about \$4.5 billion. I'm sure it's in here, but do you have the numbers for LCBO versus the various ministries, and what page? If you can quickly help me, because I have a question. LCBO, casinos and all that is where?

Mr. Steve Orsini: Those would be under the income from government business enterprises, as you've noted. The individual breakdown we wouldn't have in the Ministry of Revenue. Again, that would be the Ministry of Finance that has the breakdowns for those numbers.

Mr. Gilles Bisson: I hope they pay you a full salary to do what you're doing over there.

All right. I don't have any other questions. Thank you.

The Chair (Mr. Garfield Dunlop): We'll go down to the government members for 20 minutes.

Mrs. Maria Van Bommel: I just want to take a little bit of time to talk about the way that the implementation of the HST has impacted on a very specific industry, which is agriculture, and as everyone knows, that's something that I'm very close to.

One of the things that has happened on our farm in the last two years is that we are in the midst of a transition from ourselves to our son, so we're moving on to the next generation, and anything that we can do to help put more money into the beginning farmers' pockets is important to do, because as anyone who understands agriculture knows, it is a very capital-intense business, and certainly the initial layout of monies to get into the business can be very, very high and for many can be in the millions of dollars. So anything that we can do to help them in the early years is very important.

One of the things that farmers have always done is, since the inception of GST, we have been part of the system that has allowed us to apply for rebates under

GST. There's a very specific list of items and business costs that farmers can apply to get their GST back on.

Now that we have HST, farmers are also able to do the same thing through the very same system, same application form. We've set up our computers now to calculate the HST, as opposed to just the GST. Before that, we had a system where there was a fairly short list of items that could be exempt at point-of-sale. So what the farmer could do was go into certain stores—usually they're fairly local to rural areas because people there understand them, and one of the most typical would have been the TSC Stores, Tractor Supply Co.—and you would take an item and say to the cashier, "This is for farm use." You had to show your farm business registration number to prove that you were a bona fide farmer. Then, the cashier would be able to tell you whether, according to his or her computer, this item was exempt at point-of-sale.

We would take things such as a barn broom—very simple—to the cashier, and the cashier would say, "No, we can't exempt this at point-of-sale." You would say, "Come on, it's for the barn." There would be a big argument with the cashier. Believe me, the cashiers put up with a lot of pretty irate farmers who were saying, "This broom is for the barn." The cashier would say, "Yes, but you could also take it home and use it on your patio, use it for personal use," and therefore they wouldn't do the exemption at point-of-sale on it.

In talking to the cashiers, since we have done the HST, I can tell you that they're a pretty happy bunch. They are really pleased that they don't have to fight with farmers about it anymore. Farmers take this home, they do it along with their GST application, and now they can get more of it.

One of the other things that also happened is, now, as a farmer, the list of things that we can apply to get the HST back on, to get that PST portion back—because we always could get the GST. But because the GST rules and the now HST rules overlap, the list of items that farmers can now apply for has been greatly increased, to the point where the rebates are sizable.

So what we're doing now is putting more money back into the pockets of every farmer, and especially young farmers, where it really makes a big difference.

We know that farmers, essentially, are price takers; they're not price setters. So the concept of being able to pass along savings to the end consumer, who, in most cases, for us, are processors, doesn't really exist. But this system now allows farmers to recapture more of that initial outlay in their expenses, which, in turn, as everyone knows—farmers tend to go back into the community. They tend to take those dollars and use them in their communities, so they do stimulate the economy that way as well.

One of the things that I've noticed—and I do this at my own farm, where, as I said, we're in the transition period. My daughter-in-law does some of the accounting. I still do my year-end, and I still do the HST application for the farm. We've been doing it on a quarterly basis, and one of the things that I notice is that because of the

increase that we are now getting back and quite a sizable difference in the amount that is rebated back to us, I can see an advantage in being able to do this on a monthly basis.

I know I am part of the government, but I don't think I want to see my tax dollars stay here any longer than they have to. I certainly want to see them back in my son's pocket.

I understand that this system is now sitting with the federal government, but my question is, would it be possible for my farm to now change the system of quarterly remittance or applications to a monthly basis, so that we can get this back and use those dollars more quickly?

1000

Hon. Sophia Aggelonitis: Thank you very much, Ms. Van Bommel. First, let me congratulate you for all your years in farming. What a great industry that is, and thank you very much. I know we've enjoyed some chickens from your farm.

Mrs. Maria Van Bommel: Yes.

Hon. Sophia Aggelonitis: I thank you very much for that.

Our farmers are really the lifeblood of our communities all across Ontario, in fact all across our great country.

When you speak about the HST and what it has done for farmers, there are a lot of things I'd like to comment on. Most importantly, previously in this committee I made reference to a document that was published by the Ministry of Finance called Ontario's Long-Term Report on the Economy. If we turn to page 59 of that report, it gives us a breakdown of every business sector and how they would see tax relief when it comes to the HST.

The first one is agriculture, and I really think it's important to put on the record, again, that—under the HST, the agricultural sector would see an HST savings of \$30 million. That is also added to the corporate income tax savings, which is \$15 million. So the total net savings to our farmers, to our agricultural sector, is a net savings of \$45 million.

We also talk about the HST and some of the benefits to our farmers, and I would like to just read a few. In general, farmers will be reimbursed for all or part of the tax that they pay on many business items that were taxable under the retail sales tax, such as trucks and other equipment. Under the GST, purchases of certain farm equipment, such as certain tractors, are zero-rated, meaning those purchases do not incur tax.

To help Ontario farmers, temporary restrictions to input tax credits do not apply to farming businesses. The HST helps put Ontario's farmers on a much more level playing field with farmers in Quebec and the HST charged in provinces like New Brunswick, Nova Scotia, and Newfoundland and Labrador, because they are no longer required to pay sales taxes on many items that are already reimbursable in those provinces.

The HST treatment on inputs for our farmers—in general, farmers are reimbursed for all or part of the tax that they pay on items used in their farming businesses

that were taxable under the retail sales tax, such as pick-up trucks, computers and office equipment. Farm inputs that were exempt from RST but subject to the HST are also eligible for an offsetting input tax credit, and some examples would be veterinarian fees and drugs, freight and trucking, and fuel, oil and grease. Most farm inputs continue to be zero-rated, meaning they can be purchased without paying any tax, and some examples would include feed, fertilizer, seed, farm equipment and machinery, livestock purchases, pesticides and some tractors. The HST also does not result in any additional paperwork. Farmers who already remit their GST paperwork will continue to do so and continue to receive input tax credits on any applicable farming inputs.

We have a lot more information for farming businesses that is available on the Canada Revenue Agency's website, as well as our own website.

The other benefit to farmers, of course, is the Ontario clean energy benefit of 10% off hydro costs. That, again, is another benefit.

So thank you.

Mrs. Maria Van Bommel: Thank you.

The Chair (Mr. Garfield Dunlop): You have another nine minutes.

Mr. David Zimmer: Thank you, Chair.

I have a question for the deputy, sort of a technical question. I'm quite interested to know, since the HST that we administer in partnership with the federal government and the federal Ministry of Revenue and the federal finance minister of this Conservative government—indeed, I expect that the federal Conservative government, the Minister of Finance and the Minister of Revenue are exercising a positive leadership role in the administration of this tax. Deputy, what processes are in place as the provincial government and the federal government work out the inevitable administrative wrinkles, if you will, that develop in the administration of the tax? How do the two governments, the two ministries and the two bureaucracies work together to achieve a smoothness and a fairness in the administration and collection of the tax?

Mr. Steve Orsini: Thank you very much for that question. Essentially, what the Ministry of Revenue does is work with the CRA to make sure that there's a smooth transition. Working with the CRA, we've issued a lot of bulletins and information circulars. The CRA has been very helpful in holding technical sessions with the business community, for example, on the implementation of the HST. Where businesses, for some reason, don't understand the rules, we will follow up with them to make sure that they comply or are aware of the rules. For example, the First Nations point-of-sale exemption: In the early going, a number of businesses needed some support in understanding how that would work. There's a lot of support that the Ministry of Revenue and the CRA are doing to ensure that there's a smooth transition in the implementation.

One of the other benefits, as part of the whole agreement with the federal government, is that the Ministry of

Revenue has great expertise in sales taxation. Prior to administering the retail sales tax—the majority of those staff have agreed to work for the CRA. So we will benefit from their years of expertise and experience, moving to the CRA, to ensure that their expertise continues, but now at the federal level.

So there are a number of initiatives that we have in place with the CRA to ensure a continued smooth transition: advance rulings, technical bulletins. As businesses raise those issues, we work with the CRA to make sure that the rules are clear, that people understand them, that we send out alerts to inform people as much as possible on specific aspects of the HST.

But to be very clear, the tax base is the federal government's. The federal government is the one that determines the full array of what's taxable and what isn't. The province has some flexibility through point-of-sale exemptions, but even there the federal government has to approve anything that the government proposes on the point-of-sale exemption. It is a federal tax.

Mr. David Zimmer: That leads me to a follow-up question. In the administration of the tax and the partnership with the federal Conservative government, I expect there are areas where perhaps the federal government or the provincial government, working together—one of the governments exercises the leadership role on a particular issue. If that's the case, on what type of issues would the federal government exercise the leadership role or the initiative in sorting an issue out? And in what areas might the provincial government exercise that leadership role in sorting out an issue that has cropped up?

Mr. Steve Orsini: The HST is really the GST base, with some exceptions that the province has some flexibility to introduce. So the federal government takes the leadership role in determining what is taxable and what isn't. As part of the agreement that the province entered into, we were required to adopt the GST base. That is a key component of part of the HST, which is a federally determined tax base. In fact, the federal government gave the province \$4.3 billion in transitional support to help facilitate that transition from the old sales tax to the provincial portion of the HST. But when it comes to changes in the tax base, it's the federal government that's the lead. The province of Ontario will have input into that, as well as other provinces. The Atlantic provinces, for example, would also have input into determining the tax base. But it is solely the federal government's responsibility, under all the agreements and under their legislation, to determine what's taxable and what isn't, and when they make changes to the tax base.

We will be consulted. We will have a chance to work with industries. We've done that already: We worked with a number of industry associations to identify areas that we need to explore to make sure that the rules are clear and that the application of the tax is fair and effective.

Mr. David Zimmer: Is it fair to say that in sorting out an issue with the federal government, the federal Minister

of Finance and their revenue people—not to put too fine a point on it, I suppose—the federal government and the federal bureaucracy, in effect, have the final hammer or say on an issue? Ideally, we'd like to sort it out by mutual agreement with the province and the federal government, but if push comes to shove, is it the federal government's call?

Hon. Sophia Aggelonitis: Well, I think I would answer that question by talking about how important collaborative relationships and partnerships are. What's really important is that what we have seen in the province of Ontario is that we are becoming a much more competitive economy when it comes to job creation. I think if we just look at the recent numbers that came out last week, we have recovered well over 100% of the jobs that we lost prior to the recession.

But the key numbers that we have to keep talking about are really what the HST and the comprehensive tax package have done for the people of Ontario and what it means for their pocketbooks. What it means is that, for example, 83% of everything that we buy has seen no tax changes with the HST. We know that nine out of 10 Ontarians have already seen a personal income tax cut. We know that the average family is receiving about \$355 in income tax cuts this year and every year moving forward, permanently. We know that Ontario has the lowest provincial tax rate in Canada on the first \$37,000 in income.

In order to help with the transition to the HST, our federal government provided the province with \$4.3 billion. All of that money has gone back to the people of Ontario through the transition cheques.

The Chair (Mr. Garfield Dunlop): You've got a minute, Minister.

Hon. Sophia Aggelonitis: That means the HST transition cheques total up to \$1,000 to any family earning less than \$160,000, or \$300 to individuals earning less than \$80,000.

At the end of the day, this is about making Ontario as strong as we can be. That's all of our responsibility, and that's what we are doing.

Mr. David Zimmer: And I assume from what you've said, Minister, and given the federal government's initiative in this, that they, as a federal government, must be pleased with the positive results of the HST.

Hon. Sophia Aggelonitis: Yes, I think they are.

Mr. David Zimmer: Thank you, Chair.

Mr. Gilles Bisson: They're pleased with the results of the election.

The Chair (Mr. Garfield Dunlop): Yeah. Thank you very much, Minister.

We'll now recess until 3:45 this afternoon, or right after routine proceedings. I'd like to thank the members of the committee. Minister and members of the ministry, thank you for your time. We'll recess.

The committee recessed from 1013 to 1551.

The Chair (Mr. Garfield Dunlop): I call the meeting back to order.

Ladies and gentlemen, we have about an hour and 40 minutes left, so it will be three rounds of 20, and then the

balance split between the three times. We should be out of here, we figured, sometime around 5:20, or something like that.

We've just got agreement that Mr. Tabuns is going to go ahead of the official opposition. Third party, Mr. Tabuns: You've got 20 minutes.

Mr. Peter Tabuns: Minister, I was asked if you could tell us the increase in the HST collected since approximately three months ago, when gasoline prices started rising substantially. Can you tell us the difference between what you expected to collect and what you have collected?

Hon. Sophia Aggelonitis: Thank you, Mr. Tabuns. I would like to ask my deputy to speak to that specifically. But I think it's important to put on the record that the federal government collects the HST for the province of Ontario. This is saving Ontario businesses \$500 million a year. The federal government makes lump-sum payments to the Ministry of Finance as per the agreement that Minister Flaherty and Minister Duncan signed. And—

Mr. Peter Tabuns: If you'll excuse me, Minister: If you don't collect it, you have it remitted to the Ministry of Finance. It never goes through your hands; is that correct?

Hon. Sophia Aggelonitis: Like I said, the federal government, when it comes to the HST, makes a lump-sum payment to the Ministry of Finance.

Mr. Peter Tabuns: So you can't give me that number, because you don't collect the money? The federal government collects it and turns it over to the Ministry of Finance. It doesn't go through your books and hands.

Hon. Sophia Aggelonitis: The federal government does collect the HST for the province of Ontario.

Mr. Peter Tabuns: Okay.

Hon. Sophia Aggelonitis: Thank you.

Mr. Peter Tabuns: No further question there.

The whole question of contraband tobacco and consultation with First Nations: Can you tell us which First Nations leaders your ministry consulted with prior to the introduction of this legislation?

Hon. Sophia Aggelonitis: Of course. First, Mr. Tabuns, thank you for letting me speak about proposed legislation that is before the Legislature, Bill 186. Bill 186 really is a collaborative bill so that we can work with all of our partners when it comes to combatting contraband tobacco. I have met, and ministry officials have met, with First Nations leaders on many occasions, for many different issues.

What I can do is ask my deputy if he'd like to add anything to that.

Mr. Steve Orsini: We've had a number of discussions with First Nations leaders at a number of different levels, whether it's the minister, the deputy minister, the assistant deputy minister, a director, and they've covered a wide range of issues. For example, this year alone, we've signed, as I think we mentioned last time, five additional retail agreements with regard to the cigarette allocation formula. We've had a number of discussions on a whole range of issues.

As with other stakeholders, the Tobacco Strategic Advisory Group that provided a report last fall had made recommendations. A number of groups have provided ideas and information that the ministry took into consideration and that the government deliberated on before introducing Bill 186. It was input to the decision-making process. The bill was introduced, and it's now going through the legislative review process.

Key to that is, it creates a platform for further engagement with First Nations on issues that they feel are important.

Mr. Peter Tabuns: The difficulty I have with both answers, Minister, is that it's very, very general. Can you tell us, here today, which First Nations leaders were consulted on this bill? Can you give us the names and the organizations they are attached to?

Hon. Sophia Aggelonitis: Again, Mr. Tabuns, what's really important is that conversations between the government of Ontario and First Nations—there are so many conversations going on, because we believe that it's important to have a collaborative partnership. It's about building, strengthening our relationships with First Nations.

If you would like to know the exact meetings that we've had since we've discussed so many different topics, I'm sure that the deputy—can we get a list?

Mr. Steve Orsini: We would have to pull that list together.

Hon. Sophia Aggelonitis: Yes.

Mr. Peter Tabuns: I'd ask that you pull that list together, because what we have been hearing is tremendous anger on the part of First Nations, saying that in fact they weren't consulted on this bill. What you're saying very clearly is that they were consulted. So we'd like to know to whom you talked, what their titles and organizations are, and when.

Hon. Sophia Aggelonitis: I think, Mr. Tabuns, if I can—like legislation that goes before our Legislative Assembly, there is a process, and the process is continuous consultation. If you're asking me if we gave them the bill before it came before the House, that definitely did not happen, because it's not the process.

But I will tell you that the conversations that I've had with First Nations leaders is—tobacco and our kids: That's what this is really about. Too many of our children, whether they live on First Nations or in any other community in Ontario, are just smoking too much. We have to stop that. Part of this is, I think, a collaborative effort on everyone's part, working together. I think that that's really the key.

We want to make sure that the relationships are collaborative, that it's a partnership. It's not us saying what we're doing; it's about working together.

Mr. Peter Tabuns: Minister, I've gone out on tours with other ministries when bills have been debated. It has been very clear, as I've gone out on those tours, that parliamentary assistants and senior staff have had prior meetings with stakeholders—not giving them the con-

tents of the bill, but having met with them and canvassed the issues.

Based on what you've said to me, "we're in constant consultation" doesn't sound like you had a specific consultation on the contents of this bill.

The second thing I'll say is, if you indeed had those consultations with them, can you tell us what their concerns were and what things they wanted as a way of dealing with the economic impact on a number of reserves of having production of cigarettes reduced?

Hon. Sophia Aggelonitis: I think the first part—what's really important in Bill 186, if it is passed, is the whole idea of registering importers. I think that's something that all community groups are anxious about. What we know is that for farmers who grow raw leaf tobacco, there's a registration process, but for importers, there is no registration process. I think that everybody would like to be on the same level playing field, and that's an important part of Bill 186.

Mr. Peter Tabuns: Yes, but I'd like to know what the people said, who you talked to.

Hon. Sophia Aggelonitis: One conversation that I remember—I was meeting with a number of people. We spoke specifically about how children who are smoking on First Nations are dropping out of school to not only sell contraband tobacco or cigarettes to other young people—they're dropping out of school. This is not good.

We need to take care of our kids, and the way we're going to take care of our kids is, we need to get smoking out of their hands. We need to get cigarettes out of their hands, and that's what we're committed to doing.

Mr. Peter Tabuns: What did those First Nations leaders in this meeting—and since you were there and met them, perhaps you could tell us who was in attendance—say in response?

1600

Hon. Sophia Aggelonitis: What was said in a number of meetings is that it is really important that we get cigarettes out of the hands of our young people. At the end of the day, we know that it's easy for our young people to use their lunch money to buy cheap, illegal cigarettes in the province of Ontario. What this bill, Bill 187, is proposing to do is to stop that and put things in order: for example, the police seizure in plain view; for example, the registration when it comes to importers; for example, working with First Nations and having agreements with First Nations, working together in a collaborative way.

Again, at the end of the day, it really is about stopping our kids from smoking, and there are so many statistics. I don't think anyone in the House would argue with that point.

Mr. Peter Tabuns: I never intended to argue with the point. But so far, you haven't named a single person you've met with or a single band you've met with. You haven't told me what their response was to the information that you just gave me—information that I generally agree with. If you can't tell me who you met with and how they responded, I have to ask myself how genuine was the consultation, because generally, when I

meet with people and I suggest something to them, they will respond negatively or positively. They will say, “Okay, I can do that if, in turn, you can assist me in dealing with the consequences of that.”

At any point, did First Nations say to you, “This could be problematic for some of the people on our reserve, and so we would like you to address the social problems or the lack of employment opportunities that might arise from this action on your part”? Could you answer that?

Hon. Sophia Aggelonitis: Mr. Tabuns, I think the important note is that, as Minister of Revenue, I’ve had the opportunity to meet with many of our stakeholders. The good news is that we also have a Ministry of Aboriginal Affairs that meets with First Nations on a regular basis. I think we have committed that we will get you a list of some of our stakeholders and when we met them. We’ll get that to you.

Mr. Peter Tabuns: Okay. You still haven’t told me what the response of the First Nations stakeholders was.

Hon. Sophia Aggelonitis: Again, in the many conversations that we’ve had with a variety of stakeholders, when it comes to Bill 186—Bill 186 is about making sure that we help kids stop smoking. We have a number of initiatives in Bill 186, which is being debated in the House. We are encouraged, and hopefully we will have support from all three parties to move forward with this.

Mr. Peter Tabuns: So you can’t tell me what their response was. Can you tell me which other stakeholders you consulted with on this bill?

Hon. Sophia Aggelonitis: Again, Mr. Tabuns, as Minister of Revenue, we meet with so many different stakeholders. We’ve met with people who are in not only First Nations but doctors. We’ve met with groups that want to stop contraband tobacco, groups that want to stop smoking. There’s a number of stakeholders that we’ve met with, and I’d be happy to get you a list of some of those stakeholders.

Mr. Peter Tabuns: Did you meet with tobacco companies?

Hon. Sophia Aggelonitis: I’ve met with a number of stakeholders. Like I said, I would definitely get a list for you of some of the stakeholders that I met. We have met with Michael Perley of the Ontario Campaign for Action on Tobacco. He has been extremely positive on our Bill 186. He believes that it is a right step in the right direction. So I have met with him.

Mr. Peter Tabuns: And have you met with tobacco companies?

Hon. Sophia Aggelonitis: Off the top of my head, Mr. Tabuns—I will have to go back and look at the schedule, but I know we’ve met with a lot of stakeholders.

Mr. Peter Tabuns: You’ve met with the Ontario Campaign for Action on Tobacco. You should know that I worked very closely with them when I introduced a smoke-free bar and restaurant bylaw in Toronto in the 1990s, so I’m very familiar with them, the Canadian Cancer Society and many other anti-smoking activists. I think the work they’re doing is critically important to the well-being of our society, and I’m glad you met with them.

Who else did you meet with? I haven’t gotten anything firm on First Nations, but I look forward to seeing the list. You’ve met with OCAT; that’s good. You haven’t answered my question on whether you met with tobacco companies. Are there any other stakeholders that you sat down with?

Hon. Sophia Aggelonitis: Mr. Tabuns, again, we meet with a number of people in the Ministry of Revenue, and I would be happy to provide you with the specifics that you’re looking for.

Mr. Peter Tabuns: Okay, so you will give us a list of the stakeholders that you met with in consultation on this bill?

Hon. Sophia Aggelonitis: Deputy, if you can just add to that?

Mr. Steve Orsini: There’s probably a number of groups that have written submissions, so on the contents of the bill itself—as the minister pointed out, it’s legislation. We did not share copies of the legislation to consult on that. It goes before the House for its consideration.

But we have met with different groups, and they put forward ideas, questions and issues. The tobacco strategy advisory group—I think it’s TSAG for short—actually wrote a report in the fall that had a number of recommendations. Some of those found their way into Bill 186, maybe not exactly as they were put forward, but somewhat consistent to some of the recommendations in that report.

Part of our consultations is to hear their questions and to get feedback and ideas. They go into a review process and then the government brings forward a bill. The bill itself creates a platform for further consultations and engagement with First Nations, giving the minister, for the first time, the authority to share information and enter into agreements with First Nations.

This is the sixth of eight years where measures have been introduced, so if groups have additional ideas to bring forward—again, when we engage different stakeholders, including First Nations, they bring their ideas forward—the government will again go through a review process, and if so inclined will bring forward further legislative changes. It’s an evolutionary, ongoing process; it’s not a beginning and end, so consultations will continue.

Mr. Peter Tabuns: So are you meeting with First Nations now?

Mr. Steve Orsini: Yes.

Mr. Peter Tabuns: Who, and what are the issues that are coming up?

Hon. Sophia Aggelonitis: Again, Mr. Tabuns, I’d be happy to give you a list of—I don’t have my schedule in front of me, but we will provide you with a list.

Mr. Peter Tabuns: And can you tell us when you’ll be able to provide us with that list?

Hon. Sophia Aggelonitis: I would say shortly.

Mr. Peter Tabuns: So before the House rises?

Hon. Sophia Aggelonitis: Shortly.

Mr. Peter Tabuns: Can I interpret that as “before the House rises”?

Hon. Sophia Aggelonitis: I say “shortly.”

Mr. Peter Tabuns: I think we’ve canvassed that issue. I don’t have further questions at the moment, Chair. I’m willing to cede the floor to the Liberals.

The Chair (Mr. Garfield Dunlop): Okay. I think we’ve agreed to go back to the official opposition.

Ms. Lisa MacLeod: Chair, I just have a quick question with respect to the Rideau Carleton Raceway and the fact that the government earlier today decided that they would allow gaming tables other than slots to operate. I’m wondering what your projected revenue in Ontario is for these card tables at racetracks like the Rideau Carleton Raceway and what your projected revenue is for online gambling in the province of Ontario.

Hon. Sophia Aggelonitis: Thank you, Ms. MacLeod. Unfortunately, at this time that answer would have to be something that the Ministry of Finance, which does financial reporting for the province of Ontario and provides estimates and forecasts, would be able to answer more fully.

But, Ms. MacLeod, I did want to also mention—you said this morning that I wasn’t answering your questions, and there are two responses with which I really would like to respond to you, because I didn’t have those answers for you. If you would like me to respond now?

Ms. Lisa MacLeod: Sure.

Hon. Sophia Aggelonitis: The one question you asked me was, what is the cost of running the land and marine fleet in Ontario? The answer to that is, in 2010-11, the operating cost for gasoline, repairs, insurance and maintenance for vehicles was \$594,764.

Then you asked what is the revenue generated by the land and marine fleet, and the response to that is that we do not collect that information. Revenue is not tracked based on fleet vehicle usage.

Ms. Lisa MacLeod: Okay.

My question this afternoon effectively was what the government’s revenues were for the OLG and what impact it would have as a result of the online gaming and introducing these gaming tables in my community at Rideau Carleton Raceway, and what impact it would have. Since I won’t be receiving a response on that until the Minister of Finance appears, my colleague Mr. Bailey has a series of questions.

1610

The Chair (Mr. Garfield Dunlop): Mr. Bailey?

Mr. Robert Bailey: Thank you, Minister, for being here. I had a couple of questions about the implementation of the HST and the impact that would have on energy bills, home heating and electricity bills. Were any estimates done prior to the implementation of the HST, and if so, could you share those numbers with us?

Hon. Sophia Aggelonitis: Thank you very much, Mr. Bailey. In regard to the specifics of your questions, that would definitely be something that the Ministry of Finance would be able to review. The Ministry of Finance is responsible for financial reporting in the province of

Ontario, estimates and forecasts. The Ministry of Revenue administers the acts. We do compliance. We believe that having a strong compliance and auditing process is important because people pay taxes and we want to make sure that people are paying taxes, because those are the taxes that fund our great-quality health care and our education system.

Mr. Robert Bailey: Second question: The Premier or the Minister of Energy at the time said in the House that he estimated that energy prices would only increase by 1% because of the Green Energy Act, and now they’ve admitted that they’re going to go up a minimum of 46%. Did someone do estimates on the increase in the HST which would be generated from the increase? Were the actual predictions from the minister and the Premier himself that they were going to go up 46%? Has someone done those kinds of numbers or is that something that your department tracks?

Hon. Sophia Aggelonitis: In regard to questions specific to energy, it would be the Ministry of Energy, Minister Duguid. But I think what is really important to note is that we know that it is important for the people of Ontario, when they flick on the switch, that there are lights. It’s important for us to make those investments in our electricity system. What we have done in the Ministry of Revenue and with the Ministry of Finance is provide the Ontario clean energy benefit to help with electricity costs, as well as the Ontario property and energy tax credit and the northern energy tax credit.

Mr. Robert Bailey: Third question: What was the budget for the Ministry of Revenue, for your department? What would it be? I don’t have my book here with me.

Hon. Sophia Aggelonitis: I can ask the deputy to answer the specifics, but I will say that it gives me a good opportunity to talk about the Ministry of Revenue and all the great work that is done in the ministry. We’ve got a number of wonderful staff who do an extraordinary job. I would like to thank them for the work that they continue to do. They’ve implemented one of the largest tax changes in the province of Ontario that we have seen in decades. I really congratulate all the hard work that they’ve done.

Deputy?

Mr. Steve Orsini: In our estimates, the total operating and capital expenses to be voted on for 2011-12, rounded up, are \$2.3 billion.

Mr. Robert Bailey: So that’s what it costs to run the department?

Mr. Steve Orsini: That’s the total amount. That includes benefit programs—for example, the sales tax transitional benefit, which is a large part of that. If you excluded those benefit programs such as the \$400 million that was given to small businesses as part of the transition to the new sales tax system and the sales tax transitional benefit, you’re getting back closer to \$600 million to \$700 million. There are some other benefit programs: our GAINS program, our OCCS program for kids. These are seniors’ benefits and children’s benefits that the ministry delivers. So I’ll need to look at exclud-

ing those benefit programs and get you a number that just deals with the operations of the ministry.

Mr. Robert Bailey: I guess my point was that for spending, say, \$600 million or \$700 million to run the department, when we're trying to find estimates of what HST is collected, I would think that we could put some staff time towards doing that so that when the minister comes before estimates, he or she would be able to provide those numbers to the parliamentarians that are representing their constituents and asking those kinds of questions.

I don't know whether you want to respond to that or not, Minister.

Hon. Sophia Aggelonitis: Mr. Bailey, again, I do want to say that the Ministry of Revenue has many, many fine individuals who work extremely hard. We have implemented one of the largest tax programs in the province's history. It's taken a lot of work from these individuals, and I think they've been doing a very good job.

Mr. Robert Bailey: The power exports that we do when we have surplus power—I'd like to know, is there HST charged to jurisdictions like Quebec or New York, wherever we would be selling surplus power? Would they pay HST back to Ontario, to the Ministry of Revenue?

Hon. Sophia Aggelonitis: Let me let the deputy answer that.

Mr. Steve Orsini: Generally, all products and services that are exported are exempt—in general. When you get down to specific fact-type situations, it's really like a CRA assessment, but that's something we could follow up. But in general, exports—this is one of the benefits of the sales tax reform: It removes tax on our exports, embedded tax, and also ensures that there's no tax on elements that are part of our exports.

Mr. Robert Bailey: Do you have anything else, Ms. MacLeod?

The Chair (Mr. Garfield Dunlop): Nothing else?

Mr. Robert Bailey: No.

The Chair (Mr. Garfield Dunlop): Okay, thank you. We'll now go to the government members for 20 minutes.

Mr. Bob Delaney: Welcome back, Minister.

I'd like to spend a few minutes discussing a benefit of the tax reforms that's very often overlooked in the discussion. In our discussions of the implementation of a value-added tax—because that's actually what we have. We have the same type of tax that is found in 140-plus jurisdictions around the world, just to put some scale on it, as I'm sure the minister will comment in her turn. There are very few places on the planet Earth that don't have a value-added tax implemented. Among the most prominent ones I know are sub-Saharan Africa, Burma, there's one other country somewhere in Asia, I think Venezuela and the United States.

To again put a little bit of scale on it, the United States, sooner or later, will have its chain yanked by its creditors and will be told to do just this, because having the completely insane commodity tax regime that it does,

the United States is losing its competitive advantage to places that implement a value-added tax, such as Canada.

In the course of doing this, what most people take a little while to grasp, because it takes almost a year or two of experience with it, is to sort of look at this and say, "Hey, wait a minute now. I'm actually saving money here." When you implement a value-added tax, as I've told constituents in my riding, the way to look at it is this: By the time you've bought everything you normally buy, by the time you've paid all the bills you normally pay and by the time you have filed your taxes and claimed your credits—in other words, the whole cycle—for about 93% of people, there will be a little bit more money in your pocket. Some things will go up, many things will come down, and you're going to have tax credits. In the most recent budget, the province has announced it will spread them out so that they come as a monthly payment to you such that there isn't just a windfall in May and it isn't a feast-and-famine cycle. You'll get the tax credits that you've claimed in a regular stream monthly.

1620

One thing that I did—you can correct me if my math is a little bit off. I'm assuming that I'm looking at a typical senior couple who have pension income somewhere in the neighbourhood of \$35,000 to maybe \$45,000 or \$50,000, and they live in a home that they own. So they would be eligible for the \$1,000 transition payments. What is a \$1,000 transition payment? It says that in the year that a value-added tax is implemented—and that value-added tax is called the HST, but I'm going to refer to it as the same thing that the rest of the world refers to it as: a value-added tax. That \$1,000 transition payment pays 100% of the HST on \$12,500 worth of purchases that were not taxed before.

That same senior couple are eligible, for the first time, for the new permanent sales tax credit, which is \$260 per year—just claim it and it's yours. So that's \$520 for the two of them, which pays 100% of the tax on \$6,500 worth of purchases that had not been taxed before.

Right at the moment, we're looking at all of the HST having been paid on around \$19,000 worth of purchases of goods and services that had not been taxed before, and this would cover your prototypical haircuts and your educational programs, and it would cover your accounting fees, and it would also cover the taxes that you pay on energy that had not been paid before.

Over and above that, at \$19,000 worth of purchases that had not been taxed before, a senior couple are eligible for up to \$1,025 of energy and property tax credit, which represents 100% of the tax on \$12,812.50 worth of purchases that had not been taxed before. Should they be eligible for the homeowner's tax credit, which could be up to another \$500, there is an additional \$6,250 worth of purchases that had not been taxed before. So that senior couple, hypothetically, could be eligible for in excess of 100% of all of the HST that they pay on \$36,000 worth of goods and services that had not been taxed before.

Earlier, the member for Nepean–Carleton had asked with regard to the impact of the HST on Ontario seniors.

To quote the question that she had tabled, she said, “What does the average senior in Ontario pay in HST?” Answer: nothing. Interesting. In fact, the average senior on a fixed income, on a low to moderate income, comes out ahead, and that’s just a very rough ballpark estimate. That does not include the permanent cuts to that senior couple’s income taxes. In fact, in the \$35,000 to \$45,000 bracket, there’s a very good chance that they may not pay any income tax at all, but it’s still—obviously, to claim the tax credits—worth filing.

As well, roughly five sixths of all of the things—goods, services, products—that you buy were before and are now subject to taxes totalling 13%. We had a 5% goods and services tax when we still had the old, archaic, obsolete, expensive provincial sales tax, and today, with an 8% harmonized sales tax portion on what is now a federal tax of 13%, the total comes out the same, except that when this hypothetical senior couple are going to the store to buy the things they normally buy—and that includes, for example, some of the things that I referred to this morning when I talked about my experience with a contractor. If they’re paying somebody to come in and shovel snow or do gardening or landscaping, they can deduct all of that HST against those tax credits. So it also takes into account the fact that the manufactured products that people buy now are not taxed and re-taxed and re-taxed and re-taxed.

I’m reminded of a meeting I had with one of the auditors who comes out and helps us in the annual budget breakfasts. He used to be a tax guy with Deloitte and Touche. As just a little aside, he said, “Boy, you’ve got to be really up in the hierarchy at Deloitte’s to come in and do the Ontario budget,” and, of course, we’ve got him in to do the Ontario budget. So he said that he would come in and some of his old colleagues look at him and say, “Hey, Paul, what are you doing here?” And he says, “I’ve been invited.” I guess in the pantheon of tax accountants, that’s status. I say, good for him, because he always offers us a very clear, informed and unbiased commentary at the budget breakfast every year.

One thing that I mentioned in one of the earlier rounds that he did the year that we brought it in, in 2009, is, as he was doing his taxes for his clients, Paul did a pro forma pre- and post-HST implementation. He was just stunned at the amount of tax that his clients saved, and when he factored in the reduction in corporate income taxes as well, he said that just for doing the same things that they did the previous year, which was a recession year—just for doing exactly the same business volume, many of them were not only profitable, but significantly profitable. I think this is one of the things that it’s going to take a couple more cycles for people in Ontario to grasp, that getting rid of this Cold War relic of a provincial sales tax, whose net effect, particularly in goods, was to tax and re-tax and re-tax and re-tax, is going to have a huge positive effect, which of course we can see in employment levels now.

Would you like to give me a little bit of a commentary on the refundable tax credits? Talk to me a little bit about the impact to seniors in general.

Hon. Sophia Aggelonitis: Well, thank you very much, Mr. Delaney. You made some really great points.

One of the issues that you brought up was the Ontario Trillium benefit. I think it’s really important to not only state here, because today we did vote on the budget in the House, but the Ontario Trillium benefit is really important, especially when we do talk about seniors.

I’d like to just read this into the record.

“As part of Ontario’s tax plan for jobs and growth, the government is providing \$1.4 billion annually in enhancements to assistance provided through the refundable Ontario sales tax credit (OSTC), Ontario energy and property tax credit (OEPTC) and northern Ontario energy credit (NOEC), for a total of \$2.4 billion each year.

“The government has introduced changes to better match the payment of these credits to when people incur expenses by paying these credits earlier and on a quarterly basis, instead of paying them in a lump sum after people file their income tax returns.

“The province proposes to take the next step in transforming refundable tax credits by introducing the Ontario Trillium benefit.... To better align the timing of the assistance with the expenses that people face, the payments of these three credits would be combined and delivered on a monthly basis. More frequent and predictable benefit payments would help low- to moderate-income families and single people better manage their household budgets.”

For example, if there was a senior couple with an adjusted family net income of \$35,000, paying \$1,200 per month in rent, they would receive a total of \$984 from the Ontario sales tax credit and the Ontario energy and property tax credit over eight payments. Under the Ontario Trillium benefit, the couple would receive 12 equal monthly payments. Currently it would go from \$37 in August; \$209 in September; nothing in October; in November, \$37; in December, \$209; in January, nothing. So it’s going to change.

If we took this example, the Ontario Trillium benefit would mean that from July to June of the next year, they would receive \$82 each and every month. On a monthly basis, they would know how much money they were getting. I think that’s key. It’s helpful for household budgets when you know the amount of money that is coming in. That’s why we’re very proud of the Ontario Trillium benefit, so thank you for allowing me to speak about that.

1630

Mr. Bob Delaney: So in effect, particularly as regards energy, that could be half of one of your bills every month, and that’s just your refundable tax credit.

Hon. Sophia Aggelonitis: Correct.

Mr. Bob Delaney: Okay. I hope we’ve put on the record something that clears up a popular misconception.

One of the things that struck me is, having implemented it and once people have gone through a cycle—let anyone propose to change that by saying, “Oh no, no; we’re going to abolish the HST.” I think people would just tear them apart because, among other things, it would cause prices to rise at the retail level and would destroy

that evening-out process whereby people would get that regular cheque that, when it comes in, enables them to make that one payment. It's going to represent all of the tax on a certain proportion of their purchases. Basically, you sort of figure that if 83% of things that you normally buy—goods, services and whatnot—had previously been subject to both taxes anyway, what you do in effect is you look at your savings and multiply by six, because 83% is about five sixths. The break-even point comes exactly where the budget documents say it should, at about \$160,000 a year. Below that, you're ahead; above that—this is household income—you pay a little bit more.

I know in my own case, I went downstairs—I'm kind of meticulous; I keep my bills and whatnot for several years—and I looked at the way in which my utility bills have changed. And just as predicted, I'm paying about as much in electricity this month as I did last year at this time, almost to the penny.

I would just like to ask you at this point: Among the things that you have been asked, are there any comments you'd like to add that you didn't have time to add on some of the things that my colleagues have talked to you about?

The Chair (Mr. Garfield Dunlop): You have three minutes and 30 seconds.

Hon. Sophia Aggelonitis: I think what is really important to put on the record are some of the success stories that we have heard. When I say "success," I mean the jobs, because this is all about jobs. I would like to put on the record some really good examples of jobs just last month, in April, if I could.

We've seen Christie Digital Systems Canada in Kitchener creating 50 new jobs and supporting 53 existing positions by developing new digital projection technologies. We've seen Warren Industries Ltd. in Concord; they're an auto parts manufacturer. They're creating 66 new jobs and protecting 20 existing positions. Silfab Ontario Inc. in Mississauga is a new solar manufacturing plant; they're creating 71 new jobs and they will be employing up to 200 people once they're at full capacity. Digital Extremes in London, Ontario, a great city, is developing a "3-D evolution game engine." They're creating 30 new jobs and protecting 53 existing jobs. Intergran Technologies in Toronto is creating 20 new jobs while supporting 29 existing positions.

This is a list of companies here in Ontario that are growing and employing people in Ontario. That's what the tax plan is all about. It's about the economy and creating jobs for Ontarians. I think the examples are shown here today. Thank you.

Mr. Bob Delaney: I guess that's it, Chair. I think we're done.

The Chair (Mr. Garfield Dunlop): Okay. Thank you. That leaves us with about 16 minutes each in our final round with the time.

Mr. Bailey for the official opposition: You've got some questions and a comment.

Mr. Robert Bailey: Yes, I've got a couple or three questions, but I've got a letter here from Ms. MacLeod's

riding. Ms. MacLeod can't be with us the rest of the session, but I will read this into the record for her. This is from one of her constituents. I'm not going to identify the constituent. I think she's going to write a letter to you, and I'd rather that she do that than me identify this. But what this says is:

"Lisa:

"Further to our conversation this morning at church, my mother, who will be 95 years young in August, is institutionalized at P.D. Clark, a beautiful premises that is run by the city of Ottawa, and for that I am truly grateful to the city. Mother suffers from vascular dementia and is kept in a chair in the daytime for her own safety, being unstable on her feet, so that she does not fall at night again. (In September 2008, she had a huge head wound while going to the restroom.)

"I have employed for the past two and a half years a sitter to help her. The cost for this individual is \$20.10 an hour for nine hours, 10 p.m. to 7 a.m. This sitter sleeps most of the time but must get up in that period to check on her. The cost for this is \$2,532.60 plus \$329.24 in HST for a two-week period. Time and one half is paid for holidays.

"By hiring this help, we are keeping my mother out of the acute care hospital with head injuries or broken bones, which would cost the government through the health care system much more for her care. This is our choice to keep her safe, and the initial cost we fully accept, but to add an HST tax to this amount is criminal"—exclamation mark five times. "In a year, this tax comes to \$8,560.24. To do this to seniors who have supported both the provincial and federal governments all these years is pathetic. I understand that if registered staff were hired, the HST would not be collected, but in looking into that cost, it was not possible for my mother.

"Thanks in advance for looking into this for me, Lisa, and this letter may be passed with my permission to anyone who will listen and get some results for seniors."

I guess my question on behalf of Ms. MacLeod is, is that in fact the case that these seniors would have to pay the HST, and do you see the point that the loved one who's looking after her mother is making? They're keeping her out of the institutions where it would cost the system a lot more money. The system is overcrowded now. Do you have any comments on that, Minister?

Hon. Sophia Aggelonitis: Of course. First, Mr. Bailey, thank you very much for reading that letter into the record.

I want to say that I think we all agree that we're all here in this place to make life better for Ontarians. While I cannot specifically answer that letter, I really look forward to receiving that correspondence from Ms. MacLeod and commenting on it. But we really want to make sure that the tax package that we have available is good for all Ontarians. I look forward to getting that letter.

Mr. Robert Bailey: It seems like this individual—Mr. Delaney was going on about that, at the end of the day, there was zero-sum gain, but apparently these folks don't

feel that way. After you respond to them, they might feel differently. Anyway, that's not their feeling right now.

I had a couple more questions. Because of the merger of the two taxes when the federal and provincial revenue departments went together, could you give to me at this time, or if the deputy knows, how many original Ministry of Revenue tax collectors are now working for the federal government and how many are still employed by the province itself? Does someone have those numbers?

Hon. Sophia Aggelonitis: Thank you for that question, Mr. Bailey, and I will ask my deputy to state more specifically.

In your previous question you talked about the Ministry of Revenue and some of the things that we do in the ministry. I want to just put on the record some of the things that we deal with. One is the compliance programs that I spoke a little bit about. Compliance programs really play a key role in promoting public confidence in the fairness and integrity of Ontario's tax system.

1640

Our programs direct and execute excellence in the audit function using risk-based techniques, modern technology and best practices. This program also provides high-quality, effective investigations and inspections. Also, we partner with other ministries, agencies and the broader public sector to provide technical services, including forensic data recovery and forensic accounting.

We also have the operations of the Ministry of Revenue, and the operations division focuses on operational and service delivery: benefits, administration, revenue collection and the implementation of current transformational projects, like the ONT-TAXS project office. Our operations program supports the administration of tax statutes, as well as a number of tax incentive and benefits programs. It also encourages compliance through taxpayer services. It provides remittance, data and image capture and revenue accounting operation services. The program also maintains data integrity in sustaining an efficient tax administration system and collections function for all Ministry-of-Revenue-administered tax statutes, and it provides support to fiscal policy formation in determining tax incentives and benefit programs.

We also have the tax administration policy and partnerships. This division is responsible for strategic management services, relationship management and business development, and tax advisory services and tax appeals. This program, specifically, oversees the ministry's strategic management services, develops proactive and effective tax administration policy that supports the government's competitive business environment and Open for Business priorities. It also manages interjurisdictional relationships, joint initiatives, and monitors the related service providers. It explores new opportunities for transforming tax and program delivery, and it also provides service excellence in the tax advisory and tax appeal functions, to name a few.

Your question in regard to the number of individual employees, I'll ask the deputy to comment on that.

Mr. Steve Orsini: So both the federal government and Ontario negotiated a human resource agreement. As part

of that agreement, the CRA has agreed to make job offers to all what we call "HST-impacted employees," and that's 1,253 positions. That's the total number of positions the CRA has agreed to make job offers to.

To date, which I think is your question, 104 in the first wave have actually transferred to the CRA. The reason why the second wave, the majority, will flow by March 1, 2012, is that those employees are vital to continue to wind down the RST. The idea is to keep those vital staff on board to ensure a smooth transition from the old sales tax system to the new one. They're still here dealing with the old sales tax cases.

Mr. Robert Bailey: Okay, so at the end of the day, for all intents and purposes, there will be no provincial employees that would be the former tax collectors—there would be none of those left at the end of the day?

Mr. Steve Orsini: Sorry. As the minister said, there are 12 tax statutes that the Ministry of Revenue will continue to administer: the land transfer tax, the employer health tax, the fuel tax, gasoline. So there are a number of tax statutes—

Mr. Robert Bailey: Some people will stay to do that?

Mr. Steve Orsini: Yes.

Mr. Robert Bailey: Okay. That's a good answer. Thank you.

I guess the second question was, could you give us some idea here—if you have the numbers, or if you can't give it today, if you could commit to getting those numbers to me—can you tell me, at the end of the day, how much total severance was paid into the transfer of the jobs from the one level of the government, from the province, to the feds? Is that a number that we have, or an estimate?

Mr. Steve Orsini: Until all of the positions have transferred, we wouldn't have a final number, but that's something that we would get back to you.

Mr. Robert Bailey: I have nothing further.

The Chair (Mr. Garfield Dunlop): Okay. That's it for the official opposition.

Mr. Tabuns, you now have—

Mr. Peter Tabuns: No further questions.

The Chair (Mr. Garfield Dunlop): You don't have any either? Okay—

Mr. Bob Delaney: Would the minister like to make any closing comments?

Hon. Sophia Aggelonitis: Well, thank you. Yes, I would, if I could. Just a few comments—

Mr. Bob Delaney: Then I promise I won't.

Hon. Sophia Aggelonitis: Okay. First, I just want to begin by thanking all the committee members both for your time and for the comprehensive look that you've taken at the 2011-12 estimates for the Ministry of Revenue. This has been an extremely valuable process which helps ensure accountability, transparency and openness. It's a process that I strongly believe in, and I thank you for the work that you've done here today.

As mentioned in my opening remarks, this has been an extremely busy year for the Ministry of Revenue. We've been working very hard to support the government's

priorities to strengthen the economy, boost Ontario's business climate and provide a better future for the people of Ontario. The ministry has been actively delivering on its benefit and tax credit programs and supporting modern, efficient public services in a number of ways: (1) administering efficient tax and benefit programs, (2) offering education and outreach to encourage voluntary compliance, (3) participating in enforcement activities to discourage non-compliance and (4) providing support for low-income Ontarians.

The Ministry of Revenue can be proud that it has delivered on its mandate. The revenues collected by the ministry are providing the fiscal foundation on which many of the government's programs are based. The various tax credit and benefit programs we administer are helping to support a strong social, economic and investment climate for Ontario.

I want to thank the committee again for their time. It has really been a privilege and an honour to be here.

The Chair (Mr. Garfield Dunlop): Thank you. You consider it a privilege and an honour being at estimates?

Hon. Sophia Aggelonitis: I sure do, Chair.

The Chair (Mr. Garfield Dunlop): Okay.

With that, folks, we have one vote to call. Shall vote 3201 carry? All in favour? We've got four in favour and two opposed. Okay, that carries.

Shall the 2011-12 estimates of the Ministry of Revenue carry? All in favour? Opposed? That carries.

Shall I report the 2011-12 estimates of the Ministry of Revenue to the House? Agreed? Disagreed? Okay, I'll report to the House.

That concludes the estimates of the Ministry of Revenue. Minister, thank you very much for your cooperation. To the deputy, thank you. To all the staff at the Ministry of Revenue, thank you very much. Have a great day, everyone.

We'll be here tomorrow afternoon at 3:45, or right after routine proceedings, for the Ministry of Government Services.

Thank you very much. The meeting is adjourned.

The committee adjourned at 1648.

CONTENTS

Tuesday 10 May 2011

Ministry of Revenue	E-503
Hon. Sophia Aggelonitis	
Mr. Steve Orsini	

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