



ISSN 1180-4386

**Legislative Assembly
of Ontario**

Second Session, 40th Parliament

**Assemblée législative
de l'Ontario**

Deuxième session, 40^e législature

**Official Report
of Debates
(Hansard)**

Wednesday 4 December 2013

**Journal
des débats
(Hansard)**

Mercredi 4 décembre 2013

**Standing Committee on
Finance and Economic Affairs**

Supporting Small
Businesses Act, 2013

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

Loi de 2013 visant à soutenir
les petites entreprises

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Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

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

Wednesday 4 December 2013

Mercredi 4 décembre 2013

The committee met at 1303 in room 228.

**SUPPORTING SMALL
BUSINESSES ACT, 2013
LOI DE 2013 VISANT À SOUTENIR
LES PETITES ENTREPRISES**

Consideration of the following bill:

Bill 105, An Act to amend the Employer Health Tax Act / Projet de loi 105, Loi modifiant la Loi sur l'impôt-santé des employeurs.

The Chair (Mr. Kevin Daniel Flynn): Okay, we can call to order. We're here for clause-by-clause consideration of Bill 105, An Act to amend the Employer Health Tax Act. Are there any questions or amendments to any section to the bill? If so, to what section?

We're starting now with section 1. Any comments? Any amendments?

Mr. Victor Fedeli: Excuse me, Chair?

The Chair (Mr. Kevin Daniel Flynn): Okay, good. Section 1.

Mr. Victor Fedeli: Oh, okay, thank you. Nothing, thanks.

The Chair (Mr. Kevin Daniel Flynn): Okay. Are we ready to vote then? This is only on section 1 of the bill. All those in favour? Those opposed? That is carried.

Moving on now to section 2 of the bill, any amendments? I don't see any before me. Comments?

Shall section 2 carry? All those in favour? Those opposed? That is carried.

Now we're moving on to section 3, where there are some proposed amendments. Are there any comments, questions or amendments to section 3? Mr. Fedeli.

Mr. Victor Fedeli: Yes, we do have some amendments here. The first one, motion to be moved in committee, section 3 of the bill, subsection 2.1(2) of the act, may I read that, Chair?

The Chair (Mr. Kevin Daniel Flynn): Yes, please, if you would.

Mr. Victor Fedeli: I move that the definition of "A" in subsection 2.1(2) of the Employer Health Tax Act, as set out in section 3 of the bill, be amended by striking out "\$450,000" and substituting "\$800,000".

The Chair (Mr. Kevin Daniel Flynn): Thank you, Mr. Fedeli, pretty straightforward. Speakers to it? Mr. Fedeli.

Mr. Victor Fedeli: There are various pieces of correspondence from the Canadian Federation of Independent Business; there are three sentences basically from the letters that I would like to read.

On October 29, 2013, the vice-president of the Canadian Federation of Independent Business wrote to our finance minister and our Minister of Economic Development, Trade and Employment. It ends with: "To ensure the ongoing economic competitiveness of Ontario's small and medium-sized firms, it is our standing recommendation that the government continue increasing the threshold in future years until it reaches \$800,000 in order to bring Ontario's EHT exemption closer to that of neighbouring provinces such as Manitoba. CFIB remains committed to working with the government and opposition parties to bring this to fruition."

On November 19, the president and CEO, Dan Kelly, wrote to our Premier, our leader of the official opposition and to the leader of the New Democratic Party. One of the sentences again with respect to this amendment: "CFIB has long advocated for payroll tax breaks and our standing recommendation is to eventually increase the EHT threshold to \$800,000 over time. Indexing future EHT threshold increases to inflation, as proposed in Bill 105 would help the province reach that target faster."

Finally, on December 2, the vice-president of the Canadian Federation of Independent Business wrote to our Clerk of the Standing Committee on Finance and Economic Affairs. The sentence that pertains to this is, "CFIB believes that Ontario's EHT exemption threshold should be comparable to that of other provinces and it is our standing recommendation to have it gradually increased to \$800,000 over time."

So the final argument I would make is that we have the highest payroll taxes in Canada, and I'm looking for support on this amendment.

The Chair (Mr. Kevin Daniel Flynn): Ms. Fife.

Ms. Catherine Fife: The NDP will not be supporting this amendment. We obviously have proposed a different level, other than the \$450,000, but we are prepared to support it as it stands right now. Raising it to \$800,000 actually negates the value of this tax, and we hope that we can actually move forward quickly on this.

The Chair (Mr. Kevin Daniel Flynn): Any further speakers? Any further speakers?

Seeing none, all those—

Mr. Victor Fedeli: May I ask for a recorded vote, Chair?

The Chair (Mr. Kevin Daniel Flynn): Yes, you may.

Ayes

Bailey, Fedeli, McNaughton.

Nays

Del Duca, Fife, Hunter, Qaadri.

The Chair (Mr. Kevin Daniel Flynn): Thank you. That motion loses.

We move on to the second amendment. Mr. Fedeli.

Mr. Victor Fedeli: Again, this is in section 3.

I move that subsections 2.1(2), (3), (5), (6), (7), (8), (9) and (10) of the act, as set out in section 3 of the bill, be struck out and the following substituted:

“Exemption amount after 2013

“(2) The exemption amount of an employer who is an eligible employer at any time in a year beginning after December 31, 2013 and who is not associated with any other employers at any time in the year, is the amount calculated using the formula,

1310

“ $A \times B/C$

“in which,

“‘A’ is \$800,000 for one year in the five-year period consisting of 2014 to 2018 or, for a year in a subsequent five-year period, is the adjusted amount determined for that period under section 2.1.1 for the year,

“‘B’ is the number of days in the year in which the employer,

“(a) has one or more permanent establishments in Ontario, and

“(b) is an eligible employer, and

“‘C’ is the number of days in the year.”

The Chair (Mr. Kevin Daniel Flynn): Thank you, Mr. Fedeli. Speaking to the motion?

Interjection.

The Chair (Mr. Kevin Daniel Flynn): Okay, one thing with your written comments and the verbal comments—

Mr. Victor Fedeli: What did I miss?

The Chair (Mr. Kevin Daniel Flynn): “‘A’ is \$800,000 for a year,” and I think you said “for one year.”

Mr. Victor Fedeli: Oh, I apologize. For the record, it is:

“in which,

“‘A’ is \$800,000 for a year in the five-year period....”

The Chair (Mr. Kevin Daniel Flynn): Okay; thank you very much. Speaking to the amendment: Mr. Fedeli?

Mr. Victor Fedeli: Thank you, Chair. This bill will raise taxes for many family-owned businesses in Ontario, businesses that have a \$5-million employment level. We’re talking businesses—some considerably smaller than 100 with larger salaries. But even in my own city of North Bay, there are quite literally dozens of family-

owned businesses that have 100 employees. I spoke with several of them over the past week—actually, over the past couple of weeks, now. This is just another disincentive to business in Ontario.

One joke to me: “How do you start a small business in Ontario?” The punch line, of course, is, “You start with a large business.” That’s what this seems to do, Chair. I say respectfully that adding tax at this time—basically, we’re robbing Peter to pay Paul. That’s what this is doing. We really hope that there’s support from all parties not to raise taxes for family-owned businesses today. I thank you, Chair.

The Chair (Mr. Kevin Daniel Flynn): Thank you. Speaking to the motion, Ms. Fife and then Mr. McNaughton.

Ms. Catherine Fife: Thank you, Chair. As we’ve already indicated, we will not be willing to support amending the \$450,000 and substituting \$800,000. So we will not be supporting this amendment in any way, shape or form.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Ms. Fife. Further speakers? Mr. McNaughton.

Mr. Monte McNaughton: I’d just like to add to my colleague Mr. Fedeli’s point that actually this is going to increase taxes on businesses such as Heinz. It would hit them with a tax increase—CCL and, I know, Cooper Standard, in the community where I’m from. It would impact Tender Tootsies, which at one point had over 1,000 employees in a few different towns in my riding. So this is a wrong time to be increasing taxes on those businesses. We’ve lost hundreds of thousands of manufacturing jobs, and I think to be hiking taxes on these types of businesses is job-killing.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Mr. McNaughton. Any further speakers? Seeing none—

Mr. Victor Fedeli: Recorded vote.

The Chair (Mr. Kevin Daniel Flynn): A recorded vote has been asked for.

Ayes

Bailey, Fedeli, McNaughton.

Nays

Del Duca, Fife, Hunter, Qaadri.

The Chair (Mr. Kevin Daniel Flynn): That amendment loses. Moving on, shall section 3 carry? All those in favour of section 3? All those opposed to section 3? Section 3 is carried.

Moving on now to section 4, I have no notice of amendments. Any speakers to section 4? Shall section 4 carry? Those in favour? Those opposed? Carried.

Moving on now to section 5: any speakers? Seeing none, shall section 5 carry? Those in favour? Those opposed? Section 5 is carried.

Moving on now to section 6: Mr. Fedeli, you have some amendments and I have some comments after your amendments.

Mr. Victor Fedeli: Thank you. I have one amendment, number 4, that was supplied—section 6 of the bill:

I move that section 6 of the bill be struck out and the following substituted:

“Short title

“6. The short title of this act is the Raising Taxes on Family-Owned Businesses in Ontario Act, 2013.”

The Chair (Mr. Kevin Daniel Flynn): Thank you, Mr. Fedeli. I'd like to rule on the admissibility of this amendment, after receiving advice. Your motion proposes to replace the short title, obviously, of Bill 105. House of Commons Procedure and Practice, second edition, 2009, O'Brien and Bosc, states that acceptable amendments to any bill must be in proper form. However, any amendments tendered in a spirit of mockery are out of order. Therefore, I must rule this motion out of order.

Any further speakers?

Mr. Victor Fedeli: Thank you, Chair—

The Chair (Mr. Kevin Daniel Flynn): Oh, there's no debate on the ruling. You certainly can speak to section 6.

Mr. Victor Fedeli: Yes. May I speak to the short title?

The Chair (Mr. Kevin Daniel Flynn): You can, as long as you—

Mr. Victor Fedeli: To us, you're actually raising taxes for several thousand family-owned businesses in Ontario—

Mr. Steven Del Duca: On a point of order, Mr. Chair: Did you just not provide us with a ruling on the admissibility of the motion? If so, I'm not quite sure why the member opposite is speaking to the motion that has been ruled out of order.

The Chair (Mr. Kevin Daniel Flynn): What I ruled was that the amendments that have been provided by the member are out of order and therefore are not debatable. Mr. Fedeli—we'll see where he goes with this—up until now, has been speaking to section 6. If he continues to do that, it would be in order.

Ms. Catherine Fife: On a point of order, Mr. Chair: Mr. Fedeli clearly stated that he is speaking to the title of the bill. He prefaced his statement that said that he is speaking to this “robbing Peter to Pay Paul,” so—

The Chair (Mr. Kevin Daniel Flynn): Well, no; they're both off the floor now and they're not coming back. What Mr. Fedeli is doing, I hope, is speaking in very general terms to the short title of the bill.

Mr. Victor Fedeli: Thank you, Chair. The current short title of the bill seems to be inaccurate with respect to the fact that it doesn't bring attention to the fact that taxes would be raised for family-owned businesses, businesses such as Canadian Tire, your independent grocers—those are all the kinds of businesses within your communities that are owned by family members within your communities. The current title doesn't reflect the accuracy. I thank you for the opportunity to speak to that, Chair. I would ask for unanimous consent on changing the title of the bill.

The Chair (Mr. Kevin Daniel Flynn): Is there unanimous consent? Thank you. There is not unanimous consent. Any further debate on section 6? Seeing none, shall section 6 carry? Carried.

We're moving on now to the title. Shall the title of the bill carry?

Mr. Victor Fedeli: Recorded vote.

Ayes

Del Duca, Fife, Hunter, Qaadri.

Nays

Bailey, Fedeli, McNaughton.

The Chair (Mr. Kevin Daniel Flynn): Thank you. Carried.

Shall Bill 105 carry? Those in favour? Those opposed? That is carried.

Shall I report the bill to the House? Those in favour? Those opposed? This is carried.

Adjourned; thank you.

The committee adjourned at 1318.

CONTENTS

Wednesday 4 December 2013

Supporting Small Businesses Act, 2013, Bill 105, Mr. Sousa / Loi de 2013 visant à
soutenir les petites entreprises, projet de loi 105, M. SousaF-437

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