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**Official Report
of Debates
(Hansard)**

F-37

**Journal
des débats
(Hansard)**

F-37

**Standing Committee on
Finance and Economic Affairs**

Building a Strong Ontario
Together Act
(Budget Measures), 2023

1st Session
43rd Parliament

Wednesday 22 November 2023

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

Loi de 2023 visant à bâtir
un Ontario fort ensemble
(mesures budgétaires)

1^{re} session
43^e législature

Mercredi 22 novembre 2023

Chair: Ernie Hardeman
Clerk: Vanessa Kattar

Président : Ernie Hardeman
Greffière : Vanessa Kattar

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LEGISLATIVE ASSEMBLY OF ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

Wednesday 22 November 2023

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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

Mercredi 22 novembre 2023

The committee met at 0859 in room 151.

**BUILDING A STRONG ONTARIO
TOGETHER ACT
(BUDGET MEASURES), 2023
LOI DE 2023 VISANT À BÂTIR
UN ONTARIO FORT ENSEMBLE
(MESURES BUDGÉTAIRES)**

Consideration of the following bill:

Bill 146, An Act to implement Budget measures and to enact and amend various statutes / Projet de loi 146, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Mr. Ernie Hardeman): Good morning, everyone. I call the meeting of the Standing Committee on Finance and Economic Affairs to order. We're meeting today to resume public hearings on Bill 146, An Act to implement Budget measures and to enact and amend various statutes.

Please wait until I recognize you before starting to speak. As always, all comments should go through the Chair. As a reminder, each presenter will have seven minutes for their presentation. After we have heard from all three presenters, the remaining 39 minutes of the time slot will be for questions from members of the committee. This time for questions will be divided into two rounds of seven and a half minutes for the government members, two rounds of seven and a half minutes for the official opposition members, and two rounds of four and a half minutes for the independent members as a group.

**CANADIAN TAXPAYERS FEDERATION
MS. NINA DEEB**

The Chair (Mr. Ernie Hardeman): We're ready to start. We only have two delegations for this panel. The first delegation is the Canadian Taxpayers Federation, and they will be virtual, on the screen.

I will also point out that, with the times that I mentioned, at one minute left, I will announce that there is one minute left, both in the presentations of the delegations and also in the rounds of questions. At one minute left, that's wrapping it up, because the end of the time is to the second—so stop.

Please introduce yourself as you start to speak, to make sure it's in Hansard and the comments are identified to the right person.

With that, we'll turn it over to the Canadian Taxpayers Federation.

Mr. Jay Goldberg: Good morning. My name is Jay Goldberg. I'm the Ontario director at the Canadian Taxpayers Federation. Let me take the opportunity to thank this committee for having me here today to talk about the government's important gas tax cut extension and my overall views on the fall economic update.

Thanks to this government's gas tax cut, the typical two-car Ontario family is saving about \$8 a week at the gas pump. By the time the government's new six-month gas tax cut extension runs its course in June 2024, Ontario taxpayers will have collectively saved \$2.5 billion over two years. At the household level, that amounts to about \$900 in savings. The six-month extension is great news for Ontario taxpayers. It means that taxpayers will continue to experience relief at the pumps. The Canadian Taxpayers Federation called on the government to implement this relief and has encouraged the government to extend it, which the government has now done twice.

Going forward, the Canadian Taxpayers Federation will push for this temporary gas tax cut to become permanent. During the 2018 provincial election campaign, now Premier Doug Ford promised to cut the gas excise tax by 5.7 cents per litre permanently. Thus far, the government has done so on a temporary basis, but we believe Ontarians ultimately deserve permanent relief and the government should deliver on that promise this June.

The government's gas tax cut has also been a very important means of shielding Ontario taxpayers from the damaging impact of the Trudeau government's repeated carbon tax hikes. Since the gas tax cut was implemented in July 2022, the federal government has hiked the carbon tax once and plans to do so again in April of next year. Each annual carbon tax increase leads to a gas tax increase of roughly 2.2 cents per litre.

This government's gas tax cut shielded Ontarians from the impact of the gas tax and the carbon tax hike last year, and it will do so again this year. That's all the more reason to make this gas tax cut permanent. Taxpayers are facing major pressures from Ottawa, and the Ford government has it within its power to help struggling families continue to make ends meet.

I would be remiss if I did not speak to some other elements of the fall economic statement. Taxpayers were certainly disappointed to see the government push back its plan to balance the budget by another year. The province already has \$400 billion in debt. We're the most indebted subnational government in the world, and we believe this has to change. The government should try, this spring, to balance the budget this year instead of pushing it back another year.

Next year, the government will spend more than a billion dollars per month on debt interest payments. Most of the debt was not accumulated by this government, but it is up to the government to help turn this fiscal situation around. Ontario taxpayers, I think everyone can agree, do not want to spend the equivalent of a brand new hospital every month on debt interest payments. If these payments didn't have to be made, the provincial portion of the HST could be cut by three percentage points, saving the typical Ontario family \$1,400 a year. Politicians' refusal over the decades to make tough decisions has led Ontario to this moment of significant debt interest payments, so the government must seize this moment and balance the books as soon as possible to get interest payments going down.

I again want to express the gratitude taxpayers all across the province are feeling because of the government's decision to extend this gas tax cut. It saves families at the pump every time they fill up to head to work or to take their kids to school, and it has meant a lot for families confronting higher bills nearly everywhere they shop. Going forward, I'm strongly urging the government to make this gas tax cut permanent this spring and ensure Ontario taxpayers don't see a Canada Day tax hike next summer.

Thank you very much. I look forward to further conversations.

The Chair (Mr. Ernie Hardeman): Thank you very much for the presentation.

Our next presenter is Nina Deeb. I think she's here in person.

The floor is yours.

Ms. Nina Deeb: Good morning, Chair and committee. Thank you for hearing me today. I would like to speak on this bill.

Not everyone is contributing to taxes. Ontario has permitted vulture funds under the umbrella of non-profit and as real estate investment trusts. These entities are economic extractors. They have no loyalties to Canada and do not pay taxes. There are approximately 60,000 corporations tucked under the not-for-profit umbrella. Approximately 10% of these corporations are legitimate not-for-profits; the remainder are extremely wealthy and are practising legalized tax evasion. Ontario should not have a deficit. These extremely wealthy corporations must pay taxes like everyone else.

Financial corporations and real estate investment trusts have acquired every high-rise purpose-built rental in my region. I've watched rapid increases in asking rents, from \$3,900 to \$4,625 a month, in one dark tower that has been mostly vacant for a year. These are vulture corporations.

Ontario tenants have been abandoned by the provincial government while these bad actors have been permitted to quadruple rents in Ontario through capture and control of most of Ontario's purpose-built rental stock. The province has permitted, and is actively assisting, whether or not they realize it, by contributing taxpayer funds to these global asset managers.

Corporations do not need houses to live; people do.

These global corporations must be banned from Canada. They bring nothing but devastation to over 140 countries that they operate in while they extract the countries' wealth and prosperity for their shareholders.

We can turn this around. The province can redirect all that assistance to the municipalities, to build and retain housing for future generations. The units owned must be co-ops, must be owned by the government, or must be entry-level home purchases. Taxpayers must be the owners. Asset managers must not be permitted to own our taxpayer-funded housing.

Ontario must assist municipalities in retaining and building up our affordable housing stock, which is why I request a budget allocation of \$60 billion for the municipalities to set up municipal acquisition funds in order to retain, reclaim and rebuild our affordable rental stock. CMHC has earmarked \$82.5 billion for housing. Ontario must request some of this funding from the federal government through CMHC.

The removal of protections on new housing units added after November 2018 has targeted Ontario's purpose-built rental stock for acquisition by global corporations. These corporations don't pay taxes on the rental incomes of the properties they acquire. They defund our province and our country while using our pension funds, our university investments and public investment offerings.

0910

Government, pension funds and universities are also assisting in the destruction of housing affordability in Canada.

CMHC, which is intended to assist Canadians, has approximately \$100 billion of taxpayer funding earmarked for purpose-built rentals with no affordability strings attached.

The removal of 8% PST will not make housing affordable. It defunds our province with no strings attached.

The infrastructure bank: The losses the municipalities are experiencing for infrastructure are a direct result of Bill 23. Repeal Bill 23. We don't need this bank. Finance is the sponsor of the loss of housing affordability in Canada. The devastation and losses of Canadians are being recycled into raises and bonuses for finance. This includes the executives of CMHC. Whether you're a tenant or an owner in Canada, everyone must live somewhere. Rents have quadrupled, the cost of homes has quadrupled, and the interest rates have quadrupled. Devastation is compounded for the people of Ontario while finance compounds their profits.

We should never have trusted the financial sector to deliver government housing funding for the people of Canada. We had crown corporations we could have used.

Finance was invited to the table and immediately ate Canadians out of their homes. We need stricter controls and oversight over the same group that delivered the financial crisis. We are an extremely wealthy country, both in land mass and in resources. We do have it all. We don't need them. They're here to extract.

We must allocate appropriate funding to build housing first. Every other sector will improve with housing stability. We will spend less on health care and on emergency services. Adequate housing is necessary. We will have the money for highways, we will have the money for hospitals, and we'll have the money for schools.

When the people of Ontario are successful, the province will be successful too.

I would like my province to be the leader that takes back control of our housing stock. I would like Ontario to reclaim our pride as an exemplary province to look up to. Ontario can be the leader that other jurisdictions turn to. I would like to hear the world say, "Let's try to be like Ontario. They've got their housing under control for their people." That's what I would like to see.

Thank you for your time. I look forward to answering your questions.

The Chair (Mr. Ernie Hardeman): Thank you very much for your presentation.

We'll now start the rounds. Today we'll start them with the independent. MPP Bowman.

Ms. Stephanie Bowman: Thank you for your presentation.

You talked about the interest rates increasing. Could you talk about the impact you're seeing that have in your business, in the real estate sector, and what the impact is on your clients, how that's changing their buying decisions etc.?

Ms. Nina Deeb: It's devastating. Through the Chair: I have some clients who have four working adults in a home, and all their money is going towards the mortgage or their rent. I've had clients who can't sell, and they're really stuck where they are. They're paying more than 100% of their incomes for their mortgages or their rents. That's the scenario that I'm hearing right now. Clients are telling me that they're paying more than all of their income.

Ms. Stephanie Bowman: Mr. Goldberg, I know that you've been critical of the Canada Infrastructure Bank as well as the new Ontario Infrastructure Bank but that you're generally supportive or can be supportive of public-private partnerships and privatization. I'm wondering how you see those two working together.

My view, as I've stated, is that the Ontario Infrastructure Bank will end up being a vehicle to privatize many of our public services. And certainly, there will be a lot of new employees on the sunshine list, through the Ontario Infrastructure Bank, well over the sunshine list threshold.

Could you talk about how those things could work together, or not, and your concerns overall about the Ontario Infrastructure Bank?

Mr. Jay Goldberg: Well, my overall concerns have to do with the experience we've seen at the federal level.

After the infrastructure bank had been in place for about four years, the Parliamentary Budget Officer at the federal level did a study and found that there was no significant private sector investment or buy-in there. Essentially, the federal government put over \$9 billion of taxpayer cash into the federal infrastructure bank without building a single project financed by the private sector. So that was the concern.

The other big concern is, of course, that we went, in the fall economic statement, from a deficit of about a billion dollars to over \$5 billion. As well, next year we're going to have a deficit over \$5 billion, instead of what otherwise would have been a \$200-million surplus.

My concern is, first, the budgetary impact, but also secondly, as I said, the track record that we have seen at the federal level, where it simply hasn't succeeded where the federal government said that it would. It hasn't had the private sector buy-in that the government said that it would. Frankly, the House of Commons transport committee that studied the efficacy of the infrastructure bank made one recommendation to the government after studying how it has performed over the first several years, and that was, "Let's shut this down, because it's simply not working." That's my biggest concern.

Ms. Stephanie Bowman: Again, I understand your concern there.

Certainly, my understanding is that to make it work would require investments in for-profit enterprises. Of course, the government—

The Chair (Mr. Ernie Hardeman): One minute.

Ms. Stephanie Bowman: —therefore needs to then privatize our public services. I've asked the question of the Minister of Finance and have not yet had an answer. I think that is where this bank is going to make its—if they want it to be successful, that is where it has to go. Is that your view as well?

Mr. Jay Goldberg: Again, my view is that at the federal level—

Ms. Stephanie Bowman: No, I'm talking about at the provincial level—if you could just comment on the Ontario Infrastructure Bank and what it will take for that one to be successful.

Mr. Jay Goldberg: All I'm saying is that the record we've seen with infrastructure banks is that there hasn't been the private sector buy-in thus far, and therefore, it has essentially been an unsuccessful fund at the federal level. I would want to see proof here at the provincial level that something different is going to happen.

Ms. Stephanie Bowman: And what would that something different be?

Mr. Jay Goldberg: That something different would be actually getting private sector buy-in and partnering with the government to produce the projects that the government—

The Chair (Mr. Ernie Hardeman): Thank you very much. That concludes the time for that.

We'll now go to the government side. MPP Crawford.

Mr. Stephen Crawford: Thank you to our presenters today.

I would certainly agree with Nina in terms of the interest rate issue that we have in Canada today.

Let's reflect back as to why we're here, why people are paying higher mortgage rates. It's obviously due to inflation. What caused the inflation? It was extreme overspending at the federal level, extreme overspending by the federal government, which continues. They brought their fall economic statement out yesterday. They promised that they would balance the budget; they are far, far away from that. We can't even see a day when they will balance the budget. There seems to be very little accountability as well—high taxes; of course, the carbon tax. That has pushed interest rates up, thereby hurting consumers.

That gets to my point, which I'd like to ask the Canadian Taxpayers Federation and Mr. Goldberg about.

In terms of the carbon tax at the federal level, we are trying to do what we can at the provincial level to talk to the federal government and get them to change their course of action. It looks like some Liberal MPs from Atlantic Canada have had a little bit of a positive impact, but we need to go broader.

I know it sounds like you would like to see the provincial gas tax cut that we're putting through in this budget more permanently. Could you give some colour on how this will help not only consumers but businesses, and if you feel this might actually be able to bring down inflation, thereby contributing to lower interest rates, which will help the people Nina talked about in terms of paying their mortgages off, which everyone is quite concerned about?

Mr. Jay Goldberg: It is a big concern.

We saw what the federal government did yesterday in terms of further increasing federal spending.

I think the government here in Ontario deserves credit for presenting a timetable to balance the budget, which we have certainly not seen at the federal level.

The carbon tax has increased inflation everywhere. The reason is that if you make it more expensive for people to fill up their tanks and take their kids to school or to get to work; if you make it more expensive simply to heat your home, which is not optional in Ontario in the winter; and if you make it more expensive for farmers to produce the food that they need to produce and for truckers to bring that food from the farms to our grocery stores, then of course you're going to be increasing prices.

0920

The Parliamentary Budget Officer has said that the carbon tax has made a contributing effect to inflation. Therefore, if we were to get rid of the carbon tax, it would lower costs for consumers on home heating, on filling up at the pump, even on things like groceries, and that would cascade through the economy. That's definitely something that could be done very quickly that would have a real impact on inflation and a real impact on the cost of living. Ultimately, if inflation gets under control—which, again, the carbon tax has contributed to—then the Bank of Canada can feel confident enough to start to reduce interest rates instead of increasing them. It certainly would have a profound effect.

Just to speak to your other point, on the gas tax cut: The provincial government's gas tax cut has essentially shielded Ontarians at the gas pump from the federal carbon tax, because the provincial decrease of 5.7 cents a litre more than made up for the 2.2-cent-per-litre increase last year and will do so again this April. Since the tax cut has come into effect, once we hit April, we'll have 4.4 cents a litre of increased carbon tax and 5.7 cents of a reduction from the provincial government. We're saying this should be made permanent. It's very important relief. It has helped families immensely.

Of course, the provincial government should continue fighting the federal government on the carbon tax. Hopefully, we will get movement at the federal level to remove the carbon tax. We've seen Liberal MPs in Atlantic Canada have some push. Well, over 75 MPs at the federal level are Liberals here from Ontario. They need to stand up for their constituents too. That means getting a carve-out on natural gas.

Mr. Stephen Crawford: Yes, that's very true.

How much time is left, Chair?

The Chair (Mr. Ernie Hardeman): You have three minutes left.

Mr. Stephen Crawford: You did touch on the fiscal situation here in Ontario. As you know, the provincial government brought out their fall economic statement—I was a part of that, as was MPP Byers—a few weeks ago. You're correct in assessing that we would have been balanced perhaps two years earlier from our earlier projection in the budget. That has now been delayed by two years. We'd like to balance it yesterday. But at least we're on a path to balance and the deficit still is fairly small, compared to where we were. When we inherited office in 2018, as I'm sure you're aware, we had a deficit of \$14 billion, \$15 billion—the most indebted sub-sovereign government in the entire world. We'd like to be a little quicker, but revenues have been a little lower than projected, with a bit of a slowdown caused by, obviously, this interest rate increase and a slowing of the economy. But I still think beneath the surface of what we see there, we have the foundations for a very strong economy. We're getting incredible investments in the province of Ontario that we have never witnessed.

Nina, you mentioned other jurisdictions wanting to be like Ontario. I can tell you, two years ago the number one jurisdiction in the world for auto investment for EV vehicles and EV batteries was China. Canada was not on the list. Now Canada—and most of that is in Ontario—is number two. So \$27 billion in investment in Ontario in the last 18 to 24 months—that is off the charts in terms of economic investment in the province, tax revenues we'll collect, which we need for housing, affordable housing, for education, for health care. We know there are a lot of very, very serious issues there. Beneath the short-term situation we're in, with the higher interest rates that have penalized us all, I think we are on a fairly good path.

In the last minute, Mr. Goldberg, perhaps you could give some other suggestions, from a Canadian Taxpayers

Federation point of view, to the provincial government that you would like to see going forward.

Mr. Jay Goldberg: I appreciate the question, and I thank you for that.

As I said earlier, answering a previous question, the government deserves credit, certainly, for having a plan to balance. There is zero plan at the federal level—five years from now, they're still looking at an \$18-billion deficit. So it is good to see a plan. That's certainly something that is a positive thing.

As I said, one of the things that I think will be important will be this gas tax cut. It has saved families hundreds and hundreds of dollars. This will come up again in June, because this extension is a six-month extension. Ontario taxpayers are grateful to see this extension because it's important for families. But ultimately, the initial promise was permanent implementation. I think that's going to be the way to go. That's the way we should go—

The Chair (Mr. Ernie Hardeman): Thank you very much. That concludes the time.

We'll now go to the official opposition. MPP Fife.

Ms. Catherine Fife: Thank you both for being here on such short notice. The notice for this committee ended on Friday at 4 o'clock, I believe. So thanks for making the time to be here.

I'm going to start with Jay. Jay, I just want to say I appreciated your comments around the infrastructure bank in the media following the fall economic statement. I don't think we've ever said this before, but the Canadian Taxpayers Federation and the official opposition share the concern around creating another arm's-length agency, and of course we also have concerns about who will be on that board, given the track record and the pattern of behaviour from this government. So I wanted to say thank you for that.

Nina, we hear about record investment in the province of Ontario. We also have record evictions, record increases in rental fees, a record number of encampments—people living in tents in Ontario—and we also have record corporate profits in Ontario. So I think that there's some agreement between your comments and us on the financialization of the housing market and what an abject failure that has been.

We have proposed to the government to move into non-market housing, so direct investment—it's actually my colleague here, MPP Kernaghan—to get back into the sector for truly affordable and attainable housing, because private investors are not interested in that market at all. Even the Bank of Nova Scotia put out a comment saying, "It's time for the government to address this gap in the housing market."

As you quite rightly point out, we're building lots of housing—or condos, at least, in these high-rises—but it's unaffordable.

I wanted to give you an opportunity to further your comments on—when you talk about the economic extractors, as you did in your presentation, and these 60,000 corporations that are tucked under the not-for-profit um-

rella. Why don't you spell that out for us and give us an example of one such player?

Ms. Nina Deeb: One such player is Tarion and all the real estate investment trusts. I will say, I haven't seen Skyline participating as a real estate investment trust the way the rest of them have. But all of the real estate investment trusts that are operating within our country are extractors. Every one of those buildings you're driving by pays all the money that the tenants are paying—sometimes 100% of their incomes—and none of it is taxed. I'm a landlord. I'm taxed on my rental properties; these foreign players are not, and that's causing Swiss cheese—we're a tax evasion haven for corporations. That's what we are. We are a tax haven in Ontario. Our purpose-built rental is being targeted and has been completely acquired. I don't really see too much—even the low-rises are being acquired now.

Ms. Catherine Fife: You would have proposed some checks and balances on the government's side?

The government is losing out on potential housing stock. Ontarians are losing out on actually having shelter in this province.

There's also the tax evasion component. Can you talk a little a bit about the tax evasion point? That is something that the provincial government could do something about.

Ms. Nina Deeb: Yes. We could go after these actors through taxation—and that has been done. In the 1970s, you'll recall, we had a 75% capital gains tax that went on to try to curb down inflation. We can tax these players. We write our own rules here. It's our country. This is our province. We write the rules for who wants to work here or operate here. They have to pay to play—but they're not paying anything. They're also receiving 25-year forgiveness on their property taxes through another federal program. They're also receiving free land—

Ms. Catherine Fife: Well, I'm more focused on the provincial.

You also go on in your comments here about the impact of removal of tenant protection.

A 91-year-old senior came to Queen's Park a couple of days ago because she was being renovicted. Her rent—obviously, if she was ever allowed to go back into the building—would be too much, because she's on a fixed income. She was actually considering medical assistance in dying. It's one of the lowest points that I have seen, actually, in this Legislature.

0930

Did you want to talk a little bit about removing rent control on those new builds after 2018? We see it in Waterloo. We see it in our communities first-hand. Can you talk about the negative impact even on the economy for losing your housing?

Ms. Nina Deeb: We pay for it many times over through our other systems. We're paying for this at our hospitals. We're paying for this through our police services, through our fire departments. There are fires being set to buildings where people are having to shelter. So we're paying for this over and over again.

There's actually a study that being homeless—there was homeless Max, I think his name was, and it cost us over a million dollars to have him homeless. It doesn't cost that much to have people housed. The other services are stretched really thin when people don't have housing.

We all need to live somewhere. It's something that we all need. If there's one thing that every single person in this country, in this province, needs, it's housing, so let's budget for it.

Ms. Catherine Fife: Actually, today is National Housing Day, so your comments are very fitting.

You're also a realtor, right?

Ms. Nina Deeb: That's correct.

Ms. Catherine Fife: The market has cooled; I'm sure you've noticed a little bit. The prices are still, obviously, unattainable.

There's also this new trend of—as houses are just about to come onto the market, and people are very indebted because it has taken a long time to build the house, and then they're hoping to sell it for a high price, and, of course, the market is softening, we're seeing a trend—

The Chair (Mr. Ernie Hardeman): One minute.

Ms. Catherine Fife: —of actual fires. There are several criminal cases ongoing right now. Did you want to comment on that?

Ms. Nina Deeb: Those are insurance scams.

You have to qualify for a new home when you buy it, and then you qualify again when you're coming to close it. When interest rates rise the way they have—people who have qualified before are no longer qualifying, because the rates have quadrupled. They're having to bring their parents on as co-signers. The impact on the people in this province—the interest rate hikes—has been just terrible. People are losing their housing because of monetary policy.

Ms. Catherine Fife: Thank you so much, Nina, for coming in today.

I'll pass it on.

The Chair (Mr. Ernie Hardeman): We'll now start the second round with the independent. MPP Bowman.

Ms. Stephanie Bowman: Back to Mr. Goldberg: First of all, let me talk about inflation for a moment. Carbon tax is 0.15% of inflation. Do you acknowledge that?

Mr. Jay Goldberg: Well, there has been—

Ms. Stephanie Bowman: Just a yes or no.

Mr. Jay Goldberg: No.

Ms. Stephanie Bowman: That's fine. The Bank of Canada has done the analysis. They've got highly qualified economists and statisticians and PhDs. They've done the analysis. They say it's 0.15% of inflation. So with inflation at 3%, that would be about one twentieth of inflation. They do acknowledge that if there was a cut, it would be a one-time drop of 0.6%.

We've just been through a global pandemic. Supply chains were crushed, were stopped. We know that those kinds of things have been driving up prices.

Canada still has one of the lowest inflation rates in the world, and while we all are feeling the pains of that when we are at the grocery store etc., I think we also can all

agree that housing is certainly the biggest part of people's expenses—that I hear from. My constituents are worried about their rent increases—\$300-to-\$400-a-month rent increases—because the government removed rent control. That is absolutely contributing to the affordability crisis—which is a phrase I have yet to hear them utter.

So I think when we talk about what this government could do instead of writing letters about the carbon tax—let's just talk about personal income taxes. Personal income taxes are projected to increase at an annualized rate of 7% between this year and 2026 in this province.

Do you think there's anything the provincial government could do to help affordability as it relates to personal income taxes for the average Ontario family?

Mr. Jay Goldberg: Yes, I do think there's a lot the provincial government could do.

I would say that in 2018, the Progressive Conservative platform promised a 20% income tax cut to the second bracket. We haven't seen that yet. We've actually seen no action on income taxes. I absolutely agree and think that there should be income taxes to help make ends meet—particularly lower income tax brackets and increasing the basic personal exemption.

Ms. Stephanie Bowman: What would a 20% drop, as promised by this Conservative government—what kind of money would that put back into the pockets of an average Ontario household?

Mr. Jay Goldberg: Well, you're looking at hundreds of dollars. You're looking at anywhere around \$500—it would depend, of course, what the household income is; if you're making a lot more or if you're making less than the threshold for the second bracket. So it would be different—but the platform itself said it would be above 500 bucks.

Ms. Stephanie Bowman: That's right. Thank you. That's a helpful amount of money to help pay people's rents or mortgages. So it's certainly something the government could spend more time on, rather than debating writing a letter to the federal government.

We also know that Ontario households—of course, Canadian households as well—get the climate action incentive cheque. By my calculations—I think there are others who have done the same—the average household might spend about \$40 more on their gas at the pumps, but they get a check for \$80 every month. Basically, if we cancel the tax, we'd be reducing the \$40 at the pumps but taking away the \$80 they get.

The other thing I wanted to mention: Do you know anyone who was laid off during the pandemic?

Mr. Jay Goldberg: Yes.

Ms. Stephanie Bowman: Did they benefit from the Canada Emergency Wage Subsidy?

Mr. Jay Goldberg: Not the particular person I'm thinking of, but—

Ms. Stephanie Bowman: So they did not get income replacement.

Again, as we know, during the pandemic, people were out of work—some people for extended periods of time; others for less time because they could work from home.

Those people got payments from the federal government to help them get through, so they wouldn't lose the roof over their head. We can debate the amount of spending that was done. Certainly, I think Canadians were grateful for that money, and it helped them get through the pandemic. I think that as we look at unwinding some of that spending, we need to remember that that did help households, during the pandemic, to be able to keep putting food on their tables.

The Chair (Mr. Ernie Hardeman): We will now start with MPP Byers.

Mr. Rick Byers: Thanks to the presenters this morning. I have one question for each—maybe first with you, Jay. I noted your comments on balancing the budget and a desire from the Canadian Taxpayers Federation to have maintained the balanced position by the government, as opposed to the \$5-billion-plus deficit. Has your organization got any suggestions on how that would be accomplished, either through expenditure reduction or other measures that we could consider?

Mr. Jay Goldberg: The Fraser Institute has done studies showing those folks who—

Failure of sound system.

Mr. Rick Byers: Sorry; I can't hear you.

The Chair (Mr. Ernie Hardeman): Could you go off video and just go on sound? You're not coming through here.

Interjection.

The Chair (Mr. Ernie Hardeman): We're still not getting through. Could you cut your video so you just have the sound?

Mr. Rick Byers: I'll carry on, Mr. Chair. Maybe he'll come back.

The Chair (Mr. Ernie Hardeman): Yes, carry on.

Mr. Rick Byers: Nina, I think I heard you say, on the housing front, that you'd like \$60 billion invested by the province in owning affordable homes, if I heard that correctly—and if I didn't, please clarify. Is that your suggestion—that we run a \$60-billion deficit here in Ontario?

Ms. Nina Deeb: No. We have lots of money. We don't need to run a deficit. We just need to allocate the money to the right areas. We don't live on highways, and highways aren't useful to every single person in Ontario. So I think it is more important to allocate money to housing.

Mr. Rick Byers: So how would you balance the budget with the \$60 billion? Where would you find \$60 billion a year to reduce expenditures?

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Ms. Nina Deeb: We can get money from the federal government. CMHC has earmarked almost \$100 billion. We're a very large province. We should be getting a lot of that money. That's my take on that. I think we should be putting something to the federal government to get some of that money, so that we can have acquisition funds.

The municipalities can't react when these properties are ever available. They can't actually buy them, and they can't retain the housing they do have because they can't

compete. They're too slow. If the money was available, if they had the funds to do it and if it was earmarked for that, they would be able to move very quickly, the way the market players do. The municipalities are very disadvantaged in this regard.

Mr. Rick Byers: Jay, back to you: I didn't hear your thoughts. How would you balance that \$5-billion deficit?

Mr. Jay Goldberg: I think that the entire budget should be looked at. If you look at government spending, it's up \$25 billion over and above inflation since 2018, and I think that you could certainly reduce that. We're \$25 billion above the rate of inflation. If you went to \$20 billion above the rate of inflation, you balance the books.

Mr. Rick Byers: What \$5 billion a year would you take out, specifically?

Mr. Jay Goldberg: Well, I would start now with the announcement of the infrastructure bank. I would continue with the \$13 million a year that political parties are getting for attack ads and just to spend on lawn signs during elections.

I'm also very concerned about some of the subsidies that are being given to the auto companies. Ontario is now on the hook for \$10 billion for Volkswagen and Stellantis. The PBO just came out with a report showing those projects won't, in the long term, get taxpayer money back for at least 18 years in the case of Volkswagen and 23 years in the case of Stellantis, which is way longer than government said would occur. So there's \$10 billion right there. I think it's a mistake. And I think both of those companies combined had a profit of C\$99 billion last year.

Mr. Rick Byers: Got it. And just a small detail: That's not a cheque that's being cut; that's reduction in future tax for generating thousands of jobs in the communities—so a teeny-tiny difference there. Anyway, thank you very much.

The Chair (Mr. Ernie Hardeman): MPP Cuzzetto.

Mr. Rudy Cuzzetto: Nina, I noticed that you're a real estate broker. I've been getting on Facebook, and even by emails—homes in one of the fastest-growing jurisdictions in the US, Texas. You can buy a 1,700-square-foot home for approximately \$250,000 or a 4,500-square-foot home with a four-car garage for \$630,000—that could be the dollar exchange in there, as well. I spoke to a few real estate agents in Texas and a few of the developers there, and they told me how they can do that: They don't have HST, they don't have development charges, permits are done very quickly, and land is cheaper. Out of those four, we can deliver on three of those—we get rid of the HST on purpose-built rentals, which we're doing; as well as get rid of development charges, only on purpose-built rentals or affordable homes; and if we can get the municipalities to get the permits done much quicker, we can get the homes built here. Do you agree with what they're doing there?

Ms. Nina Deeb: I've actually written the Generations Housing Affordability Analysis. I broke down the components of a home and how much the government-imposed costs are on the land.

We have a lot of land, so the land is here.

The development charges: The municipalities don't have to charge themselves development charges—

The Chair (Mr. Ernie Hardeman): One minute.

Ms. Nina Deeb: So we can wipe out about 60%, 65% of the cost of housing just through government-imposed costs and through the land cost—just those two items alone.

Mr. Rudy Cuzzetto: You just said right now that we have a lot of land here. So what are you recommending? To develop in the greenbelt?

Ms. Nina Deeb: No. There's land in the greenbelt, but there's a lot of land outside the greenbelt. There are plenty of studies that say we have enough land without going into the greenbelt.

Mr. Rudy Cuzzetto: You know that the population has doubled now, for the next 10 years—so instead of 250,000, we're expecting 500,000 people a year for the next 10 years. That's five million people, and approximately four million will land right here in Ontario. So do you agree with building density or urban sprawl?

Ms. Nina Deeb: I'm perfectly fine with density. I'm not against density. For me, it's just about the cost.

Mr. Rudy Cuzzetto: So then I appreciate if there are municipal meetings—

The Chair (Mr. Ernie Hardeman): That concludes the time.

We will now go to the official opposition. MPP Kernaghan.

Mr. Terence Kernaghan: Thank you to our presenters today.

Nina, it's good to see you.

Upon consideration, Nina, of your comments, if we take them all together as a whole, the province should be deeply concerned and the government ought to be deeply concerned about how all of these pieces relate to one another. I think your comments about vulture capitalists are ones that really should give us pause.

The official opposition NDP agrees that housing is foundational. Housing is a social determinant of health. Housing is health care.

If you look at these different legislative actions that you've outlined—the Conservative government has targeted Ontario's rental market and, in fact, served it up on a platter. It has been the creation of a system of exploitation, where it's benefiting the wealthy while effectively removing stability from seniors and families. Removing housing is quite frightening—to think that they have an active role in this part.

I did want you to talk briefly about the impact of vacancy decontrol. We know that that was brought in by the previous Liberal government, and I wonder if Conservative members on the committee understand how this unwritten incentive allows landlords to, once a unit is vacant, put the rent up to whatever the market can withstand. How has this affected people in your community?

Ms. Nina Deeb: Well, for one thing, it has been awful, because it brought all the rents up.

Once a unit is vacated—or sometimes the person passes away—it is brought to market. Bringing a unit to market—we are bowing down to a market that doesn't bow down

to us. It doesn't serve us anything; all it does is take. But we need to work within the market. The market is there, and we can't take it down; we need to work with it. But the market is not taking care of probably two thirds of the population. The market is being controlled by corporate players, and their interest is to make money. That's what businesses do. They make money. So from the perspective of, "Oh, they're doing something wrong"—that's what they do; they make money. We know what their plans are. We just have to work with it and try to take it back.

Mr. Terence Kernaghan: Their obligation, of course, is to provide that return on investment. It's not necessarily wrong. You're right; that is their mandate.

We know that post-World War II, governments understood the social key economic driver of housing, and they invested in those 1.5 million homes for heroes. We looked after the greatest generation after they returned from war, and it gave rise to the baby boomer generation and what economic prosperity the government could create by truly investing in those homes.

I think your comments about taxpayers being owners are quite wise—and would be long-term financial stability not only for people in this province, but also would provide a greater sense of value for money for taxpayers.

I did want to ask specifically about waiving HST and waiving development charges and removing lands from the greenbelt. How has that increased profits for certain developers and increased taxes for local taxpayers?

Ms. Nina Deeb: The entire tax responsibility has been moved over to the taxpayers. It has just increased profits for businesses. They're keeping the profits. They have not provided affordable housing. The affordability string has not been attached to the gifts that have been given.

Mr. Terence Kernaghan: And when there are no checks and balances, we know that there will be no guardrails and there will be no protections for regular folks.

You spoke about the Ontario Infrastructure Bank. As an individual, would you invest in a bank that was being established by an organization that was currently under criminal investigation?

Ms. Nina Deeb: No, I wouldn't. I'm also very careful about what I invest in. I don't invest in any real estate investment trusts, which is something that I wasn't aware of before. I'm very careful now as far as investments. I don't invest in bad actors.

Mr. Terence Kernaghan: I wonder how many other people across the province will feel the same way when they see this move.

How many clients have you seen recently in bidding wars with corporate entities or real estate investment trusts, when it comes to the purchase of a home?

Ms. Nina Deeb: Corporations are buying right now. One in four are corporation purchases.

Mr. Terence Kernaghan: My goodness. When you consider 25%—that's quite a bit of stock that is not necessarily contributing to the economic benefit of people across this province.

I did want to know, with your comments about how this should be municipally owned and how units should be co-

ops—would you like to elaborate further on the importance of co-op housing and municipally owned housing?

Ms. Nina Deeb: Co-op housing is a municipal investment—housing is local; it's municipal. It has been down-loaded to municipalities, which is fine, but the money needs to be there for them to do the job—the money to build the co-ops, to run non-profit housing.

Also, I look around my city, and there are lots of projects that were built by CMHC, with CMHC funding. CMHC took off their workboots; they stopped building housing.

We had Wartime Housing Ltd., which you touched on—Wartime Housing Ltd. was 1941 to 1947. They did a sensational job. We should have carried on.

And then we had the Central Mortgage and Housing Corp., which, again, was building housing. They took the workboots off and they got out of housing and left it to the market. They became financialized and left it to the market.

Mr. Terence Kernaghan: That's another quote from you I'm certain that I will borrow, with your permission—that they took their workboots off.

We've seen since the mid-1990s that the provincial government has also gotten out of their traditional, historic responsibility for providing that housing, leaving it up to the for-profit market.

In terms of for-profit developers, do you think that they have an incentive to create the affordable housing that Ontarians truly need?

Ms. Nina Deeb: No. We're just talking to the wrong people. They're in business. The developers are in business, and they're really not doing anything wrong. These

are businesspeople. It's not their job. They're there for the profits. It is our job. We should be doing this. It's the government's job.

Mr. Terence Kernaghan: So you would state that the province has a social, economic and fundamental responsibility to provide housing—and affordable housing—for people across the province?

Ms. Nina Deeb: Yes, absolutely, we do, and it will save us money in the end.

Mr. Terence Kernaghan: Most definitely. It's an upstream investment, and it allows people to create their future.

Thank you very much for your comments today.

The Chair (Mr. Ernie Hardeman): That does conclude the time for the presentations. We want to thank both of our presenters for your presentations.

As a reminder, the deadline for filing amendments to the bills is 8 p.m. on Wednesday, November 22. That would be today at 8 p.m.

I just wanted to add, to the delegations: If there is more that you wanted on the record that you didn't get the opportunity to present, by 8 o'clock tonight you can put it in writing, and it will be part of the—

The Clerk of the Committee (Ms. Vanessa Kattar): It's 6 o'clock.

The Chair (Mr. Ernie Hardeman): Okay. You can get it in, but get it in as quickly as possible.

With that, the committee is now adjourned until 9 a.m. on November 23, 2023, when we will begin clause-by-clause consideration of this bill.

The committee adjourned at 0954.

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