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## **Official Report of Debates (Hansard)**

**Wednesday 4 June 2003**

## **Journal des débats (Hansard)**

**Mercredi 4 juin 2003**

**Standing committee on  
estimates**

Ministry of Finance

**Comité permanent des  
budgets des dépenses**

Ministère des Finances

Chair: Gerard Kennedy  
Clerk: Trevor Day

Président : Gerard Kennedy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 4 June 2003

Mercredi 4 juin 2003

*The committee met at 1536 in room 151.*

## MINISTRY OF FINANCE

**The Chair (Mr Gerard Kennedy):** Minister, on behalf of the committee, I'd like to welcome you and your staff. We are, as all in attendance know, continuing the examination of finance estimates commenced yesterday. We now turn to the balance of time, approximately 10 minutes, for the third party, and Mr Prue.

**Mr Michael Prue (Beaches-East York):** I'm continuing with some of the questions I understand Howard Hampton asked yesterday. I believe yesterday, Janet, you were asked to give the number of defined benefit pension plans coming under Ontario regulation that may be in some kind of financial difficulty. Do you have those numbers?

**Hon Janet Ecker (Minister of Finance):** Yes, indeed. As I indicated yesterday, we have talked to staff about this. We have a risk assessment based approach to monitoring and evaluating the funds. As you know, there are approximately 2,700 defined benefit plans. Of those, there are approximately 200 we are dealing with in terms of ensuring they're meeting the commitments of the plan. What happens is that of those that are looked at with additional rigour, usually about 90% of those problems are rectified. It does not become a significant issue. Where further action needs to be taken to make sure employers are putting in what they need to put in to keep the plan solvent, we take that action.

**Mr Prue:** So out of the 200, you are saying then that there would be approximately 20 or so where there could be difficulties that we have seen, such as with the Gay Lea employees these last few weeks.

**Hon Mrs Ecker:** Actually, Gay Lea is putting in place a new pension support for their employees. As I understand it, steps are in place to help those particular pensioners.

But again, I think we need to be cautious in how we use this information because this doesn't mean a plan is not going to be able to meet its obligations. What it means is there may be a risk that this plan may have a problem if nothing is done. That is why they take the approach they do, so that when something is identified, they can take the appropriate steps to make sure the plan remains solvent and can meet its commitments.

**Mr Prue:** I take it then that those 200 or so plans have been identified and notified.

**Hon Mrs Ecker:** Certainly. I think it's important to put on the record that whenever there are concerns raised about a plan, whether it is a pensioner, an employee, an employer, information through the media, other information, the regulator makes inquiries and takes a look at the information that's filed. There are a number of ways they may well have questions raised about a particular plan.

**Mr Prue:** I'd like to switch to the area of hydro. My first question is about the Ontario Electricity Financial Corp, it being an agency of your ministry. It is responsible for the rebate or capping subsidy to consumers. This subsidy has cost consumers about \$1.5 billion from May 1, 2002, until April 3, 2003, or if you want to put it another way, about \$550 million after taking into account funds set aside by Ontario Power Generation under the market power mitigation agreement. That's a whole bunch of legal gobbledegook there. We have had our staff look, but we cannot find anywhere this amount of money, either \$1.5 billion or \$550 million anywhere in the budget. Where is it?

**Hon Mrs Ecker:** First of all, as you know, there are many organizations that are independent in terms of how they function. There was a mitigation program already in place that is supporting the consumer price protection fund. The life of that agreement runs until 2006 and that fund is designed to pay for itself over the life of the agreement. In terms of further details, I'm sure Karen Sadlier-Brown, who is one of our senior officials responsible for this area, can do more details for you.

**Ms Karen Sadlier-Brown:** Mr Prue, certainly the government does expect that the plan will be balanced over its lifetime as new supply is brought on. As you know, the plan is being funded in part by OPG as part of its requirements under the market power mitigation agreement and by the end of April 2003 that amount has totalled \$1.9 billion, of which the government has flowed over \$300 million to account for the original rebate for consumers, and a further amount to account as part of the MPMA rebate for the first nine months of \$152 million.

**Mr Prue:** Let me understand this. These numbers are all huge to me. I'm used to being a mayor talking in millions, not billions. What you are saying is that this is going to be worked in over a period of time, four years, until 2006. Is that the number I've got?

**Ms Sadlier-Brown:** That's right.

**Mr Prue:** All right. So far all the monies have been paid by OPG and none by any other government agency?

**Ms Sadlier-Brown:** I think what I said was that in terms of OPG, OPG is a major contributor and has been, as a condition of its licence, required to rebate to consumers the amount that is above the 3.8 to the market price. So as of April 2003, OPG had set aside, because of the difference between 3.8 and the actual market price, \$1.9 billion. That amount is now being flowed to the OEFC.

**Mr Prue:** So no other monies have flowed to the OEFC?

**Ms Sadlier-Brown:** That's the major component of it.

**Mr Prue:** I understand that, but has anyone else had to contribute money?

**Ms Sadlier-Brown:** It is OPG—

**Mr Prue:** And only OPG.

**Ms Sadlier-Brown:** Yes.

**Mr Prue:** OK. On this same vein, Madam Minister, a researcher on my staff phoned your staff to get a copy of the math, on the assumption that the fund will balance over four years. He was told this was secret information and that your office would not release it. Is that ministerial practice? I can't imagine it is.

**Hon Mrs Ecker:** If Karen has some further information to offer on that, I'd certainly be quite happy to follow up with you in terms of who the staff member was and to ensure we can answer the question to the best of our ability.

**Mr Prue:** I take it that you will get back, I guess, next time and you will tell whoever is replacing me that day how the calculation is done.

**Hon Mrs Ecker:** As I was saying, Karen may well have some further information today on that, or the deputy. If not, I can certainly follow up in terms of who your staff talked to and see what information may be available on this for you.

**Mr Prue:** OK, but just an assurance that this is not secret information, as we were led to believe, and how this is calculated is open and public information.

**Ms Sadlier-Brown:** The market power mitigation calculations are there and I understand that the IMO releases numbers on an ongoing monthly basis as well. Overall, the consumer price protection fund, though, is expected to balance over its life. Accounting also is public through the OEFC through its annual report. The annual reports, Mr Prue, are normally released around the time of public accounts.

**The Chair:** You've got one more minute, Mr Prue.

**Mr Prue:** All right, my last question then. Rates have been much higher in the last year or two since deregulation has taken place, much higher than the government had said or that your own experts, I think Mr Wilson, said. Fred Lazar of York University was the person who said you were going to save \$3 billion to \$6 billion. This hasn't happened.

Can you tell us what assumptions you are making about the rates over the next year or two? Do you expect them to stay at the same level or do you expect them to go up?

**Hon Mrs Ecker:** We're certainly quite happy to have the Minister of Energy respond to the member of the

third party in greater detail than the Minister of Finance will, but I think it is important to recognize that with bringing on the new supply that we are working to bring on, we anticipate that over the life of this agreement it will pay for itself.

**The Chair:** We now turn to the government party. You have 20 minutes, and we start with Mr Mazzilli.

**Mr Frank Mazzilli (London-Fanshawe):** Welcome again, Minister. Something that obviously is fascinating with the dramatic tax cuts over a period of time is that \$16 billion more in revenue is coming into the provincial treasury.

Could you or one of your officials go through where some of the growth area has been? Has it been in personal taxes, small business or large business, or has it been sales tax? Can we get an understanding? Has each area grown equally, or have some areas benefited more than others?

**Hon Mrs Ecker:** While the deputy, and I don't know if we have some of the other tax officials here—we have seen as we anticipated that by reducing the taxes, doing that and taking other steps to help support economic growth in Ontario, we've actually seen a \$16-billion increase in our tax revenues. Those increases have come forward through a number of different taxes that we collect, revenue. I'm not sure if the deputy has some information on exactly which taxes we might have seen—he's looking at our budget here, so if we can't do an answer now we'll certainly be prepared to do it in more detail later.

**Dr Bob Christie:** Mr Mazzilli, just as some examples—because it varies year by year depending on which sector of the economy is strong over that period of time—from 1999-2000 to the projected level for this year, we've seen personal income tax grow by \$2 billion; we've seen retail sales tax grow by \$2 billion; corporations tax, as a result of the weakness of a couple of years ago, is actually lower; the employer health tax is up about \$700 million. Depending on the year, there will be a different source of revenue that's responding to the growth.

**Hon Mrs Ecker:** Actually, sorry, Mr Mazzilli, just because I see a startled reaction from the members of the opposition over here, one of the challenges that we faced last year was the substantial decline in the corporate income tax because of the impact of 9/11 on the economy. That was how we in Ontario saw it impact us significantly.

**Mr Mazzilli:** That's why I'm exploring this line of questioning, because the one thing that I always hear and continue to hear is that your tax cuts to large corporations are a giveaway. What I'm hearing from you is, obviously because of September 11 and some other economic situations worldwide, the corporations do not have the earnings that they did. In fact, if they don't make any money they wouldn't be paying any taxes no matter what the tax rate would be. Would that be correct?

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**Dr Christie:** Yes, Mr Mazzilli, that's correct. Again, to give some examples of the way this happens year by

year: between 1999-2000 and 2000-01, corporations tax grew by \$1.2 billion. Then between 2001-02, it dropped from \$9.2 billion to \$6.6 billion. It has basically stabilized and then begun to grow. This year we're expecting growth of about \$300 million in our corporations tax.

**Mr Mazzilli:** So the largest growth right now certainly appears to be on personal income tax and sales tax for this fiscal year.

**Hon Mrs Ecker:** And frankly, you would anticipate, with a million new jobs, a million more people working, fewer people on welfare, we do have more people who therefore would be eligible to pay personal income tax.

**Mr Mazzilli:** I know Mr O'Toole is anxious to have some time, so we could perhaps explore this at a further date.

**Mr John O'Toole (Durham):** Well, we'll just continue on the same line.

I first wanted to thank you, Minister, for being available to us again today. I'll start out by making a couple of observations and then more questions.

My first observation is that yesterday I was quite impressed with Mr Hampton's line of questioning. The leader of the third party has been very strong on the energy file. I was disappointed that Mr McGuinty wasn't here, because you're here, the Minister of Finance—the leaders were here. Clearly, we had the attention of the people of Ontario. I don't know whether there are any questions. The Leader of the Opposition is basically hide and go seek, perhaps.

The questions today are extremely important. In the House today we are dealing with the whole issue of insurance. It's an opposition day matter. I know that in your files it's a challenging file as well.

In the last couple of weeks I've been to the east coast on my own private time. I was intrigued when I was in on the last day of the Legislature in Nova Scotia that there were, I believe, seven questions that day and all of them were on auto insurance and home insurance; every single question to the leader, Premier Hamm. In that whole election in New Brunswick, I think it's the same thing. When I listen to the opposition, it's as if the only single problem is in Ontario. In context and in fairness—I've heard you respond to this, Minister, to talk about the reinsurance and the difficulty of the investment part of their portfolio and the returns on those things. It's my understanding, even when we came out of the NDP reign and attempted to deal with the amount of litigation—

**Mr Ted Chudleigh (Halton):** The reign of terror.

**Mr O'Toole:** The reign of terror, some would call it. I wouldn't be one who would do that, but I'm just recalling that. There was an attempt to increase the statutory benefits and there were other attempts—kind of the no-fault approach—where there was some abuse. I looked at the DACs, the designated assessment centres, as probably a lot of soft tissue stuff going on. The costs are going up in auto insurance; there's no question.

After I'm finished speaking for a while, you could probably answer some of these things.

I want to put on the record clearly—I'm anxious for Mr Phillips's line of questioning, because I looked at

their current election platform, and perhaps this isn't the right forum to be talking about politics—they're saying that there are no new tax increases. Well, we've just heard, from your previous response, that part of their plan—I've read it, although there are really no numbers in it; you have to go to their Web site. In question period and other formats, I've determined that they need about \$3 billion that they expect to save from eliminating any tax cuts. They're going to cancel all tax reductions, or what I call tax competitiveness decisions. In that, the revenue would then be bumped up by about \$3 billion.

You've just told us that the revenue from corporate tax and other business and individual taxes could be down a bit, if the economy is softening. On that, I think their plan is in some difficulty, and the race hasn't even started. I know they'll never achieve that, because they never keep most of the promises they make.

The other thing is that I'm getting a lot of questions in the tax area locally. I've met with council members. Some of the resolutions that are going through council are very much opposed to some of the platform information that's out there. Maybe this isn't the right format, but I'd like to put it on the record. They're saying they don't like this referendum issue. I'm saying, "We have in Ontario a Taxpayer Protection Act, and in that we can't go to the tax trough without going to the people of Ontario first. In that context, we're only asking the municipalities to do the same thing." I think it's fair. In fact, I'm surprised sometimes. If they asked the right questions to the taxpayers, I think the taxpayers would give them permission to increase taxes for an appropriate expenditure. Those things I think are best left up to the consumers, or the taxpayers in this case, to determine, whether it's a new arena, a new theatre, a museum or increased community safety. I think a lot of people would probably be supportive of those things. It all comes back home to you as the Minister of Finance. It's the same thing. You're making difficult but necessary decisions.

If you'd like to respond to the whole issue of the Taxpayer Protection Act, just to say, in your case, as the minister, that we have to balance the budget—that's a given—and we can't expect the consumers—that is, the taxpayers—to endlessly bail out governments. Maybe you could just generally respond to that. There's no specific question there. I just thought I'd give you some time, actually.

**Hon Mrs Ecker:** Thank you, Mr O'Toole, I think.

**The Chair:** There are about 10 minutes remaining, Minister.

**Hon Mrs Ecker:** That just might do it, Mr Chair.

**The Chair:** The question was only eight minutes long.

**Hon Mrs Ecker:** First of all, I'd like to, I think, congratulate the honourable member for taking time off to then go and sit in the Legislature of, I believe it was, Nova Scotia.

**Mr O'Toole:** New Brunswick.

**Hon Mrs Ecker:** New Brunswick—sorry. It certainly indicates a commitment to something.

Secondly, just because the question has been raised, it's my understanding that the Premier will be attending

the Juno Beach celebrations with veterans later this week, which I think is an excellent thing for him to do on behalf of our seniors and our veterans in Ontario.

The issues that you raise around tax increases and decreases, Mr O'Toole, I think are good, because the voters, the taxpayers, are going to have a clear choice between a party such as ours, that believes that a tax decrease, tax relief, is a good thing, not only because, for consumers, it leaves more of their hard-earned money in their hands to spend, invest, save, as they see fit to meet their own personal priorities, but also it's a good thing because of the positive impact that it has on the economy. We have seen that, with the growth rates that we have had in Ontario, faster than our trading partners. With the million new jobs, family incomes are up. For example, for the average two-parent family, family incomes are up about 19%; a single parent, about 30%, 33%. Home ownership is up. There are a number of strong indicators that economic growth and tax relief as part of our plan have been working.

Voters have a choice between a party that believes tax relief is important, has provided it and will continue to provide tax relief, and parties, such as the two opposition parties, that believe that relief is not a good thing and have actually pledged to increase or remove some of the tax relief that is there for consumers. I think that's important.

I must also mention that, yes, you're quite right. The Liberal Party is saying that by cancelling tax cuts, they'll save \$3 billion, and from that they're going to pay for all their promises. One of the challenges, of course, is that this has been promised three or four times over, for a number of different initiatives, which does raise some interesting questions there as well.

On auto insurance, we have seen auto insurance rates in this province in previous decades—for example, under the government that preceded ours, rates rose almost 25%. When we came in, we introduced the first piece of legislation, the Automobile Insurance Rate Stability Act, in 1996. We actually saw rates decline by over 12% because of the changes that we put into place.

There is no question that the auto insurance sector is facing significant challenges: the increased costs for health care, the increased costs for accidents, the increased costs for the reinsurance market, what's been happening to their investment income, all have served to put significant pressure on them.

**1600**

To deal with that we have been doing a couple of things. First of all, as you know, they must apply for approval to increase rates. The regulator goes through the material to make sure the information they're providing is valid to protect consumers. Secondly, we have been bringing down the sales tax on auto insurance premiums because auto insurance is mandatory. We've been providing additional tax relief on auto insurance premiums. It will be interesting to see if the Liberals will put that sales tax back on.

We introduced new legislation last fall and are in the process now of working with all the insurance stake-

holders on the regulations to implement that legislation. The goal of those changes will be to do a couple of things: first of all, to expand the rights of innocent victims to sue in certain cases; to provide a more generous treatment for young children who have been severely injured in car accidents; to make sure that consumers who are injured have faster access to commonly used treatments; also to deal with some fraud and abuse and misuse that has crept back into the system since the last round of changes we made. Those regulations have been out for consultation with representatives of all the different stakeholders, and I certainly look forward to bringing them in and implementing them very soon.

I should say, just very quickly, I must also welcome what I believe I heard from one of the Liberal members who asked me a question today: the Liberal Party's commitment to support those regulations. They have been out for consultation since February. I assumed Mr Smitherman, with his interest in this area, would have read them and I certainly took that as a commitment to support those regulations.

**The Chair:** Thank you, Minister. Mr Miller, about four minutes.

**Mr Norm Miller (Parry Sound-Muskoka):** I have a question to do with the capital tax. I had a developer of affordable housing in my area, what I would call a relatively small developer, whose assets in the last few years were just high enough that he had to pay the capital tax. I certainly view this as being an unproductive tax, a tax that is not good for productivity in the economy. In the case of this developer, he didn't realize he was just over this threshold and it ended up causing him all kinds of problems. He had to pay back taxes and there were penalties involved and it became quite onerous for him, and quite challenging for him to stay in business, as a matter of fact. I'm wondering what our plans are for the capital tax here in Ontario as we go forward.

**Hon Mrs Ecker:** The capital tax has been very problematic for businesses here in Ontario because it a profit-insensitive tax. Even though a company may not have income, it is expected to pay the capital tax. It is also a tax that has been a hindrance to investment. Canada is a country that has a capital tax structure, federally and provincially, that sticks out among different countries. So when investors are looking to come here, that's one of the reasons that can discourage them. Both the federal government and Ontario made a commitment to eliminate the capital tax. We've taken the first step. Actually, we had taken a step in the previous budget, but a significant step in this budget, to reduce it by 10% by I believe January 1, 2004. We think it's a significant step to start eliminating a job-killing tax, and the federal government is taking steps with us as well.

**Mr Miller:** What is the current threshold at which you have to pay capital tax, and is that changing?

**Hon Mrs Ecker:** I'll have the deputy answer some of the detailed questions. We've run into concerns from businesses on thresholds, both with capital tax and with the small business income tax because, as you get to

different levels, they have to keep track of where they are so they know when they're eligible to pay the tax. For small business, for example, we have increased the threshold so more small businesses can benefit from that tax. We have a business advisory group that is looking at better ways to communicate so that our small businesses are not caught on the threshold, that somehow or other they can have notification or information so they don't get caught in this owing-back-tax issue.

Deputy, do you want to add some further details?

**Dr Christie:** In terms of the threshold, in 1995 the threshold was assets or revenue greater than \$1 million. That has been increased over the years so that, for example, currently the threshold is a capital tax exemption of \$5 million in taxable capital.

**The Chair:** We'll now turn to the official opposition.

**Mr Gerry Phillips (Scarborough-Agincourt):** I'll just pursue the issue of where you're going to find the money for the tax cuts and just say that I take with a grain of salt the tax cut promises. You still haven't implemented the ones you promised in 1999. In fact, I think you've abandoned one of them. You have the distinction of being the first Minister of Finance to actually break the Taxpayer Protection Act. I'm acutely aware of that because I never thought you would break it. I said I'd eat my hat if you did, and you did; you just broke it. I ate my hat because I actually thought you believed in the Taxpayer Protection Act. So if the public is skeptical, they have good reason. It was just a year ago that you abandoned \$1.5 billion in tax cuts.

I want to pursue the issue that we pursued yesterday: the high risk in this budget. I want you to either refute or confirm these numbers. In your budget you're assuming \$2.2 billion of asset sales. You're assuming, I gather, an incremental spending on SARS, according to what you said yesterday, of over \$800 million. You're assuming you will find cost savings of \$800 million, unidentified cost savings; you've just said, "We're going to find cost savings of \$800 million."

You've put in your budget \$771 million from the federal government. The federal government says it will be available only after they run a surplus that is above their normal contingency reserve. If the economy is one point below your expectations, that's I gather about \$600 million. That's about a \$5-million risk factor in the budget, as I understand it. Are any of those numbers incorrect?

**Hon Mrs Ecker:** Old habits in the House die hard. The fiscal plan that we've put forward is a plan that we will balance the budget for the fifth consecutive time. We have done that before. I know the opposition has always said it couldn't be done, has always voted against every spending decrease, has always said it wasn't enough when we had a spending increase, has always voted against any tax relief which has been part of helping the economy grow and increase our revenues. So I understand where they're coming from on this, and also when you look at their governments' records in terms of racking up deficits and debt. Our government was the

first one to stand up and say that we will balance the budget when actually—

**Mr Phillips:** Are any of my numbers wrong, Minister? Just answer that question.

**Hon Mrs Ecker:** This budget is designed to balance, as the last four have. I think it's important that we recognize that.

The other thing is the Taxpayer Protection Act. Again, we were the first government to bring in legislation that said you have to ask the permission of taxpayers before you can increase a tax.

**The Chair:** Minister, I want us to avoid getting into any whatever, but the general guideline is that when it's the opposition's time, they get to direct the subject matter. I want to give you as much latitude to answer as possible; there's also a choice you can make not to answer the question. I just want to make sure we have the ground rules. The same will apply to the government bench and to the opposition. But if Mr Phillips has asked a specific question, he is within his rights to direct you to that and I will support that. But within latitude, Minister, you're welcome to do that. I just want to make sure it's understood that it is the opposition's time, and if they want to focus it more narrowly, that's up to them.

1610

**Mr Phillips:** Are any of the numbers I gave you incorrect?

**Hon Mrs Ecker:** We put out forecasts for revenues and expenditures in our budgets. That is not a new practice. That is something we have followed. We design our plan to have—

**Mr Phillips:** Are any of my numbers incorrect? That's all I want to know.

**Hon Mrs Ecker:** Well, you are saying we're not going to balance the budget.

**Mr Phillips:** No, I'm not. I gave you five numbers that are—

**Hon Mrs Ecker:** Yes, you are.

**Mr Phillips:** I gave you five numbers. Are any of them incorrect, Minister? Can you possibly answer that simple question?

**Hon Mrs Ecker:** First of all, the budget is very clear in terms of the estimates we've put out. Frankly, I think it's also important to recognize—I must say, the honourable member is concerned about the federal government's commitment on its obligation to Canadians. The February 2003 first ministers' meeting—

**Mr Phillips:** Honestly, Chair. Can you answer the question? Are any of my numbers incorrect? I'm using your numbers. Are any of them incorrect?

**Hon Mrs Ecker:** Run the numbers by me again and I'll go through them if you'd like.

**Mr Phillips:** The \$2.2 billion in asset sales.

**Hon Mrs Ecker:** That's in the budget. The sales and rental line says \$2.2 billion. Everybody can read—

**Mr Phillips:** OK, fine, that's right then. You said yesterday that SARS was over \$800 million of incremental spending.

**Hon Mrs Ecker:** All of these are public numbers.

**Mr Phillips:** So that's right. Then the—

**Hon Mrs Ecker:** I'm glad the honourable member can read our press announcements, and I hope you would ask Ottawa to do something more—

**Mr Phillips:** Please don't insult the public. I asked you a question, Minister.

**Hon Mrs Ecker:** No, I'm not insulting the public.

**Mr Phillips:** Are the five numbers I gave you correct or not? Just answer me, yes or no.

**Hon Mrs Ecker:** If you're using the public numbers that are in our budget and in our public press releases, they are correct. If you are using estimates that you've made up, no.

**Mr Phillips:** I just gave you the numbers, Minister. Are they right or wrong?

**Hon Mrs Ecker:** We've talked about two of them. What were the other three?

**Mr Phillips:** Do you not listen to the questions, Minister, or are you just going to—\$771 million from the federal government: right or wrong?

**Hon Mrs Ecker:** That's an accurate number. Ottawa has pledged to give us more money on health. That was a pledge they made in February, and in the respective budgets of Ontario, Quebec, Manitoba and PEI, we've all booked our respective shares of the CHST top-up.

**Mr Phillips:** The \$800-million savings: right or wrong?

**Hon Mrs Ecker:** Actually, I think the number is closer to \$700 million. It was a \$500-million savings target that we put in there. We usually have savings of \$200 million—

**Mr Phillips:** If you add them up, it's \$800 million. Is that right, Deputy?

**Dr Christie:** I believe it's \$200 million in operating and \$100 million in capital.

**Hon Mrs Ecker:** Yes, so \$300 million.

**Mr Phillips:** And \$500 million in savings, so it's \$800 million. So that number is right, Minister.

**Hon Mrs Ecker:** All those numbers are in the budget.

**Mr Phillips:** Why did you not simply say, "Yes, you're right. It is the \$5-billion number that you quoted"?

**Hon Mrs Ecker:** Because you are trying to imply something I do not believe to be true.

**Mr Phillips:** What am I trying to imply?

**Hon Mrs Ecker:** If you'll forgive me for being cautious, we put numbers out there in the budget, so if you wish to reiterate numbers that are in the budget, we can do that.

**Mr Phillips:** So the \$5 billion is a correct number, then?

**Hon Mrs Ecker:** You are trying to imply that the budget is not balanced.

**Mr Phillips:** No.

**Hon Mrs Ecker:** That is not correct.

**Mr Phillips:** Did I say that?

**Hon Mrs Ecker:** I think we need to be very clear here. That's what you're trying to imply. It is our commitment, for the fifth time, since we've done it four

times, to balance the budget again, and we will expect your supportive steps to do so.

**Mr Phillips:** I therefore take it that there is a \$5-billion risk in the budget. That is a fact, with the \$2.2-billion asset sales that you've refused to identify. You've acknowledged that there's over \$800 million of spending on SARS that's not in the budget. It's not in the budget; you've added that. There's \$800 million of cost savings and you've not identified any of that. There's \$770 million from the federal government that's only available if they run a significant surplus; you've acknowledged that. The one that is uncertain is whether there's \$600 million of lost revenue—there is a one-point economic downturn. So Minister, I say to you again, I do think your budget is high risk.

I want to pursue again the tax cut issue. You said in 1999 that you would cut the residential portion of property tax by 20%, that the tax cut will put \$500 million back in the hands of individuals and families. Is that 20% cut in residential education property tax complete?

**Hon Mrs Ecker:** Actually, we have provided more than that amount of tax relief. We made a 10% reduction in the residential property tax. What we saw was that very few taxpayers actually saw that tax relief, so what we have done is to meet the additional 10% by providing focused tax relief for our seniors on their property taxes—\$450 million worth of tax relief for our seniors. It works out to approximately \$475 for a senior household, whether a renter or an owner. So we have actually provided additional tax relief above and beyond the amount of dollars we promised in 1999. As I said, the reason we made the change in how we provided that tax relief was because the majority of municipalities moved into the tax room, the tax break that we gave property owners the first time around.

**Mr Phillips:** So you broke the promise. You're just not going ahead with it.

**Hon Mrs Ecker:** I don't agree with that. We promised—

**Mr Phillips:** That's a fact.

**Hon Mrs Ecker:** No, it's not.

**Mr Phillips:** It is a fact that you didn't proceed with that. The people in my area, everyone, were promised that they would get a 10% cut in residential—it's gone. It's not going to happen. Then that's not true.

**Hon Mrs Ecker:** I know the Liberal Party is a little sensitive on the fact that they have said they're going to take away—

**Mr Phillips:** I'm not sensitive. I didn't make the promise.

**Hon Mrs Ecker:** —\$450 million of tax relief for seniors. I know they are a little sensitive on that point. But we think seniors deserve a tax break. For many seniors living on fixed incomes, property taxes have been a struggle for them to meet. So the tax relief we are providing for seniors is actually exceeding the tax relief promise we made in 1999.

**Mr Phillips:** The first point I'd make to the public is that you're once again making promises I don't think you can keep. I don't think your budget provides the money to keep the promises, and the proof of it is you've had to cancel \$1.5 billion in tax cuts that you solemnly promised a year ago. In fact, you had to break your own Taxpayer Protection Act to do it.

**Hon Mrs Ecker:** We did not cancel any tax cuts.

**Mr Phillips:** You did.

**Hon Mrs Ecker:** First of all, the budget last year had tax relief in it, like every budget has had tax cuts in it. There was additional tax relief in last year's budget. Maybe the honourable member from the Liberal Party thinks that having some 45,000 more modest income Ontarians dropped off the income tax rolls, so they don't have to pay Ontario income tax, is not a significant tax cut.

**Mr Phillips:** Do you know what I think? I don't think you can keep your promises, Minister, and the proof of it—

**Hon Mrs Ecker:** That indeed is significant tax relief. I don't know, you may well be going to raise their taxes. It's hard to tell from the Liberal platform.

**Mr Phillips:** How much time have I got, Mr Chair?

**The Chair:** About 10 minutes.

**Hon Mrs Ecker:** In addition, we have provided additional property tax relief by focusing more tax relief on our seniors, because we believe tax cuts work.

**Mr Phillips:** Thank you, Minister. Let me just say to the public that, firstly, this Taxpayer Protection Act isn't worth the paper it's written on.

**Hon Mrs Ecker:** So you're going to scrap it, are you, Mr Phillips?

**Mr Phillips:** The government at the very first hint of difficulty abandoned it, and that's not me speaking, this is what the—

**Hon Mrs Ecker:** That's simply not accurate, Mr Chair.

**The Chair:** Madam Minister, I'm only trying to, if you could stay minimally—please, let the member speak.

**Mr Phillips:** This is what the government said. This is the government's own document. How can the government justify breaking the Taxpayer Protection Act? Then it went on to justify it by quoting Moody's. The reason it was delayed was to meet the government's target of a balanced budget. The government was forced to delay tax cuts. It makes the point, you see, that the government itself acknowledged that it couldn't raise its revenue and proceed with the tax cuts. It had to abandon it. The second proof of it is—

**Hon Mrs Ecker:** It did no such thing.

**Mr Phillips:** There were two tax cut promises solemnly made in 1999, and neither has been proceeded with. What we raised yesterday were serious concerns about whether in fact you once again are going to have to break your promise and break the Taxpayer Protection Act. The reason I raise these issues is that you have acknowledged you've got \$2.2 billion worth of asset sales. The last time we saw any number like this was that

dreaded 407 sale, where Mr Eves sold the 407. The last provincial election was called on May 5, 1999. That's the day the 407 deal closed.

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**Hon Mrs Ecker:** With all due respect, Mr Chair, last year's budget had a \$2-billion sales and assets line in it, so I think the record—

**Mr Phillips:** Second, the only way last year's budget was balanced—

**Hon Mrs Ecker:** —needs to be accurate. Last year there was that sale—

**The Chair:** Minister, I would ask for your—

**Mr Phillips:** —the government took \$1 billion of federal health money that was scheduled to be spent on health in the next three years and put it all into last year—

**Hon Mrs Ecker:** That's not accurate, Mr Chair.

**Mr Phillips:** —\$1 billion of tax money.

**Hon Mrs Ecker:** That is not accurate, Mr Chair. Ottawa—

**The Chair:** Order, Minister.

**Hon Mrs Ecker:** —provided that money. It was booked exactly the way Ottawa provided that money.

**Mr Phillips:** It is completely accurate. The minister may not want to hear that and—

**Hon Mrs Ecker:** Other provinces have done that, Mr Chair. I think Mr Phillips intends to make it look like it was in—

**The Chair:** Order, Minister.

**Mr Phillips:** She shouldn't be yelling like this. She's out of control, Mr Chair.

**The Chair:** Minister, order. Minister, I will have order in this committee.

**Hon Mrs Ecker:** It's not accurate. I think the record should be accurate.

**Mr Phillips:** It is completely accurate if you look at the—

**The Chair:** Minister, I will state for the benefit of the committee members, Mr O'Toole phrased a question of some length. Mr Phillips will have the same privilege at this committee. This time belongs to each of the parties to use as they see fit, and they elicit your co-operation. But, Minister, we will not have heckling, one speaking over, and I will interject. I will ask Mr Phillips to finish his question. I will give you the courtesy of an opportunity to answer that question. I ask for your co-operation in that regard.

**Mr Phillips:** I used the numbers from the government itself of the high risk. The stranded debt in electricity: you've indicated that there will be no increase in the stranded debt over the next two years. I'd like some assurance that in fact that represents reality, that the bureaucracy have looked at that and can assure us that the stranded debt is not going to change over the next two years—the one that we're in right now and next year.

**Ms Sadlier-Brown:** The stranded debt is essentially an amount that was fixed originally as a result of the financial restructuring of the companies. The residual part of that, which was originally estimated at \$7.8 bil-

lion, is an estimate, and I think we will be doing reviews of those as we go through and see the market opening. It is impacted by a whole range of factors, including prices, performance of the companies etc.

**Mr Phillips:** But in the budget, Minister, you've said that this year and next year there will be no increase or decrease in the stranded debt, and that has a profound impact on the surplus. I just want to know that the bureaucracy has looked at this and that in fact that is their professional opinion.

**Ms Sadlier-Brown:** Yes, Mr Phillips. In the budget, the estimates are that the stranded debt will stay even, and we think that was a prudent estimate.

**Mr Phillips:** So the books have closed on last year; there was no change in the stranded debt?

**Ms Sadlier-Brown:** I'll just check the numbers. Yes, those are the interim numbers.

**Mr Phillips:** OK.

The government indicated that the Fair Share health levy was the fairest way to meet the health needs. The government document said, "We believe the new Fair Share health levy, based on the ability to pay, meets the test of fairness requirements of the Canada Health Act and we believe this is the fairest way of handling it."

You indicated you're eliminating one of the major Fair Share health levies. Why would you have said that the Fair Share health levy was the fair way to do it and now you're eliminating them?

**Hon Mrs Ecker:** The surtax, as it is called, has been an impediment for attracting and keeping some of the best entrepreneurs and innovators and managerial and professional class in Ontario. Since the goal of our tax relief plan is to take steps to increase jobs, growth, economic activity in the province, this was one of the taxes where we felt that further relief was necessary to help encourage that economic growth and those jobs.

**Mr Phillips:** But I didn't name it the Fair Share health levy; you did. It wasn't me who made that statement that it was the fairest way to handle it. Were you wrong when you made that decision in the campaign?

**Hon Mrs Ecker:** We can certainly sit here and talk about your past campaigns and our past campaigns.

We have increased investments in health by some \$10 billion over the last eight years. Unfortunately, only roughly \$1.3 billion of that, as I recall—I can check that number—has been because of increased revenues from Ottawa. We are continuing to invest in health.

At the same time, we recognize the need to provide the kind of tax relief that stimulates the economic growth to give us the money to do those kinds of investments in health care.

**Mr Phillips:** I want to return to the \$800 million of extra money that you've indicated for SARS, plus that \$800 million in cost savings. Can you indicate to us where you're going to find that \$1.6 billion?

**Hon Mrs Ecker:** As we do every year with a budget, we have estimates of revenues and expenditures. We will find additional savings. We have contingency funds. We

also have estimates about economic growth and several other factors.

At the end of the day, we will balance the budget, as we have the four previous years, and at the same time make—

**Mr Phillips:** Can you give us any indication at all where you're going to find the \$1.6 billion?

**Hon Mrs Ecker:** We're going to make reductions where it is appropriate. Again, we have done this before. Frankly, if you look at the record, if you factor out our two priority programs of health and education, we have a 30% reduction in administration spending—

**Mr Phillips:** So after eight years you can find \$1.6 billion in savings?

**Hon Mrs Ecker:** —and we will be moving forward to find additional savings. As those savings are found, we'll be quite pleased to share that information publicly, as we always do.

**The Chair:** Minister, thank you for your response. We now turn to the third party and Mr Prue.

**Mr Prue:** I'm going to go back to hydro again for a minute. The Ontario Electricity Financial Corp is responsible for the hydro debt; would that be correct?

**Hon Mrs Ecker:** They manage that debt, yes.

**Mr Prue:** In your budget, on page 62, it shows whether there are any increases or decreases in that Ontario Hydro stranded debt. The debt since 1999 has actually increased by \$365 million; is that correct?

**Hon Mrs Ecker:** Overall debt for hydro has decreased, actually. As Karen has explained and can explain to you, there have been different debt categories, if you will. But whether it's the Visa card or the mortgage or whatever, debt is debt. It has actually decreased overall. Karen could certainly—

**Mr Prue:** I'm asking particularly about the stranded debt. You'll see where my questions are going in a minute. Has the stranded debt increased or decreased?

**Hon Mrs Ecker:** I'm just bringing up one of the other officials to deal with the issue.

**Dr Christie:** This is Gadi Mayman from the Ontario Financing Authority, which also supports the Ontario Electricity Financial Corp.

**Mr Gadi Mayman:** As the minister has said, there have been a number of adjustments to the stranded debt. There were some opening adjustments going back to 1999 that corrected a number in 1999 that had been underestimated in terms of a working capital adjustment.

More recently, the performance in fiscal 2001-02 was lower than expected because earnings at OPG and Hydro One were lower due to the costs of the Pickering A restart program, some employee severance charges for OPG and Hydro One's distribution rate mitigation package.

In the most recent year, in the statements for 2002-03, which have not been finalized yet, the preliminary numbers actually show stranded debt decreasing by \$40 million for 2002-03.

**Mr Prue:** So that it's in my head, has the stranded debt gone up or down since 1999?

**Mr Mayman:** Because of the accounting adjustments, they are higher than they appeared originally in 1999.

**Mr Prue:** How much higher?

**Mr Mayman:** Six hundred million dollars.

**Mr Prue:** And you think they are going down by \$40 million, more or less, by the time the accounting is done this year?

**Mr Mayman:** We don't have the final accounting numbers for 2002-03. The final statements for OEFC are usually released around the same time as public accounts, but the preliminary numbers as included in this year's budget show stranded debt declining by \$40 million, yes.

**Mr Prue:** I'm a little puzzled. When I get my bill, and I think when every consumer gets their electricity bill every month or every couple of months, there is a line on there that says we pay 0.7 cents a kilowatt hour in debt retirement, and we've been doing that since May 1, 2002. That, to my brain, works out to three quarters of a billion dollars a year. Have we not been paying this off?

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**Mr Mayman:** Yes, the DRC, as you mentioned, Mr Prue, has been collected since May 1, 2002, when the market opened. It is part of the assortment of payments that goes to the OEFC to pay off the \$38 billion in debt that was left over from the old Ontario Hydro. There is another series of payments that comes in, including notes from the successor companies, OPG and Hydro One: payments in lieu of corporate taxes from those companies; the debt retirement charge, as you've mentioned, is another one; and dedicated income from the electricity sector—in other words, income from the two successor companies, OPG and Hydro One, that is in excess of what the government's investment is. Those revenues all come in. There are a series of expenditures that OEFC has, the main one being interest on the \$38 billion in debt that was left over from the old Ontario Hydro. In the end, whatever the balance is, if there's more revenue coming in than expenditure strand, the debt goes down, as it did in the year just completed.

**Mr Prue:** So we take from the consumer about three quarters of a billion dollars a year to pay down the stranded debt and we pay down \$40 million—or am I not understanding this? The rest is all the other charges and all the other things that are going right and wrong.

**Mr Mayman:** Most of it is interest charges on the \$38 billion in liabilities that were left over from the old Ontario Hydro, yes.

**Mr Prue:** So people are paying this money, expecting that over a 20- or 30-year period we're going to pay off the stranded debt. We're not; not at \$40 million. Is it a pretty fair assumption that this is never going to pay down that debt?

**Mr Mayman:** The latest financial statements, audited by the Provincial Auditor, say that the stranded debt will be paid off by 2012. The range that has been out there since 1999 has been between 2010 and 2017. That year will be reviewed again as the Provincial Auditor looks at this year's statements, but we have no reason to believe

that it will go outside of the range that it already was, from 2010 to 2017.

**Mr Prue:** Again, I need to understand this. If it's only \$40 million, out of three quarters of a billion, that's actually going to be paid down, how could you possibly have that hope of being on target?

**Mr Mayman:** If you put in the model that shows all the revenues and expenditures over the next 10 years, while last year only had it paid down by \$40 million, over time the model does indicate—and the model has been audited and looked at by the Provincial Auditor as well as by an outside independent audit company. It says that with the series of payments that are expected from the successor companies, with the payments that are coming from the debt retirement charge, the expectation is that the stranded debt will be paid off by 2012.

**Hon Mrs Ecker:** I think it's important to note that we are the first government that has actually stood up and said we have to deal with this debt rather than, as previous governments did, not deal with it. We put a plan in place to start dealing with this debt.

**Mr Prue:** I hope I'm still around in 2012 to actually see this.

**Hon Mrs Ecker:** It's a heck of a lot better record than your government, which racked up that debt.

**Mr Prue:** My government is 18 months old. I've only been here 18 months. I didn't rack up any debts at all.

**Hon Mrs Ecker:** The government whose party was in power between 1990 and 1995.

**Mr Prue:** I suppose. I'm pretty proud of them most times.

Hydro, but it could be other things—I'd like to go back to a question asked by Mr Phillips about the \$2.2 billion in asset sales or rentals. I saw in the last couple of days that one of the asset sales, which I as an MPP had not even heard of, that was proposed was the ONR, and that did not go through. I did see something go through for the Province of Ontario Savings Office earlier this year. What other crown corporations or assets are being considered for sale?

**Hon Mrs Ecker:** As we clearly indicated in last year's budget and this year's budget, first of all we have reviewed and continue to review all public assets. We are reviewing Teranet. We've looked at some of the other land holdings, for example, that the Ontario government has. We have been divesting ourselves of those on a regular basis and we're looking at all public assets that we own and manage on behalf of taxpayers. If there are ways to get a better value for taxpayers, if there's a business case to make changes that might benefit taxpayers, we indeed make those changes.

**Mr Prue:** Well, \$2.2 billion is a lot of assets. It's a lot. It could be Hydro. Is that something you're still looking at selling?

**Hon Mrs Ecker:** Two points, just in answering: first of all, we've been clear that Hydro One is staying in public ownership. But last year we had a figure in the sales and rental line of over \$2 billion. Total revenues for 2002-03 that were reported in the budget were within

0.2% of the budget forecast. So even though that particular revenue projection was not realized, we were still 0.2% within our budget forecast. The budget was balanced and ours was the second most accurate revenue forecast by Canadian governments last year. Just as a point of comparison, the federal government's forecast of total revenue varied by 2.3% from the original projections. I say that not as a criticism of the federal government at all, but just to make the point that those estimates can vary. It is anticipated that many will vary and that's why you make year-end adjustments.

**Mr Prue:** OK. But again, I'm trying to figure out what assets I can look forward to being sold off in the coming year. That's what the question is: what are the assets that conceivably could be worth \$2.2 billion? I'm trying to think in my head. Hydro could be one, but you're not going to do that. The Liquor Control Board of Ontario I guess could be another. That might be worth about \$1 billion. Are you looking to sell that off, or more? Is that one of them? I'm just trying to figure out which ones.

**Hon Mrs Ecker:** First of all, we are not in the business of doing fire sales of assets. We are in the business of managing public assets on behalf of taxpayers in a way that maximizes that value for taxpayers. For example, last year I think is a good case in point. We reviewed Hydro One. The decision was made that Hydro One should stay in public ownership. We reviewed the Province of Ontario Savings Office and the decision was that it made better sense for consumers using that service, for the communities that had those banking institutions located in them, for taxpayers, to divest ourselves of this asset, and Desjardins Credit Union is now providing improved service there for the POSO banks.

Again, I don't wish to speculate. I appreciate the intent of the question, but the honourable member is asking me to speculate. If and when decisions are made to change the way a particular asset is managed, we'll certainly be communicating that.

**Mr Prue:** You also talked about land holdings. I would assume, then, that you are intent upon selling land somewhere in the province.

**Hon Mrs Ecker:** We've been doing that since 1996, if I recall, and we've been very open about doing that. The process by which we do that is—again, it depends on the land parcel—through Ontario Realty Corp. Land is put on the market and we indeed sell it. For example, in my riding we had a very important initiative where we sold land that we owned in something that had been designated by the city of Pickering and the region of Durham as an agricultural preserve, to stay as an agricultural preserve. We actually sold that land back to many of the tenant farmers, some of whom had been there for generations. We did an agreement between the city of Pickering and the region of Durham to have agricultural easements to protect that land. It is unfortunate that my Liberal opponent, the mayor of Pickering, is now attempting to develop that land. But there's an example of where we sold land, and actually sold it in a way that

will protect it for green space and agricultural use in the future.

**Mr Prue:** But that was sold in the millions of dollars, not in the billions, was it not?

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**Hon Mrs Ecker:** For that particular parcel of land, the agricultural preserve, I can certainly check and see if there are some details on the numbers.

**Mr Prue:** OK, but I'm trying to get my head around this. These would be enormous swaths of land that have to be sold for \$2.2 billion—enormous. Are any of our parks at risk?

**Hon Mrs Ecker:** Mr Prue, first of all, as you will note when you look back, at the end of the year, the actual revenue that has come in on the sales and rental line has varied. Sometimes it's been \$600 million, sometimes it's been \$300 million; in one particular year, it was over \$2 billion. So it is an estimate. It may or not be met. It is one of many estimates that go into making up a budget, with flexibility of contingency funds and reserves, making in-year decisions, so that at the end of the day we balance the budget, as we committed to do.

**Mr Prue:** One of the things that was leased, I guess, as opposed to sold—maybe it was sold as well—was the Bruce nuclear station. Is there any thought of selling Pickering?

**Hon Mrs Ecker:** The Bruce nuclear station actually was a very good deal, not only for taxpayers but also for that particular community, for the jobs. It was a plant that was not functioning the way it should function. With private sector management, it indeed is functioning at a better rate, and we might actually get more than we anticipated out of that. So that was a good deal all around, a win-win all around for the community.

**Mr Prue:** I'm not commenting on the deal. I'm just saying—

**Hon Mrs Ecker:** No. You've asked me about that plan.

**Mr Prue:** —you've sold that one; are you considering selling Pickering? Mr Miller says yes, but I want to hear it from you.

**Hon Mrs Ecker:** Our goal with the Pickering plant is to ensure that we get to the bottom of the cause of the delays. That's our first priority so we can get that plant up and running.

**Mr Prue:** So that's not on the auction block at this point?

**Hon Mrs Ecker:** I'm not aware of any plans. Certainly, the government does not have any plans before it on Pickering right now. Our goal, as I said, is to make sure that the Pickering plant can get up and running the way it should, that it can do it in a way that is safe. When we came into power in 1995-96, that plant had been—I don't think I'm being overly dramatic here—virtually run into the ground under previous governments. There were questions about safety etc. We've been working to repair the damage done under previous administrations so the plant can be up and running, not only for the residents of

Pickering and the area in terms of the jobs that it creates, but also for the power that it produces.

**Mr Prue:** Are there any other assets owned by OPG that you are considering selling to get at or near this \$2.2 billion?

**Hon Mrs Ecker:** As you well know, Mr Prue, OPG does have to divest itself of assets. That was part of electricity restructuring. So there's no secret about that. Again, I can't comment on what plans OPG may or may not bring forward, but that is part of the market and the arrangements that have been made. We have been very open and public about that.

We also have some assets that we're reviewing: the Highway 400-series service centres. There are 24 such centres along the highways, just to mention another one. There are a number of public assets that we continually review to make sure that we're maximizing the value for taxpayers.

**Mr Prue:** Mr Chairman, how much time do I have left?

**The Chair:** Mr Prue, you have approximately three minutes.

**Mr Prue:** I guess I've run out of questions about energy for the moment. Let's go over to the seniors' property tax rebate. There's no cap on this. The criticism I have seen from the opposition and from many of the newspapers, including ones friendly to the government, including the Toronto Sun, is that there should be a cap, that there are people out there with \$6-million homes who are going to see a pretty big windfall. Can you tell me why you've not put a cap on it and why it's going to cost the government that extra money? I understand the reason to help poor seniors. I understand that.

**Mr Mazzilli:** But you still oppose it.

**Mr Prue:** I understand that, but why is there no cap?

**Hon Mrs Ecker:** You are quite correct, Mr Prue. There is no cap on this. We feel that tax relief for seniors is important to provide. We are indeed doing that. For many seniors who may well be of modest incomes, of modest means, they may well have been in a home that was purchased several decades ago. There might be considerable value in that home today, but that senior may well be of modest income. So I think it is a little bit difficult to make those distinctions. We recognize seniors' contributions. We think this tax relief will help support seniors. As I said, the majority are of modest means and living on fixed incomes.

**Mr Prue:** Clearly, the Income Tax Act and the filing of income tax would separate those who are of modest means from those who are not, would it not? Would that not be a better instrument than a home or an apartment?

**Hon Mrs Ecker:** Actually, seniors have benefited from personal tax relief through the Income Tax Act, through the personal income tax, but also I think it's fair to note that those seniors who are wealthier do pay more income tax.

**Mr Prue:** Again, I get back—the name Frank Stronach has been used many times, and other names as well. Why would the government believe that expending

public monies in such a way, or giving back monies in such a way, was good social or financial policy to an individual like that and hundreds or thousands like him across the province? Why does that make for good financial or social policy?

**Hon Mrs Ecker:** Well, I think you will find that there are many more Mr or Mrs Smiths who are living on very modest incomes as opposed to Mr Stronachs, and we know that the majority of seniors in this province—first of all, all seniors have very much contributed to the success of this province and we feel that this tax relief does help recognize that and helps support them. We believe that extra help is very much of benefit to seniors.

**Mr Prue:** A lot of seniors—

**The Chair:** Mr Prue, I'm sorry. We've arrived at the end of the time for this round. You will have another opportunity.

**Mr Chudleigh:** Minister, we've listened to the opposition suggest that the balanced budget is in some dire straits. I just wondered if there might not be another promise of another meal of a hat if the balanced budget didn't occur. Perhaps the member for Scarborough-Agincourt would like to commit to that here and now.

**Mr Phillips:** I learned my lesson to not believe anything you say any more. I had to eat my hat when I actually thought you believed in the Taxpayer Protection Act.

**Hon Mrs Ecker:** We do, Mr Phillips.

**Mr Phillips:** So I said to the public, "They'll keep their promise on the Taxpayer Protection Act," and they didn't.

**Mr Chudleigh:** I guess there's no hat in the future there, and of course the member for Scarborough-Agincourt has ignored in his formula the \$1-billion contingency fund we have in our budget and also perhaps some of the money that might be forthcoming from the federal government for our SARS program.

What I'd like to concentrate on is the job creation we have had over the last eight years of our government in Ontario—over a million new jobs, over a million new taxpayers—which has allowed us to make the investments in health care and education that Ontarians expect and need and what we so desperately want to have happen in Ontario.

Minister, could you comment on some of the things that create an environment around which jobs are created, what employers who are contemplating coming to Ontario are looking for in a jurisdiction in order to encourage them to set up their new plants and hire their new employees, and how that leads to increased jobs?

**Hon Mrs Ecker:** There are a number of things that need to be in place to attract jobs, to keep jobs and to encourage the growth and prosperity that we've seen in Ontario. Obviously, a competitive tax structure is part of that, so we need to make sure that the taxes individuals and businesses pay here in Ontario are competitive with other jurisdictions. That's how you attract and keep jobs here.

Secondly, more money that individuals and businesses have to use and don't have to give to the government, that they can use to address their own priorities, helps to spur investments, for example, in expanding a business. It helps to support hiring more employees—for example, reducing payroll taxes, something this government has done because a payroll tax, quite frankly, penalizes a company for hiring more workers. So you have to have the competitive tax structure in place.

**1650**

The second thing is to make sure you have the skilled workforce available so there are people here to fill the available jobs. When a business wishes to expand or move into a new product area or something like that, they have to have the workers here to hire to do that job. That's one of the reasons why, for our government and for me personally, improving the standards and quality in our education system from K to 12, and also expanding the post-secondary system, as we have, by 135,000 spaces—and we're working on that expansion. That makes sure that people have the skills they need, not only to do jobs but also to continue to learn as technology changes. I think that's another important priority.

We've also taken steps to remove unnecessary regulations and red tape that do not protect consumers, that do not provide better benefits, any regulatory benefits that quite simply duplicate other steps, for example, or have outlived their usefulness or create a barrier to investment and growth without providing a benefit for taxpayers or consumers. We have eliminated some 2,000 regulations. I hear from the small business community particularly, many of those organizations that represent small business and from our small business advisory group, that we need to continue to do more to minimize red tape as opposed to increasing it. That's another important step.

Keeping the budget balanced is another important step, as is investing in the kind of infrastructure that helps support jobs and growth in our communities; for example, innovation and new technologies. We support that in a number of ways, most recently through the fund we set up to help the automotive sector, and also through infrastructure like roads. Roads are an important economic building block, if you will, because of course companies need to transport their goods to market, especially with the North American free trade agreement, which has been of great benefit to this province. Having good roads and good security at the border crossings so our goods can move freely between the United States and Ontario is another important structure.

Those are some of the steps we've taken and the steps we will continue to take. You may well have seen the prosperity report that was released, Roger Martin's report on prosperity and innovation. It makes further recommendations. The Ontario Jobs and Investment Board report also has some recommendations that the government's been following to make sure that economic growth can continue.

**Mr Chudleigh:** You hear a lot of talk about our job growth being just part and parcel of the American

economy, and of course the automobile industry is a very important industry to Ontario. It does create a large number of jobs for us, but it is not the only industry in Ontario. If this was true, it would mean that Michigan, which produces even more cars than Ontario, was doing as well as Ontario. Could you comment on how the Michigan economy is doing vis-à-vis the Ontario economy?

**Hon Mrs Ecker:** Actually, one of the interesting things that we see with job growth in Ontario is that we have been growing at a faster rate than our American partners in the United States. We've been growing faster than Michigan. When you look at the growth rate numbers—which I know are here somewhere before me and I can't quite recall them right at the moment—we have been growing faster than states like Michigan. I think one of—

**Mr Chudleigh:** Three times.

**Hon Mrs Ecker:** Pardon?

**Mr Chudleigh:** Three times faster.

**Hon Mrs Ecker:** Three times. Thank you. One of the criticisms we often hear from the opposition is that somehow or other our growth is only because the American economy has been growing. There's no question that we need the American economy to be strong, but we've also proven that Ontario has a very strong and resilient economy that is capable of growing, as it has, on its own, through very strong domestic demand. So that is also part of the record we have seen here in Ontario, and we need to keep that record going.

I think it's important for taxpayers to recognize that it does matter which government is in Queen's Park and it does matter what decisions a government makes. In what we have called the lost decade, between 1985 and 1995, we certainly saw, with some of the decisions that were made—for example, high taxes—decreases in jobs. With a different economic plan, you have seen this province be able to grow.

I've just been handed a chart here that actually shows that Ontario leads North America in manufacturing job creation, for example. We're leading the US states and the Canadian provinces. We actually lead the G7 in manufacturing job growth.

Again, I think those are signs of the strength of the Ontario economy, and we need to make sure we can continue to do that.

**Mr Mazzilli:** Minister, I just want to follow up, if I could, on the seniors' tax credit. Again, obviously the opposition rejects that credit. Yesterday they were going down the path that somehow it was going to cost money to administer it and a stamp to mail the cheque back out to our seniors. We've also heard other areas they explore, that somehow a few people on the top end are going to benefit from that tax credit, and certainly a few people on the lower end will benefit less. But in between all of that is that 80% of the population which will fall within the average.

Yesterday we heard that a \$200,000 home would get you approximately \$670 back. What is the average house

price within the province of Ontario? Do you or any of your tax officials have that number?

**Hon Mrs Ecker:** We can just look that up if you'd like, Mr Mazzilli, in terms of the average house price.

One of the questions that was asked yesterday—I think it was by Mr Hampton; it might have been Mr Phillips. I can't recall now. But it is a valid question, and I said we would obtain the information for them. That was the administrative costs of the property tax relief for seniors.

The average house price would be about \$190,000. I thought as much.

**Mr Mazzilli:** So the average senior would likely—obviously, you're going to have the two or three—

**Hon Mrs Ecker:** It's about \$475 when fully implemented, should this legislation pass.

**Mr Mazzilli:** Another thing that I want to applaud you for—I know it's certainly not in the budget but I hope to see it in a future budget, and no one seems to be talking about this—is the mortgage deductibility. I think it's a great first step, up to \$5,000 that can be deducted. In today's environment, that's approximately a \$100,000 mortgage with 5% interest rates, give or take. So it's a great first step. The one thing I don't hear the opposition saying is that wealthy people who have their homes paid for can go out and borrow against that home and make an investment, and of course they can write off 100% of their mortgage. So I just want to compliment you and others for bringing that forward. I think it's a great first step.

I know that Mr O'Toole has another question.

**Mr O'Toole:** I personally just want to follow up a little bit on a question that Mr Phillips raised earlier. I'm just looking at the unprecedented expenditures in health care since we took office, and I think that's where I want to start. I understand that all of the Premiers, all of the provinces and territories, have been requesting—although Roy Romanow missed most of it, Senator Kirby was clear when he realized that with the original agreement under the Canada Health Act, the federal government have moved away from the table significantly.

Mr Phillips is quite happy with the \$700 million that he has mentioned in one of his categories there of money being transferred. I guess the key is, and I'm trying to formulate this, I understand that we had to put some money in the budget showing as revenue—and these are all forecasted revenues, whether it's on the tax side or transfer side.

**1700**

I guess it's probably more appropriately to the staff who work on this thing: are the federal Liberals ever going to get back to anything close to their original Canada Health Act agreement of 50% of the cost of health care? We've moved to over \$28 billion. Like everyone else at this table, I support the principles of the Canada Health Act. The Premier has said and Minister Clement has said—and I think, respectfully, Minister, you have said—that health care is number one. We're going through unprecedented times in Ontario with

SARS, and the front-line health workers are doing a marvellous job: the doctors, the nurses and all of the health providers.

I'm not sure if they've even got those machines working at the airport yet. The federal government takes care of the airports and the people coming into this country. I think probably it came into this country through an airport, not likely in a car from the United States, because they don't have that same kind of thing.

Is there anything that isn't in the numbers here that we could hold out hope that the federal government won't cheat Ontario one more time? We have a deficit in the transfer payments. We get about \$24 billion less than we actually send to the feds. I'm all for supporting equity in programs across this great country, but are they going to give out any more flags or stuff like that in Ottawa? The wasting of money there—even the auditor agrees about the gun registry—is just shameful: \$1 billion on the gun registry alone. I think everyone here agrees that they're really after the wrong people. They should be trying to get the criminals off the streets. But that's just one more example of the waste at the federal level.

I'm going to get to a question, I promise, eventually.

**The Chair:** Just to help you, Mr O'Toole, you have about six minutes.

**Mr O'Toole:** Then I'll go on for a while. In that case, there's more to be said. Clearly I have to leave the minister time, and I want to leave a real question for Norm.

I'm hopeful as I look at the revenue pictures here. I know these transfer numbers that I see coming from the federal government are marginal and I don't think it's near enough. I guess it's 18%, if they do transfer this money. Under the conditions they've put, they've always left a back door, as the Liberals always do. They may not transfer the \$700 million. That's the point that Mr Phillips should be writing to Mr Chrétien about right now and saying, "Look, \$700 million isn't near enough to fight SARS," and that came since their budget. I expect in his response or rebuttal later on—I'll probably leave then. In that time, I think that they should transfer probably another \$1 billion. Is that unreasonable to expect in the case of SARS? Their mismanagement of—I hate to say—the mad cow thing, if they've mismanaged that; the evidence isn't in yet.

Clearly the government here is committed—and I'm just overwhelmed by our commitment of almost \$800 million to reward, protect and secure the front-line health care workers who are putting themselves and others at risk to keep us safe. Is the federal government going to do anything, Minister? That's really the question here, and I think it's a fair question raised by Mr Phillips. He should send it right over to his friend Mr Manley in Ottawa to say that they're not up to the job. They don't even recognize that Ontario has to remain healthy. It's 50% of the economy of this country. We have to keep Ontario healthy, we have to keep Toronto healthy and we have to keep them healthy for all Canadians. Don't they realize that they're abandoning all Canadians by abandoning Toronto in its time of need? I think it's a shame

that I'm even looking at this number of \$771 million in the federal transfer when we've committed that much to SARS alone.

I look at the estimates and I'm reviewing the various expenditures in the various parts of health care. We've increased long-term care by almost \$2 billion in the last couple of years, additional funding. I'm disappointed that Mr Phillips isn't more insistent that there should be more revenue in your budget, the numbers here. I think it's underestimated.

**Hon Mrs Ecker:** I think, Mr O'Toole, that you raise an important point. At the February 2003 first ministers meeting and subsequently in the 2003 federal budget, the federal government said that they would provide up to an additional \$2 billion for health to the provinces and the territories at the end of the fiscal year 2003-04 if the Minister of Finance determines during the month of January that there will be a sufficient surplus above the normal contingency reserve to permit such an investment. I think it's important to look back. For example, in their 2003 budget, they forecast a surplus of \$3 billion; they actually achieved \$13 billion. The year before that, it was a \$1.5-billion surplus; they actually ended up with \$8.2 billion. The year before that, a \$4-billion surplus was anticipated; the final surplus was \$20 billion.

So it raises two questions: one, you can make the argument that they are collecting more tax than is required for the programs they fund; second, they are finally now starting to cut taxes, actually, Mr Cordiano, which is a good thing. It's helping to increase economic growth, but they are anticipating a surplus and all of the provinces—again, as I said, Ontario, Quebec, Manitoba, PEI—have taken the federal government at their word that there will indeed be additional health funding. It is still a long way from what the provinces believe is required in this country to keep the health care programs strong, but at least it is a step in the right direction.

**The Chair:** Mr O'Toole, just one more minute.

**Mr O'Toole:** I want to leave Norm some time to get on the record here and send it to your constituents.

**The Chair:** You've got less than a minute now.

**Mr O'Toole:** Minister, I think there's more to be done on health care and other areas.

**Mr Miller:** I'd like to return to the property tax relief for seniors. I've certainly heard from a lot of seniors in my riding of Parry Sound-Muskoka, particularly seniors who own property and they've seen large increases in the valuation of the property but have no real plans to sell the property; they just want to continue living in it, at their principal residence. This proposed tax relief is going to help them to be able to do so. What cost did you include in your estimates for the implementation of the new property tax relief for seniors?

**The Chair:** Just briefly.

**Hon Mrs Ecker:** I'm sorry? How many minutes?

**The Chair:** Just briefly. There are only a few seconds left.

**Hon Mrs Ecker:** I have lots of information, but once fully mature, we anticipate that the program will cost

approximately \$15 million per year for the delivery of a \$450-million benefit.

**The Chair:** We are now at an administrative juncture. Mr Chudleigh, if I could ask for your attention, as the whip for the government side, we are expected to sit for another 44 or 45 minutes before a vote. There are 58 minutes approximately left in the estimates of the committee. There are two ways we can proceed: one is we can have the minister and all the delightful staff of the ministry back for the balance of time or, as has been the tradition in terms of managing this committee, the government side can reduce their portion accordingly, which would be one third of the available time, in order to allow us to take the vote on estimates today. I look for an indication from the government whip as to whether that is agreeable or which option you would like: option A or option B.

**Mr Chudleigh:** My friends here have all had ample time.

**The Chair:** OK, we'll proceed on that basis and we'll now apportion the time, approximately 19 minutes for the official opposition and the third party and then a few minutes, approximately five or so, for the government before our vote.

We'll now turn to Mr Phillips.

**Mr Phillips:** I heard \$15 million was the cost to administer the program. Is that correct?

**Hon Mrs Ecker:** Yes. Again, I have a fair degree of detail about how we will be getting there and some of the work we're trying to do with Ottawa, so there may be some further efficiencies on that, depending on how they assist us with the information etc. But we anticipate, when fully mature, it will be approximately \$15 million to deal with 945,000 seniors, to deliver approximately \$450 million in tax relief to them.

**Mr Phillips:** Ontario used to have a AAA credit rating, and I believe there were three downgrades to it, and I believe there has been one upgrade to the credit rating.

**Hon Mrs Ecker:** No, as a matter of fact, under our watch we've had nine rating improvements.

**Mr Phillips:** Maybe the deputy can answer this. It was a AAA credit rating. I believe there has been one upgrade in it.

**Hon Mrs Ecker:** It was AAA. It went down under previous administrations. When we came in, it was not a AAA credit rating. It used to be when Tories were in power before, but we have had nine improvements since we've been in power.

**Mr Phillips:** I don't think you're correct, Minister. I just would like the deputy to maybe answer this and, rather than getting a rambling answer, if we can just have a crisp answer. I believe we had a AAA credit rating and it was downgraded three times. I believe we've been upgraded once.

**Dr Christie:** I'm just asking Gadi here to look for the specific details. The downward rating adjustments during some of the weaker economic times of the early 1990s—

**Mr Phillips:** I understand all that. I'm just saying we used to have a AAA with S&P; it's now AA, I believe, which is two levels below where it was and one level above where it was several years ago. Is that correct?

**Hon Mrs Ecker:** Just to be clear, under the NDP, Ontario's credit rating was downgraded three times in three years by S&P, to AA- from AAA, and two times each by Moody's Canadian Bond Rating Service and DBRS. Under the Liberal government, in 1988, Ontario's credit rating was put on credit watch for possible downgrade by DBRS. We have actually had rating improvements. As I said, I believe the number was nine—

**Mr Phillips:** Minister, please, I don't think you know what you're talking about. It was a AAA credit rating. We were downgraded three times. I would like just a simple answer.

**Hon Mrs Ecker:** Under the NDP, the credit rating was downgraded three times—

**Mr Phillips:** I understand that. That's exactly what I said in my question, Minister. Have we been upgraded once by S&P?

**Hon Mrs Ecker:** Again, as I said, since 1995 we have had nine rating improvements including four upgrades.

**Mr Phillips:** I'll repeat my question. Perhaps rather than trying to get into a political rant, you might—

**Hon Mrs Ecker:** That's not a political rant. It's the facts.

**Mr Phillips:** Maybe the deputy could answer this. We had a AAA credit rating, as I said, in 1990. There were three downgrades, as I said. I just simply want to know the answer to the question: have we had one upgrade from S&P?

**Dr Christie:** The current rating from S&P is AA.

**Mr Phillips:** Fine, that's the answer. Thank you. Minister, I'm disappointed you can't answer a very simple question like that rather than getting into a long rant.

**Hon Mrs Ecker:** I was talking about rating improvements. That isn't a long rant, with all due respect.

**The Chair:** Order.

**Mr Phillips:** Your predecessor, Mr Flaherty, indicated how much money would be saved—

**The Chair:** Mr Phillips, just to interrupt for a second. Just to establish the ground rules again, Mr Phillips can ask questions, if they're being responded in spirit, in other words with short answers, where he asks a direct question. We'll support that, but we would ask that members and the minister not talk over one another. I'll ask Mr Phillips to address his question.

**Mr Phillips:** It's very straightforward. Mr Flaherty, the previous finance minister, indicated the savings we would have by the upgrade on our interest cost. I forget the number he used, but he gave us a number. Can you indicate how much savings the province gets on its interest rate with an upgrade?

**Hon Mrs Ecker:** Yes, we have that figure, in terms of the savings that taxpayers have achieved. I don't have it quite handy, but we do have that and we may be able to—Gadi, do you have it?

**Mr Mayman:** I don't have a specific figure, because as capital markets tend to anticipate where the ratings—

**Mr Phillips:** Mr Flaherty did have a specific figure, but you don't have that?

**Mr Mayman:** I don't have that in front of me. We will find that—

**Mr Phillips:** Again, Mr Chair, maybe we could get that.

**The Chair:** If it's a condition of the committee, if it's agreeable—

**Mr Phillips:** He quoted that at committee previously. That would be very helpful to me. Thank you.

**Mr Cordiano:** I have some questions with regard to SuperBuild. I'd like to know why you have failed to make public audited financial statements since the inception of SuperBuild. We have not been able to get at those audited financial statements. They've not been made available. I asked this question in the House some time ago, back in 2002. There has not been a response. As a matter of fact, you are required to make audited financial statements available under the Development Corporations Act. If they are available, why haven't you made those public?

**Hon Mrs Ecker:** David Lindsay, who is the CEO of SuperBuild, would be quite pleased to answer questions about that.

**Mr David Lindsay:** Mr Cordiano, the monies that are distributed through the SuperBuild program are subject to all the audit rules and the normal procedures of the government of Ontario. As a division of the Ministry of Finance, our staff and our purchasing and procurement processes are all subject to the same provisions as the rest of the government. The capital allocations that go to all the ministries, for example the Ministry of Transportation, are also subject to the same audit provisions through the Provincial Auditor.

Having said all of that, you are correct, because the SuperBuild Corp was established under that act. There is a requirement for audited statements, and we asked the Provincial Auditor to be our auditor of record. He has been conducting a two-year review of 2000-01 and 2000-02. Those are almost complete. We understand he will be giving us—yet to be finalized—a clean bill of health, a clean audit opinion that will be included in our annual report that gets tabled in the Legislature.

**Mr Cordiano:** Well, that may be so, but this is 2003. The act requires that you have annual statements filed each and every year and tabled in the House. It's been three and a half years, to be exact, where SuperBuild has been operational, and yet there are no audited financial statements for us to determine what, in fact, has been taking place at SuperBuild. The public, I believe, has a right to know, and there is no accounting for it. How do you justify the three and a half years that have gone by, when literally millions of dollars are being invested, expended by the province, and there are no statements?

**Mr Lindsay:** If I could help the committee, all of the monies that have gone out for capital expenditures on behalf of the government of Ontario, whether it's the

Ministry of Health and Long-Term Care, the Ministry of Transportation, the Ministry of Natural Resources or any others, are audited annually as part of the public accounts. Every dollar that is expended is subject to the Provincial Auditor.

**Mr Cordiano:** But you're also spending millions of dollars at SuperBuild, and it's operational. We don't have audited statements for those operations.

**Mr Lindsay:** Those audited statements have not been tabled in the Legislature, you are correct, but the internal audit of the Ministry of Finance, the Provincial Auditor, has been in, has reviewed our processes and our practices. They conform to normal government practices. The audited financial statements are being signed off by the Provincial Auditor right now. We will be able to table them as soon as he finally signs off on them.

The question you were asking about the period of time: SuperBuild was announced by the government of Ontario in December 1999, so there would be what might be referred to as a "stub year"—1999 until April of 2000. We didn't actually have a staff, weren't up and running, weren't spending significant operational dollars in that period. The Provincial Auditor, in discussions with us, has agreed that the first full audited statements begin in April 2000. So 2000-01 and 2001-02 are two years' worth of audited statements that he and his staff have been in reviewing. Their indication to us is that they should be ready very soon.

**Mr Cordiano:** Let me move on to another question with regard to the amount of private sector dollars that have actually been contributed to SuperBuild. Do you have a figure as of today? I haven't been able to get at that figure.

**Mr Lindsay:** We have not got a specific breakdown of individual private sector dollars. Through various transactions and various projects, we can identify individual private sector contributions. The aggregate number of partnership funding, which includes federal, provincial, municipal, private sector contributions and individual contributions—for example, endowments and contributions through citizens in the colleges and universities system—our total expenditure has been \$15 billion. Roughly \$4 billion of that has come through other partners.

What we do not account for in the government's statements, because it doesn't appear on our books, would be things like—I believe the number, and I don't have it in front of me, is in the neighbourhood of \$500 million or more of additional expenditures to widen and expand Highway 407 and the western extension of Highway 407.

**Mr Cordiano:** Let me be exactly clear about this. You say \$4 billion is coming from private sector contributions?

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**Mr Lindsay:** I didn't say private sector contributions. I said our other partners: federal government, municipalities—

**Mr Cordiano:** So you cannot tell me today how many dollars have actually been contributed by the private sector—not other partners in the public sector, but the private sector? As you know, SuperBuild is predicated on the notion that the private sector would contribute \$10 billion and the public sector would contribute an additional \$10 billion. How do we know if you've achieved that goal?

**Mr Lindsay:** I think if you read the budget statement of then-Minister Eves in creating SuperBuild, he indicated that the objective was to have \$10 billion of provincial money and \$10 billion of partner money and we would therefore—

**Mr Cordiano:** I don't think that's what it said. The statement did not say that. I don't have it here in front of me, and if you do, I stand to be corrected, but the \$10 billion was to be leveraged by an additional \$10 billion of private sector funding. He specifically referred to private sector contributions.

**Hon Mrs Ecker:** We can certainly double-check that for you if you'd like, Mr Cordiano. But as Mr Lindsay has said, there certainly was also an expectation there would be a number of partners. The federal government and municipal governments have indeed been partners in many of these projects. The private sector has been as well. I have one in my riding, for example.

**Mr Cordiano:** But the key to SuperBuild was the leveraging of public sector dollars with private sector dollars. It was a one-to-one formula: \$10 billion in public sector funding and \$10 billion in private sector funding. Unless you're telling me that you're going back on that because SuperBuild hasn't been able to attract the \$10 billion from the private sector—that's a different matter. If you have a change in policy, then say so.

**Hon Mrs Ecker:** Well, Mr Cordiano, I think we are not able to fully answer your question. It may be accurate as you state; it may not be accurate as you state. We will double-check that for you. But again, SuperBuild was also predicated, when we talked about leveraged dollars, on having more partners as well—not just the private sector, but also the federal government and municipal governments, and they indeed have been there with us. I think it's important to recognize at the end of the day that we have an obligation to address the infrastructure problems that were left behind.

**Mr Cordiano:** I understand that. That's not the point of my question. The point was that the government made an announcement with great fanfare that you were working with the private sector and that you were able to leverage public sector dollars. The \$10 billion in public sector dollars could be made up of municipal and federal. I understand that; no one questions that. But there was an exclusive \$10 billion coming from the private sector. What you're telling me today is that you cannot verify or back up that number.

I have another question with respect to—

**Hon Mrs Ecker:** No, Mr Cordiano, with all due respect that is not what we said. We will double-check the record to make sure that it is indeed accurate. You

have a memory of what you think it is; Mr Lindsay has a memory. We will double-check that for you and make sure the information that is on the record is accurate.

**Mr Cordiano:** I don't have time to go back into the notes—I have notes here—but let's just leave it at that. Let's just say that you're going to get back to us.

I have a final question with regard to waterfront revitalization. Of the half a billion dollars that was committed by the province to the Toronto waterfront revitalization, how much has actually been flowed or spent to date?

**Hon Mrs Ecker:** I think Mr Lindsay can answer that. The \$500 million that comes from us, \$500 million from Ottawa, \$500 million from the city of Toronto was, if I recall, over a five-year period for a series of projects based on the waterfront's business plan. I'm not sure if David has it yet, but he will get the information for you.

**Mr Lindsay:** You're correct, Minister. The \$500 million was allocated. There have been some delays in moving forward. With the project's three levels of government negotiating operating agreements, it always takes more time than expected. To answer your direct question, the costs that have been budgeted for 2003-04 are approximately \$20.9 million for the province's share. There are three main projects that the waterfront corporation has agreed to undertake immediately. That's the Front Street extension—early estimates were about \$170 million for that, and those costs we believe to be somewhat of a low estimate; the GO and TTC expansion work that they're working on—a platform expansion for the TTC of \$58 million, and site preparation and remediation work on the portlands and the west Don lands is \$60 million; and environmental assessment work for the Don River is \$2 million.

**Mr Cordiano:** So it's just a fraction of what was committed. We can safely say that not a whole lot has been done on the actual waterfront project itself.

Anyway, Mr Phillips has a final question.

**Hon Mrs Ecker:** Mr Cordiano, just to be clear, first of all, there needed to be—where the three levels of government came to what I believe was a fairly historic agreement, to make a five-year commitment, which all three levels have done. There were then several steps that had to be taken before expenditures could occur.

**The Chair:** With respect, I'm not sure there was a question. Mr Phillips?

**Mr Phillips:** I'll go back to the question I raised yesterday on next year's revenue estimates. We've got one number from you, \$73.4 billion. Both the rating agencies have indicated serious concerns about the revenue for next year, one indicating you may have to delay your tax cuts. Can you give the public more information than just one number on the revenue forecast for next year?

**Hon Mrs Ecker:** First of all, we have done revenue forecasts the same way we have always done revenue forecasts when we've balanced our budgets before. The private sector consensus is currently about 2.8% for 2003

and 3.5% next year. That is marginally under the 3.1% that we had based on the consensus in the budget.

**Mr Phillips:** Is all we're going to get one number, Minister? Is that it? Are you not going to give us any more than just one number? Can you tell us how you arrived at the \$73.4 billion?

**Hon Mrs Ecker:** That is based on revenue estimates based on economic growth, as it's always been done.

**Mr Phillips:** Can we see those revenue estimates then, other than just one number?

**Hon Mrs Ecker:** They're in the budget. It's based on an assessment—

**Mr Phillips:** No, they're not. There's one number in the budget, Minister. Where's your tax revenue estimates?

**Hon Mrs Ecker:** The revenues were forecast the way they have always been forecast. It is also important to recognize that, quite frankly, we've found in Ontario forecasters have for the most part—

**Mr Phillips:** Are you going to give us any more than the one number? That's all I want to know.

**Hon Mrs Ecker:** —been too pessimistic about the growth potential of Ontario's economy.

**Mr Phillips:** Has the deputy done the other numbers for us?

**Hon Mrs Ecker:** In the last six years we've seen that they've actually been too pessimistic in terms of our growth factor.

**Mr Phillips:** Are we just going to get the one number?

**The Chair:** Ms Ecker, we have to conclude.

**Mr Phillips:** You're not going to provide it?

**Hon Mrs Ecker:** We've put out in the budget what our forecasts are—

**Mr Phillips:** You put one number out, Minister. You're not going to provide any more detail for us?

**Hon Mrs Ecker:** Mr Phillips, we have done that the way we always do that. We report—

**The Chair:** Mr Phillips, I believe you have your answer.

**Hon Mrs Ecker:** No, Mr Chair, I'm not quite finished with the answer.

**The Chair:** I'm sorry, Ms Ecker, we're out of time, however. With all respect—

**Hon Mrs Ecker:** OK. I'm prepared to provide a fulsome answer, Mr Chair.

**The Chair:** —there's an implied answer, and we now turn to the third party. You have approximately 19 minutes, Mr Prue.

**Mr Prue:** Back to the question about seniors and the property tax rebate. I would take it that seniors are people who are 65 years and plus?

**Hon Mrs Ecker:** That's certainly my understanding of how it is being calculated, yes.

**Mr Prue:** There is also a bill before the House that will allow seniors, once 65, to continue working. Will this have any impact at all on a senior who continues to work, say, till 70 or 72 years of age, holding down a good, steady job of \$100,000 a year? Will that kind of—

*Interjection.*

**Mr Prue:** No, it could be. Would that kind of senior be eligible for a tax rebate?

**Hon Mrs Ecker:** Seniors over the age of 65 are eligible. Those who would continue working would continue to pay income tax on their income. If they were making that kind of amount, they would be paying substantially more income tax.

**Mr Prue:** So this is a rebate based not on, I guess—  
*Interjection.*

**Mr Prue:** Yes.

**Hon Mrs Ecker:** It's based on property tax.

**Mr Prue:** Based on property tax and age. A person who was—

**Hon Mrs Ecker:** It's for seniors.

**Mr Prue:** OK. A person who was 18, who had a minimum wage job, would not be eligible, obviously.

**Hon Mrs Ecker:** They may feel like a senior some days, but they would not be eligible.

**Mr Prue:** OK. Let's do some of these other seniors. A senior who lives in a nursing home: would they be eligible in any way?

**Hon Mrs Ecker:** The eligibility is for owners or renters.

**Mr Prue:** OK. Someone who lives in a subsidized unit of metro housing or the Toronto housing authority?

**Hon Mrs Ecker:** I would anticipate that they would be a renter and would probably be eligible. We can double-check that.

*Interjection:* That's correct.

**Hon Mrs Ecker:** Yes, they're a renter. They would be eligible.

**Mr Prue:** Many seniors—

**Hon Mrs Ecker:** It would be a very good benefit for them, Mr Prue. I think many of your constituents would benefit from that.

**Mr Prue:** I'm trying to find out how much they would get. Many of the seniors in the Toronto housing authority in Beaches-East York pay, say, \$300 a month. They're subsidized units. Someone who pays \$300 a month to the Toronto housing authority: what kind of rebate would they get?

1730

**Hon Mrs Ecker:** It would depend on the individual renter's tax. I'm sure officials might well have some further information on that, in terms of how we would be calculating that.

**Mr Prue:** Because we've heard lots about homeowners. I have not heard—

**Hon Mrs Ecker:** No, it's always been renters; it's always been that way.

**Mr Prue:** I know that, but we have not heard any real debate or discussion on tenants. Since more than half of the people in Toronto are tenants and more than half of the seniors are tenants, I'd just like to try to nail this down.

**Hon Mrs Ecker:** Just to be clear, the eligibility—

**Mr Prue:** I know. I'm not saying they're not eligible.

**Hon Mrs Ecker:** I know there was some confusion, but renters are eligible as well.

**Mr Prue:** I'm trying to find out how much tenants get. First of all, somebody living in a subsidized unit that pays, say, \$300 a month to the Toronto Housing Authority: what kind of rebate might they expect?

**Ms Diane Ross:** The proposal for renters is that tenants would receive a rebate based on a percentage of the rent paid. In similar fashion to how it works under the Tenant Protection Act, where property tax pass-throughs are done as a percentage of rent, this education property tax credit would also be calculated as a percentage of rent. So in a subsidized housing situation, for example, it would be a percentage of the \$300 paid in the same way as someone who pays \$800 or \$1,000 would receive a percentage of their rent.

**Mr Prue:** And what might that percentage be, so I can figure it out? People are phoning and asking me this question, and I think it's a good question. What can they expect?

**Ms Ross:** The percentage would be prescribed in regulation, subject to the passage of the Ontario Home Property Tax Relief for Seniors Act, which is currently before the House. The percentage that is being looked at right now is 2.5%.

**Mr Prue:** So on \$300 they would get \$7.50 a month.

**Ms Ross:** Another thing to look at in the legislation is actually de minimis rules, so anybody who would receive less than \$10 would actually receive a rebate of \$10. So instead of \$7.50, that person would receive \$10.

**Mr Prue:** So most—maybe not most, but surely maybe 40% of seniors living in subsidized units in Ontario would get \$10 a month. Is that pretty fair?

**Ms Ross:** I don't have the figures of the average subsidized housing rent. I can simply provide the response that it's a percentage of rent.

**Mr Prue:** A senior who lived in an apartment that was not subsidized—and let's pick the Toronto example. Average rent in Toronto for a one-bedroom is \$890 a month. Is the same 2.5% calculated for them?

**Ms Ross:** That's correct.

**Mr Prue:** So they would get approximately \$21 a month.

**Ms Ross:** The rebate will be calculated on an annual basis.

**Mr Prue:** On an annual basis. All right. And how would they be paid? Annually?

**Ms Ross:** Annually, that's correct.

**Mr Prue:** So one would expect, then, an average tenant in Toronto to get \$240 and an average homeowner in Toronto to get—the average house in Toronto last week was \$290,000. I'm just trying to figure, because tenants are a lot poorer than homeowners, on average. We know that. So the average tenant would get \$250 in a non-subsidized unit and would get \$120 in a subsidized unit per year. What would the average homeowner in Toronto get, at \$290,000?

**Ms Ross:** The amount paid to any homeowner would be the actual amount of the education property tax that they pay, which is 0.335% of the value of their home. So

if you're looking at a home valued at \$290,000, it would be—I apologize, I don't have my calculator.

**Mr Prue:** That's pretty close to \$1,000.

**Ms Ross:** That's correct.

**Mr Prue:** OK. It seems to me that the poorest of the people, those who are living in subsidized units, would get \$120; those who were a little bit better off, living in a non-subsidized unit, but tenants, would get about twice that, or \$240; and those who are lucky enough to own their own home would get \$1,000. Is that what the government plan is?

**Mr O'Toole:** You're comparing a one-bedroom to full residential. That's ridiculous.

**Mr Prue:** No, I'm just talking about 65-year-old people who live in three separate circumstances. Is that the plan?

**Ms Ross:** The response would be that the plan is to rebate people for the actual education property tax that they pay. So someone who lives in a home would pay more than someone who rents a subsidized unit.

**Mr Prue:** There has also been an argument—and I'd just like to hear the government response. People have talked to me about the social contract we all have with each other. I pay education taxes for children, but I don't have any.

**Hon Mrs Ecker:** So do I, Mr Prue.

**Mr Prue:** I don't have any problem with that. I pay for seniors, who use hospital services a lot more than I do. Certainly, we know that more than half of the hospitalization in most people's lives comes in the last five years. People have asked me, "Why should I pay for seniors' hospitalizations if the seniors won't pay for my child's education?" That's a reasonable question to ask. I wonder whether the government has any plans for others to be rebated for services that they don't use quite as much. Seniors don't use education as much as young families, but certainly seniors use hospitalization more. Are there any plans to rebate others for what seniors are using more of?

**Hon Mrs Ecker:** I appreciate the question, but this has nothing to do with any philosophical debate about paying for services you do or do not use. Seniors continue to pay for any range of services through property taxes, sales taxes, income taxes and other taxes, as you and I do. We pay for our health care system, we pay for our education system, and it is not done based on one's use of either system.

**Mr Prue:** Then why was education singled out?

**Hon Mrs Ecker:** Because that's the only part of the property tax we control. So if we are going to provide property tax relief, like previous property tax relief was provided on the portion of the property tax that we have some say over, I guess would be the way I would phrase it—municipalities are free to do what they wish with their part of the property tax. That's why it is a mechanism for providing property tax relief. It is no statement of what people pay for or use.

Just to make the point, education funding in Ontario has continued to increase, based on a student-focused

funding formula. So the amount of money that a school gets does not depend on the amount of property tax that is paid.

**Mr Prue:** I'd like to look at the rebates. I've already given the example of Toronto, where the average house is \$290,000 and is rising quite rapidly. We have communities where houses cost considerably less. The one I'm most familiar with—my parents live in a little town near Bancroft, Ontario, called Cardiff. They bought a spectacular house for \$46,000 last year.

*Interjection.*

**Mr Prue:** Yes, it's really quite amazing.

I'm trying to look at the difference between what is going to happen in various regions of Ontario—what seniors can expect in some locations versus others—and whether there is an element of fairness to that. I'm sure the levels of incomes may be similar, because a lot of them are retired. It doesn't matter; the money flows. They're not likely to come to Toronto for a high-paying job. Can you tell me if the government has looked at the differential—people in, say, small-town Ontario or former mining-town Ontario getting rebates that I would estimate would probably be one fifth of those who live in a city?

**Ms Ross:** I don't have regional examples for you, but what I can say is that, again, the rebate is based on the amount of tax you have actually paid. If someone is in an area where housing prices are lower, they have paid less and, as a result, they would receive less of a rebate.

**Mr Prue:** So if the mill rate is higher in those towns, which it often is—

**Ms Ross:** The residential education property tax rate is consistent across the province. It's simply that the assessed value of the home may be lower in Cardiff, for example, than it is in Toronto.

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**Mr Prue:** OK. On a slightly different note, I guess it comes back to cities. The Premier was quoted in the paper. I only saw it one day and I don't know if this is a plan. He was talking about cities having to have referenda to increase taxation, and that it will not be possible for them to raise taxation without such a referendum. He went on to state that he didn't see that this was such a big problem because, as house prices appreciate, one could have a windfall if one were a municipal politician simply by leaving the mill rate or the percentage where it was. Is that what is anticipated for cities?

**Hon Mrs Ecker:** Well, first of all, cities now cannot change their tax rate, and they get additional revenue as assessment grows, much like Ontario. We have economic growth and, as we've said, because of increased economic growth, we have \$16 billion more in tax revenue, and we didn't raise taxes.

Municipalities currently don't have to raise their taxes, and if their assessment goes up, they can get an increase resource, if you will, for the municipality. Equally, in some municipalities, as you well know, the assessment base has decreased. So that's why we have the commu-

ity reinvestment fund, to support those municipalities where the assessment may be decreasing.

**Mr Prue:** But we see, again, going back to London or Ottawa or Toronto or Hamilton where house prices are going up very rapidly—is what is being proposed to allow municipalities to simply leave the mill rate and, as the houses' assessed rates gain in value, those people would be paying increasing amounts of taxes? Is that what I read from what the Premier had to say?

**Hon Mrs Ecker:** The extension of the Taxpayer Protection Act to municipalities would be consistent with the principles that are in the Taxpayer Protection Act as it applies to the provinces.

**Mr Prue:** Which means?

**Hon Mrs Ecker:** Which means that economic growth, assessment growth, is part of the revenue we receive. The Taxpayer Protection Act is aimed at the setting of tax rates.

**Mr Prue:** Then it begs the second question—

**Hon Mrs Ecker:** Would you support that, Mr Prue? Would you support that for taxpayers?

**Mr Prue:** I don't know exactly what you mean by that. I would want to look at the numbers. I'm not here to answer the questions; you are. But I would want to look at the numbers because it seems to me that it would be unfair to those who owned properties that were appreciating in value at a rapid rate. We see places in Toronto where that's happening, particularly in the Beach.

**Hon Mrs Ecker:** Are you suggesting that we should deny municipalities assessment growth in the Taxpayer Protection Act?

**Mr Prue:** New assessment growth? Or simply because one's property starts to escalate in value?

**Hon Mrs Ecker:** Well right now, municipalities have that ability. They can set their tax rate down. Some actually do that, where as assessment goes up, they could set the rate down.

**Mr Prue:** They almost all do that.

**Hon Mrs Ecker:** No, they don't. We actually do—

**Mr Prue:** They almost all do.

**Hon Mrs Ecker:** Actually no, many don't. They don't increase their tax rate but they don't set it down necessarily, either. Some do, some don't. We in the province do set down our portion, the education portion. As assessment goes up, we've actually chosen to reduce that rate so we don't get increased tax take from property taxpayers.

**Mr Prue:** Well, that's what I did as mayor, and I think that was a fair thing to do.

**Hon Mrs Ecker:** Good for you to do that.

**Mr Prue:** Because that wasn't fair with people's houses. But I want to make sure that this isn't what happens to municipalities, that they are forced into this, because the second part of the question is the referendum. Municipalities will now have to hold referenda in order to have a new source of tax revenue, such as a gas tax, such as a hotel tax, whatever.

**Hon Mrs Ecker:** The proposal is that for new tax measures—for example, there are three that are laid out

in the proposals in the campaign platform—they would have to have a referendum in order to put those taxes in place. In effect, they have to go and ask the taxpayers' permission to raise their taxes, a principle that I think many taxpayers I've certainly talked to are quite supportive of.

**Mr Prue:** The province doesn't require that, though.

**Hon Mrs Ecker:** Yes.

**Mr Prue:** That we have to hold a referendum?

**Hon Mrs Ecker:** To increase taxes, yes.

**Mr Phillips:** Or you just come and change the act, then.

**Hon Mrs Ecker:** Well no, we haven't. With all due respect, the Taxpayer Protection Act says that we need to hold a referendum to increase a tax.

**Mr Phillips:** Just do what you did last year.

**Hon Mrs Ecker:** It is designed to protect taxpayers from tax increases. We are proposing to extend the principles that are in that act to municipalities.

**Mr Prue:** At the same time you did not give the municipalities—you require a referendum, which people, even like my friend Hazel McCallion, think is preposterous, and I listen to that lady a lot.

**Hon Mrs Ecker:** It's hard not to, Mr Prue.

**Mr Prue:** It's hard not to. There's nothing here, though, about the downloading. The province has downloaded an awful lot on to municipalities. There is no guarantee the province will not download on to municipalities further or change the rules within municipalities. Certainly some municipalities feel the downloading process has been extremely unfair to them.

**Hon Mrs Ecker:** I certainly appreciate that, and you've heard this debate—

**Mr Prue:** Is there any guarantee that there will be no further downloading?

**Mr Mazzilli:** It's revenue-neutral.

**Mr Prue:** It is not revenue-neutral.

**Mr Mazzilli:** Yes, it is so.

**Mr Chudleigh:** You're right, it isn't; municipalities gained.

**Mr Prue:** Some did, but I want to tell you, Toronto did not. Is there going to be a guarantee that there cannot be downloading?

**Hon Mrs Ecker:** First of all, Mr Prue, it's important to note here that this is a proposal that is put out as part of our campaign. It is a very important initiative. We certainly acknowledge that the actual implementation of this will involve considerable—we'll have to draft legislation etc. That will have to involve considerable work with our municipal partners in terms of implementing it in the fairest way possible. But the principle here is important. What we are saying is that before a tax is raised, there should be a referendum held. Taxpayers should be asked their permission.

**The Chair:** Time, Mr Prue.

**Mr Prue:** I only had one more quick one. You won't allow it, but that's all right.

**The Chair:** I'm sure the minister will be willing to meet with you informally in that regard.

**Hon Mrs Ecker:** Mr Chair, if I could just take one quick minute out of our time to answer Mr Cordiano's question about SuperBuild.

**The Chair:** I'll ask the difference. There are about three minutes remaining to the government caucus and with their permission you're welcome to do that.

**Hon Mrs Ecker:** Just very quickly, Mr Cordiano's question about SuperBuild. In the budget of 1999 it says, "SuperBuild growth fund, which will inject \$20 billion into Ontario's infrastructure over the next five years. The ... growth fund will challenge our partners in the public and private sector to identify and support priority projects."

**The Chair:** I now turn to Mr Miller, about two and a half minutes.

**Mr Miller:** Following up on Mr Prue's comments, in the platform I know one of the ideas being put forward is that the provincial government would take over responsibility for all the bridges in the province, which is huge for rural Ontario and huge for Parry Sound-Muskoka certainly.

**Hon Mrs Ecker:** It's called uploading.

**Mr Miller:** Also, in the budget I believe there was an 18% increase over three years planned for the CRF funding as well.

But in my last question, the government's economic track record speaks for itself. We have had 1.1 million net new jobs created; five balanced budgets in a row. We've lowered taxes. We've paid \$5 billion off the debt. We've had some excellent new manufacturing jobs where we've outgrown all the G7 countries, and we've made key investments in health and education.

What harm would be done to the economy of the province if the Liberals follow through on their plan to raise taxes? I believe in their platform they say \$5 billion. There's some question as to the other \$6 billion they

didn't account for and to run deficits. What sort of damage would that do to the economy?

**Hon Mrs Ecker:** Actually I think the numbers speak for themselves. In 1995, this province was spending over \$1 million more an hour than it was taking in; when we came into government there was a projected \$11-billion deficit; one of the highest tax rates in North America; declining family income; declining job numbers. In the economic plan we have followed with balanced budgets five times in a row, lower taxes, setting key priorities, getting rid of red tape, getting folks off welfare into jobs, we've seen, as you say, Mr Miller, over a million net new jobs and a competitive tax structure. I think that's what it's all about.

**The Chair:** Minister, pardon me. Thank you for your answer. The bells call our conclusion based on the understanding we have. It is now time to vote the estimates for the Ministry of Finance. I know each of the staff here is interested in the outcome of this particular vote—maybe a little more so.

**Mr Phillips:** I have a bad feeling about this.

**Mr O'Toole:** I'd be shaking, Gerry.

**The Chair:** I will put forward, with the committee's agreement, the shorter version. Shall votes 1201 through 1206 carry?

All those in favour will say "aye."

Those opposed will say "nay."

I declare the motion carried.

Shall the estimates of the Ministry of Finance carry? I declare them carried.

Shall I report the estimates of the Ministry of Finance to the House? I shall do so.

Thank you, Minister, and thank you, committee, for your work today.

*The committee adjourned at 1751.*

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