



ISSN 1180-4386

**Legislative Assembly
of Ontario**

First Session, 38th Parliament

**Assemblée législative
de l'Ontario**

Première session, 38^e législature

**Official Report
of Debates
(Hansard)**

Thursday 9 December 2004

**Journal
des débats
(Hansard)**

Jeudi 9 décembre 2004

**Standing committee on
finance and economic affairs**

**Budget Measures
Act, 2004 (No. 2)**

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

**Loi de 2004
sur les mesures budgétaires (n^o 2)**

Chair: Pat Hoy
Clerk: Trevor Day

Président : Pat Hoy
Greffier : Trevor Day

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.

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



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

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

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

Thursday 9 December 2004

Jeudi 9 décembre 2004

The committee met at 1003 in room 151.

BUDGET MEASURES ACT, 2004 (NO. 2)

LOI DE 2004

SUR LES MESURES BUDGÉTAIRES (N^o 2)

Consideration of Bill 106, An Act to implement Budget measures and amend the Crown Forest Sustainability Act, 1994 / Projet de loi 106, Loi mettant en oeuvre certaines mesures budgétaires et modifiant la Loi de 1994 sur la durabilité des forêts de la Couronne.

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order. We're here this morning for clause-by-clause consideration of Bill 106, An Act to implement Budget measures and amend the Crown Forest Sustainability Act, 1994. Are there any questions, comments or amendments to any section of the bill, and if so, which section?

Mr Gilles Bisson (Timmins-James Bay): I take it somebody's going to move a motion, and at that point I'll have my comments.

Mr Mike Colle (Eglinton-Lawrence): Do you want me to move the clauses, or do I move the government motion?

The Chair: If there are no opening comments, we'll go section by section.

Shall section 1 carry? All in favour?

Mr Bisson: That's the one I wanted to speak to.

The Chair: Mr Bisson, a comment?

Mr Bisson: Just for the record, I want to thank the government, the minister and the House leader for agreeing with us to withdraw this particular section of the bill. I've made the points. I'm not going to get into a lot of detail, but I really believe that, at the end of the day, this is the right thing to do. There's enough pressure, as the parliamentary assistant knows, in the forestry sections across northern Ontario. Mill owners are more and more looking at ways to maximize production, and the removal of this particular section of the bill, I think, will make it more difficult for them to shut down a mill in a smaller community and transfer trees over to larger supermills.

The Chair: Further comment?

Mr Michael A. Brown (Algoma-Manitoulin): I would disagree, first, with everything that my colleague across the floor said, but I want to put this in some context.

At the time the amendment was proposed to the Crown Forest Sustainability Act, Canada was very, very involved in the negotiations on the softwood lumber file—the issue with the United States. As we all know, those negotiations, while still ongoing, have changed in their complexion rather dramatically, with the changes of government here in Canada, with changes in the world situation, and with changes of rulings that have been made by certain bodies.

Therefore, at this point, the government does not see this as furthering Canada's or Ontario's position on softwood lumber. But I would reiterate again: The government considers this amendment not to impact on the forest industry anything but positively. If, in fact, the government so chooses—and we believe this to be in the interests of the people I represent, Mr Bisson represents and other northern members represent, the workers in our mills and in our forests. If we believe that this will secure their jobs, we'll do this. This has no effect whatever on supermills. This has no effect whatever on communities, other than positive.

We, at this time, are withdrawing this because we believe that, in terms of the negotiations on softwood lumber that we all know have put our industry in great peril, have put jobs in places like White River, Hornepayne, Chapleau and various other communities across northern Ontario in great peril—in Dubreuilville we've seen some significant layoffs, much of which has happened because of the softwood lumber tariffs. The Canadian dollar is now putting increasing pressure on our forestry industry in general.

We've seen, over the last 15 years, a huge consolidation of mills, a huge change in the business as I knew it when I was first elected 17 years ago. They are now controlled by multinational corporations. Even companies that we would have once thought of as home companies—Tembec, Domtar—are now multinational corporations themselves. This industry has changed dramatically, and for us not to recognize that and recognize it for our workers to have secure jobs, means that we have to have a competitive business. It means that our mills have to be state of the art, but it also means that our communities have to maintain their own sources of income.

We reject any notion that this has anything to do with supermills. We reject any notion that this in any way causes problems in the forest industry. We think it's helpful, but only in the context of negotiations that the

federal government—and the provinces are supporting the federal government—is involved in with our American friends. We're hoping for a resolution of this file at the soonest possible moment. So that is why we are withdrawing this motion at this time.

The Chair: A comment, Mr Bisson?

1010

Mr Bisson: I wasn't going to get into a longer debate, but I guess I will now just because I want to put a couple of things on the record.

Number one, you're good. Mike, I've got to say, you're really good. That was a really good attempt.

Two things: One is, in regard to the American counter-claims, we know the Americans have tried, and have been unsuccessful, numerous times to make the argument that somehow or other the system by which we manage our forests, as they see it, is subsidized. They've tried by various means to put pressure on us to change our laws, but at the end of the day it has always been upheld at tribunals that the Ontario system is not a subsidized system. In fact, forestry companies pay for everything. They pay for the roads, stumpage. I think we all agree.

This latest win that we've had federally-provincially with the Americans—does that mean the Americans will never try again? I don't think so. I think they'll be back at it again. We need to stay our course when it comes to our position. Our position has always been, as is the truth, that we do not subsidize the forestry industry in any way, shape or form. In fact, they pay the entire freight. That's one of the reasons we keep on winning whenever we go before the tribunals. They've never been able to prove otherwise because it is the case.

The other issue is in regard to supermills. I agree with the parliamentary assistant on a point he made, which is that there have been, continue to be and will be more changes within the industry; we all know that. But the basic premise—and I think you support me on this. I think pretty well all northerners, with the exception of a few—I'm not talking about members; I'm saying certain people in northern Ontario—would take the view that the forest is there not just for the people but also for forestry companies. Some forestry companies seem to think sometimes those trees are theirs. We need to take the position, as parliamentarians responsible for the Crown Forest Sustainability Act, that the trees in the forest belong to the people of Ontario and we need to manage those forests in a sustainable way, which by and large we do. When it comes to harvesting that timber, it has to be done by taking into consideration the socio-economic impact on local communities.

Our fear, and I think your fear is the same, is that there is increasingly more pressure on the part of forestry companies to consolidate their operations.

I spoke to the owner of Tembec, Frank Dottori—and I'll put it on the record—just last Thursday, and I've spoken to people from Domtar and others. They're basically saying, "Listen, this is where we want to go. We want to go to fewer mills with higher levels of production in the remaining mills," which we call supermills. It's our

view that we don't need to give them any tools to make that job easier.

It is our position, and I believe it is your position, that the trees that are in the local forests—and I'll just take Kirkland Lake as an example—are there not only for the benefit of the company but also the benefit of the local community. Should Tembec at one point in the future decide, as they did before, "We're going to shut down that mill," our position is, as it is in the Crown Forest Sustainability Act, that those trees revert to the crown automatically. They don't automatically belong to Tembec for them to put in a mill in Cochrane or Timmins. Those trees go back to the crown, and under the power the minister has in a crown sustainable forestry development act, it would be incumbent on him under the present legislation to say, "All right, does anybody else want to mill those trees into dimensional lumber in the Kirkland Lake area?" It would be up to the minister at that point to entertain a new applicant for the production of that timber into dimensional lumber. That's how the regime currently works.

If we start monkeying around with the act, it will make it easier for them to say, as they tried, "We'll shut down the Tembec mill in Kirkland Lake. We'll take the trees and shove them off to Cochrane." Well, I'm telling you, they tried it once before, as you well know, about a year and a half ago. That was the position Tembec took: that those trees were theirs and they can move them off to Cochrane and Timmins. We stopped them because the act prevents them from doing that. If a mill shuts down, the trees revert to the crown, and it's up to the minister to find somebody else who's prepared to harvest them; and if not, then there's a decision to be made.

We welcome this withdrawal of the amendment, and we'll just leave it at that.

The Chair: Comment, Mr Brown?

Mr Brown: The member continues to confuse the two issues. Wood direction, the ability and responsibility of the minister to direct wood, was not affected by this amendment in any way whatsoever. This amendment dealt only with the ability to build a mill. What it really said was, you could build a mill if you wanted to build a mill and you met the other criteria. What it said, I think, and we believe, is that only a fool would build the mill without a wood supply. But barriers to entry, which is apparently the issue raised by our American friends—they were suggesting that anybody should be able to build a mill. We didn't see any harm in allowing anybody to build a mill. Wood direction still would remain with the crown. As long as the crown could direct the mill, everything Mr Bisson said would not have been changed; nothing that he said would have been changed.

So while we're withdrawing it, if in fact this facilitates securing Ontario's jobs by having an agreement made with the United States of America regarding softwood lumber, I think, in that interest, we might see this back. That's all I'm saying.

The Chair: Mr Flaherty has asked to make a comment, and I'll get to you.

Mr Jim Flaherty (Whitby-Ajax): Just with respect to the amendment, Mr Brown has a great deal of experience with respect to these issues, certainly referring to the softwood negotiations with the Americans. He's referred to them twice, I think, as "our American friends." I'm sure he's sincere on that, and I think that is a recognition not only of our friendship with the United States but also our mutual economic interests.

Too often there's an effort to drive wedges between American business and the interests of Canadian business and Canadian workers. I was in Kapuskasing earlier this year and listening to the local officials, including the mayor, express their concerns about the nature of decision-making in the relatively new environment of a few companies controlling many mills. That affects decision-making, not only with respect to wood, but with respect to the purchasing of supplies and so on, which is much more centralized—often in big cities—than it was in previous times. I certainly support all efforts to facilitate the growth of the business in Ontario, because that is the long-term security in terms of jobs for people in the province.

I encourage members of the government, certainly, and all members to enhance their relationships with members of the American Congress, because, as you know, a lot of the protectionism emanates from the legislative branches of the American government and not from the executive branch. It's wise when we encourage ongoing discussions with members of Congress and the Senate, particularly from those states that view importation of Canadian softwood as a threat to jobs in their jurisdictions. On that point, I think that the amendment makes sense, and I hope it does enhance the negotiations with our American friends. Are we going to speak to other parts of the bill at some point?

Interjection.

Mr Flaherty: Fine, I'll stop there. Thank you.

The Chair: Mr Bisson?

Mr Bisson: I'm not going to go any further than to say it's obvious that the government parliamentary assistant and myself have a different opinion, and we'll leave it at that. But thank you for withdrawing it.

The Chair: I remind the committee that the vote has taken place on section 1, and it has lost.

Shall section 2 carry? All in favour? It's lost.

Mr Colle: On a point of order, Mr Chair: In light of the fact that the part of the bill referring to Crown forest sustainability has been lost, I have a motion to change the long title of the bill. I'm just wondering whether I should do it at the very end.

The Chair: Yes.

Mr Colle: I know there's a reference to the short title, but there's no reference to the long title.

The Chair: But we would vote on the title, and then, if people want to yea or nay or change it, it could be done at that time.

Mr Colle: Thank you, Mr Chair.

1020

The Chair: Shall section 3 carry?

All in favour? Opposed? Carried.

Shall section 4 carry? All in favour? Opposed? Carried.

Shall section 5 carry? All in favour? Opposed? Carried.

Shall section 6 carry?

Mr Bisson: Recorded vote.

Ayes

Colle, Delaney, McNeely, Wilkinson.

Nays

Bisson.

The Chair: Carried.

Shall section 7 carry?

Mr Bisson: Recorded vote.

Ayes

Brown, Colle, Delaney, McNeely, Wilkinson.

Nays

Bisson.

The Chair: Carried.

Shall section 8 carry?

Mr Bisson: Recorded vote.

Ayes

Brown, Colle, Delaney, McNeely, Wilkinson.

Nays

Bisson.

The Chair: It's carried.

Any debate on section 9?

Mr Bisson: I just want to clarify something with the parliamentary assistant. I note that in this section, as in other sections, you say "the definitions of 'tax payable.'" I thought it was the government's position that this is not a tax. I wonder if you can explain, is this a tax or not a tax?

Mr Brown: It is.

Mr Bisson: No; the parliamentary assistant.

Mr Colle: Whatever you want to call it. It's an attempt by the government to raise revenues for the health costs of Ontario's citizens. Whether it's a tax or a premium, it's a revenue being raised. As the NDP have always agreed, we need to raise more revenues to pay for our public health system.

Mr Bisson: But did you not initially announce this as not being a tax but a health levy?

Mr Colle: We were never pushing it as being a tax or a premium. We were saying basically that it was what it was: a source of revenue. If you want to call it a tax, we said that's fine; if you want to call it a premium, that's fine. There's no problem.

Mr Bisson: So originally it was a premium, a tax, and now it's either a premium or a tax, but it's a tax in the bill.

The last question is, didn't you guys promise not to raise taxes in the last election?

Mr Colle: As I will respond again, in the prebudget consultations—

Mr Bisson: No, in the last election, what was the promise?

Mr Colle: There were prebudget consultations. We went across this fine province, and the member from Whitby-Ajax—

Mr Bisson: Beaches-East York.

Mr Colle: —not Whitby-Ajax but Oshawa—will tell you that many of the NDP presentations that were made before this committee said, “You've got to raise revenues. You've got to raise taxes.”

Mr Bisson: No, the specific question is, did you not promise in the last election not to raise taxes?

Mr Colle: Well, we made a commitment. Our first commitment was to ensure that health care and education were funded properly. We didn't think we would have to raise taxes. The previous government, before the election—

Mr Bisson: But you did promise you wouldn't raise them.

Mr Colle: You remember that the previous government swore up and down that there was no deficit. They swore right up until August of the election, remember? They said, “There is no deficit.” We came into government and we noticed, with the evaluation of the respected former Provincial Auditor, Mr Erik Peters, that there was a slight deficit of \$5.6 billion. Therefore, we said, “What do we do? Do we raise taxes or do we cut health care, education and our public services?” Essentially, we followed our commitment, and therefore we had to bring about this health premium. We had to produce this source of revenue to help meet our commitment.

Mr Bisson: I've got two more quick questions. The first one is, did the Premier sign a taxpayers' federation pledge not to raise taxes in the previous election? Yes or no?

Mr Colle: I don't want to belabour that. He obviously did what he did. But the primary commitment was, and the NDP agreed to it—they were willing to see increased revenues by government to pay for essential public services—

Mr Bisson: But we didn't promise not to raise taxes; you did.

Mr Colle: —and I'm sure you want to go on the record as saying you're in favour of increasing revenues through taxation.

Mr Bisson: The point is, in the last election, we didn't promise we wouldn't raise taxes; you did. So my last question to you is, are you going to apologize to voters for having broken this promise?

Mr Colle: No, because the fact is, what we committed to voters was to fix the mess we inherited in public education, in the public health care system, in our urban infrastructure, in public transit. That was our commitment. We're going to apologize to no one for investing hard-earned taxpayer dollars into infrastructure and for providing better health care for Ontarians. That's our primary, you might say, agenda, and we're sticking to it.

Mr Flaherty: Some of us are probably old enough to remember the Carter commission from, I think, 1957 or so, a federal commission which became well-known for the statement in the report that “a buck is a buck is a buck.” It's too bad our tax laws still don't reflect that principle.

I say to the parliamentary assistant and my friends opposite, a tax is a tax is a tax, just like the Carter commission. I encourage those Liberal members who are not interested in re-election to continue to refer to this tax as a premium, because every time you do it, you aggravate people across the province because you attack their intelligence. You insult their intelligence. It is a tax. The Minister of Finance stood up in the House originally and started calling it a premium. He quickly recognized that was foolhardy because it insults people.

When you look at the legislation itself, which we're dealing with today, section 4 says, “Every individual shall pay a tax ... for a taxation year....” It is a tax. Not only is it a tax, it's a tax on income, and to people in Ontario that means an income tax, so why not call it what it is? If you're serious that you think you can convince people that it's necessary for your Premier to break his promise by introducing a new income tax in Ontario, then get out there and talk to people about your income tax. But I doubt that you will. I expect you'll talk about it as some kind of premium and so on. That's good, because it insults people. If you think that's the road to success in Ontario, to insult the people of Ontario by not calling something what it is, then more power to you. It is another example of untrustworthiness, which comes, of course, initially from the pledge by the now Premier not to increase taxes when he sought the confidence of the people of Ontario.

This bill will mean less service for people in health services in Ontario—we know about that—and they'll get a chance to pay more. I'm pleased that later on in the bill there is a provision, as weak as it is, about reporting how this tax is used. It says in section 29.1, “The public accounts for each fiscal year shall include information about the use of the revenue” from this tax.

It's weak. The section should be much stronger—not “information about.” It should say how the money was spent, how much was collected, where it was spent and for what. It should be stronger, of course, but I think this will be useful information to the people of Ontario.

There will be \$2.4 billion or so here. Regretfully, most of it is going to be spent simply on the status quo, on

cost-of-living and higher increases for persons who work in the health care system in the province, and squandering taxpayers' money on purchasing independent MRI facilities and paying the owners of those facilities amounts of money to compensate them for this confiscatory action by the government of Ontario.

This is worse than simply wasting taxpayers' money. It's reducing the amount of health care available to the people in the province of Ontario, because you know and we all know that there are efficiencies built into the independent delivery of health care. You know and we all know in Ontario that the Canada Health Act does not require public delivery of health care services. It requires a publicly administered health plan. So compliance with the Canada Health Act does not require eliminating the independent delivery, the private delivery, of health care services in the province of Ontario. I hope all members understand that. That's the law. That's the way it reads in Canada.

We also know that there are tremendous efficiencies there. Talk to the ophthalmologists in the province, for example, about cataract surgery. As you know, a cataract is not a disease; it's something that happens to all of us if we live long enough. Those services can be delivered outside hospitals in clinics. They can be owned by health care practitioners. They can deliver the service at 75% of the current cost and deliver more of it. That's the kind of thing that government members should be looking at, not imposing \$2.4 billion more tax and eliminating the independent delivery of health care services in the province. It flies in the face of common sense and, more importantly, it reduces the amount and the timeliness of health service in the province. So this bill is going in exactly the wrong direction.

1030

I remind the member of the work of the Institute for Competitiveness and Prosperity, which reports to the government of the day. They consistently told our government and tells your government today, "Don't increase taxes." "Don't do it federally," they say it to the federal government. "Don't do it provincially." The tax burden is already excessive in Ontario, and the major determinant of investment and reinvestment decisions in Ontario is tax policy. Tax policy affects decision-making. We will see the damage done by this largest single tax increase in Ontario's history in three, four, five and 10 years from now, by decisions being made today and in 2005 by businesses in the United States and abroad, and by businesses within Ontario and Canada, about whether or not to expand in the province of Ontario.

We're in competition with Alberta. We're in competition with some of our American neighbours. Why on earth would we put Ontario at a further disadvantage? If you need the backup for that, read the reports on competitiveness to your government that are independent and readily available to anyone in Ontario on their Web site. I encourage people to read that.

There are several things that need to be done too on the health care side. You've got Bob Rae looking care-

fully at post-secondary education in the province. At the end of the day, there will be no substantive reform to funding in post-secondary education in the 2005 budget, or thereafter unless you get control of health care spending. And you don't do that by increasing it recklessly, which this is—another \$2.4 billion.

This is the treadmill. The Minister of Finance's comments have some merit when he talks about a structural deficit. The treadmill is that year after year health care spending keeps going up. Most of the money going to people who work in the system—they deserve raises; that's not the point. The point is, one is not getting anywhere; there's no reform that will actually get health care spending under control. If you don't do that, there won't be the money for post-secondary education, which is vitally important for the economic future, the quality of life and the standard of living of the people of Ontario—again, looking a little ahead, looking ahead three, five and 10 years.

So I urge the government members to look carefully when they act in the future about taxes, to reduce the burden, not to increase it, which this bill does; and to make sure that when the people of Ontario pay their taxes they actually get services for them, not have services reduced.

There's another issue here, and that has to do with public consultations. There was a promise made: "Public input is essential to good government. We will ensure that you have the opportunity to offer comment on all major bills." That was a promise made by the Liberal policy folks—I'm sure every member opposite was consulted in depth about the promises before they were made—and by the now Premier of Ontario. This is a major budget bill. This is the largest single tax increase in the history of the province of Ontario and there are no public consultations. This is in direct breach of the promise made by the now Premier to the people of Ontario. Again, this is regrettable and will be a matter, of course, raised when we go to the people in 2007.

We will be recommending voting against this bill in its entirety, as no one in Ontario should have to pay additional income tax for less service. As I say, I encourage the members opposite to have a look at the economic fundamentals and recommendations with respect to same that are made by the task force on competitiveness and prosperity, and their various working papers over the past several years. I know their work continues.

Not only do we need to reduce the tax burden on individuals and corporations—primarily small business in Ontario, which is the job generator in the province—but we also need to invest more in post-secondary education. We won't be able to do that unless there is serious, substantive reform in health care, including the independent delivery of health care services, which is authorized and permitted by the Canada Health Act.

We need to have a major investment in infrastructure, and we're not seeing that in Ontario, regrettably. We're seeing greenbelt legislation but we're not seeing the

economic and transportation plans that need to go with greenbelt legislation for that to make sense.

All of these things are necessary if we're going to have a population in Ontario, particularly our young people, who are inspired to achieve more and to achieve excellence so that we can compete internationally.

Mr John O'Toole (Durham): I'll be brief. I just want to be on the record on this. As Mr Flaherty has stated—I first want to set a bit of a context to the background. Prior to the election in 1995, we did announce that we would have a Fair Share health tax. That was prior to the election.

Mr Colle: Levy.

Mr O'Toole: It was a levy to the extent that it only started—most of the members opposite wouldn't know. Mr Colle might know, but the rest of you wouldn't know. Mike Brown might as well. The reason I say that is that during the election we announced that incomes over \$50,000 would receive a levy on income for the purpose of tax, and tax for health care specifically. That tax continues. The forthright nature is really the point I'm making, that we said before the election what we did after the election. That's the point, whether it's a tax or a premium.

The point Mr Bisson was making—I don't think the members opposite appreciate the severity and the seriousness of breaking a promise; the trust and integrity of elected officials to say what they're going to do and then do what they say. I think each of you to some extent must be somewhat disappointed, if not just surprised, that you did reverse yourselves hastily after the election by introducing the largest single tax increase in the history of Ontario.

I can tell you in real terms what it means. I just talked last week to a chartered accountant who prepares income tax for persons on maybe disadvantaged incomes. He told me it's about \$50 to \$60 per month, per individual, or more. So if there are two working individuals in a family—arguably more—for each one of them, \$50 a month is \$600, and the average here I think is \$720. Do you realize that that home will now be paying \$1,500-plus per month for health care? Are they seeing—

Interjections.

Mr O'Toole: I want it recorded, Chair, that the members opposite are surprised. They don't understand the tax.

Interjections.

The Chair: Order.

Mr O'Toole: How many months are there in a year, Mr Wilkinson?

Interjections.

The Chair: Order.

Mr O'Toole: I'm just saying that the people of Ontario are going to receive a very extraordinary, heavy tax on their income. That's the point. But they're also going to be paying more and receiving less.

The point Mr Flaherty made is that they're also going to delist chiropractic, physiotherapy and optometry. You've really introduced the next part of this, which is

the privatization of health services. When you are forcing people who used to get services covered by OHIP—they are no longer covered by OHIP, and that's privatization, because now they're taking the money out of their other pocket and paying for those services. I think it's paying more and getting less. Clearly, I'm surprised—

Mr Colle: And shocked.

Mr O'Toole: —and bewildered as well, because obviously the ones on the other side don't seem to get it.

I also wanted to make the point that if I looked at the clippings just today, what Mr Smitherman and Premier McGuinty have done is reflected every day in the media. The reflection in the very first cut-out that we have this morning says, "Ontario's Liberal government will violate the Canada Health Act if it goes ahead with its plan to impose a compensation deal on doctors," the Canadian Medical Association says." There's the CMA now intervening, because Mr Smitherman—furious George—has shanghai'd the traditional process of negotiations with doctors.

1040

I'm just going through here. Another headline is "Postpartum Depression Clinics Closed." "Cost-cutting Will Hurt Women, Critics Say"—this is from the Globe and Mail, a very balanced piece of media—"Proposals to axe some hospital programs 'is extremely troubling.'"

The other one that really affects me, and hopefully I will get time later today to ask a question of Mr Smitherman in the House—"Hospitals Cutting Programs for Women." "The Ontario Hospital Association says its 159 members face a \$600-million shortfall." Here are the programs.

"Wendy Fucile, vice-president and chief nursing officer for Peterborough Regional Health Centre, where plans have been made to cut the postpartum clinic, the breast-feeding clinic and a hospital-based testing centre for cervical cancer and on-line resources for women, said all of the planned cuts are painful decisions.

"As a community member it is a horrific experience for a hospital community to make these kinds of hard cuts," Fucile said." And Sunnybrook and Women's College Hospital says roughly the same thing.

The OHA and the OMA are saying it, my constituents are saying it, the chiropractors are saying it: You are raising taxes, and the people are receiving less service. I think it is terribly troublesome. On Bill 106, the real point that has to be made here is that you said one thing during the election: "Health care is a priority. We're all responding to the Romanow Commission report." I want to put on the record too that we all would agree with that.

We also know there are pressures on health care spending across every province. There's are the ongoing negotiations and the failure of the federal Liberal government, and Paul Martin specifically, who in 1993 really clawed back from every province the amount of transfer payments that went to health care. Now we're seeing the real dilemma. I would say that this—

Mr Brown: He should have clawed back more. That's what Mr Harris said.

Mr O'Toole: Actually, Mr Brown, that's not what Mr Harris said nor did Mr Rae, if you recall. Mr Rae was the very first member, the leader who said that the transfer payments were unfairly administered when it came to Ontario's contribution and the amount of transfers going back to the province.

At a time when the demands for health care are expanding beyond any of our wildest dreams, I would say that I won't be supporting Bill 106. I am surprised—I am not surprised, really, that the Liberals said one thing prior to the election. It reminds me of the federal election in Ottawa years ago. The federal Liberals said they were going to cancel the GST. That's the track record. Trudeau did the same thing to—

Interjection: Wage and price controls.

Mr O'Toole: —wage and price controls. “No, no,” and that's the first thing he did. So you can't be trusted.

This bill is just the start, the slippery slope of more taxes. I expect, right after the Christmas break, that Dwight Duncan is going to increase electricity prices by at least 20% to 25%.

Mr Colle: Don't fearmonger.

Mr O'Toole: They are. You already did. You increased it a cent.

I'm going to give you another little math quiz here. They are going to increase the price by one cent. One cent is a 25% increase per kilowatt hour. If you increase it by one cent—

The Chair: Please stay with the issue at hand.

Mr O'Toole: The issue at hand here is a tax bill. This is a Ministry of Finance bill.

Interjections.

The Chair: Order. Continue.

Mr O'Toole: I know this government can't be trusted. It can't manage the OMA, it can't manage the OHA, it can't manage the delivery of health care or the collection of tax or the spending of tax. I think Mr Flaherty, in his remarks with respect to Ontario's competitiveness, has made an extremely good point. At that point, I'll be here to vote against this.

The Chair: Mr Colle?

Mr Colle: Just a couple of things here. I just want to say it's hard to understand what the position of the new John Tory-led party is on private health care, because you had the member from Whitby-Ajax saying he was in favour of private delivery, privatization. Then you had the member from Oshawa saying that we shouldn't be doing private delivery of service. So I'm not sure Mr Tory or their party has really worked that one out, but I'm anxiously waiting for that clarification.

I think there was a reference about calling a tax a premium. As the Minister of Finance said, this is a revenue-raising tool, and if you want to call it a tax, we're more than happy to hear you call it a tax or a premium. One of the reasons we call it a premium is we used to have what they called the OHIP premium and people still call it a premium.

The important thing is we're raising this revenue to transform the health care system, which is a system that

needs transformation. The status quo is not an option. We can't just keep feeding all the different silos in health care. We have to transform health care. We're categorically opposed to private delivery.

What we're trying to do with this revenue is ensure there is community-based care. That's why, with this health premium, we're giving money to the community health centres. This is why we're giving money to the family health teams. There are 120 underserved communities in Ontario without a family doctor. This money will be used to ensure there are community health teams that meet the needs of Ontarians.

The transformation of health care means that for the first time we've made universal immunization available for children. It's going right now. Poor families were unable to pay for vaccinations for chicken pox and meningitis. Now they're getting those vaccinations, immunizations that are saving people \$600. That's part of the transformation this health premium will be able to fund.

It's about creating shorter wait times. It's about hip replacements in a timely fashion. It's about knee replacements in a timely fashion. It's about cataract operations for seniors. That's where this money is going. It's not going into the old silos of past governments, and I think all governments have been guilty of that. We have to transform health care. There's a new health care agenda by this government, and it's a transformation agenda.

This money will go toward providing those monies for home care. We've made a massive investment, over \$190 million, in home care, because hospitals can't be one-stop shopping centres for health care. You have to have it in the community. You have to have it with home care.

We're saying you have to put money into prevention. That's why we've made a major investment in public health for the first time after many years of neglect, so you prevent the diseases and you don't expect the doctors and the hospitals to treat disease after the fact with more medication, more tests.

Prevention, public health, community health care, community health care centres—I have two in my own riding: the Anne Johnston centre and the Bathurst Heights community health centre. We should have more of them. This budget increases that. The health premium will help fund these programs.

I know it's difficult to accept change and it's difficult to understand change, but we're going to have to change if we're going to provide the services that Ontarians are demanding and need. That's what this premium enables us to do. It's not in any way anything else but an attempt to say to the people of Ontario that health care needs to be funded, that it is not free, that it has to have a revenue source.

I disagree with the members opposite, especially from the Conservative Party, who think we've got to find a way of spending less in health care. If you look at the per capita expenditure on health care across this country, you'll see that Ontario, over the last number of years, has not kept up, and we're the richest province.

One of the reasons, and I think the member for Oshawa referred to it, is that there is a lack of federal

fiscal fairness in the way Ontario is being treated. We have an outflow of \$23 billion to the rest of the country every year; \$23 billion above and beyond what we get back in federal programs and funding flows out of Ontario. We have to find a way of ensuring that some of that money is kept in Ontario so that we can invest in post-secondary education and health care, as we should for Ontarians.

I don't think it's a matter that we spend too much on health care in Ontario. I think we have to find a way of keeping our hard-earned tax dollars here in a fair way so that Ontario can continue to be the engine of the country, but we have to continue to invest in maintaining this engine and expanding the engine's capacity. That's the root cause we're going to deal with in the Ministry of Finance in some of the initiatives we'll be announcing in the near future.

1050

The health premium is an investment in the transformation agenda. It's not an investment in the old health silos and health bureaucracies. It's getting health care on the street. It's getting health care to our seniors. It's getting health care to the new family health teams and making sure people don't wait for cardiac treatments, for chemotherapy. That's where the money's going.

I wish we had more money to spend. It's difficult to raise this revenue through this health tax premium, but we've got to do it because we're not going to wait and let Ontarians suffer for that cardiac care. We're not going to wait for remote communities in northern Ontario to sit there without a doctor or a nurse. This is an investment in that transformation agenda.

The Chair: Thank you. Shall section 9 carry? Carried.
Interjection.

The Chair: We've completed section 9. Any comment on section 10? Shall section 10 carry?

Mr O'Toole: Recorded vote.

Ayes

Brown, Colle, Delaney, McNeely.

Nays

O'Toole.

The Chair: Carried.

Any comment on section 11? Shall section 11 carry? Carried.

We'll now move to schedule A.

Mr Colle: What about section 12?

The Chair: Section 12 is affected by schedule A.

Mr Colle: Can we have a recorded vote on section 12?

The Chair: You could.

Mr Colle: I request a recorded vote on section 12 of schedule A.

The Chair: We should deal with schedule A first.

Mr Colle: OK.

The Chair: We will move to schedule A, section 1. Comment? Shall schedule A, section 1, carry? All in favour? Opposed? Carried.

Shall schedule A, section 2, carry? All in favour? Opposed? Carried.

Shall schedule A, section 3, carry? All in favour? Opposed? Carried.

Shall schedule A, section 4, carry? All in favour? Opposed? Carried.

Now we can return to section 12.

Mr O'Toole: Chair, I have a question on that. I'm somewhat familiar. I just want to make certain that Mr Colle explains the changes to the Trust Beneficiaries' Liability Act. As I understand it, it's a jurisdictional issue.

Mr Colle: Just a brief explanation of the Trust Beneficiaries' Liability Act: As you know, there were some concerns raised over the last couple of years about the liability of an investor in an income trust; that the fact is, by investing in an income trust, they could be liable for certain actions undertaken by the trust. So an individual investor or a group of investors could be liable under the act. There was a request that this liability be restricted for investors, and this is what section 12 does; it restricts that liability.

The Chair: Thank you.

We have to return to schedule A. We dealt with sections within it; now I have to ask the question. Shall schedule A carry? Opposed? Carried.

Now we go to section 12. Shall section 12 carry? All in favour?

Mr Colle: Recorded vote.

The Chair: A recorded vote was requested previously.

Ayes

Brown, Colle, Delaney, McNeely.

The Chair: Opposed? Carried.

Section 13: Comments? Mr O'Toole.

Mr O'Toole: I'll be quiet until you're finished the bill.

The Chair: No further comment? Shall section 13 carry? All in favour? Opposed? Carried.

Shall section 14 carry? All in favour?

Mr Colle: On a point of order, Mr Chair: When do I get to move my motion to change the title?

The Chair: That's next.

On section 14, you have a comment, Mr O'Toole?

Mr O'Toole: I have a resolution on the order paper that some members might be aware of, and this is in violation of that resolution. This is a retroactive tax. Not only is it \$50 a month—figure it out now, Mr Brown; I want you to understand this—times 12 months or more, but it's retroactive. That's the sad part of this: January 1, 2004.

The Chair: Thank you.

Shall section 14 carry? All in favour? Opposed? Carried.

We have a government amendment under the title.

Mr Colle: I have a motion that the long title to the bill be struck out and the following substituted:

“An Act to implement Budget measures.”

The Chair: You’re moving that?

Mr Colle: I’m moving that motion.

The Chair: Any comment? All in favour? Opposed? Carried.

Shall the title of the bill, as amended, carry? All in favour? Opposed? Carried.

Shall Bill 106, as amended, carry? All in favour? Opposed? Carried.

Shall I report the bill, as amended, to the House? Carried.

Mr O’Toole: I have a question, Chair. I was at a meeting at 10 o’clock this morning. My schedule says there was a subcommittee meeting.

The Chair: This will be next.

SUBCOMMITTEE REPORT

The Chair: We have to now move a subcommittee report.

Mr Colle: I move the standing committee on finance and economic affairs’ report of the subcommittee.

Your subcommittee met on Thursday, December 2, 2004, to consider committee business and recommends the following:

1. That the committee invite the Minister of Finance to appear at 9 am on Thursday, December 16, 2004.

2. That the Minister of Finance be offered up to 20 minutes for a presentation, followed by 25 minutes of questions and comments by committee members.

3. That the 25 minutes for questions and comments be divided equally among the three caucuses.

4. That the clerk of the committee distribute responses received as a result of the committee’s January 27, 2004, motion to forward Sherkston Shores’ request on the assessment of recreational vehicles in campgrounds to all affected municipalities for their comments.

5. That the clerk of the committee, in consultation with the Chair, be authorized, prior to the adoption of the report of the subcommittee, to commence making any preliminary arrangements necessary to facilitate the committee’s proceedings.

The Chair: All in favour? Opposed? Carried.

Mr O’Toole: If I could just ask a question of Mr Colle. We’ve worked very patiently on the side issue of Sherkston Shores, which we dealt with in last year’s pre-budget consultations on the campground trailer tax issue, and I’m just wondering if you could give us a small update on it. I’ve just recently had other correspondence on it. I haven’t mentioned it in the House or anything.

Mr Colle: The discussions have been forwarded on to include AMO, and they’re getting their feedback.

Mr O’Toole: I spoke to the chair of AMO, Roger Anderson, who happens to be the chair of Durham as well, and they seem to feel that it’s agreeable.

Mr Colle: We’re waiting for their response.

The Chair: I would remind the subcommittee that there is a meeting this afternoon at 3:30 or after routine proceedings, and Mr Prue is not here to take part.

This meeting is adjourned.

The committee adjourned at 1101.

CONTENTS

Thursday 9 December 2004

Budget Measures Act, 2004 (No. 2), Bill 106, <i>Mr Sorbara</i> / Loi de 2004 sur les mesures budgétaires (n° 2), projet de loi 106, <i>M. Sorbara</i>	F-1121
Subcommittee report	F-1129

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Président

Mr Pat Hoy (Chatham-Kent Essex L)

Vice-Chair / Vice-Président

Mr John Wilkinson (Perth-Middlesex L)

Mr Toby Barrett (Haldimand-Norfolk-Brant PC)

Mr Mike Colle (Eglinton-Lawrence L)

Mr Pat Hoy (Chatham-Kent Essex L)

Ms Judy Marsales (Hamilton West / Hamilton-Ouest L)

Mr Phil McNeely (Ottawa-Orléans L)

Mrs Carol Mitchell (Huron-Bruce L)

Mr John O'Toole (Durham PC)

Mr Michael Prue (Beaches-East York / Beaches-York-Est ND)

Mr John Wilkinson (Perth-Middlesex L)

Substitutions / Membres remplaçants

Mr Gilles Bisson (Timmins-James Bay / Timmins-Baie James ND)

Mr Michael A. Brown (Algoma-Manitoulin L)

Mr Bob Delaney (Mississauga West / Mississauga-Ouest L)

Also taking part / Autres participants et participantes

Mr Jim Flaherty (Whitby-Ajax PC)

Clerk / Greffier

Mr Trevor Day

Staff / Personnel

Mr Michael J.B. Wood, legislative counsel