



ISSN 1180-5218

Legislative Assembly
of Ontario
Second Session, 38th Parliament

Assemblée législative
de l'Ontario
Deuxième session, 38^e législature

Official Report of Debates (Hansard)

Monday 1 May 2006

Journal des débats (Hansard)

Lundi 1^{er} mai 2006

**Standing committee on
general government**

Stronger City of Toronto
for a Stronger Ontario Act, 2006

**Comité permanent des
affaires gouvernementales**

Loi de 2006 créant
un Toronto plus fort
pour un Ontario plus fort

Chair: Linda Jeffrey
Clerk: Susan Sourial

Présidente : Linda Jeffrey
Greffière : Susan Sourial

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

Copies of Hansard can be purchased from Publications Ontario: 880 Bay Street, Toronto, Ontario, M7A 1N8. e-mail: webpubont@gov.on.ca

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

Des exemplaires du Journal sont en vente à Publications Ontario : 880, rue Bay Toronto (Ontario), M7A 1N8 courriel : webpubont@gov.on.ca

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
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Monday 1 May 2006

Lundi 1^{er} mai 2006

The committee met at 1552 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mrs. Linda Jeffrey): Good afternoon. The standing committee on general government is called to order. We are here today to continue consideration of Bill 53, the Stronger City of Toronto for a Stronger Ontario Act, 2005.

Our first order of business is the adoption of the revised report of the subcommittee on committee business. Mr. Prue, could you read that report into the record, please?

Mr. Michael Prue (Beaches–East York): Surely.

Summary of decisions made at the subcommittee on committee business:

Your subcommittee on committee business met on Thursday, April 13, 2006, Wednesday, April 26, 2006, and Friday, April 28, 2006, and recommends the following with respect to Bill 53, An Act to revise the City of Toronto Acts, 1997 (Nos. 1 and 2), to amend certain public Acts in relation to municipal powers and to repeal certain private Acts relating to the City of Toronto.

(1) That the committee hold up to four days of public hearings at Queen's Park on Wednesday, April 26, Monday, May 1, Wednesday, May 3, and Monday, May 8, 2006, and two days of clause-by-clause consideration on Wednesday, May 10, and Monday, May 15, 2006.

(2) That the committee clerk, with the authority of the Chair, post information regarding the committee's business on the Ontario parliamentary channel, the committee's website and one day in the Toronto Star.

(3) That the Chair and committee clerk be authorized to schedule any requests received by April 13, 2006, and that these witnesses be scheduled on Wednesday, April 26, and Monday, May 1, 2006.

(4) That interested people who wish to be considered to make an oral presentation on Bill 53 should contact the committee clerk by 5 p.m., Monday, April 24, 2006.

(5) That on Tuesday, April 25, 2006, the committee clerk supply the subcommittee members with a list of requests to appear received after April 13, 2006.

(6) That, if required, each of the subcommittee members supply the committee clerk with a prioritized list of the names of witnesses they would like to hear from by 4 p.m., Wednesday, April 26, 2006, and that these witnesses must be selected from the original list

distributed by the committee clerk to the subcommittee members.

(7) That the committee clerk, in consultation with the Chair, be authorized to schedule witnesses from the prioritized lists provided by each of the subcommittee members and that these witnesses be scheduled on Wednesday, May 3, and Monday, May 8, 2006.

(8) That if all groups can be scheduled, the committee clerk, in consultation with the Chair, be authorized to schedule all interested parties and no party lists will be required.

(9) That if all groups cannot be scheduled, the committee add another day of public hearings on Wednesday, May 10, 2006; that these groups and individuals be offered 10 minutes in which to make a presentation; and that the two days of clause-by-clause consideration be held on Monday, May 15, and Wednesday, May 17, 2006.

(10) That groups and individuals on the prioritized lists and those that submitted their requests to appear before April 13, 2006, be offered 15 minutes in which to make a presentation.

(11) That on Wednesday, April 26, the minister be invited to make a 15-minute presentation followed by 15 minutes of questions and answers, to be divided equally among the three parties.

(12) That the deadline for written submissions be 12 noon, Monday, May 8, 2006.

(13) That the research officer prepare a summary of the testimony heard.

(14) That a deadline, for administrative purposes, for filing amendments be determined on the last day of public hearings.

(15) That the clerk of the committee, in consultation with the Chair, be authorized, prior to the passage of the report of the subcommittee, to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

So moved.

The Chair: Thank you, Mr. Prue. Any discussion on the report?

Mr. Ernie Hardeman (Oxford): I know this is a revised report from the previous report, and I wondered about the appropriateness of defining the days as it relates to clause-by-clause in this section now that this is a totally new report and then at the end of the report changing that, because it says in number 1 that the

clause-by-clause consideration will be the 10th and the 15th. Number 9 goes from Monday the 15th to Wednesday the 17th, so I wondered if that should be changed in the report.

The Chair: It absolutely should be changed. It's my oversight. I noticed that we needed to change the dates in 9, but forgot to change them in the first section. So you're right: It should reflect the same throughout.

Mr. Hardeman: The other part, if I could, is the same type of thing, the provision of the lists and picking priorities. If we go to section 9, there's a bit of a problem there. Are we only scheduling those who were picked, or are we scheduling all the ones who applied? The report says that we have picked our preferential ones. So I wondered if that really is—

The Chair: I'm going to get the clerk to respond to that.

Mr. Hardeman: I would just say that numbers 5 and 6 are somewhat redundant in this report, as we're dealing with the total number in section 9.

The Clerk of the Committee (Ms. Susan Sourial): Essentially, we had said that witnesses should respond by 5 p.m., April 24, that I would supply the committee members with a list of requests to appear, and that, if required, each of the subcommittee members supply the committee clerk with a prioritized list. We received a prioritized list. Now with number 9, we're saying that if all groups cannot be scheduled, which is what was the case previously—

Mr. Hardeman: I guess, Madam Clerk, my question really is, if you received the prioritized list back in your office and there are members on that list that no one has picked, are they still part of number 9 or are they not? We precede number 9 with how we will create the list, which is what each subcommittee member prioritized. It's possible that some of the delegations on the list were not prioritized by any of the three members of the subcommittee, and so then they would not be on the list. Again, I know that exercise has already been completed, so I would suggest that would not be required in this report.

The Clerk of the Committee: I think the intent of number 9 was that if all groups cannot be scheduled, we add a couple of days and we cover everybody who requested to appear by the deadline. So the lists aren't necessary any more.

1600

Mr. Hardeman: I guess that would be my point. I think those two could be eliminated from the report. That's not critical, but it would seem to me that since we're not using the priority listing, we don't need to say that we went through that process, recognizing that the process is long since now gone.

The Chair: Are you moving the report, Mr. Hardeman?

Mr. Prue: I moved it.

Mr. Hardeman: Mr. Prue moved it; I would second it.

The Chair: All right; you would second it. Any discussion?

Mr. Brad Duguid (Scarborough Centre): I want to thank Mr. Hardeman and Mr. Prue for taking the time after the last meeting and on the phone on Friday to discuss these matters. I didn't at that time support the direction we were taking here. However, in the interests of co-operation and to ensure that we get this done, we will certainly support this. Our preference, Madam Chair, as I said at the time, would have been to have either extended the hearings that we were having by an extra hour or so each night to get this done, being a priority of the government and the city of Toronto to get this complete, or to have done morning sittings to accommodate the additional presenters. Never was there a time that the government didn't want to hear the additional presenters, but we wanted to do it in a more compact way. That was acceptable to Mr. Prue at the time, but it wasn't acceptable to Mr. Hardeman, unfortunately.

In the interests of co-operation, we'll support this reluctantly, because we would have liked to have gotten it done earlier, but I think we want to make sure that, as we move ahead with this very important issue to the city of Toronto, we're working together with the opposition to get through this and get this done. Certainly, as per our discussion with Mr. Hardeman during the original committee meeting, we look forward, given this, to his co-operation in ensuring that we do get through this to the extent possible.

Mr. Hardeman: I appreciate the comments from the parliamentary assistant in the spirit of co-operation. I just want to recognize that there were two objectives that I in my discussions at the subcommittee wanted to achieve. One was the fact that all those who had applied in a fair and equitable process would be heard. The second is that I think this committee really has an obligation to perform under the same rules as the House, as efficiently and effectively as the House. In the House, when you want to get something done quickly, you don't just automatically schedule more meetings at totally different times. You have to work within that system to hear what needs to be heard in the time allotted to do that. So I very much appreciate the co-operation and look forward to a successful conclusion to hearings on this bill.

Mr. Prue: I'm happy everyone's happy here today. There you go. It's much better than the subcommittee meeting. Could I also add, though, that we have a very thoughtful presentation here from Mr. Paul Bedford, whom I knew for many years at the city of Toronto before his retirement and my leaving to come to the province. He has sent a written deputation and explains that he will be out of the country from April 29 to May 9. I assume he will be back after that. Since we are extending, if he could also be advised, should he also want to make a deputation. He has written this in lieu of making a deputation because, as he says, he was not picked and he would be out of the country until May 9 anyway. If he is here and wants to make it, I'd like to hear from him.

The Chair: So if he met the deadline, he would be one of those people on our list. In the interest of

everybody playing nicely together today—that’s really helpful—can I suggest that I read the amended first clause in? Numbers 6 and 7 would be eliminated based on Mr. Hardeman’s recommendations. The first clause of the standing committee on general government revised summary of decisions made at the subcommittee would read:

“(1) That the committee hold up to four days of public hearings at Queen’s Park on Wednesday, April 26, Monday, May 1, Wednesday, May 3, and Monday, May 8, 2006, and two days of clause-by-clause consideration on Monday, May 15, 2006, and Wednesday, May 17, 2006.”

Any further discussion? All those in favour? That’s carried.

STRONGER CITY OF TORONTO FOR A STRONGER ONTARIO ACT, 2006

LOI DE 2006 CRÉANT UN TORONTO PLUS FORT POUR UN ONTARIO PLUS FORT

Consideration of Bill 53, An Act to revise the City of Toronto Acts, 1997 (Nos. 1 and 2), to amend certain public Acts in relation to municipal powers and to repeal certain private Acts relating to the City of Toronto / Projet de loi 53, Loi révisant les lois de 1997 Nos 1 et 2 sur la cité de Toronto, modifiant certaines lois d’intérêt public en ce qui concerne les pouvoirs municipaux et abrogeant certaines lois d’intérêt privé se rapportant à la cité de Toronto.

The Chair: We have a number of witnesses to see this afternoon, and I would like to remind all witnesses that you will have 15 minutes to speak with us today. When you get up to the front of the table if you could identify yourself and the group you speak for. After you’ve done that, you’ll have 15 minutes. If you leave any time, we’ll have an opportunity to ask you questions.

TORONTO BOARD OF TRADE

The Chair: Our first delegation is the Toronto Board of Trade. Welcome. If you want to pour yourself a glass of water or anything, please make yourself comfortable. I only have two names here on my agenda, but welcome. Once you’ve begun, you’ll have 15 minutes.

Mr. Bob Hutchison: Thank you, Madam Chair. We appreciate the opportunity to provide our comments to the committee. My name is Bob Hutchison; I am the chair of the Toronto Board of Trade. With me today is Cecil Bradley, who heads our policy department at the Toronto board, and Angie Brennan, who is responsible primarily for this aspect of the board’s policy.

As the committee members likely know, the Toronto Board of Trade has been a strong advocate of new powers and independence for the city of Toronto. This was clear in our report last year on a proposed City of Toronto Act. It’s based on the premise that Toronto, as

the economic engine of our nation, needs and deserves better than it now has.

We’ve supported the efforts of the provincial government and the mayor of Toronto in working towards a City of Toronto Act that gives Toronto the authority to govern itself and let it reach its full potential. On behalf of the board, I’d like especially to applaud the political courage and wisdom of this government in tackling this issue and in producing an admirable bill in Bill 53. In particular, I want to commend the contributions and efforts of the Premier, Minister Gerretsen and Brad Duguid, his parliamentary assistant, all of whom have been very accessible and supportive in the board’s views on this important subject.

While we’ve backed the government’s development of the new act, we’ve also supported the Premier in his observation that, “With authority comes great responsibility.” We describe the new act as needing to be a three-legged stool: increased authority being balanced on the one side with a more accountable and efficient governance structure and, on the other, with new fiscal resources to match the financial obligations put on Toronto. All three legs are needed if the model is to work and our city of Toronto is to thrive.

Our comments today on Bill 53 are based on this premise. You will see that our written submission on the legislation is structured under the headings of Powers, Fiscal Resources, Governance Structure and Checks and Balances. Our report makes 14 recommendations, and I commend it to the committee members for a full understanding of our ideas and concerns. I’d like to concentrate on a few of the key points, starting with the new powers provided to the city in this important bill.

We believe that Bill 53 would provide some of the broad and independent powers required by the city and would establish a new relationship based on mutual respect, consultation and co-operation. These are key elements for a new and more mature relationship with Toronto.

While we endorse the principle of broad powers for the city, our submission also outlines a couple of specific concerns, one of which is business licensing. In our view, in order to protect Toronto’s business competitiveness, we recommend that Bill 53 explicitly limit licence fees to cost recovery—the principle of cost recovery. Right now, the legislation is unclear about the extent to which the city can use its licensing regime to raise revenue from city businesses.

The new licensing powers also need transparency, so we recommend that the bill should contain provisions for public notice and meetings prior to licensing bylaws being passed, as is done under the Municipal Act, 2001. When it comes to powers, though, our most important recommendation is that the legislation must ensure that any new powers or revenue sources are preceded by the implementation of a stronger city of Toronto governance model. An improved governance structure will help ensure that the city has demonstrated the requisite level of accountability in exchange for new powers and tools.

Equally important, it will also help the city use those powers and tools responsibly and efficiently.

1610

The Toronto Board of Trade supports the province retaining regulatory powers to specify a governance model for the city of Toronto, if needed. However, we hope that the province will work with the city to ensure that a stronger governance model is a reality before Bill 53 becomes law, and preferably a model that's developed and implemented by the city itself. We proposed a model last year and have outlined it again in our written submissions today. It's a model that we believe would allow the city to develop and implement a strategic, city-wide vision and enhance its accountability to taxpayers. Our proposed model was followed very closely by the report of the city's own governing Toronto advisory panel.

To be specific, our model is based on a balance of effective local neighbourhood representation and appropriate centralized powers to define and implement a vibrant city vision. This requires a mayor and an executive committee with prescribed powers, always subject to council approval, as well as ensuring an effective civic administration. The latter, effective civic administration, requires a system and, more importantly, a culture that ensures that councillors set policy and priorities and the civil administration implements without interference from councillors. The administration must be independent. Councillors are not elected to manage, nor should they interfere in management.

The board also has concerns with the level of delegation powers contained in the bill. Our report recommends that council be able to delegate only administrative and minor quasi-judicial duties to city staff. Other quasi-judicial or legislative powers should go to standing committees or to community council, not to individual councillors.

Returning to the general principle, it's critical, in our view, that a governance proposal be included in the legislation or be undertaken and implemented before the bill is passed. Before anything else, we would ask you to help give our city a more accountable and effective government, ready to handle the new authority and independence being offered by this legislation.

I would now like to move briefly to another one of the three legs of the stool: finances. I'm sure it's not necessary to remind the committee of the key role that the city of Toronto plays as a generator of economic wealth for Ontario and Canada, providing one quarter of our province's GDP. Despite this economic importance and its own inherent economic strength, Toronto is unable to fulfill its responsibilities with its current sources of revenue. Bill 53 represents an opportunity to correct this situation. However, the bill's provisions do not adequately address the city's fiscal shortfall or balance the new powers provided in the legislation.

In order to re-align the city's revenue sources with its expenditure responsibilities, the Toronto Board of Trade has recommended that the province upload Toronto's social program and transit costs, or provide the city with

the requisite sales tax room. We're pleased that there seems to be some recognition of the uploading principle now, all subject to current fiscal constraints of this government. We firmly believe that rebalancing the city's expenditure responsibilities and revenue sources must be part of implementing a new legislative regime. Again, to use the analogy, the stool cannot stand on only one or two legs; it must be balanced equally on all three.

Of course, the city also has a responsibility to demonstrate improved fiscal responsibility in tandem with provincial improvements to the municipal finance model. For example, business property taxes in Toronto are the highest in the GTA. Our offices pay more per square foot in taxes than just about anyplace in North America, and industrial property tax rates are up to three times higher than in surrounding municipalities. For that reason, the board supports Bill 53 maintaining, at this time, provincial control of municipal non-residential property tax policy in the city. However, instead of limiting business property tax rate increases through regulation, the legislation itself should include provisions that restrict tax increases on property classes when their ratio to the residential tax rate is above that prescribed by the provincial government. Using legislation instead of regulation to control the increases would enhance the level of investor confidence in Toronto.

These proposals are set out in more detail in our written brief. I hope the committee will study that document carefully.

As always, the Toronto Board of Trade is very willing to discuss and explain our ideas and to provide constructive input and feedback. You can continue to count on us as this legislation moves forward.

Both the city and the province have shown great vision and a true spirit of co-operation in coming this far towards a new City of Toronto Act. We applaud your efforts and look forward to seeing an improved Bill 53 become law. With the right legislation, a new Toronto will emerge, more competitive and stronger than ever, more independent but more responsible, and better equipped to be the foundation for a stronger Ontario.

Thank you, Madam Chair.

The Chair: You've left about a minute for each party to ask questions. Mr. Hardeman, are you going to ask a question?

Mr. Hardeman: Thank you very much for the presentation. Just a couple of quick questions—

The Chair: One quick question.

Mr. Hardeman: Well, I'll put it all in one, Madam Chair.

The Chair: Make it quick.

Mr. Hardeman: It was quite emphatic that you needed to change the governance model before implementing the ability to tax. You added on that the policy decisions for business and commercial taxes should stay with the province. What's the connection? If we're confident that the new structure model can set taxing policies for everyone, why not industrial and commercial businesses?

Mr. Hutchison: For practical terms, if you could get to that point where business could be assured that business and industrial taxes could be exercised responsibly by the city, in theory, I think we'd accept that proposition, but I don't think there's much evidence that that's going to be the case immediately. Our proposal, for the sake of business confidence, would be to take it in steps. Let's get the framework governance structure in place, and then we can play with the fiscal tools as required. That's just one example. There are going to be other fiscal tools that we would expect the city to consider and implement, if appropriate.

The Chair: Mr. Prue.

Mr. Prue: One minute is not much. You talk about uploading. There's approximately \$3.2 billion for all the municipalities in Ontario that needs to be uploaded on the social services side: welfare, public housing, health, those things. There's another \$6.2 billion or so on education. Are you looking to see all of that uploaded, or just a portion of it? That's \$9 billion. That's more than half of the property taxes.

Mr. Hutchison: I think as a matter of principle what we're looking for is that the social and education costs that are better borne out of the revenue authorities that the province has borne by the province and not by the city. They're simply inadequate at the city level. When you get into slicing and dicing which particular pieces should move, that's a more complicated discussion. But the fact of the matter is, if the objective is to make the city of Toronto work, then we should identify which aspects of that \$9 billion, or whatever the number is, ought to come off the city's books and go back to where it was and where it belongs: at the provincial level.

We understand it takes time and we understand there are fiscal constraints on this government now, but looking ahead over the next few years, I think if we can articulate that that's the goal we want to get to, we'll get there. It's a sounder basis for funding those social costs.

Mr. Prue: Just in terms of the time frame, are you looking at three years, five years, the life of a government, 10, 20? It's important for me to get an idea of exactly how fast you want this done.

Mr. Hutchison: Our hope would be that it could be implemented in this government's mandate, whether that means following—

Mr. Prue: Another year and a half.

Mr. Hutchison: Not necessarily. I was very careful in my choice of words. Your mandate may or may not extend, but I think we're encouraged by the view that your government has taken on this principle. It wasn't being articulated a year ago. It is now, and I think we're going in the right direction. I think it's when you can afford it and when it makes sense.

1620

The Chair: Thank you. Mr. Duguid.

Mr. Duguid: Mr. Hutchison, thank you for your presentation and the detailed work you've done here before us today. You mentioned the words, in referring to the Premier on this particular issue, "political courage and

wisdom" in moving forward as we have, and "great vision and a true spirit of co-operation." I think those attributes also apply to yourself and the board of trade in the work that you've done here, because I know you had the same political challenges that we've had as we've moved forward. I think we have moved forward very boldly, and we would not be where we are today were it not for the input of the board of trade, the co-operative approach that they've taken on this and the progressive position they've taken that will ensure that Toronto is a stronger city as a result of it.

My quick question to you is, we've uploaded costs for public health; we've uploaded a considerable amount of costs for public transit, both capital and operating; we've uploaded some costs for land ambulance—

The Chair: Can you summarize your question, Mr. Duguid?

Mr. Duguid: Would you agree that we've made considerable progress in that area, and would you be willing to be part of future discussions on where to take it from here?

Mr. Hutchison: Absolutely. Thank you for your comments. We have enjoyed participating, and we're going to continue to participate. We'd be pleased to participate in those discussions. We are encouraged by the progress. It seems to be a generally accepted view that those costs shouldn't reside at the municipal level; they should go to a senior level of government. We're more than prepared to work with you over the time it takes to get there.

The Chair: Thank you very much for being here today.

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

The Chair: Committee, our next delegation is the Canadian Federation of Independent Business. Before they hand out their handouts, they've shown some initiative and provided a customized handout for each member of the committee, but procedurally, they're supposed to provide something that is consistent for all members. So we need unanimous consent that you can receive a customized—

Mr. Prue: How are they different?

The Chair: They've apparently done some surveying of your municipality and got a customized response to your community. Do you want to hear what it is before you'd make your decision?

Mr. Prue: Yes. This is highly unusual, so yes.

The Chair: It is. Okay.

Before you begin, could you identify yourself and tell us what you did, before we can accept it?

Ms. Judith Andrew: Hello. I'm Judith Andrew, vice-president, Ontario, with the Canadian Federation of Independent Business. What we've been doing is—and it's still ongoing—conducting a local leaders' survey in connection with matters municipal. It just so happens that we do have some responses that would be quite relevant to the MPPs around this hearing, so we've brought them for

you to see. There's a basic form for everyone to see what the questions were, but you do have some specific responses relevant to your area.

The Chair: Okay. That will give everybody enough material to make a decision. Do I have unanimous consent to receive those packages? Yes? Okay.

As you get those—Mr. Rinaldi?

Mr. Lou Rinaldi (Northumberland): Madam Chair, I don't mind if they want to supply specific information for my riding, which they normally do—thank you very much—but I think we should all be part of what everybody else is getting as well. We're going to be talking about one piece of legislation here that benefits everybody. That's my opinion.

The Chair: I'm not sure we can accommodate that today. I think the presentation is—

Ms. Andrew: We have them with us here, so if you want to see us afterwards, or we can send them to you later if you don't want it to be part of the official committee proceedings.

The Chair: Mr. Flynn, did you want to say something?

Mr. Kevin Daniel Flynn (Oakville): The only point I'd make is, I think it's up to the delegation. They've got 15 minutes, and they can use it any way they choose, as I understand.

The Chair: What we're trying to tell you is that the written material you're getting is customized to your riding; it's not the general presentation.

Mr. Flynn: I think that's wonderful.

Ms. Andrew: The whole presentation is quite uniform. It's just one little piece in the kit that's customized.

Mr. Duguid: I don't think we need to belabour this. Maybe you could just send the clerk the overall numbers—I assume it's numbers, or something like that—so that we have a copy of everything when you're done. Would that be agreeable?

The Chair: Is that possible? One copy?

Ms. Andrew: We do plan to do more work with this information, so it will become evident in the days and weeks to come. So we can certainly do that, and it will be while you're deliberating on this issue.

The Chair: So the answer is yes.

Ms. Andrew: If you do want to see what your local leader in your community said about some of these matters, we have that too.

The Chair: Okay. I think we have unanimous consent.

As you get yourself settled, Ms. Andrew—we have an audiovisual presentation—is it just you who will be speaking today?

Ms. Andrew: No. I am joined by colleagues Satinder Chera on your left—Satinder is our director of provincial affairs, Ontario—and Tom Charette on your right. Tom is our senior policy analyst for Ontario.

The Chair: Welcome. You'll have 15 minutes.

Ms. Andrew: Thank you, Madam Chair.

You've probably been looking at the title slide, and while your kits are being handed out, I'd just like to tell you that this title slide is not meant to be sarcastic. It is not meant to crack wise, an attempt at that. It is actually the result of thoughtful analysis of Bill 53 and our deeply rooted fear that it will lead to significant additional damage to a city that is already in deep trouble.

When you get your kits, the presentation is actually on the right-hand side, second item in.

Today's presentation: We'd like to talk about CFIB's Toronto members' top priorities. We have measured Bill 53 against the objectives as laid out in the final report of the joint provincial-city task force. Then we asked ourselves to what extent the bill accomplishes those objectives. We have some recommendations for you.

The above information was gathered during personal visits to CFIB's Toronto members in the last half of 2005. As you can see, the top three priorities of CFIB members are highly connected to the tax and regulatory policies of the city, the top three being total tax burden, cost of local government, and regulation and paper burden.

Bill 53's objectives, according to the final report of the joint task force, are: to improve or increase Toronto's competitiveness, and there we had 12 mentions; Toronto's fiscal sustainability, five mentions; Toronto's accountability to voters, 12 mentions; and Toronto's autonomy as an entity, five mentions.

CFIB unreservedly endorses these objectives. In fact, we ask, who could be against them? But we urge the members of the committee to look beyond the obvious merit of these objectives and consider just what Bill 53 does to actually advance them.

Toronto is in trouble. During the last 12 years, the province has had steady economic growth. The 905 area surrounding Toronto has had spectacular economic growth. Toronto has had 12 years of economic stagnation and decline. If committee members love this city, they must make sure of two things: that Toronto does get help, and that it gets the right kind of help.

I'm now going to ask my colleague to review a series of slides prepared last year by the city of Toronto. We'll go through them quickly. We won't have time to examine them all, but they document the decline and the reason for it.

Mr. Tom Charette: Am I on here? Do you have to turn yours off?

Mr. Duguid: You're on.

Mr. Charette: Okay. Thank you.

In the last decade and a half, Toronto has lost 100,000 jobs while the 905 area has gained 800,000. Toronto is no longer the economic engine of the province that it once was. As we entered the new century, office construction in Toronto had come to a virtual halt. The city has actually been losing industrial assessment since the early 1990s.

This slide showing the total assessment base is perhaps the most eloquent of all. Toronto's is flat, or

underwater, so to speak, while Durham, Halton, Peel and York have exploded.

Why has all this happened? Let's listen to the city itself. Toronto's commercial property tax rate is far out of line with the rest of its neighbours. We'd ask you to take note that this is the one major competitiveness factor that has been and continues to be under the direct control of successive city councils. While the commercial is way out of line, the residential property tax rate in Toronto is low by comparison to other municipalities nearby and in the province. To call a spade a spade, one has to say that we've been hiding the true cost of services from the residents, protecting them from it, for many, many years.

1630

Parenthetically, if you look at the next slide, we've got a problem with property taxes in Canada. In terms of the OECD countries, Canada is second in the world in terms of the percentage of government revenue obtained by property taxes. We're second to the UK, as a country, but Ontario is even higher than the UK. That fact needs careful thought.

This final chart shows how massively Toronto's businesses are overtaxed compared to the residential, both components of provincial education tax and municipal tax.

So what does Bill 53 do for the urgent solution that is needed for Toronto's competitiveness? I'll turn this over to my colleague Satinder Chera.

Mr. Satinder Chera: The next slide shows you the different concerns that our members have with respect to the city of Toronto. Again, reasonable property tax levels: a very poor rating there. Overall awareness of small business issues: very, very poorly received. Money for public services: again, very, very poor ratings.

Overall, our position on Bill 53 is that, first, it contains no prescriptions that would compel Toronto to deal with its competitiveness problems. However, what it does do is give it more permissive powers by way of additional regulatory and taxing powers. Given some of the slides that my colleague just presented to you, it's only going to make the matter even worse if Toronto is allowed to levy those on the business sector.

As Judith mentioned at the outset, we really do believe that Bill 53 will result in a weaker Toronto and an even greater 905 region.

Our recommendations are:

(1) A new City of Toronto Act must rebalance the property tax rates significantly enough to restore its regional competitiveness.

(2) Prohibit the imposition of any new taxes, licensing fees, service charges and regulatory costs on the business sector.

Again, the slides we showed you make it very, very clear that this sector can no longer tolerate any further downloading on to itself.

Next, Bill 53 and fiscal sustainability: Toronto's mayor has made it clear that Bill 53 will not make Toronto fiscally sustainable. The city claims that the root cause is city spending on provincial responsibility pro-

grams. The province has not challenged these claims. Therefore, it seems logical to resolve these claims before proceeding with Bill 53. Know your facts before you get into a situation where you're going to hand over new powers to a city that has shown very little responsibility in the past of aiding its business sector.

On accountability, Bill 53, by its broad, permissive formulations, creates more potential for overlap and duplication, and leaves citizens without the ability to hold either level of government accountable. We recommend, therefore, that the act must contain clear and unambiguous lines of demarcation between the program, service and regulatory responsibilities of the province and the city, with an absolute minimum of duplication and overlap.

On autonomy, Bill 53 removes some of the current Municipal Act requirements in the interest of autonomy. Our recommendation is to maintain the detailed requirements for certain municipal policies and the restrictions on business licensing contained in the Municipal Act, 2001 in the new City of Toronto Act.

In summary, Bill 53 requires substantial restructuring in order to avoid causing substantial damage to a city that is already facing daunting economic prospects. Those slides that we showed you weren't our slides; they were slides that the city itself had put together.

As a final note, we understand that the government is also contemplating making changes to the Municipal Act. We would strongly recommend that the Bill 53-style legislation should under no circumstances be reflected in the changes to the Municipal Act, 2001.

We'd be happy to take any of your questions now. Thank you.

The Chair: You've left about two minutes for each party, beginning with Mr. Prue.

Mr. Prue: Let's deal with the last point first. All of the other mayors are lining up waiting for this to pass. I've heard Hazel. I've heard a number of other ones saying as soon as the City of Toronto Act passes, they want the same broad powers for their municipalities. Are you saying that should not be done?

Ms. Andrew: No. It should not be done. In fact, I would go so far as to say that the mayors that are saying that are probably in a "me too" kind of mode, but truly, when you ask them, they don't really want additional powers to tax and regulate. I think they're going to go along with this because it seems to be a done deal for Toronto. Municipal governments would rather move, as our members would wish, towards a better realignment of services and costs with an aligned revenue source to be able to pay for them. Hazel herself has said that that is a key thing that she really wants for her municipality.

Mr. Prue: I think to be fair to Hazel, she doesn't want the taxing powers; she wants everything else. It's okay.

You have not come out directly—the last group talked about uploading what was downloaded in order to make Toronto competitive. I asked them the question about the \$3.2 billion for all of Ontario. Would you agree that the

province should upload that? If so, where should they get the money?

Ms. Andrew: We actually went a little further in our pre-budget brief, which is on the left side of your kit—

Mr. Prue: I remember that. That's why I'm asking here.

Ms. Andrew: We said that the province should absolutely ascertain Toronto's true fiscal position. That hasn't been done. There have been suggestions that Toronto needs a lot more money, but no one has actually looked into the fiscal situation. Once that analysis is done—and we think it should be a forensic audit because we just don't buy the notion that more money is needed without actually looking into it—then we could look at uploading social services, starting with welfare; but only when the analysis is done, and certainly not in the company of additional powers that will permit the municipality to tax, regulate, fee and charge businesses with death by a thousand cuts.

Mr. Prue: Do I have more time?

The Chair: No. Mr. Duguid.

Mr. Duguid: Further to Mr. Prue's first point about the Municipal Act changes, I don't know if I quite heard you correctly; perhaps I don't understand. You don't have concerns about additional powers to municipalities, authority and that kind of thing. It's more the revenue tools; if, in the Municipal Act, we were to provide the similar revenue tools to—

Ms. Andrew: We have concerns about the revenue tools and about the additional regulatory powers, because we believe that those will be used against the business sector, just as the evidence shows the property tax system has been used to tap the business sector very heavily. We have great concerns about extending those powers.

Mr. Duguid: You talked about the tax ratios, business tax versus residential tax, and that being a challenge, certainly in Toronto more than anywhere else. Are you aware that despite our philosophy of ensuring that Toronto has access to as many alternative sources of revenue as we could possibly give, we have not given up that power?

Ms. Andrew: On that tax ratios, absolutely. We're aware of that. If you had done that, that would have made a bad piece of legislation very bad.

We are also aware that the city did look at the tax ratios last year and approve a 15-year plan to start to address it. But given the magnitude and the immediacy of the problem, we see that as a very modest and very slow start on implementing something that will actually make Toronto stronger. Toronto is in serious decline and we need to address that.

The Chair: Mr. Hardeman.

1640

Mr. Hardeman: Thank you very much for the presentation. As you got to the end of the presentation, I was somewhat surprised to find that the previous presenter and you agree on one thing, which is that the city is not in a very good position to set tax policy for industrial-commercial as opposed to residential. Your numbers

show quite clearly that for the years when the city was doing that, they were increasing industrial-commercial rates to a much greater impact than residential, and that's why we have that disparity now.

They agreed that it was okay for the city to have the power to set policy for the residential tax rate, but the province should keep the authority to set policy for the industrial-commercial tax rate. I presume they had somewhat the same information you had, based on what would happen if you increase the industrial-commercial rate comparatively more than they already have. So I see that we're on the same wave length as to what the problems are.

When you say you don't believe this policy should be used to write the new Municipal Act—that the new Municipal Act should not be designed after this—is that, in your opinion, because this will work for Toronto but not for the rest of the province or because it's bad enough that Toronto have this bad legislation but we don't want to do it in the rest of the province?

Ms. Andrew: It's your latter scenario.

Mr. Hardeman: My last one is right?

Ms. Andrew: We think this is bad legislation. We don't think it will do any of the things it was promised to do. All the mentions of autonomy and accountability won't be served. If the powers are used to tax, regulate, fee charge, levy and license businesses, it will worsen an already difficult situation with the property tax load as it is. It would be a dreadful example for any other municipality to copy, which is why we want to see the legislation—

The Chair: Thank you.

Mr. Hardeman: So you would suggest that we shouldn't pass this one either?

Ms. Andrew: That's right.

The Chair: Thank you very much for your time today. We appreciate your being here.

Ms. Andrew: Thank you for the opportunity.

TORONTO TAXICAB BROKERAGE ASSOCIATION

The Chair: Our next delegation is the Toronto Taxicab Brokerage Association. Welcome. My researcher has just told me how much he likes your brief. It's nice and short; short and sweet. That's good. We're pleased you are here. Are you both going to be speaking today?

Mr. Jim Bell: Yes.

The Chair: Once you start, could you say your names for Hansard? You'll have 15 minutes.

Mr. Bell: Ladies and gentlemen, my name is Jim Bell, and I'm the general manager of Diamond Taxicab. Joining me today is Peter Zahakos, general manager of Co-Op Cabs. We are here to represent the Toronto Taxicab Brokerage Association, as well as the 9,000 licensed drivers, 2,200 licensed taxi owners, 1,500 licensed ambassador owners and 1,000 support staff who earn their living in the Toronto taxicab industry.

Let me begin by saying that the concerns we are here to express today are based on real experience. We are, right now, probably an industry that is most closely regulated by the city of Toronto. Everything about our industry, from the age of the vehicles to the amount of fares we charge our customers to the licensing of drivers, is regulated by the city of Toronto. We are subject to vigorous inspections and regulatory oversight. Unfortunately, though, we have had to participate in prolonged litigation and battles with our city.

We are not here today to tell you that the City of Toronto Act should not be passed. We did not come here to tell you that the city should have greater or lesser authority. We are here to speak to you about a very specific part of the legislation that concerns us and a number of other industries greatly. It is specifically on the issue of licensing bylaws.

As members of the committee know, municipalities issue licences to taxi owners for the operation of taxicabs within their municipal boundaries, and Toronto is no different. Until now, Toronto has been governed by the Municipal Act, like all other Ontario municipalities.

Subsection 150(2) of the Municipal Act, 2001, as it is currently written, sets out that:

“Except as otherwise provided, a municipality may only exercise its licensing powers under this section, including imposing conditions, for one or more of the following purposes:

- “1. Health and safety.
- “2. Nuisance control.
- “3. Consumer protection.”

Mr. Peter Zahakos: Our primary concern, and the reason we are here today, is that Bill 53 has omitted those requirements for the city of Toronto. Our understanding of the bill, if it is passed as written, is that the city of Toronto council will have no restrictions on it as it considers and passes licensing bylaws. As we understand it, other Ontario municipalities will still have to meet those thresholds.

We wish to emphasize that our concern stems from the lack of restrictions on licensing bylaws only, not on all bylaws. We understand that the intent of the bill is to empower the city of Toronto in a number of areas. We do not take issue with the general intent of the bill. We are here as an industry organization that relies on municipal licensing in order to stay in business. Our fear—and I use that word intentionally—is that the city may take this new licensing authority and use it improperly.

Mr. Bell: It is important that you understand that we’ve had years of interaction, up to and including litigation, with the city of Toronto under the existing Municipal Act, and we have had our concerns validated by the courts before. We have had to go so far as to issue a court challenge under the Charter of Rights and Freedoms to protect ourselves when the city, for reasons only it understands, mandated that the owner of a licensed taxicab would have to be present when the vehicle was being inspected. We won that case.

Please understand that in our industry, the plate or licence that is issued by the city is the primary asset of

the business, more valuable than the car itself. This asset is often passed from one generation to the next when an owner passes away. Personally, I’m the third generation of a family that is in the taxicab business. We’ve had the circumstance where elderly owners living in nursing homes had to be transported so they could be physically present for an inspection of their taxi by city staff. It was a ridiculous situation.

More recently, Toronto city council moved to legislate to end the practice of plates being bequeathed from one generation to another. As legislators yourselves, can you imagine a scenario where you would enact a provincial law prohibiting one generation from leaving assets or property to their heirs?

Mr. Zahakos: Some time ago, someone on Toronto city council thought it would be a good idea if all Toronto taxis were painted the same colour. Co-Op Cabs, Diamond Taxi and the other companies have spent much time and money developing our brands and corporate logos. Each of our cabs has a unique look. All of this would have been tossed out the window. Luckily, city council was advised that such a bylaw would not survive a challenge under the Municipal Act, as it would not meet any of the three criteria set out in that legislation. Thankfully, this idea, which would have required a change to licensing bylaws, went no further. Under Bill 53, there is nothing to stop city council from proceeding with this or something else equally ridiculous.

Mr. Bell: There are many other examples that we could list. However, rather than doing that, let us pose a question. If a licensing bylaw is not passed for reasons of public health and safety, nuisance control or consumer protection, why would it be passed? Surely these are strong public policy reasons. If the city wishes to introduce a new licensing bylaw or change an existing bylaw, there should be strong public policy reasons to do so. In the case of our industry, which is already so heavily regulated, we need those thresholds in order to ensure that future changes to our licensing system are made for legitimate and proper purposes.

Mr. Zahakos: We are aware that others in the taxi industry have spoken to a number of MPPs about other issues, including pickups at Pearson Airport and the fact that Bill 169 imposes onerous fines on Toronto taxis that pick up passengers there. We want to be clear, though, that the Toronto Taxicab Brokerage Association considers the issue of the new licensing bylaw regime under Bill 53 to be our single most important priority.

1650

Let me add another important point. Subsection 150(9) of the existing Municipal Act also states, “The total amount of fees to be charged for licensing a class of business shall not exceed the costs directly related to the administration and enforcement of the bylaw or portion of the bylaw of the municipality licensing that class of business.” In other words, licensing fees should continue to maintain a cost-recovery model.

We would like your assurance that once the City of Toronto Act is passed, this provision will remain in

place. The fees we pay to be licensed should not become a cash cow for the city or another form of tax. Unfortunately, we would have no freedom to pass on increased licensing fees to our customers without the approval of the same city that just raised our fees. At a time when the province is trying to get people to leave their cars at home, higher fees and fares would be counterproductive.

Mr. Bell: In conclusion, let us repeat for you that our concerns over this change to how and why licensing bylaws are passed are based on the real experience of our industry, the most closely regulated industry in Toronto. We've had to go to court with the city more than once in order to defend our interests. We and the city have spent hundreds of thousands of dollars in legal costs. We are certain that the intent of this bill is not to create more litigation in the courts. We speak to you today not in the hypothetical, but rather in the historical and the real. The taxi industry and, I believe from talking to them, other industries are relying on you as provincial legislators to ensure that Bill 53 sets out parameters for Toronto city council to follow when considering and passing licensing bylaws.

At a minimum, we would ask you to amend Bill 53 to include subsection 150(2) of the existing Municipal Act so that licensing bylaws must be for reasons of health and safety, nuisance control and consumer protection. Ideally, we would like to see that section strengthened even further, so that city council would not burden small businesses like ours with unnecessary regulations or excessive additional fees. We would also ask that subsection 150(9) be included in the City of Toronto Act.

We thank members for your attention and would be pleased to answer your questions.

The Chair: Thank you. You've left just over two minutes for each party to ask a question. Mr. Duguid, do you have a question or comment?

Mr. Duguid: Gentlemen, we appreciate your coming here today. We've had an opportunity over the last little bit of time to discuss some of your concerns. You certainly made me aware of some long-standing grievances that have gone on in the relationship between the taxi industry and the city. Certainly it's my hope, as the city moves forward, that the relationship between the taxi industry and the city can become much more cooperative and understanding. I hope that in the future that relationship will change for the better under the new City of Toronto Act. I recognize that the history you've had with the city probably taints your expectations as to where this particular industry and the relationship with the city will go.

The three areas you talked about, in terms of conditions in which fees can be applied—health and safety, nuisance control, consumer protection—are pretty obvious. I don't know if there are others or not, and I think that's the problem. We don't know whether the city may want to get into licensing some type of activity down the road that doesn't apply to one of these three areas because it's in the public interest to do that, and that's why we have taken a permissive approach. But my

understanding is that licensing still has to be on a cost-recovery basis. Are you of that understanding as well, or would I be mistaken?

Mr. Bell: Where we have concerns in both areas is that while it's mom and apple pie in regard to those three areas—public health and safety, public nuisance, consumer protection—their omission could potentially leave a situation where city council could become very creative. The omission of a framework in regard to setting municipal fees on a cost-recovery basis perhaps allows city council the latitude to become very creative in an indirect taxation or an indirect cost to be borne by the industry and eventually by the consumer.

The Chair: Mr. Hardeman.

Mr. Hardeman: Continuing with the former question, my understanding, as I read the bill, is that there is absolutely no requirement for cost recovery or only charging cost recovery on the licensing system. I think that's part of the present Municipal Act, but we have to recognize that Bill 53 does actually say that the Municipal Act will no longer apply in Toronto.

I would think that the concerns the parliamentary assistant expressed, that there may be other things the city needs and wants to license in the future—it would seem to me that if it's consumer protection beyond that, why would the city need the powers to license anything that had nothing to do with consumer protection, nuisance control or health and safety? It would seem that that's a pretty broad thing. I would question why it couldn't be included in the bill to say that those were the areas that licensing could include. I haven't been aware of any that wouldn't fit in that category.

I also thought it was interesting in your presentation when you talked about how formerly the city had discussed having colour for all the cabs so we would know what a cab looked like in downtown Toronto because they would all be the same colour. You said that they could come up with another less-than-legitimate idea. I would suggest that the bill actually includes the city being able to dictate the colour of buildings and the style of buildings in a neighbourhood. It really does go quite a way in giving the city powers that they presently don't have.

One question I do want to ask is the one you mentioned about the thousands of dollars that have been spent in court litigation over issues. How often does the city win those litigations?

Mr. Bell: Our most recent case has been a subject of litigation for about a year and a half. Our association was successful on a superior court level, and it was overturned at the court of appeal. That battle went on for about a year and a half. I know it cost our side about \$300,000. I'm sure it cost the city an equivalent amount, to the point that on licence fees renewal, the cost of litigation was one of the cost recovery factors; they put a surcharge on all businesses to pick up additional legal costs. In some senses we get to pick up both ends of the bill.

Mr. Prue: I just want to be clear here. You are the Toronto Taxi Brokerage Association. I would take it that

that is the business arm—maybe the lobby group—the association for the business owners.

Mr. Zahakos: No, that is for the brokerage association. That's for Diamond, Co-Op, Beck and Royal Taxi. We are the brokerages. Within our brokerage there are also owners, obviously.

Mr. Prue: But you don't speak—and this is what I'm trying to make clear—for the taxi drivers or the Ambassador cabs.

Mr. Bell: They are members of our brokerages, so certainly we try to represent what would probably work best for them, certainly in the area of increased costs or surcharges being applied upon a cab driver licence renewal. That would be an issue of concern. The same would go for owners' licences being increased.

Mr. Prue: The reason I'm asking that is this: I have been to at least half a dozen demonstrations around Queen's Park with taxi drivers—not so much owners—about Bill 169, about scooping in Toronto, about the airport limousines. You don't seem to be concerned about that. That seemed like such a huge issue to them.

Mr. Bell: Certainly we were very concerned. We participated in discussions with some of the ministers in regard to Bill 169. We did go and see them. But some of our concerns in the area of enforcement in the city of Toronto—when Bill 169 was already passed, for our presentation we focused on our areas of concern on Bill 53.

Mr. Prue: In terms of the licence fees—

The Chair: You have about 10 seconds left.

Mr. Prue: How much have they gone up in the city of Toronto since amalgamation? Have they gone up substantially? Have they stayed about the same?

Mr. Bell: They've gone up significantly: about 30%.

Mr. Zahakos: They went up twice last year, and the amount of inspections have gone down. The service that we're paying for has actually gone down but our fees have gone up.

The Chair: Thank you, gentlemen, for being here.

SHOPPERS DRUG MART

The Chair: Our next delegation is Shoppers Drug Mart. Welcome. As you speak, if you could introduce yourselves and the organization you speak for, for Hansard. You'll have 15 minutes. If you leave time at the end, we'll be able to ask questions about your presentation.

Ms. Barbara Dawson: My name is Barbara Dawson and I am vice-president, corporate affairs, at Shoppers Drug Mart. With me today is the vice-president, legal affairs, Richard Alderson.

Madam Chair, distinguished committee members, Shoppers Drug Mart appreciates the opportunity to speak to you today upon considering Bill 53.

In the interests of time, you will note that our spoken remarks will not exactly match the printed document you have in your hands. We have endeavoured to hit the

highlights and leave the greater detail for your reference at a later date.

1700

Our comments today are limited to two provisions found in Bill 53. They are the provisions which, when read together, would authorize the city of Toronto to require business establishments to be closed at any time, specifically schedule A, subsection 97(1), and would exempt the application of the Retail Business Holidays Act to the city of Toronto, schedule B, section 12.

While only several provisions in a bill which spans close to 300 pages and addresses many very important municipal issues, Shoppers believes it is important to be here today for several reasons.

First, the government has stated that it will be introducing amendments to the Municipal Act in the near future and that these amendments will incorporate many of the same amendments found in this bill. Our presence today is premised on the assumption that in the near future not only will Toronto enjoy these new powers, but so too will all municipal councils throughout the province. For this reason, we feel it is critical to register our comments now, and not later.

While supportive of the government's policy goals to provide municipalities with the powers they require, we believe that as currently drafted these new provisions will lead to uncertainty and a possible patchwork situation throughout the province.

Today, Ontarians have certainty in knowing they can have access to a pharmacy to have their prescriptions filled, over-the-counter medications dispensed and other health-related needs met, 365 days of the year, regardless of where they live. By transferring these powers to municipalities, as proposed in Bill 53, and exempting the RBHA, this certainty will be lost.

The province could be left with a situation where some communities have access to pharmacies every day of the year, while others have more limited access. As a consequence, this patchwork situation would lead to unintended pressures on other parts of the health care system, e.g. emergency rooms, the Telehealth system and primary care access points.

With amendments to Bill 53 and subsequent Municipal Act reforms, this patchwork and the resulting pressure on Ontario's health care system can be avoided. In the few minutes we have, we will explain our concerns. But first, a little bit of background on Shoppers Drug Mart.

Shoppers was founded in 1962 by Toronto pharmacist Murray Koffler, who believed it was possible to build a national organization of pharmacies that emphasized personal service within each local community. Today, there are more than 950 retail drug stores serving these local needs throughout Canada.

In Ontario alone, there are 496 Shoppers Drug Mart stores, with each store being owned by a pharmacist, called an "associate," who is part of the community and has a personal understanding of the health needs of the people within it. Thanks to this concept, each store truly is an extension of the community that surrounds it.

In 2004, Canadians entrusted Shoppers to fill over 60 million prescriptions for them and their families, 30 million of those prescriptions alone in the province of Ontario. Pharmacy services is the top priority of Shoppers Drug Mart and remains the foundation on which we were built and the way in which our business will continue to evolve.

Shoppers Drug Mart stores are located throughout the communities of Ontario where people live and work, and many are adjacent to medical clinics or close to hospitals. More importantly, in Ontario over 150 stores are open to midnight or are open 24 hours each and every day, meaning that a HealthWATCH pharmacist is always available in person or by phone when other health care professionals might not be. Our main business is pharmaceutical, therapeutic, hygienic and cosmetic products and services, all of which are related to the health and well-being of Ontarians.

Shoppers' pharmacist associates play an important role as accessible front-line providers of health-related information, such as answering questions and offering advice on emerging public health issues like SARS, West Nile and the flu. They also provide information and advice to those who man both the 24/7 Telehealth services call line and also the patients who are referred to them by that service, especially on the eight public holidays of the year. Being available in this manner helps to ensure these patients do not unnecessarily go to emergency rooms for help and support during the hours when other health care practitioners are not available.

The government acknowledged the unique contribution of pharmacy in the Minister of Health's recent introduction of Bill 102, the Transparent Drug System for Patients Act, which specifically recognizes the role pharmacists play in patient care.

Shoppers Drug Mart is supportive of the government's objectives of providing the city of Toronto, the province's economic engine, with the tools and powers it needs to govern effectively today and tomorrow. While we are cognizant of the important public policy debate that needs to take place to ensure the right balance is struck in Bill 53, we take no issue with the inherent policy goals or, for that matter, other provisions in the bill.

In anticipation of there being similar proposals in the Municipal Act reforms anticipated later this spring, we believe the proposal to exempt municipalities from the provisions of the RBHA may have unintended consequences for Ontario citizens' access to their health care system.

Mr. Richard Alderson: Today, for 357 days of the year, the province and municipalities share responsibility for regulating store hours, and from our perspective, for the most part this has worked effectively. For those 357 days of the year, the Municipal Act permits municipalities to regulate store hours in the after-6 p.m. period. Municipalities can also declare civic holidays and regulate store hours on these days.

For the eight public holidays during the year, the Retail Business Holidays Act governs. This act estab-

lishes the general rule that retail businesses are to be closed on these days of the year. The RBHA also establishes a number of exceptions to this rule, one of them being for pharmacies. Others include small stores, art galleries, amusement parks and, of course, the tourism exemption, which we are not addressing today.

The pharmacy exemption permits pharmacies to remain open so long as they have less than 7,500 square feet of retail selling space. This exemption, in one form or another, goes back to the days when the RBHA also governed Sunday store openings, which most of you probably remember. From the mid-1970s, the exemption to the general rule that stores must remain closed, originally on Sundays and holidays, recognizes the unique professional services of pharmacists and has enabled them to remain on the front line of the health care delivery system across Ontario.

Today, the RBHA provides an element of certainty and uniformity to Shoppers Drug Mart and other pharmacy operators and ensures that most communities throughout Ontario, both rural and urban, have adequate and accessible pharmacy services on these public holidays.

From the government's perspective, the legislation ensures Ontarians can have access to pharmacies for prescription needs and over-the-counter medication on these days of the year. On these holidays, many of our pharmacies also support Ontario's Telehealth program, which operates 24/7, 365 days of the year. On each of these stat holidays, Shoppers dispenses an average of 32,000 prescriptions—that's about a quarter of a million scrips a year just for these eight days—and sells over 100,000 units of OTC products, clear evidence that there is patient demand that Shoppers and other pharmacies are filling by remaining open on these days.

Bill 53 would permit the city of Toronto to pass bylaws requiring business establishments to be closed to the public at any time. The only limitation to this power is with respect to goods or services in connection with prepared meals or living accommodation. As well, the bill states that the RBHA would not apply to the city of Toronto. Looking forward, we anticipate the government will seek to devolve similar powers to all municipalities, as you've also heard today.

The provincially established exemption to the general rule in the RBHA has served Ontarians well. Moving to a system where eventually—and at the risk of being repetitive, this is under the assumption the government will move to delegate these powers to all municipalities—all municipalities have the ability to limit pharmacy openings on these days of the year could lead to unintended consequences, if municipalities move to restrict openings and thereby limit access to a necessary health care provider on these days of the year. We believe there is an overriding provincial interest in ensuring that pharmacies can remain open 365 days of the year to serve all communities throughout the province.

In stating our concerns in this way, we are not saying that we expect municipalities will exercise their powers

irresponsibly or in a way that does not best serve the people in their communities. However, as it currently stands, the bill, if passed and extended to all municipalities, will most certainly lead to uncertainty for a period of time and it could lead to municipalities passing bylaws in response to local issues that might undermine a provincial interest in ensuring access to health care services to all Ontarians 365 days of the year.

We note in this matter the approach taken in Bill 53 to restricting smoking in public places that explicitly places priority on having the most restrictive smoking laws possible throughout the province. In so doing, the province has already established the floor, so to speak, through its Tobacco Control Statute Law Amendment Act, which prohibits smoking in all workplaces and enclosed public places in the province. Bill 53 would permit municipalities to pass bylaws which are even more restrictive but not less so.

1710

As the government has recognized that restricting smoking has an overriding provincial health interest, we believe that ensuring pharmacies can remain open on 365 days of the year should also have similar treatment and recognition in this bill. A provision that ensures a floor for pharmacy openings on 365 days of the year would accomplish this goal. It would recognize the critical role that pharmacies play in serving Ontario's health care system and the provincial interest in ensuring pharmacies remain open on 365 days of the year and ultimately will ensure provincial uniformity and certainty re access to prescriptions and OTC medications.

In considering our proposal, we'd like to raise a related issue for your consideration. Currently, the RBHA has an exemption for pharmacies of 7,500 square feet. This was an exemption that was in place in the late 1980s after a long history of increasing size. The nature of pharmacy retailing has changed dramatically due to forces such as big-box concept stores and grocery and department stores moving into pharmacy retailing. Today, smaller independent pharmacies have either closed or been sold, or cannot afford or just don't like to open on Sundays or other stat days. Today, the size of pharmacies has grown. Shoppers is moving into and serving smaller communities, and the size of our stores is growing.

For these reasons, Shoppers believes that today the 7,500-square-foot restriction may have the unintended result of restricting Ontarians' access to health care services, such as prescription drugs.

Further, as the retail landscape continues to evolve and other pharmacy retailers, along with Shoppers, continue to increase their store size, the number of patients and citizens who need access to this area of health care delivery will be expanding as well.

Ms. Dawson: Shoppers' recommendation to the standing committee members and to the government is as follows:

That Bill 53, and any subsequent bill to amend the Municipal Act to devolve powers to municipalities,

establish and recognize a provincial floor for pharmacies to remain open on 365 days of the year; that municipal bylaws cannot restrict this floor; and that the only criteria for determining a pharmacy that is permitted to remain open on these days are that the pharmacy is accredited under the Drug and Pharmacies Regulation Act and that the principal business of the pharmacy is the sale of goods of a pharmaceutical or therapeutic nature or for hygienic or cosmetic purposes.

In summary, Shoppers Drug Mart has always valued the opportunity to have input on important public policy in Ontario, in particular as it relates to health care. We have provided what we believe to be a constructive recommendation for moving forward with this and a future Municipal Act reform bill and know that committee members and the government will give our recommendation very serious consideration.

Thank you for your time and attention. We would now be happy to respond to any questions you might have.

The Chair: I'm sorry, but you've virtually exhausted your time. There isn't enough time for everyone to ask questions. We appreciate you being here today. Thank you very much.

MOTION PICTURE THEATRE ASSOCIATION OF ONTARIO

The Chair: Our next delegation is the Motion Picture Theatre Association of Ontario. Mr. Hutchinson?

Mr. Tom Hutchinson: Yes.

The Chair: Welcome. If you could identify yourself and the group you speak for. When you begin, you will have 15 minutes, and if you leave us time at the end, we'll be able to ask you questions. We have your package.

Mr. Hutchinson: Thank you, Madam Chairperson. I'm Tom Hutchinson and I'm here today to speak on behalf of the Motion Picture Theatre Association of Ontario.

The Motion Picture Theatre Association of Ontario is a non-profit association of theatre owners whose purpose is to promote the general welfare of motion picture exhibitors. We have 35 members in Ontario, who operate the majority of the cinema screens in the province.

Our association represents theatre operators, the people who project movies, sell the concessions, sweep the floors and pay local taxes and fees. We're not Hollywood studios or movie distributors. In fact, we typically see less than 40% of the revenue from a ticket sold at our theatres.

There is a misconception that the movie industry is awash in money. The opposite is true. The movie theatre industry is suffering from declining attendance, sales and box office revenues. In fact, there's been a 14% decrease in attendance since 2003, and Statistics Canada reports that movie theatre profits fell 15.8% in 2003-04.

Exhibitors are experiencing enormous competitive pressure from other entertainment destinations and in-

home entertainment options such as DVDs, videos, online streaming, pay-per-view, etc.

In order to attract customers back to theatres, admission prices have been reduced. The adult admission to a new, full-featured theatre in 2000 was \$13.95; today tickets are \$10.95 or less. Older theatres have admission prices that are even lower, as low as \$4.25 for some performances.

All of this comes at a time when theatres are facing significant capital investments in order to keep up with technology and to comply with accessibility standards imposed by the government. For example, within five years, projection will have to be transferred to digital technology at a cost of approximately US\$150,000 per screen for the equipment alone. If you multiply that across the 1,000 screens in Ontario, you can see the magnitude of this investment.

The challenges faced by our members are considerable, and Bill 53 threatens to further exacerbate this critical situation.

We understand that Bill 53 is meant to create enabling legislation that provides the city of Toronto with resources consistent with its needs as the sixth-largest government in the country. As an industry association, we support any move to create a stronger, safer and more vibrant city in which our members can operate.

If the city of Toronto adopts an entertainment tax, our patrons will be obliged to pay an entertainment tax to the city, in addition to the amusement tax they already pay to the province. In addition to this entertainment tax, Bill 53 also allows for levying taxes on parking, liquor and tobacco sales. The compound effect of taxes on an evening out at the movies, which includes parking, dinner and beverages, will act as a further deterrent to our guests from leaving their homes to visit theatres.

Family-oriented theatres are under pressure from all of the in-home movie technologies. Increasing the cost of a movie ticket while these other methods of movie viewing continue to drop in price will mean that families will be forced by cost to view movies at home rather than going out as a family unit.

Older, neighbourhood family cinemas and repertory theatres, which charge much lower ticket prices, would see an attendance loss from double taxation. Many people who frequently attend neighbourhood cinemas have limited income and enjoy the proximity and price of their local cinema.

A municipal entertainment tax levied on top of a provincial amusement tax will make Toronto a marginal place in which to operate and will necessitate that our members adopt cost-reduction measures and reduce their capital spending in the city. As leases expire over the next six to eight years, it will also be a factor in lease renewal decisions.

These cost-reduction measures may also affect our franchisees and our suppliers, including advertising and print agencies, distributors, newspapers and concession food and machinery suppliers. Fewer patrons for cinemas would mean workforce reductions, first in the part-time

youth employment that we provide and later in full-time jobs.

MPTAO members have made a significant contribution to the province in terms of employment, capital investment, community building and through tax revenues. In Toronto alone, MPTAO members create over 1,600 jobs, including many jobs for youth. They lease over a million square feet of commercial space and, in 2003, paid \$9.7 million in sales tax on concessions. Last year alone, MPTAO members paid \$6.7 million in amusement taxes to the provincial treasury and some \$23 million in property taxes.

Movie theatres also play significant roles in their communities. Not only do they run philanthropic programs, but our theatres are also used for school classes, religious services, charitable events and corporate meetings. As well, our theatres are important to families in the communities and are frequently used for birthday parties and family outings.

Given the challenges faced by the industry and the possible implications of an entertainment tax, the association is asking the province to amend the City of Toronto Act to remove the provision for a municipal entertainment tax. If this is not possible, then the Motion Picture Theatre Association of Ontario requests that all committee members urge your colleagues at the Ministry of Finance to abandon the provincial entertainment tax. Our industry cannot withstand three levels of taxation on each movie ticket.

Thank you for your time. I'll try to address any questions.

1720

The Chair: You've left about three minutes for each party to ask questions, beginning with Mr. Hardeman.

Mr. Hardeman: Thank you very much for your presentation. I guess the number one issue for people who run theatres is the ability to put in the entertainment tax. The government has decided that the three taxes that are going to be allowed to be imposed are the tax on alcohol, the tax on cigarettes and the entertainment tax. I see in your presentation, "A municipal entertainment tax levied on top of a provincial amusement tax will make Toronto a marginal place...." You're making the assumption that the province isn't going to immediately remove their entertainment tax when they make room for the municipal tax. I'm sure the government side will tell us that that was their intention, that they don't think it would be fair to see a movie ticket taxed by three levels of government. My assumption is that they're transferring that taxing power to the municipal level. I stand to be corrected by the parliamentary assistant, but I presume that they would not want to tax the tax. If the city wants to tax it, the province would quit taxing it. I say that somewhat with tongue in cheek; I can assure you that's not going to happen.

But I think it points out the challenge that we have with that taxation when you look at what could happen in the city of Toronto. If you have a theatre on one side of Steeles Avenue and there's extra tax on it, and if you go

to the other side and there's no extra tax on it, I think likely most people who are going to the theatre in that area would be going to the cinema on the north side of Steeles Avenue, the same as it would be in Mississauga. Would you see as a big problem the transfer of the public going from the city of Toronto, if there were taxes on it, to outside of Toronto, or are most people inclined to stay at the theatre that they live closest to?

Mr. Hutchinson: I think there's a lot of confusion in the minds of the public. They assume that ticket prices will be the same, or very close, regardless of the venue that they attend, and they are at the present time. But if individual municipalities chose different rates, then the admission prices at theatres located in those municipalities would differ, which would be confusing to the public. It would also be confusing to the theatre operators to have to do multiple sets of paperwork, one for each theatre, depending on where it was.

Mr. Hardeman: I just want to point out that the legislation before us applies only to Toronto, so in fact Mississauga can't charge the tax even if they wanted to. So we are going to have that disparity; we're going to have tax in one place and not the other.

Mr. Hutchinson: Another concern that we have is that the province was attempting to be fair when it imposed the tax to begin with. There is a shelf of \$4. Tickets sold with a price lower than \$4 are not taxed. Tickets sold at a price above \$4 are subject to the 10% tax. I believe that was done in order to allow people who didn't have an awful lot of money to still go to cinemas. They perhaps couldn't go to the finest cinemas, but they could at least go to their neighbourhood cinemas without having to pay the tax.

The Chair: Thank you. Mr. Prue.

Mr. Prue: Just a question. A lot of the neighbourhood cinemas, the ones that used to be there in the downtown core, or even out into East York where I'm from, are not there anymore; they're gone. Where I see cinemas today are in the 905 and, to a lesser extent, a few in Scarborough and way up in North York, but they are not really where the population is downtown anymore. Is that financial or is that something to do with tax?

Mr. Hutchinson: That's a very complicated question. Part of it is financial. It's very expensive to be downtown, from a taxation standpoint and also from a construction and land value standpoint. The concept adopted by the major theatre chains eight or nine years ago was the big box concept. So they have located in areas where there is sufficient land for big boxes, parking and all the rest, which requires driving, and they're generally not accessible to transit and things like that.

Mr. Prue: I'm just trying to understand. I know there are still a few small, tiny neighbourhood theatres. There's one in the Beach called the Fox that's been there forever. There's no movie theatre whatsoever in the old confines of East York—not one. I'm just wondering who's going to be hurt here if the city of Toronto does this. I guess they would hurt the likes of the Fox and maybe the five or six or 10 other little ones like that in Toronto. The big boxes are all out in Mississauga anyway, or am I wrong?

Mr. Hutchinson: There are certainly large theatres in Toronto.

Mr. Prue: There are a few.

Mr. Hutchinson: Yes. Not to speak for myself, but my company operates three theatres in the city of Toronto that are well within the boundaries, not on the outskirts of Toronto.

Mr. Prue: How much of a disadvantage would this put—how much are we talking per ticket that would be added to, say, a \$10 ticket, if the city of Toronto were to have an entertainment tax? I know it's open-ended. Would it be like an extra 50 cents or \$1?

Mr. Hutchinson: The province's existing tax is 10%.

Mr. Prue: So it would be \$1.

Mr. Hutchinson: On a \$10 ticket it would be \$1.

Mr. Prue: If the city did that, it would up the price. Certainly, that's not enough to warrant the drive to Mississauga, but it could have a really big impact on some of the big boxes that are in Scarborough, North York and Etobicoke. I would think those are the ones where you could just cross the line and save the dollar. Nobody's going to, in my mind, leave downtown to go all the way to Mississauga to save a dollar. It costs more than that to get there.

Mr. Hutchinson: No, and I don't think that was one of the points that I think are important. I believe that if this legislation proceeds, it will be asked for by other municipalities as well, so the playing field will be somewhat level. But I don't think we're really competing against another theatre; we're competing against DVDs and videos and all sorts of technologies, the price of which is coming down at a remarkable rate. The window between cinema release dates and DVD or other forms of release is getting shorter all the time. What we would like to do is keep the price reasonable so that a family can attend as a family group.

The Chair: Thank you. Mr. Duguid.

Mr. Duguid: Thank you very much. I really appreciate your taking the time to share with us your concerns and your deputation here today. I understand what you're saying about the movie theatre industry and the competition involved, and DVDs, Internet and whatnot, but I also would think that a strong local economy in Toronto is important to you as well.

Mr. Hutchinson: Very important.

Mr. Duguid: Because if people aren't working, if they're not spending, then that's when they're going to make the decision that instead of going out to the movies and buying popcorn and pop and all that stuff, they're going to stay home, rent the video and economize that way. It might not be as much fun, but that's what they're going to do. One of our goals through this legislation is to try to give Toronto the authority, the powers it needs to be competitive with other cities its size internationally, access to alternative sources of revenue that other cities its size have and access to the ability to restructure itself that it doesn't have right now. Notwithstanding your concerns about the entertainment tax issue, which I recognize, are you supportive of the other approaches in this bill to try to build a stronger Toronto?

Mr. Hutchinson: Absolutely.

Mr. Duguid: I appreciate that.

Mr. Hutchinson: Our major concern is the triple taxation on a movie ticket.

Mr. Duguid: Triple taxation?

Mr. Hutchinson: Federal, provincial and municipal.

Mr. Duguid: I can understand that. Mayor Miller was here earlier, not today but at our previous meeting last week. We asked him the question, is he looking to raise taxes at this point in time, is he eyeing this with a view to raising taxes? His response was no, they're going to use these tools very responsibly and they would certainly consult with the people of Toronto and industry and business before they utilize these kinds of tools. I recognize that doesn't alleviate your concern, but does it bring you some comfort to know that? That's my first question.

The second question is, I haven't heard anybody at the city level talk about a desire to use an entertainment tax up till now. Have you heard that from municipal politicians?

Mr. Hutchinson: I haven't personally heard that from Toronto municipal politicians. We have run into it in other locations, other municipalities. I think the likelihood is certainly there that a tax on entertainment would be considered at some time in the future.

The Chair: Thank you very much for being here today.

1730

TORONTO OFFICE COALITION

The Chair: Our next delegation is the Toronto Office Coalition. Welcome. As you settle yourself, I'll just remind you that you have 15 minutes. Mr. Fleet, I understand you're a former member of the Legislature and a former member of this committee.

Mr. David Fleet: That's correct.

The Chair: Welcome.

Mr. Fleet: Good afternoon, all. I'm here with Dr. Juri Pill, who will be making the primary submission on behalf of the Toronto Office Coalition.

Dr. Juri Pill: I'm Juri Pill. I'm the chair of the Toronto Office Coalition. I'd like to thank you, Chair and members of the committee, for inviting us here today. I'm going to read our statement—you have copies of it, I think—to present our views on Bill 53, the Stronger City of Toronto for a Stronger Ontario Act.

This new act is an historic document and recalls some of the great legislation that once made Toronto the envy of the world in terms of urban governance and policy. One can only hope that Bill 53, as implied by its title, will lay the foundation for the resurgence of Toronto as the economic engine of Ontario and Canada, and once again make Toronto the envy of the world in terms of urban management. Unfortunately, this is unlikely to be the case because of a serious flaw in the proposed legislation. The Toronto Office Coalition is here today to address this serious flaw and to request that this fatal flaw be eliminated from Bill 53 before it's proclaimed.

As you are aware, the Toronto Office Coalition represents the interests of 16 property companies that own 55 million square feet of office space in Toronto and serve close to 300,000 jobs, the majority in the downtown core. Our major concern is that the property taxes paid by these buildings are now the highest in North America—higher than Boston, New York or Chicago, and two to three times higher than the taxes paid by office buildings in the municipalities surrounding the city of Toronto. Our concern is twofold: As owners, we feel that it is unfair for our buildings to be singled out this way, but more importantly, we feel that it is bad policy that is undermining the economic efficiency of the greater Toronto area as a whole. It is also contrary to many of the stated objectives of this government, and it is the latter concern we want to address today.

The Toronto Office Coalition has been concerned about this dysfunctional property tax for some time, and about a year ago we commissioned the Canadian Urban Institute to carry out a study to examine the results of this dysfunction, what the effects have been of this unusual tax policy. That study was released in June 2005, and it was entitled *Business Competitiveness in the GTA: Why Toronto is Losing Ground*. As an aside, that study has been awarded the prestigious excellence in planning award by the Canadian Institute of Planners in the category of economic development. That award will be presented at the World Planners Congress in Vancouver on June 19 this year. We're very proud to be associated with this study, which drew one essential conclusion: The commercial tax imbalance in the greater Toronto area is one of the causes of urban sprawl and is undermining smart growth. From 1999 to 2005, there were 89 new office buildings, totalling 12.5 million square feet, built in the 905 area and only seven buildings, totalling 1.6 million square feet, built in the city of Toronto. According to the Toronto Star, the transit-oriented city of Toronto has lost about 100,000 jobs over the past 15 years, while the auto-dependent surrounding area has gained about 800,000 jobs. This is not smart growth.

The Canadian Urban Institute's essential recommendation was very simple: "The province should impose a single uniform commercial tax rate across the region in order to reduce current inequities that are distorting the office market in the GTA." While this is a very simple, logical and straightforward proposition, its achievement in the foreseeable future is problematic due to a simple, straightforward and logical question: Who would pay the resulting revenue shortfall if the dysfunctional commercial taxes in Toronto were indeed brought down to the level of the 905 region?

In order to answer this question, the Toronto Office Coalition commissioned the prominent urban economist Dr. Peter Tomlinson to review the possible options from a professional point of view as an economist. His answers are incorporated into a report that he released in January of this year entitled *A Level Playing Field by 2009: Achieving Property Tax Parity for Toronto Businesses*. Both this report and the aforementioned Canadian Urban

Institute report are available in full on the Toronto Office Coalition's website at www.torontoofficecoalition.com. Policy staff from both the provincial government and Her Majesty's loyal opposition have had the opportunity to read these reports and discuss them with the authors and with the Toronto Office Coalition. I hope that the members of this committee have had a chance to review them, as we believe that these reports are very credible as policy documents.

Dr. Tomlinson's examination of the magnitude of the GTA tax gap is one of the most thorough and current studies of the problem. He made three basic recommendations: (1) Financial responsibility for social assistance and social housing should be uploaded to the federal government; (2) The Ontario government should bring all provincial business property taxes for education down to the level currently paid by the 905 area by 2009; and (3) The Ontario government should insert a clause in the new City of Toronto Act limiting the annual increase in Toronto's business property tax rates. The three recommendations need to be considered together. Together, they would remove the dysfunctional tax inequity we're addressing.

But it's the third recommendation we're here to address today, and it's a necessary but not a sufficient condition for achieving a level playing field on commercial taxes in the greater Toronto area. To not include a clause limiting any further commercial tax increases of any sort in Toronto would leave a fatal flaw in the new act. The current commercial real estate tax rates in Toronto are the highest in the greater Toronto area and are five times Toronto's residential tax rates overall when the education portion is included. On the other hand, the residential tax rates in Toronto are the lowest in the GTA. There is a very simple reason for this disparity: Office buildings don't vote. It is far easier politically to increase commercial taxes than residential taxes. As the 905 belt matures over the next 50 years, it may well follow Toronto's historic path of gradually increasing commercial taxes more than residential taxes.

By way of example, increasing them at 2.5% annually compounded—the wonders of compounding—would bring them to Toronto's level of disparity in about three or four decades, depending on which municipality we're talking about. But that would be a very slow and dysfunctional way of achieving commercial tax parity across the GTA. Moreover, the offices would probably all move to Calgary in the meantime.

The reality is that if Toronto's overall property tax burden were decreased through uploading to the senior levels of government, and if the government of Ontario were to follow recommendation (2) above with respect to the education tax rates and reduce the education portion of the business tax to the 905 level, the Toronto council would backfill the tax room created by this commercial tax reduction by increasing their own taxes on business. This has been the historical trend, precedent and experience and is not meant as a criticism; it's a fact of life. Office towers don't vote, while residents do, and that's simply a democratic reality in the short term.

1740

In the long term, it leads to a loss of jobs and potentially a situation like New York's in the 1970s, when it teetered close to bankruptcy and had to be rescued by the US federal government. Toronto is nowhere near that state yet. I don't mean to exaggerate by any means, despite the loss of 100,000 jobs in 15 years. However, to guarantee that it does not happen, the Toronto Office Coalition has a very simple request: This committee should amend the Stronger City of Toronto for a Stronger Ontario Act to truly make both the city of Toronto and the province of Ontario stronger by including a clause that limits Toronto's total tax rate increases on commercial buildings, including any new taxes permitted by this act, to zero until the total commercial tax rates in Toronto reach the average level in the surrounding 905 area.

Thank you. I'm open to questions.

The Chair: You've left about two minutes for each party to ask a few questions, beginning with Mr. Prue.

Mr. Prue: First of all, the city of Toronto and the mayor advocated earlier this year something about holding increasing property taxes for residential versus commercial. Do you think they're going in the right direction? Obviously you must, but do you think they've gone far enough?

Dr. Pill: Yes and no. In principle, it's the right thing to do. We did appear before a city committee expressing that, and it was a very courageous first step. They are aware of the issue. But their proposal, their policy, would lead to commercial taxes reaching what we would consider a sustainable level—that is, close to the 905 level—in a period of about 14 or 15 years. The new city of Toronto is now approximately eight or nine years old, and over that period of time there in fact has been some, as I mentioned, backfilling tax room created by the provincial government. Our position has been, after the two studies I mentioned, that the inequities should be removed within four years. We're talking about 2009. That was the position we expressed at the city, that in principle it's the right direction but in practice, by the time it reaches the right level in 15 years, history indicates that the results may not be what the city expects in terms of the hollowing out of the core.

Mr. Prue: The previous Conservative government under Mike Harris talked about bringing all provincial business property taxes for education down to a certain level, that Toronto's would not—

Dr. Pill: Yes.

Mr. Prue: I haven't heard much about that. How far along on that are we?

Dr. Pill: It moved partway. In fact, it did remove quite a bit of the inequity but it has ceased. We have taken the position that it should continue. In fact, Dr. Peter Tomlinson's report indicates that there are cities in Ontario that suffer from this sort of tax abuse far more than even the city of Toronto. But the 905 belt is very well off with respect to that particular tax.

Mr. Prue: Thank you. The zinger was at the end.

Mr. Jean-Marc Lalonde (Glengarry–Prescott–Russell): Thank you for your presentation. On page 2, second paragraph, you refer to a commercial tax rate across the region. Did you refer to the provincial education commercial tax in that section? You came back, at the bottom of section 2, with “property taxes for education” should be at the same level as the 905. That is a concern of a lot to people in different areas of Ontario. If you look at Parry Sound, for example, for a \$500,000 assessment, their tax rate is \$4,700, compared to you people, who are probably in the \$20,000s.

Dr. Pill: Our ratio is about 2.2, and there are cities that are far worse off in Ontario. In fact, we intend to work with the Ontario Chamber of Commerce on this issue because Kingston, North Bay, London and Windsor all have the same issue. The provincial education tax is out of line.

Mr. Lalonde: One point I have—

Dr. Pill: Sorry. The deputation here simply addresses one particular recommendation that Dr. Tomlinson made with respect to an amendment to Bill 53.

Mr. Lalonde: We did recognize that some presenters last week were referring to a motel or hotel room, for example, in the 905 area. They did include I guess the education tax. The cost over there would be \$1,700, compared to \$8,000 in the city of Toronto. So the municipal tax rate is controlled by the municipality, but I fully agree that the education commercial tax is set by the province.

Dr. Pill: From a competitive point of view and for reasons of Smart Growth and stopping sprawl etc., the logical thing to do is what the Canadian Urban Institute suggested, which is to have an equal tax for all commercial buildings in the GTA. To achieve that, the level of disparity that the city of Toronto commercial buildings have—about two thirds of that is due to the property tax of the city and one third due to the inequity imposed by the provincial education tax.

Mr. Lalonde: Thank you.

The Chair: Mr. Hardeman.

Mr. Hardeman: Thank you very much for the presentation. I was kind of taken at the end by the recommendation of what we should do, to include a clause that limits the total tax rate increase for commercial buildings in the city of Toronto.

Recognizing that this legislation is intended to give more powers or more responsibility to the city—that’s what the minister told us when he presented the bill to the committee—and also recognizing that the disparity that we have in Toronto that’s causing the problems you spoke of in your presentation is based, as you mentioned, on the fact that the residential tax rate is not as high as it is elsewhere, because that’s the class of property that the city is more inclined to be connected to than the other sections, what we’ve seen is that Toronto is the area where the disparity between the two or three classes of property has grown faster than anywhere in the province.

Now, recognizing that the provincial government has just, in this past year, decided to take off the hard cap, so that the spread between the two is now again allowed to

grow, as opposed to what it was before, where they could not increase the industrial-commercial and increased the gap between the two, what’s your coalition’s expectations or hope, or what do you think your possibilities are of getting that included in this legislation, that they would do exactly what the government and the city have been working against for the last number of years?

Dr. Pill: Sorry, I don’t understand the question.

Mr. Hardeman: In simple terms, why would you think that the government or the city, either one, has any interest in doing what you’re suggesting when in fact they have both been working against that in the past number of years?

Dr. Pill: Because it’s the right thing to do, and I don’t have to get elected.

Mr. Hardeman: Very good. Thank you very much.

The Chair: Thank you, gentlemen, for being here today.

Mr. Prue, you did your question?

Mr. Prue: Yes.

The Chair: Okay. I lost track. Thank you very much.

URBAN DEVELOPMENT INSTITUTE/ONTARIO

The Chair: Our next group to see us is the Urban Development Institute. Welcome, Mr. Rodgers. As you get yourself settled, you know how this works. You get 15 minutes. If you leave some time, we’ll be able to ask some questions. We are just getting your handout.

Mr. Neil Rodgers: I’ll start. Good afternoon, Madam Chair and members of the standing committee on general government. My name is Neil Rodgers. I am the president of the Urban Development Institute of Ontario. We are pleased to discuss our views with you today on Bill 53.

UDI has joined with the Ontario Home Builders’ Association and the Greater Toronto Home Builders’ Association to present our recommendations to the government on this important piece of legislation. Our joint recommendations are offered to the province with the understanding that the province, the city of Toronto and our industry share the same goal: enabling Toronto to remain a strong and vibrant, world-class city and to compete effectively in the global economy.

1750

The development and building industry plays a crucial role in the economies of both the city and the province and is critical to the sustainable growth of both. Our industry directly employs approximately 350,000 workers and has expanded at a rate of 8.9% per year—twice the annual growth rate of the Ontario economy as a whole over the past few years. This economic growth facilitates the province’s ability to invest and deliver quality health care, education and infrastructure that Ontarians have come to expect.

UDI understands that in order to effectively compete in the global economy, the city must be fiscally sustainable. Furthermore, we acknowledge that the city has

come of age with respect to certain powers and authorities. We can all agree that the city should not need Queen's Park's approval to review and approve city decisions in a great many circumstances.

However, we submit that the overall shift in responsibility and powers contemplated within the proposed legislation is significant and may have a number of unintended negative consequences. Bill 53, if enacted as currently drafted, has the potential to hinder a number of provincially stated key growth management objectives as an example. As well, the authority in the bill enabling the city to establish additional taxes, fees and charges will provide further disincentives to live and do business in the city but will not resolve the city's structural fiscal problems.

The development industry supports fiscally sustainable municipalities. However, we submit that all levels of government should operate within the existing total tax envelope, and that the province needs to investigate other tools to address the city's fiscal challenges that do not increase the total burden of taxes, fees and charges paid by Ontario taxpayers. On their own, the limited financial tools made available to the city through Bill 53 will not resolve the city's structural fiscal and financial challenges.

Analysts have suggested that an additional \$50 million could be raised using the revenue-generating powers granted to the city within Bill 53—a far cry from the now somewhat annual request in the range of \$200 million to \$500 million made by the city during their budget deliberations. The incremental changes to the city's revenue-generating ability contemplated within the bill have the power to discourage investment, but cannot solve their long-term financial challenges.

UDI submits that what municipalities need is for the cost of social services to be uploaded back to the province. Simply put, the Ontario government should take back the responsibility for all income redistribution measures, perhaps beginning with Ontario Works. This would alleviate the financial pressures on the municipalities, enabling them to undertake their core responsibilities and serve their citizens better.

In the rest of Canada, provincial governments take responsibility for income redistribution programs; Ontario is the odd province out. We submit that this is the greatest challenge facing the city and other Ontario municipalities, and no amount of tinkering at the edges will overcome the mismatch of municipal responsibility for income redistribution programs and municipal taxing and fiscal generation powers.

Increased revenue-raising powers through additional taxes, fees and charges and the granting of broad, permissive regulatory powers pose a serious threat to the long-term economic health of the region and the city. Raising the cost of living and doing business in the city will clearly diminish the city's ability to compete in the global marketplace.

UDI believes that if one of the primary goals of a program is to redistribute income, it should be funded by

the province, which has access to income and consumption taxes. Many municipal leaders have agreed with this premise. I won't read them, but I offer you two quotes raised by Mayor McCallion and Mayor Miller which basically speak to this issue.

As many municipal leaders and the Association of Municipalities of Ontario see Bill 53 as a template for a new Municipal Act, this issue is doubly important for UDI members and other businesses operating in the city and the province. Thus, we would request that before the province enacts both the City of Toronto Act and a new Municipal Act, the province should address and correct the current provincial-municipal fiscal imbalance.

Through Bill 53, the province intends to modernize the existing legislation to "recognize that Toronto is a mature government, capable of exercising its powers in a responsible and accountable fashion."

During a comprehensive legal review of the bill, we have noted and are concerned that the bill lacks measures to ensure accountability and transparency respecting new and increased taxes, fees and charges. Specifically, the industry is troubled that the bill is void of any appeal mechanisms, particularly with respect to those matters whereby city council, a committee of council or its local board can pass bylaws that have a financial impact on the public and stakeholders. Nowhere in various sections of the bill, as noted in the brief, do we see any requirements for council or a committee of council to inform the public of a proposed or increased tax, fee or charge, or how the public might appeal a decision of council. Section 261 does permit the minister to make regulations; however, at this time, we have not seen such regulations, and so there are a number of questions regarding the proposed regulations. Will the regulations stipulate public notification requirements for a proposed tax fee or charge? Will the regulations stipulate public notification of a council, committee or local board decision with respect to a proposed tax, fee or charge? And in the absence of the Ontario Municipal Board being permitted to hear disputes, will the legislation stipulate which body will hear the appeal, presuming the province and the city believe that Toronto residents, landowners and business owners are entitled to a fair and just process?

Of some consolation is the requirement within the bill for the city to appoint an Ombudsman. The Ombudsman would be empowered to investigate decisions, recommendations or omissions of the city, certain boards and those city-controlled corporations specified by council. For the committee's benefit, I will not read them entirely, but on pages 7 and 8 we have four specific recommendations that we believe should be considered and added as amendments to Bill 53 during the committee proceedings.

Municipalities and housing advocates have recently raised concerns regarding the shortage of rental housing in Ontario due to what are identified as "preventable losses." It has been suggested that municipalities should be given greater powers to prevent the conversion and demolition of Ontario's rental housing stock to ensure a sufficient overall supply of rental housing. This position

is founded on an inaccurate analysis of the rental market and reflects a lack of understanding of Ontario's rental supply, including the impacts of conversion of units from rental to ownership.

Contrary to the assertion that there is a current shortage of rental accommodation in the city, the rental vacancy rate has demonstrated a noticeable increase of late, from 0.9% in 2001 to 3.7% in 2005. In addition, the demand for rental accommodation as a percentage of overall housing demand has declined and continues to decline, as demonstrated by a decrease of some 48,000 renter households in Toronto between 1996 and 2001.

Furthermore, the economic life cycle of rental buildings is limited. A large percentage of the city's rental housing portfolio is approaching the 50-year-old mark. Investing the capital necessary to maintain aging rental stock is often not economically feasible or prudent. We would submit that the power to prohibit and regulate conversions and demolitions will create further barriers to the replacement of aging stock and the appropriate urban renewal and intensification taking place.

Regent Park is a prime example of the necessity of demolishing aging rental housing to make way for appropriate urban renewal and intensification. The plan to redevelop Regent Park, home to 7,500 people, calls for replacement of the existing 2,087 rent-geared-to-income units as well as the addition of 2,500 market units, including 500 affordable units. It is widely acknowledged that the wholesale demolition of these rental units was required due to a combination of deteriorating buildings, poorly planned public spaces and a lack of community facilities.

Like the Municipal Act, 2001, Bill 53 includes sections with respect to the role of council, the role of city staff and the role of the mayor as the head of council. Under Bill 53, council would have the power to establish its own governance structure.

Governance is a crucial issue to our members, and UDI would like to see that the powers and authority to be vested in council through this bill are exercised with prudence and accountability. UDI has long believed that the current structure of city council hinders councillors' ability to work effectively. The ward-based system discourages the balancing of city-wide and neighbourhood goals and objectives. As a result, debates are often unnecessarily protracted, parochial and divisive. It is our hope that council will conclude its analysis and decide shortly on its own governance reform.

Although we remain confident that council will decide shortly on how it intends to reform its governance model to increase the transparency, certainty and effectiveness of the decision-making process, UDI recommends that to encourage the city to undertake the needed reform in a timely manner, Bill 53 not receive royal assent until such time as council brings forward its own agenda for governance reform.

1800

The development and building industry believes it is important to provide the city of Toronto with the tools it needs to work effectively to build a healthy and prosper-

ous 21st-century city. We have concerns with certain policy directions of Bill 53, and those have been provided to you in our joint brief with the Ontario Home Builders' Association and GTHBA, which was previously filed.

We are also concerned that the broad new authorities and powers included in this bill may serve as a blueprint with respect to a new Municipal Act, and we would ask the province to exercise caution and patience before introducing an updated Municipal Act.

The Chair: You've cut it close: three minutes left, one minute for each party. It's a good thing you wrapped up. Mr. Duguid.

Mr. Duguid: Thank you, Mr. Rodgers, for joining us today. It's good to see you again. I won't call you Jim today; I'll call you Neil. That's a private—

Mr. Rodgers: Inside joke.

Mr. Duguid: Inside joke; it goes back a long way.

In your deputation, you talk about the province up-loading costs from the city. I think we've made significant progress so far in doing that with regard to public transit and public health. We've done it as well with land ambulance. There's still more work to be done—you're talking about social services costs, so a significant amount of money.

I guess my question would be, where would you expect the province to get those dollars? You're also talking about the need for all levels of government to operate within their existing current tax envelope.

The Chair: Mr. Duguid, you've used your whole minute. You'd better let him—the question is, where do you think those funds would come from?

Mr. Rodgers: There is no silver bullet out there. We recognize that the province is in its own fiscal challenges, and that's why we suggest that it be, in part, a phased-in approach. I don't think we can expect you to turn the switch on instantaneously, but hopefully the efforts being made by the Premier and the Legislature to support the federal/provincial fiscal imbalance will in turn trickle down and deal with that. We are not asking for it to happen overnight, but some positive measures have to be started in a phased approach.

The Chair: Mr. Hardeman.

Mr. Hardeman: Thank you very much for the presentation, Mr. Rodgers. I think it's a well-thought-out plan. In fact, I agree with most of what you have in here. Everyone who made presentations that spoke to the governance of the city of Toronto said that needs to be done prior to the implementation of the new powers for the city. I would liken it to the fact that we're building a new bus and it makes good sense to put the driver in before you put the bus in gear. It seems to me that there's nothing in this that would do that, because the bill actually talks about giving the city that power and the province will at some point decide, "If you do nothing, then we will do it for you; we can do it by regulation, but we're not going to do it." I just wanted to point that out again. I think it's so important that we have the governance decided and implemented prior to implementation of this bill.

Mr. Rodgers: The government has thought the governance scenario out, but, to use your analogy, the bus will have left the parking lot. You, as the Legislature, have the ultimate authority in ensuring that the bill—you're going through the appropriate processes, but ultimately, royal assent of the bill perhaps should wait. I think we're all hoping that council will act judiciously and prudently and bring forward a recommendation. I think the last thing we want to see is the province invoking the powers that are contained in the bill. I don't think that is in anybody's best interests.

The Chair: Mr. Prue.

Mr. Prue: The line here on governance is, "The ward-based system discourages the balancing of city-wide and neighbourhood goals and objectives." The only alternative to a ward-based system that I know of is an at-large system, be it across the entire city or in a broad geographical area. Is that what you're proposing?

Mr. Rodgers: It's one of, I guess, a number of options that are available out there. Perhaps the comment should be tempered: Perhaps some wards do not portray the best decision-making processes and in some cases are, quite frankly, dysfunctional. Throwing the baby out with the bathwater may be a little too difficult here, but I think what we're trying to say is that in some cases it does not work.

Mr. Prue: Just to follow that, it then becomes prohibitively expensive for someone to seek a council seat if it's across the whole of the city. It cost the mayor in excess of \$1 million, maybe \$1.5 million; it would cost that for a council seat. Even if you squeezed it down and said Scarborough is an area, you're looking at a quarter of a million.

Mr. Rodgers: I didn't know that the cost of a councillor seeking election was the real reason we should be changing our governance.

Mr. Prue: It's just one.

Mr. Rodgers: I hope it's not the question, though.

The Chair: I'm sorry, but we're going to have to call this conversation to an end. Thank you for being here today, Mr. Rodgers.

REAL PROPERTY ASSOCIATION OF CANADA

The Chair: Last but not least, the Real Property Association of Canada is our final delegation for today. Mr. Conway?

Mr. Michael Brooks: Actually, my name is Michael Brooks. I'm the executive director of the Real Property Association of Canada. On my left is Mr. Conway. He's our director of government relations.

The Chair: Great. You know that you have 15 minutes.

Mr. Brooks: I don't think we're going to use 10 of it—that's probably good news for people here—unless we have a good discussion after.

Thank you for letting us speak to this issue. REALpac was known as CIPREC until March of this year. Our group represents public and institutional real estate from

coast to coast: all the banks, all the TSX-listed companies, all the REITs and most of the large pension funds that hold investment real estate. So our perspective is from those owners who have immovable, in the French sense of the word, real estate; they can't pick up buildings from downtown Toronto and move them to Mississauga because the tax rates are lower.

Certainly we have been involved as an organization, along with our colleagues who have previously spoken, with city of Toronto issues for several years. We've been involved in assessment review—current value assessment—when that was a hot topic. We do an annual national property tax study, where we compare property tax rates, commercial and residential, coast to coast. Our studies show Toronto, at five to one, the highest in Canada—the highest in North America—followed closely by Ottawa and Vancouver, respectively. I think we've been on the record, given a choice between uploading services or downloading cash or taxing authority from the province, as being more in favour of uploading services and perhaps even taking a large budget item like the TTC and having shared ownership of it.

Our perspective on property tax—given that some of you are from 905 and some of you are from Toronto, you're probably thinking, "Why do we care, because we're from everywhere and if we move out of the downtown, we'll move to Brampton and pay property taxes there?" So you're probably thinking, "why do we care?" One of the main reasons is that it's a little contradictory for us to have the highest property tax rates in Canada while advocating a hub-and-spoke rail system and treating downtown Toronto as the centre for mass transit. As a previous speaker said, one new job in Brampton is probably a car or 0.9 of a car; one new job downtown is one tenth of a car, if not one twentieth of a car. It just makes more sense to encourage intensification downtown. So our perspective is that of policies working at cross-purposes.

As far as the City of Toronto Act is concerned, I guess our greatest fear, if I can use a Donald Rumsfeld term, is the unknown unknowns. One of the concerns about the unknown unknowns was, what kinds of taxing powers could be buried in this City of Toronto Act that no one is anticipating, which could come back and be problematic or work at cross-purposes with provincial interests?

The schedule A chart that accompanies our letter and that my colleague Mr. Conway has passed around was generated by the legal opinion that the previous speaker mentioned that we obtained from the former city solicitor of the city of Toronto. It's based on some previous experiences: the commercial concentration tax we saw in Ontario maybe a decade ago. Maybe it was during the Bob Rae years; I'm not totally 100% on that.

1810

Mr. Prue: The Peterson years.

Mr. Brooks: The Peterson years; I'm sorry. The Peterson years lasted about 18 months, as I recall, or two years before it was rescinded

We've seen parking space taxes in Vancouver, and they created quite a backlash there. We understand they

may be enabled in the province of Quebec, but of course anybody who owns a retail facility is horrified, as are their small tenants.

Land transfer taxes: I don't think we've seen a local municipality with the power to levy land transfer taxes or mortgage registration fees anywhere in Canada.

To go back to Donald Rumsfeld, our fear of the unknown is significant with this act. We don't know what tax we might be fighting against, but it could be any one of those and many others.

I suppose that we also have a concern that's underlying all of this with the city of Toronto's ability to manage its own finances, hence our previous position of preferring an uploading of costs to the province versus a downloading of cash to the city.

Another Rumsfeldian fear we might have is that once this act is passed and some new taxes appear at the city level, they still don't have enough money to go around.

It's certainly, from our members' perspective, likely to increase the cost of doing business in the city of Toronto. We worry that it will increase or maintain the exodus of jobs to 905. As most of you know, we've had one new building downtown in 15 years, the Maritime Life Tower on Queen. There have been some smaller ones. There are three on the drawing board now, but as my previous colleagues have mentioned, there's far more development having happened in Markham and York region, Mississauga and elsewhere.

Certainly the city of Toronto has started to address the downtown property tax problem. We were very pleased and very encouraged by council's decision to try to get the commercial-to-residential property tax rate from five-to-one down to 2.5-to-one over a 15-year period. Of course we would have preferred to see that happen in five years, but we understand that they're under some pressure, and even a small win is gratefully appreciated by our members.

In conclusion, there are perhaps two thoughts that I'd like to leave with this committee for it to consider. One, is it possible for you to draw a smaller circle around the range of expected taxation powers that are embedded or implied by the bill to eliminate those that might impact commercial property owners, given the five-to-one existing property tax ratio? Or secondly, could you reserve unto yourself either an approval power or a power of rescission such that if any new city of Toronto tax is seen to adversely impact something which is in the provincial interest, you're able, on notice, to have it rescinded?

I think we'll probably leave you with those thoughts for now. Madam Chair, those are our comments.

The Chair: You've left two minutes for each party for questions. We'll begin with Mr. Hardeman.

Mr. Hardeman: Thank you very much for your presentation. The issue of the taxation has been expressed by a lot of people: not so much the taxing ability that's in there, which is only three different taxes, but as you mentioned, it's the unknown ones. The land transfer tax has been mentioned by quite a number of groups.

I guess to kind of alleviate the last concern you mentioned, in fact the bill does include the ability for the

minister, by regulation, to prohibit the city from increasing certain taxes. Of course, that's a challenge, because obviously the bill is intended to give the city power, and then at the same time we're going to say, "But if you're taking power that we don't think you should take, we are going to pass a regulation." The chances of the minister ever using that, in my mind, would be minimal, because once it has been applied, why would the minister say, "No, we don't think you should do that. Just come and get the money from us instead of charging that tax"? That's not going to happen. So I would just point out that I think it's a concern that those taxes would be implied.

You mentioned that we needed a smaller circle around—knowing that it's the unknown, how would you suggest that the bill be changed to limit the number of taxes, as opposed to the way it is now? Since we don't know what they are, which ones would you suggest we include?

Mr. Brooks: I feel like changing my name to Donald to answer that question.

Certainly, from my perspective, anything that might exacerbate an existing trouble area, I would perhaps reverse the onus and give the province the ability to approve it in advance as opposed to rescind it after the fact. Commercial property is one area where we know we have a problem. With user fees and that ilk, I don't particularly have any difficulty at all. I can't speak to any other areas that might also be in the provincial interest to protect at this time.

The Chair: Thank you. Mr. Prue.

Mr. Prue: I would be in agreement with you if one were to say that commercial-industrial and multi-residential people are all overtaxed vis-à-vis homeowners. I think you've tried to say that as well.

Many of the groups are advocating uploading the download as a way of getting rid of that portion that's put on the property tax, particularly in education, welfare and assisted housing. You haven't really talked much about that and I just wondered, does your group think that is a way to take the burden off commercial properties?

Mr. Brooks: I think taking the cost side pressure off the city of Toronto is a potential solution. It doesn't seem like that's the direction this act has taken things, so we haven't looked into it in more detail. About two or three years ago we would have advocated, as I've mentioned, perhaps making the TTC a shared responsibility, sharing the budget responsibility for that as a major cost item in the city of Toronto. There might have been a few other small things—land ambulance and some welfare going back.

Mr. Prue: It was a cost share, 75-25, with the province until 1996 or 1997, something like that. So you think that that should go back?

Mr. Brooks: I've not looked at that recently. Two or three years ago we had this position.

The Chair: Thank you. Mr. Duguid.

Mr. Duguid: Thank you for taking the time to share your thoughts with us today.

You brought up an interesting phrase, "fear of the unknown." I think that's something that permeates through

a number of the deputations that we've heard today and it's something I'd like to make a short comment on. You're right that there are some unknown factors here. We don't know exactly how this Toronto council and future Toronto councils will use this additional authority. It's a question, though, of confidence in the people of Toronto that they will hold their government to account. The McGuinty government is very confident that the people of Toronto, as a mature community, will hold their government to account for the decisions they make. That is why we're confident that providing some permissive taxing authority to allow the city of Toronto to be competitive with other international jurisdictions their size is something that, in the end, will work out in the best interests of not only Toronto residents but the Toronto business community as well, because it will help us build a stronger Toronto and a stronger economy.

My question to you is more along the downloading side. You indicated that you would like to see some upload. We have uploaded a number of things already in terms of increasing provincial contributions to public

transit, both capital and operating, land ambulance and public health as well. We are looking at others into the future, and I think we'd like to do more, but it comes down to affordability. Whom do you want us to tax further to be able to afford this? Or would you want us to cut in terms of provincial services to be able to afford further uploading?

Mr. Brooks: I'd probably prefer the third alternative initially, which is to spend less at the city level, and then look at those other two. I'm concerned that we haven't looked enough at controlling spending at the city level. I don't know that there are huge savings there. I fear that there are some savings that perhaps should be explored first.

The Chair: Thank you very much for being here today.

Committee, this draws to a close our participation in hearings today. This committee now stands adjourned until 4 p.m. on Wednesday, May 3.

The committee adjourned at 1820.

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Présidente

Mrs. Linda Jeffrey (Brampton Centre / Brampton-Centre L)

Vice-Chair / Vice-Président

Mr. Jim Brownell (Stormont–Dundas–Charlottenburgh L)

Mr. Jim Brownell (Stormont–Dundas–Charlottenburgh L)
Mr. Brad Duguid (Scarborough Centre / Scarborough-Centre L)
Mr. Kevin Daniel Flynn (Oakville L)
Ms. Andrea Horwath (Hamilton East / Hamilton-Est ND)
Mrs. Linda Jeffrey (Brampton Centre / Brampton-Centre L)
Mr. Jean-Marc Lalonde (Glengarry–Prescott–Russell L)
Mr. Jerry J. Ouellette (Oshawa PC)
Mr. Lou Rinaldi (Northumberland L)
Mr. John Yakabuski (Renfrew–Nipissing–Pembroke PC)

Substitutions / Membres remplaçants

Mr. Ernie Hardeman (Oxford PC)
Mr. Michael Prue (Beaches–East York / Beaches–York-Est ND)
Mr. Mario Sergio (York West / York-Ouest L)

Clerk / Greffière

Ms. Susan Sourial

Staff / Personnel

Mr. Jerry Richmond, research officer,
Research and Information Services

CONTENTS

Monday 1 May 2006

Subcommittee report	G-391
Stronger City of Toronto for a Stronger Ontario Act, 2006, Bill 53, Mr. Gerretsen / Loi de 2006 créant un Toronto plus fort pour un Ontario plus fort, projet de loi 53, M. Gerretsen	G-393
Toronto Board of Trade	G-393
Mr. Bob Hutchison	
Canadian Federation of Independent Business	G-395
Ms. Judith Andrew	
Mr. Tom Charette	
Mr. Satinder Chera	
Toronto Taxicab Brokerage Association	G-398
Mr. Jim Bell	
Mr. Peter Zahakos	
Shoppers Drug Mart.....	G-401
Ms. Barbara Dawson	
Mr. Richard Alderson	
Motion Picture Theatre Association of Ontario	G-403
Mr. Tom Hutchinson	
Toronto Office Coalition	G-406
Mr. David Fleet	
Dr. Juri Pill	
Urban Development Institute/Ontario	G-408
Mr. Neil Rodgers	
Real Property Association of Canada	G-411
Mr. Michael Brooks	