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

**Monday 8 May 2006**

## **Journal des débats (Hansard)**

**Lundi 8 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

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON  
GENERAL GOVERNMENT**

**COMITÉ PERMANENT DES  
AFFAIRES GOUVERNEMENTALES**

Monday 8 May 2006

Lundi 8 mai 2006

*The committee met at 1602 in room 151.*

**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.

**FAIR VOTE CANADA**

**The Chair (Mrs. Linda Jeffrey):** Good afternoon. The standing committee on general government is called to order. We're here today to continue consideration of Bill 53, the Stronger City of Toronto for a Stronger Ontario Act, 2006. I'd like to remind the members that at the next meeting, on May 10, we will discuss a deadline for amendments. The clause-by-clause starts on May 15.

One of the groups that is on our list today has already cancelled—the group at 4:30, the Canadian Council of Grocery Distributors—so we have one less group.

I'd like to welcome all of our witnesses and remind you you'll have 15 minutes to make your presentation. Our first group today is the Toronto municipal campaign for Fair Vote Canada. You may come forward. Welcome. If I could just remind you, you have 15 minutes; if you could identify yourselves, if you're both going to be speaking, and the group you speak for. Once you've done that, you'll have 15 minutes. If you leave some time at the end, we'll be able to ask some questions about your deputation.

**Mr. John Deverell:** Thank you. I'm John Deverell, a retired Toronto Star journalist and a long-time resident of Toronto. This is Stuart Parker, who's a former resident of British Columbia, now a resident of Toronto and pursuing post-graduate studies at the University of Toronto. We are both directors of Fair Vote Canada, which is the

organization which speaks for the national movement for electoral reform.

Today, we're giving you two documents. The first, with the red maple leaf on it and so on, is our brief to the Governing Toronto Advisory Panel last fall. That was a brief which was completely ignored in the recommendations of the advisory panel. The other document is the text from which Stuart and I will be working today. But it's a long day, and rather than read it entirely, we'll try to hit the high points and leave more time for your questions.

First, we'd like to commend this Legislature for understanding that substantial changes are needed in the governance of Toronto and for proposing major amendments to the City of Toronto Act. Clearly, it shouldn't be acceptable to any of us that Toronto's mayor and councillors have become Canada's most visible professional beggars. There is a fiscal imbalance in Toronto—but no doubt of that—but we think there's also an ongoing crisis of governance and accountability in this megacity which Toronto chooses not to acknowledge. Toronto politicians seem to find it easier to campaign against senior governments than to propose difficult choices for Toronto.

Candidates for mayor may try to put forward visions and choices for the city, but what can this amount to, really? There's every likelihood, in the electoral system Toronto has, that the political program of a winning mayor will not correspond with a majority of supportive councillors. You could imagine that the appropriate civic motto for Toronto would be "Toronto: The City Where the Buck Never Stops."

This is a major reason, we suggest, why most Torontonians don't bother to vote in civic elections. They understand, however intuitively, that their role in civic government is not really that of citizens; they are subjects. We think the new City of Toronto Act should at least make it possible for Torontonians, by petition and citizen assembly and referendum, to change the established rules which foster civic apathy and to bring about a democratic voting reform to encourage better government and active and responsible citizenship in this city.

We recognize that this Ontario Legislature is a leader in its willingness to trust the public to understand its own best interest in matters of voting systems. We again congratulate you and your colleagues for convening an Ontario citizens' assembly. We think you should make it legally possible for a similar and historic democratic exercise to take place in Toronto civic government.

With that, I'd like to turn to Stuart, who will deal with the wording of the act and some description of the problems of the current voting system.

**Mr. Stuart Parker:** Our focus here is subsection 135(3), paragraphs 3 and 4. Subsection 135(3) states that the mayor shall be elected by the single-member plurality voting system. Councillors, according to section 135, paragraph 4, can be elected the same way. In other words, the mayor would be elected city-wide by the same voting system we use to elect members of the Legislature at present, colloquially known as first-past-the-post. We urge you to make these sections dealing with the selection of mayor and council more permissive and flexible so as to permit a thorough redesign of Toronto civic representation and government.

First-past-the-post, or the single-member ward system, often provides very poor representation of the public in a complex, multicultural society such as ours. In the 2003 Toronto election, 40% of the votes cast went to candidates who were not elected. In all, 252,055 voters lost their vote and are not represented by a person of their choice on council. It's as if their ballots were sent to Michigan along with the garbage. Such institutionalized futility is unnecessary. If we wish to continue calling ourselves a democracy, we need to make each citizen's vote count equally and effectively.

Last time, in Toronto, four councillors were elected with fewer than 5,000 votes each, whereas nine candidates who got more than 5,000 votes were defeated. One councillor was elected with 3,462 votes, while there was a defeated candidate who received 7,522—more than twice the lowball winner. To give you an idea in percentages, we had candidates losing with 47% of the vote and winning with 26% of the vote.

Among the negative effects of first-past-the-post elections are reduced voter turnout, especially among members of marginalized groups, and the under-representation of women and minorities. A quick glance at Toronto city council shows turnout as low as 14% in some wards, and there's frequent media commentary about the whiteness of council. It's thus quite apparent that the absence of formal political parties at city hall in no way mitigates the failings of first-past-the-post that we see at the federal and provincial levels.

We note with interest, and feel encouraged, that the province has chosen to follow the Toronto Board of Trade and empower the city, for the first time, to choose among more than one method of electing councillors. Section 135(3), paragraph 4, permits the city to elect councillors under the first-past-the-post system or through the multi-member plurality voting system, known colloquially as the at-large system.

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Unfortunately, as demonstrated in academic studies, however, at-large voting typically does not reduce but rather magnifies the problems associated with first-past-the-post, including the under-representation or outright exclusion of ideological minorities, cultural minorities and women. We urge you not to limit the choice in

section 135(3)4 to between two quite deficient systems, especially when the proposed alternative is more likely to magnify than solve the problems with the current system.

We hasten to clarify that Fair Vote Canada does not favour Queen's Park or Toronto city council dictating which voting system Torontonians should choose. We favour fair voting and proportional representation, but we think that which brand of fair voting should be up to the local electorate.

As matters stand, however, the Governing Toronto Advisory Panel, quite contrary to its own rhetoric, has asked you to impose, to etch in stone, the current voting system. On the one hand saying Toronto should have the power to redefine all kinds of things about itself, curiously it has recommended that the Legislature make sure at the local level that people don't have the power to select their own voting system. Instead, it chooses to institutionalize first-past-the-post because of concerns over low voter turnout, effectively thereby institutionalizing the low voter turnout itself.

We therefore congratulate this Legislature on taking the advice of the Toronto Board of Trade and ignoring the panel in etching the first-past-the-post system in stone. We hope that you accord the city the flexibility needed to pick a made-in-Toronto solution to problems with the voting system.

There are many models of proportional representation that should be on the table for serious consideration of Toronto's civic government problems. While some, and probably the most high-profile, fair voting systems feature party lists and party-based accountability, such as in Germany, Sweden, Scotland and New Zealand, this is not a requirement of all proportional systems.

The single transferable vote system with its multi-member districts, recommended by the BC Citizens' Assembly on Electoral Reform and supported by over 57% of British Columbians in a subsequent referendum last year, allows for independents and in no way mandates a party system. It is likely, therefore, if Torontonians were to choose STV, they would create several multi-member wards rather than a gigantic, single multi-member ward. This is how STV is used in most jurisdictions where it is in effect.

Of course, STV isn't the only option. There are at least three other kinds of proportional voting that do not require parties and do not favour parties.

Why should PR matter, though, if there aren't any parties?

It has become the norm for most cultural, ethnic, religious and ideological groups to be geographically dispersed through our city. This diffusion is one of the most powerful positive forces, giving rise to social integration and the era of the great cities in which we live. Many important forms of community transcend neighbourhood. In fact, this is what motivates people often to move to large cities, yet Toronto's single-member districts create an undue emphasis on neighbourhood over all other forms of community.

**Mr. Deverell:** Now, if you did make these sections to which we refer more permissive, what would it mean to leave the door open to voting reform in Toronto?

Once Queen's Park amends the proposed City of Toronto Act to permit full choice in democratic voting reform, it will be up to Toronto citizens to pursue the opportunity. We expect they will take note of the workings of your independent Ontario citizens' assembly and, once it has discharged its task, which will be next year, Toronto citizens will start thinking about petitioning city council to authorize and create a Toronto citizens' assembly to review the entire municipal electoral system. We think Toronto, like Ontario, will need a fair-minded and representative citizen body, which is not rooted in the status quo and which is solely dedicated to a vitally important task.

As in the Ontario reform process, it will be essential to submit the assembly's recommendations directly to the Toronto electorate for decision by referendum. The legitimacy and success of the entire exercise—and we're not talking about a referendum for every public question; we're talking about a referendum for the one question of the voting system, which is the one where all citizens have the same interest—depends on the acknowledgment by all legislators at the city and the province that voting systems must belong to the citizens. I say you're a long way there already.

It would be a great shame, on the other hand, if Torontonians who are striving and hoping for fair voting and better municipal government were stymied by provincial legislation which stops them from addressing the city's profound electoral dysfunction.

That is our submission. We thank you for the opportunity to discuss the new City of Toronto Act. The appendix there indicates some more language changes that would be necessary to accommodate the flexibility we're suggesting. We would now welcome your questions.

**The Chair:** You haven't left a lot of time, but each party can have a minute, beginning with Mr. Hardeman.

**Mr. Ernie Hardeman (Oxford):** Thank you very much for your presentation, particularly as it relates to the voting process. One of the real challenges we've been hearing from a lot of people is functionality of the present system and where they go from here. My understanding from the bill is in fact that it doesn't deal with new ways of voting and new ways of putting council in place that the people get to decide on, but it will be something that city council decides and, if they don't decide, the province will impose it under this bill. So I commend you for your presentation and hope the government takes to heart that more direction is needed in that area than what the bill presently has.

**Mr. Parker:** Our concern is that the bill gives the government one of two options: the multi-member plurality voting system and the single-member plurality voting system. Very little language would need to change in the bill to widen those options. We're simply suggesting that the door should be open a few feet instead of a crack.

**Mr. Peter Tabuns (Toronto-Danforth):** Thank you for the presentation. While you were speaking, I took a

look at some of your background notes here. You have commentary here on strong mayor systems, and I would appreciate it if you would elaborate on your earlier comments.

**Mr. Deverell:** I'll take it with some trepidation, because Fair Vote Canada is a very broad, multi-partisan alliance and we don't deal with specific institutional questions and we don't espouse a simple model. What we can say about the strong mayor system, I think, is that anything which strongly devalues the role of the councillor is something that should be of great concern, but we couple that with our concern for the way the councillors are chosen. You've really got to get both things right. If you want councillors to have influence, you have to make sure that they're democratically selected as well. We can see coherence arising out of strong mayor, but we're not so sure we can see democracy arising out of it. We'd like to see another path.

**Mr. Parker:** The other concern I would raise is, the reason strong mayor is being talked about is that at present the mayor is the only person who is being elected city-wide. I think the reason there's a desire to concentrate additional power in the hands of the mayor is that all the other members of council are elected in small geographic constituencies. The more flexibility you allow for councillors to be elected in large constituencies or city-wide, the less necessary it will be to vest all power dealing with city-wide interests in a single office. You'll note that we also point you towards some scholarship for which we have citations on the effects of strong mayor in American cities, and I would also recommend you look at the effects of direct election of Prime Ministers in parliamentary systems, particularly in Israel.

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**Mr. Kevin Daniel Flynn (Oakville):** I really did appreciate the supportive nature you brought to the presentation on some of the initiatives that are taking place. We have a process in place at the provincial level now where we're going to examine our own system, and we know what that is now: We're going to have a citizens' assembly. They will do their work over a period of nine months, decide on something or maybe decide on nothing, and if there is something, it will be put to the people of Ontario. I think there are a lot of people who are excited about this. It's hard to be excited without showing any favouritism to the system that you might prefer, but the process is the exciting thing.

How do you see the process that you're asking us for? How would it differ from the process that would take place were this legislation to pass as is in the city of Toronto?

**Mr. Parker:** The problem is that if there were to be any kind of process of choosing amongst a wide variety of voting systems, additional amendments to the City of Toronto Act would have to be made at a later point to permit that. We're concerned that what we'd like to see is a City of Toronto Act flexible enough that if a citizens' assembly and referendum or some other democratic consultative route were taken in Toronto, it could be

taken in Toronto without reference back to Queen's Park. If we were to try and have a citizens' assembly in Toronto, under the City of Toronto Act as written, all the citizens' assembly would be able to review is whether council would be elected under the at-large system or the ward system. It would not be able to review the breadth of options that the provincial citizens' assembly is allowed to review. I think we're getting ahead of ourselves to even describe the process. What we want to do is make some little changes to permit the process.

**The Chair:** Thank you, gentlemen. We appreciate your being here today.

#### FEDERATION OF RENTAL-HOUSING PROVIDERS OF ONTARIO

**The Chair:** Our next delegation is the Federation of Rental-housing Providers of Ontario. Welcome. You'll have 15 minutes, after you've introduced yourself and the organization you speak for. Should you leave any time at the end we'll be able to ask some questions.

**Ms. Megan Harris:** Good afternoon. First of all I'd like to say thank you, Madam Chair and members of the committee, for allowing us to speak this afternoon on this very important piece of legislation, Bill 53. Allow me to introduce myself. My name is Megan Harris. I'm the director of policy and communications with the Federation of Rental-housing Providers of Ontario.

As some of you might know, we're an industry organization representing multi-residential property owners, managers, renters and investors across the province. We're the largest association in Ontario that represents those who own, manage, bill and finance residential properties. Our membership base is quite diverse. It includes those who own just a few units and those who own many. In addition, our membership base also includes our colleagues and partners in industry, including the service providers, suppliers and industry consultants. We represent over 250,000 households, providing a full spectrum across the province. I put that context into place to say that when we speak on these issues, we represent not just the smaller landlords but the much larger ones as well.

Today I'd like to speak to three specific areas within the proposed Bill 53 that are of concern to the industry. The first deals with licensing of the rental housing industry, the second, conversions and demolitions, and the third, the fees and charges.

We absolutely support the need for conferring additional authority to the city of Toronto in order to improve its governance and to strengthen its overall business and investment climate. However, we feel that these three areas, as the legislation currently sits, may undermine the long-term ability of the city of Toronto to ensure continued investment in the affordable housing sector. These proposed sweeping powers that the bill confers on the city could change substantially the provincial and legislative landscape and unwittingly impede Ontario's future competitiveness and investment climate by undermining the long-term supply of rental housing here in the GTA.

On the issue of licensing, we recommend that the licensing of rental housing providers remain a provincial responsibility and not be downloaded to the city of Toronto. The current language in the bill must be strengthened to ensure that licensing and regulation of rental housing remain a provincial responsibility, and the Minister of Municipal Affairs and Housing should maintain the status quo and preclude municipalities from licensing the rental housing industry.

We're also concerned, should the responsibilities be downloaded to the city level, that it will lead to duplication and uneven regulation and enforcement. As a consequence, this will be inefficient, it will be wasteful and it will create significant problems for end users, who will become uncertain as to who is regulating them and which set of rules apply.

Finally, on the issue of fees in this area, if the responsibilities are conferred to the city, we expect that it will likely levy fees in order to defray the additional cost of administering this new scheme. These fees will ultimately be borne by tenants, who already face a grossly unfair and regressive property tax scheme in most municipalities, and the GTA is absolutely no exception. This will add yet another fee which will be borne by tenants. This essentially translates into a cash offering to the city of Toronto on the backs of tenants.

It's our feeling that licensing is unnecessary, as the industry is already highly regulated. A municipal licensing scheme will not add significant benefits for renters or for the industry, as municipalities already have a great deal of authority to deal with property standards issues and very strong powers to deal with property standards enforcement. These powers are augmented through the Tenant Protection Act and the proposed new RTA. Further, when coupled with other legislation such as the Building Code Act and the Fire Protection and Prevention Act in addition to others, it's really not clear to us—

**The Chair:** If you could move away from the microphone—

**Ms. Harris:** Is that the problem? Someone should have told me sooner. Thanks.

So when we look at that, it's really difficult for us to understand how this licensing scheme would help to improve this industry.

FRPO, as an organization, has very stringent rules on our membership and performance standards. So we feel, moving forward, that it's best to leave the system as it is rather than devolving the powers in this area to another level of government.

The second issue of concern for us relates to demolitions and conversions. Our industry is concerned that prohibiting and regulating the conversions and demolitions of rental housing will, over time, substantially undermine the long-term supply of rental housing across the GTA. The premise for placing these restrictions on conversions is misinformed and counterproductive. Essentially, by granting this power to the city, the province has given the city of Toronto greater powers to ex-

appropriate the property rights of rental housing owners, unlike any other industry. Overwhelmingly, the evidence suggests that rather than limit conversions and demolitions, the province should consider encouraging more of them.

The essence of those in defence, those who propose that we should limit demolitions, is that it will reduce the supply of rental housing in the marketplace, and this is simply not the case.

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What the evidence clearly shows is that when you add additional housing to the marketplace, those who can afford to buy generally move into a position of ownership, as we see in this current marketplace that we have now. The consequence is that you remove the downward pressure on the existing stock and open up that which was previously rented to another class of renters who previously were not able to form independent households in the marketplace because that group had essentially blocked their entry into the marketplace.

It's time for us to move forward in terms of developing housing policy that's based on the premise of empirical evidence. A number of landmark studies in the US have clearly demonstrated that when conversions take place, as I've just explained, they are a source of additional supply into the marketplace rather than taking away housing from the marketplace.

Furthermore, the assumptions are often based on using CMHC data. Now, CMHC data basically captures—I'll just refer to this here: "Total rental supply counted by CMHC accounts for only a small portion of new rental supply in recent years, since CMHC's rental supply numbers represent only a small portion of rental units which are offered to the market. Estimates produced by Clayton Research Associates suggest that between 1986 and 1996, traditional rental housing supply as measured by the CMHC accounts for only 27% of the additional private... rental housing supplied to the market." And there you list other factors that are not considered, such as the conversion of ownership housing to rental housing, single detached houses that move from ownership to rental and single detached homes that become duplexes, just to name a few. As you can see, there's a full list of them here, and of course the addition of condominiums to the marketplace, where there are often investors who purchase the property for the purpose of renting.

We strongly believe that prohibiting the conversion of existing property is also counter-intuitive to some of the policies stated by the province in its Places to Grow strategy because permitting redevelopment facilitates an increase in the supply of housing in the municipality and it does promote affordability. Furthermore, intensification supports numerous government-stated strategies. It generally results in an efficient use of public infrastructure, including transit, and shorter commute times to work, which of course save energy. It also acts as a check against sprawl, which consumes land and requires longer trips. and it promotes sustainable development and supports thriving and efficient urban areas. So these policies which prevent this intensification work against all these

goals for well-planned communities and regions are just not in the public interest.

Excuse me. How much time do I have?

**The Chair:** About four minutes.

**Ms. Harris:** I'll just then move on to fees and taxes. Essentially the existing multi-residential property tax base is already unfair to tenants, who pay nearly four times higher rates than residential tax rates for their rents. Bill 53 proposes to confer additional powers onto the city, and it is imperative that we clarify whether or not the renters will now be subject to additional taxes. For example, could there be a mortgage registration tax or land-transfer taxes and other such costs? It's not clear to us how this will benefit renters in the city. Thank you.

**The Chair:** You've left about a minute for each party to ask a question, beginning with Mr. Tabuns.

**Mr. Tabuns:** Thank you for the presentation.

In the early 1970s I lived in a townhouse complex that was going to be converted to condominiums, and I and the other 500 people were given eviction notices. Most of us couldn't afford to buy the condos, so families were thrown into crisis. At the time, I can't say that we felt that our rights and the stability of our households were being protected. So why don't you want the city of Toronto to have the power to protect people from being thrown out en masse in a condo conversion?

**Ms. Harris:** Well, under the Tenant Protection Act, as you know, existing tenants do have a right in terms of they're offered the right of first refusal and they are also assisted with finding alternative housing. This was not in place in the 1970s, so it's hardly fair to say that's an equal comparison.

**Mr. Tabuns:** Well, I can say that most of the people who lived there didn't have the money to buy.

**Ms. Harris:** That was the 1970s, I believe, but we're talking 2006. The legislation today is considerably different and it does protect tenants.

**The Chair:** Mr. Lalonde.

**Mr. Jean-Marc Lalonde (Glengarry-Prescott-Russell):** Thank you for your presentation.

I was reading under "Demolitions and conversions" that you were concerned about the City of Toronto Act, which would give "greater powers to expropriate the property rights." I feel just the opposite way, because at the present time a city cannot proceed with the expropriation without a valid reason. Usually it's for the extension of a road, but we know that the city will have a responsibility to meet the social housing need. If they feel they need to expropriate a development or a section of the city to build social housing, then they would probably have the power. But the private sector doesn't have the power to expropriate at the present time. Only the city has the power.

**Ms. Harris:** That's precisely our concern. By giving this authority to the city to basically deny those who own a piece of property where a residential building currently sits, you're basically denying them the right to use that property in a manner that they see fit. As I also refer to in a section here—I didn't speak to it but it's here—recently the city of Toronto itself recognized that, over time, a

building deteriorates and there's an issue of safety to those that inhabit it. As a consequence, with the Don Mount Court, for example, they determined that it was better to demolish that building rather than incur the major structural costs of over \$100,000 per unit. So based on the current legislation, private landlords would be denied that right as well, whereas the city of Toronto was able to make a valid decision based on the current state of that building and what would be required to bring it into today's standards.

**Mr. Lalonde:** To my knowledge, at the present time—

**The Chair:** Mr. Lalonde, I'm sorry, you are out of time.

**Ms. Harris:** So yes, in fact it is expropriating the right of the landlord.

**The Chair:** Mr. Hardeman.

**Mr. Hardeman:** Thank you very much for your presentation.

I just wanted to quickly go to the extra cost, and I think we've heard that from a lot of deputants about the ability to tax in order to meet the shortfall of the new city of Toronto. We all recognize that we need legislation to govern Toronto maybe in a different way than the rest of the province, and the ability to tax is specified as very limited, but the implied is much larger in the act. I was interested to hear you talk about some of the things that may apply to rental accommodations that, really, one wouldn't think would affect the tenants in the buildings, but we recognize that all added costs will eventually end up on the rental bill. Then I was reminded that we were told by the minister that in fact we have faith in the city of Toronto. They would not tax things that were going to be very detrimental to the city and to the people in the city. Then I was wondering when you mentioned the high tax rate, in fact charging four times as much taxes on rental than on ownership, who made that decision to charge four times as much for rental units?

**Ms. Harris:** Well, the city of Toronto—

**Mr. Hardeman:** Thank you.

**The Chair:** It's a trick question.

**Ms. Harris:** Well, essentially at the city of Toronto the decision-making around budgetary items often sees a cost, a fee or a charge for delivering a service as a justification for additional charging to those who use these services in a disproportionate manner. For renters it is the city of Toronto that is really driving.

**The Chair:** Thank you, Ms. Harris. We appreciate your being here today.

As was stated earlier, our 4:30 appointment has cancelled.

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#### TORONTO AND YORK REGION LABOUR COUNCIL

**The Chair:** Our next delegation is the Toronto and York Region Labour Council. Mr. Cartwright, you're up just in the nick of time. Welcome. I'm sure you've heard

my preamble before. If you could introduce yourself and the organization you speak for, and you'll have 15 minutes. Should you use all that time, we won't be able to ask questions, but if you don't, we'll be able to ask you about your delegation. We have your handout.

**Mr. John Cartwright:** Thank you very much. My name is John Cartwright. I'm the president of the Toronto and York Region Labour Council. The labour council represents 195,000 working women and men in every sector of our economy in Toronto and York region.

We're here today to talk about Bill 53, the City of Toronto Act. We also have accountability back to our members who live in York region, which, as people are very well aware, is the fastest-growing region in this country and will soon be larger than either the province of Saskatchewan or Manitoba. So when we talk about the city of Toronto being the largest city in the country and the centre of Canada's largest urban region, it's not just with a Toronto-centric perspective; it's from the point of view of understanding the immense responsibilities that are in front of large orders of government.

First of all we do want to congratulate the government for taking the initiative around the City of Toronto Act and the ongoing question of the new deal for cities. We were involved in the C5 process, with the mayors of five key hub cities across this country talking about the need for a new deal for our large urban regions with both senior governments, provincial and federal, and have been involved, as we said in the introduction, since the imposition of the megacity, and long before, in fact, on the nature of our city. We do want to congratulate the minister particularly for the hard work he's done, and the staff of the province for the work they've done with the city staff and for the open dialogue that has taken place around this issue.

We come at this with the point of view that the new deal is much bigger than Bill 53. In fact, the new deal for our cities has to become bigger than the straight municipal governance and finance issues, although the responsibility of this committee is Bill 53. For us, we need to see a new deal that incorporates enhanced powers for the city of Toronto in ensuring accountability to its population, not only for finances directly, for the city of Toronto's budget, but also for the relationships that are important for Canada's largest urban centre. That includes finances for our schools, for instance. The very foundation of a decent society is laid in our classrooms from junior kindergarten on, and, we might want to remind the new Prime Minister, in our child care centres, as the city of Toronto is the largest provider of child care of any organization in this country outside of the province of Quebec.

The new deal for the cities has to include a particular view of the role of public transit. We're often reminded that there are more people who just take the Queen Street streetcar every day in Toronto than engage in public transit in almost all the rest of this country outside of Vancouver and Montreal.

In those terms, what are some of the issues in Bill 53 that we want to comment on? In our handout we've

provided you with six principles that we looked at around this ongoing discussion of the new deal for cities. We have also provided you with a document that was created by the labour council along with a number of very committed community organizations who are concerned about the future of the city of Toronto. In that document we talk about the city of Toronto needing three things: the power to build the city that Torontonians want, the resources to do the job, and a government accountable to all people and communities. I'll touch on those three elements in my presentation.

Clearly, most of what Bill 53 is about is the power to build the city, and by and large we're satisfied with the bill.

But it's really clear that the second issue, the resources to do the job, is not being addressed here. We want to make it fundamentally clear to this committee that you can't have a city that is still being bankrupted because other people, other levels of government, either provincial or federal, continue to heap bills on them, whether those bills are the cost of social services that were down-loaded by the Harris government or the requirement to pay for transit that people need in order not to have gridlock that this government has yet to restore—the traditional funding formula for public transit—or the tremendous responsibility of housing costs that really should be borne by the province and the federal government that are now hanging like an albatross around the neck of the city of Toronto. Those are really crucial elements. We can design the best possible process of city council to make its decisions and the best possible framework within which it can make those decisions, but if there's not the money to do the job, it will be sorely lacking.

The third piece is a government accountable to all people and communities. One of the issues we've been most engaged in is this drive by some folks on Bay Street, some very powerful people on Bay Street, and some folks within Queen's Park to say that the city of Toronto needs to have a more mature and accountable form of governance. We would actually say that we have to be very careful here. There's been lots of talk in these last few years about the democratic deficit, about how people look at governments and don't see them being responsible to their real needs, about how decisions are made in backrooms or further back rooms. We fundamentally disagree with the stated interest of a number of very powerful and influential people that there needs to be a super-executive that would actually make the key decisions around our city's operations before those issues come before the elected city council. Even though the act does not impose that, and we've been very clear in suggesting to the provincial government that it would be completely inappropriate for them to impose a governance form, there is the kind of open vacuum in the act that waits to see how happy this government is with what city council determines and then will perhaps overrule, perhaps impose—it's not clear. We would of course warn that if anybody did take that opportunity to impose something, then they'd be stuck with the results, and all

of the shortcomings and the mess that would end up happening as a result of just how politics naturally happens would be at their feet rather than at the feet of city council.

So we would hope that the provincial government would respect the right of city council to determine its form of government and ensure that in those neighbourhoods where people are not wealthy, where people are newcomers, in those neighbourhoods that are identified in the United Way report recently amongst pockets of poverty in *A Decade of Decline*, there is a way of engaging those people so that it's not just the purview of wealthy and influential homeowners or the purview of the board of trade and those people on Bay Street to actually decide what happens in the city of Toronto. We have to ensure that every newcomer family that comes here to make a better life for themselves has political space and is able to be part of shaping the future of this city.

Let me talk about a couple of very specific things in the bill, and some of these are a response to presentations made by others in front of you. We notice with dismay that the hotel tax is particularly removed from the powers of the city. That's ironic, because Glen Murray used to come here and talk about the difference of a mayor coming to his city from Houston, I believe it was, to Winnipeg. When he went down there, he actually paid money through all of the different fees into the coffers of the city of Houston. When the mayor of Houston came to Winnipeg, the citizens of Winnipeg subsidized all of those things because there weren't things like hotel taxes. It's kind of crazy. The hotel industry has chosen to take a certain room levy, but the public has no control over how that's used, and we saw that recently over the question of the Live 8 concerts. So the hotel tax should be one of the instruments that the city can have; it should not be waived.

#### 1650

We've heard from some of the homebuilders their concern about the design provision issues. Let me tell you, I'm a builder. I'm a carpenter by trade. For years I headed up the building construction trades council in this city, the largest such council in this country, one of the largest in North America, representing the most competitive construction workforce, the mostly highly skilled construction workforce in this country and probably North America. We couldn't understand why the builders some years ago lobbied like crazy to remove some of the environmental considerations that were previously in the building code, things like full-height basement insulation. They went nuts to remove that stuff from the building code—very short-sighted, not understanding the savings that this would provide to homeowners in the long term, not understanding the health effects around mould and so on.

I would urge you not to give in to some of the Chicken Little syndromes of certain people who have come in front of you, saying, "Don't give the city power to talk about stronger environmental standards or better building

code considerations.” These are all part of the kind of society that we need to build together.

There is one thing, though, that I want to talk about with a lot of disappointment. The issue of democratic deficit that I talked to you about also includes when people get to go to the polls. I think the question of a four-year term should be in front of this committee and it should be debated. There has been no input, there’s certainly no call from the general public, to extend municipal terms from three years to four years. I’ve never heard it, and I’ve been involved in this discussion day in and day out, month in and month out, for the last 10 years. I don’t know where it came from. Some city politicians would love to have four years; some would love to have eight- or 10-year terms. “Sixteen more years,” I think is a chant I heard recently from some of them.

But let’s get real. There has been no call from the public to extend that, and yet the government of the day has sought to surreptitiously slip it in under that budget. I think that’s wrong. I think this committee should ask that it be removed from the budget process, be brought back as a separate item where you do have hearings in front of this committee, and if in your wisdom you decide to recommend a four-year term, at least the public has a chance to comment on it, not having been slipped it. It almost leaves a bad taste in our mouths when in fact so much in this bill is to be welcomed. To have that coming in surreptitiously is really wrong. It’s shocking and it’s unacceptable.

Those are my comments. I’d be happy to answer any questions. Of course I hope that people would take the time to read the background documents that I provided.

**The Chair:** Thank you. Mr. Duguid, do you have some comments?

**Mr. Brad Duguid (Scarborough Centre):** Yes. How much time do we have?

**The Chair:** Everybody’s got about a minute.

**Mr. Duguid:** I want to start off by telling you that I appreciate your being here and I appreciate your comments on the design standards. Really it’s the green roofs that we’re talking about. We’re not talking about giving the city their own building code, but in the area of green roofs it’s really the one area where they’ll have some specific capability. I appreciate your reassuring comments because I think you’re right. I think there’s been a reaction to that that’s probably greater than the actual impact will be in the end and I think everybody will adjust to it.

In terms of where do we go from here and the fiscal challenge, I think we all agree that this act in and of itself is not going to solve all of Toronto’s fiscal problems, but I think we’ve come a long way, if you look at the capital funding for public transit now and if you look at the operating funding that’s being provided through the gas tax. And the last budget announced the subway expansion. If you look at what’s going to the city of Toronto now, they’re now getting more, if you include the federal contribution, than they’ve ever received, not to say that we don’t want to do more and can’t do more.

This government is a government that’s in the transit business and we’re going to continue to work toward that end.

Land ambulance has been uploaded, public health has been uploaded—

**The Chair:** Mr. Duguid, are you getting to a question? You’ve run out of time.

**Mr. Duguid:** I’m more making a comment. I want to thank you for your comments, and certainly I think we’ve still got some ways to go but I think we’re making some really good progress in these areas.

**Mr. Cartwright:** I’d love to answer his question. I will point out the one area that’s still glaring, and that is the business education tax. There is this inequality of the business education tax still being applied by the province at a much higher level than in the 905 municipalities, and that has to be fixed. The city of Toronto has changed that in order to lessen—actually to dump some of the cost on homeowners and tenants. It’s absolutely imperative that the province fix that inequity.

**The Chair:** Mr. Hardeman.

**Mr. Hardeman:** I agree with you to the extent that there are a lot of things that need fixing that are not in this bill, which in my opinion need looking at prior to this bill. I think this is a step in the right direction, but it’s not necessarily moving along the line very fast.

I wanted to ask about the building code. We had some other people presenting—and the parliamentary assistant just mentioned it, that it’s in the architectural design and the green roofs. You implied that there was more in the act that allows the city to do more items related to the building code, such as putting environmental conditions on buildings that are presently not in the building code. There was a lot of concern that they would have a city of Toronto building code. Is that really a concern?

**Mr. Cartwright:** No, a city of Toronto building code is not in the act; those powers are clearly not there. There are some elements around design issues, which of course, as people have pointed out, is one area that all major cities are now concerned about: the built form and how it looks. I think I was responding to the fact that my good friends in the housing bureau and others will come and say the sky is falling because you’re actually talking about some environmental thinking. They’ve been pretty guilty of some short-sighted thinking on this stuff, and I would urge the committee to understand that background as it gets on with doing that.

**The Chair:** Mr. Tabuns.

**Mr. Tabuns:** I actually don’t have a question, John. I appreciate the presentation. You made a lot of good points.

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

#### YONGE-BLOOR-BAY BUSINESS ASSOCIATION

**The Chair:** Our next delegation is Mr. Douglas Jure, of the Yonge-Bloor-Bay Business Association. Welcome.

**Mr. Douglas Jure:** Good afternoon, Madam Chair.

**The Chair:** You know the drill. You introduce yourself and your organization, and if you're both going to speak, could you both identify yourselves for Hansard? You have 15 minutes.

**Mr. Jure:** My name is Doug Jure, and I am a vice-president of the Yonge-Bloor-Bay Business Association. With me today is Bob Saunderson, who is a director of our association, the immediate past chair of the Bloor-Yorkville Business Improvement Area and the chair of the Bloor Street transformation project.

Bill 53 recognizes the city of Toronto as a responsible, accountable government, and proposes giving the city certain legislative powers necessary for its government to carry out its responsibilities. Our association supports this bill for no other reason than that the Ontario government has acknowledged that the city must have authority to deal expeditiously with local, neighbourhood, economic and lifestyle issues affecting commercial and residential properties.

This afternoon, we'd like to comment on the three elements of good governance—accountability, taxes and partnership—and propose an amendment to the bill affecting the finances of business improvement areas, which we refer to as BIAs.

First, accountability: With Bill 53's increased powers comes accountability. Our association has long complained that the existing governance model allows city councillors and staff to dodge responsibilities, and hence accountability. Finally, this will change.

Many are concerned that city council will raise revenues by taxing alcoholic drinks and theatre tickets. Should city council decide to implement those taxation measures, it will be held accountable. Our members will point out just who increased the cost of a pint of Guinness at the Duke of York or a ticket for *Mission: Impossible III* at the Varsity Cinemas.

Taxes: Mayor David Miller, when he appeared before this committee, stated that the new revenue powers alone will not resolve the city's long-term structural fiscal imbalance. We agree. We welcomed city council's approval of a long-term economic development plan that addresses disparities among various property classes, but it is not enough. The city must be able to create or modify property classes to protect our local neighbourhood commercial communities from being destroyed by excessive and punitive realty tax burdens.

Our association has repeatedly advocated the creation of a neighbourhood commercial property class; the mayor referred to it as a small retail class when he appeared before you. This property class would encompass two- to three-storey street-front buildings that comprise downtown shopping areas throughout Ontario. The tax rate applied to this class would be affordable, between 2% and 3%.

Further, to relieve the pressure on the city's property tax system, the principal source of revenue for the city, the Ontario government must eventually consider reversing the downloaded social services. Let's remember that the property tax system is intended to pay for police, fire

and emergency response services, parks and recreational facilities, garbage collection, parking enforcement, and pothole- and sinkhole-free roads.

#### 1700

**Partnership:** Like many communities, our infrastructure is not in a good state of repair. Our BIA has launched the Bloor Street transformation project, a \$30-million private-public infrastructure improvement partnership that will make over Bloor Street—the one kilometre between the Royal Ontario Museum and Church Street—into one of the world's great shopping avenues.

The Bloor Street transformation project started in 1998, after comparing Bloor Street to other world-class shopping districts in Europe and North America. Bloor Street lacks the greenery and shopping ambiance of those shopping districts, and major infrastructure improvements to the underground services and the streetscape are necessary for the revitalization of the Yorkville retail district.

Yorkville is home to international retailers: Chanel, Tiffany, Gucci, Armani, Prada and Escada. They recognize that Bloor Street is Canada's premier retail address, yet the street itself does not reflect this fact. It is, for the most part, a characterless traffic corridor with narrower than average sidewalks, dying trees and an assortment of ill-placed and unsightly vendors.

Although Bloor Street has one of the highest pedestrian counts in the city, it has gradually been given over to cars and trucks at the expense of pedestrians. At Yonge and Bloor, for example, 700 to 1,000 pedestrians have been counted crossing each leg of the intersection each hour during the winter months; summer use is even higher. The sidewalks are inadequate for the volume.

Bloor Street will be transformed into a more gracious and animated pedestrian domain, anchoring and strongly reflecting the soon-to-be-reinvigorated cultural environment made possible by the expansions of the Royal Ontario Museum, the Gardiner Museum and the Royal Conservatory of Music. Our project will construct, plant and install widened granite sidewalks, trees, special street lighting, street furniture, raised planting beds with shrubs and flowers, pedestrian walkways, parking lay-bys and public art.

By renewing Bloor Street's infrastructure, the project will achieve two critical economic objectives: First, it will revitalize Toronto's major retail district; and second, it will contribute to building Toronto's leisure tourism market.

Through the creation of the Bloor Street transformation business improvement area, the Bloor Street business community, through its BIA levy, will be contributing \$20 million to the project. This is an illustrative partnership between local government and local business.

To further strengthen our BIAs and promote partnerships across Ontario, we recommend an amendment to this bill that addresses the problem of BIA levy hold-backs caused by long-standing commercial assessment appeals. Over the last five years, the city of Toronto has held back a total of \$900,000 worth of levies from the

Bloor-Yorkville BIA and \$1.1 million from the downtown Yonge BIA in the event that assessment appeals in their areas are successful. The argument is that if the appeal is successful, the BIA levy is lower and a refund is due to the property owner. From our perspective, and that of Ontario's largest BIA, downtown Yonge, the withheld monies are an unnecessary programming cutback. Further, the amount of a BIA levy involved in each property's assessment appeal is minor. Therefore, we propose that the assessment used to determine a BIA levy in any year be considered final.

Bill 53 indicates that Municipal Act provisions on BIA levies will continue to be in effect within Toronto. Therefore, our proposed amendment is positioned as an insert into the Municipal Act or, should the committee prefer that the amendment be limited to Toronto rather than applying province-wide, section 208 of the Municipal Act would be inserted into the City of Toronto Act with the proposed amendment included, while the Municipal Act itself remains as it is.

We propose that subsection 208(2) of the Municipal Act be amended by inserting "or" at the end of clause (b), with a new clause (c) added as follows:

"(c) by levy upon rateable property in the improvement area that is in a prescribed business property class, with the assessed value of each property in the improvement area deemed final and not subject to change after the date on which the municipality's by-law providing for the special charge is enacted."

If the committee recommends the new clause (c) for the city of Toronto only, the following, which I have presented in our written submission, would be added to the end of subsection 423(2) in Bill 53 on page 274. You can read it in our submission.

In conclusion, the Yonge-Bloor-Bay Business Association supports Bill 53. We have submitted to you an amendment to this bill that will resolve a long-standing practice by the city that is penalizing the good and vital work of BIAs. We encourage the government to take the next step in addressing the undue pressures on our property tax system by uploading social service programs that should not have been downloaded in the first place. Thank you.

**The Chair:** You've left about two minutes for each party to ask a question, beginning with Mr. Hardeman.

**Mr. Hardeman:** Thank you very much for your presentation. Just quickly on the BIA levy: The fact that they withhold it—is it provincial legislation that obligates them to do that?

**Mr. Bob Saunderson:** No, I don't think so. This is a city position. They are worried about tax appeals.

**Mr. Hardeman:** It just seems to me that that would be the very reason the bill is here. If the city of Toronto can't make decisions about whether they withhold or don't withhold a BIA levy, that the province has to tell them to do that, it kind of takes away from the real reason for the bill, which is to give local power to the city of Toronto and their ability to handle the functions of the

city. Why wouldn't local government be able to handle BIA levies?

**Mr. Saunderson:** They are quite minimal compared to the assessment. The assessed value in our neighbourhood is approaching \$2 billion, and a BIA levy, for instance, is 0.0008 of that \$2 billion. You'd think they could work—you know.

**Mr. Hardeman:** The other issue I wanted to touch on, that you talked about, was the small business taxation class. Is it your understanding that the city, presently or in the bill, cannot set property classes?

**Mr. Jure:** It can't.

**Mr. Hardeman:** Okay. Thank you.

**Mr. Tabuns:** Thanks for the presentation. I did have a chance to read it. A question on the BIA levy: Have you discussed your proposed amendment with TABIA, and do the other BIAs back you? Secondly, have you discussed it with the city of Toronto, and do they have any difficulty with the amendment?

**Mr. Saunderson:** Do you want to do TABIA, and I'll do the city?

**Mr. Jure:** Sure. TABIA: Yes, we have. The two biggest BIAs are Bloor-Yorkville and downtown Yonge, and of course we're the ones who have the biggest holdbacks. So yes, we have.

**Mr. Tabuns:** And TABIA is supportive of this?

**Mr. Jure:** It's onside, yes.

**Mr. Tabuns:** Great.

**Mr. Saunderson:** We've discussed it with the city, but they've taken a position that if someone wins a tax appeal, then these funds have to be available. What happens now is that they hold the money. I'd at least like to get the interest into our account, but that's not possible either.

To give you a better idea, if someone won a reduction of \$100 million in their assessment, the reduction in the BIA levy would be \$80,000. They're already sitting on \$900,000, so it's not something that is practical to do. The increase in the assessment in our neighbourhood between 2003 and 2006 was \$600 million. So our assessments continue to rise. Eighty thousand dollars is not a lot of money, but it is to us. It's not within the tax system, but within our organization it's a lot of money.

**Mr. Tabuns:** How would the city be protected, should you have a business come after them for the refund of that?

**Mr. Jure:** We're only saying that the BIA portion of the levy is final. The rest is theirs. We're just taking out the levy—

**Mr. Tabuns:** In other words, the city would be protected by the change in legislation.

**Mr. Jure:** Yes.

**The Chair:** Mr. Duguid.

**Mr. Duguid:** Just briefly, Madam Chair—I don't believe I have to take the whole two minutes.

**The Chair:** You actually have three, so if you want to share it with somebody, you can.

**Mr. Duguid:** I want to thank the two gentlemen for taking the time to put this together and for their support

on this piece of legislation. It's important to hear the voices of our Toronto business community, which is becoming more and more progressive, I think, in particular as this legislation has come forward—a very important voice that is essential for us to be able to get the public to completely understand the importance of giving Toronto autonomy and alternative sources of revenue and, I guess, putting our trust in the people of Toronto that they'll handle these alternative sources of revenue and autonomy responsibly.

You talked about the Bloor-Yorkville business improvement area as being the top retail area in the country or, I guess, in the province. As the MPP for Scarborough Centre, which has the Kennedy Road Business Association, I might beg to differ a little bit on that. You might be a little more prestigious, but Kennedy Road is certainly right up there with you as well.

1710

I want to thank you for your input. We'll certainly take a look at this amendment. I don't know if I understand all the implications of it but we'll take a look at it and see if it's something that can be supported.

**Mr. Jure:** The importance is that if you're promoting partnership between the private sector, as we're doing with the Bloor Street transformation project, the city has got to release those funds. We'll be contributing another \$100,000 this year to that holdback. It's in the best interests of the property owners to have a dynamic marketing program, for instance, and a beautification program which increases the value of their properties. It gets caught in a vicious circle, and I think we'd rather have that money, which is their contribution, spent, and spent currently to address current issues.

**The Chair:** Thank you very much for your thoughtful presentation.

Is Mr. Phil Capone here today? He isn't. Okay. Our next delegation is not here.

#### ENVIRONMENT AND ECONOMY COALITION

**The Chair:** The following one is the Environment and Economy Coalition. Mr. Rosenberg, welcome. You'll have 15 minutes, and if you leave us time at the end, we'll be able to ask you questions.

**Mr. Michael Rosenberg:** I'm Michael Rosenberg, representing the Environment and Economy Coalition. We helped organize a number of workshops on urban planning over the last few years and we also attend many city meetings related to the environment and urban planning. I submitted 25 copies of this two-page statement. Is it available?

**The Chair:** Yes, we have them.

**Mr. Rosenberg:** The province has set out on this path of setting forth new powers to the city in an effort to set out an area of jurisdiction for the city and to simplify matters by giving the city its own powers within its own areas of geography as much as possible. On the other hand, the mayor and many city councillors have a

different idea of what the purpose of these changes is. They like the idea of seeing themselves as high-level policy-makers and they want to set up a particular form of government that would tend to separate policy from implementation, which tends to make it much harder for people who want to get involved to really suggest ideas, because ideas don't really separate between policy and implementation in practice.

Instead, an alternative is to find a different organizing principle to prepare these changes in city government, and that is that the city should be focusing on management of its city operations, which are large and involve many practical details, especially, for example, in the works department as well as social services and so on. This management requires that we don't go in the direction that the mayor and some of the councillors want to go in. It's not a good idea to separate policy and implementation in order to improve the management of the city.

On the other hand, the province is really the body that should be making laws; that is, telling people what they should do and not do. That should not primarily be the responsibility of the city. The city does of course make many bylaws, but most of the bylaws that the city makes in effect amount to implementation of the city's indirect ownership rights. In other words, planning is kind of viewed as a form of public ownership over some of the rights of a property. As long as it's understood that way, then it can be understood in terms of how much right should the public have versus the private landowner, and you can come to a reasonable conclusion. But if you see it instead as the city having general law-making powers, then things could get out of hand. There would be much less of a sense of the rights of the citizen. Those kinds of lawmaking powers are better handled at a higher level of government, such as the province or federally, where laws can be considered as such, which is really different at those levels of government than the way bylaws are considered.

The city, in order to improve itself, really needs to improve management. I don't think they need to be given huge additional powers in terms of the ability to make laws. The more they get the impression that they can tell citizens what to do, the less the city government actually feels the need to do things properly themselves. When the city does tell people what to do, which of course it does and will continue to do, it should be done in the context of what is the proper level of collective powers and ownership; how can the laws that the city makes for its citizens actually help to ensure that the city management process actually works? Rather than just saying that it's a good idea for the city to have many more powers, we should be saying that the city only needs powers to a certain extent. What it really needs is an improvement in its management system.

The idea of the governance report that the city put out is that you can separate policy from implementation. This is based on the idea that if the city sets forward a number of grand themes and visions, that constitutes management, and that's really all the politicians have to do, and

then the staff can go and implement it. At a level of government like the city, which is actually involved in running things and not just making laws, that kind of approach won't work. Again and again people have to go to city committees and talk about implementation. It's necessary that the politicians be involved in implementation, not just in setting policy, because that's where the problems always arise and that's where people have to go to the politicians and ask them to make motions and decisions that cross the lines of policy and implementation.

So the general approach of trying to separate staff from politicians or setting up an executive committee is definitely not going to improve the management of the city of Toronto. In fact, the reverse is needed. Politicians need to have more time, and probably more of their own office staff, so that they can become more connected with staff and become more involved in implementation as well as policy.

In summary, any changes that are made to the governance of the city of Toronto should not remove the government from the people. We don't need an executive committee, which means that fewer councillors will be involved in certain decisions and that less information will leak out to the public. We don't need politicians thinking that they want to save their own time by being less involved in overseeing implementation. They may find the time and effort required to do their jobs difficult, but the public needs to work that way, and if the politicians find it difficult, that's not a reason for changing it. Their job is to do their job, not to find some way to simply say, "Let decisions be made by staff."

1720

Although the structure of municipal government should be left up to the city, the province should not be setting a tone which would imply moving toward an executive committee or a strong mayor or anything of that sort. Although I would not be upset if the province ruled out an executive committee, I think it should be left to the city to decide, but I certainly don't think we need to have the province reserving the right to require an executive committee, because that suggests that the province thinks that maybe it's a good idea. I certainly wouldn't see any reason to do that. At the very least, it should be left strictly up to the city.

Finally, while there may be some reasons to increase the city's right to make certain bylaws, I don't see the city primarily as a law-making body and certainly would not like to move in the direction of certain types of administrative fines and that kind of thing or bylaw-making power in areas that would normally be provincial jurisdiction. Thank you.

**The Chair:** You've left about a minute and a half for each party to ask questions, beginning with Mr. Tabuns.

**Mr. Tabuns:** I would say, Michael, that you've been pretty clear and straightforward, so I don't have many questions. But I do want to say that I agree: I'm concerned about the development of an executive system on Toronto city council. I think it would be problematic for

the city, and certainly problematic for voters, who would feel that their ability to influence direction of the city would be reduced by an executive group that would mean, frankly, from the cost of running an election in the city of Toronto, that a very small number of people would have access to that executive committee. It would substantially reduce the impact of people of non-substantial means.

**The Chair:** Did you want to comment on that?

**Mr. Rosenberg:** The executive committee will make it harder for one of the best parts of the current system to work, which is that any councillor can find something that isn't really going in the right direction and start to get the other councillors onside to do something about that. It would become much harder under an executive committee system for that to happen.

**Mr. Tabuns:** I agree.

**The Chair:** Mr. Duguid.

**Mr. Duguid:** I was trying to follow your line of logic. It seemed to me that you felt there was no need to provide the city with much additional authority or responsibility or powers, but only a need to improve their management system. When I look at some of the things we're trying to look at, by just improving their management system, how would they then get more control over things like architectural design, protection of heritage, protection of rental housing, the ability to delegate and improve their decision-making process or to designate certain areas as community improvement areas or to control licensing? I think these are important areas of authority that a city the size of Toronto should have. I'm trying to understand. Do you not agree with that?

**Mr. Rosenberg:** I think there could be some incremental increases in those powers, but the city can already do several of the things you mentioned. I'm more concerned about whether they have the right process for working with the community to exercise those powers properly. I'm not objecting to some increase in powers as long as it's done in the right framework.

**Mr. Duguid:** Have you ever sat through a city of Toronto budget process?

**Mr. Rosenberg:** Several times.

**Mr. Duguid:** I feel for you. When you see that, does that not tell you that there's some need for more of a centralized budget process that involves all members of council but shows a greater vision and compliance with their strategic plan?

**Mr. Rosenberg:** It mostly shows me the opposite, which is that the ideas coming out of the central offices, such as the city manager and the mayor, tend to be trying to focus things in a certain direction which is not all that helpful. The more the other councillors get involved and have something to say about it, the more they improve the direction of the budget.

**Mr. Duguid:** Or create a hodgepodge of pet projects that they spend hours debating.

**Mr. Rosenberg:** I would prefer that they have more involvement in strategic issues rather than just pet projects, but cutting them out altogether isn't going to help the situation.

**Mr. Hardeman:** Thank you very much for your presentation. I was quite taken with the position, somewhat contrary to a lot of the presenters so far: When we talk about the act, they talk about the extra powers, the greater authority and the greater ability to run their own affairs that city council will have. We haven't heard much presentation about whether this improves the ability for the citizens of Toronto to actually be involved in that decision-making process, whether this bill furthers the benefits to our citizens as opposed to just the benefits to government.

One of the things of course that everyone has said, both the citizens and the government together, is that the size of council and almost the parochialism of council doesn't work very well because everybody is looking after their local citizens or their local needs. We just don't seem to have anybody there collectively to come up with decisions on the bigger picture for the whole city. That's where of course the executive council idea comes from. I wonder if you have given any thought to or have any comments on that executive council not just being some of the members of council appointed by the head of council but in fact an elected executive committee. Some municipalities—I think there are still two in the province—have what they call a board of control, where the local ward councillors get elected to represent their wards and then there is a group of people—and the one I'm thinking of is one of my neighbours, which has five members of the board of control—the mayor and four other members directed city-wide. Would that solve some of your concerns about the executive committee?

**Mr. Rosenberg:** I don't see a small number as an advantage. If you wanted to say that certain councillors had responsibility for the whole city and certain councillors had responsibility for wards, I'd still like to see at least 25 councillors representing the whole city. Unless you have a reasonable number of people involved in the city-wide decisions, there is not enough debate. The main thing I'm concerned about is that a small number of people get some bright idea which is really bad and the structure of the system makes it hard to even discuss what's wrong with it.

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

Is Mr. Capone here in the audience? He missed his opportunity to speak if he's not here.

#### WHISTLER'S GRILLE

**The Chair:** Our last delegation is Whistler's Grille. Mr. Mastorias—have I pronounced that right?

**Mr. Steve Mastorias:** Mastoras.

**The Chair:** Sorry. Welcome. We're glad you're here. We've saved the best for last. You have 15 minutes, and should you leave time at the end, we'll be able to ask you questions.

**Mr. Mastoras:** Thank you very much, Madam Chair. I'd be delighted to take up the 15 minutes in addition to my time if that's okay with you. No, I'm just kidding.

**The Chair:** Nice try.

**Mr. Mastoras:** Good afternoon. My name is Steve Mastoras. My family and I own and operate Whistler's Grille, a small business, a neighbourhood restaurant-bar located at 995 Broadview Avenue at Pottery Road in Toronto. We employ 30 people and have been in business at this location for 25 years. I should also let you know that I served as a city councillor for six years, from 1985 to 1991, so I think I have some understanding of the challenges faced by both the city and the city's hospitality industry.

I understand that I'm also one of the last presenters on this bill. In fact, I'm thus far the only independent business operator to have the chance to make a deputation, which is a bit of an oversight on the committee's part, but I appreciate the opportunity nonetheless to be here with you today.

**1730**

I'm before you to speak to a specific provision of Bill 53 which would allow the city to levy a direct retail sales tax on the purchase of liquor. I, like many of my colleagues in the hospitality industry, many of whom were hoping to be here with me today, am opposed to this provision. I would respectfully recommend that this committee take its one and only opportunity during clause-by-clause consideration of the bill to remove the liquor tax provision.

I know that you've already heard from the Ontario Restaurant, Hotel and Motel Association, who informed this committee of the dire situation faced by the industry and the negative impact a new liquor tax would have on our industry. I want to provide you with a small-business perspective.

The substantial majority of Ontario's hospitality industry is independently owned and operated. Whistler's Grille is a family-owned restaurant established in 1981. I'm here today with members of my family, representing three generations in this business, directly to my right. Very few restaurants survive for 25 years, and I've seen neighbouring establishments come and go over the years, trying and often failing to make ends meet.

Whistler's is located in the East York community, not in the downtown core. It is important to remember that there are over 4,000 licensed establishments in the city of Toronto. So when we talk about the city's hospitality industry, it's crucial that we talk about the independent restaurants throughout the whole city, not just downtown, not the entertainment district and certainly not hotels—4,000 small businesses and a correspondingly substantial number of employees.

Whistler's, like many small businesses in the industry, is part of the social fabric of the community we serve: neighbourhood dining, small corporate functions, weddings and other family events, sports club events; those and many others are our bread and butter. It is a daily challenge to continue to keep our customers happy, meet the payroll and satisfy employee expectations, all the while facing increasing operating costs and incredible pressure on already slim margins.

We have struggled, in our industry and as small businesses, with consecutive annual increases to minimum wage, dramatic increases to utility costs, higher property taxes, higher rent, increasing WSIB costs, increasing benefit costs and higher and more user fees. There really is no room for an increase in our selling prices. Our customers are fed up, and more and more they are cocooning rather than going out for something to eat and drink. We, like many similar small businesses, would have to absorb most, if not all, of the costs of any additional tax or live with substantially reduced sales, and many businesses will not be able to take another hit.

We are the little guys, 4,000 of us in Toronto. We aren't just a statistic. We are real people with families, with employees who have families, all trying to make ends meet and faced with an onslaught of challenges. We were all hurt badly by SARS, the loss of an NHL season, the blackout, and more recent challenges include such things as mad cow and potentially a bird flu pandemic. All of these were and are avoidable external factors and we continue to recover. We're also faced with increasing energy costs and a higher Canadian dollar, with no reprieve in sight, but you will know that an additional liquor tax is completely avoidable.

The government's proposal to grant the city the authority to impose a new liquor tax will put a fourth tax line on our customers' bills. That's if some or all of these 4,000 businesses pass the tax along to the customer as opposed to just absorbing it. This proposal will result in more customers choosing to stay home, opting to purchase less. People simply aren't able or interested in paying more taxes. This will be disastrous for most of these 4,000 businesses, and I genuinely fear the impact on Whistler's and our staff.

What the new tax will not do, however, is address the city's financial situation. As a former councillor I can tell you that there are a great many tools and resources, such as governance changes, procedural changes and program review, that would assist the city in meeting its challenges. But rather than forcing or even assisting the city in making some tough decisions and changing the way it works, the government is simply handing over revenue-generating tools that will not affect the long-term outlook of the city. With revenues this year of \$7.6 billion, more than \$1 billion higher than just two years ago, the city does not have a funding problem. Regrettably, our city has a spending problem. The consequences of beefing up the city's taxing authority will not be a pretty sight in this business. I can assure you of that.

This liquor tax provision doesn't begin to improve the city's financial standing, nor address their long-term economic problems, but a fourth tax line on a customer's bill will have disastrous impacts for small businesses in the hospitality industry and operators like myself and my family. The liquor tax provision targets small business in the hospitality industry. There is no other way to look at it. Is that really what you want to do? If so, why? And have you considered the impact? Has anyone actually sat down and tried to answer these three very simple

questions? We need to give our collective heads a shake here. No other industry is primarily independently owned and operated, primarily small business. No other industry is as directly impacted by this bill.

I've heard municipal officials say they would be judicious in the use of the new proposed tools, but this isn't about the folks at city hall today. This isn't even necessarily about the folks who will be there in November. This is about small businesses in an industry in Ontario and in Toronto that is struggling and needs the provincial and municipal governments to enact policies to help sustain these businesses, not hurt them. We need you to genuinely reflect on this, to come to the aid of small businesses in our hospitality industry. We need you to do the right thing here. We have been reeling from the effects of a series of unavoidable external events and can't take another body blow. We need you to remove the proposed power of the city to impose a new liquor tax.

I'd be happy to answer any questions.

**The Chair:** You've left about two minutes for each party. Mr. Duguid, did you want to begin?

**Mr. Duguid:** Mr. Mastoras, thank you very much for joining us here today. Congratulations on your business of 25 years, as you were saying earlier. I've been there. It's a great place to go for lunch or dinner or for a few drinks. I commend it to everybody here, all members of the committee.

**Mr. Mastoras:** Thank you.

**Mr. Duguid:** I've heard a number of concerns raised by the restaurant industry and I understand where they're coming from with regard to the potential of the city somewhere down the road deciding to impose some kind of alcohol tax. But I haven't heard a lot from the industry on the recent federal budget, which I understand also brought in some form of an alcohol tax. I'm wondering if the industry plans to voice any concerns about the federal budget and the alcohol tax there, considering that what we're talking about here is not an actual tax; it's the possibility that down the road, hypothetically, the city may decide to go in that direction, even though the mayor here indicated that he has no such plans. Maybe you could comment on that a little bit.

1740

**Mr. Mastoras:** I'd be delighted to. The federal budget decision is a recent one that took place last week. It's certainly news to our industry, and I'm sure that the Canadian Restaurant and Foodservice Association will actively express its concern on behalf of the industry across the country.

With respect to this specific piece of legislation and your comments with regard to what the mayor has perhaps intimated to you, I can tell you he has told me personally that he has absolutely no intention of establishing a tax on alcohol. These are words that came from him as recently as a month ago when I spoke to him directly.

"Then why do you need that authority; why are you pushing for that in this act?" would be my question to the

mayor. If it's not a priority for you, then let's get it removed. I can tell you that it is clear, with the current dynamic on our city council—the apparent desperate need to find new sources of revenue—that it may very well not be the mayor's call when things get down to business in the next budget. I can tell you that our industry is very, very concerned about that. As much as I respect Mayor Miller and his commitment to me personally, I don't necessarily feel it's the position that many of the members of council are going to take.

**Mr. Hardeman:** Thank you very much for the presentation. On that same topic, I too heard the mayor say it was not in his plans to put a tax on. I would suggest that your first suggestion at the start of your presentation was to just remove that from the bill. So far, we haven't heard anyone come forward who wouldn't agree with that; no one has said they needed it or were going to use it. So I don't know why it would be there, and I would agree with you on just removing it.

I have one other problem with the same thing. If the intent is just to raise revenue, maybe you could tell me why you would suggest that, instead of the province just giving a percentage of the tax or even increasing the present tax the province puts on it—why they wouldn't just do that and give the money to municipalities, recognizing that any new tax has to be collected by and delivered to the province, not to the city, and the province passes it on. Can you see any reason why you need another line item on your bill as opposed to just varying that tax, the provincial tax on it?

**Mr. Mastoras:** That's an excellent question. As you know, the provincial sales tax on liquor is not 8%; it's 10%. Presumably, those funds go into general revenue at the provincial level and are disbursed as they see fit as a government, whatever the government of the day may be.

In terms of earmarking for the city something affiliated to an increased potential liquor tax, I think that would be a mistake too, quite frankly. Our industry has been decimated by a number of factors. Any increase over and above that already high 10% could be devastating to small businesses that are out there. If the provincial government wants to take its existing revenues associated with liquor taxation and somehow redirect those funds to the municipality, I'm sure they're welcome to do so and they have the jurisdiction to do that, but to increase it in any way, shape or form could have a devastating effect.

In fact, you've seen very recently that the government of the day has taken a great initiative in eliminating the

gallage fee from our liquor purchases. That's a very commendable move that I know the industry has been lobbying in favour of for many, many years. In spite of previous governments and the kind of co-operation we thought we had, this government made that decision, and it's a tremendous help to our industry.

**Mr. Tabuns:** Mr. Mastoras, thank you for the presentation. One of the concerns people have is the financial viability of the city of Toronto. Do you support the province taking back the costs that it downloaded to the city of Toronto as a way of helping it balance its books?

**Mr. Mastoras:** I very much appreciate the question, and I thank you, as my MPP, for indulging in the issue with me.

The downloading that took effect under previous governments is something that I suspect we're going to have to deal with as a provincial community for a long time to come. What we're dealing with here today, I believe, is a comprehensive and very constructive piece of legislation that has been well thought out in many, many respects, but on the specific issue of taxation on alcohol, I think a serious mistake has been made, and the consequences can be devastating to our industry, which has thousands of small businesses.

In relation to the other element of your question, on the city of Toronto's financial viability, I can tell you, as a small business owner and someone who is very active in our community, that I have grave concerns about many of the actions that have been taken, which have essentially expanded the operating budget of the city by \$1.3 billion. How is that sustainable in the longer term? There are people out there saying that the city is going to be bankrupt in a few years. Is that the way we want to present ourselves as a new city, an amalgamated city? We were supposed to see savings when consolidation and amalgamation took place, and in fact we've seen a significant reverse as a result of some seriously questionable decisions that have been taken by this council and its predecessors.

**The Chair:** Thank you for your eloquent presentation. We appreciate your being here today.

This brings to a close our hearings for today. I'd like to thank all of our witnesses, our members and our committee staff for their participation in the hearings. This committee now stands adjourned until 4 p.m. on Wednesday, May 10, 2006.

*The committee adjourned at 1746.*





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