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Wednesday 14 June 2006

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des débats
(Hansard)**

Mercredi 14 juin 2006

**Standing committee on
regulations and private bills**

**Comité permanent des
règlements et des projets
de loi d'intérêt privé**

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE
ON REGULATIONS
AND PRIVATE BILLS**

Wednesday 14 June 2006

**COMITÉ PERMANENT DES
RÈGLEMENTS ET DES PROJETS DE LOI
D'INTÉRÊT PRIVÉ**

Mercredi 14 juin 2006

The committee met at 1001 in committee room 1.

**THUNDER BAY INTERNATIONAL
AIRPORTS AUTHORITY INC. ACT, 2006**

Consideration of Bill Pr27, An Act respecting Thunder Bay International Airports Authority Inc.

The Chair (Ms. Andrea Horwath): Good morning, members. I'm going to call the meeting to order since we have a quorum. This morning, we have Bill Pr27, An Act respecting Thunder Bay International Airports Authority Inc. The sponsor of the bill is MPP Bill Mauro and the applicant is Ed Schmidtke, manager of business development. Could you please take your seats at the end of the table. Mr. Mauro, did you have any introductory comments that you would like to make?

Mr. Bill Mauro (Thunder Bay–Atikokan): If you like, Madam Chair. Thanks very much. I'm not sure how the process works. I haven't been to this committee before. This is simply a quick overview. If you have more pointed questions, Mr. Schmidtke would certainly be able to answer them in more detail.

The point of the bill is simply to try and provide a bit of an economic tool to Thunder Bay International Airports Authority. They are a non-profit group that manages the airport property and lands on behalf of the federal government. Thunder Bay International Airports Authority is unique in that it is—I'm not sure if it's the only one, but it's one of a very few that are in this position. Because of their non-profit status and not being municipally owned, they're unable to provide any economic tools for the airport to try and attract business to the airport property.

It's important for me to let you know that what we are trying to accomplish here today has the full support of the mayor and municipal council of the city of Thunder Bay, which, should we be able to bring this to a successful conclusion, would be in the position of offering grants back to new tenants on airport property equal to the value of what it is they would be constructing on airport lands. So this is fully supported by the mayor and council of the city of Thunder Bay.

The Chair: Mr. Schmidtke, did you have any comments that you'd like to make?

Mr. Ed Schmidtke: A couple of comments I'd like to make, yes. Thanks very much for hearing us this morn-

ing. I would like to emphasize the point that Thunder Bay International Airports Authority is a not-for-profit corporation. Should we be successful with this private bill, it is enabling legislation that will allow the municipality to determine on a case-by-case basis whether new aerospace development, narrowly defined, at the airport will be eligible for municipal taxes being granted back. There is no direct economic benefit from these municipal grants accruing to the airport authority; it's simply an addition of another economic development tool as we pursue potential new economic diversification in our region.

The Chair: Before I go to the committee members, is there anybody from the gallery, anybody in the audience who wanted to make a few comments? Okay, great. First, I'll go to the parliamentary assistant for any comments.

Mr. Mario Sergio (York West): Thank you very much, Madam Chair. I appreciate the applicant coming down and making a presentation to the committee this morning. Also, I would like to compliment the local member for Thunder Bay–Atikokan for his effort in steering the bill, seeing that it reaches the committee in good time and understanding the need of the applicant.

As the member has said, the local politicians and mayor are in support of the bill. I think this bill will offer some good flexibility in the day-to-day operation of the airport. The ministry staff have gone through the bill. They have no major problems, if I may say it in such a way. Therefore, we have no concerns in granting approval to the request as it has been presented.

The Chair: Mr. Bisson?

Mr. Gilles Bisson (Timmins–James Bay): First of all, a question to Mr. Schmidtke: Just to understand correctly what you want to do, if you are able to attract somebody in the aerospace industry to become a tenant on the airport grounds, you want the ability to grant back to them their taxes? Explain to me exactly what you want to do.

Mr. Schmidtke: Grant back the municipal portion of taxes, yes. That's what would happen. So if there was a new development at the airport, there would be an assessment, that assessment would generate a tax bill, and the municipal portion would be eligible, at the city's determination, for granting back.

Mr. Bisson: Okay. Just so I understand how that works, as the not-for-profit authority, you own the land, so the tax bill comes to you, doesn't it?

Mr. Schmidtke: No, sir. What's unique in Thunder Bay—and there are only three other airports in Ontario in this situation—is that the land is actually held by the government of Canada. We operate the airport on a 60-year ground lease as a not-for-profit corporation, Thunder Bay International Airports Authority.

Mr. Bisson: Just to back up, then, a quick question: First of all, when they did this—for example, in the cities of Timmins, Sudbury and North Bay, the land for those particular airports is owned now by the cities themselves. Why was it different with your airport? I'm just curious.

Mr. Schmidtke: The federal government, when it began to devolve its ownership of airports, held property on 26 airports that it considered to be vital to the national economy. I guess the federal rationale at the time was, should the airport authorities not operate them correctly, this gives them the ability to reclaim the airport and keep running the airport for national interests.

Mr. Bisson: Just a little side comment before I go to the next question: It's interesting, because Chrétien ran against the Tories on the privatization of Pearson. He didn't privatize Pearson, but he privatized every other one. Anyway, that's my little comment. I thought that was kind of funny.

So that means that the municipality then sends a tax assessment to the federal government?

Mr. Schmidtke: No, sir. Every tenant is directly tax liable to the municipality as if they owned the property outright.

Mr. Bisson: So the terminal building, all the hangars—the buildings that you control as an authority, like the hangars, how does the tax work on that?

Mr. Schmidtke: Let me make a distinction. There are two formulas, depending on who holds the asset. If the airport authority holds the asset in the four airports owned by the federal government in Ontario—Toronto's Pearson, Ottawa Macdonald-Cartier, London International and ourselves—there is a payment in lieu of taxes that is paid based on a passenger throughput formula.

Mr. Bisson: I understand.

Mr. Schmidtke: Our payment in lieu of taxes is not paid based on assessment. All commercial tenants in the airport pay based on normal commercial assessment rules.

Mr. Bisson: So there's a regular assessment and then they pay that tax to the municipality.

Mr. Schmidtke: Yes, sir.

Mr. Bisson: So money doesn't come through you?

Mr. Schmidtke: No, sir.

Mr. Bisson: So you want the municipality of Thunder Bay to be able to say, "This will be good for the economy. We can develop new industries and we'll bonus the taxes back to them." That's what you want to do. Or pay back their taxes or waive—

Mr. Schmidtke: We'll grant the taxes back, yes.

Mr. Bisson: My question to research or maybe the parliamentary assistant—not that I'm opposed to the concept, but I always understood it was the policy of the province that you're not allowed to bonus taxes back. Why is it that all of a sudden the province takes an opposite position? I'm just kind of curious.

Mr. Sergio: I think if staff can answer that—I can't, because I have no idea how you're addressing your question specifically with respect to the interest of the province.

Mr. Bisson: It's interesting, because what happens is that it's long-standing in a number of municipalities. I know in my riding—for example, the town of Iroquois Falls was trying to attract an investment to their community and one of the things they wanted the province to give them authority for was not to charge municipal taxes for X number of years as a way of enticing the investment. They were told they couldn't do that, that it was against the policies of the province of Ontario.

Mr. Sergio: I went through the bill very rapidly but I cannot see anything that would change anything from the present situation. It would not change anything with respect to the existing situation other than granting the flexibility, as I said, with this particular bill, for what they want to do.

The Chair: Can I ask the staff to respond, to see if they can add any enlightenment?

Ms. Laura Hopkins: I'm not able to help the committee with government policy. What I can tell you is that under the Planning Act right now, there is a provision that allows the municipality to make grants and loans under a community improvement plan for certain kinds of improvements on property. I think in the vernacular this is called brownfields improvements. The way the bill works is that it expands the category of improvements that the municipality can make grants and loans for in connection with Thunder Bay International Airports.

Mr. Bisson: Just technically, so I understand, that means if a municipality somewhere in Ontario is trying to attract an investment and that investment would involve land that used to be industrially used for something else, they would have the authority then to say, "I will grant you your taxes back."

Ms. Hopkins: Under the Planning Act, municipalities have authority to make grants and loans for certain kinds of improvements.

Mr. Bisson: When was that changed? I'm trying to remember—for later.

The Chair: Perhaps I can just put my two cents' worth in. The city of Hamilton identified our downtown as a community improvement plan area. In order to get residential development in our downtown to help our local economy downtown, there was a similar scheme of granting back taxes for development in the downtown for residential.

Mr. Bisson: It makes sense.

Ms. Hopkins: It appears that the amendment to the Planning Act that makes this possible was passed in 2001.

Mr. Bisson: So that explains that. Now that I understand—this has nothing to do with you. I'm just trying to understand something technically. What prevents them, as a municipality, from being able to grant the taxes back at the airport is because it's not considered a brownfield development?

Ms. Hopkins: We're outside my area of expertise as a lawyer now, but I think the activities that are contemplated at the airport aren't within the scope of the current provision.

Mr. Bisson: I guess my last question would be, let's say another airport somewhere in Ontario decided to do this. I know North Bay, for example, is quite involved in the aerospace industry as far as providing facilities to refurbished airplanes. If North Bay wanted to do something like that, they would have to come back with a similar bill and there would be no objection from—okay. That's all I needed to know. Thank you.

Mr. Mauro: The difference with Thunder Bay airport, which we've tried to highlight, is that as a non-profit, not municipally owned, they do not have the same tools available to them as North Bay would, which is a municipally owned airport. Because the municipality owns North Bay, the city of North Bay can invest in infrastructure there that makes it easier for them to attract industry and thereby be bonusing the industry that would come, whereas the airport in Thunder Bay is not in that same position.

Mr. Bisson: That's interesting. I'll send a question to research, just to clarify for a few people who have talked to me about this.

Do I have time for another question, Chair?

The Chair: Sure. Any other questions?

Mr. Bisson: I'm a user of your airport, call sign Fox Lima Yankee Victor. I've been there a number of times. You guys provide a good service. For the local pilots who are in that airport, do you guys do what other people do, where you have a fuel surcharge rather than a parking fee?

Mr. Schmidtke: Yes, we do.

Mr. Bisson: Is that how you do it?

Mr. Schmidtke: Yes, that's right.

Mr. Bisson: What is it, out of curiosity? How much per litre?

Mr. Schmidtke: I believe it's five and a half cents for AvGas.

Mr. Bisson: So basically as long as you're a resident pilot with an aircraft at that airport and you buy your fuel there, that's considered your parking fee?

Mr. Schmidtke: That's considered your landing fee.

Mr. Bisson: And your parking fee as well. Oh, no, that's right—

The Chair: Do you know what? Maybe the proponent has some time afterwards to talk to you about this.

Mr. Bisson: That was the only question I had. I wanted to check out the rates in Thunder Bay as compared to Timmins, all right?

The Chair: Not really much to do with the bill before us.

Are there any other questions from committee members this morning? Any other questions or comments? That's great. Are the members ready to vote, then? Thank you.

This is Bill Pr27, An Act respecting Thunder Bay International Airports Authority Inc., sponsored by Mr. Mauro.

Shall section 1 carry? Carried.

Shall section 2 carry? Carried.

Shall section 3 carry? Carried.

Shall section 4 carry? Carried.

Shall the preamble carry? Carried.

Shall the title carry? Carried.

Shall the bill carry? Carried.

Shall I report the bill to the House? Carried.

I don't think there is any other business, although it looks like we might be having a meeting again next week in order to wrap up any business that's still around. Thank you and I'll call the meeting adjourned.

The committee adjourned at 1015.

CONTENTS

Wednesday 14 June 2006

Thunder Bay International Airports Authority Inc. Act, 2006 , Bill Pr27, <i>Mr. Mauro</i>	T-53
Mr. Bill Mauro, MPP	
Mr. Ed Schmidtke	

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