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Monday 3 March 2008

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(Hansard)**

Lundi 3 mars 2008

**Standing committee on
finance and economic affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: William Short

Président : Pat Hoy
Greffier : William Short

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Monday 3 March 2008

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Lundi 3 mars 2008

The committee met at 1000 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. Good morning, committee. We are here for report writing.

Our first order of business this morning, however, is to ask if there is agreement that we adopt the draft as written.

Mr. Wayne Arthurs: Agreed.

Mr. Michael Prue: Agreed.

The Chair (Mr. Pat Hoy): The draft report has been agreed upon.

You should all have a package of the motions in front of you. I just would remind all members that according to the standing orders, preambles are not allowed as part of the motion. Any “whereas” clauses will therefore not form part of the motion recorded in the official minutes. So to get on the record, I would think, you could either say “motion 1” or read just the recommendation, which, for example, in number 1 is the last line.

We shall begin. Motion 1 is an opposition motion.

Mr. Toby Barrett: The standing committee on finance and economic affairs recommends that the Minister of Finance lower the corporate income tax rate for all businesses in Ontario to foster investment.

Part of the rationale is that all other provinces in Canada are moving forward with cutting business taxes, not only corporate income taxes but also capital taxes, in order to stimulate investment and job creation. Our businesses and industry in Ontario have one of the highest marginal tax rates. We feel that this is perhaps one of the more important measures, given some of the economic data and information that we received, partly during the time when we were travelling to Sault Ste. Marie and Timmins and Guelph and elsewhere. The forecast for this present year is not sunny. I know we heard from Scotiabank that the economic growth forecast for the current year ranked Ontario dead last.

In 2007, Ontario’s growth rate was the slowest anywhere in Canada. According to nearly all the bank estimates, Ontario hasn’t sunk so low since the 1991 recession. We did hear testimony and there were questions concerning the US economy. They are using the R word,

flirting with a sub-prime mortgage lending recession, potentially.

In my riding, people are concerned about the localized economic depression. I’m referring specifically to our farm economy, our tobacco economy and the devastation in Haldimand county’s economy now that we’re into the third year of the native occupation.

One other factor with respect to whether it’s business income taxes or capital taxes: It’s not only business and work and industrial and economic activity involving goods and services; it’s jobs. For the first time in 30 years, the province’s unemployment rate exceeded the national average. It was 6.5% in December; it may be around 6.3% right now. Again, all five major banking institutions predict the unemployment rate will continue to rise throughout this year and next year, 2009.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Michael Prue: I’ll hear from the government first.

The Chair (Mr. Pat Hoy): All right. Mr. Arthurs.

Mr. Wayne Arthurs: I don’t believe government caucus members will be able to support this particular motion. We’re obviously moving pretty aggressively on the elimination of the capital tax. The fall economic statement has the capital tax for both manufacturing and resource-based activities eliminated as of January 1, 2008, if the legislation is adopted.

In effect, our current corporate tax is 14% province-wide and 12% for manufacturing. The federal government does have some room to move yet before they come close to the current provincial position. I have to say that we’re certainly acutely aware of the discussions—I’ll frame them as such—that are going on between the province and the federal government at this point in time, between the Premier and the Prime Minister, and between finance ministers.

Mr. Michael Prue: I can’t support this either, not because I disagree with it but only because I think it’s far too broad in terms of recommending lower corporate income tax for all businesses. There are many businesses that are hugely profitable in this province—I’m thinking about the banks, the insurance companies and others that are making enormous profits—and to simply make more profits doesn’t seem to be doing much for the people of Ontario. I would have agreed to the motion had it been confined to the manufacturing sector or those that are in trouble, because I think we need to do everything we can,

but certainly I don't believe the people of Ontario would be well served by having corporations that earn billions and billions of dollars of profits, like the banks have this year, being given more.

The Chair (Mr. Pat Hoy): Are we ready for the question? I'll need to see members' hands. We have a lot of votes this morning.

Mr. Toby Barrett: I'll ask for a recorded vote on this one.

Ayes

Barrett.

Nays

Aggelonitis, Arthurs, Broten, Pendergast, Prue, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Number 2 is an NDP motion, Mr. Prue, if you'll move it.

Mr. Michael Prue: Yes, it's a long motion. Perhaps I'll try to save some time and just move motion number 2 and then speak to it.

Interjection.

Mr. Michael Prue: There are no "whereases" here. The whole thing is the motion. Do you want it read?

The Chair (Mr. Pat Hoy): Yes.

Mr. Michael Prue: Okay, then I'll read it into the record.

Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its FY 2008-09 budget, allocate \$800 million towards a jobs stimulus plan that would have three elements:

(1) a jobs-focused Manitoba-style investment tax credit that would encourage manufacturers and processors to make capital investments and create jobs. The credit would be 10% of investments in new machinery, buildings and equipment. An added incentive of a 20% credit would be available for investments in green industry jobs.

(2) A "Buy Ontario" program with specific domestic content levels for both Ontario and Canada for transit, infrastructure and other categories of public spending such as health and education.

(3) The immediately—I think that should be "immediate"—investment of the approximately \$350 million flowing from the federal government's vulnerable communities assistance package. This money is desperately needed in our hard-hit manufacturing and resource communities now, and all labour market partners must be at the table to decide how it can best be spent and to get it to our communities as quickly as possible.

To speak to that, if I may—with the amendment, if the clerk would note that; I think it's an adverb and it ought to be "the immediate" investment, not "the immediately"—this is a specific investment. I did not vote with the Conservatives' motion because I thought it was too

all-encompassing. This is very targeted. It's \$800 million. It's aimed to help manufacturing and resource industries to maintain jobs in Ontario. We've had a loss of about 200,000 such jobs in the last four years, and it appears to be escalating. We see what is happening south of the border; the job losses there are starting to rack up pretty fast. This is an attempt, modelled after Manitoba, to give incentives to people to bring in new equipment, new buildings, and hence hire new workers.

The second part is the "Buy Ontario" program, which I think is very important. Every single state in the United States and every province save Ontario has a "buy local" program. To some people, that may cost money. Of course, you might be able to buy cheaper products in China than you can here, but we have an obligation not only to the taxpayers to get good value for the money; we also have an obligation to the people who live here to promote our industries and to promote jobs. I'm thinking specifically about Bombardier in Thunder Bay. With transit vehicles, the city of Toronto took a very brave position, I thought, in purchasing the cars there. They could have got them cheaper from China but chose not to do so. We think that a made-in-Ontario and secondarily a made-in-Canada option ought to be part of government policy. We also believe that the public will recognize that in doing so they are saving jobs and giving work to Ontarians, and Canadians will not be that averse if the costs are slightly higher.

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We know that this week, there will be some discussion about nuclear facilities. Although the NDP is opposed to new nuclear development, if the Liberals are insisting on doing so, we would appreciate very much that the jobs remain in Canada, as opposed to being farmed out somewhere else.

Last but not least is to look after the vulnerable communities. We have many, many towns and cities across the province which are in desperate shape. Some one-industry towns have lost the industry and are on a very fast downward spiral. We would like everyone to sit down, to spend the \$350-million package and to work with these communities to get them back on board. It's a comprehensive program. We think it is doable. The money is targeted and will be spent where it will do the most good. I'm asking for support.

The Chair (Mr. Pat Hoy): Any further comment?

Mr. Wayne Arthurs: I don't believe the government caucus members can support the motion that we have before us. I know the government has made a very specific effort to invest in industries such as the auto sector in the last mandate, and leveraged some \$7 billion in new investment. The query would be where we'd be without that kind of investment in job opportunities.

The infrastructure program that came out of the fall economic statement and the additional \$150 million the Premier has dedicated to that is clearly intended to create employment opportunities, as well as infrastructure renewal in municipalities, including those that are vulnerable communities in the province. Any investments that

we continue to make in areas such as municipalities, health or education all clearly flow through to job creation for Ontarians, in effect.

Although I appreciate the motion before us, there are other strategies currently in place that we think are making good investments.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Michael Prue: Just a recorded vote.

The Chair (Mr. Pat Hoy): Mr. Barrett.

Mr. Toby Barrett: Yes, with respect to NDP motion number 2, we certainly agree with the problems that this approach is trying to deal with. It's titled "Jobs stimulus program," and the latest figure is that 174,400 manufacturing jobs have left this province since 2005. Our unemployment rate sits at 6.3%. All five major banks predict Ontario's unemployment rate will continue to rise over 2008-09, and some of the banks are predicting an unemployment rate as high as 6.9%, so the reasoning behind this kind of motion is valid.

Last year in Ontario, 64,000 high-paying manufacturing jobs were lost. I don't know whether this material was presented to this committee: CIBC is predicting that a further 200,000 manufacturing jobs essentially remain at risk in central Canada. During the travels of this committee, we were certainly made aware of the disaster with respect to the loss of forest-related and agribusiness jobs.

As far as the approaches requested here and the Manitoba-style investment tax credit to encourage manufacturers and processors to make capital investments, again to create jobs, we don't necessarily agree with this Manitoba model; as in my last motion, we presented another model. But we certainly recognize that there is weakness in the manufacturing sector with respect to underinvestment in these kinds of capital investments in machinery and equipment, and that continues to put us at a competitive disadvantage with the United States. Annual capital expenditure on machinery and equipment in Ontario's manufacturing sector has decreased since 2003. So the Manitoba approach is one approach to that. We have a slightly different approach which we felt should have kicked in about four and a half years ago.

As far as the "Buy Ontario" program, again, we appreciate the sentiments of that, bearing in mind how important it is to maintain the integrity of our NAFTA agreement.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, a recorded vote was requested.

Ayes

Prue.

Nays

Aggelonitis, Arthurs, Broten, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost. Government motion number 1.

Mr. Wayne Arthurs: The standing committee on finance and economic affairs recommends that the government continue to pressure the federal government to provide fairness to Ontario workers in employment insurance benefits and continue to urge the federal government to partner with this province in providing support to our manufacturing sector.

Mr. Chairman, if you'll allow us to speak to this very briefly, we don't think that when there's a disparity in the range of \$4,000 for unemployed Ontario workers compared to what unemployed workers get elsewhere in the country as they try to raise their families, keep a roof over their heads and either retrain or get back into the job market where their skills are best used, it's fair to Ontario. It would certainly support our economy in a substantive way, for those who need that support.

Secondarily, we think the federal government should do far more partnering with us. Our next generation jobs fund is over \$1 billion, proposed. It would be great to have them as partners. Frankly, last week's federal budget, some \$250 million for the auto sector over five years, is really a paltry amount for something as important to us as our auto sector. So we would urge them to partner with us in a more substantive way than they've been doing.

Mr. Michael Prue: I can't fault anything that the parliamentary assistant had to say on this, but this is almost a motherhood statement. I mean, to continue to sit down with another government, which every government does, to continue to ask for fairness with Ontario, on which we've already passed motions: I can't vote against it, but really this is doing very little in terms of actual direction of this government and responsibility that this government should be taking for the people of Ontario. This is simply another front-page Toronto Star story this morning, with the Premier and Mr. Flaherty going at it. Of course we are going to vote for it because we want fairness for Ontarians as well, but quite frankly, I don't know the purpose that this motion is going to serve. I really don't.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Toby Barrett: This motion, to my mind, recognizes the unemployment problem that Ontario has, more so than other provinces in the rest of Canada, as far as growth in unemployment. I think I said previously that for the first time in 30 years, Ontario's unemployment rate exceeded the national average in 2007. Maybe that kind of dismal statistic would serve the Premier well as he goes to Ottawa to ask for something like this.

The people who are unemployed: As we know, the biggest hit seem to be manufacturing in central Canada and the forest industry. I made mention of 174,400 jobs lost since the beginning of 2005, and I'm not sure where this was discussed on the committee, but it does involve the federal issue. If we look at our problems from a national perspective, given the growing tough times with respect to the Ontario economy, people are on the move. They are leaving this province and going elsewhere in Canada. If they remain unemployed in other provinces,

and I'm assuming they're not going to other provinces to draw unemployment insurance, they would—again, you've raised a federal issue. I'm assuming they get the same employment insurance benefits in other provinces as they would here, but the main reason they're moving is that they're looking for work. Ontario has reported a net loss of over 30,000 people to other provinces in this past year, and since the third quarter of 2003, Ontario has lost people to other provinces amounting to a net decline of well over 64,000 people in the last three and a half years.

1020

If we're opening up a national discussion here, we can talk about how some of Ontario's economic woes stem from external factors like the Canadian dollar; I think it's up again just recently. This committee or this province has very little influence on the Canadian dollar, but it is worth looking inward at policies implemented by the Ontario government.

Our concern, and I know we're talking about a federal issue here, is that provincial policies have contributed to Ontario's plight by degrading its investment climate. There was a headline in the media this morning—I can't find it here—about scaring off US investment, and we certainly do not want any kind of situation where Premier McGuinty is scaring off US investment, because, again, that translates into job losses and impacts the whole country and translates into more people drawing on employment insurance.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, I'll call for the vote. All in favour? Opposed? Carried.

Number 4 is also an NDP motion. You'll have to read it, Mr. Prue. I might say that the ones that have "Whereas," we don't read. Yours don't have that.

Mr. Michael Prue: No, none of ours have "Whereas."

The Chair (Mr. Pat Hoy): In order to get it—

Interjection.

The Chair (Mr. Pat Hoy): Maybe none of them. So they have to be read in, in total.

Mr. Michael Prue: Okay. I was just following your suggestion about the number, but obviously that didn't work, so I will read them in.

The Chair (Mr. Pat Hoy): They will have to be read in.

Mr. Michael Prue: That's fine.

Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its FY 2008-09 budget:

—implement a new provincial personal income tax bracket at the \$150,000 individual income level at a rate of 13%; and

—restore the capital tax on banks and insurance companies to the original 2005 level.

If I could just speak to that, the new provincial personal income tax bracket at \$150,000 at 13% would simply restore what that bracket was prior to 1995. It was done away with in 1995, and if the province requires

additional monies, the top 1% of the population of Ontario who earn in excess of \$150,000 certainly is a place to look for those funds.

The second one is to restore the capital tax on banks and insurance companies to the original 2005 level. As I said in my earlier remarks, we know that many of the manufacturing and other sectors in Ontario—the tourism sector, the forestry sector—are hurting due to a combination of the high dollar and loss of jobs. But those who are not hurting are the banks and insurance companies, and we are simply requesting that instead of continuing to reduce the taxes in those sectors, the government go back to the 2005 levels and hold them. That will result in hundreds of millions of extra tax dollars which I'm sure this government will put to good use in fighting for things like the elimination of poverty, which we'll get to shortly. If the government is looking for additional funds, we think those are the two places, and probably the only two places, where additional monies will be forthcoming. On the expenditure side, I'm sure there are going to be many, many more requests.

The Chair (Mr. Pat Hoy): Further comment, if any?

Mr. Wayne Arthurs: The government caucus wouldn't be able to find themselves in a position to support the motion.

There are really two principal elements here. The second one first: The government clearly has a plan for the elimination of capital taxes, not for increasing them. On the first of the two initiatives, during the last campaign, after having the auditor confirm through his pre-election report that we have a balanced budget situation and a plan to retain a balanced budget, we campaigned on the basis of no further tax increases.

The Chair (Mr. Pat Hoy): Further comment, if any?

Mr. Michael Prue: Just a recorded vote.

The Chair (Mr. Pat Hoy): Comment, Mr. Barrett?

Mr. Toby Barrett: On the NDP motion which addresses both income tax and the capital tax, when the capital tax is finally eliminated in Ontario, we'll continue to have the highest effective tax rate on capital; it's 33.5%. It's an unfortunate situation and a result of a high provincial corporate income tax rate of 14% and high retail sales taxes on capital.

As far as the income tax, Ontario's corporate income tax rate has not been reduced since the 2001 budget. The former government introduced measures to lower the corporate income tax rate for all businesses to 8% by 2005. This government brought in the so-called Fiscal Responsibility Act in 2003 that eliminated corporate tax measures that were announced in that 2001 budget. That legislation also increased Ontario's corporate income tax rate significantly, from 12.5% to 14%. That's a big contrast to what we have seen in the western provinces, and I made mention earlier of 30,000 people who have left the province of Ontario in the past year.

So essentially we have a situation where Ontario significantly increased the cost of investing, as far as business, whether it's capital tax or corporate income taxes,

and the faster-growing provinces out west are moving in exactly the opposite direction.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, a recorded vote was requested.

Ayes

Prue.

Nays

Aggelonitis, Arthurs, Broten, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Now we're on page 5. Mr. Barrett, if you'd read the last line for the record.

Mr. Toby Barrett: The standing committee on finance and economic affairs recommends that the Minister of Finance eliminate the job-killing capital tax immediately.

By way of explanation, so many economic studies consistently show that capital taxes are among the most inefficient forms of taxation. It's a direct tax, it's paid year after year on money that companies have invested in their capital, and it's a tax that must be paid regardless of whether the company makes any money or not.

Few jurisdictions use this tax, and most of our competitors do not have a significant or any capital tax at all. So in this tax alone, Ontario is at a competitive disadvantage. Economists complain that capital taxes are punitive to investment in a context where increasing our productivity remains probably the most significant challenge that our economy is facing. So the capital tax discourages investment and just flies in the face of any measures that we should be bringing in right now to attempt to encourage investment and certainly to encourage capital investment.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: The government caucus members won't be able to support this particular motion. The government does have a very clear strategy on the elimination of the capital tax. The fall economic statement, subject to the legislation being approved, actually expedited eliminating that for manufacturers and resource sectors and for other business as well. So we're anxious to see that completed.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 6 is a government motion.

Mr. Wayne Arthurs: The standing committee on finance and economic affairs recommends that the government continue strengthening our economy by continuing to make strategic investments in our workers and communities for the next generation of jobs.

Very briefly, I think that we should be recommending to the minister that he focus attention on our communities. Some of that was done in the fall economic statement. Clearly the communities, our partners in the

municipal sector, need our investment to rebuild our infrastructure and create jobs for our workers, which includes a need for training, colleges and universities in particular, so we can strengthen the mandate of workers and potential workers in this province.

1030

The Chair (Mr. Pat Hoy): Any other comments?

Mr. Michael Prue: Again, the government motions have a glaring lack of specifics. Had you written down "and invest \$500 million," or even three cents, I would have thought that the motion would have said something. But this is a general motherhood motion; who is going to vote against it? But what effect is it going to have? It would seem to me that the finance committee should be talking in dollars and cents or in specifics.

Even though I don't agree with all the PC motions, they are specific. Even though you don't vote for ours, they are specific. But this says nothing to me. Sure, I can vote for it; I'm sure every single person can vote for a motion that is nothing more than motherhood. But I wish it did say something. I wish this committee would commit itself to asking the government for specific legislation or for specific monies to be spent. I think that is our duty. Our duty is not to talk in terms of motherhood.

The Chair (Mr. Pat Hoy): Mr. Barrett.

Mr. Toby Barrett: I agree with that as well. I find this quite vague. We're talking about "the next generation of jobs" and making "strategic investments" in communities. I can only speculate how that would be done or who would receive this money. One way to sustain jobs in the short run, I guess, is by using tax dollars. Oftentimes that money goes to public sector job creation, which creates an equal demand on the revenue of this province, a demand on the tax dollars themselves.

If you had been more specific—I know a real test of an economy's performance is private sector job creation. Obviously, government jobs themselves do not create wealth. I see a motion here, government motion number 2 on page 6, that essentially is talking about a redistribution of income. "Investments": That's a key word for taking revenue through the taxation of private sector businesses and individuals, and re-directing. I do remind this government that it doesn't say where it's going, and I didn't hear that in the explanation. But government jobs themselves, if that's where some of this money is going, do not create wealth. It's simply a redistribution of income, jobs sustained by tax dollars. Every new public sector job created equals a demand for more tax dollars.

I think we need to enhance a trend to replace the good-paying factory jobs. Maybe this is directed to other types of employment. It may be service sector, call centres—I know various governments support call centres. Regrettably, those kinds of jobs pay considerably less. They're usually part-time, and oftentimes they're not a very secure source of income.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? Opposed? Carried.

A PC motion on page 7. Mr. Barrett, if you could read the recommendation at the bottom, please.

Mr. Toby Barrett: PC motion on page 7, titled “Debt reduction”: The standing committee on finance and economic affairs recommends the Minister of Finance commit 1% of total provincial revenue towards debt reduction every year, beginning in 2009-10.

The Chair (Mr. Pat Hoy): Comment?

Mr. Toby Barrett: Just by way of discussion, we are advocating and continue to advocate that Ontario’s debt continue to be reduced steadily, and, predictably, that we should not be shouldering future generations with an unaffordable debt. The Ontario government’s debt sits at \$162.9 billion. That uses up \$9 billion a year in interest payments, albeit if you think of past times of high interest rates, the \$9 billion is lower than it would have been if we were back in that era of the early 1980s, when financing was incredibly expensive. This \$9 billion in interest payments every year on a \$162.9-billion debt could be invested in other priorities that we talked about during these finance committee hearings, or it could be returned to the taxpayers themselves.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Michael Prue: I can’t support this, not because I don’t think that we should be paying down the debt, but this is so open-ended. What if next year or the year after that or 12 years from now we are in a recession and there is not a balanced budget? I don’t know how you would then give 1% if you can’t even make a balanced budget. So I just find this incredibly difficult. Had it been for this year, when we are assured that there’s going to be an excess, I would have thought that it was not a bad idea, but I can’t look that far down the road, in terms of a possible recession, and support such a motion.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: The government caucus members won’t be able to support the motion as presented before us. I’ll make reference to 2005-06, 2006-07, 2007-08. By the time the books got to public accounts later in the year, in each of those years there were surplus monies, and those monies all get attributable directly to the debt at that point in time because you’re beyond year-end. I don’t have, off the top of my head, what the figures were in each of those years, but clearly we’re committed to establishing and maintaining a balanced budget in the process. I may even go as far as to suggest that there may be a strategy where one could dedicate a certain amount of dollars, subject to a balanced budget, towards debt reduction. Maybe one needs to look at the contingency fund that’s set up each year, and if in effect the contingency isn’t needed at year-end because you’ve met all of your other obligations, then the contingency or some portion thereof might be dedicated towards debt reduction. But as this sits at this point, as a total provincial revenue contribution towards debt, it’s not something that the government caucus members could possibly support.

The Chair (Mr. Pat Hoy): Further comment, if any? Hearing none—Mr. Arnott.

Mr. Ted Arnott: Thank you very much, Mr. Chair. I assume this is our motion?

Interjection: Yes.

Mr. Ted Arnott: I believe very strongly in the need for a commitment to debt retirement over time. I think it’s very important that governments show fiscal prudence and that in good years we’re paying down debt. That’s why I’ve twice brought forward private member’s resolutions with respect to this issue, most recently in the early months of the first term of this Liberal government. I was disappointed when my resolution, which called upon the government to commit itself to a long-term debt retirement plan, was not passed. I think it is an opportunity for this committee to show a commitment to fiscal responsibility and fiscal prudence by at least making a recommendation to the Minister of Finance, in the context of this report, that we do believe that debt retirement should be a consideration with respect to any surpluses, that as much as possible we pay down debt in good years so as to ensure that our children and our grandchildren inherit a stronger province, financially speaking. So I would encourage members to be supportive of this particular motion.

Mr. Michael Prue: Just a comment: I can’t disagree with what you said. You said “in good years.” However, that’s not what this motion says. This motion says “every year.” That would include bad years. That would include years when the budget is for some reason not balanced, when we’re in recession. I don’t understand the statement that was just made in light of what is written down here. Is it your intention to reduce it 1% every year, in spite of economic conditions, or is it your intention to reduce it 1% in only those years when we have an excess of monies over expenditures?

The Chair (Mr. Pat Hoy): No further comment? All in favour? Opposed? The motion is lost.

Page 8, a government motion.

1040

Mr. Wayne Arthurs: The standing committee on finance and economic affairs recommends that the government maintain its prudent and disciplined fiscal management to continue to improve public services and strengthen Ontario’s economy while delivering a balanced budget.

Very briefly, I know that the opposition members have expressed some concern that there are no dollar amounts attached to some of the government motions. Clearly, I think part of this committee’s responsibility as well is to signal to the government what its expectations are in the context of the broader obligations. This motion speaks to prudence and disciplined management, particularly as it relates to delivering balanced budgets.

The Chair (Mr. Pat Hoy): Further comment, if any?

Mr. Michael Prue: Again, I can only find four government motions—maybe there are five, but that’s all there is—and every single one of them, including this one, contains not one iota of substance. They are all motherhood statements. I don’t know what the government members of the committee are trying to tell the finance minister. They’re not making any specific recommendations for any changes. They are all saying to continue doing exactly what you’ve been doing in the past. I

wonder why we listened to the hundreds of deputations, which had concrete examples of where they wanted changes in government policy. All of them just simply say to continue. Not one of them has a single dollar figure. Not one of them has a single program that is held up to be changed or a single piece of legislation that would have to be changed in order to accommodate any of those hundreds of deputations. All we have here is “to continue to improve public services.” It’s hard to vote against any of these, but I have to state for the record that I am very disappointed that in a caucus as large as that one, with all of the experience that is sitting opposite me here, the most that can be done are motherhood statements.

Mr. Toby Barrett: Like Mr. Prue, I am disappointed with the motion and the wording. The Liberals on this committee are calling on the government to be prudent and disciplined—assuming the government is not being prudent and disciplined—and to improve public services. That’s not a new idea. I think we agree that’s a good idea. To strengthen the economy—it’s novel for a finance committee to come forward with something like that. To deliver a balanced budget—I hope there are no thoughts over there to tax and spend into a deficit in the coming year.

It is a motherhood statement, as we have heard from the NDP, and that really flies in the face of the testimony that we heard from so many municipalities. There was one municipality up by Hearst, with a population of 300. We heard from the city of London. We heard from Doug Reycraft, chair of AMO. Many of us just attended the ROMA conference, the rural Ontario municipal conference, and we heard very, very specific requests to improve public services from the municipal perspective. Again, there’s an awful lot of white space on this page, and I would hope that there would be something—it doesn’t have to be specific dollars, but at least specific actions as far as improving public services. This is needed.

I think anyone who went to ROMA would understand that there is no long-term agreed-upon partnership between the provincial government and municipalities. They need a financial partnership. They have to lean on their property taxpayers. They have to lean on homeowners and commercial establishments and farmers in so many ways that were never intended for municipalities to have to do: infrastructure, improving public services through COMRIF and now Infrastructure Ontario. We were told it’s essentially a lottery type of system with these kinds of programs. It fails to acknowledge any differences between municipalities; it’s one size fits all. The decisions are being made at Queen’s Park or, by extension, in downtown Toronto. At ROMA, we were hearing that they felt their input or ideas were not getting through.

So, yes, it’s good for the finance committee here to tell the government to improve public services, but as far as the municipalities, to leave them as an afterthought—try to be a little more specific than this.

Mr. Ted Arnott: I would like to echo the comments that were made by Mr. Prue and Mr. Barrett, as well.

With respect to Mr. Prue’s comments, when I look through the package of government motions here, they are few and far between. As you know, the Ontario Legislature has not sat since before Christmas; we only sat for two weeks after the election. The Legislature wound up its affairs before the election in the first week of June, which means that when we finally go back on March 17, notwithstanding the fact there was a rumour going through the Legislature that we would resume sitting on February 25, we will have sat about two weeks in nine months.

I would think that the government staff who draft these motions and who give these to the parliamentary assistant to bring into the standing committee would have had time to do more, in terms of putting together more substantive motions. This committee spent more than two weeks studying the budgetary policies that people want to see from this government, in terms of public hearings, and you would have expected more substance in terms of the motions brought forward by the government today.

With respect to Mr. Barrett’s comments, I would certainly agree with the need for more financial assistance to municipalities, with respect to infrastructure needs in particular. In my riding of Wellington–Halton Hills, we have staggering infrastructure needs that municipalities simply cannot afford in the absence of substantial provincial government support. So I would completely concur, having attended the ROMA-Good Roads convention myself and finding those opportunities to speak to municipal partners very enlightening and helpful.

So I would put that on the record, and I hope that we’ll see more substance from the government as this hearing continues this morning.

The Chair (Mr. Pat Hoy): Further comment, if any?

Mr. Wayne Arthurs: Recorded vote, please.

Ayes

Aggelonitis, Arthurs, Broten, Pendergast, Prue, Sousa.

Nays

Arnott, Barrett.

The Chair (Mr. Pat Hoy): The motion is carried.

Mr. Prue, please read number 9 into the record.

Mr. Michael Prue: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that, in its 2008-09 budget, the government:

—eliminate the national child benefit clawback;

—implement the full Ontario child benefit that would provide equal benefits to all low-income families regardless of source of income;

—increase basic Ontario Works and ODSP rates at least the rate of inflation over the government’s second term in office;

—introduce a \$10.25 per hour minimum wage for Ontario effective July 1, 2008, with annual increases as follows:

- (1) effective January 1, 2009, \$10.50 an hour;
- (2) effective January 1, 2010, \$10.75 an hour;
- (3) effective January 1, 2011, \$11 an hour; and

(4) effective January 1, 2012, and every year thereafter, an increase consistent with the change in the consumer price index.

This is a specific recommendation with actual targets. The government ran on a platform of setting up some targets. We think these are very good ones. The targets will eliminate the child benefit clawback, which the Premier himself, in opposition, called—I forget the word. I think “heinous” was one of the words he used. To implement an Ontario child benefit in the new program that will treat those children whose parents are on ODSP or on welfare the same as other poor children and not treat them in a different way so that less monies are coming to them for the same vital needs of clothing and housing and food—we think that is something that should be part of the government targets.

We think that increasing the basic Ontario Works and ODSP rates at at least the level of inflation is something that the government should be able to commit itself to. I point out that in the last term of this government, although they did meet that target in the first year of their mandate, there was no increase in the second year and increases below the level of inflation in years three and four. If the government is clearly wanting to do something on poverty, this is a target that they should set for themselves and that we should be setting for the Minister of Finance.

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Last but not least, the minimum wage in Ontario, in order to lift someone to the poverty level, will have to be at least \$10.25 an hour; \$8 will not do it. If the government is intent upon reducing poverty, this is a way that it can be done very rationally. In the first year it does call for a fairly large increase over and above that which the government committed itself to, up to \$10.25, but in the years that follow that, it very closely approximates the inflation level up to \$11 an hour, and thereafter would ensure that what does not happen to those who are at the lower end of the wage scale in Ontario is what happened to them during the Harris years, when things were frozen.

So I’m asking the government specifically to do something clear. They have said that they’re going to set targets; here are some targets that we believe ought to be set. These are targets we think should be forwarded to the finance minister and should form part of the economic package when the budget is brought down later this month or early in April. I’m asking for your support.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Wayne Arthurs: The government caucus members won’t be able to support the motion that we have before us. I’ll just mention two things. There is a clear plan we campaigned on in the context of the Ontario child benefit, for its full implementation through 2011.

Equally important, we have seen plans for increases in the minimum wage to \$10.25 in three stages. Actually, the first of those will come into effect on March 31 of this year, adding a further 75 cents. This would be contrary, quite frankly, to our platform and what we each campaigned on.

The Chair (Mr. Pat Hoy): Mr. Arnott?

Mr. Ted Arnott: I want to acknowledge Mr. Prue’s motion here on behalf of the New Democratic Party for its specificity—specificness? What is the word I’m looking for, Michael? Specificity, I think—

Mr. Michael Prue: Yes.

Mr. Ted Arnott: —and its comprehensiveness as well. I have to say, though, that our party has not taken these positions. With respect to the minimum wage, we have taken the position that the minimum wage should be set on an annual basis by a commission that consults with the needs of business and labour, as well as the groups that advocate for improvements to the social conditions of the people of Ontario, and then makes a decision based on the economic circumstances of the day. I also believe the minimum wage should be set at a rate that someone can live on, if that’s their only means of income. However, this motion does not reflect the position that our party has taken.

With respect to the Ontario Works and ODSP rates being increased at least at the rate of inflation, it’s something that our party does support. However, we can’t support the recommendations on the minimum wage because we don’t think it takes into account the needs of all of the people of Ontario.

The Chair (Mr. Pat Hoy): Thank you.

Mr. Michael Prue: A recorded vote.

The Chair (Mr. Pat Hoy): A recorded vote.

Do you have a comment, Mr. Barrett?

Mr. Toby Barrett: Just to follow up on Mr. Arnott’s comments—and there’s no question with respect to ODSP—we support the sentiment behind this. People on disability have less choice as far as employment, an area I feel the government could perhaps do a bit more in—and certainly, companies in the private sector—to try to afford more opportunities for people on disability who are able to work or wish to work.

As far as the minimum wage—and I know we heard from Brenda Lammens on the finance committee. She chairs the Ontario Fruit and Vegetable Growers’ Association. She addressed the issue of the impact of Ontario’s minimum wage. I remember the discussion at the time. With the minimum wage, we are now competing—this is fairly new, in the last 10 years, maybe—with fruits and vegetables grown in countries like Chile, China and India. Fruit and vegetable growers alone are going through some of their worst financial difficulties right now with high costs and poor prices; they do have the issue with the Canadian dollar. But specific to the minimum wage, Chairman Lammens indicated to this committee that labour makes up about 65% of annual expenses on a tender fruit farm, for example; by 2010, it was expected that labour rates will increase by 28%. She

explained that that translates into an additional \$90-million cost for farmers who grow fruit and vegetables. By 2010, as a result of government intervention, I don't think we're going to have any tobacco farmers left. Tobacco is also a labour-intensive industry, and that's contributed to the bankruptcies in tobacco farming.

The Chair (Mr. Pat Hoy): Any further comment? Hearing none, a recorded vote has been requested.

Ayes

Prue.

Nays

Aggelonitis, Arnott, Arthurs, Barrett, Broten, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

We move to page 10; government motion 4.

Mr. Wayne Arthurs: The standing committee on finance and economic affairs recommends that the government continue to make key investments in municipalities, infrastructure and public transit.

I will speak to it very briefly. I know the concerns expressed by some members of the opposition about the lack of numbers. One of the challenges is that we don't know at this committee at this point what the revenue capacity of the province is going to be or what the other obligations might be. As you add specific numbers to some of these motions, in the multiple hundreds of millions of dollars, that resource capacity has to come from somewhere, so that might mean a reduction in programs elsewhere or increasing taxes. I know that Mr. Prue had a motion earlier that spoke to some tax increase issues, which is not on our particular agenda. I believe that motions that speak to enhanced public services that strengthen our communities—specifically, when we begin talking about key investments in municipalities, physical infrastructure and public transit—could be clear direction from committee to the minister in respect of what the committee sees as priorities.

The Chair (Mr. Pat Hoy): Comment?

Mr. Toby Barrett: You indicated that you can't be specific because you don't know what the provincial revenue is, but much of this, with respect to municipalities and infrastructure and public transit, is based more on the need for these services rather than on how much tax money the province will be accruing each year. We heard this at ROMA, that the municipalities, at minimum—maybe they don't need the specific numbers, and maybe they don't even need the economic projections of revenue—need an economic plan from this province. They deserve an economic plan, a long-term plan. There is a requirement for a long-term fix with respect to municipal funding. The municipalities need a long-term arrangement. These councillors also have constituents themselves, and they want to provide the kind of government

and economic decisions that their constituents expect from them.

We feel it's irresponsible to have these rushed announcements, where it seems the money needs to be spent as soon as possible. I consider that ridiculous. It discourages any semblance of long-term planning, let alone any semblance of accountability. We are in this business to try to plan for the coming year. That's why we set budgets. You don't set a budget just based on what your revenue is; you set a budget on many, many other factors beyond that.

The municipalities, whether it's infrastructure or public transit, need some kind of contract with the province, something that both sides agree to, where the investment fits the need. I argue with your position that investment in municipalities has to be based on government revenue, what you figure will be coming in at the provincial level. At least a term of five years for planning for—I think of the rural municipalities, a rotation of replacing bridges, for example, preferably of 10 years or longer. This lottery system has been tried in the last few years. That's an experiment that has failed, and it has failed badly. You simply cannot continue with these knock-off, one-off, hit-or-miss funding schemes. They're here today for the lucky ones and then they're gone tomorrow. Even for the lucky ones today that got a grant, that's not serving them very well, and the ones that don't get a grant have spent perhaps the last three years spending money to apply and get zero in this lottery system.

I hear what you're saying. You're suggesting we plan for allocation of investments at the municipal level based on provincial government revenue, but I think there are many more factors that should be taken into consideration if you're going to have any kind of economic plan for these other levels of government.

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The Chair (Mr. Pat Hoy): Mr. Prue.

Mr. Michael Prue: This is the last of the government motions, and here's what has passed so far: Have the government continue what it's doing in field A; have the government continue what it's doing in field B; have the government continue what it's doing in field C; have the government continue what it's doing in field D.

We listened to 175 different deputations, and the only recommendations—and I'm sure this one will pass, because it's another motherhood issue, and the members of the government over there are all indicating their support for motherhood, which is a good thing. It's going to pass. The sad reality is that we have another 33 motions, but I would hazard a guess that most of them, if not all, will not pass, those being opposition motions. We're going to end up here with four motions. After two weeks of work, we're going to have four motions that are nothing but motherhood. I don't know what this committee thought it was doing when we travelled across Ontario, listening to people, if all that can come out of this is that the government should continue what it's doing.

I have to tell you I'm very disappointed that—I'll say it again for the record—after listening to 175 or so depu-

tants, the government cannot find any way whatsoever to put forward motions that actually make specific recommendations to the Minister of Finance, because I thought that's what our job was. I'm also very disappointed that it's going to be so open-ended that probably only four motions will see the light of day, all telling the minister to continue what he's doing.

I don't have any problem with this motion, I don't have any problem with motherhood, but I will be watching the balance of the motions to see if the government can in any way support anything the opposition has to say, or agree with any specific item—because all the other motions are specific—to actually put before the finance minister. If we don't, I think what will be put before him in these four motions will become, and will be viewed by the public as, if they actually look at it, a bit of a laughingstock, because we will have done all that work to produce just this.

The Chair (Mr. Pat Hoy): Mr. Arnott.

Mr. Ted Arnott: I would like to add to what Mr. Prue has said and indicate my view. If this is to be a meaningful process whereby a standing committee, an all-party committee, of the Legislature conducts public hearings on the budget of the province of Ontario, the expense of the travel, the time that was taken by the deputants to make recommendations—if we as a committee don't put forward more specific recommendations than what the government has offered this committee today, we would be rightly chastised by the people of Ontario, by anyone who knows about this. I listened to what the parliamentary assistant said with respect to this motion, in defence of it, indicating that without the details of what the financial projections of the province might be—I would challenge him to go back to the ministry and table whatever additional information they may have that this committee has not been privy to up to this point so that we can make a more meaningful contribution. I would add that our party would like to move an amendment to this motion.

I move that government motion number 4 be amended by adding the words “increasing its level of support, providing the province of Ontario has the fiscal capacity to do so.” This amendment reflects, I think, what the parliamentary assistant has indicated, and hopefully it would enjoy the support of the government members.

The Chair (Mr. Pat Hoy): Are members clear on the amendment? I could read it again, if that's all right with the committee.

Mr. Arnott moves that government motion 4 be amended by adding the words “increasing its level of support, providing the province of Ontario has the fiscal capacity to do so.”

Any comment on the amendment?

Mr. Wayne Arthurs: I think government caucus members can support the amendment as presented. Clearly, we have been and are making significant investments. But our intent here was to set out priorities for the government through this committee to request that the minister consider municipalities, infrastructure and public tran-

sit, and, to the capacity that is there, as you've referenced in your amendment, to increase those funds to the extent that the fiscal plan would allow it.

The Chair (Mr. Pat Hoy): Any further comment? Hearing none, I'll call the question on the amendment. All in favour? Carried.

Any comment to government motion 4, as amended? Hearing none, all in favour? Opposed? Carried.

Page 11, opposition motion.

Mr. Toby Barrett: Page 11 is a PC motion with respect to the forest industry. The standing committee on finance recommends that the government takes immediate action to reduce the red tape burden faced by the forestry sector to ensure the forestry sector regains lost competitiveness, including a secure energy supply that is reliable and competitively priced.

To try and be more specific, with respect to the “red tape” portion of this motion, we'll give one example. On September 4, 2007, the Ministry of Government Services announced its intention to adopt the Forest Stewardship Council, the FSC standard, for at least 30% of all virgin paper purchased for its offices. The Ontario government's proposed paper procurement policy indicates an official bias towards one of I think three standards, so a bias towards a single forest management standard. This creates a trade barrier for Ontario-made forest products. It's Ontario government policy that really flies in the face of trying to foster the purchase of Ontario-produced goods and services; in this case, paper.

The second part of this motion specifically refers to energy supply. During finance committee hearings, we were presented with this problem in presentations from people speaking on behalf of the forest sector. It wasn't news to this committee. Certainly for the last three years we've been hearing this message, primarily in north-western Ontario; I think we heard this message in Thunder Bay, where we were told that the province of Ontario should seize the opportunity to establish competitive electricity prices as an economic development tool. More specifically, this committee and the Ontario government was advised, “Do not close Atikokan. Do not close Thunder Bay.” Those are the two coal-fired thermal generating stations.

We are aware on this committee of deputations that we heard two or three years ago in Atikokan. Ontario's forest industry has been and continues to be devastated. It's key competitive issues like red tape and energy supply that threaten the viability and any business certainty within this industry, hence the negative impact on investment.

We also are aware of many mills that still exist, and many mills that exist in southern Ontario. What's good for the north is good for the south, I think it's important for us to realize, those of us that do not live in the boreal forest. I know in the south, there are over 500 manufacturers of forest products, small logging operations to large pulp and paper, that enhance our economy in the south. In southern Ontario, there are well over 300 busi-

nesses that provide the kind of plants and equipment and services that are needed in the north.

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Just these two issues alone, energy and red tape, may be a factor. This is not to diminish the seriousness of the parity with the Canadian dollar and, obviously, the crash in the US housing market; some of this is beyond the extent of the provincial government. But the two motions that we're putting forward can be under the control of the provincial government.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Michael Prue: The deputation made by Jamie Lim in Timmins, I think, was what spoke to this, and I think that's why this motion was put forward. Her comments to the committee were very strong and very balanced. Obviously, that is a sector that's in very dire need of some government funds and in dire need of some government changes of policy.

What the Conservatives have put forward here in terms of the secure energy supply is welcome. New Democrats have said for a long time that the energy supply in northern Ontario, particularly, ought to be more geared to the cost of producing it in that location and ought to be geared, as in the German model, to the ability of the factories and the ability of the forest industry to manage their finances. Certainly, in some countries the cost of electricity is less for industry than it is for individuals precisely because the governments recognize the importance of keeping jobs and productivity going, and I think that this goes somewhat in that direction.

In terms of the red tape, I think the argument that Ms. Lim made was less strong. However, anything that will help the northern Ontario economy, anything that will help the forestry jobs—those that remain—in place would be welcomed. This is a specific recommendation made by the Conservatives, and I would hope that the government members can support something that is specific.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: I don't believe the government caucus members will be able to support the motion as presented to us.

Certainly, where there is red tape engaged, the line ministries might be a good way to direct that, whether it's MGS or Northern Development and Mines or MNR—whoever may have some jurisdiction in that regard.

We have committed over \$1 billion to the forest industry. Much of it is rolling out everything from \$350 million in loan guarantees, some \$150 million in a prosperity fund for new capital investment and \$140 million in electricity price rebates, of which over \$30 million has been taken up already. So there is substantive and direct and specified action being taken for this sector at this point in time, and I hope that the minister sees fit to continue with that, as these funds are diminished, and refills those coffers.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

I'm going to ask the committee if it would be agreeable that we move to page 13 and then back to page 12 after. Agreed.

We'll go to the opposition motion on page 13. Would one of you gentlemen read it into the record?

Mr. Toby Barrett: This is the PC motion on page 13 regarding the so-called health tax.

The standing committee on finance and economic affairs recommends that the Minister of Finance incorporate into the 2008-09 budget a responsible plan to phase out the regressive, middle-class McGuinty Liberal health tax.

The Chair (Mr. Pat Hoy): Comment?

Mr. Toby Barrett: We've been commenting on this health tax for four and a half or five years now, I suppose. I think we all know it's the largest income tax increase in the history of the province of Ontario. It was unnecessary. I don't know whether I need to say much more about it, really. It was unnecessary. It does not flow to health care; that's a motion that I think is coming up next, on health care. It flows to the Ontario treasury. I give this government credit: It is in keeping with that moniker of being a tax-and-spend Liberal. This has carved that phrase into the historical lexicon.

The other concern is that it's simply fuelling runaway and wasteful spending in other areas. Granted, the health tax has increased revenue; as a result, it has increased spending. We don't see that reflected in an adequate pay-down on the debt, given the revenue that has been accrued. Obviously, this revenue has been accrued because the province of Ontario has had a very good economic run in the last 10 years. However, there are storm clouds on the horizon. We know that even with these high income tax rates, we are losing the manufacturing jobs, the forestry jobs, the agricultural jobs, primary industry jobs, and there is a concern, given what is going on south of the border, that even if you have very high income taxes, it's not going to help the Liberal government tax-and-spend policy if people are not working. Any tax like this is counterproductive for those people who do wish to work hard, for people who do wish to work overtime, for example. It's going to be very troublesome if we see a continued economic decline in the province of Ontario.

The Chair (Mr. Pat Hoy): Further comment, if any?

Mr. Wayne Arthurs: Briefly, I don't believe government caucus members will be able to support a motion that would call for the elimination of the health tax, on two fronts. One, those dollars are being invested in improved health care for people in the province of Ontario, in reducing wait times and providing more health professionals in a part of the budget that now eats up well over 46% of our annual budget availability. I think for us on this side, that debate, at least for the foreseeable future, concluded on October 10.

Mr. Michael Prue: I'm going to support the recommendation made in motion 13. I'm doing so because I see it differently phrased than in past motions and past statements made by the Progressive Conservative members.

What they're saying here is that the Minister of Finance incorporate into the budget a responsible plan to phase out the health tax.

It is our view that the health tax is regressive. I don't think any member of the Legislature would think that this is a progressive tax. It hits people at the lower end of the spectrum much harder than it hits people who earn a lot of money. Certainly, if you earn in excess of \$250,000, you pay the same as people who earn significantly less than you down the scale. There's a maximum to what you can pay.

We think this is a responsible way to deal with this: to phase it out, to find alternative sources of revenue. I would suggest the income tax system is probably the best, that people pay according to their means. All that is being asked here is that a responsible plan to phase it out be incorporated. It makes a lot of sense to me that if you have a system of taxation which is not fair and which everyone knows is not fair, you phase it out in favour of something that is fair. I'm going to vote for this.

Mr. Ted Arnott: We welcome Mr. Prue's support and thank him very much for his indication that he wishes to vote for this.

I'd like to go back to 2003. We remember that election campaign when Dalton McGuinty went on television with his main television ad, looking into the camera and saying, "I will not raise your taxes." Of course, we recall that very first Liberal budget in 2004 and the shock of the massive tax increases that were included in that budget. We recall the elimination of OHIP funding for chiropractic and physiotherapy, as well as optometry services, when the Liberals had promised not to cut services in health care. We recall the anger that existed amongst our communities in people I met after the budget, which was very significant. We also recall that at that time the government was trying to get away with calling this a health premium. I assumed they had done some focus group testing, perhaps some polling, which indicated that a premium might be more politically acceptable. But as it turned out, of course, we found out that this is not a premium, in the conventional sense; it is actually a brand new provincial income tax that the government claims they will be putting into health care. A few months later we found out that the money was not going directly into health care but was going into the consolidated revenue fund at the province of Ontario, and in many cases the money was not going into health care at all.

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All of this gets us to today where, as Mr. Prue rightly points out, this is a regressive tax in that higher-income people pay less as a total percentage of their income than lower-income people. Our party has been committed to phasing this out. I think it's important to point out as well that this tax raises about \$2.6 billion for the province of Ontario. But it's interesting to point out that the government's increased expenditure since they took office in 2003 is more than \$20 billion, which is another fact that

needs to be put forward in terms of the consideration of this issue.

Lastly, I would point out my continued discomfort with the Minister of Health when he continuously claims in the Legislature that our party, in terms of our commitment to, over time, phasing out the health tax by \$2.6 billion, is in fact in favour of taking \$2.6 billion out of health care, which couldn't be further from the truth. I think it's also important to point that out. I think it's possible to do this in a responsible manner, and I believe it's something the government should consider doing in its upcoming budget.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? All opposed? The motion is lost.

Now we'll go back to NDP motion number 12. Mr. Prue.

Mr. Michael Prue: Thank you very much. It's a long motion and it reads as follows:

Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that in its 2008-09 budget, the government:

- commit to an immediate staffing standard of 3.5 hours of nursing and personal care per resident per day in long-term-care homes. This would require a funding commitment of approximately \$700 million;

- commit to funding community health centres, CHCs, and aboriginal health access centres, AHACs, to provide publicly funded oral health care such as check-ups, fillings, extractions and emergency care to all Ontario children who have been shut out by the high cost of dental care. This would require an initial cost of \$100 million in annual funding;

- commit to completing a provincial network of CHCs and AHACs in order to ensure that every Ontarian who needs access to CHC/AHAC primary health care can access these services. This would require the establishment of no fewer than 20 new CHCs and AHACs per year over the four-year mandate of the government, starting in 2009-10, and would cost \$5.5 million in 2008-09. The government should also eliminate the second-class status of aboriginal health access centres, AHACs, and the clients they serve by providing \$14.6 million in new annualized funding to Ontario's 10 AHACs in 2008-09. This funding will enable AHAC clients to access services on par with those delivered to clients at Ontario CHCs;

- commit to ending the three-month wait period for OHIP coverage required of newly arrived immigrants. Ontario should take its place with the nine provinces and territories that have seen the value in relieving new immigrants of this additional burden. This would cost approximately \$5 million per year.

To speak to that, if I could, there are a number of items here. The first is the immediate staffing standard of 3.5 hours. This would bring Ontario to the average staffing level in Canada. We certainly are now amongst the lowest. It would bring us on par with Alberta, Saskatchewan, Manitoba and BC. Certainly it was part of what

was promised by the government over the last four years, but not implemented. It is fairly expensive, it will cost \$700 million, but I think all of us agree that our seniors, those who have helped to build this country, some of whom have fought for this country, deserve a much better standard than they currently have. Certainly having them lie there in soiled diapers for hours on end because the personal care is not there is not the answer.

The second one relates to the CHCs and the AHACs. This is oral health. The government ran on a platform of some \$60 million being spent on oral health. We think that by expanding that a little to \$100 million, you will be able to virtually reach all children in the province of Ontario. To do checkups, fillings, extractions and emergency care, \$60 million, in our view, will not cut it. What this in fact is asking the government to commit is \$40 million more in this budget than they actually promised during the last election.

The third item is to understand that there is a need for CHCs and AHACs and that they have to be expanded at a cost of some \$5.5 million in this fiscal year. The more important part of this motion is that the second-class status of aboriginal health access centres and the clients they serve needs to be addressed. We had, I believe, some 20 or more deputations made by First Nations communities in our travels, particularly in northern Ontario but also in southern Ontario. They described, poignantly and with great emotion, how they are having to deal with their issues of isolation, with their issues of poverty, with the second-class status that they are accorded throughout much of Ontario. This government has seen fit, and I think wisely so, to have a new minister responsible for aboriginal affairs, hopefully for a new day for our First Nations citizens of Ontario. We are asking that \$14.6 million in new annualized funding be put forward as a commitment of this government to actually act on the promise of better health care and better care in general for our First Nations communities, which have been neglected for far too long.

Last but not least, we are asking that Ontario join the other nine provinces and recognize that new immigrants—that is immigrants; it's not visitors, it's not refugee claimants, it's not people who are illegally here, but new immigrants who have arrived and who have their papers and who are here for the long term—have access to health care. This will cost approximately \$5 million a year. It should be our commitment as a province to these new immigrants that they matter, that we care, that if they have a health problem within the first three months of their arrival in Ontario, it will be addressed and it will be looked after. To simply say, "We're not going to look after you," that there's some kind of standard that you have to be here for three months, is totally wrong.

This Legislature went forward and voted unanimously to take away the three-month requirement for armed services personnel who come to Ontario for the first time. They don't have to wait three months. It was a good thing to do; it was a wise thing to do; it was a compassionate thing to do. I am asking the government to

consider supporting the \$5 million to show the same foresight and the same compassion to people who have chosen Ontario as a place to live and who have come from elsewhere in the world. That \$5 million will alleviate an awful lot of suffering, particularly for those immigrants who come from the Third World and who may not have the funds to purchase expensive health insurance prior to their arrival in Ontario. I'm asking the government to support these measures and to forward them to the finance minister.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: I don't believe the government caucus members can support the motion we have before us. One of the challenges is the multiple recommendations. Although one may be a \$5-million recommendation, another one is \$700 million; another one is \$100 million.

Just to speak to a couple of them, over the past four years or so we've made about an \$800-million additional investment in long-term care, which involves some 6,100 staff, including some 2,300 nurses, to provide for a better level of care. We can debate whether those that have a higher standard necessary for their care and maybe those with a slightly lesser standard of care necessary—and you want to ensure to the best you can that you're providing the care required and necessary within the fiscal capacity. We did commit to a dental program, and I'm anxious to see that program rolled out within the context of our budget and within the context of our campaign commitment.

1130

The Chair (Mr. Pat Hoy): Further comment?

Mr. Michael Prue: Recorded vote.

Mr. Ted Arnott: I want to indicate that I want to support the spirit of Mr. Prue's motion, if not necessarily all the specifics. Given the fact that we heard from a significant number of advocates for aboriginal groups while we were travelling, particularly in northern Ontario, I think that this committee's recommendations should reflect some of the concerns that we heard.

I would like to make specific reference, as well, to Mr. Prue's motion, with respect to nursing homes. My understanding and recollection is the Ontario Long Term Care Association had asked for a commitment to provide at least three worked hours of personal care for each long-term-care resident, an increase of 20 minutes. Mr. Prue's motion is asking for 3.5 hours of nursing and personal care per resident, per day, in long-term-care homes.

I had the chance to visit two nursing homes in my riding in the last week. I was invited to visit Extendicare in Georgetown as well as Royal Terrace in Palmerston, in my old riding, and had a chance to meet with staff and residents. I really believe that it's important that we show support for the needs of our residents of long-term-care homes in the context of these budget discussions.

On that basis, I want to support this motion and support the principle behind what the member is advocating, and I would encourage government members to do the same.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Prue has asked for a recorded vote.

Ayes

Arnott, Barrett, Prue.

Nays

Aggelonitis, Arthurs, Broten, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

We have dealt with the one on page 13. Next is the opposition motion on page 14.

Mr. Toby Barrett: The PC motion is titled “Long-term care.” The motion is as follows:

The standing committee on finance and economic affairs recommends that the Ministry of Finance act on their 2003 promise to provide \$6,000 in additional care to every resident in long-term-care homes and eliminate 3-4 bed wards.

The Chair (Mr. Pat Hoy): Comment?

Mr. Toby Barrett: Just briefly, by way of discussion, there are well over 35,000 seniors who are still living in long-term-care homes that are set at the standard of 1972. The current levels of funding from the McGuinty government do not allow the long-term-care homes to provide the level of care and the kind of services that people in these homes require.

Mr. Michael Prue: I will be supporting the motion. It’s not as all-encompassing as the one I made previously, but it does deal with one very key issue, and that is making sure that our seniors are looked after in long-term care. I know the government is committed to phasing out the three- and four-bed wards; what this is asking is that it be done in this budget.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Ted Arnott: I would like, of course, to indicate support for my colleague’s motion in this regard. During the most recent election campaign, I called upon the government to ensure that there would be a significant capital investment to improve long-term care, to ensure that residents aren’t forced to live in wards with three and four beds and that they receive the compassionate care that they deserve and that we’re obligated to give to them.

I had the chance, as I said earlier, to visit two nursing homes in my riding fairly recently and others in the past through the years and to see some of these four-bed wards where people are literally sandwiched into a small room with only a very small amount of room even to turn around. Of course, with the lift equipment that sometimes is included in the room to help them out of their beds—even allowing them an opportunity to bring one piece of furniture from home so that they feel like there’s still some semblance of home in a four-bed ward—these rooms are extremely crowded. If any of the members of the committee have not had the opportunity to tour one of these rooms, I would strongly encourage them to do so. I

think they would come away with a renewed understanding of why this is needed, why the government needs to make this a priority, to ensure that our senior citizens have a decent standard of living in their long-term-care homes.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? Opposed? The motion is lost.

Page 15, opposition motion.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends that the Minister of Finance implement e-health initiatives immediately.

The Chair (Mr. Pat Hoy): Comment?

Mr. Ted Arnott: Again, this comes from the PC election platform, where our leader John Tory made a very strong commitment with respect to moving forward to ensure that every patient in Ontario has an electronic health record. We believe this would create circumstances whereby care would be improved and efficiency would be found, hopefully ensuring that money could be saved in terms of the delivery of health care that could be plowed back into front-line services.

I think in 2008 this needs to be made a higher priority by the provincial government. I was even reading an article a few days ago in one of the Toronto dailies by the president of the Canadian Medical Association, who reiterated the need for this to ensure that our patients receive the high quality of care that they deserve. Again, I believe that it’s something that has to happen. I believe that the provincial government needs to provide leadership in this regard and that we need to move quickly with it. I would encourage all members of the committee to support this motion.

Mr. Michael Prue: Just a question of the mover: How much is this going to cost and what are you asking the Minister of Finance to spend on this?

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Michael Prue: It’s not a comment; it’s a question.

Mr. Toby Barrett: Was it a question directed to us?

Mr. Michael Prue: Yes, it was a question. This is not specific enough for me. Can you tell me how much this is going to cost and what kind of budget you are asking the Minister of Finance to put forward to implement this?

Mr. Toby Barrett: I don’t have those figures here, sorry.

Mr. Ted Arnott: I’d like to get back to you as soon as I possibly could. I don’t have that information in front of me at the present time, but I would certainly commit to getting back to you as soon as I possibly could with a detailed answer to that question. If you feel you can’t support the motion, I can accept that, but we’ll certainly try to get back to you as soon as we possibly can.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: Although government caucus members can support e-health initiatives, as I heard the mover of the motion speak specifically to the immediate implementation of the e-health records, which has been a challenge for his government when they were there and

remains a challenge because of the magnitude of being able to put that in place, government members could not support a motion the clear intent of which is the type of investment needed, even if it could be done, to immediately implement an e-health record strategy. It will take time for that to occur, but there are other e-health initiatives that are ongoing that I'm sure all members are anxious to see roll out over time. But the government can't support this particular recommendation.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Ted Arnott: I appreciate the comments in response from both members and I would refer them to the article that appeared in the National Post on February 27, written by the president of the Canadian Medical Association, who says:

"Becoming a world leader in health requires strategic investment and focus in areas such as improving the use of information technology (IT) and better health workforce planning.

"Canada currently spends just a third of the OECD average on IT for our hospitals. This is a significant factor in Canada's poor record in avoidable adverse effects and hospital deaths. We must document, measure and analyze all data relating to hospital, physician and patient services. Patient care and safety often require us to share medical information. Without electronic" health "records this is cumbersome and inefficient."

Again, with respect to the question that was asked by Mr. Prue, my belief, certainly, and some of the advice we're getting from health professionals and those who are working in the field would lead us to conclude that this will actually save money in many respects. I believe over time the upfront investment will be recouped, but we'll also see better patient care. I think whatever money is saved could be driven back into front-line services like hiring more doctors, more nurses, more medical technicians, reducing waiting lists—all of these things that should be the goals of all of us, as members of the Legislature.

1140

The Chair (Mr. Pat Hoy): Further comments? Hearing none, all in favour? Opposed? The motion is lost.

Number 16, PC motion. Mr. Barrett.

Mr. Toby Barrett: Page 16 is titled "Health promotion sports tax credit."

The standing committee on finance and economic affairs recommends the Minister of Finance, within total planned program spending, create a provincial health promotion sports tax to match or exceed the federal children's fitness tax credit to children in sports under the age of 16.

The Chair (Mr. Pat Hoy): Comment?

Mr. Toby Barrett: Just by way of discussion, the provincial Liberals promised a tax credit for children's fitness in the last election. This is a good thing. This is a good idea. It's in the best interests of all to encourage children and their parents to enjoy and maintain a healthy and active lifestyle, and if we cannot continue to do this, not only through fiscal measures like a sports tax credit

but also through a myriad of options that are available, through information and education and health promotion—I noticed an excellent television commercial this morning with two actors who looked like they were under 16. One kid was acting as if they were in their 70s or 80s. One child was in a wheelchair and the other was washing the driveway, as I recall, and they were involved in the kind of discussion that you would expect to hear from people in much later years in poor health.

Government does have a role here, not only by spending money but also by setting the bar a little higher with respect to health promotion, which is essentially, in many ways, disease prevention, and much of that can be done through education and information.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Michael Prue: In fact, it's a question. Can you tell me how much the federal government is spending on this program? I would anticipate, since we have 40% of the population, about 40% of that would come to Ontario, and hence, I would be able to understand how much you're asking be included in the budget. You want to at least meet or exceed, so it'll be 40% of whatever the federal government is spending at this point. How much is their tax credit costing?

Mr. Toby Barrett: I can't answer that question, but we do know that in the election platform, there was a promise, if you will, of a tax credit. At least we could get an estimate of the cost of a tax credit like that.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: The government caucus members wouldn't say this is a priority to recommend to the finance minister in this budget, subject to the opportunity of a newly minted Minister of Health Promotion, who is a new member of this Legislature as well, to bring forward priorities, as she saw them, within her mandate, through the campaign document.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Page 17, a PC motion. Mr. Arnott.

Mr. Ted Arnott: The standing committee on finance and economic affairs recommends the Minister of Finance commit in the 2008 budget a community-matching funds program for community-driven and wholly funded children's health initiatives, such as the South Nepean Autism Centre, whereby all funds raised locally would be matched by the provincial government pending.

The Chair (Mr. Pat Hoy): Comment?

Mr. Ted Arnott: This is a motion that was put forward within our caucus by Lisa MacLeod, my colleague. It is obviously an issue that is of sincere concern to her in her riding. She has added her statements, as well, in terms of advice to us, that Ontario is home to thriving children's health organizations and many of these grass-roots children's health organizations do not receive provincial assistance for providing health resources in their communities. Operational funds are provided, instead, by local community fundraising efforts. In particular, the South Nepean Autism Centre is one such organization

that operates fully on community funding, approximately \$40,000 annually. This program supports children and their families with autism. In the past, they have applied for funding through the provincial government and been denied. So the effect of this motion would be to ensure that the community fundraising efforts of this organization and others would be supported by the provincial government, and provide an additional incentive with dollar-for-dollar matching. It's something that I support and encourage all members of the committee to support as well.

The Chair (Mr. Pat Hoy): Comment?

Mr. Wayne Arthurs: The government caucus would have difficulty supporting this motion. Although it speaks specifically to one particular facility, obviously it's intended to address others. To support a motion that would provide for direct dollar-for-dollar matching of community money would be unusual. Certainly, access to things like the Trillium fund—I believe it's now at about \$110 million annually, and increasing \$5 million a year to \$120 million—is one of the resource capacities that's available, but the long history of community-driven fundraising for things like hospitals didn't envision dollar-for-dollar support. So government caucus would certainly have difficulty supporting this particular motion, in spite of the fact that we need to have resource capacity for treating children and supporting their families in the community.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Page 18, official opposition motion.

Mr. Toby Barrett: PC motion on page 18 titled "Drug treatment facility for youth: eastern Ontario": The standing committee on finance and economic affairs recommends the Minister of Finance recognize the barriers to treat eastern Ontario youth with substance abuse and addictions and commit in the 2008 budget the \$5 million needed to create a residential 12-step drug treatment facility within the region to serve approximately 200 youth annually in eastern Ontario.

The Chair (Mr. Pat Hoy): Comment?

Mr. Toby Barrett: The rationale, as you'll see in the preamble to the motion, is that a need has been identified in the city of Ottawa for a residential treatment facility for young people with substance abuse. In partnership or in discussion, the city of Ottawa and the Champlain Local Health Integration Network have identified a residential treatment facility for young people with problems. They've identified this as a priority and are in the planning stages. The proposed 12-step facility would open up 40 beds for young people addicted to, I would assume, alcohol or dependent on alcohol or other drugs and the myriad of social, economic and cultural problems that go along with this.

I would expect that this motion was put forward by MPP Lisa MacLeod. I don't have any further details on what the LHIN and the city of Ottawa are recommending here. Of course, residential treatment, I assume, is 21

days; I don't know; it may be longer. For these kinds of treatment programs, it's advised that they also be operated in conjunction with outpatient and operated in conjunction with other approaches, whether it be drop-in centres—and obviously work in the schools and work with the police. When I say police, I don't strictly mean enforcement at the schools; I'm talking about information and disseminating as much knowledge as possible for young people as far as what they may or may not be getting in trouble with with substance abuse.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Michael Prue: This is a problem that goes far beyond Ottawa. I had a meeting the other night with some 15 parents at my constituency office, most of whom were from Beaches—East York. Some came from further away: One came from Oakville; one came from York region. Their children are being sent to Utah; they are being sent to New Brunswick; they are being sent to Virginia. They are all being sent outside of Ontario because we really have no treatment facilities at all to speak of for problem children, and especially for those with long-term need. Some of the programs last six or seven months, not just 21 days, and they are very concerned (a) that the government initially does not pay at all; and (b) that when the government does pay, they are forced to go through many, many hoops in order to get the kind of care that is necessary to save the lives, literally, of their children.

1150

I support this motion but I think it's being far too Ottawa-centric. What the motion should be reading, and perhaps the movers may want to amend it or allow me to do so, is that treatment facilities be set up throughout Ontario so that Ontario does not have to send its children outside of our jurisdiction, either elsewhere in Canada—to New Brunswick, which has a facility—or, more often, to facilities in the United States, in Virginia and Utah. We should be doing these things ourselves. I don't know if you are amenable to a friendly amendment, but I think that to just do it for Ottawa is not doing a service to the literally hundreds of children throughout the province who are in desperate need of such a facility.

Mr. Toby Barrett: Thank you, Mr. Prue. I would welcome an amendment, and I hear what you're saying. Many of these problems are province-wide and have been for many, many years. I think of the early 1980s in southern Ontario. There was a transfer of a lot of people to residential programs from the Toronto-Hamilton area to Buffalo. I visited that program in Buffalo. It was an excellent residential program, but it didn't take the Ontario government of the day to figure out that the kind of assistance and care and counselling that these young people were receiving in Buffalo could easily be provided in Ontario. It was just freeing up some beds and putting some resources into creating some more beds. They weren't being sent to Buffalo at that time for surgery or techniques that could not be done in Ontario. The government of Ontario and its various agencies have had a great deal of experience in dealing with alcohol and

drug treatment. They have always had an excellent track record in dealing with these kinds of problems, and if it's just a shortage of beds, to my mind, there really isn't a need to have people leave the country for alcohol or substance abuse treatment. So I would welcome a brief amendment if the committee had time to entertain that.

The Chair (Mr. Pat Hoy): Mr. Prue?

Mr. Michael Prue: Then what I would do is, within the body, strike out in the second line the word "eastern" Ontario, so that it reads "barriers to treat Ontario youth with substance abuse and addictions and commit in the 2008 budget the \$5 million per institution needed to create a residential 12-step drug treatment facility within each participating region to serve youth"—take out the "200," and take out "in eastern Ontario."

The Chair (Mr. Pat Hoy): Very good. If we could get that in writing from you—

Mr. Michael Prue: Sure.

Mr. Toby Barrett: My only concern is that they've identified a need for \$5 million for this Ottawa institution.

The Chair (Mr. Pat Hoy): Let's speak to the amendment as moved, then.

Mr. Toby Barrett: Oh, I'm sorry.

The Chair (Mr. Pat Hoy): Are people understanding the amendment?

Interjection.

The Chair (Mr. Pat Hoy): Very good. I've asked for it.

Mr. Michael Prue: And I'll do it as soon as I can, obviously. I'll do it over the lunch hour.

The Chair (Mr. Pat Hoy): Can we speak to the amendment in the interim? Okay; very good. Do you want to speak to the amendment now?

Mr. Toby Barrett: Once we read it, I guess, yes.

The Chair (Mr. Pat Hoy): The only other thing to do would be to take a recess while we get it printed.

Mr. Michael Prue: It's 5 to 12. Might I suggest that it be stood down and brought back, and we can deal with one more?

The Chair (Mr. Pat Hoy): No, we have to work at this—

Mr. Michael Prue: Then I would suggest, since it's 5 to 12, let's break. By the time I write it, it's going to be after 12 o'clock.

The Chair (Mr. Pat Hoy): Are we agreed to have the member write it and come back at 1—to recess now?

Mr. Toby Barrett: Motion to recess.

The Chair (Mr. Pat Hoy): Are we agreed? Agreed. We'll recess and we'll reconvene at 1 o'clock.

The committee recessed from 1155 to 1302.

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order.

We were discussing the motion on page 18, and Mr. Prue had moved an amendment. You should have that amendment at your desks now. Maybe I'd ask you to read it again in its totality.

Mr. Michael Prue: Okay. I'll read it again. The amendment reads:

The standing committee on finance and economic affairs recommends the Minister of Finance recognize the barriers to treat Ontario youth with substance abuse and addictions and commit in the 2008 budget the \$5 million per institution needed to create a residential 12-step drug treatment facility within each region to serve youth.

The Chair (Mr. Pat Hoy): So moved. Any comment to it?

Mr. Michael Prue: If I could, yes. As I was saying before, because we have some new members of the committee who have joined us, the original motion confined it to eastern Ontario. Although I have no doubt that eastern Ontario needs such a facility, so do people elsewhere in the province. This past week, I had a meeting of 15 parents from the GTA who came to my office to talk about a facility. One of them was from Oakville, who said they had met with MPP Flynn on this issue and that there was nowhere for their children to go. They were forced to go to Utah, to Virginia, to New Brunswick, and oftentimes they had to do so by spending their own money. Occasionally it was reimbursed after they jumped through many hoops; sometimes it was not. They all were of the opinion that we needed some residential facilities the children could be sent to in Ontario, that it was not fair that they were sent out of the country, or even out of the province. Hence, when the Conservatives put forward this motion, I felt obliged to speak to those issues of the people from the GTA as well as, and including those, from the Ottawa area. We do need many of these facilities, and it makes no sense to me to be spending money to send them to treatment facilities in the United States. It's obviously far more expensive to taxpayers than doing it here.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: I just need to know whether this motion as it now stands is the principal motion or simply an amendment, and how we will deal with the balance of it.

The Chair (Mr. Pat Hoy): We're speaking to the amendment.

Mr. Wayne Arthurs: Okay. Thank you.

The Chair (Mr. Pat Hoy): Mr. Arnott.

Mr. Ted Arnott: I just want to thank the member for bringing forward this constructive and friendly amendment. I'll be supporting it.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, this vote is on the amendment.

Mr. Michael Prue: Recorded vote.

Ayes

Arnott, Prue.

Nays

Aggelonitis, Arthurs, Flynn, Rinaldi.

The Chair (Mr. Pat Hoy): The motion is lost.

Now we are talking about the original motion; it's not amended. Any other comment?

Hearing none, all in favour? Opposed? The motion is lost.

Now we move to number 19, the official opposition motion.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends that the Minister of Finance include roads and highways in the new streamlined environmental assessment process to accelerate the mid-peninsula corridor process and see it completed within a defined and accelerated time frame.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Ted Arnott: This particular motion has come from our colleague in the Legislature Tim Hudak, the member for Niagara West—Glanbrook. This indicates his interest in this highway project. For my part, I strongly believe that we need to ensure that environmental assessments of road projects are thorough, but I also believe that in many cases they take far too long. Even when I make inquiries with the Ministry of the Environment with respect to the status of environmental assessment undertakings, I can't get answers. They won't even respond to basic inquiries about status.

I think it's important that we ensure that all government processes are reasonable and are concluded in a reasonable time frame. Mr. Hudak has indicated that the current environmental assessment on roads and highways can take up to two years. There is of course a new, streamlined EA process for transit projects that would have strict time limits. The mid-peninsula corridor highway development would bring substantial economic benefits to Niagara, Haldimand, Hamilton and the western GTA and, it is believed, would dramatically increase highway safety, improving the environment by reducing gridlock and helping to create a dynamic North American trade corridor.

The Chair (Mr. Pat Hoy): Mr. Prue.

Mr. Michael Prue: I have a question, first of all, of the mover. Is this related only to the new, streamlined process for transit? Because there's also a streamlined process for energy production. In that one, the municipalities themselves were frozen out of the process and could no longer hold environmental assessments or even comment on the environmental assessments before the Ontario Municipal Board. I need to be very clear on whether you are attempting to freeze out the municipalities in this motion.

Mr. Ted Arnott: Not at all. We would certainly invite the participation and discussion of municipalities. But I also think that having a defined time frame would assist in terms of certainty and ensure that the Ministry of the Environment got the job done within an expected time frame, similar to what they are expected to do with transit projects.

Mr. Michael Prue: Would the municipalities still have access to the Ontario Municipal Board following the Ministry of the Environment decision?

Mr. Ted Arnott: The motion doesn't make any reference to OMB hearings after the decision. I would assume that that would be the case if indeed this motion were passed by this committee and the government accepted the recommendation that the committee is putting forward.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Michael Prue: Yes. Having heard the explanation, I am a little leery—and I hope that the member is right—because it was quite contentious in my riding and in the Toronto area, following the government curtailing the rights of the municipality of Toronto to comment on the Portlands energy project. It took it right out of the city of Toronto; it took it right out of the Ontario Municipal Board. Once the decision was made, the citizens, all of the commenting agencies, the city of Toronto, the mayor and the councils were rendered useless; they couldn't do anything.

1310

I don't think that's where the member is heading with this. If it is, I would definitely not support it. But given his statement, that they would still be within the process and it would simply help to speed it up, I don't have any objections to it being speeded up. But certainly I would in no way support this if I thought it was going to take away anyone's rights to comment or oppose or the structure that is in place to ensure citizen involvement. So upon his explanation, I will support it, but should I find out later it's not true, I will become a vociferous critic.

The Chair (Mr. Pat Hoy): Any further comment? Hearing none, all in favour? Opposed? Lost.

Number 20, an NDP motion.

Mr. Michael Prue: "Real action on the environment": Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its 2008-09 budget,

(1) allocate funding for the development and implementation of an Ontario climate change plan in order that Ontario can reduce its greenhouse gas emissions to 6% below 1990 levels by 2012, as required under the Kyoto Protocol. Ontario must take immediate action to develop and implement a plan that—at a minimum—reduces greenhouse gas emissions in keeping with established Kyoto targets.

(2) establish Ontario climate bonds which will be available to the public and institutional investors and provide the bulk of capital required for low-interest loans to retrofit 600,000 single residences, 200,000 slab apartments (pre-1977 buildings) and 25% of existing commercial and institutional buildings over the next four years, resulting in a total greenhouse gas reduction of 4.8 megatonnes (CO₂e) by 2012.

The Chair (Mr. Pat Hoy): Mr. Prue, you said "200,000 slab apartments." Did you mean—

Mr. Michael Prue: Did I say that? Excuse me. I mean "2,000," as written.

The Chair (Mr. Pat Hoy): Comment, if any?

Mr. Michael Prue: It's a fairly simple motion. The government of Ontario, and the Liberals in particular,

have stood up for the Kyoto Protocol, and this has been discussed many times in the House. We think this budget is an opportune time to literally put your money where your mouth is. In order to make this happen, the low-interest loans established through the Ontario climate bonds would be the ideal mechanism. It would allow anyone who was interested in actually reducing our carbon footprint to come forward and put their money up. The climate bonds would then be used to assist people in their residences, workplaces, and commercial and institutional buildings to reduce the carbon footprint by making the necessary changes in terms of heating, in terms of insulation. In order to meet the Kyoto Protocol by 2012—which we, as a signatory nation, are required to do—here in Ontario we would have to reduce greenhouse gas emissions by 4.8 megatonnes of CO₂. This would be an ideal opportunity, at very little cost to the government, to institute such a plan and to put it back to citizens to see whether in fact they were willing to buy those bonds to effect that change.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Ted Arnott: I want to thank the member for bringing this forward. I think it's a very interesting idea, especially the idea of the Ontario climate bonds. If this is to be a meaningful exercise, as members of the standing committee on finance and economic affairs, this is exactly the kind of idea that should be reflected in our final report to the minister, at least offering suggestions and ideas of what might be considered in the budget. The idea of Ontario climate bonds is something that I think would be embraced in my riding by a lot of people who would be willing to invest some of their money, some of their hard-earned after-tax dollars, into a program like this. I personally would be prepared to encourage people to do so in my riding, and would hope that the government will see fit to allow this motion to pass.

In terms of the climate change plan, I recall being present when former Vice-President Al Gore came to the University of Toronto to give his An Inconvenient Truth speech. He was introduced with great fanfare by the Honourable David Peterson, the former Liberal Premier of Ontario. I also recall reading the Environmental Commissioner's report just before the election, which was entitled *Neglecting Our Obligations*. It was harshly critical of this government's unwillingness and inability to come forward with a climate change plan of any sort. So I think on that basis there is good reason to support this motion and I'll be voting in favour of it.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: I can tell you that, in my view, government has been acting on environmental initiatives on an ongoing and progressive basis: rebates for home energy audits, the empty container returnables, renewable energy resources, the largest solar project in North America, a number of ongoing heat and power co-generation projects that are under way. So I think there's a pretty aggressive conservation and demand management project in place as well at this point. I know we look forward to that continuing.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Michael Prue: Recorded vote.

Ayes

Arnott, Prue.

Nays

Aggelonitis, Arthurs, Flynn, Rinaldi, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost. Motion 21, from the official opposition.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends that the Minister of Finance include roads and highways in the new plans to streamline the EA process.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Ted Arnott: In support, I would add the following comments. The current environmental assessment process on roads and highways can take, on average, two years. Of course, as we talked about earlier, the current government is planning on streamlining the EA process on transit projects with strict timelines. Again, we would recommend that there be some strict timelines added to the process for determining whether or not roads and highways are going to be built, without compromising the basic integrity of the environmental assessment process.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: I'd just suggest that potentially the MTO or MOE might be a better direct avenue to get the voice of streamlining the EA. The current initiatives—quite right—on transit streamlining are on green projects primarily, and to establish within the capacity available, I guess, how effectively you can streamline the process to protect the environment, particularly for green projects.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 22, an official opposition motion.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends the Minister of Finance commit in the 2008 budget an initiative that would assist individuals living in mobile home parks, such as those living in Lynwood Gardens, to better meet the high costs for equipment and water testing due to unsafe drinking water from landlord-owned communal wells.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Ted Arnott: This was brought forward by one of my caucus colleagues. In support of this proposition, we are saying that the provincial government does not offer any assistance currently to Ontarians living in mobile home parks who do not have access to clean, drinkable water. Whereas there is a significant cost for mobile home park residents who cannot afford to pay the additional charges for water testing and infrastructure up-

grade, and whereas every Ontarian deserves clean, drinkable water, we would advocate for this motion.

I certainly know of a number of trailer parks in the riding of Wellington–Halton Hills that I was canvassing in the fall of 2007, and this came up at the door on numerous occasions. I would agree that there should be some provincial assistance to allow some of these parks to have the assurance of clean and safe drinking water that they otherwise cannot afford if they don't have provincial assistance.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 23, an official opposition motion.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends that the Minister of Finance extend the self-directed risk management program until such time as fruit and vegetable growers have access to affordable production insurance covering all of Ontario's fruit and vegetable crops.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Ted Arnott: Again, in terms of my service to the people of Wellington–Halton Hills, this issue has come up on a number of occasions from fruit and vegetable growers. We know that as a result of the increases in the minimum wage, the fruit and vegetable growers are facing a substantial increase in their labour costs, and I hear about that. Of course, we also are aware that the produce prices in the Canadian market have dropped 6.5%, while input costs continue to escalate. So the intent of this motion is to provide some assistance to those farmers so that they can continue to survive, and ensure that Ontario has the capacity to feed itself going forward.
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The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Page 24, official opposition motion.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends the Minister of Finance commit in the 2008 budget to form a Rural Heritage Protection Fund which would assist rural communities in designating and maintaining properties of significant provincial and national importance, such as Dickinson Square in Manotick, which is home to Sir John A. Macdonald's campaign headquarters, and the founder of Ottawa, Moss Kent Dickinson's, home.

The Chair (Mr. Pat Hoy): Comment?

Mr. Ted Arnott: Again, this is a motion that was recommended by my colleague Lisa MacLeod. I've had the opportunity to tour this particular heritage site and would concur with her that there needs to be some provincial assistance to enable the municipality to protect it going forward. There is a significant cost to rural communities who are attempting to maintain, preserve and protect historical sites in Ontario; we know that, and we know it's important that the province protect these places of historical value for future generations. Ontario is home to historical treasures such as Dickinson Square in Man-

otick, which is the site of Watson's Mill, one of the few remaining grist mills in Ontario; the home of Ottawa's first mayor, as I said before, Moss Kent Dickinson; and the campaign office of that great Canadian, Canada's first Prime Minister, Sir John A. Macdonald.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Michael Prue: I'm a huge fan of heritage, but I'm just wondering here, are the rural municipalities at any more of a financial difficulty than small towns and cities across Ontario? I know all of them are struggling to maintain heritage buildings, and in many, many places those heritage buildings are being torn down or are very much at risk. We can see that they're struggling to keep one of the blocks in downtown Hamilton. The city of Hamilton, which is probably the third-largest municipality in Ontario, for the Lister Block, does not have the financial wherewithal either. I'm just wondering if it is too prescriptive to just mention rural heritage. Should we not be talking about all of it?

Mr. Ted Arnott: I would argue in general that small rural municipalities have, by definition, a more restricted tax base upon which to embark on these sorts of programs. Certainly, I wouldn't suggest that cities and larger towns aren't experiencing the same sorts of situations and pressures. I would hope that when the provincial-municipal financial review is released, ultimately—the government says it's coming out in late spring—perhaps in some way it will touch on this issue. But I would still put forward the motion in the hope that government members might support it on behalf of Lisa MacLeod, my colleague.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: I think that Mr. Prue certainly has touched upon an important element, the protection of heritage buildings beyond the rural setting. There are challenges throughout the province in that regard. We obviously have to have some concern about the national interest in this and what level of participation they would have on the protection of some of these buildings. You picked the reference of Sir John A. Macdonald's campaign headquarters or whatever else it may be. I think there's a need for the federal government to engage as well.

If the member wanted to make a small adjustment to it, as Mr. Prue was maybe suggesting without putting specific words to it, and speak simply to a heritage protection fund and remove the word "rural" from it where it says "assist rural communities," I think some of the government caucus would see fit to support this particular motion; if it had a little broader appeal.

The Chair (Mr. Pat Hoy): Are you putting forward an amendment?

Mr. Wayne Arthurs: My suggestion is to the mover of the motion. It's their initiative, and the change we're suggesting might be supportable would be one that he would have to think about. I'm not leading the motion itself.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Michael Prue: If the government is not willing to put forward such an amendment, I certainly will, because I agree with the sentiments. I just want to make sure that it is more broadly defined than simply “rural communities.” We have 480 municipalities in Ontario, and most of them are not totally rural, and all of them are under these kinds of constraints, including big cities like Hamilton, Toronto and Ottawa.

I would move to delete the word “rural” where it exists, so that it reads, “to form a heritage protection fund which would assist communities in designating and maintaining properties of significant provincial and national importance.... ” I would leave in the examples, because I think they’re good examples. Literally, what we would do is drop the word “rural” and ask the government to set up such a fund.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Ted Arnott: I’m just going to add that this is how this committee is supposed to work.

The Chair (Mr. Pat Hoy): Any comment on the amendment? We don’t have this in writing, but it’s the removal of just one word, “rural.”

Mr. Michael Prue: It’s the deletion of two words, one in capitals and one without.

The Chair (Mr. Pat Hoy): It’s one word, but it appears twice. Is everyone clear on that?

Any other discussion on the amendment? All in favour? Carried.

Now, back to the motion as amended. Any other comment? Hearing no comment, all in favour? Carried.

Page 25, official opposition motion. Mr. Arnott.

Mr. Ted Arnott: The standing committee on finance and economic affairs recommends that the Minister of Finance join the federal government and commit funding, within total planned program spending, to fully partner in a transition program to allow growers to pull out non-profitable fruit trees and vines and create an action plan to ease into more profitable crops.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Ted Arnott: This is a motion that’s been brought forward by the member for Niagara West–Glanbrook. I know in his riding, in the Niagara region of the province, there is significant concern about the challenges that are being faced by Niagara farmers. Ontario’s juice, grape and tender fruit growers have been hit very hard by several processing plant closures. Hundreds of acres, I’m told, are currently left without markets, and 3,500 acres of valuable farmland have been impacted by the plant closures. I’m told that the federal government has granted \$22.3 million in funding to help Ontario’s beleaguered juice, grape and tender fruit growers with a transition program. This recommended motion would allow the provincial government, hopefully, if the finance minister agrees, to assist as well.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 26, official opposition motion. Mr. Arnott.

Mr. Ted Arnott: The standing committee on finance and economic affairs recommends that the Minister of Finance contribute 40% of the cost of the tobacco exit strategy program, as is the custom in federal-provincial agricultural programs.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Ted Arnott: In support of this motion, I wish to state that this has been brought forward by the member for Haldimand–Norfolk to support and stand with some of his constituents who are tobacco farmers, who are in dire straits economically, many of whom wish to exit the tobacco-growing industry, many of whom have invested their life’s work in tobacco-specific equipment and assets, carrying a significant debt burden. I have certainly met some of these farmers myself. Some of them would have taken the buyout program that was offered in 2005, but I’m told the money ran out, so there is a need for an extension to that particular program to allow these tobacco farmers to wind down their operations and exit the growing of tobacco.

1330

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: Although the government has been supportive of phase-out programs for tobacco farming, my belief is—and I stand to be corrected—that there are ongoing discussions with the federal government in relation to partnership-type programs. But as a government caucus, we’d be hesitant to try to commit the province by recommendation to a specific percentage of that when those discussions are ongoing between governments.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Page 27, the official opposition.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends that the Minister of Finance continue to provide financial assistance in the form of a quarterly payment program to cattle farmers, based on the number of animals marketed in the quarter and on market prices realized.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Ted Arnott: This is intended to support our beef industry in the province of Ontario, of course. I’m well acquainted with the view of the Ontario Cattlemen’s Association, which I’ve supported consistently in the past, that there is a need for provincial government assistance to help our beef farmers get through the crisis, which really started with BSE but more recently has been exacerbated by the high Canadian dollar and changes in demand in the United States as a result of that. We are in a situation right now where finished cattle pricing levels are so low that producers are currently losing up to \$300 per animal that they sell. Again, they continue to need the strong financial support of the provincial government to get through this crisis and ensure that they can survive so that we continue as a province to have the capacity to feed ourselves.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

An NDP motion on page 28.

Mr. Michael Prue: Relating to the First Nations: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its 2008-09 budget:

(1) stop underfunding First Nation police stations across northern Ontario and allocate the \$23 million required to bring all such police stations up to the standards of the Ontario building code;

(2) provide an initial \$2.5 million to hire, train and equip First Nations police officers on reserves across northern Ontario;

(3) allocate \$2.5 million to the First Nations Technical Institute (FNTI), and immediately initiate a review to ensure that FNTI receives the same annual funding per student as other post-secondary institutions in the province by September 2008.

The chiefs and the grand chief were in Toronto last week and met with government officials—I'm not sure which ones, but several of the ministers—to talk about the police stations in northern Ontario that are on First Nations lands. You will remember last year or the year before last that a man who was incarcerated was killed when the police station burned to the ground. Of course, he was behind locked doors and had no way of escaping. We cannot allow prisoners to be in such unsafe buildings. There was literally no way that he could save himself. It's not like escaping or jumping out your apartment's second-floor window; you can't get out. To lock people up in places like this that have mould, that are dangerous and that do not meet the fire code is totally irresponsible. They are asking for \$23 million, not to build luxury but just to bring those stations up to the fire code.

The \$2.5 million for training is required, and I don't think anyone would deny that.

I draw your attention to number 3. We had a number of deputations, including a very lengthy one with a great many attendees, in Kingston. Tim Thompson spoke on behalf of the group, but so did others, about giving our First Nations people the same opportunities as people who came later; that is, the rest of us. The government does not fund First Nations initiatives in such training in the same way as we do every other community college. The success rate of FNTI is phenomenal. The opportunity exists nowhere else for First Nations people, should they choose to remain on or near their place of residence. All that this First Nations Technical Institute is asking is that their institute of higher learning be treated in the same way we would every other technical institute, every other community college in the province of Ontario. If this government wants to treat its First Nations in a way that I think you do—and you have a new minister who is responsible only for that—this would be a very good indication, at not a huge amount of money. In total, we are looking here at some \$28 million to show the First Nations that they are valued citizens of the province of

Ontario, that we recognize their needs, we recognize that they should have the same privileges as the rest of Ontario, and particularly in the case of students, that they are not second-class students. So I'm asking for the government to support our First Nations and to ask the Minister of Finance to ensure that some \$28 million is put into the budget as the start of our good faith in dealing with them directly and in bringing the communities to the level or standard of the rest of Ontario.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Michael Prue: Recorded vote.

Ayes

Arnott, Barrett, Prue.

Nays

Aggelonitis, Arthurs, Rinaldi, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost. Motion 29, official opposition motion.

Mr. Toby Barrett: A PC motion titled "Caledonia": The standing committee on finance and economic affairs recommends that the Minister of Finance fully fund the promised compensation within planned program spending.

By way of discussion, if you own a home adjacent to Douglas Creek Estates, you would have a great deal of difficulty selling it. I know of one home that did sell at a much reduced price. You've been dealing now with two years of chaos and noise, harassment, trespassing.

I do know that one family came forward just a few days ago. They own a home on what's called Sixth Line. This is a Haldimand county road, a municipal road, a paved road. Because of the occupation and other things going on, they have no OPP protection at all. That makes it difficult to sell their house. For what it's worth, a picture of the house was in yesterday's Toronto Sun. The value of the house—they have dropped the price at least \$150,000. They're an elderly couple, the Rauscher family, who immigrated here from Germany. I just use this as an example. It's a beautiful home, there are two acres, flower gardens, very well maintained, but they wish to retire to the city of Hamilton, where there's public transit. They're planning for that but they cannot sell their property. It's an OPP no-go zone. As I understand it, what triggered this was that an OPP cruiser allegedly turned the wrong way and went down this Haldimand county road and was stopped by people who were supporting the occupation, which is across the road. The OPP were hauled out of the car, and the car was returned to the OPP later with human excrement in the back seat. These are the kinds of things that are going on in front of this particular home. By the same token, there is another home adjacent to the property. Their fire insurance was cancelled. They have no fire insurance. The company will not insure this house because of the location.

1340

I feel that compensation is in order not only in these two particular cases—and I've talked with the families many, many times. Other roads—Oneida, Sixth Line, Argyle Street, Thistlemoor, Braemar, Kinross, street after street after street adjacent to this 100-acre location, and all of these locations are not in the Six Nations community, for example. This is in Haldimand county.

This is real, and I've certainly communicated with a number of cabinet ministers over the last several years that this is the situation that we face. It's been two years. There does not seem to be any progress or resolution. As a result, all of the responsibility lies on the shoulders of the individuals in these subdivisions and on these Haldimand county roads. We have government for a reason, and they do need help from government.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour?

Mr. Ted Arnott: Recorded vote.

Ayes

Arnott, Barrett, Prue.

Nays

Aggelonitis, Arthurs, Rinaldi, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost. Page 30, an NDP motion.

Mr. Michael Prue: This is "Fair funding for our cities and property tax reform." Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that, in the 2008-09 budget, the government:

(1) In addition to uploading the full costs of ODSP, also commit to uploading the full costs of public health, land ambulance and court security for the 2008-09 fiscal year and the full costs of child care and social housing in the remaining years of its current four-year mandate. The government should also commit to honouring the original terms of the downloading agreement in terms of administrative costs.

(2) Reform the residential property tax assessment model so no residential properties are reassessed until the property is sold or the owner does more than \$40,000 in renovations.

(3) Implement all the Ombudsman's recommendations to reform MPAC.

By way of discussion, if I may, the government says it is committed to uploading the full costs of ODSP; at least it said so during the election. We expect to see that in this particular budget and not put off to later. We are also suggesting the full costs of public health, land ambulance and court security should be done this first year as well. We are mindful that this is a \$3.2-billion initiative and are simply asking that the remaining items, those of child care and social housing, be undertaken during the following years.

If ODSP, public health, land ambulance and court security are uploaded right away, that will cost the treasury some \$1 billion, but it is something that the government appears to be committed to, at least in the longer term. We are asking that it be made in the shorter term.

The second one is perhaps more controversial because the government has not indicated in any way where it is going to head when the freeze comes off the property taxes. We are suggesting that they ought to adopt a freeze-till-sale model so that people, especially older people, are allowed to remain in their homes. I had a woman whose son came to my office just on Friday and I had to make the very bad choice of telling her that she ought not to pay her house taxes. The \$400 was desperately needed for heat. The oil company was refusing to deliver. She's 81 years old. It was minus 20 with the wind chill factor that day, and she was huddled in there with a blanket. I told her not to pay her house taxes, which were due today, but instead to give the \$400 to the oil company, which would then deliver some heat. In the short term, we didn't need her to die. Her taxes are going up; they have gone up every year for the last number of years. She simply can no longer afford to remain in her house. She is one case, but that was the most recent one to come to me on Friday.

The last one is a very simple one. I cannot for the life of me understand why the government has not acted. The Ombudsman came down with 30 recommendations. MPAC was able to enact most of them immediately. The government said that it needed time to study two. Those two are still being studied. For the life of me, I don't understand why.

One of them would reverse the onus so that it would be up to MPAC to prove the value of a house and why it was increasing, and not up to the homeowner to argue that it was not. Certainly MPAC has the resources, the lawyers, the accountants, the software and everything else to back up their position without putting the homeowner at some considerable angst.

The second one is also very easy to understand and to implement, and that is that ordinary citizens would have the right to look at the program, to look at how it was arrived at. Right now, MPAC is claiming proprietary interests and doesn't want people to find out how they assess a house. This hardly seems fair. If they are going to use this knowledge that they have in a computer model, it behooves them to release that to the people who are being forced to pay the brunt of the tax increase.

These are just three recommendations we are making to the government: the one which you're already committed to, but we're asking you to do in this upcoming tax year; the second one is to ensure that the new plan, whatever it is, freezes until time of sale so that people, particularly older people, those on pensions, don't lose their homes; the third one is to implement what the Ombudsman told you to do two years ago and to quit stalling. You've had time enough to study it; do it.

The Chair (Mr. Pat Hoy): Comment?

Mr. Wayne Arthurs: I don't believe that government caucus members will be able to support the recommendation. We have committed to uploading ODSP and ODB costs. It will, when fully implemented, be a cost in about the \$935-million annual range. Our savings to municipalities will be taken on by the province at that point in time.

We have moved on to public health and land ambulance costs during the last mandate within the commitments we made at that point in time. We are moving this year on the 2008 reassessment for a four-year phase-in of any increase, and an immediate full decrease, if there is a decrease. Again, those were platform initiatives, or prior to the platform that we ran on, and we are committed to those.

The Chair (Mr. Pat Hoy): Mr. Arnott.

Mr. Ted Arnott: I just want to ask Mr. Prue what the total cost of this particular motion would be, if he knows.

Mr. Michael Prue: The total cost to the government? The costs are all in the first item. It would be about \$1 billion in this tax year to upload those four costs. The government is committed to uploading one cost, which is \$935 million, so I anticipate about another \$65 million to include court security and the remaining costs of land ambulance and public health. They have already uploaded some of it; we're suggesting all of it. It is a manageable number. There are no costs for the residential properties; it is revenue-neutral to the municipality. I'm sure a former mayor across there knows that.

The last one is just a matter of fairness. There is no cost to the treasury, although it is up to the Minister of Finance to set the law and contain within the financial act the provision of reversing the onus and of the release of the proprietary information. So no cost.

The Chair (Mr. Pat Hoy): Mr. Arnott.

Mr. Ted Arnott: Just so I have it clear, you're suggesting an additional \$65-million expenditure—

Mr. Michael Prue: And that it be done this year, as opposed to being phased in, yes.

The Chair (Mr. Pat Hoy): Any other comment?

Hearing none, all in favour?

Mr. Michael Prue: A recorded vote, please.

Ayes

Arnott, Barrett, Prue.

Nays

Aggelonitis, Arthurs, Rinaldi, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Official opposition motion 31, Mr. Barrett.

Mr. Toby Barrett: The title of the PC motion is "Property tax assessment."

I move that the standing committee on finance and economic affairs recommends that the Minister of Finance cap property assessments at 5% per year, as long

as home ownership is maintained or transferred to a spouse.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Toby Barrett: One rationale is that we have seen assessment increases of over 20%. In fact, there are 400,000 properties that have been listed at that kind of an increase in 2005.

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With respect to this three-year freeze in property assessments, we're going to have this cumulative impact where homeowners, property owners, will be hit by an accumulation of three years of property assessments in one year. I think we can speculate there'll be a wide range of assessment increases. This is something that we also put forward in our election platform.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Michael Prue: I don't think that this is as good as freezing the assessment, but I am going to support it because it's better than nothing. I don't know what to expect from the government. They have been very close-lipped on this. If we don't attempt to lessen the tax burden on our most vulnerable citizens, i.e., those on fixed incomes, pensioners and the aged, many, many of them risk losing their homes. It's far better to put a cap of 5% than to do nothing at all, although I am still of the mind that house prices should be frozen between times of sale.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? The motion is lost.

Official opposition motion on page 32. Mr. Arnott.

Mr. Ted Arnott: The standing committee on finance and economic affairs recommends that the Minister of Finance, within total planned program spending, establish a capital fund to support infrastructure needs in small greenbelt communities.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Ted Arnott: Again, this is a motion that has been brought forward by the member for Niagara West-Glanbrook. It is indicating that a number of greenbelt communities have had their growth frozen by the greenbelt legislation and many of these communities, including Grimsby, Lincoln, Pelham and Niagara-on-the-Lake, have had their provincial grants simultaneously reduced by the McGuinty government's Ontario municipal partnership fund. This motion, if accepted by the government and in turn by the Minister of Finance, would assist those communities with their infrastructure needs.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: I just want to reinforce that in the fall economic statement there was some \$300 million set aside for municipal infrastructure renewal. That was topped up recently with a further \$150 million. It's available to all communities in Ontario, not just small communities within the greenbelt. Among our government motions earlier, we spoke about the need to support municipalities in infrastructure and transit and the like. So, clearly, government caucus is in support of supporting municipalities throughout Ontario but can't sup-

port a motion that speaks only to small communities within a greenbelt, within a defined geography.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Ted Arnott: On the contrary, the fall economic statement actually committed some \$900 million for municipal funding for infrastructure, not \$300 million. I'll quote the minister: "Every community has infrastructure priorities, and we want to get those projects started now. The Ministers of Public Infrastructure Renewal, Transportation, and Municipal Affairs and Housing will be providing details on how our municipal partners will soon be able to access \$900 million in funding."

Having heard that in the Legislature in the fall, before Christmas, I was quite surprised to learn that my municipalities and all the rural municipalities in the province of Ontario were told that there was a \$300-million infrastructure fund that they could access if they applied before February 15, which is a third of the money that was actually announced in the economic statement. I was quite surprised, then, to see the Premier, at the ROMA-Good Roads convention, stand up and announce a \$150-million enhancement, which still only brings us up to about half of what they'd announced in their fall economic statement. I suspect there's a bit of a shell game going on to try to manipulate expectations and give the Premier an opportunity to announce something that was perceived as good news at the ROMA-Good Roads convention.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 33 is an NDP motion. Mr. Prue.

Mr. Michael Prue: Be it further resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government allocate sufficient funds in its FY 2008-09 budget to put in place:

—12,000 new rent supplements at \$4,450 per unit. This would cost \$53.4 million;

—7,000 units of affordable, rent-geared-to-income housing at \$50,000 a unit, for a cost of \$350 million;

—a rehabilitation fund for the repair of downloaded municipal housing starting at \$100 million per year in 2008-09 and increasing to \$200 million per year in subsequent years.

If I may, by way of explanation, this is simply asking the government to do what you said you would do not only in the last election but in the one before that: to give rent supplements. There have been some given, but it is not nearly enough to cover those who are requesting the supplement. They average approximately \$4,450 per unit. There are many vacancies in the province and people on waiting lists that need to be housed in adequate housing. This is a short-term solution only and would cost some \$53 million. Tens of thousands of families would be able to move around the waiting list if this was done.

The second is the building of 7,000 units of affordable, rent-geared-to-income housing, which was promised by you in the last two elections. We are simply

asking that you do it at a cost of \$50,000 per unit. This would cost some \$350 million, which is about what the federal government gave to the province, which was never spent to do that. We're asking you to spend it.

Last but not least is the rehabilitation fund for the downloaded municipal housing. The motion has been defeated that you upload that within your mandate, so I'm not sure whether you ever intend to do that, but if you are going to leave it with the municipalities, they are in dire, dire straights. If you've ever had an opportunity to go to Jane-Finch or to Regent Park—that portion which has not been torn down—or to Don Mount or to any of the hundred Toronto housing projects that were downloaded by the previous Mike Harris government, you will see the very sad state of repairs: the mould, the leaking, the mildew, the cockroaches, the mice, the substandard and broken cupboards and closets and torn-up floors and everything else that people are forced to live with because they have no option. The city of Toronto estimates that some \$300 million worth of repairs are needed in Toronto alone, but certainly every municipality of any size across Ontario with public housing has the same problems.

We are simply asking that if it's not going to be uploaded, the province do the decent and honourable thing and give some money to the municipalities, which were handed a housing portfolio in a complete mess. By way of this motion, we are asking that the Minister of Finance commit \$100 million in this year's budget and subsequently \$200 million to bring those houses which the province wants owned and has downloaded into a state of good repair so that people are not living in hovels.

The Chair (Mr. Pat Hoy): Mr. Prue, on your first point, you either said or wanted to say, "\$4,450 per unit"?

Mr. Michael Prue: What did I say?

The Chair (Mr. Pat Hoy): If you just say "yes," it will be correct.

Mr. Michael Prue: Yes, it is \$4,450, as written.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Ted Arnott: I understand the intent of the member's motion and I certainly recall serving here when the New Democrats were in power. With the affordable housing program that they were pursuing at that time, my recollection is that they weren't building housing for \$50,000 a unit; it was far in excess of that. I'm just wondering where that number is coming from and whether or not it would be possible to build 7,000 units of affordable housing at \$50,000 per unit. I would suggest that might be grossly understating what the true cost would be.

Mr. Michael Prue: We're not building the units. There are many co-ops and other groups, church groups and things, that want to build housing. What we're saying is that the government would, in effect, subsidize those to the tune of \$50,000 to allow co-ops, church groups and others that are interested in building affordable housing to get into the game. It is not possible to build housing on

this scale, and for the needs and for the wherewithal of people to afford to pay the rent, at the elevated cost of housing these days. With a \$50,000 infusion per unit, the government can assist co-ops, churches and the like to build the affordable housing that we know is needed.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour?

1400

Mr. Michael Prue: Recorded vote.

Ayes

Prue.

Nays

Aggelonitis, Arthurs, Flynn, Rinaldi, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 34, from the official opposition.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends the Minister of Finance, within total planned program spending, commit in the 2008 budget that the construction of new municipal bridges, such as the proposed Strandherd-Armstrong bridge in the city of Ottawa, receive at least one third construction funding from the provincial government.

The Chair (Mr. Pat Hoy): Comment?

Mr. Ted Arnott: This is a motion that was recommended to us by our colleague Lisa MacLeod, and it stands up for an important issue in her riding. The fast-growing community of Barrhaven and Riverside South is in need of infrastructure improvements, I'm told, for new roads and bridges. The federal government and the city of Ottawa have apparently committed funding to build the Strandherd-Armstrong bridge. The city of Ottawa is apparently asking for all three levels of government to commit to assist in the funding of this \$105-million project. This project, if built, would link two communities that are very close but are separated by the Rideau river. Of course, we know that growth—that other rural communities throughout Ontario are in dire need of provincial funding assistance to support new bridges and roads.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: Part of our motions were to enhance infrastructure spending in the province of Ontario. As we know, we have, through the municipal infrastructure priorities program, \$300 million, and I know that the member opposite referenced another number, some \$900 million, but that's a more composite number that includes some very significant and broad-ranging transit initiatives as well. This was the application-based process that I was speaking of in an earlier motion on the greenbelt. We believe that the municipalities are best placed as our partners when there are dollars available to establish their priorities and establish the level of funding required and their participation in that, and thus we can't

support a prescriptive motion for bridges at one third—or at least one third—construction funding.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Ted Arnott: I do have another number. Again, it's on page 3 of last fall's economic statement, where the minister commits to \$900 million for municipal partners in terms of funding infrastructure. This is clearly stated in the economic statement.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? Opposed? The motion is lost.

Page 35, official opposition motion.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends that the Minister of Finance provide an ongoing funding arrangement to municipalities for roads, bridges and other infrastructure projects, providing long-term predictability and merit-based funding.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Ted Arnott: Having just spent a lot of time at the ROMA-Good Roads convention, I'm aware that there are incredible needs across Ontario, particularly amongst small and rural communities, for provincial financial assistance for basic infrastructure projects that are needed now. I think that while the government has, I would acknowledge, announced support for infrastructure in the most recent fall economic statement that the Treasurer read in the House before we rose at Christmas, there continues to be greater need demonstrated by the municipalities than the provincial government so far has allocated financial assistance for, without question. With the COMRIF model that we saw in the last three or four years, there were a number of municipalities that applied to all three rounds of COMRIF and came away without a nickel of provincial assistance.

I would suggest that what the provincial government needs to do is to take a good, hard look at how the federal government is sharing the federal gas tax with municipalities, so as to ensure that municipalities, large and small, have a predictable and constant stream of funding for their basic infrastructure needs, like roads and bridges. As we know, the provincial government shares a small portion of the sales tax that it collects on gasoline only with large cities that have transit systems, which discriminates and excludes rural communities like most of the communities in my riding. So I think there is a need for predictable and ongoing funding that municipalities can count on so that they can make their plans with respect to their infrastructure needs. I would certainly respectfully submit that this motion is a positive one that the government members should support.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? Opposed? The motion is lost.

Page 36 from the official opposition.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends the Minister of Finance commit in the 2008 budget a funding program for mobile home park tenants who are displaced from their affordable housing due to private sale by the

landlord in order to assist those on a fixed income in relocating.

The Chair (Mr. Pat Hoy): Comment?

Mr. Ted Arnott: Again, this motion and this issue comes from one of my caucus colleagues. In support of it, I would add the following: I believe that many mobile home communities currently are a source of affordable housing for those on a fixed income. Many residents in mobile home communities are seniors and young families who face the prospect of mass displacement if the land is sold. There is a staggering cost for moving a mobile home of between \$10,000 and \$15,000. This idea would give assistance to those people who are in that situation. I hope that government members will consider supporting it as well.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? Opposed? The motion is lost.

Page 37, an NDP motion.

Mr. Michael Prue: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government in its 2008-09 budget:

—restore the local priorities grant and funding the way the Education Equality Task Force recommended—at a rate of \$200 per student. This would cost \$400 million;

—implement an annual public review of the funding formula—led by an all-party standing committee on education;

—adequately fund social workers, youth attendance community workers and in-school support workers as identified in the Falconer report.

By way of discussion, the local priorities grant was taken away by the previous government, but most school boards are asking that some form of it be reintroduced at \$200 per member. In some locations, it would be used to keep swimming pools open; in other locations, it would be used for busing or for janitors or for workers or for English as a second language or for aboriginal students. We'll leave that to the school board. The one-size-fits-all is fraying at the edges. Although all the students have to follow the core curriculum and all of them should have the same access, there are different needs in different communities that are not being met but could easily be met with the \$200-per-student local priority grant which the Education Equality Task Force itself recommended.

The second thing we are recommending is the annual public review of the funding formula. This will cost the government nothing. It will be an all-party committee that will look at the funding formula and update it year to year. It has been static for too long. The changes that have been made have been too minor since it was instituted by the previous government. We need to act more quickly on it.

The third one will cost some money, although it has not been costed out. The Falconer report is fairly recent. It came down with suggesting how we can help the inner-city schools particularly, but it is relevant across Ontario that schools should have adequate social workers, youth attendance community workers and in-school support

workers so that the school system works better. Had such a thing happened, some of the young students who have been killed, including the one who was killed in Toronto, may not have died. I think the Falconer report points out the weaknesses. We are simply asking that the monies be set aside, whatever that is—and it would be in the millions of dollars for sure—to hire these necessary workers to make our schools work better. I ask for your support.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour?

Mr. Michael Prue: Recorded vote, please.

Ayes

Prue.

Nays

Aggelonitis, Arthurs, Flynn, Rinaldi, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost. Page 38.

1410

Mr. Michael Prue: “Post-secondary tuition freeze”: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its 2008-09 budget:

(1) Freeze all regulated and deregulated college and university programs as well as ensure that funding is sufficient to compensate for the tuition freeze. It would cost approximately \$250 million to support a freeze on all college and universities programs.

(2) Allocate \$50 million to replace tuition-related ancillary fees charged by colleges and universities.

I think that speaks for itself. The government in its last mandate froze fees but then allowed them to rise much faster than the cost of living—frozen the first two years. What we are suggesting is that it needs to be frozen again and that compensation or the monies needed to maintain those levels be done. The fees charged in Ontario are among the highest, if not the highest, in Canada, and student debt is rising exponentially.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: I don't believe that government caucus members can support the motion. Certainly we haven't been in a position of supporting freezes on tuition. The Reaching Higher plan clearly commits \$6.2 billion in additional funding over an extended period of time. More importantly, we want to ensure that there are professors and equipment and improved student services, and part of that comes with that cost sharing on a going-forward basis between students and their families and the broad tax base.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? Opposed? The motion is lost.

Motion 39, from the official opposition.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends that the

Minister of Finance and the Ontario government move immediately to install the most advanced clean coal technologies on Ontario's four coal plants and take meaningful, achievable action to improve air quality in Ontario. Further, the official opposition recommends that a study should be undertaken on the suitability of the province's four coal plants for carbon sequestration, and if found to be feasible, these technologies should be pursued in earnest.

As we know, in the 2003 election campaign the Liberal Party of Ontario and their leader, Dalton McGuinty, promised to close the coal-fired generating plants within four years, by 2007, and since that time have broken the promise on a number of occasions. The promise was made irresponsibly, without a plan for adequate supply of affordable and reliable electricity to replace it, and insufficient action has been taken by the government since that time to improve the quality of air that Ontarians breathe by accepting and installing readily available technologies to clean up the emissions from these coal plants.

It's my understanding that the government now has 2014 as the new target date for the coal shutdown, but because of the anticipated demand for electricity that we're aware of, there is very strong doubt as to whether that date would be achievable. In the meantime, I think it's important that we do what we can to ensure that the quality of air that Ontario residents breathe is cleaned up. Given the fact that we know coal-fired generation is here at least until 2014, unless we hear otherwise from the government, I think it's reasonable and prudent to install these clean coal technologies.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: This particular motion would certainly run contrary to the position of the government, and I would suspect that the government caucus members would have great difficulty in supporting it.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? Opposed? The motion is lost.

Motion 40, from the NDP.

Mr. Michael Prue: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the 2008-09 budget:

- honour the promises made in the Liberal 2003 election platform to invest \$300 million in new provincial money to expand Ontario's regulated, non-profit child care system and, in addition, take full financial responsibility for the costs to municipalities that have resulted from the implementation of the subsidy formula, including costs to clear the waiting lists created by the subsidy formula that are preventing families from obtaining the child care they need at a rate they can afford;

- provide no public funding to new, for-profit daycare corporations and no public funding for the expansion of private centres. This would be effective April 1, 2008;

- authorize funding for appropriate and timely treatment options and early intervention programs through

existing agencies to clear the waiting list for children with autism and other special needs, which will save money in future avoided costs;

- establish regular annual increases in the funding for children's mental health treatment to compensate for funding lost over a funding freeze in the sector from 1995 to 2005.

By way of argument, we are asking the government to live up to the commitments they made in 2003 and to invest \$300 million of your own money—and I want to underline that: of your own money, not of monies transferred from the federal government—to establish non-profit child care spaces in Ontario. There have been virtually no new spaces provided with your money in the last four years. There have been spaces provided using federal monies, but that is not what you promised in 2003, and we are asking that this budget remedy that and put \$300 million into the system to get it back on track.

We are also asking that you draw a very clear line in the sand for not-for-profit daycare corporations. We have read in the paper as recently as today about ABC-123 coming out of Australia, attempting to buy up daycare operations in Ontario and turn them into for-profit centres. This is not where the public wants to go, nor do we think that you should allow it. We are asking, moving effectively and rapidly for April 1, that it be disallowed.

We are also suggesting the increases for children's mental health. By all means, I want to stress the appropriate and timely treatment options and early intervention programs to clear the waiting lists for children with autism. Those lists continue to grow in spite of the monies that are being spent, and there are many, many families with children who are being forced out of the treatment centres and into the schools, contrary to the best advice they are getting from physicians and autism experts. We think that much more needs to be done. If that money is spent early, it will not have to be spent later. If autism is not treated and if the children are not brought to their full potential, you can rest assured that for many of them, an institution for the balance of their lives is likely the only outcome. That is not where the government should be spending the money.

Having said that, I ask again for your support.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 41 is also from the NDP. Mr. Prue.

Mr. Michael Prue: This is related to public transit.

Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that (1) the government introduce the funding of 50% of operating expenses of public transit in its FY 2008-09 budget, and (2) the government table the timetable for the funding of all Transit City LRT lines and commit sufficient funds for the 2008-09 fiscal year to begin construction on the priority lines.

By way of discussion, the funding for operating expenses was 50% until 1995 or shortly thereafter, at which time it was reduced to nothing. Toronto, Ottawa and Hamilton, I think, are the only major municipalities in the

world that do not have part of their operating budgets paid by a senior level of government. As such, the cost to ride the TTC, OC Transpo or the Hamilton bus service is much, much higher than comparable cities and towns in Europe, in Africa, in Asia, in the United States. We are asking that the government get back into the operating expenses and get back into the subsidies as a first step in ensuring that transit is made a priority.

The second step is to look at the timetable for funding all Transit City LRT lines. We know that those lines may be expensive and the funding may take place over a number of years, but if there is sufficient funding in this year's budget to begin the construction on the priority lines, it would be very much appreciated. They need to be built in order to reduce gridlock, get people out of their cars, save the environment and any number of things. If the government is intent on doing anything for municipalities this year, I would suggest that this is a priority, to put sufficient funds to do the studies, to amass the land, to get ready and to begin the building. I would again ask for your support and a recorded vote.

1420

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: I suspect that members of the government caucus may have difficulty in supporting a motion that would effectively see an upload of 50% of the operating costs of public transit in the province of Ontario, again not shared equally among all municipalities, which I'm sure the opposition would point out in other motions in respect to gas funding, but to take on that quantum of a direct responsibility. During our time, I think we've increased funding to public transit by about \$145 million. We've introduced the two-cents-a-litre gas tax. We're pleased to see the federal government has followed along to some extent in that regard, although ours is on a per litre basis, as opposed to a capped amount. We were speaking earlier about the FES, the fall economic statement, and there are significant dollars there; about \$600 million going into transit from the province in support of transit systems, albeit not in their day-to-day operating costs.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, a recorded vote was requested.

Ayes

Prue.

Nays

Aggelonitis, Arthurs, Flynn, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 42, from the official opposition.

Mr. Ted Arnott: I move that the standing committee on finance and economic affairs recommends that an adequate student transportation funding model, taking into account geographic factors and students with special needs, be developed as soon as possible.

This committee heard from school bus operators in southern Ontario as well as northern Ontario during the course of the two weeks of hearings that we had in the new year, and I was quite supportive and certainly made a statement that, for my part, I would do whatever I could to try and get this issue addressed. This problem with respect to school transportation funding has been kicking around for quite a number of years. Right now, some boards are receiving more than they actually spend on transportation. Others are having to try to find money in other aspects of their operation to ensure that they have a reasonable standard of school bus service for students. Certainly in my riding a number of school boards are struggling with this issue and would want to see a more equitable and fair funding formula for student transportation moved on by the government.

I would hope that the government will in fact take some steps to address this, and I hope that government members will support it. I see some indications of support over there. I hope there will be some support from government members with respect to this motion so that we can recommend this to the Minister of Finance, and hopefully he will deal with it in his upcoming budget.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: This issue is not the first time we've heard of it during this set of standing committee hearings. In my limited time it's been at least twice, if not three times, in which we've had a number of operators making requests of this nature. An interesting part of the process for me is that often it's not necessarily in the year we first hear it that a committee gets to address it in some fashion through a budgetary process or that a minister gets to address it. Often it's kind of a rolling set of agendas until you find the right ones or right time. As one member of the caucus, I feel pleased to support, at the presentations to us on student transportation, on the work being done by drivers, on the responsibilities they have for our young people on a day-to-day basis, on the need to renew the fleet and on the cost of their operation. It makes sense for us to be recommending to the minister that we find an effective means, an effective model, for funding student transportation, given the charge that those organizations have for young people in Ontario.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Ted Arnott: Does that mean that the government is going to support the motion?

Mr. Wayne Arthurs: Do you want to ask for a recorded vote? I will. How's that?

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: Recorded vote, Chair.

Ayes

Aggelonitis, Arnott, Arthurs, Barrett, Flynn, Prue, Sousa.

The Chair (Mr. Pat Hoy): The motion is carried.

Page 43, from the official opposition.

Mr. Toby Barrett: On page 43, a PC motion entitled "Tourism": The standing committee on finance and economic affairs recommends that the Minister of Finance designate significant new funding as part of a comprehensive plan to strengthen the tourism industry in the short and medium terms, focusing on an effective marketing strategy.

We know there has been a dramatic decline in the number of American visitors, primarily tourists, coming to enjoy events and what have you. Fewer tourists from the United States translates into lost economic opportunities and fewer jobs. We do know since 9/11 there has been a thickening of the border; in fact, Mr. Prue knows a little bit about this as well, with delays, forms to fill out, red tape. You need only talk to the trucking industry to get the picture on that one. Security is obviously very important, and very important for the United States post 9/11, but within North America we have to do everything we can, both federally and provincially, to enhance trade and, in this case, tourism. The cost of the passport that is proposed can be a barrier for many people in the United States; 70% of the people in the United States do not have passports. In Ontario, we have not gone forward to the extent that British Columbia has, for example, in developing an enhanced driver's licence. The state of Washington has an enhanced driver's licence, but I would expect virtually all other states do not have an enhanced driver's licence, so another option is the more expensive passport. But in the interim, until we get something in order like an enhanced driver's licence, we do have to assist our tourism industry in the short run.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Wayne Arthurs: I just want to note that in the fall economic statement, when the fiscal capacity was there, an additional \$30 million was provided to Tourism to expand their promotion and marketing campaigns, which is important. It also effectively allowed for more than double funding for festivals and the like. Having said all that, I think that from a government caucus perspective, our priorities remain on some of the other motions that have already been passed, particularly around the infrastructure and municipal needs. For us, I think, this wouldn't be one that we'd necessarily want to recommend, although the minister and the finance minister will duke it out within the context of his own request.

The Chair (Mr. Pat Hoy): Further comment?

Mr. Ted Arnott: There's no doubt in my mind that the biggest challenge we're facing in tourism today is how we bring the American tourists back to Ontario. For some considerable period of time, I would argue, the current government had written off the American tourist market and had given up on the efforts that they had pursued in the past, perhaps, to try and bring Americans across the border. For some considerable time, the former Minister of Tourism, now the Minister of Transportation, was advocating an upgraded driver's licence idea as a means of addressing the looming passport requirement that has been brought forward by the US Department of

Homeland Security. There have been a number of extensions to the application of the passport requirement, but in recent months the now Minister of Transportation has been patting himself on the back to some degree because there has been an acceptance by the American government of the upgraded driver's licence.

The problem with this is that what we need in Ontario tourism is to ensure that American tourists can come here and get back home again without a hassle, and the upgraded Ontario driver's licence in no way helps the American tourist get home again after he or she has visited here. They will still need the passport eventually. So what we need to do now, I would suggest, is to work with the adjacent US states that are close to Canada to try to get them on board with this idea, because if we don't, the only positive effect the upgraded Ontario driver's licence will have is to enable Ontarians to cross-border shop more easily, because they'll have no problem getting across to the United States and no problem getting home. The problem we face once again is the American tourist having trouble getting back into the United States after having visited here.

1430

It has to be clearly understood that there are limitations to the positive impact of the upgraded drivers' licences in Ontario, unless we have a number of US states, our counterparts, that do the same thing and upgrade their drivers' licences to the point where it's acceptable for the US Department of Homeland Security in lieu of a passport.

I wanted to put that on the record, but at the same time would encourage the government members to support this as a way—I know each of the MPPs who are on this committee, including the government members, have significant tourism attractions in their ridings that they would want people to come to, and I would suggest to you that if more isn't done with respect to supporting our tourism industry in the next couple of years, the tourism operators in your constituencies are going to continue to face tough times, especially with respect to the decline in American visitors.

Mr. Michael Prue: A number of us had the opportunity this past weekend to be in Detroit. I don't want anyone to think it was a junket. The Council of State Governments—state and provincial governments—the CSG, met in Detroit to talk about cross-border issues. Of particular importance, not so much in terms of finding alternative documents to the passport, which took a lot of discussion, were some of the statistics that were rhymed off and some of the polling that was done by the Detroit chamber of commerce about the anticipation of American tourists coming to Ontario, coming to Canada as a place to vacation, as a place to do business or to visit with relatives, and the anticipation of what many of them thought they were going to do. The numbers of Americans planning to visit Ontario and Canada is declining rapidly. Some of the talk was about the need eventually of having a passport. Some of it was about our dollar being roughly at par with their own, whereas it wasn't the cheap vaca-

tion any more. Some of it was just the hassles of crossing back and forth over the bridge that might take three to four hours, so it made no sense to come over either way, to go for dinner—people would often go to dinner in Windsor from Detroit. They don't do it anymore and vice versa. The statistics were quite chilling.

I think we ought not to be preoccupied with whether there's going to be an enhanced driver's licence versus a passport. What we need to do is better market Ontario. In my travels around this province and adjacent American states, I don't think we're doing the kind of job that we should. Today, Lonely Planet came out with the 10 best places to visit in the world for Americans. It was no surprise they listed the United States as number one because it's very convenient for Americans, but Canada was in the top five. It described us as friendly, which everybody would know; safe, which everyone would know; huge vistas; enormous opportunity; cultural attractions—everything that people could want. We need to remarket that. I am looking forward not so much to \$30 million for NEXUS or some other government program to establish drivers' licences, which may or may not be accepted by the federal government of the United States, but to start aggressively marketing Ontario as a destination.

Every night I turn on the TV when I'm at home and I see wonderful advertisements for Newfoundland. You've probably all seen them. It makes me really want to go to Newfoundland again—you know, the colours, the whale jumping out; showtimes vary, they say. They are aggressively marketing that wonderful province, and I don't see why we're not aggressively marketing ours. We have attractions galore, multicultural events in the city, fishing in northern Ontario—the list goes on and on. I don't

think, quite frankly, we are doing the kind of job that other provinces, particularly Quebec, British Columbia and Newfoundland, are doing. We need to do it if we want to bring those American tourists back, notwithstanding the difficulties with the passports and notwithstanding the high dollar. If they don't know about us, they won't come.

I support this motion in terms of getting back to marketing us in a way that we should be. Lonely Planet says we're in the top five, but we're not doing enough to be there.

The Chair (Mr. Pat Hoy): Further comment? Hearing none, all in favour? Opposed? The motion is lost. That concludes the motions before us.

Shall the report, including recommendations, carry? Carried.

Shall the Minister of Finance receive a copy of the final report with dissenting opinions prior to tabling in the House? All in favour? Agreed.

Who will sign off on the final copy of the draft? The Chair? Agreed.

Shall the report be translated? Agreed.

Shall the report be printed? Agreed.

Shall the Chair present the report to the House and move the adoption of its recommendations? Agreed.

Just for the committee, to recall for the benefit of the members, a dissenting report will have to be submitted to the clerk of the committee by Wednesday, March 5, 2008, at 4 p.m.

I want to thank everyone who helped out—staff, translation, Hansard etc.—on our committee work over this time to prepare this report. We are adjourned.

The committee adjourned at 1436.

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