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of Debates
(Hansard)**

**Journal
des débats
(Hansard)**

Tuesday 21 November 2000

Mardi 21 novembre 2000

Speaker
Honourable Gary Carr

Président
L'honorable Gary Carr

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LEGISLATIVE ASSEMBLY
OF ONTARIO

Tuesday 21 November 2000

ASSEMBLÉE LÉGISLATIVE
DE L'ONTARIO

Mardi 21 novembre 2000

The House met at 1845.

ORDERS OF THE DAY

CONTINUED PROTECTION FOR
PROPERTY TAXPAYERS ACT, 2000

LOI DE 2000 POURSUIVANT
LES MESURES DE PROTECTION
DES CONTRIBUABLES FONCIERS

Resuming the debate adjourned on November 20, 2000, on the motion for second reading of Bill 140, An Act to amend the Assessment Act, Municipal Act and other Acts with respect to property taxes / *Projet de loi 140, Loi modifiant la Loi sur l'évaluation foncière, la Loi sur les municipalités et d'autres lois à l'égard de l'impôt foncier.*

The Acting Speaker (Mr Tony Martin): The member for Willowdale had the floor. He said he was dividing his time with Mr Dunlop and Mr Coburn. Neither of them is here, so we're going to move on to the official opposition—

Hon Chris Stockwell (Minister of Labour): On a point of order, Mr Speaker: Apparently, if he didn't mention Mr Tascona, it was an oversight. Could we seek unanimous consent to go to Mr Tascona?

The Acting Speaker: Do we have unanimous consent? OK.

Mr Joseph N. Tascona (Barrie-Simcoe-Bradford): I'm certainly pleased to be able to speak on Bill 140, the Continued Protection for Property Taxpayers Act.

This government had the courage to reform the property tax system, a system that was grossly out of date and, as a result, extremely unfair. Many taxpayers in similar situations were paying very different property taxes and facing whopping increases. In 1998, Bill 79 implemented measures to protect businesses in Ontario from large property tax increases, giving municipalities the tools necessary to implement tax reform in a fair and manageable way, limiting reform-related increases through 10%, 5% and 5% caps until the end of the year 2000.

The government has made a commitment to maintain its limits on reform-related business property tax increases beyond 2000, until tax fairness is fully achieved. Legislation has been introduced and, if passed by the Legislature, will implement the commitment to continue limits on reform-related tax increases and enable muni-

cipalities to use a range of tools to achieve the limits on tax increases.

The proposed legislation will continue our ongoing commitment to restore fairness to the property tax system, not in one day but over a manageable period of time, and through a system that respects the needs and concerns of Ontario stakeholders. After consultation with the relevant stakeholders, including the Association of Municipalities of Ontario, also known as AMO, and the Canadian Federation of Independent Business, we will be providing municipalities with simplified tools to enable them to meet the limits.

If passed by the Legislature, the Continued Protection for Property Taxpayers Act would implement the following measures for the year 2001: require municipalities to limit the reform-related tax increases on commercial, industrial and multi-residential properties to 5% per year; give Toronto the option of maintaining its current limit of 2.5% per year; enable municipalities to use a range of tools to achieve limits on tax increases, including a simplified capping mechanism, optional property classes, graduated tax rates, a tax reduction mechanism, a simplified phase-in and more flexible financing options; require landlords to maintain limits on tax increases for business tenants where the limits were previously applied; continue to protect low-income senior and disabled homeowners by requiring municipalities to provide relief from tax increases; and continue to protect charities through mandatory rebate programs.

This act would also implement a new real-time approach to the taxation of vacant business properties and new treatment for power dams. It would make various technical amendments to the Assessment Act and the Municipal Act to improve the equity and administrative effectiveness of the property tax system.

The government agrees that business property taxes are too high. That is why we committed to education tax cuts for business property classes. In the 1998 budget, the government introduced an eight-year, \$500-million business education tax reduction to bring business education taxes down to the provincial average. In recognition of the fact that business property taxes are too high in many communities across the province, municipalities would not be permitted to impose levy increases above the 5% limit where the tax ratio for the class exceeded the prescribed ratio. We have clearly said that if municipalities with above-average rates reduce their own portion of taxes on businesses, the government will match those cuts through an accelerated business education tax reduction.

The two opposition parties allowed property taxes to increase year after year. In fact, from 1985 to 1995, education taxes under their governments increased by 120% when enrolment in our education system went up only 16%. Although study after study told previous administrations that the property tax system was outdated and unfair, they did nothing to change it. With our reforms, fairness will finally be restored, not in one day but over a reasonable period of time.

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There are a number of significant dates in dealing with this. During the week of November 13, 2000, assessment notices were mailed to taxpayers. By December 19, 2000, assessments will be finalized, and they will be given to municipalities by the spring of 2001.

Higher property tax assessments do not necessarily translate into higher property taxes. There are two components that make up property taxes: local taxes, which are set by municipalities, and an education portion set by the province. Tax impacts will not be known until the municipalities and the province set tax rates for the year 2001. This will occur in the spring of 2001. So higher property assessments do not necessarily translate into higher property taxes because of the two components: local taxes set by municipalities and the education portion set by the province. Homeowners who see that their assessment has gone up should be watching very carefully how the municipalities deal with their local taxes.

We are introducing the bill now so that municipalities and taxpayers will have the full knowledge of the system that will be in place after the current caps expire at the end of this year. By introducing the legislation now, municipalities should be in a position to do their tax impact analysis and to make tax policy decisions in a timely way, without delaying the issuance of tax bills for the year 2001.

This government remains committed to its property tax reform effort and to the implementation of current value assessment, also known as CVA. The limits on tax increases are necessary to ensure a fair and manageable transition from a badly outdated assessment system to the new CVA system. Property tax reform is proceeding on track and the government is pleased with the progress that has been made to date. This legislation is designed to respect differences among municipalities regardless of where they are on the movement toward CVA. When individual properties reach their CVA destination, they will not be subject to the limit.

There is a limit for tenants. The 5% limit, or the 2.5% limit if chosen for Toronto, would extend to business tenants as well as to the business properties. The limit would only apply to tenants who were subject to the 2.5% or the 10%, 5% and 5% caps. That is, the limits would apply only to tenants who occupied their premises as of December 31, 1997. Tenants who entered into leases after December 31, 1997, would have had knowledge of the new property tax system and would have negotiated the tax apportionment terms of their leases with their landlords with knowledge of the impact of

reform. The tenant limits are designed to protect tenants who negotiated leases prior to the reform without interfering in the leases of new tenants.

We have said, with respect to business education taxes, that business property taxes are too high. That is why we committed to the education tax cuts for business property classes. In the 1998 budget, the government introduced an eight-year, \$500-million business education tax injection to bring business education tax rates down to the provincial average. The cut is approximately \$65 million per year. The province is accelerating the business education tax cut so that in the year 2001 we'll be giving a \$130-million reduction, as opposed to a \$65-million reduction. That will bring the total to \$325 million a year for the year 2001. We have clearly said that if municipalities with above-average rates reduce their own portion of taxes on businesses, the government will match those cuts through an accelerated business education tax reduction.

This legislation would add a further measure to bring down high business taxes relative to residential taxes. Municipalities would not be permitted to impose levy increases above the 5% limit on business property classes if the tax ratio of the class, relative to the residential tax rate, is above the prescribed threshold ratio. If the legislation is passed, the threshold ratios would be set at the provincial average.

There's protection for homeowners with respect to this legislation. The province is not forcing municipalities to increase residential taxes. I think that bears repeating: the province is not forcing municipalities to increase residential taxes. God knows municipalities have that power—they could increase taxes as much as they want—but we are not forcing them to increase residential taxes. That's a decision that will be made by the newly elected councils as they come in, in December. There's nothing in the legislation that does this. The decision to raise taxes is a municipal one.

In terms of reassessment, if there are tax changes among residential properties, the bill gives municipalities a number of mechanisms to address them in a fair and manageable way. Municipalities can choose to phase in tax changes over a period of up to eight years. They must provide tax relief to low-income senior and disabled homeowners who face tax increases as a result of the reassessment. And they can choose to increase that tax relief if they believe it is appropriate.

Unlike business properties, many residential properties are already at their current value assessment. As I indicated earlier, the people should bear in mind that higher property assessments do not necessarily translate into higher property taxes. There are two components: local taxes, which are set by municipalities—and municipalities are not mandated by this legislation to raise residential property taxes; it's up to the municipality—and also an education portion set by the province.

In closing, I just want to say that the reform was necessary. Certainly we're committed to current value assessment throughout the province and also to lowering business property taxes, which are too high.

I'm turning over the floor now to the member for Scarborough East, who'll continue the debate.

Mr Steve Gilchrist (Scarborough East): I'm pleased to add a few comments to the debate on the Continued Protection for Property Taxpayers Act.

I think my colleague has very ably made the point that the very starting point for any discussion about what's in this bill has to be that there is nothing related to assessment—let me repeat, nothing related to assessment—that in and of itself causes any person in this province to have their property tax increase.

There are two parts to the equation to derive your property tax. One is the assessment; the other is the mill rate. As has been ably pointed out by the ministry in the press release that accompanied the introduction of this bill, that mathematical formula is totally at the control of the municipality. What wasn't within their purview, one could argue, was the ability to standardize, province-wide, the assessment system.

I'm very proud of the fact that some three years ago we introduced a bill that took a system that was fraught with inconsistencies from one end of the province to the other—in fact, from one end of the city of Toronto to another. There were parts of the city of Toronto that had not been reassessed for over half a century. There were other parts, Scarborough for example, with relatively up-to-date assessments. The inconsistency derived from that meant that when you applied the same mill rate, there were multi-million-dollar mansions in downtown Toronto paying under \$1,000 a year in property tax. At the same time, in my riding there were homes on Guildwood Parkway, not all that substantial homes—nice street, decent-sized lots—paying \$10,000 a year.

I look forward with great interest to see if my colleagues in the Liberal Party from Scarborough in any way recognize the fact that 89% of the households in their jurisdictions have seen a tax decrease as a result of the legislation we brought in. That reduction will continue with the updated assessment that has recently been circulated to all property owners in Ontario. We have seen once again that even within Toronto the downtown core has seen increases, but in Scarborough, relative to the downtown core, every single property has seen its assessment relatively reduced. Where we go from that, though, is totally within the purview of the municipal governments.

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Let me start tonight by saying the challenge is there to the city of Toronto and every other municipal government that they should not take the cowardly path, the path of least resistance, and cop out and suggest that just because assessments have changed, any taxpayer in this city or anywhere in the province should see their property taxes increase. Instead, with the myriad of tools we have given them, such as area rating, the ability to set a different mill rate for a different part of the city, such as the caps on business taxation, such as the fact that we have allowed them to create new categories and further refine the property tax base down to the point that you don't

have to compare apples and oranges, you don't have to compare a shopping mall with a big bank tower in downtown Toronto, there is absolutely no reason that anything to do with assessment should result in one penny in increased revenue for the city of Toronto. The challenge goes out here and now for them to instead use some creativity, use the tools that have been given to them by the Minister of Finance, that have been added to in this bill, and guarantee that efficiency and effectiveness are their hallmarks, not picking the pockets of the property taxpayers. It is utterly shameful that we have seen the kind of speculation we've seen in the media, source unknown, these last few weeks, that somehow the city of Toronto is resigned to the fact there have to be property tax increases.

I'm sure I'm not alone in having examined the detailed budget of the city of Toronto. I have also looked with great interest at the successes in municipalities, such as Indianapolis, where the application of best practices, the application of competitive tendering, a commitment to doing the best they can with the taxpayers' dollars, has seen services increase. In Indianapolis, property taxes actually decreased 25%, and despite that decrease, they have \$1 billion more per year to allocate for capital projects. They have dramatically improved the infrastructure in that municipality: new roads, new sidewalks, revamped street lighting, an increased number of police officers on the street. Those are the examples I would hope the city council here in Toronto and other city councils across this province use as their example.

The status quo of simply ratcheting up the property tax year after year just because you can is not acceptable any more. The taxpayers are too smart. The taxpayers understand the city has options, and we've increased the options they have with this bill. There is no doubt that when you look at a system where 89% of the households in Scarborough were unfairly taxed, to in any way defend that status quo is to absolutely insult the intelligence of the voters. I hope my colleagues opposite don't try to do that.

Instead, we have given stability as we move to a new province-wide property tax assessment system, particularly for businesses, that has never been in the system before. No municipality will be allowed to increase the assessment-related portion of business property taxes by more than 5%. But let me make it very clear that if in any municipality the assessment is used to rationalize that 5% increase, somewhere else in that municipality there is a business that is entitled to a 5% decrease. This is revenue-neutral. It is critical that the business community and residential taxpayers understand that and that they don't get the wool pulled over their eyes. The fact of the matter is, here in Toronto with that now 60-year-out-of-date assessment in the downtown core, we have actually given them the option to maintain a cap at only a 2.5% increase.

We've had remarkably few questions since the 1999 election on any issues related to the economy, job creation and taxation. I have to take from this that the

members realize there are darned few points with which they can take exception in terms of what's happening all across Ontario. But I'm going to tell you that my experience as a property owner in the city of Toronto, both business and residential, was that in all of the years before we were elected, you did not get away with something as low as a 2.5% increase. The fact that that has been the cap on any business in the city of Toronto for the last three years is, in real terms, a dramatic reduction from what had been the traditional pattern. Year after year, the city picked your pocket, the school board picked your pocket and the poor, long-suffering taxpayers simply had to take it.

I used the example this afternoon, but it bears repeating here today, that one of the things we did to protect property taxpayers was take away the ability for school boards to pick your pocket. We took away the ability for school boards to take another tax on the property, residential and business. The reality is, in the 10 years before we were elected, here in Toronto school enrolment went up 16%—to be fair, inflation was 40%—but education property taxes went up 120%. There was no accountability. There was no recognition of the fact the taxpayers were already paying too much. We have stopped that and we have reversed that.

I am particularly proud that here in Toronto we are also going to be seeing the lion's share of the impact of accelerating our reduction in the business education tax that is paid from the city of Toronto. A number of municipalities, but first and foremost the city of Toronto, had a business education tax far above the provincial average. The province has committed half a billion dollars to bring those municipalities in line. These are dollars that we are forgoing. The school board is still getting the money. We are finding that revenue from other sources: sales tax, income tax, the growing economy, the 780,000 new taxpayers we have in this province. We're not getting it off the backs of property taxpayers.

The lion's share of that reduction will be felt here in the city of Toronto, where for far too long the only real marketing tool that Vaughan, Pickering, Mississauga and Markham had was the fact that they had much lower property tax rates. There was nothing better about their climate. Their workforce is as well trained or not. Access might even be less convenient than those businesses that used to operate right here in the downtown core. Mr Speaker, you can remember all those factories, I am sure. They used to be located near the CNE, used to be located on the Ataritari lands down at the foot of Bayview. They're almost all gone now. Why did they move? Because they were bribed away by lower property tax rates.

The cost of delivering municipal services is not different just because you're north of Steeles. It costs presumably the same amount to run a snowplow down a street or a lawn mower over a city park. When they buy a book for a library, it costs exactly the same in Vaughan as it does in the Toronto library system. But the reality is, the administrative waste here in the city of Toronto was taken to gargantuan proportions.

It has still not been addressed. Part and parcel of the challenge to the city of Toronto has to be to take advantage of the benefits of amalgamation. They themselves admit they have saved \$134 million a year as a result of the ability to harmonize services and find new efficiencies, but that is the tip of the iceberg. They should be satisfied with nothing less than what Indianapolis has done. They should be setting a standard of a 25% reduction in total spending in the city of Toronto, and if they can't do it, they should admit that and find staff who can. I would submit that if you can't look anywhere else, look at the city of Indianapolis and second their people, because they've done it.

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The tools we've introduced today expand on the successes of the property tax reforms we've brought in these last three years. There is no doubt that when you look around my community you can hardly find an empty square foot of retail space today, you can hardly find an empty lot that hasn't been developed. The reality is that we have seen already progress toward getting business back into Toronto, restoring business confidence.

I met with the Scarborough Chamber of Commerce the other day and I was very pleased with the response that my colleagues and I had, the unanimous sense in that room that we have turned a corner and that the province, and particularly Scarborough, is heading in the right direction. Business confidence is at an all-time high and consumer confidence is right up there as well.

This bill was produced after consultation with all the relevant stakeholders. We met with AMO—the Association of Municipalities of Ontario—the Canadian Federation of Independent Business and any number of other groups that in the past have proven invaluable in making contributions to the reforms of the property tax system.

But when you look at the job still to be done here in Toronto, it is staggering indeed. I asked the ministry to produce a chart for me to illustrate, probably better than any political rhetoric could, the dramatic difference in property tax rates here in the city of Toronto. There are a number of municipalities, to be fair, that have commercial, industrial or multi-residential rates that are higher than the provincial average. Obviously, to produce an average you're going to have highs and lows. It's the extreme to which some of them vary that I think should cause tremendous concern to people around this province.

In Ontario, the commercial tax rate average is a mill rate of 1.417. Here in Toronto it is 4.2759. It is triple what the businesses in every other community across this province, including right next door north of Steeles or the other side of the Rouge River or the other side of the Etobicoke Creek, are being asked to contribute toward municipal services. It is disgusting. It is disgusting the lack of leadership, it is disgusting the lack of management, it is disgusting the lack of fiscal control, decades long, that has led us here today. A pox on the house of all the politicians who year after year voted for those tax increases: the education tax increases and the municipal tax increases.

It doesn't stop there, though. That was the commercial ratio. Why don't we have any industry left in the city of Toronto? The provincial average there is a mill rate of 2.357. Here in Toronto—my goodness, they have been very careful to limit the imposition—it's only 5.9685. So it isn't triple what the shopping centres are paying, it isn't triple what the corner variety store is paying, it's only two and a half times, which is what the Inglis factory would pay if it was still in business in downtown Toronto. It was put out of business because of the costs. It's two and a half times what GM is paying in Oshawa. It's what the old Scarborough van plant, which employed 2,000 people who may very well have lived in Mr Phillips's riding just as much as they might have lived in mine, was paying. Those jobs are gone. They're gone for good; there's a shopping centre now there today. They're gone because the city of Toronto decided that the taxpayers had an unlimited capacity to write cheques. Well, they don't.

Perhaps most egregious—and you have to shake your head when you hear the rhetoric from the city of Toronto council and those who would suggest that some of those councillors really do care about tenants, that they care about the cost of housing here in the city of Toronto and they care about the provision of affordable housing to those who don't have any other choice. Again, one of the dirty little secrets in the property tax business is that your apartment does not pay the same tax rate per square foot as the home just down the block. In fact, thanks to the federal government and the fact that they won't rebate GST if you build an apartment building, if you build a building in the city of Toronto and you call it a condo you'll pay single-family-home rates. If you build the same building and you call it an apartment, do you want to know how much you pay? You pay 5.2355 times as much money—five times as much property tax per square foot. That's how much the city of Toronto cares about tenants.

So while they were quite prepared, because no doubt they get more donations and there's no doubt also from voting records that they get more votes, people actually turn out in Rosedale and Forest Hill—they kept those taxes down. Those million-dollar mansions were only paying \$800 a year. On the flip side, every ruddy apartment in Mr Phillips's riding and my riding and all the ridings in Scarborough are paying five times as much tax as they would if you called the building a condo, or if that same 1,000 square feet was a single-family home. Nobody on the other side did anything to change that. We have said no one can increase those taxes beyond that range of fairness. You can't do it in multi-residential, you can't do it in commercial and you can't do it in industrial.

The suggestion from the other side may be, why don't we fix it altogether? I'd love to have that challenge. If you want to introduce a bill that says that, I'll vote for it, because if that's what it takes to do proper budgeting in the city of Toronto and proper tax setting, I believe we're up to that task. The reality is, though, that we still do in our system expect the municipalities to reflect on the

local capacity to pay for the basket of services required. That really is the only function of municipal government. We still ask them to do that balancing act. Here in Toronto and some other municipalities across Ontario they have not qualified for a job in any circus I know. They have dropped the balls in this juggling act completely.

This bill will guarantee it cannot get any worse. It guarantees that businesses in our city will have any tax changes controlled, and for any business that goes up there must be a business that goes down, unless the city of Toronto goes back to their old ways and increases their own spending. That's the only way property tax can go up. Nothing related to assessment in and of itself increases anyone's property taxes anywhere in the province of Ontario. That's the bottom line. That's the challenge we're going to be making to municipalities. We're watching what they do and we expect them to respect the taxpayers as they've never respected them before.

The Acting Speaker: Comments and questions?

Mr Rick Bartolucci (Sudbury): The government's cynical view of municipalities and municipal politicians is shameful. Do you know that that cynical view the government shares about the municipalities across Ontario is about half as cynical as what the municipalities are saying about this government, for the people of Ontario should know that this is the eighth attempt at a property tax bill in three years. From 1997 to today, this government has introduced eight different bills trying to get it right. Along the way our critic, the member for Scarborough-Agincourt, has told the government repeatedly about the shortcomings in their legislation, but this government, because they're never wrong—so they say—has failed to listen. That's why we find ourselves in the situation we are in today.

Listen, there's chaos out there and it isn't the municipalities' fault. It's the fault of this government for introducing eight bills over the course of the last three years. Do you know what? They still haven't got it right. This bill does not address a distinct small business class of property taxpayers. That's a big problem. It's a big problem in my area and it's a big problem all over the province of Ontario.

In the Who Does What exercise, David Crombie said that the income redistribution programs should not be financed from the property tax base. Guess what? They've done nothing with this bill to create that air. There are only two small indications to the people of Ontario, that I'm sure and they're sure that this government will be coming in with a ninth attempt to get it right. If they had only listened to us, they may have gotten it right the first time.

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The Acting Speaker: Further comments and questions?

Mr David Christopherson (Hamilton West): One word jumped out at me and I'll refer to the comments of the member from Scarborough East. In his remarks he used the word "stability," and I believe it was in the context that you provided stability by virtue of your govern-

ment and the eight bills that we've seen on this issue. I want to tell you that in the community I represent, there is anything but stability. We dealt today with an issue that speaks very directly to the bill that's before us in terms of property taxes, who decides what, who does what to whom and, at the end of the day, the turmoil that your government has caused in our local education system in Hamilton—your continuing attack on the teachers. I used the HSR strike as an example last night; that's the bus drivers. In Hamilton it's the HSR. The bus drivers and our regional council were at odds. They're scrambling to try to find money to deal with the issue of public transit which you've downloaded; social housing which you've downloaded; ambulance services which you've downloaded.

That's quite the contrary to stability, I say, through the Speaker, to the member from Scarborough East. I can't speak as clearly for other communities, but it sounds to me from listening to some of my colleagues and friends on this side of the House that they share a similar reality. I want to say to you that that reality is instability, uncertainty. In some cases, on the part of the more conscientious councillors, fear, in terms of the future of our communities because of the way you have rejiggered who pays for what. At the end of the day, it's the ordinary taxpayer who is getting in the neck, thanks to you.

Mr John Hastings (Etobicoke North): We've heard these comments from the members opposite before, but there's one thing that the members opposite need to be reminded of constantly. With respect to the city of Toronto and what the member for Scarborough East has said, having been a member of Etobicoke council for eight years, I know that in the city of Toronto and the greater Metro area there were at least six attempts made municipally and regionally to change the tax assessment base to bring it up to date. Even Mr Peterson, as Premier, made that attempt. They failed.

With respect to the NDP, they initiated some of the things we started and have completed in the Who Does What exercise. Guess what, folks? You may not want to hear it, but the member for Sudbury recited about Mr Crombie and all the things that were proposed in there. It was AMO that came to us and said, "We would like something done with the education costs on the property tax." Originally, we were going to assume 100%—the member for Scarborough-Agincourt can mock the air all he wants, but the fact is that there was an initiating exercise started, and that's why you have some of these things realigned.

It's about time that the councils in various municipalities, but particularly in the city of Toronto, get down to work and look at their costs. But no. What they want to do, as I expect, "We have to increase taxes to deal with this issue." Yet they hold in their hands—get this—nearly \$7 billion in a real estate portfolio, from which they've hardly sold off one item in the last three years when the real estate market was good. We need action in these areas. I'm hoping the city of Toronto will get caught up, finally.

Mr Gerry Phillips (Scarborough-Agincourt): It's ironic that the member for Scarborough East, Mr Gilchrist, would try and bash municipalities on the very day that the Provincial Auditor came down with both gloves and said, "The province is mismanaging the taxpayers' money." His value-for-money report came out today, and he was asked by the media, "Is it getting worse?" He said, "The last two years," this year and last year, "are the worst reports on the government I've ever written. The value for money is worse." It is getting worse.

The municipalities aren't going to take any lecture from Steve Gilchrist or Mike Harris on financial management the very day that the province got an indictment of its financial management from our independent Provincial Auditor, who couldn't have been more clear in saying that the government is driven by ideology. They are determined to privatize things when jurisdictions around North America are unanimously saying that if they had to do it again, they wouldn't do it; they would not move as quickly as this government is moving. So the municipalities aren't going to take any lecture from Steve Gilchrist on this.

The second thing I'd say is that all the businesses in the province should realize that more than half their taxes go not to the municipality; they go to Mike Harris for education. Mike Harris sets more than 50% of the property taxes for all of our businesses in the province, and, by the way, he doesn't do it here in the Legislature. He does it behind closed doors.

I would say to the member for Scarborough East, this is what businesses are paying, and I want to know the answer: why is it that in Brockville, businesses assessed at \$500,000 are paying \$23,000 in education taxes for Mike Harris, and the identical business in Parry Sound is paying \$5,000? I say to our businesses throughout the province, first, that more than half your property tax goes to Mike Harris and education, and you see gross inequities: Parry Sound businesses paying \$5,000 and Brockville businesses paying \$23,000 for identical businesses. That's where you're getting ripped off.

The Acting Speaker: Response?

Mr Gilchrist: Thank you to the members on both sides for their comments.

I find it intriguing. The member for Sudbury's municipality charges 11% more than the provincial average on both industrial and commercial. The member for Hamilton West in this House has talked about how overtaxed his municipality is, and he's right. Commercially, you are 81% above the provincial average, and your municipal government has set the industrial rate at 90% above—almost double—what other municipalities across Ontario have been able to live on. So I would suspect the criticisms are not all that deeply felt, if in fact they care about businesses in their own communities.

To Mr Phillips, the member for Scarborough-Agincourt, it's incredible that you would stand up and make a suggestion like that. Why are the education taxes different? Because people like you, former school board

trustees, set the taxes up there. That's why, Mr Phillips. The reality is, the only direction education taxes have gone under our government is down. You must have missed the part about the fact that we are levelling everyone down to the provincial average, half a billion dollars that we are taking off that you personally put on in Scarborough. You personally added the pressure that forced GM and countless other businesses to go out of business in Scarborough, and you have the audacity to sit here and ask us why we haven't, overnight, solved the problems you created for a decade before we got here? What gall. What incredible gall.

I'd be willing to make a wager as we go through here that the criticisms we hear in the Liberal and NDP presentations will be at least 99% rhetoric and maybe, just maybe, 1% specific criticisms of the bill. If you don't want businesses to have tax increases, join us in voting for this bill; otherwise, be part of the problem that has vexed businesses for far too long.

ROYAL ASSENT
SANCTION ROYALE

The Acting Speaker (Mr Tony Martin): I beg to inform the House that in the name of Her Majesty the Queen, His Honour the Administrator of Ontario, has been pleased to assent to certain bills in his office.

Clerk at the Table (Mr Todd Decker): The following are the titles of the bills to which His Honour did assent:

Bill 124, An Act to amend the Environmental Protection Act, the Ontario Water Resources Act and the Pesticides Act in respect of penalties / Projet de loi 124, Loi modifiant la Loi sur la protection de l'environnement, la Loi sur les ressources en eau de l'Ontario et la Loi sur les pesticides en ce qui concerne des peines ayant trait à l'environnement.

Bill 145, An Act to resolve a labour dispute between the Elementary Teachers' Federation of Ontario and the Hamilton-Wentworth District School Board / Projet de loi 145, Loi visant à régler le conflit de travail opposant la fédération appelée Elementary Teachers' Federation of Ontario et le conseil scolaire de district appelé Hamilton-Wentworth District School Board.

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CONTINUED PROTECTION FOR
PROPERTY TAXPAYERS ACT, 2000
(continued)

LOI DE 2000 POURSUIVANT
LES MESURES DE PROTECTION
DES CONTRIBUABLES FONCIERS
(suite)

The Acting Speaker: Further debate?

Mr Phillips: I request the approval of the Legislature that the member for Windsor West and member for York West share my time, Mr Speaker.

I want to begin by following up on the comments of the member for Scarborough East, Mr Gilchrist. I'm just going over what the Canadian Federation of Independent Business reported to us. This isn't something from me; this is from the Canadian Federation of Independent Business. It was just a matter of, I think, two weeks ago that they sent every member of the Legislature this report. What they point out is this: that Mike Harris is still setting over half of the business property taxes. It's not the municipality, it's Mike Harris. And by the way, it's not set through a debate here in the Legislature, it's not set where the public is able to come and see how much their taxes are going to be. It's set by something called regulation. It's set down in the corner office. I just say to the public, we're not talking about a small amount of money here. These are provincial property taxes. That used to be an unheard-of thing, the province setting property taxes; that was for the municipalities. But the province raises now almost \$6 billion in property taxes. For the businesses of the province, CFIB, the Canadian Federation of Independent Business, points out that there are gross inequities.

This is three years after Mike Harris's bill, and here we find that in Brockville, a business assessed at the same as a business in Parry Sound—identical businesses—is paying almost \$23,000 and in Parry Sound they're paying less than \$5,000.

So that's the first issue on the property tax bill. When we questioned the minister on this in the Legislature the day the bill was introduced, he said, "Well, these things take time to fix." Let me just say to all of us, there is nothing in this bill that will fix the Brockville problem—nothing. I could understand if he said, "The bill's going to take eight or nine years to fix it." At least we could understand how this is going to be fixed. But there's nothing in the bill that does that.

Business people are busy. They are busy running businesses. That is understandable and is as it should be. I don't think many of them appreciate that a majority of their property taxes are not going to the municipality but going to Mike Harris because he wanted to have control of education. As I say, there's nothing in the bill that fixes the Brockville problem.

The second really crucial part of this bill that all of us will come to know over the next few weeks is that in many, many municipalities in this province, if for some reason that municipality is faced with the need to raise property taxes in any form—and let's recognize that Mike Harris has downloaded on to municipalities responsibilities about which Dave Crombie said, "Don't do it." Mike Harris appointed Dave Crombie to head up something called the Who Does What committee and Mike Harris hand-picked the other 14 people on that committee. Their job was to tell Mike Harris what things should be put on property taxes and what things should be handled by the province. That committee met for months, with recommendations, and when they found out that Mike Harris planned to put social assistance and social housing on property taxes, the group met and

unanimously said, "Don't do it." In fact, the language they used there is, "The panel strongly opposes such a move. We are unanimous in the view that it shouldn't be done." Remember, these were all hand-picked by Mike Harris.

So I say to the people of Ontario, first, municipalities now have responsibilities they didn't want. AMO, the Association of Municipalities of Ontario, in commenting on this very bill, say that's their major concern. Harris has downloaded. By the way, I would add that the Provincial Auditor today pointed out the downfalls of downloading. He said that the province has put land ambulances now on property taxes, and he's saying that the seamless system of ambulances is in serious jeopardy because it's a municipal responsibility. If there's one thing that should be—to use the jargon—seamless, it should be our health care. In any event, Mike Harris has made the decision to download on to property taxes some of the most sensitive services. This bill forces at least half of the municipalities in Ontario—if they have to raise additional funds to pay for them, it has to be all—100%—on single-family residential. This is a new part of the bill.

We said, "Where is it in the bill?" In the briefing, the government said to us, "It will be done through regulation once the bill is passed." So as it often happens, it's something we won't have a chance to vote on because it will be done through regulations. But I just warn municipalities across the province that your hands are now being severely tied.

I'll just read some of the cities: Brockville is one of them; Guelph is another one; the city of London is another one; the city of North Bay is another one; the city of Peterborough is another one, and it goes on. The city of St Thomas, I might add.

Actually, I just read a few of them, but I hope the public can see, there are two pages of these municipalities. When the member for Scarborough-East, Mr Gilchrist, said that municipalities are given more options, they're not. All of these municipalities on this sheet, if they have to raise taxes for any reason—you can imagine Walkerton may very well need to raise some money to handle the problems that it faces. If it is on this list, 100% will have to come off residential property taxes. Of course, they are not going to tip their hand until this bill is passed.

But I will just say to all of us, firstly, putting on to property tax these sensitive services—social assistance, social housing—is a mistake. That's not just the Liberal caucus saying that, it's not just Dalton McGuinty saying that; it was Mike Harris's own 15 hand-picked people, headed up by David Crombie. They were unanimous in that view. Now that's done and now this bill—by the way, this isn't just one year, this is in perpetuity for these municipalities that are above what's called the provincial average. If a municipality's tax rate on its commercial is above the provincial average, if a municipality's industrial tax rate is above the provincial average, 100% of any increased taxes has to go on to single-family residence.

You can completely understand why Mike Harris is doing that. It's to force municipalities to not provide the services, force municipalities to cut the services. I say that is perhaps, in this entire bill, the most serious part of the bill.

We all understand the need to deal with taxes in our business community. We all know the need for our businesses to be competitive, although I might add there was just a major study done in Ontario that pointed out that we are the most cost-competitive jurisdiction in North America now. That includes wages, it includes taxes, it includes all the cost components. So we have a major competitive advantage on costs, and yet if a municipality needs somehow or other to acquire the funds for the services that Mike Harris has downloaded on them, any of the municipalities on these two pages have only one option and that is to put it on single-family residence.

That's exactly what many feared—our caucus certainly feared—that we now are heading into a period of enormous conflict at municipalities where the municipalities' needs, and we all know the needs for example in the housing area, and the problem for single-family residential property taxes will conflict. This bill will, without question, exacerbate that.

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So we're only now beginning. I might add that this bill was quietly introduced on a Thursday afternoon. There was never a ministerial statement and municipalities have only now gotten copies of the bill and are only now beginning to work with it. It's no accident that this thing is being rammed through and being debated.

We normally have a briefing on the bill. We had the briefing exactly one hour before the debate began. It is frankly insulting for a democratic place that is attempting to deal with the people's business on an orderly basis to have a major bill with these major implications, and to have a briefing and then begin the debate an hour after the briefing. I don't know whether the public really cares dramatically about that, but I will say, for anyone who cares about public policy, it's obscene to be dealing with a substantial bill in this way.

The first thing I wanted to talk about was the business property taxes for education. The second thing is, this part of the bill that will handcuff municipalities. The sad part is that Harris loaded on to them these brand new responsibilities. We've been lucky. We've been in good economic times. Canada has had good economic times. Ontario has had good economic times, in my opinion, heavily because we've benefited from the strong US economy, but we have had good times. Inevitably one faces a downturn and, in this bill, we are dooming municipalities to a decision that's almost impossible to make. Do you provide the essential services and take taxes up on single-family residential?

The next point I wanted to touch on is that there is no small business class in this bill. My colleague from Sudbury made this point: this is the eighth major tax bill we've had in three years. The senior bureaucrats in the municipalities were laughing at us. They said, "This is in-

credible.” You introduced a bill to amend a previous bill before the previous bill had even been passed. This is the eighth tax bill we’ve been dealing with, and I think every time the government has hinted that they are coming forward with a small business class. This bill doesn’t provide that. I can remember being on the Danforth when Mr Eves was retreating on one property tax bill in front of a small business community and essentially saying, “We’re going to come forward with a small business class for you.” I think that was the number three bill. Now, five bills later, still no small business class in here.

The point about much of this being done by regulation: I remind ourselves that this is now the fourth-largest source of tax revenue in the province of Ontario. Mike Harris now is raising more money off property taxes than everything else except income tax, corporate taxes and retail sales tax.

Mr John Gerretsen (Kingston and the Islands): That can’t be right.

Mr Phillips: It is. It’s almost \$6 billion. I laughed at Mr Gilchrist being critical of the municipalities. If any municipal government ever were to sit down and try to set the tax rate for their jurisdiction behind closed doors, the citizens would knock the door down. My colleague from Kingston, the hotbed of democracy, when he was the mayor of Kingston, they would never have let John close the doors and try and set the tax rate.

Mr Gerretsen: We didn’t try.

Mr Phillips: You didn’t try; of course you wouldn’t. I say to the people of Ontario, particularly the business community—because it’s for them that he’s setting these rates that are widely different from jurisdiction to jurisdiction—it’s all done, not through a debate here in the Legislature and not through some explanation of, “How did you arrive at this?” It’s done down the hall by regulation. All of us know that on a Saturday there is something they call the Gazette that gets published, and there it is.

The next point I want to make is that I’ve often heard from the Conservative members in the past, “We trust the municipalities. We know they’re the ones that know best. We believe the best government is the government closest to the people.” I would just say to the people of Ontario, they used to say that, but all of their actions are the opposite. I’ve never ever seen a government that has moved to centralize things as much as this, whether it be in education—they’re now 100% in control of education—whether it be the government trying to micro-manage the health care system. And here they are treating the municipalities like children.

The latest one was that we all got this directive from the Minister of Finance, acting on behalf of the Premier—“Municipalities urged to do the right thing”—as if the elected people municipally had no idea what the right thing was but Mike Harris has decided he’s going to tell them what the right thing is. Now we find that the tax bills across the province, the bills sent out by the municipality to the local residents explaining how they are spending their citizens’ money and how they’re raising the money, will be uniform. They will clearly show

how your taxes are calculated and who’s responsible for any changes in the amount of the taxes you pay.

Big Brother is now right into that, and why is that? Of course he’s afraid the municipalities will point out, “Do you realize that Mike Harris is getting more than half of the business taxes?” Mike doesn’t want that done. He doesn’t want that information spread out. He doesn’t want the municipalities saying, “We now have all of the social housing responsibility. We now have social assistance. We now have 100% of the transit.” When my colleague from Scarborough East pointed out Indianapolis, I’ll tell you that Indianapolis gets state help for transit. The city of Toronto gets nothing. TTC and GO get nothing, zero, from the province now.

Hon David Turnbull (Minister of Transportation): And how much does Indianapolis get from the federal government in the US?

Mr Phillips: There goes the Minister of Transportation talking. I would say to him, because he’s another Toronto member there—

Hon Mr Turnbull: We get zero from the federal government—

Mr Phillips: How is it, Mr Turnbull, that you want a city of Toronto business paying \$25,000 and an identical business in Parry Sound paying \$5,000? You’re going to have to explain that to the small business community, which says, “I have a Pizza Hut and there’s a Pizza Hut in Parry Sound. I know we’re both valued at exactly the same amount. I know what my friend with the Pizza Hut in Parry Sound pays in taxes, and I’m paying five times that for education property taxes set by Mike Harris.” Mr Turnbull’s going to have to explain that to the Pizza Hut.

Hon Mr Turnbull: So you want to move more over to residential.

Mr Phillips: Oh, he says I want to move it all over—no.

Hon Mr Turnbull: That’s what you’re saying, Gerry.

Mr Phillips: You’re missing the point. Mr Turnbull is saying I want to move it over to residential. What is actually happening here is that this bill, where Mike Harris has downloaded all TTC costs, all GO costs, all social housing, social assistance—by the way, against the will of his own commission, Mr Crombie—and now guess what? All that’s loaded on and now the city of Toronto, wrestling with these problems, has one option. It all has to go on to the single family, which by the way is a large part of Mr Turnbull’s riding and it will be interesting to watch that.

Hon Mr Turnbull: You have selective amnesia, Gerry.

Mr Phillips: Mr Turnbull says one has amnesia. I’m just quoting the CFIB. This isn’t me; this is the Canadian Federation of Independent Business, the group that does good work on behalf of businesses across the province.

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Hon Mr Turnbull: How much money do we get from the feds for roads and transit, Gerry?

Mr Phillips: Mr Turnbull’s yelling. But they say to us, “Why those numbers in the city of Toronto?” I don’t

think Mr Turnbull has an explanation for that, so it's easier to yell than to make the explanation.

I also want to point out that the amount of regulation in this bill has to be disturbing to any person who cares about democracy.

Interjections.

Mr Phillips: Mr Turnbull is obviously having a very bad day today. I think you may have to bring him under control.

I want to talk a little about some of the details of the bill. There is in the bill a 5% cap on businesses and that cap will mean that no business will pay more than a 5% increase as a result of assessment-related changes. I would say that in some municipalities businesses will pay more than a 5% increase because this is a cap that's applicable only to the changes as a result of this bill.

The second part—and this is the one I want to keep reminding us of—says that municipalities would not be permitted to apply levy increases on the commercial, industrial and multi-residential if the tax ratios for these classes exceed the prescribed thresholds, that if the proposed legislation is passed, the threshold ratios would be set at the provincial average.

Again, I want to emphasize, this is a new part of the bill. This is the part where municipalities across the province are going to have to get these sheets and look at what the province is now doing to them. As I say, there are two pages of these. Actually, some of them run to two and a half, three pages. In those municipalities 100% of any increased money they need as a result of, for example, the downloading, the putting of transit on to the property tax, is going to have to be funded off the residential property taxes.

As I say, it's no accident that the government is attempting to ram this bill through. It's no accident that we're debating it in the evening. It's no accident that it was introduced quietly last Thursday and it's no accident that it happened right after the municipal election. It's no accident that it will be, I think, a matter of some days before the municipalities have an opportunity to get into the detail and find out the problems in the bill.

I wanted to return to the downloading issue again because this was the major point that AMO made. AMO is the Association of Municipalities of Ontario, a very well-regarded group—good research. They are the body that represents our municipalities. They point out that AMO agrees with the Ontario Chamber of Commerce and the Canadian Federation of Independent Business that the burden of putting social and health services on to residential and commercial property taxes is causing a problem. They point out that this is going to cause significant problems for municipalities. That, so far, is their major concern about this bill.

The reason I stress this is, first, the decision to download. Mike Harris always says it was the result of Dave Crombie's Who Does What. Not at all. As I said earlier in my remarks, he said, "Don't do it. It is a mistake to be downloading these services on to property tax." Nonetheless, the government went rushing ahead. The reason

they went ahead was because they wanted to get their hands on education. They wanted to be in complete control of education. We saw today the outcome of that. They strangle the school boards with no funding, create a crisis in negotiations and then bring down the hammer to end the situation—and that was a predictable problem. That was one of the key reasons why they put social assistance and social housing on to property taxes.

But now our municipal partners—not the children but our municipal partners—are pointing out the problems that's going to create. Furthermore, the municipal partners are now beginning to realize that for many of them the handcuffs are now being put on by Mike Harris and they are going to have only one option, and that is that they're going to have to fund these social programs off single-family residential. The option of the businesses and the industry helping to provide the services is not going to be available to them, by law, because this bill, once passed, would prohibit them from putting the taxes up if their tax ratio in commercial is above the provincial average—and by the way, as I said earlier, this issue will continue; this continues every year.

Within the bill, there are several other measures that I guess over time as we debate the bill will become clear.

There are some things in the bill that are essential, that are important, that we would be supportive of. There is a provision to make sure that tenants in businesses benefit from the cap on a continuing basis. I remember very well that the first day they introduced the first property tax bill, we in our caucus said, "This is going to create problems for tenants of commercial properties." We were kind of dismissed as, "That's just more opposition rhetoric." We're still trying to deal with it, and this bill has a provision that I hope will ensure that the caps continue for tenants in business properties.

There is something called a graduated tax rate. Some municipalities in Ontario took advantage of that, and we're happy to see that it will continue.

There is a provision for ensuring that low-income seniors and persons with disabilities, either on a deferred tax basis or on a tax rebate basis, are not faced with unacceptable property tax increases as a result of this change.

There also are some provisions for charitable organizations.

My colleague the energy critic will be more knowledgeable than I about the water power generating station provisions, but I'm led to believe that's a worthwhile provision for helping new projects come on stream.

People of the faith community will appreciate this for the clerics' residences. There's a provision in there to provide some tax assistance for them, which appears to be a good provision.

I wanted to go over those other changes to say that there are some things within the bill, of course, that are helpful and that have our support.

I go back to our fundamental issues. Firstly, at a time when municipalities are really beginning to feel the full impact of the downloading—by the way, there was some-

thing called transition funding and there was community reinvestment funding. The government of Ontario, Mike Harris, used all sorts of things to get through the last election, to buy peace through the last election. But many of those programs are now gone. So municipalities are now facing the cold, hard facts of beginning to deal with the real impact of Mike Harris's downloading

At the very time that's happening with these councils, the handcuffs are coming on. I will be interested to hear from the municipalities over the next several weeks, maybe several months, as they all begin to wrestle with their 2001 budgets. I will be very interested to hear from those municipalities, as I say, two and a half pages of them, that have only one option now, once this bill is passed, which is that all of it has to go on to the single-family residential, at the same time they're wrestling with these serious issues of downloading. I will be interested to hear from the professionals who deal with this bill.

I might add that the clerks and treasurers association in the province has at every step of the way been very professional in dealing with all of these tax bills and has given us in the Legislature good advice. They've pointed out—because they have the prime responsibility for making this happen—that this is not the way things should be run. This bill should have been introduced months ago. It was deliberately delayed until after the election. I will be interested to hear from them on the concerns they will have on making this bill actually work.

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The Minister of Finance, when asked the question, "Where is the solution for the Brockville businesses?" said, "It takes time." I'll be interested in his explanation of where the solution is for Brockville businesses.

We will continue to remind the public of Ontario that Mike Harris is now raising \$6 billion from property taxes. It's now the fourth-largest source of revenue for the province of Ontario, way above gas taxes and things like that, yet if you were to ask municipalities around the province, "How does he set that tax rate for businesses in your community?" none of them would know, because there is no debate on it; it's just done through regulation.

I'm sorry the government has been unwilling or unable to develop a program here for small business. I had been led to believe they were going to come forward with a small business class in the legislation that would help our small businesses in Ontario. I don't see that.

As I said earlier, some provisions of the bill are helpful and are certainly worthy of support. I would hope there would be an opportunity for this bill to go to a legislative committee, the finance and economic committee, so we can hear from the municipalities that are going to be dramatically impacted by this.

The Association of Municipalities of Ontario has given us its first assessment of the bill. What they said here was, "Our experience"—with previous bills—"was that there was far too much to do and too little time to do it in." They say that complex legislation was implemented through a multitude of regulations. "As a result, tax bills were significantly delayed?... AMO seeks assur-

ances ... that today's bill and the regulations and technology ... will not result in tax billing delays." AMO went on to point out that their major concern is that the current income redistribution programs are going to remain on the property tax. Achieving this goal shifts more burden to the residential taxpayer.

They raised exactly the same issue that I'm talking about, which is that for all of those municipalities that I talked about earlier, the only choice for Brantford and Brockville, and dare I say Cornwall and Guelph, the region of Halton, Hamilton-Wentworth, Kingston, London, Leeds-Grenville, North Bay, Orillia, Owen Sound, the county of Oxford, the city of Peterborough, the city of St Thomas, the city of Toronto, the city of Thunder Bay—all of those will, under this legislation, have only one option available to them after the legislation is passed: In order to fund increased costs as a result of downloading, it all has to come on the residential property tax.

In my opinion, this is a deliberate move. I think putting those income redistribution programs on property tax was a mistake, but this is a way that Mike Harris can keep turning the screws on, in many respects, the most vulnerable in our society.

I would add, on social housing, that the government's own estimates say that the province of Ontario should be seeing built every year at least 15,000 units of rental accommodation, and a significant portion of that has to be available for people of modest means or people who require some assistance. Right now in Ontario there are fewer than 1,000 units a year being built of rental accommodation, and virtually all of that is at the upper end. So for the last four years now, we're having a shortfall in the province of Ontario of at least 14,000 housing units. All of us know this in our constituency offices, the enormous problems of housing. The problem is that now it is a municipal responsibility. In many of our larger urban areas—Hamilton, London, Toronto, Guelph, a whole variety of cities—their only option now is to put it on to the single-family residential property tax.

This bill is being introduced and debated, I think, at the speed that the government wants to ram this thing through. I hope there's an opportunity for it to go to a legislative committee. There are some serious problems within the bill. There are, of course, some elements of the bill that are very supportable, and we are pleased with that. But the big concerns will be residential properties facing an enormous burden in many municipalities. We don't see the plan yet for dealing with the very solid, strong inequities across this province in education, business and property taxes.

Finally—and this is the last point I would like to make and then turn it over to my colleagues—we've argued now for three years that we've got to get an orderly process for dealing with property taxes, and we can't have one bill after another, each bill fixing a previous bill. It's ad hocery.

Mr John C. Cleary (Stormont-Dundas-Charlottenburgh): Only eight times.

Mr Phillips: It's only eight times, as my colleague from Cornwall said, in three years—unbelievable.

I would just like to once again refer to—if it wasn't so serious it would be funny—Mr Gilchrist from Scarborough ranting about municipalities the very day that the Provincial Auditor brought out this indictment of Premier Harris's ability to manage the finances of the province and said, "Listen, it's not getting better; it's getting worse. These are the two worst reports I've written in my history as the Provincial Auditor." Municipalities are not going to listen to any lecture from Steve Gilchrist, believe me. They're going to look at the details of this bill. They've got some serious questions.

Mrs Sandra Pupatello (Windsor West): I did want to speak to this bill because it is important to the residents of Windsor. I recall—I don't quite know which property tax bill it was. It was one of the eight that have come forward in the last three years. Every time we have a bill dropped here dealing with property taxes, I call home to Windsor and find out what the effects are going to be on my community.

I remember one summer or spring, when we were dealing with one of the eight property tax bills, the people who were working at city hall were just shaking their heads, thinking how are they were going to manage this in terms of the time frame to get the tax bills out on time, because municipalities, like most people, have to pay bills in a timely fashion. I recall issues coming forward in the House when there were cash flow issues for municipalities right across Ontario when they could not get their tax bills out on time because the government decided on a whim that they were going to make more changes that would then impact the kind of job that the clerks and treasurers across Ontario could do working at their municipal level.

I remember going door to door along Erie Street, Via Italia, in my riding. I went along to the small businesses one day with one question. I said, "You've got to tell me how much lower your property tax is going, because Mike Harris says your property tax is going down." I went door to door. Do you know, not one along Erie Street could tell me that their property tax was going down. In fact, I thought I hit a nerve, because they were livid to see the kinds of increases that were headed their way. This, from a government that supposedly was to be friendly to business.

Off I went to Old Sandwich Towne, the oldest, most continuously populated town in Ontario. That's Old Sandwich Towne, now part of the city of Windsor. They couldn't find one business along Sandwich Towne, on Sandwich Street and the main street going through the town, that was going to have its property taxes dropped.

When I was at the Italian bakery on Erie Street, I said to the owner there, "Frank, I want you to count for me how many panini you would have to sell to pay for the increase in your property tax bill." He came up with a figure, some hundreds of thousands more panini sold over last year's sales just to account for the property tax increase. We laughed about it, but we laughed instead of

crying, because they knew that it was just completely untenable. Their business cycle is such that they know roughly what their sales are going to be year to year. They need to know roughly, in a stable fashion, what their property tax is going to be as an ongoing cost to their business.

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Now we see an eighth property tax bill come into the House. What the newly elected members of council are going to learn—Joyce Zuk and Charlie Hotham, both new ward 1 city councillors—they are going to see what all the other eight who have been there before know full well dealing with the provincial government property tax bills: how hamstrung they are to deal with the real issues that city residents are facing now.

Having just been through municipal elections right across Ontario, we know what the issues are. If you live in the riding of Windsor West, Huron Church Road came up time and time again at the doors for both Charlie Hotham and Joyce Zuk, among other councillors. They said, "We want you to do something about an international corridor that supports international trade that makes money for the nation, let alone the province of Ontario."

Where is the support for this road that used to be there by the province of Ontario and is gone? All of the upgrades, all of the support for Huron Church Road now borne by whom? The residents of the city of Windsor only. But thanks to this bill, any increases that would have to be borne by the city to support the kind of infrastructure that we need in my city is going to be by the single-family homeowners only. Why is that? Because the bill says clearly that any of the other tax areas, whether you're commercial-industrial, multi-residential, if your average tax rate for those areas of tax are above the provincial average, you can't touch them. Therefore, any increases are going to be borne by the homeowners, that is the residents of south Windsor, the residents of the core, people who live on Langlois, Marentette, Elsmere Avenue. All of those homeowners will be facing the brunt of an increase. I say to my city councillors in Windsor—and Joyce Zuk and Charlie Hotham are excellent candidates who will do a tremendous job for the residents—that they will be grappling with issues.

My finance critic, Gerry Phillips, brought in very clearly tonight in the House the issue of downloading, that this trouble comes back to haunt the government time and time again because they decided, through their Who Does What panel, to download all the responsibility for an item as huge and as important and relevant to a city like mine as social housing, where we are second only to the greater Toronto area in terms of waiting lists for people to get into affordable housing, where the industry is not building affordable housing, for a whole bunch of reasons the government fails to address, although they continue to say, like they did at the UDI breakfast about a month ago, "It's the developers problem, it's their issue. They're the ones not building." But that's another issue. We have significant issues around

social housing, all of which will be borne by the resident taxpayers of the city of Windsor.

When we look at ambulance issues right across Ontario, even today in the House, Dalton McGuinty and Lyn McLeod talked about our ambulance issues being downloaded to cities and towns across Ontario, where we know that two years ago 50% of the municipalities were not meeting provincial standards then in terms of response time for having an ambulance at the door in a timely fashion, and that now, in only the last six months, that number has risen to 60% of municipalities not meeting the provincial standard. But, no, our health minister is going to go full steam ahead with the downloading, not a thought to knock on the Premier's door and say, "Maybe this isn't such a good idea after all."

And the cost: when the city residents and the town residents across Ontario realize that their response times are lagging behind and it's an issue of life and death, particularly for cardiac patients, they're going to say, "We insist on a certain level." Who will pay the price for bringing the level up to an appropriate standard? It will be the resident taxpayers, not the commercial-industrial, multi-residential taxpayers. No, it will be solely borne by the single-family dwelling homeowner, the residents of south Windsor, Fountain Bleu, all the people who live along Huron line, which is on its own, supported only by the city of Windsor now, even though the Minister of Transportation himself came to Windsor to acknowledge the relevance and the significance of that Huron line corridor in tying us from the 401 right through to the Americas, and where the bulk of international trade follows, but not prepared to give support to that corridor, wholly borne by the city residents. Our city councillors will have to grapple with how to keep that road in the kind of condition that's required. It's widely acknowledged that one bridge is not sufficient in our neck of the woods—widely acknowledged.

Who is going to pay those prices except the residents in Windsor? And not just any of them, but as was clearly defined by our finance critic, Gerry Phillips, who itemized where the caps are and where they'll be forced to make increases if required. When the residents in my city of Windsor say, "Social housing is unacceptable and we've got to fix it," the fact is that they got downloaded these apartment buildings that weren't even up to provincial specifications. Who pays the price to upgrade them?

The government is famous for these announcements of making money available, just like the Minister of Health said, "Oh, we've given \$30 million for ambulances," for all of those capital costs, like buying an ambulance, when clearly everyone says that \$100 million is probably the amount required to deal with the ambulance issue. So where should the other \$70 million come from? It's going to come from taxpayers. The government is famous for talking about the one taxpayer in Ontario, that there's only one taxpayer.

I say this to the government: today, after finding another property tax bill, there's only one taxpayer. While

you chose to show some kind of support for businesses, the reality is that those who own the businesses live in South Windsor. They live on Elsmere Avenue and Marentette Avenue, on Langlois and Marion. That's where they live, and they will be suffering the brunt of any kind of additional costs now borne by my city of Windsor.

So I raise the red flag for the residents of Windsor West. We'll talk about it first now, but I'll meet them on the streets later when they realize what's happening and the kinds of decisions that are now being borne by the city council of Windsor.

Mr Mario Sergio (York West): I'm delighted to have a few minutes and add to the debate on this very important bill, Bill 140. But indeed it's the eighth bill, as has been mentioned by my colleagues, dealing with reform of the system of taxation here in Ontario.

The bill, as it is written, as it is presented, does a number of things, but I will specifically mention two. Included in the first one, what does the bill do? It does, for example, give authority to the local municipality to set tax rates and tax ratios for a number of property classes; to set interim tax levies; to phase in taxes—in a number of ways, as a matter of fact; for increases and decreases as well; tax increases or deferrals for low-income seniors or disabled people; and to bill different classes at different times; to rebate for charities; tax reductions for commercial and industrial properties; rebate on vacant lands—industrial and commercial.

I have to say that some of the amendments which they have included in this particular bill are already in the Municipal Act and in the tax act. They are on the books various municipalities have at hand to do things accordingly. But the minister, the Premier, the government have decided to redo them again and include them in this particular bill.

It also speaks of exemptions for improvements to residences to accommodate seniors and the disabled. I allow this particular part. There are exemptions, for example, for private convention centres. I'm sorry to say that there is nothing in here that says exemption for those who can't afford to pay taxes; seniors, for example, or very low-income people. If there is an exemption here, if the minister, the government, the Premier saw fit to exempt very expensive, very luxurious—and yes they have a right to be there because they do provide a huge service to the economy, but if the government saw fit to exempt those huge places, private convention centres, from paying education taxes, I have to say the government could have seen fit to exempt seniors, at least at a certain income level, from paying education taxes.

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What else does it do as it is written? The authority to make changes, to reduce, to refund, to cancel on properties that cause an undue burden—burdensome. Do we know of any class that has a serious burden? I do. I have a lot of seniors in my community who are severely burdened by this creeping up of taxes, always on the least advantaged in our community. Oh, yes, that would be

one class that I'm sure would welcome a relief, even if it is strictly on the education portion of their property where they barely manage to keep on living.

Those are parts of one change they have made, but there is a huge problem with that. While the Premier, the minister, have given that wonderful flexibility and options to the various municipalities, they carry a very heavy cost. It is not as simple as saying to the local municipality, "You want to reduce them. You want to refund them. You don't want to charge them. You want to cancel. We give that option to you." No one knows better than the government that there is one taxpayer and that the local municipalities have one source of income, that is, property taxes.

The other point is that the Premier very wisely—I don't know if it's wise or not; we'll let the people judge—has said to the municipalities, "This is what we give you to work with, but at the same time we are going to interfere with those options we are giving you. We are retaining the rights to set the rates, the ratio, and the amounts we can collect for tax purposes." Do you know why? There is a heck of a good reason why Mr Harris and the government have decided behind closed doors to do exactly that: to starve our education system—exactly that. They have taken away the right, without consulting teachers, parents, boards, unions or anybody else. That is why they have retained it, and I have to say the education portion is higher than 50%. It is.

I'm a great defender of small business enterprises. I think we all like to say, "Yes, they create 80% of the jobs" and stuff like that, so who can speak against the small business entrepreneur? He has imposed a 5% cap, but at the same time he told the local municipalities, "If you don't like imposing a 5% tax increase on industrial-commercial businesses, you can go back and charge it at 2.5%." Well, isn't that nice, that the Premier, and the minister of course, have said to the local municipalities, "This is what you can do. The rest is up to you. If you need more money, go somewhere else and collect it"? You know what? There is only one place, one way to go and collect more money, and that is from the homeowners.

I was totally taken aback by the comments of the member for Scarborough East when he started making his comments and said, "In this particular bill"—which, by the way, is made up of 73 pages. With all due respect to the members, especially of the government, this bill addresses assessment, and the member for Scarborough East in his first comments said—what did he say? Nothing, nothing related to assessment in this bill. I have read all 73 pages, and I know what I'm saying is going to be recorded, is going to be in the Hansard, and these are the comments.

"This bill here will create a standard province-wide." I beg to differ. "The bill will create stability as we move to a province-wide assessment"—oh, yes, there is the word "assessment"—"to correct 60 years of antiquity."

I have to say that this bill, as I mentioned, does a lot of things, but it does not do the most important thing and

bring some equity to the 60-year-old antiquated tax system. The changes that they keep bringing to this House do nothing but perpetuate the inequity that exists in the system as it is today. Why would you say the government is doing that? Because it's convenient. Because it's politically expedient. That is why. Otherwise, if they really wanted to take the bull by the horns, they would have done exactly what the member for Scarborough East was alluding to when he said businesses are leaving the city of Toronto. Well, hallelujah. I wonder why, when he himself said the commercial tax rates, for example, in Toronto are 5.8%, versus the competition in the outer region, the 905 region, of 2.3%. The industrial, vice versa, in Toronto is 4.27% and in the 905 it's 1.2%.

Isn't that enough of a reason for my friend from Scarborough East, for the minister, for the Premier and anybody else who says why they are moving out from the city of Toronto to the outer region, when we have this discrepancy? Isn't that why we don't have equity within the system, because we have this huge discrepancy? What does this bill do? Absolutely nothing to bring this difference closer.

Just last week I said in this House that a business in my area moving from a 46,000 square foot—just by moving to the north side of Steeles is saving some \$46,000 a year in assessment. That's a lot of money for a small business. That's a lot of money. I have to say that we'll be watching very closely when long leases which are tying down so many small businesses in Toronto come up for renewal. They will be moving out. It's not us on the other side of the House; it is the independent organizations when they say that if equality is not brought within the city of Toronto and the other municipalities, we will see a huge number of businesses leaving Toronto, to the tune in the next 10 years of some 55,000 people leaving the core of the city of Toronto. Is the government aware of that? Of course they are. So why don't they do something about it? Again, it is convenient to do it the way they are doing it.

I heard bashing of the council of the city of Toronto—big spenders, it's their fault. If we are so concerned with the city of Toronto and the way they are running their businesses, why then are we continuing to download or unload more responsibilities on this particular government? We have seen recently the government of Ontario saying, "Look, we are totally out of the housing business, so here are another 84,000 units. You take it over, you manage them, you maintain them and you administer them." Isn't that wonderful? Who is going to pay for that? The homeowners, because that is the only place where the government can go and get more money.

In conclusion, let me say that with this bill, not too many people are going to have an easier life in Toronto here; not too many homeowners, not too many seniors. Their lives are not going to be any better. I think this is a question that the minister, the Premier and the government should be asking themselves. The changes that we are proposing, are they going to make it easier? Are they going to be living better? I have to say no. Until the gov-

ernment sees the light and makes the necessary changes, we will continue to have an unfair, unjust and inequitable system.

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The Deputy Speaker (Mr Michael A. Brown): Questions and comments?

Mr Gilchrist: I hardly know where to start. The last member to speak, the member from York West, clearly must have forgotten everything he learned in Toronto city council. The city opened more public housing units in Metro Toronto than the province ever owned, so if it's not a municipal responsibility, what were you doing spending tens of millions of dollars building housing units, if you have no competence to do that? Small wonder, from what we see evidenced in here.

And Mr Phillips, the finance critic who doesn't even understand the difference between tax rates and tax ratios. Let me make something very clear, Mr Phillips, because you took the preponderance of your time to suggest there was something nefarious about the fact that the province sets the business education tax rates. You said that if a municipality's tax rate is above the provincial average, they could raise taxes. The correct provision of the bill, I would draw to your attention, is that the municipality's tax ratio—that means where they are relative to the single-family taxes. Mr Phillips, you know or you should know, if you're doing your job, that every one of those ratios is exactly the ratio the school board left them at the end of 1997 or they are the municipalities that are benefiting from our half-billion-dollar reduction. So you ask, where were these set, Mr Phillips? You, as the head of the Scarborough Board of Education, set those taxes. If you want to keep drawing attention to the fact that that's why the province had to act to stop these inconsistencies, all 25 municipalities in that chart—in every case—the business tax today is the business tax that we inherited from that municipality, from that school board, at the end of 1997.

Those that are above the provincial average—that you didn't mention—are benefiting from a half-billion-dollar reduction. If this is the quality of criticism, heaven help us. Small wonder we're going to support this bill wholeheartedly.

Mr Ted McMeekin (Ancaster-Dundas-Flamborough-Aldershot): I'm pleased to enter the fray here as a former mayor of a municipality that, along with other municipalities in the Hamilton-Wentworth area, begged this government not to inflict the previous CVA changes along with the downloading and argued that it would be difficult, if not impossible, to assign accountability. That was exactly why it was proceeded with, because the government knew it would be too darn confusing.

My particular concern in Flamborough was the impact of CVA, specifically on the business community. We had wild fluctuations, in large part because the city of Hamilton had failed to keep pace with the need to do assessments there. The 10-5-5 tool was brought in, which was helpful at the time. The only difficulty with it was

that while it helped some businesses that surely would have been in trouble without it, it treated very, very unfairly many of those businesses that were for so many years overpaying taxes. The member from Hamilton East certainly can attest to that. While some businesses were seeing a 200%, 300% or 400% increase, others that should have had a lot of money coming back weren't.

We argued at the time that the 10-5-5 tool should continue in some respects, and I'm pleased to see that's contained in the bill, but that there needed to be other tools in place to make sure that those businesses that had been overpaying for so many years could in fact recapture and recoup that overpayment. Unfortunately, this bill doesn't address that issue. That is unfortunate because part of the bill is excellent, but it falls short once again in the very area that was drawn to the government's attention.

Mr Christopherson: In commenting on the remarks of my colleagues from the official opposition, let me say I don't have too much quarrel with their criticisms of the government bill. I think they're well taken. I believe every one of them made reference to the fact that if it's necessary to raise the taxes locally in some modest way—and I'll get into the reasons why that might be when I take the floor—as decided by the local elected representatives on the city council, this government has now said that if you are commercial, industrial or multi-residential—meaning apartments, you won't be subject to those tax increases. Only families, and this is a government that says it cares about families, or individuals who own property in the municipality can face the increase.

I don't know what you're thinking over there, but if you believe for one second that people who own their own homes in any of our communities are going to stand back and have increases, if there are any, increases made necessary by the programs and responsibilities you downloaded to municipalities, are going to be the only ones to pay the increase, I've got to believe you've got one big shock coming.

Where is the reasonableness? You can provide incentives, but to pass a law that says if there are tax increases in the city of Hamilton, only individual property owners and families will pay that increase is nuts.

Mr Hastings: I guess we have to go back to root source, to root and branch again, as I was saying in my original comments a few minutes ago in tonight's debate.

If only previous governments had acted, even back to the Davis administration, you wouldn't have the accumulated impact of the stuff we've had to go through in the last number of years. You folks should have done some of that when you were here from 1985 to 1990, and so should the NDP. They started but they were faint of heart and they moved away from it.

You can criticize us all you want over bringing in eight or nine bills, but at least we've worked our way through it. You'd have fewer bills. I know it's nice to sit there and for the member for Sudbury to say, "You shouldn't have had any bills," because probably their position still is the preservation of the old status quo, where if you looked at your assessment updates for the

old city of Toronto, one of the major assessment sources of property wealth in this province, they hadn't had an update since 1940.

Interjection: Shame.

Mr Hastings: Shame, yes. So why didn't they act? Yet the member for Sudbury thinks it's a joke, as usual.

The other point that needs to be made about this whole point: how can any municipal councillor of any municipal council stand up and say to his or her taxpayers—when you already have high assessment categories in the commercial, industrial and multi-residential, and many of your urban areas but particularly in Toronto—we're going to have to increase taxes? Where's the imagination? Where is the management capability and the political leadership we are expecting from the new city council in Toronto?

Interjections.

Mr Phillips: I appreciate the comments from my colleagues. I'll use a little bit of the histrionics of the member for Scarborough East, because he's sort of pointing and yelling. Perhaps you won't mind my doing a little bit of that, Mr Speaker, because I object to the pointing. I remember when the member for Scarborough East said, "School boards are mismanaging things and when we take over it's going to be different." Then he goes on to say that three years later they're still charging the same tax rates as the school boards did.

That's your problem. You are charging businesses at a rate that in Brockville is four and a half times the rate it is in Parry Sound. So I say to the member for Scarborough East, you are mistreating the businesses in Brockville. You are mismanaging things in Scarborough East. I would just say to the public that I'm using Mr Gilchrist's style. Furthermore, Mr Gilchrist, I would say to you that there's no justification for the Minister of Finance charging one quarter the taxes that the poor Mr Runciman's businesses are charged in Brockville.

Where's the justice in that? You say it was the school boards. Well, Mike Harris was on the school board 20 years ago; it's probably Mike Harris' fault. You blame me. I was on the school board a long while ago—20 years. I know you like to blame people, but if you're going to blame people, Mr Gilchrist, blame Mike Harris. He was on the school board in North Bay. He is to blame for the North Bay problem. You should know better, Mr Gilchrist—I'm using your same style. You should know better than to—poor Mr Runciman, having to justify Mike Harris charging his businesses four and a half times the rate that Ernie Eves's businesses are paying in Parry Sound. Where's the justification in that, Mr Gilchrist? Surely you can get down and talk to Mr Runciman and solve this problem. It's a gross injustice for the businesses of Brockville, and you're to blame, Mr Gilchrist.

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Interjections.

The Deputy Speaker: Order. Further debate? The member for Hamilton West.

Mr Christopherson: Gerry, I've got to tell you, that works. You've got to do a lot more of that. That works really well: shut them right up; you got your point across.

Mr Gilchrist: You don't have a monopoly on it, Dave.

Mr Christopherson: That's right; I don't have a monopoly on it. That was really good. I was very impressed. He went right to the second too. That was excellent. Of course, let's be fair: he had really good material to work with. This bill is a great piece of material to have to work from.

I'm going to move to a number of specifics, so many different things. First of all, I also want to underscore the fact that this is indeed their eighth bill, and anyone who wants to go through the Hansards, as I've done, and take a look at where we've been on these taxation issues, those are just some of the Hansards of some of the bills in an attempt to try to find some kind of system that works. Obviously, trial and error was the method you tried previously.

I wouldn't be the least bit surprised—of course, it depends on whether or not we get any public hearings on this bill—that there will be a lot of changes this time around. For instance, as I mentioned in my two-minute response—I see the former Minister of Municipal Affairs shaking his head, saying no. We'll see. You may be correct. You certainly have an inside track on this ministry and would understand where you think the government is and where they might be at the end of this debate. But I would remind you that part of the democratic equation is supposed to include listening to people, listening to municipalities. So before you just unilaterally declare that there won't need to be any changes, you might just want to reserve that small little possibility that somebody else besides you and your cabinet might have a thought on this that could be relevant.

One of the areas is, as I mentioned when I was responding to the leadoff debate of the official opposition, I think you're going to have a tough time having the clauses that require all tax increases, if they're necessary, to be passed on only to residential property owners, individuals or families. That's going to be tough. That's really going to be tough, because the fact of the matter is that you've got an awful lot of municipalities that are hurting. The downloading is mentioned by most of us for good reason.

In our community, the region of Hamilton-Wentworth, now to be the new city of Hamilton, we got stiffed for over \$40 million. The member again laughs, but it wasn't so funny to the predecessor to Mr McMeekin, because that predecessor voted against your bill that said this is revenue-neutral. One would ask the question, why did Mr Skarica do that? Because it wasn't revenue-neutral. He knew that the numbers didn't hold. I can remember—and you will see it now from this perspective, I say to the former mayor of Flamborough, now in the House across the way from me—that one of the first things this government did, when those of us from Hamilton and the region presented the arguments, was to attack the numbers. They always attack the source. It's always attack, attack, attack. The former minister is nodding his head, because that's what they do. In this case—

Interjection.

Mr Christopherson: Don't get ahead of my story, Ted.

In this case they said that our numbers were no good, that the reason we came up with this \$40-million-plus figure was because we had in Hamilton fiddled with the numbers and that's why we had this argument to make.

What's interesting about this story is that the senior bureaucrat, the senior civil servant in the region, was hired by none other than the member for Scarborough East, although I know he doesn't have a lot of input; I know how the process works. Nonetheless, you were the minister when that same individual was hired to be the Deputy Minister of Municipal Affairs, and to the best of my knowledge he's still there.

Mr Gilchrist: That's not true.

Mr Christopherson: What's not true?

Interjections.

Mr Christopherson: Well, you were the minister when he was appointed.

Interjections.

The Deputy Speaker: Order. The speaker should direct his comments through me.

Mr Christopherson: Thank you, Speaker. I shall. I stand corrected. It doesn't change much, but I stand corrected. It was the predecessor to, I guess, a couple of ministers. It was Mr Leach. Nonetheless, the fact of the matter is that when you accused our community of fudging the numbers, the very person who oversaw the development, creation and production of those numbers was someone that this government felt was a high enough calibre individual—which we agree with, by the way—that you hired him to be your Deputy Minister of Municipal Affairs.

The reason I raise that, Speaker, is not to get into a duet with the former minister, as you rightly point out we should not do, but to point out that this attack, attack, attack is not based on an argument that overwhelms or supersedes or knocks out another argument; it's just their modus operandi. As soon as someone brings forward anything—they don't even have to attack, just bring something forward—that this government doesn't like, wham, they attack them. I think that example is very illustrious for us in terms of being able to point out—

Hon Robert W. Runciman (Minister of Consumer and Commercial Relations): Illustrious?

Mr Christopherson: I thought as soon as I said it that it wasn't going to work.

Interjection: Illustrative?

Mr Christopherson: Illustrative, perhaps? Thank you, Bob. Have you ever had that happen? You get it out there and you know that doesn't work.

It is very illustrative of the fact that their attack does not mean they are correct; it just means that they are attacking. The reality is that the \$40-million shortfall is real, and we said to you at the time that that was going to impact on our municipality's ability to provide the services that used to be there, never mind the ones that you've added on top of those existing services. Forty million dollars may not seem like a lot to some of you,

but that's a lot of money at a time when every dollar matters.

I want to point out, because I saw a couple of members sort of roll their eyes at the prospect that a municipality might raise taxes, as if only monsters or fools would do that—

Mr Gilchrist: Hear, hear.

Mr Christopherson: As his parting shot, the former minister says, "Hear, hear." You see? That's the point.

I want to use the board of education as an example. I've used this before and I think it's a good example. When you changed our law, the NDP law that said that junior kindergarten was mandatory, the only way our local school board could continue to provide the program was to bring in a modest property tax increase. That wouldn't be this municipal election; it would be the one preceding. Every one of those trustees who supported that modest increase, because they wanted to keep junior kindergarten, was re-elected.

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First of all, I think it speaks well for the system that there be flexibility, the ability for local school boards to gauge what the need is in the local community and have at least some say, some ability to raise revenue to put it towards priorities that Hamilton, Toronto, Windsor or Sudbury may decide are unique to them and worthy of all the citizens putting in a couple more dollars. The notion that there may be municipalities out there that would have to bring in a modest increase in property taxes to continue to provide the quality of life that the people in that community want should not be seen as some kind of deviation from normal thought. That's what it's quickly becoming in this province.

I say that's a shame. It's a shame because when we look at what is happening with the environment—Walkerton's a prime example—we take a look at what's happening in our health care system, we take a look at what the auditor had to point out today, when we take a look at the price of your massive tax cut ideology, it doesn't hold up. You can do it—I'll move on to the specifics in a moment—you can lower taxes. This government always makes it sound like that's somehow something innovative, something special that only they can do, because they have the political will, and all this nonsense. The fact of the matter is that if all you wanted to do was decrease taxes, all you have to do is cut everything. That gives you zero. I'm sure there are probably some on the other side who would like that idea. That would work just fine for them. I won't name names but, trust me, they're over there. They're looking. They wouldn't have a problem with that concept at all.

The whole idea that they would try to poison-pill the process municipally so that if there are any increases, they only go on residential taxpayers—and we all understand what the political fallout from that is for councillors. It shouldn't be surprising. That's what they've done. They're trying to poison-pill the process so that there won't be increases. And yet this is the same government that said that the government closest to the people should

call as many shots as they can, that they should be trusted to make those decisions for their communities.

I said earlier today—I've said it in other speeches—that the great irony of this government is that they are without doubt the greatest social engineers Ontario has ever seen. This is just another example. It plays well with the business community. Of course. Why not? It is a virtual guarantee that taxes cannot go up in the industrial, commercial and multi-residential areas of property taxation. This is not progressive. All it is going to do is one of two things.

It is going to spook enough municipal councillors because of the politics of it—even though they're not responsible, they have to follow the law—that they won't increase and they'll meet the pressures by cutting, cutting, cutting. Because you've given them so many responsibilities, the things they're cutting are going to hurt the quality of life of the people who live in Hamilton, Windsor, Sudbury and all the communities that are impacted by this. Or they will pass on the increase and, rather than commercial paying a bit, their fair share, industrial their fair share, multi-residential their fair share and then residential their fair share, all of it will go on the property owner, the family; in most cases they're families.

I want to come back to that again. How does this government, which purports to be the be-all and end-all when it comes to speaking and caring about families, bring in a tax law that discriminates against families? Because they're the only ones, if there is a property tax increase, who have to pay it.

What about seniors on fixed income? Oh yes—one of the members points—you've got a clause in there that says they're protected, but you're not providing any money for it. You don't say how it's going to be done. You just say that there has to be some relief—another edict from on high, a lightning bolt from Mount Olympus—“Thou shalt.” You leave it down there. No explanation, no dollars; just, “You will.” Why did you put it there? So that you could do exactly what you just did, which is that when I point out that it's going to hurt the most vulnerable in our communities, the workers, the middle class, you can point to this and say, “No, we care about seniors and the disabled. Look what we put in here.” It's empty, because there's no money attached and there's no formula. There's no involvement whatsoever, except a statement that there is a mandatory requirement for the municipality to consider this. That's not really helping anybody. And the thing of it is that they think they're going to con people.

Talking about the downloading, I've never accused them—not very often—of being stupid. They have thought these things through. A lot of the areas that have been downloaded on to municipalities have the greatest upward pressure on them in terms of costs in the future. Ambulance: we all, especially as the baby boomers get older, are going to use more and more of the medical system. I think one could reasonably conclude that would also involve ambulances and paramedics. Social housing:

given the policies of this government, we see from the news conference the other day that poverty rates are higher than they've ever been in the history of Ontario. They're highest in the country here and in Newfoundland.

The demand, the pressure, given your policy—we still haven't felt the full effects of all those policies. Some of them take a number of years before they really impact on a community. On top of that, and this will affect all these issues that I'm raising, if there's a recession, and I personally am one of those who believe that one of the reasons Chrétien called the election, notwithstanding his politics around Paul Martin, was because, just like David Peterson in 1989-90, I think Mr Chrétien and Mr Martin had their briefings from their economists and their Department of Finance and were told, “Look, folks, at the very best there's going to be a slowdown in the economy, a slowdown in the growth.” I grant you, the numbers are huge. Pretty close to 6% current growth will drop to somewhere around 3.5%, give or take. That's pretty big, but that's enough to spook governments because they know it affects revenue. I think they also know that there's no guarantee that's where it will rest. It could easily fall below 3%. If they ever settle the presidential election and a few other things in North America, it could go even further. That's going to put added pressure on the areas that municipalities now have the responsibility for.

Social housing; not only in terms of the pressure of more people needing assistance and help because of your policies, but the existing stock requires hundreds of millions of dollars of investment to maintain or bring it up to standards. Or, as we look out over the next five, 10, 15, 20 years, we can see that the investment required then is going to be take us into at least the hundreds of millions of dollars. Anybody who's ever been on a municipality council or dealt with any kind of investment, if you've ever had put in front of you the cost of upgrading parking ramps, whether they're above ground or below ground, it's big.

Social services: we know what happened to Ontario in the early 1990s when as a result of the free trade agreement and artificially high interest rates in Canada the recession in Canada was deeper and longer than I think in any of the other G7 countries. We were the deepest and the longest in recession. Those were artificially imposed by the Mulroney Tories and, as a result, we lost hundreds of thousands of really decent-paying jobs that went south, chasing after labour laws like the ones you're now in the process of bringing here. I guess that's your idea of job creation—get those jobs back here because Arkansas, Mississippi and maybe Mexico don't have the competitive edge on health and safety in the workplace. What a wonderful way to go about things.

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But we saw during that time the costs to social services. I know the campaign you ran and the games you played. We understand all that. But the reality is that when all those jobs left, for the reasons I've just outlined,

and people ran out of what was then called UI because the Mulroney and then the Chrétien government cut back on who was eligible and how much they could get under UI, they had to go on social assistance. The numbers went through the roof. And yes, we did attempt—we called it the disentanglement. You called it the Who Does What. Of course, we then nicknamed it the Who Does What to Whom.

But the fact of the matter is that we eventually couldn't get any further for two reasons. One, the ongoing recession that was still going longer than any economist was predicting, whether that's provincial or private sector—and for the backbenchers who are grinning and smirking, they should check it out. It's true. It happened. That's the way the thing unfolded, not the little fairy tale that you want to keep telling. All of the economists called it wrong. No one expected that recession to go as long as it did. As we were in negotiations, those were the stumbling blocks. Where do you start calculating from? Because if you're starting at the high point, it's an advantage to one; if you start at a lower point, it's an advantage to someone else. The date of when you picked would decide whether it was a high number or a low number.

In the midst of a recession, the worst since the 1930s, rather than do what you did—it's not that we failed or, as the member from Etobicoke North, I think, put it, that we grew faint of heart; it was, rather, that we had a heart—we said, "We can't continue with this in this current climate. As much as we think it needs to be done, there is no way to do this where our partners on the municipal side are going to feel that this has been an equal relationship and, at the end of the day, truly has revenue neutrality at its core."

So we said OK, we would leave it for the time being and come back to it. But we weren't the government next. The next government did come back to it and that's what you did to us. You rammed through that legislation that your own member from your party, who represented then Wentworth North, voted against. He stood in this House, not far from where I'm standing actually, and said—I'm paraphrasing—"I cannot and will not support the bill because it's not revenue-neutral to my community of Hamilton-Wentworth." Yet government members will still stand up and say, "Yes, it was revenue-neutral." It wasn't. At the end of the day, you owe us \$40 million just for the first year.

I personally think that a lot of the money that the transition board—another one of your great moments in Hamilton history. If all of their recommendations were implemented, we would have a very new city, but it sure wouldn't be anything like the communities we had before, and that would be a loss.

I can only hope that mayor-elect Wade and the regional councillors are able to find a balance between efficiencies and modernizing and restructuring things to the degree that there are real improvements without decimating all the public services, privatizing everything in town and firing off on to the social scrapheap literally

hundreds, if not thousands, of public sector workers, who had a major role in making Hamilton the great community that I and others are proud to brag about.

Your bill doesn't help. Mayor-elect Wade in the paper on Friday, the day after this was released, said this: "It is incumbent on us to make representations to the province to encourage them to accelerate it"—that would be the business education tax, and I'll get to that in a moment—"even more to bring it at least into line with the provincial average."

I'm not sure that mayor-elect Wade carries a political party membership, but I think it's fair to say that he is somewhere between a small-l liberal and a small-c conservative, probably more to the conservative side. That's one of the first quotes I've seen from the mayor-elect since the election, and he's already identifying that one of the first things he has to do in terms of representing our community—and don't forget, this was a candidate that was supported just about across the board by business—is he's got to come down here to Queen's Park to talk to this government about helping out.

You can't use the argument that they don't really want to do anything, just look at the track record and all the other nonsense that I've heard from that side. Mayor-elect Wade, and in fact all the candidates, ran on a platform of recognizing that fair taxes was one of the key election issues. Obviously, the unfairness that exists is something that mayor-elect Wade is going to tackle, and so he should.

Business education tax: This one really gets to us in Hamilton. Right now, if you go to school in Burlington and you go to school in Hamilton, you get pretty much the same education. The buildings are different, the personnel are different, but by and large, the education you receive in a classroom in Burlington is supposed to be the same education you receive in a classroom in Hamilton. Yet businesses in Hamilton, particularly downtown Hamilton, are paying 60% more.

Do you want to have a little discussion about competitiveness? How on earth can our small business in downtown Hamilton, in Westdale, compete when the business education tax, which you have 100% total control of because you took it, is 60% higher in Hamilton than it is in Burlington? We obviously have a few built-in advantages and disadvantages. They're just a step closer to Burlington, they've got a lot more development on their service roads, both north and south, and those are appealing. But to give them a 60% built-in advantage on the business education tax is totally indefensible. How can you defend that?

In this bill, you have what? You've accelerated by, I think the total amount is \$5 million extra to Hamilton's benefit. Great. Thank you for that. Thank you for the crumbs. We'll take it. But, again, we need about \$41 million, and that's still going to leave us above the average. That's still going to leave us at a competitive disadvantage, but at least the inequity that you have 100% control of would be taken care of.

It's interesting. This government, in the last budget, had upwards of \$5 billion to give away; \$4 billion of it

went to wealthy corporations by virtue of a 50% cut in the corporate tax rate—\$4 billion. The economy's booming. Corporations are making more money than they've ever made before and you had to give them another \$4 billion. Then along comes Chrétien, the federal Liberals, who gave the same folks another \$100 billion. No money for pharmacare, no money for a national home care program, no decent investment in health care, at least in terms of bringing us to the costs today, none of that. All tax cut, tax cut, tax cut.

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Why, when we expect that there's probably at least another \$3 billion, maybe more, surplus in the next budget, combined with the almost \$5 billion in the last budget—for the sake of argument, let's say that's \$7 billion over two years? Why, for a government who says—again, they say the words—they care about small business more than anybody else, why didn't you step in and in one fell swoop eliminate the discrimination against small business in downtown Hamilton? You would have helped small business. You would have been contributing to fairness, to competition; you would have been promoting the new city of Hamilton by putting it on a stronger revenue foundation; and you would have been sending a message that your downloading wasn't your last word on the subject. You could have done all of that, and you know what? Economically, you'd have done a lot more, because it's not just Hamilton that would have been affected; there are other communities.

Had you helped all those other communities and their downtowns and their small business community, you really could have probably done something that was measurable at the street level, at the economic level where money really changes hands, real money buying real things, like corner stores and a hardware store and the dry cleaners and the shoe repair and the variety store on the corner. That's where the real economy happens in a community. But when you see the number of boarded-up stores, empty storefronts in downtown Hamilton, you've got to take your share of the blame.

Yes, it's our downtown, it's our city and collectively we all have to take responsibility for that. I'm not suggesting it's someone else's fault. But you're the senior level of government. You made promises about how you cared about business, how you cared about community, and you had the money. The money was there, and you chose to turn your back on Hamilton downtown and Westdale and other communities across the province. You cannot justify that, in my mind. I asked the Minister of Finance that very question yesterday in the House and I got a non-answer answer. Surprise, surprise. You know, what would have been a surprise is to get a real answer. It's so frustrating.

Now, on top of everything else, you've decided that you're—I don't know, somehow you must think that the commercial, in particular in this case, businesses are going to thank you because they're protected from the tax increases if there have to be any. Let me tell you, the number one issue for businesses in downtown Hamilton

and in Westdale is competitive taxation. We have an element of responsibility in that, absolutely. The new council, all of them are committed to it, I hope not at the expense of the quality of life that we have in Hamilton. But they are committing themselves to making it a priority to ensure that the competitiveness issue is front and centre. But you have a role. You not only set all the laws in terms of how municipalities operate, you took 100%—there are still people who don't know this—that you took 100% control of the entire education system and you left trustees there to do your dirty work. So you've got the power, you've got the control, you had the money, you say you had the mandate, you say it was one of your priorities, and you didn't do it. Why? Please, don't tell me it's because it took 20 or 30 years to create and therefore it's going to take eight or 10 years at the very least to solve it.

To some degree you can make that argument, but not when you're running the kind of surpluses you're running now, paid for, I would remind you, on the backs of the vast majority of Hamiltonians, not the very few who benefited from you tax-cut regime but the vast majority of hard-working individuals and families in Hamilton, and there's our quality of life, our health-care system and our environmental protection—that's where we paid the price.

You owed it to our community and to other communities across the province that faced the same situation in the downtown, and it's mostly the older communities, to be there and help out. It's wrong to say that any community that doesn't meet your artificial targets of what ought to be levels of taxation—and then you stand back and cross your arms, having pushed a whole lot of services on to the municipalities. That's not right, it's not fair and it's not reasonable. Pick whatever word of measurement you want, you've all got different ones there, and it doesn't stand the test in any case.

You left us high and dry, and when somebody calls you on it you start pointing fingers, saying, "It's their fault, or their fault or their fault, but not us. Oh no, not us." Then we get pious speeches like we got from the former minister here earlier, standing up like he's the only one who understands responsibility—the arrogance that oozes out of those kinds of speeches—because when the crunch came and you had the opportunity to do something, you didn't do it. You left us high and dry.

It's not going to change. We're going to be here again next year dealing with one form of budget bill or another, and I'm going to be telling you about the same problem and I'll bet you still won't have done anything about it at that point.

I don't get it; I really don't. You'd have got so much credit for doing it. You would have had people who are not traditional Tories saying this was the right thing to do. You'd have improved the quality of life and you'd have made a major investment in our local economy. If Hamilton's local economy goes up, guess what, the provincial economy goes up. But instead you followed your usual process, and what's that? You identify ways

of giving any benefits—call them benefits like they're found gifts. You took them from our communities and from our quality of life. You cut the money out and then you gave it away to those who needed it the least.

This is a recipe for disaster, because once the economy turns, what do you think is going to happen to downtown Hamilton under the current regime you've put forward? Not very pretty. You give our communities tools, you say, but they're not tools in the sense of being a help. If anything, at best they squish the juice around in the orange, from one spot to another, but it's not really solving anything. This is not just me talking; the businesses in downtown Hamilton have made this an issue because it's legit. They're in trouble.

Another great irony: way back when, when you first started monkeying around with all these caps, had you allowed downtown Hamilton—when I use downtown Hamilton I'm probably speaking to, what, Rick, at least another dozen communities across the province that are very similar in terms of what they face—you had a real opportunity to do something where I would have even had to stand up and acknowledge, "This helps Hamilton." I will do that, you know, when it's true. I don't have any compunction about doing that whatsoever.

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But you haven't done it yet. If you had let the decreases in the property tax for our commercial sector in downtown Hamilton and Westdale go to the level that they were entitled to, to the actual taxation they should have been paying, that would have been a real boost for us.

In fact, I can remember articles being written and politicians of all political stripes saying: "If this goes through the way it is, yes, there are some areas that have got a problem. We've got to find ways to deal with it." But at least the downtown core, the heart and soul of every community, in the case of Hamilton would have a fighting chance to come back. Then you cut all that. You said: "No. Because we made all these other promises, the only way we can pay for those is by denying you, small business owner in downtown Hamilton, the decrease you're entitled to." Now we continue to see business bleeding away from downtown Hamilton. It still hasn't stabilized—never mind turned itself around; it hasn't stabilized.

I don't know where we are going to be at the end of this budget process with the transition board's proposed budget and all those things. I'm one of those who did not feel that every single nickel was the absolute priority in terms of the amalgamation of all our municipalities. I believe there is money to be saved through economies of scale and new efficiencies, but I've never believed that the sole purpose of the amalgamation was just to lower taxes. Nor did I believe that an artificial figure ought to be the Holy Grail of budget numbers and that, no matter what, you reach that number.

There are quality-of-life issues in Hamilton that I don't think Hamiltonians want to lose. It is the first budget, the first go-round. We've got a brand new mayor,

a brand new council. Who knows? All I know is that you had opportunity to help us, with this bill, to fulfill an obligation, to remove a discrimination and to make an economic investment where it would do some good and you didn't do it.

But you tried to earn yourself some brownie points with people who own high-rise apartment buildings and commercial properties and industrial properties by saying: "No matter what anybody does, your taxes can't go up. If there are any tax increases, it is only on the residential side of things." For the life of me, I still find it hard to believe that you think you're going to be able to pull this off. You cannot say that the way we're going to fix the ratio imbalance between the residential rate and the commercial-industrial and multi-residential rates is by imposing that only residential components will pay an increase. You can legally. I don't think you can do it morally and ethically, and I don't think you're going to be able to sell it.

The member from Scarborough-Agincourt, my counterpart in the Liberal Party, the finance critic for the Liberals, made the argument that you've brought this in during night sittings. Again, it is becoming routine. We talked about this before. This bill was just introduced last week. Here we are debating it already. This is very complex stuff. There are a lot of accountants and tax experts who are probably working away now trying to get caught up on exactly what the implications are, because tax bills are complex. Here we are debating it at 9:30 at night on a Tuesday in the middle of a federal election. What a coincidence. You're hoping people don't find out. You're certainly not going to give them enough time.

Once again, it will be interesting to see if there are any public hearings at all. Are you really going to give anybody an opportunity to have something to say? I saw the Minister of Labour say in the paper the other day that he was so upset with the federal Liberals because they didn't consult with the provinces before they brought in an extension to EI benefits for family leave. He was angry because the federal government didn't talk to the provinces before they brought it in. Yet you've got Bill 139, a bill that does significant damage to workers' rights and union rights. It is going to do a lot of harm on construction sites. People are going to be hurt, die. It is a union-busting bill if ever there was one. The minister admitted he didn't speak to anyone in labour, that there's nothing in the bill that labour wanted, only what business wanted, and he's issued a time allocation motion where there are going to be no public hearings. Labour gets no say, none, not even tokenism.

I raise that because, at the very least, given that when we are dealing with taxation issues as they affect our communities, nothing could be more important to the quality of life and the ability of our municipally elected representatives to provide and plan for it.

As I close off my remarks this evening, I want to implore, urge, ask, whatever it takes: give people a chance. Don't shut down the debate. Don't shut down democracy yet again. Give the municipalities an opportunity. Give

us a chance to bring in the tax experts. Let us, as members of this place, have a legitimate role to play in the development of bills like this, especially ones that go to the heart of what our cities and our communities and towns can and are going to be. Give them, give us, that opportunity. Don't shut things down. There's still time.

Speaker, I look forward to finishing off my opening debate at the next earliest opportunity.

The Deputy Speaker: It being 9:30 of the clock, this House stands adjourned until 1:30 of the clock tomorrow afternoon.

The House adjourned at 2128.

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		York South-Weston / York-Sud-Weston	Cordiano, Joseph (L)
		York West / -Ouest	Sergio, Mario (L)

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Une liste alphabétique des noms des députés, comprenant toutes les responsabilités de chaque député, figure dans les premier et dernier numéros de chaque session et le premier lundi de chaque mois.

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Brenda Elliott, Garry J. Guzzo, Peter Kormos,
Lyn McLeod, Marilyn Mushinski
Clerk / Greffier: Tom Prins

Legislative Assembly / Assemblée législative

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Vice-Chair / Vice-Président: Brad Clark
Marilyn Churley, Brad Clark, Caroline Di Cocco,
Jean-Marc Lalonde, Jerry J. Ouellette, R. Gary Stewart, Joseph N.
Tasca, Wayne Wettlaufer
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Public accounts / Comptes publics

Chair / Président: John Gerretsen
Vice-Chair / Vice-Président: John C. Cleary
John C. Cleary, John Gerretsen, John Hastings,
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Marilyn Mushinski, Richard Patten
Clerk / Greffière: Tonia Grannum

**Regulations and private bills /
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Vice-Chair / Vice-Président: Garfield Dunlop
Gilles Bisson, Claudette Boyer, Brian Coburn,
Garfield Dunlop, Raminder Gill, Pat Hoy,
Frances Lankin, Bill Murdoch
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