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**Official Report
of Debates
(Hansard)**

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des débats
(Hansard)**

Wednesday 26 November 2003

Mercredi 26 novembre 2003

Speaker
Honourable Alvin Curling

Clerk
Claude L. DesRosiers

Président
L'honorable Alvin Curling

Greffier
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LEGISLATIVE ASSEMBLY OF ONTARIO

Wednesday 26 November 2003

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

Mercredi 26 novembre 2003

The House met at 1330.

Prayers.

MEMBERS' STATEMENTS

LIBERAL CAMPAIGN PROMISES

Mr Cameron Jackson (Burlington): I'd like to welcome five members of my riding from Burlington, members of the Burlington Professional Firefighters Association, in the House with me today. They are here to bear witness to the fact that the Liberals' blame-game deficit does not hold water with Ontario taxpayers, any more than it holds water with the citizens of Burlington. Based on our government's balanced budget plan and what the Premier has promised as part of his fiscal agenda, this Liberal government could run as much as a \$3.5-billion surplus in this fiscal year. All the Premier and the Minister of Finance have to do is start showing up for work and accepting the responsibility entrusted to them by the voters of Ontario.

Someone needs to inform the Premier that he needs to stop acting like an opposition member. He needs to stop whining and stop making excuses about why he is breaking all of his election promises to the people of Ontario. He and his finance minister need to get to work and to get on the job. They were put here to do that work. Of course, it's always easier for a Liberal to break his word to Ontarians than to show up for work and make tough decisions. Perhaps he shouldn't be surprised that the mantra of his new government is excuses, broken promises and tax hikes. Come clean, Mr McGuinty. You could balance the budget for the province of Ontario if you had the political will. It can be done.

INTERGOVERNMENTAL RELATIONS

Ms Laurel C. Broten (Etobicoke-Lakeshore): I'm very pleased to rise today and share with the members of the Legislature something that's been happening in the riding of Etobicoke-Lakeshore, the wonderful community which I now have the pleasure and privilege of representing. In Etobicoke-Lakeshore, a community which by its very name is obviously on the shores of Lake Ontario, the fall winds off the lake have blown in as winds of change and have brought with them a new era of co-operation between all levels of government.

I am pleased to report to this House, but most importantly to the community of Etobicoke-Lakeshore, that the desire which you have expressed over the past number of years, and in particular during the most recent election campaign, that all levels of government should work together in co-operation and common purpose on issues that matter to our community—whether that is strengthening our city, developing a more and better integrated transit system, tackling gridlock, protecting our waterfront, ensuring safety in our community, or working toward enhanced economic prosperity and development—have been heeded. The Honourable Jean Augustine, your federal representative, and our city councillors, Mark Grimes in Ward 6 and Peter Milczyn in Ward 5, and I are already working together to tackle these challenges and to better serve our community so that living, working and learning in Etobicoke-Lakeshore will truly be the best that it can be.

LIBERAL CAMPAIGN PROMISES

Mr Norm Miller (Parry Sound-Muskoka): I was shocked this past week when I heard comments from the Minister of Municipal Affairs. When asked why this government was breaking yet another one of their campaign promises, he responded, "Perhaps we were too naïve." For the Liberal government to simply plead ignorance as an excuse for not living up to lofty promises is simply unacceptable.

Let's look for a minute at the Liberal promise to balance the provincial budget. One of Mr McGuinty's first actions after being elected was to hire a private consultant with limited terms of reference at a cost of \$1,500 a day in order to try to convince Ontarians that balancing the 2003-04 budget could not be done. One has to ask if that money could have been better spent elsewhere.

Mr McGuinty's blame-game deficit does not hold water with Ontario taxpayers. Based on our government's balanced budget plan and what the Premier has promised as part of his fiscal agenda, the Liberal government could balance the budget. All the Premier and Minister of Finance have to do is start to show up for work and start to accept the responsibility entrusted to them by the voters of Ontario.

Come clean, Mr McGuinty. You could balance the budget if you had the political will to do so. It can be done.

FESTIVAL OF TREES

Mr Jeff Leal (Peterborough): To illustrate the kind of community I represent, I'd like to share with you an annual event that gets Peterborough residents in the Christmas spirit. The Festival of Trees, now in its 13th year, is a major fundraiser for local health care. Beginning last night with the opening gala, this event runs until Sunday. With the input of thousands of volunteer hours, the festival transforms the Peterborough Memorial Centre Arena, the home of the Peterborough Petes, into a winter wonderland that is accessible to people of all incomes and ages. Local individuals, agencies and businesses decorate trees that are later raffled or auctioned off. The festival also includes music and performing arts.

Other fundraisers within the festival include a hockey game, fashion show, and the sale of limited edition teddy bears, cookbooks and calendars.

Last year alone, the festival raised \$228,000 for the Peterborough Regional Health Care Centre Foundation, St Joseph's Care Foundation and Hospice Peterborough.

I wish this festival the best of luck in their fundraising efforts in the riding of Peterborough.

GOVERNMENT'S RECORD

Mr Ernie Hardeman (Oxford): I rise today in order to address this government's unwillingness to face the facts and its blatant refusal to do any work on behalf of Ontarians.

I want to quote to you an excerpt from the Toronto Star. "We have until Christmas to demonize the Tories. After that, we can't do it any more." That was a statement made by a Liberal insider to the press. I would like to submit to you, Mr Speaker, that since this government has taken office, that has been its primary goal: to demonize the former government.

We know the budget can be balanced, but the Liberal government won't admit that. Their blame-game deficit provides a convenient excuse to break their promises and hike taxes. Balancing the budget takes commitment and the political will to make tough decisions, two traits this government appears to be lacking.

I submit to you that the actions of this government have been nothing more than a cynical ploy to attempt to demonize the past administration. Someone needs to inform the Premier that he needs to stop acting like an opposition member. He needs to stop whining and making excuses for why he is breaking all his promises. He and his finance minister need to get to work to do the job that they were put here to do and to get to work for the people of Ontario.

Balance the budget, Mr Premier. It can be done.

1340

EID-UL-FITR

Mr Shafiq Qadri (Etobicoke North): Speaker, and my honourable fellow parliamentarians, I think it's a

mark of a civilized society and the ever-expanding spectrum of inclusivity that I am able to say the following. Islam enjoys its major celebration, the festival of Eid, which is the celebration commemorating the end of the month of fasting, the month of Ramadan.

I am honoured to share with the House my thoughts on Eid, particularly in light of the fact that this is the first time in the history of this Legislature that Muslims have been elected in the province of Ontario.

My fellow parliamentarians, Speaker, it is my privilege to celebrate this glorious occasion because it continues the Canadian tradition of multiculturalism and demonstrates the attitude of openness. This allows representatives of all religions and creeds to contribute to a community that leads the way for the rest of the world to follow in our tradition of tolerance, mutual harmony, respect and understanding. That is the ideal of the Canadian and the Liberal mosaic.

FIREFIGHTERS

Mr Garfield Dunlop (Simcoe North): On behalf of the Progressive Conservative caucus, I rise today to welcome the Ontario Professional Fire Fighters Association to the Legislature of Ontario. I know that you've been very busy today meeting with MPPs across Queen's Park to make them aware of your issues. As the opposition critic for the community safety and correctional services, I was particularly pleased to participate in this process.

Firefighting is a noble profession that needs no introduction. Ontarians know and appreciate what firefighters do each and every day in the name of community safety. That's why I was shocked and appalled by the fact that the word "firefighter" was not even mentioned in the Liberal government's recent throne speech. The fact that firefighters, and police officers, were totally ignored in the throne speech sends a clear message to the people of Ontario that law and order is not a priority for the Liberals.

In a letter to Fred LeBlanc, president of the Ontario Professional Fire Fighters Association, Dalton McGuinty personally makes four key promises to this organization. I should point out that this letter was dated May 23, 2003—before the election—and is not included in the 230 or 240 promises he made during the writ.

As critic, it is my job to make sure the Premier keeps his promises to firefighters. Based on his performance to date, I'm really not holding my breath. Surely Dalton McGuinty, captain and CEO of the Liberal promise-breakers club, will keep his promise to the Ontario Professional Fire Fighters Association and be spared the embarrassment of yet another series of shameful broken promises.

Mr Tim Peterson (Mississauga South): I would like to join the member from Simcoe North in welcoming to Queen's Park the Ontario Professional Fire Fighters Association.

Today, as many of you know, is lobby day for the association, and many of the members in my caucus have had the privilege of meeting and speaking with their representatives today. Those of us who have not had the opportunity look forward to speaking with them and listening to their concerns. We value their input and insight into some of the issues concerning all of our safety in the province of Ontario.

I would like to say on behalf of all the members in the Legislature that we sincerely appreciate the work these men and women do to keep our communities safe. Our firefighters are often the first to come to our aid in the event of tragedy, often at the risk of their own lives, and they deserve our recognition and respect. Now more than ever, their efforts and sacrifice are vital to our safety and well-being.

As many of you know, several firefighters have fallen in the line of duty in Ontario. We are eternally grateful for their sacrifice.

LIBERAL CAMPAIGN PROMISES

Mr Tim Hudak (Erie-Lincoln): I want to take a moment today to congratulate the Minister of Energy, Dwight Duncan, on being inducted as the first, the inaugural, member of the Dalton McGuinty promise-breakers club, for zapping the Liberal campaign promise to keep the cap on Hydro prices. Congratulations to the Minister of Energy.

Never fear, others members of the Liberal benches: Nominations are now open for the next inductee into the Dalton McGuinty promise-breakers club. No doubt competition is fierce, with a flood of flip-flops from the government benches, and the number of worthy promise-breakers is very high. Obviously, the campaign is well under way. Fast out of the gates is the municipal affairs minister, Mr Gerretsen, with his Oak Ridges moraine flip-flop; Mr Smitherman, with his P3 hospitals promise-breaking, number 114, is a worthy candidate; and Mr Sorbara, with his double gainer of increasing taxes and running a deficit, could be a very worthy inductee into the promise-breakers club.

Whether it's one of the above or any other nominees, I'm going to ask the members to fill out the nomination papers, which I'll ask a page to distribute. Members of the Legislature can nominate somebody, members watching at home can nominate somebody, the audience at home, or members of the press gallery. Very soon we'll nominate our second inductee to the Dalton McGuinty promise-breakers club. I'd like to seek unanimous consent to give Dwight Duncan 30 seconds for an acceptance speech for being the inaugural member into the Dalton McGuinty promise-breakers club.

The Speaker (Hon Alvin Curling): Member for Niagara Centre.

Mr Peter Kormos (Niagara Centre): I rise today to herald a historic new beginning in the province of Ontario, the birth of a new political party, the Fiberals. Ontario, meet your Fiberals. Led by broken-promise Premier

Dalton McGuinty, the Fiberals are a gang of power-hungry MPPs who make big promises before an election and then break them all afterwards. The Fiberals are masters of their craft. Already, the Fiberals have broken promises to protect the Oak Ridges moraine, scrap private hospitals, hold a meat scandal public inquiry and cap Hydro rates until 2006.

But the Fiberals ain't done yet. Today, the Fiberals are going to renege on another one of their so-called ironclad commitments: lowering auto insurance rates. Before the election, Fiberl McGuinty promised to lower auto insurance rates by 10% to 20%. Try telling this to Brian Holland, a good driver from Ottawa. His rates have gone up by 13% since the Fiberl rate freeze. He says, "I feel like I was ... to by the Premier." That's what he said. "I feel like I was ... to by the Premier."

Fiberals, when are you going to learn what Premier after Premier has learned the hard way: that private auto insurance is highway robbery? If you want to tame auto insurance rates, there's only one solution: public auto insurance that delivers the lowest and fairest rates. I say to you, we should be grateful that our professional firefighters are here, because the Fiberals' pants could catch on fire as we sit.

The Speaker: Order. I know it's sort of challenging for everyone here at this early time, when we start our session, to refer to members by their ridings more than by their names. I myself have that challenge, but you have much more time to consult, for your speeches, about the members and their ridings. I would ask you to adhere to that and call members by their ridings.

VISITORS

The Speaker (Hon Alvin Curling): I also ask your indulgence today, although it's not a practice that I want to do as the Speaker, for the members to recognize and welcome the civic classes of Henry Kelsey Senior Public School, sitting in both the east and west galleries, and their teacher, Lawrence Dawkins.

INTRODUCTION OF BILLS

AUTOMOBILE INSURANCE RATE STABILIZATION ACT, 2003

LOI DE 2003 SUR LA STABILISATION DES TAUX D'ASSURANCE-AUTOMOBILE

Mr Sorbara moved first reading of the following bill:

Bill 5, An Act to temporarily freeze automobile insurance rates for private passenger vehicles and to provide for the review and regulation of risk classification systems and automobile insurance rates for private passenger vehicles / Projet de loi 5, Loi visant à geler temporairement les taux d'assurance-automobile dans les cas des voitures de tourisme et à prévoir l'examen et la

réglementation des systèmes de classement des risques et des taux d'assurance-automobile les concernant.

The Speaker (Hon Alvin Curling): Is it the pleasure of the House that the motion carry?

All those in favour, say "aye."

Those against?

I think the ayes have it.

Call in the members. There will be a five-minute bell.

The division bells rang from 1351 to 1356.

The Speaker: All those in favour, please rise one at a time.

Ayes

Agostino, Dominic	Duncan, Dwight	Peters, Steve
Bartolucci, Rick	Flynn, Kevin Daniel	Peterson, Tim
Berardinetti, Lorenzo	Fonseca, Peter	Phillips, Gerry
Bountrogianni, Marie	Gravelle, Michael	Qaadri, Shafiq
Bradley, James J.	Hoy, Pat	Ramal, Khalil
Broten, Laurel C.	Jeffrey, Linda	Ramsay, David
Brown, Michael A.	Kennedy, Gerard	Rinaldi, Lou
Brownell, Jim	Kular, Kuldeep	Sandals, Liz
Bryant, Michael	Kwinter, Monte	Sergio, Mario
Cansfield, Donna H.	Leal, Jeff	Smith, Monique
Caplan, David	Levac, Dave	Smitherman, George
Chambers, Mary Anne V.	Marsales, Judy	Sorbara, Gregory S.
Colle, Mike	Matthews, Deborah	Takhar, Harinder S.
Cordiano, Joseph	Mauro, Bill	Van Bommel, Maria
Delaney, Bob	Meilleur, Madeleine	Watson, Jim
Dhillon, Vic	Milloy, John	Wilkinson, John
Di Cocco, Caroline	Mitchell, Carol	Wong, Tony C.
Dombrowsky, Leona	Mossop, Jennifer F.	Wynne, Kathleen O.
Duguid, Brad	Oraziotti, David	Zimmer, David

The Speaker: All those against, please rise one at a time so your names can be recorded.

Nays

Arnott, Ted	Hudak, Tim	O'Toole, John
Baird, John R.	Jackson, Cameron	Ouellette, Jerry J.
Bisson, Gilles	Klees, Frank	Prue, Michael
Churley, Marilyn	Kormos, Peter	Runciman, Robert W.
Dunlop, Garfield	Marchese, Rosario	Scott, Laurie
Eves, Ernie	Martel, Shelley	Wilson, Jim
Flaherty, Jim	Martiniuk, Gerry	Witmer, Elizabeth
Hampton, Howard	Miller, Norm	Yakabuski, John
Hardeman, Ernie	Munro, Julia	

Clerk of the House (Mr Claude L. DesRosiers): The ayes are 57; the nays are 26.

The Speaker: The motion has been carried.

Hon Gregory S. Sorbara (Minister of Finance): I'll make a statement during ministers' statements.

LABOUR RELATIONS AMENDMENT ACT (REPLACEMENT WORKERS), 2003

LOI DE 2003 MODIFIANT LA LOI SUR LES RELATIONS DE TRAVAIL (TRAVAILLEURS SUPPLÉANTS)

Mr Kormos moved first reading of the following bill:

Bill 6, An Act to amend the Labour Relations Act, 1995 / Projet de loi 6, Loi modifiant la Loi de 1995 sur les relations de travail.

The Speaker (Hon Alvin Curling): Is it the favour of the House that the motion carry? Carried.

Mr Peter Kormos (Niagara Centre): I'm proud to introduce this bill once again. The purpose of the bill is to restore the provisions that were incorporated into the Labour Relations Act by the Labour Relations and Employment Statute Law Amendment Act, 1992, and subsequently repealed by the Conservatives and Liberals by the Labour Relations Act, 1995.

The purpose of the provisions—and they're especially significant today, when our sisters and brothers and friends from labour visited us here at Queen's Park this afternoon—being restored is to prevent an employer from replacing striking or locked-out employees with vile scabs, scum of the earth, otherwise known as replacement workers. The bill, however, does allow scabs to be used in rare and exceptional emergencies.

MOTIONS

HOUSE SITTINGS

Hon Dwight Duncan (Minister of Energy, Government House Leader): I move government notice of motion number 4: That pursuant to standing order 9(c)(ii), the House shall meet from 6:45 pm till midnight on the weeks of December 1, 8 and 15, 2003, for the purpose of considering government business.

The Speaker (Hon Alvin Curling): Is it the wish of the House that the motion carry?

All those in favour, say "aye."

Those against, say "nay."

I think the ayes have got it.

Call in the members. There will be a five-minute bell.

The division bells rang from 1404 to 1409.

The Speaker: All those in favour of the motion, please rise so you can be counted by the Clerk.

Ayes

Agostino, Dominic	Flynn, Kevin Daniel	Ouellette, Jerry J.
Arnott, Ted	Fonseca, Peter	Peters, Steve
Baird, John R.	Gravelle, Michael	Phillips, Gerry
Bartolucci, Rick	Hardeman, Ernie	Qaadri, Shafiq
Berardinetti, Lorenzo	Hoy, Pat	Ramsay, David
Bountrogianni, Marie	Hudak, Tim	Rinaldi, Lou
Bradley, James J.	Jackson, Cameron	Runciman, Robert W.
Broten, Laurel C.	Jeffrey, Linda	Sandals, Liz
Brown, Michael A.	Kennedy, Gerard	Scott, Laurie
Brownell, Jim	Klees, Frank	Sergio, Mario
Bryant, Michael	Kular, Kuldeep	Smith, Monique
Cansfield, Donna H.	Kwinter, Monte	Smitherman, George
Caplan, David	Leal, Jeff	Sorbara, Gregory S.
Chambers, Mary Anne V.	Levac, Dave	Takhar, Harinder S.
Colle, Mike	Marsales, Judy	Van Bommel, Maria
Cordiano, Joseph	Martiniuk, Gerry	Watson, Jim
Delaney, Bob	Matthews, Deborah	Wilkinson, John
Dhillon, Vic	Mauro, Bill	Wilson, Jim
Di Cocco, Caroline	McMeekin, Ted	Witmer, Elizabeth
Dombrowsky, Leona	Meilleur, Madeleine	Wong, Tony C.
Duguid, Brad	Milloy, John	Wynne, Kathleen O.
Duncan, Dwight	Mitchell, Carol	Yakabuski, John
Dunlop, Garfield	Mossop, Jennifer F.	Zimmer, David
Eves, Ernie	Munro, Julia	
Flaherty, Jim	O'Toole, John	

The Speaker: All those against, please rise.

Nays

Bisson, Gilles
Churley, Marilyn
Hampton, Howard

Kormos, Peter
Marchese, Rosario
Martel, Shelley

Prue, Michael

Clerk of the House (Mr Claude L. DesRosiers): The ayes are 73; the nays are 7.

The Speaker: I declare the motion carried.

**STATEMENTS BY THE MINISTRY
AND RESPONSES**

AUTOMOBILE INSURANCE

Hon Gregory S. Sorbara (Minister of Finance):

With the introduction of the Automobile Insurance Rate Stabilization Act, 2003, the McGuinty government is keeping yet another one of its commitments; that is, to lower automobile insurance rates.

Applause.

Interjection: Well done, Gregory.

Hon Mr Sorbara: Thank you.

We are doing what we promised Ontarians we would do: acting responsibly, protecting consumers while ensuring the long-term viability of the system.

Automobile insurance rates have been skyrocketing, more than 20% in the last year alone. For a product that people have no choice about buying, that simply isn't fair.

This past summer, our caucus members, including the now Premier, Dalton McGuinty, visited 17 communities on our Lower Rates for a Change consultation tour. We heard a common theme: Automobile insurance rates are too high, and drivers desperately need rate relief. We acted almost immediately. As the first order of business, on the day of our swearing-in, the Premier directed me to take all necessary steps to stop insurance companies from filing for automobile insurance rate increases. We acted swiftly to address rising auto insurance rates by making sure the automobile insurance companies did not continue filing for rate increases. Now we are determined to move forward and deal with escalating costs in the industry in a fair and responsible way.

Today's bill, if passed, would freeze auto insurance rates for private passenger vehicles until January 23, 2004, at the rates that were approved on or before October 23, the day we were sworn in. As I will explain, after January 23 it is our intention that new filings will be for rates that are lower, not higher.

In the meantime, to protect consumers we have introduced serious deterrents for insurers that fail to comply with the bill. For example, if the bill is passed and an insurer charges a higher premium than allowed, it could face stiff penalties, including prosecution or having its licence suspended or cancelled under the Insurance Act.

I'd like to clear up a little bit of confusion that has surrounded this freeze. At our request, insurance companies haven't raised their rates since October 23, and yet some drivers are still facing increases. Consumers should be aware that the rate increases approved prior to October 23 have not yet been fully reflected by insurance companies in policy renewals. So, depending on when drivers renew their policies, they may be experiencing increases due to rate hikes approved before October 23, prior to this government's swearing-in.

This legislation is an important first step in our commitment to do what Ontario consumers have asked us to do: lower auto insurance rates. The trend of higher rates is the legacy of the previous government. My friends opposite failed to act as insurance rates skyrocketed, and consumers have suffered the results over a number of years.

We're not going to make the same mistake. We are committed to protecting consumers and to bringing real, positive change to Ontario's auto insurance rate system. We are committed to reducing out-of-control costs and making sure that the cost savings are passed on to consumers in the form of lower premiums. We are committed, in other words, to doing the job we were elected to do and to doing it responsibly, fairly and well.

Our reforms must look to the long term as well as the short term. Insurance premiums have been rising out of control for years and bringing them completely under control is going to take a little time. While protecting consumers, we must also ensure that Ontario continues to have a competitive and healthy auto insurance marketplace.

In the next stage of our reforms, we will introduce measures to lower rates even further. We will allow consumers to save more by allowing them to customize their insurance coverage to best meet their individual needs.

I think it's safe to say that few topics engage the public's interest more than automobile insurance. Consumers, members of the insurance industry, the legal profession and health care providers all have views on auto insurance that are often compelling, and just as often conflicting. The challenge for us is to listen carefully to these views and then to implement policies that we believe are in the best interests of Ontario drivers.

That's why I have asked my parliamentary assistant, MPP for Eglinton-Lawrence, Mike Colle, to meet with a cross-section of groups that represents consumers, health professionals, lawyers, the auto industry, brokers and others during the period that rates are frozen. We're working with all these groups to find the best way to achieve savings that will bring—

Interjections.

The Speaker (Hon Alvin Curling): Order.

Hon Mr Sorbara: Thank you, sir. I don't think they want to listen, but I appreciate your attempts.

We're working with all these groups to find the best way to achieve savings that will bring auto insurance

rates down by an average of 10%. Drivers have been paying too much for far too long.

We're going to implement system-wide changes that will lower costs for insurance companies and allow them to lower rates after January 23. Again, our target is an average reduction of 10%.

1420

We will succeed if we work together. We are doing what needs to be done. We are acting. We will continue to act quickly and decisively.

More than eight million motorists in Ontario are counting on their government to keep its commitments and deliver lower rates. We're going to do just that.

We will ensure that Ontario drivers have access to competitive, affordable and available automobile insurance. We are taking a responsible approach to protecting Ontario motorists.

Mr John R. Baird (Nepean-Carleton): Another day, another broken Liberal promise. This bill is nothing more than a reannouncement of a press conference that Dalton McGuinty had last month. The Liberal Party said one thing before the election when they were looking for votes and they are doing quite another now that they've been elected. They were very, very clear when they were on this side of the House. It was simple, they had all the answers and they would move quickly to implement those changes.

In their policy paper *Lower Rates, for a Change*, the key word was "change," and the policy has changed. On page 1 it's very clear. It talks about a 20% reduction for Ontario motorists. That is the really outrageous part of today's announcement. With the bill brought forward by this minister and this government, rates will go down by nothing. Auto insurance rates around Ontario have gone up by an average of 20%, and this minister and this government think that's acceptable. This minister and this government are going to legislate a freeze. We think these auto rates should go down. In this province they should go down. Ontario motorists deserve better than a nothing response from a nothing government.

Interjection.

The Speaker: Minister of Finance, could you just come to order, please.

Mr Baird: Thank you very much, Mr Speaker.

Not only did the Liberal Party have all the answers when they sat on this side of the House, but the minister in his statement bragged about the fact that Dalton McGuinty had visited 17 communities and canvassed widely, and had all the answers. Now we see that the Minister of Finance comes here with a no-rate-reduction policy, with vague promises of more consultation and more listening tours.

Even with this dog-and-pony show that the member for Eglinton-Lawrence will be going on, they're only looking to consider a rate reduction of 10%. After rates have jumped 20%, they want to freeze them and now reduce them by 20%.

Let's look at the facts. On July 22—followed up the next month—this former government came forward with

some clear policies to reduce \$1.4 billion in costs, with a clear set of regulations to force insurance companies to forward those savings on to the taxpayer. The sad reality of the debate today is, had this government not been so partisan and petty, they could have adopted the policies and regulations brought in by the former government, and rate relief would be the law of the land today in Ontario. That is the really outrageous part of it.

The Liberal document talks about a \$650-million rate reduction. We came forward with more than \$1.4 billion in strategies on an \$8-billion or \$9-billion industry to see rate relief a reality today.

Interjections.

The Speaker: Do come to order, please.

Mr Baird: Mr Speaker, I'm obviously getting under their skin because they've broken yet another promise.

Let's be clear, Minister. Today Dalton McGuinty is committing highway robbery and you, sir, are driving the getaway car. Ontarians won't buy this Orwellian double-speak. They see this exactly as it is. They see this as another broken promise from another Liberal government and they won't be fooled.

Mr Jim Flaherty (Whitby-Ajax): This corruption of the English language: The Minister of Finance says that his commitment is to lower auto insurance.

Interjections.

The Speaker: One of the things I very much expect from the ministers who are giving statements—I want to hear the response. I think the common decency is to let us hear the response and stop shouting across. It's making life difficult for me and, furthermore, I can't hear.

The member for Whitby-Ajax, I think there's a minute and three seconds on the clock, so put it back.

Mr Flaherty: Thank you, Speaker.

The Minister of Finance acknowledges in his statement to the House that the commitment is to lower auto insurance rates, for a change. This bill not only fails to lower auto insurance rates, it purports to freeze auto insurance rates, but the people of Ontario will clearly understand the difference between lowering and freezing.

More than that, it fails to allow the superintendent of insurance—in fact, it prohibits the superintendent of insurance from approving the applications for rate reductions that were filed September 30. Those rate reductions were filed pursuant to the reforms led by the Ernie Eves government. They would have provided at least a 10% rate reduction for motorists across Ontario. So not only is the promise being broken, the net effect of what is being done here is to deny motorists in Ontario an immediate 10% rate reduction.

More than that, the commitment was to reduce rates across the province. This bill only applies to private automobiles. It excludes school buses, it excludes small business, it excludes commercial carriers in Ontario, all of whom want—

The Speaker: Thank you. Order.

Mr Peter Kormos (Niagara Centre): I'm seeking unanimous consent to respond for up to five minutes on

behalf of the seven New Democratic Party members of this Legislature.

The Speaker: Is there unanimous consent from the House? Agreed.

Mr Kormos: Thank you kindly, Speaker. I suppose the only thing that's surprising about this is that a veteran like the minister would present it, because I recall him as having been here in the period from 1987 through 1990, and the embarrassment of him and his colleagues, in fact the pratfall they suffered after one David Peterson, during a political campaign, said that he had a very specific plan to lower automobile insurance premiums.

I happen to have been here as well, and that very specific plan to lower automobile insurance generated the fiasco of no-fault here in Ontario, which has punished innocent accident victims ever since and in fact resulted in higher premium rates, resulted in an incredible, magnificent, huge, perverse population of the Facility Association to the point where Facility Association became profitable and profit-making for the auto insurance industry here in Ontario.

I suppose if I were to ask a question, the question to the minister would be, was he actually sitting on George Cooke's lap while he took the dictation to write this legislation on behalf of the insurance industry? Or indeed was it Mark Yakabuski, of the Insurance Bureau of Canada, who played Edgar Bergen to your Charlie McCarthy?

This doesn't reduce premiums. It doesn't freeze premiums. This is like your freeze of tuition rates when they're already sky-high and well beyond the affordability of any student. You froze tuition rates after they'd become unaffordable for working-class children and young people with modest incomes, or even middle incomes. Now you freeze insurance premiums after they've skyrocketed through the roof.

1430

Take a look at section 6. This is the Mack truck loophole; this is the Caterpillar tractor loophole; this is the Boeing 707 loophole; this the black hole loophole. We need nuclear physicists to tell us the magnitude and size of the section 6 loophole, you guys. That's the one that lets the insurance industry apply for extraordinary increases on the basis of the exceptional financial circumstances of that industry. They've had exceptional financial circumstances, according to them, for all of my 51 years. I can't remember a time in my life where the auto insurance industry hasn't cried and declared that it was but a hair away from bankruptcy and devastation.

It talks about the public interest in the approval of a rate. Friends, let me tell you what's going to happen, because I've seen it before. For 15 years I've watched governments of all political stripes try to wrestle the private for-profit auto insurance industry to the ground. I tell you, no government, neither Liberal nor NDP nor Conservative, has ever been able to regulate this industry. The private auto insurance industry is an insatiable beast whose appetite cannot be satisfied. It is a monster that can't be caged. It's a mad dog that cannot be leashed. It

will make profits on the backs of drivers; it will make profits on the backs of innocent accident victims, regardless of this government's rather feckless declarations about its intention to freeze rates. What you're going to create is a huge vacuum, because the industry simply won't write policies when you freeze rates at a level that they consider inappropriate to be sufficiently profitable. You're going to generate a crisis in insurance availability, just like your counterparts in eastern Canada are experiencing now.

Two major insurance companies in eastern Canada have simply announced that they're no longer going to write policies, because they are not happy with the premium levels that those respective governments have established. You're going to create a crisis in insurance availability. You've already sustained, you've reinforced the crisis of affordability, because you froze rates at a sky-high level, as well as creating the Boeing 707 loophole enabling those companies, even at sky-high levels—do you understand what I'm saying, firefighters?—enabling those profit-making, for-profit auto insurance companies—look, the industry has short arms and deep pockets. That industry has never been a friend of consumers, it's never been a friend of drivers, it's never been a friend of innocent accident victims. Highway robbery? Darned right. The problem is, the getaway car isn't insured, because what we're going to witness is an increase beyond the 10% to 20% of motor vehicles on our highways who aren't insured.

The solution: Get with it. Liberals in other parts of Canada understand; the Consumer Association of Canada understands; western provinces know it: public auto insurance. Fair and affordable rates guarantee that every car is insured.

The Speaker: Let me just warn the members that you direct your comments to the Speaker or to the Chair. I don't want gallery participation in this. Mr Kormos specifically, the member for Niagara Centre, I want you to direct your comments here so that we can have some sort of control.

Mr Kormos: I apologize, Speaker, and I thank you for your direction.

AIDS AWARENESS WEEK

Hon George Smitherman (Minister of Health and Long-Term Care): Mr Speaker, I gather that there may be unanimous consent to allow all parties present in the House to make a statement with respect to National AIDS Awareness Week for five minutes.

The Speaker (Hon Alvin Curling): Do I have unanimous consent for AIDS week? Agreed.

Hon Mr Smitherman: I stand here before the House to draw your attention to National AIDS Awareness Week, which concludes on December 1 with World AIDS Day. This Canada-wide week of awareness and the concluding international day of recognition have become annual events. Their continuing existence highlights the tragic reality that AIDS is all too much a presence in the

lives of so many people, here at our Legislature, across our province, across our country and around the world.

Worldwide, five people lose their lives to AIDS every minute of every day. In the next half-hour, the same number of people who hold seats in this Legislature will die from AIDS, and by the end of today three more people in Ontario will be diagnosed with HIV and five more people will become infected.

HIV has hit every part of the globe, infecting 34 million to 46 million women, children and men, five million of them last year alone. Right now in Ontario, there are more than 21,000 people living with HIV.

I want to pay tribute to all who have struggled with the challenges of HIV, both those who are living with HIV or AIDS and those countless people—men, women and children—who have lost their lives to this devastating disease, and that includes the more than 7,000 people in Ontario who have died from AIDS-related causes.

AIDS Awareness Week and World AIDS Day give us the opportunity to affirm our support for people living with HIV and AIDS, their families and their communities. These events also give us an opportunity to thank service providers who have responded to HIV and AIDS with such skill and compassion. The AIDS community in Ontario has worked tirelessly to develop treatments that put the patient at the centre of his or her care.

I commend those who are living with HIV and AIDS for their courage in battling this devastating disease, I commend their caregivers, I commend those who volunteer their time in the cause of AIDS and I commend our front-line health care workers and researchers. I commend all of those who work so hard to improve the quality of life for people living with AIDS, who work so hard to find new treatments and who also work so hard to find new responses to prevention challenges.

People need to know the facts. People need to get the message about AIDS. We can't allow a false sense of security to lull people into thinking that AIDS has been overcome.

In Ontario, HIV continues to be an illness that affects most, if not all, communities. We will work to prevent the spread of HIV and AIDS and to preserve the lives of those living with HIV and AIDS.

All of us know that while medications have extended the lives of people living with HIV and AIDS, we must confront the reality that the side-effects are debilitating and that the drugs are far from a cure. The only cure we can depend on is prevention.

In the fight against HIV, we are facing new battles, rising rates of infection and ongoing discrimination and judgments. That's why we need to develop long-term strategies that acknowledge the broad social context of HIV.

The Ministry of Health and Long-Term Care will spend almost \$50 million in 2003-04 for HIV/AIDS-related programs across our province. As health minister, I'm committed to making sure these programs build on Ontario's leadership established in the 1980s and continued ever since.

The numbers in the world demonstrate that AIDS is a growing pandemic, and Ontario is part of that struggle. As legislators, we can take pride in the work we've done over the years, but we need to recommit; we need to support the kind of education that makes society understand that while treatment has improved, AIDS is still a tremendous risk.

HIV transmission is a reminder of society's failures. We can measure ourselves by how we choose to respond. One hundred years from now, I want the history books to show that Ontario responded to the needs of its citizens and communities with the vigour necessary to stop the world's worst pandemic.

I'm proud of the strong and effective continuing response to HIV and AIDS in Ontario, as well as the many partnerships between government and a diverse range of communities and stakeholders.

We will continue to work with the more than 60 community-based AIDS services and the 37 boards of health to help people with this disease and to make sure that people are aware of how to keep themselves safe from HIV and AIDS.

I'm working with the Ontario Advisory Committee on HIV/AIDS and receiving its advice. The community has been tireless in its efforts to ensure effective responses to the challenges posed by HIV and AIDS here in Ontario. I'd like to thank the two co-chairs, Dr Don Kilby and Mr John Plater, for their leadership and commitment.

I'm proud of the outstanding achievements of the Ontario HIV community. Many of these people are my friends. They are people living with HIV and AIDS. They are health providers, researchers, clinicians and community workers throughout this province.

By continuing to work together, we can put people living with HIV at the centre of their own care and treatment and further improve the quality of their lives. By working together, we can eliminate the stigma and discrimination that is still part of this global pandemic. By continuing to work together, we can look forward to a future where AIDS Awareness Week and World AIDS Day are no longer necessary.

1440

The Speaker: The minister had requested a five-minute response to these, but he also said all parties, and I hope he included everyone within the House.

Mrs Elizabeth Witmer (Kitchener-Waterloo): I rise today to recognize on behalf of our party HIV/AIDS Awareness Week, which the minister has said concludes with World AIDS Day. This year the week is entitled Stigma and Discrimination.

More than 40 million people are living with AIDS/HIV worldwide. As we know, this number unfortunately continues to escalate. The disease knows no boundaries. In fact, there are approximately 50,000 Canadians currently who are living with HIV/AIDS and there are 15,000 Canadians who are totally unaware that they are infected. This is going to increase, with about 4,200 new infections each year. That's why it is so very important that we recognize World AIDS Day and HIV/AIDS

Awareness Week. It is our opportunity to express our affirmation and our support for people who live with HIV. It is also an important opportunity for us to demonstrate our support for the doctors, nurses and all the other health care providers throughout Ontario who respond to HIV/AIDS with skill, compassion and dedication. It is also an opportunity to enhance tolerance and understanding, while communicating prevention information about this epidemic.

Throughout past years, governments have demonstrated and tried to do what they could to focus on health promotion and disease prevention. This needs to continue to be at the top of any government's health care plan. There needs to be collaboration with the 37 boards of health, as there has been. There needs to be collaboration with school boards throughout Ontario in order to provide students information and education about HIV/AIDS. We've seen that happening. We've seen that Ontario HIV diagnostic testing ensures that a very high standard of testing is maintained.

However, if we take a look at all that has happened thus far, I think we also recognize there's so much more that still needs to be done. We must be unrelenting in our fight to stop this disease from spreading. We must continue to encourage people to join the battle, taking responsibility not only for their own health but the health of their relatives, the health of their family and the health of their friends.

I want to at this time express my appreciation, and the appreciation of those of us on this side of the House, for all those people throughout Ontario who work tirelessly every day to educate, to treat and to support those people who are living with HIV/AIDS. Certainly, on behalf of all Ontarians we do owe them a great deal. I want to particularly acknowledge the work of the individuals who are involved with the Ontario Advisory Committee on HIV/AIDS. As a former Minister of Health, I know how I relied on their advice to move us forward. Again, I also want to thank Dr Don Kilby and Mr John Plater. I want to thank all the individuals, all the volunteers throughout the province of Ontario who are working so hard in their individual communities to try to educate and try to support those with HIV/AIDS. We really do appreciate the many hours of hard work and dedication that they put into this cause.

As a society we must be ever vigilant in our efforts as we continue to work to eliminate the AIDS epidemic. We must continue to fight prejudice whether we see it in our workplace or in the schoolyard. We must continue to educate our families and our neighbours about the devastating effect this disease can have. We must continue to offer our personal assistance and our support to our fellow Ontarians who are suffering. I believe that if we continue to work together, whether we are young or old, we can hope someday to eliminate the barriers that stand between us and a cure for AIDS.

Ms Shelley Martel (Nickel Belt): I rise today to speak on behalf of the NDP caucus, not with any pleasure but out of grim reality, because on this day in par-

ticular—and frankly, every day in general—we need to be sure that we are responding effectively, appropriately and in a timely fashion to HIV/AIDS. UN AIDS, the United Nations agency that is charged with combating the spread of AIDS, reports that there are 42 million HIV-positive people worldwide. There will be five million new infections around the world this year, and 800,000 of them will be children. Some 3.1 million people will die.

Here in Canada, every day another six people under the age of 25 are infected, and despite increased public awareness, HIV/AIDS infection rates have remained steady.

Today there are about 50,000 Canadians who are living with HIV or AIDS. HIV/AIDS has touched all of us in all our communities, and for many of us it has touched our families and our friends. Communities across the province have rallied, they've marched, they've campaigned to increase awareness and build support for government funding around HIV/AIDS prevention programs.

On an international level, people like Stephen Lewis are very publicly raising the plight of AIDS sufferers in developing countries and they are bringing pressure to bear on developed countries to provide the necessary medication without the exorbitant costs involved.

I do want to speak today about two barriers that people living with HIV/AIDS are facing here in Ontario, and I encourage the current government to respond to these specific challenges. The first has to do with medication, because there have been and continue to be very unacceptable delays in reimbursements for those who are trying to get those costs covered through government programs. Second, there has been a refusal to add new medications to the Ontario drug formulary, and that has worked against HIV/AIDS sufferers.

Last year, there was an action alert that was released by the Canadian Treatment Action Council. It was called "Ontario Formulary Coverage at Risk." It said the following: "Many Ontarians with HIV/AIDS depend on public reimbursement to cover the cost of their medications through programs like Trillium and the ... (ODSP). Only medications that have been approved for the Ontario formulary are reimbursed for these programs. There are increasingly unacceptable delays and a refusal to add ... new medications, formulations and vaccines for children to the provincial formulary. Also, section 8 requests for exemptions to the formulary rules are either being denied or languishing in the system without reply." The alert went on to focus on one of those in particular on the section 8 list.

I say to this government, and I am sure the government is aware, these are serious medication issues and they have to be addressed. HIV/AIDS sufferers can't afford to pay for some of these medications out of their pocket. Many are living on a fixed income. Secondly, they shouldn't have to wait forever in terms of being reimbursed, especially through the government's own Trillium drug program.

The second barrier goes back many years. I remember when Frances Lankin was the NDP health critic in 1999 and raised the issue regarding nutritional supplements because, regrettably, the former government made a decision to refuse funding for nutritional supplements unless they were a person's sole source of nutrition. This policy was never intended to apply to people who have a medical need for nutritional supplements. Regrettably, because of that decision many people who are affected by HIV/AIDS have not been able to purchase the supplements. They just can't afford it and they can't get coverage for it.

I say to the current government, this is a policy that must be reversed. This is a barrier to those who are living with HIV/AIDS. It is not acceptable that many people who are already paying for high drug costs also can't afford to purchase nutritional supplements that assist in their healthy living. We need to do something about that as well.

We must be very vigilant in dealing with AIDS and HIV; that has been said by all speakers. But also today I encourage the government to look very seriously at those two particular barriers—I am sure there are many others—which can be responded to. I say they must be dealt with now. They are very serious questions of justice and financial equality that remain with these two problems. I encourage the minister to do those things, to make those changes now.

1450

ORAL QUESTIONS

GASOLINE TAX

Mrs Julia Munro (York North): My question is for the Minister of Finance. In your platform document, *Growing Strong Communities*, part of your election platform states, "We will help communities become more self-sustaining by giving them the means to invest in their own infrastructure and growth. We will give two cents per litre of the existing provincial gasoline tax to municipalities for public transit."

This two cents seems destined to go a long way, because this morning I was visited by firefighters in my riding who left me a copy of a letter written by the now Premier to Mr Fred LeBlanc, the president of the Ontario firefighters. I quote in the letter. It says, "This," referring to the two cents per litre, "will free up funds and allow our municipal partners to refocus their attention on the needs of their communities, including their fire services."

In your throne speech, there was no mention made of this promise. Minister, when are the municipalities going to get this break they were promised? After you have raised the provincial gasoline tax by two cents per litre?

Hon Gregory S. Sorbara (Minister of Finance): I want to welcome my colleague who represents the riding to the north of me and congratulate her on her re-election.

Going back over the previous eight years of Conservative administration, one of the most serious things that happened was when Mike Harris and Ernie Eves announced that provincial governments would no longer fund public transit. Since that time we've seen the deterioration of the public transit systems, not just in the greater Toronto area, but right across the province of Ontario.

At this point, I think it's safe to say that every single public transit agency in the province has said the same thing, that we are in very serious trouble. That's why we made the commitment on the two cents per litre and that's why, by the way, we're going to create a Greater Toronto Transportation Authority, so that we can start to rebuild the system that they left in very bad disrepair.

Mrs Munro: I appreciate the fact that the minister has been able to give us a rationale. However, he has not answered the question.

Even when fully implemented, this will only amount to \$312 million, according to your own calculations, for the entire province. This is a sum that I think we, Ontario taxpayers, need to know. How, Minister, do you plan to divide this amount among the many needs of Ontario municipalities?

Hon Mr Sorbara: There is no doubt at all that this initiative is not going to repair all the damage, but we are going to start operating in a new environment of co-operation. Do you remember when the previous mayor of the city of Toronto tried to get something going with the previous government? His language became very, very strong indeed. Yesterday, the Premier of the province met with the new mayor of the city of Toronto, and a new era of co-operation is emerging. So whether it's transit, or all the other aspects in building strong communities, we are going to create a new environment of transportation. We are going to keep our commitments.

On the question of public transit, it's one of the most urgent and pressing necessities because of the damage that they did during the period of eight years.

Mrs Munro: I would just like to point out to the minister that this previous government gave the TTC \$1.2 billion. It also gave \$331 million per year for transit. How much is this government going to provide for transit for the needs of all Ontarians?

Hon Mr Sorbara: The previous government provided some funding for the Sheppard subway in the city of Toronto. Some of us questioned whether that was the best use of public taxpayers' money. That's not the question for debate.

The cuts that were made in 1996 by the then finance minister, now the Leader of the Opposition, were the single most important event in the deterioration of public transit in this province. It used to be that American jurisdictions all over the United States used to come to Ontario to study our public transit system. Now, given what

they're doing down there, they don't even bother to come up and have a look. We're going to turn that around.

PROVINCIAL DEFICIT

Mr Ernie Eves (Dufferin-Peel-Wellington-Grey):

To the Minister of Finance, your Premier has been quoted several times in a press conference on October 3, after the election, and in a scrum at Loyola on September 30 of this year: "We are going to move as aggressively as we possibly can on all of our commitments. We've got a fully costed plan, independently verified and certified, and we've accounted for a \$2-billion deficit. We've got another \$1 billion in reserve." That's \$3 billion.

Do I take it that your proposed \$5.6-billion deficit is instantaneously \$2.6 billion? Are you at least working on the \$2.6 billion now?

Hon Gregory S. Sorbara (Minister of Finance): I say with all due respect to my friend the Leader of the Opposition that it takes some nerve to come before this House—

Interjections.

Hon Mr Sorbara: During a 28-day election campaign, when every reasonable authority in this province, including the now Premier, said there were serious financial problems in the province of Ontario, one person said the budget was balanced. That man is now the Leader of the Opposition. He shouldn't have been saying it then, and he should acknowledge now in his place that he is the author of those problems.

Mr Eves: He can wiggle all he wants. The reality is that your plan, fully and independently costed, said you could remove \$2 billion in an instant, and another \$1 billion in an instant in reserve. That's \$3 billion gone. So now we're working on the \$2.6 billion.

Just a few days ago, your own economist, Dave Hall, the independent economist who crunched your revenue and cost projections for your platform, was quoted as saying on November 15, "What I did was enough to turn a \$2-billion deficit into a zero.... Arguably, it could turn a five (billion-dollar deficit) into a three." Do you disagree with your own economist?

Hon Mr Sorbara: The deficit this government inherited was identified not by us but by the most respected Provincial Auditor in the entire country. I want to say to you that the Leader of the Opposition simply has no credibility on this matter. I suggest to him that Conrad Black has more credibility when he talks about underlings than Ernie Eves has when he talks about the finances of this province.

1500

Mr Eves: I can understand the Minister of Finance's frustration. Instead of coming here and wringing his hands every day, he might want to actually roll up his sleeves in more than rhetoric—in reality—and get to work at the Ministry of Finance over there on the seventh floor of the Frost Building. I'm quite proud of my fiscal record in this province. We inherited a deficit of \$11.3

billion in a year and eliminated \$2 billion in spending in the first three weeks. You would do well to do the same.

There are lots of words that you could use to describe what you are saying here in the House today. The Speaker won't allow me to say them. But in the thesaurus there are other words that make up for the word I can't say here today, and these certainly would underscore the actions you and your government have taken today: beguile, break promises, bull, con, concoct, deceive, delude, dissemble, disseminate, distort, dupe, equivocate, exaggerate, fabricate—

The Speaker (Hon Alvin Curling): Minister.

Mr Eves: —falsify, fib, fudge, invent, make believe—

The Speaker: Minister.

Mr Eves: —misguide, misinform, mislead, misrepresent, prevaricate—

Interjections.

The Speaker: Order. There are some words that the leader of the official opposition has used—and he knows which ones. I'd ask you to withdraw them.

Mr Eves: Mr Speaker, I'd be happy to withdraw any word that has offended you.

The Speaker: The Minister of Finance.

Hon Mr Sorbara: My friend the Leader of the Opposition talks about rolling up his sleeves. His party put out the way in which they could balance the budget. You've really got to take a look at this. This is the very politics that the people decided against on October 2: sell assets, use accounting tricks, cut social programs.

Interjections.

The Speaker: Order.

Hon Mr Sorbara: The economic policies of the previous government were simple: reckless tax cuts without any adjustments to programs, leaving this province with structural financial problems that we now inherit. I want to tell you that we are up to this job and we—

The Speaker: New question.

SARS

Mr John R. Baird (Nepean-Carleton): My question is again to the Minister of Finance. Over the years, Ontario taxpayers have paid the freight when there were wildfires in British Columbia, when cattle farmers in Alberta were in trouble, when prairie farmers in Saskatchewan and Manitoba had a problem with grains and oilseeds, or in the fishery on the east coast. But we had our own disaster in Ontario this past year with SARS. The people of the province of Ontario and their government have every right to expect to receive the full 90% that taxpayers and health care workers in this province are entitled to. Our government rejected as inadequate and insufficient and an insult the lousy \$150 million offered by the federal government. Would you stand in your place and tell us how you could sell out the taxpayers and health care workers of this province by accepting less than a third of the billion dollars that the people of the province are entitled to? How could you sell us out?

Hon Gregory S. Sorbara (Minister of Finance): My friend talks about sell-out. Look at their economic policies. Their economic policies are about sell-offs and—

Hon Joseph Cordiano (Minister of Economic Development and Trade): And rip-offs.

Hon Mr Sorbara: My friend adds the other word, “rip-offs.”

We negotiated a deal with the national government that was fair and reasonable. I tell my friend that what is more important is that we have established a new era of co-operation with the government in Ottawa. Federal-provincial relations for eight years, under that previous administration, were characterized mostly by political grandstanding and puffery, and that’s going to come to an end.

Mr Baird: This government certainly has established a new era of federal-provincial relations. Ontario is now the lapdog in the federation. How you could go to Ottawa and accept 30 cents on the dollar for our health care workers, for our hospitals, for our doctors and for those who suffered because of the tragedy of SARS is despicable.

My question is to the minister. Would you stand in your place and admit that you’ve made a mistake and would you go back to the table and deliver for Ontario taxpayers? If you’re not prepared to do that, would you step aside and let someone else go forward who will fight for Ontario taxpayers?

Hon Mr Sorbara: I tell my friend from Nepean-Carleton that I’ll consider his recommendation.

I see my friend from Toronto-Danforth is inviting me over there. I don’t think I’m going to take that offer.

The crisis of SARS really shook this province very badly. I’m not for a minute going to take political advantage of it. The management of that crisis by the previous government I think was reasonable and I think those in charge did a relatively good job, under the circumstances, of dealing with that crisis.

After the fact, my friend from Nepean-Carleton wants to grandstand on federal-provincial relations, when he knows, because I know now, that the figures that that government was giving to the federal government were grossly inflated.

HOSPITALS

Mrs Linda Jeffrey (Brampton Centre): My question is for the Minister of Health and Long-Term Care.

Minister, on November 21, you made a welcome announcement in Brampton to the people in my riding who are concerned about the future of their hospital. They want the William Osler Health Centre to be built in a timely way.

There is no support for two-tier health care in Brampton.

I’ve spoken to you about the urgent need to build the William Osler Health Centre. Our community is growing

quickly and our existing hospital simply can’t keep up with the demand.

I know you’ve announced changes in the way the hospital will be constructed, but can I get your assurance today that the William Osler Health Centre will be built according to the original schedule?

Hon George Smitherman (Minister of Health and Long-Term Care): I’d like to thank the member from Brampton Centre and the other members from Brampton who are doing such an effective job of representing their communities. Last Friday I had the opportunity to be in Brampton at Peel Memorial Hospital, where I announced that the agreement we’ve made ensures that Brampton will have a new hospital. It will be a public hospital that is publicly owned. It will be a public hospital, unlike your deal, that is publicly controlled and it will be a hospital that is publicly accountable. I’m very pleased to say—

Interjections.

The Speaker (Hon Alvin Curling): Order. The Minister of Health.

Hon Mr Smitherman: I’m also pleased to say that the people of Brampton will have a public hospital of which they can be proud and which will open as planned in 2006.

Mrs Jeffrey: The people of my riding will be happy to hear that. But as I said, they are not supporters of two-tier health care.

There have been suggestions that the hospital will be private and the thin edge of the wedge before private health care.

The principles of medical health care are important to me and my constituents. My understanding—

Interjections.

The Speaker: Order.

1510

Mrs Jeffrey: Minister, my understanding was that the previous government would allow the private sector to own these hospitals and that the government would lease them back. The title would indeed belong to the private sector. That sounds like a private hospital to me.

Under your new deal, will these hospitals belong to the private sector or will they belong to the people of Ontario? Will they be public hospitals or private hospitals?

Hon Mr Smitherman: I’d like to thank the member for Brampton Centre for the question. Incredibly—

Interjections.

The Speaker: Member for Whitby-Ajax, come to order, please.

Hon Mr Smitherman: Incredibly, under the deal that that party signed when they were in government, title and deed was to be transferred to the private sector; under our deal, it will not. Incredibly, under the deal that that party signed, control of that hospital would have been transferred to a private corporation; under our deal, it will not. Incredibly, under that government’s deal, the deal was never to be made public, but under our arrangements, it will.

Mrs Elizabeth Witmer (Kitchener-Waterloo): On a point of order, Mr Speaker: I would like a copy of the deal that the Minister of Health referred to.

Interjections.

The Speaker: Order. That's not a point of order. The minister may make it available to you or not; that's his option.

SPENDING REDUCTIONS

Mr Tim Hudak (Erie-Lincoln): My question is to the Minister of Finance. I'd like the minister to let us know what specific spending reduction targets he has set for this year, what he has communicated to his cabinet colleagues and the civil service in that respect, and will he immediately table those letters in the Legislature?

Hon Gregory S. Sorbara (Minister of Finance): I'll simply tell my friend for Erie-Lincoln that I will be making a full economic statement in this House sometime early in the month of December. At that time the questions that he asks will be answered in full.

Mr Hudak: I think this is very telling. The minister has been several months in the job and has not done any work in finding a dollar of savings.

Interjections.

Mr Hudak: I'll tell you where the minister has been busy. The minister has been very busy raising taxes on our seniors.

Interjections.

The Speaker (Hon Alvin Curling): Order. It seems to me that we have some rather healthy lungs today. Not only healthy lungs, but they seem to be energetic.

Would you mind sitting down? Thank you.

Will you now put your question?

Mr Hudak: In the first two bills in the Legislature you have increased taxes on our seniors and you have increased taxes on our small businesses. You are taking money away from working families in the province of Ontario. You are driving the getaway car of the biggest tax hike in the history in the province. You have not found one dime of savings in your own provincial spending.

I have a great respect for your tremendous political skills. You are the mastermind of the Liberal campaign. Why won't you put that political acumen to work, roll up your sleeves, get off the dinner circuit and find some savings in government spending, beginning at least today?

Hon Mr Sorbara: I now know absolutely certainly that they've always had a problem with mathematics. Apparently I've been on the job several months now. By my calculation, it's been one month and two days. He talks about the dinner circuit. Any time that he wants to provide me with dinner—I haven't had dinner for three nights—I'll take him up on the invitation.

Let me tell you some of the things we're not going to do: We are not going to cut water inspectors. We are not going to do what the Leader of the Opposition did in 1996. I want to tell my friend that you left us with a very bad mess, and \$5.6 billion, in one sense, is only part of

the iceberg. We'll be reporting to this House on our strategies in part during an economic statement early in December, and I invite the member's comment on it after we make that statement.

HIGHWAY IMPROVEMENT

Mr Michael Gravelle (Thunder Bay-Superior North): My question is to the Minister of Transportation. Minister, like many others on this side of the House, I was very pleased that you were able to sign a federal-provincial cost sharing agreement last week that allows us to finally move forward on some vital highway improvement projects in the province.

I can certainly tell you that in northwestern Ontario, the confirmed funding for the new Shabaqua Expressway extension was very well received. But as you would know, there are many other vital projects in northwestern Ontario that I've been working on for several years. Certainly, Highway 584 between Geraldton and Nakina comes to mind as a provincial highway in desperate need of improvement. Also, our campaign to four-lane the highway between Thunder Bay and Nipigon continues to be a project that I believe must go forward.

Minister, can we expect more cost sharing agreements between the senior levels of government to be signed, agreements which hopefully will enable our government to move forward on these important projects in the not-too-distant future?

Hon Harinder S. Takhar (Minister of Transportation): I thank the member for Thunder Bay-Superior North for his question. I know how tireless he has been in raising northern transportation issues.

The highway funding agreement we signed with our federal partners last week marks a new era of co-operation between our governments. We will continue to work with the federal government and northern communities to develop and implement a northern Ontario highway strategy to improve highways across the north.

In response to the specific question of the honourable member, the preliminary planning of Highway 11/17 is now complete, and approvals have been obtained for the eventual four-laning of the highway between Thunder Bay and Nipigon. The planned reconstruction of Highway 584 is on our priority list.

This government is committed to moving ahead with improving highways across northern Ontario.

Mr Gravelle: Minister, I very much appreciate your positive response. That's very good news. Certainly, the need for major highway improvements in northwestern Ontario is a high priority for me, as I know it is for our government and indeed for my constituents and for all people in northwestern Ontario.

That being said, I would be grateful if you would agree to formally meet with me to discuss our vital needs in a perhaps more detailed fashion. Could I get your commitment today that we can sit down in the near future to discuss these priorities which, I should say, should also include the need for more advanced warning lights on the

Thunder Bay Expressway, another high priority for us in the northwest?

Hon Mr Takhar: I would be very pleased to meet with the member for Thunder Bay-Superior North and my colleague the Minister of Northern Development and Mines to discuss the priorities of your area, including the need for advanced warning lights.

Our government recognizes that good highways are vital to northern communities. Together we will protect the infrastructure of the north, investing in our highways to build a safe and efficient transportation system that will benefit the north and all the people of Ontario.

PROVINCIAL DEFICIT

Mrs Elizabeth Witmer (Kitchener-Waterloo): My question is for the Minister of Finance. You continue to speak about a bogus \$5.6-billion deficit. This morning our leader and our critic demonstrated that if you really had the will, and you were willing to roll up your sleeves, that deficit could actually translate into a surplus of \$3 billion.

On November 3, John Manley, the Deputy Prime Minister and the federal Minister of Finance, announced \$771 million in federal health supplement dollars for Ontario. That money, that \$771 million, was intended for this year. Are you going to add this to this year?

Hon Gregory S. Sorbara (Minister of Finance): I'd like to refer this question to my colleague the Chair of Management Board.

1520

Hon Gerry Phillips (Chair of the Management Board of Cabinet): I appreciate the question. I'd say to the people of Ontario, this group said they had \$800 million of savings planned. We arrived. You had none of it—none, zero. Believe it or not, we found over \$1 billion of spending approved, announced by the Premier, never put in the budget. So what did we do? We rolled up our sleeves—I don't have the big cufflinks, but I just rolled up my normal sleeves—and got on with the job.

We're not going to allow that partisan advertising that you used hundreds of millions of dollars on to try and bribe the public with. We're going to outlaw it. We're going to prevent that from happening. And we're not going to allow these high-priced consultants, friends of the government, to do the work that should have been done by the public service.

I will say to the people of Ontario, I find it incredible that they go on the offence when we haven't determined clearly—at least a \$5.6-billion deficit, \$1 billion never accounted for, \$400 million of hospital debts never handled.

Mrs Witmer: I am shocked that the member opposite is not answering the question. He used to have such credibility when it came to finance. I asked a simple question: Are you going to add the \$771 million to the fiscal issues this year? Even John Manley said, "I believe that with our method of accounting in Ontario and in Canada, even if they get it next year, it will count this

year." Why are you not going to add it this year? Why aren't you going to roll up your sleeves and make sure you get the job done on behalf of the people who elected you and thought they could trust you?

Hon Mr Phillips: I'm shocked you don't understand the rules of accounting. The Provincial Auditor has said, "Listen, you can't take that money in one year. You have to book it over three years." The auditor blew the whistle on you. So I'm shocked that you don't understand.

It's a bit like the 407 sale: hocus-pocus accounting. My Premier has said those days are over. We are going to get Ontario on a sustainable fiscal basis so we can properly manage the finances without these accounting tricks. I'm shocked that the member didn't realize that the auditor says we must book these things over a three-year period. I'm shocked you didn't know that.

The Speaker (Hon Alvin Curling): New question.

Interjections.

The Speaker: Order. I asked for a new question. If Mr Hampton is going to ask a question today—I thought I made myself pretty clear yesterday.

Mr Howard Hampton (Kenora-Rainy River): Speaker, I believe we have unanimous consent on behalf of all New Democrats to ask a question of the government.

The Speaker: Again, as you know, you must get the unanimous consent of all members here.

Agreed? Agreed.

AUTOMOBILE INSURANCE

Mr Howard Hampton (Kenora-Rainy River): My question is for the Minister of Finance. You've set promise-breaking records since you've come to office, and today you're breaking yet another promise.

On October 23, with much fanfare, the Premier announced an immediate freeze in auto insurance rates, but imagine the surprise when people from Capreol to St Catharines to Ottawa all received insurance rate increases after the Premier's overplayed announcement. To quote one Ottawa resident, "I feel like I've been lied to."

Minister, you also said, and your candidates said, that you were going to reduce rates by up to 20%. Can you explain why your government's much-ballyhooed announcement of a rate freeze failed to freeze anyone's insurance rates?

Hon Gregory S. Sorbara (Minister of Finance): I would have expected that kind of analysis from my friend from Niagara Centre. But the leader of the New Democratic Party, who is very well schooled in these matters, simply should perhaps acknowledge in his question that a new government coming into power does not have the power to freeze rates before it is in power.

What we said we would do the day we got into government would be to freeze rates that very day. The legislation that I have proposed today, if passed, prevents any new rate applications from being submitted. The fact of the matter is—and I said this in my statement; you've heard it and you should acknowledge it—that the rate

approvals that were in effect when we came into power had not actually touched the renewal applications of some drivers. So we're upfront about it: For those people, their premiums will be higher than they paid a year and a half ago. We acknowledge that. We can't do anything about that.

Mr Hampton: Here's the reality, Minister. For Virgilio Medeiros of Toronto, whose rates just increased from \$920 last year to \$1,425 this year, I don't think your rate freeze announcement is going to do a thing. Your rate freeze isn't working for Kimberley Benoit of St Catharines, who has received a 62% insurance rate increase, despite a clean driving record.

Monte Kwinter knows this field well. He was here once before. We could even accuse him of trying to drive the getaway car once before. He knows what the insurance industry is going to do. They've already said that if they're forced to cut rates by 10%, they'll raise them by 20% first.

The Speaker (Hon Alvin Curling): Question?

Mr Hampton: Or they'll refuse to write insurance policies—exactly what the industry's doing in Nova Scotia and New Brunswick.

Minister, have you gone out to British Columbia to talk to—oh, what's his name?—Mr Campbell, the Liberal Premier there who now endorses public auto insurance? I'll still pay for—

The Speaker: Minister.

Hon Mr Sorbara: The leader of the New Democratic Party has a very serious credibility problem when it comes to automobile insurance rates. I remember when Bob Rae campaigned on public automobile insurance in 1990. He got elected. Some of those members were in that government. Bob Rae—no less a personage than former Premier Bob Rae—came to this Legislature and said, to paraphrase, "I'm sorry. We were wrong. It was a bad idea. It would amount to the loss of some 5,000 or 6,000 jobs. It would ultimately cost drivers in Ontario more."

The fact that that leader, notwithstanding that history, would go to the people and propose once again public auto insurance—I think that's the reason why they sit there now with but seven members.

1530

LAND USE PLANNING

Mr Lorenzo Berardinetti (Scarborough Southwest): My question is to the Minister of the Environment. First, Mr Speaker, congratulations on your election; and also congratulations to you, Minister of the Environment.

Minister, in the area of Clonmore and Gerrard in Scarborough there is a proposed residential development on land that is, for the most part, vacant. Residents there are concerned that the land may be contaminated and could be an environmental hazard. Will the minister look into this matter, in consultation with the city of Toronto planning department, as soon as possible?

Hon Leona Dombrowsky (Minister of the Environment): I would like to thank my colleague, the member from Scarborough Southwest, for the question.

The Ministry of the Environment is aware of this site, the Clonmore-Gerrard site in Scarborough. I think, for folks in that community, it is locally known as "the quarry." Part of the quarry is sited on a former landfill used in the 1940s. It predates any requirements of this Ministry of the Environment.

During the 1980s, part of the former landfill was developed as a mall. I understand that there is a developer who wants to build condominiums near this particular site. At this time, the ministry has not been approached to review a formal proposal or plans for a condominium.

I understand that the former landfill site does have an active leachate collection system, as well as methane ventilation. At the time the mall was built, barrels and other wastes were uncovered at the site, and cleanup was handled appropriately.

I encourage any stakeholders who have concerns to contact the Ministry of the Environment. If we were presented with a proposal, the ministry will certainly ensure that strict environmental standards are followed with any proposal.

Mr Berardinetti: The residents in my community will be very happy to hear that.

We would also like to know what action your ministry will be taking to address the problems of soil contamination. What can your ministry do to ensure that places like Clonmore-Gerrard in Scarborough are safe?

Hon Mrs Dombrowsky: I'm very happy to commit today that this ministry will work very closely with the city of Toronto on issues of this sort. I can assure the member that ministry staff will review any proposal of this nature when it is brought to our attention.

Also, the ministry deals with cleanups of this nature on a case-by-case basis, because it really does require an assessment of the particular history of the site, the kind of activity that occurred there. Depending on what the history is, it will be from that information that we will move forward with the requirements from the ministry.

I will say that in all cases, the ministry applies strict cleanup standards and guidelines to ensure that the environment in our communities is protected, particularly communities where there are nearby neighbourhoods and residential locations.

TAXATION

Mr Toby Barrett (Haldimand-Norfolk-Brant): Congratulations on your appointment, Mr Speaker. My question is for the Minister of Finance. Congratulations as well, Minister.

I'd like you to know that smokers, corner store owners, tobacco farmers and the tobacco economy are reeling after being hit by this Liberal government twice in as many days.

First you introduce legislation that will see the price of cigarettes skyrocket, while store owners, farmers and

their communities watch their market dwindle past the point of sustainability. This money grab was announced the day after the phony deficit announcement as an orchestrated tax to supposedly balance the books—no mention of tobacco tax dollars for health care.

Then your government introduced an electricity bill lifting the rate cap, a bill that will see small business and families hit again.

Your leader's television promise, "I won't cut your taxes, but I won't raise them either": Is this increase, this tobacco tax hike, a broken promise?

Hon Gregory S. Sorbara (Minister of Finance): I had an opportunity last night to listen to some of the debate on Bill 2, which is the bill we introduced in this Legislature to put into effect the commitments that we made in respect of taxation during the campaign. For the life of me, the approach by the official opposition, accusing us of misrepresentation, accusing us of taking measures that we never referred to in the campaign—it was all there in black and white, including our commitment to raise tobacco taxes in a measured way over a certain period of time, up to the national average, which, if we did it in one fell swoop, would need an increase of \$10 per carton.

Mr Barrett: People in my riding are under the impression that your leader would not raise taxes. In addition, Minister, there is anxiety in tobacco country—in Brant, Oxford, Norfolk, as our Minister of Agriculture would know, and Elgin and Middlesex as well. Your leader promised that tobacco farmers would receive compensation in the wake of these increases. We've seen no mention of reparations, no mention of a buyout, no mention of a buy-in to assist other commodities threatened by the tens of thousands of acres coming on to the open market, no mention of a buy-in to foster other agribusiness and economic activity—nothing mentioned.

As finance minister, when will compensation, when will reparations, for these communities be announced?

Hon Mr Sorbara: Perhaps, given the nature of the question, I'll refer the supplementary to my colleague the Minister of Agriculture and Food.

Hon Steve Peters (Minister of Agriculture and Food): It's very interesting to hear the member opposite speak right now. On June 18, 2002, the previous government raised tobacco taxes by \$5 a carton. Yet, did we hear anything from him at that time? No, we did not.

You claim that you're standing up for your tobacco farmers, Mr Member. I can assure the member that a portion of these dollars are going to be allocated to a transition fund. We have met regularly with the tobacco board to make them aware that this transition fund exists, because we're prepared to help growers. We're going to work with the federal roundtable to work with growers.

It's very interesting, right now, for the member to stand up and not recognize that this is one of the most serious health issues that this province faces. Our government was straight-up. When we campaigned, we said "\$10 a carton." Unlike the honourable member on the other side, who was out fear-mongering, talking about

\$15-a-carton tax increases, we're taking a responsible approach. I just wish the member had spoken up against his own government when you implemented \$5 in June 2002.

DOMESTIC VIOLENCE

Mrs Maria Van Bommel (Lambton-Kent-Middlesex): My question is for the Attorney General. Domestic violence is a growing problem in our province. Every day we see more horrific stories related to domestic violence. In one such case, in the city of London, we have a 17-year-old young mother who was shot and killed in her own home. What is your ministry prepared to do about this growing problem?

Hon Michael Bryant (Attorney General, minister responsible for native affairs, minister responsible for democratic renewal): I thank the member for Lambton-Kent-Middlesex for the question. I know all members of this House wish to send our condolences, thoughts and support to the victim's family and to all the members of the community.

As the member knows, earlier this week I was part of a very positive meeting with OAITH, a group that is working on the front lines, dealing with domestic violence against women. I did a lot of listening and a lot of learning. Fighting domestic violence is a profound priority for this government. We will take action to implement all of the recommendations of the Hadley and May-Isles inquests. We will work constructively with the federal government to make changes to the Criminal Code that are necessary to permit us to better prevent and prosecute on this matter. I understand that the criminal and civil justice system is but one component of providing justice to those who are abused in domestic violence situations, those women and children. We get that in this government.

1540

Mrs Van Bommel: As the minister just said, domestic violence is more than just an issue of justice. I want to draw your attention to the 2001 Provincial Auditor's report, which clearly refers to an incident where one women's shelter had to turn back over 1,000 battered women and children in one year. The previous government neglected the problem of domestic violence, to the detriment of many families, and, through its neglect, allowed the problem to persist.

What steps is the government going to take to prevent domestic violence before it becomes an issue before the courts?

Hon Mr Bryant: Yes, the member is right. Domestic violence is a crime and it has a devastating effect on women and children.

I want—we all want—our justice system, civil and criminal, to be the best that it can be for these victims. One out of four violent crimes involves domestic violence, but we know that the vast majority of women and children who are abused in domestic situations do not go to the police and do not go to our criminal justice system.

Justice for domestic violence victims and their children must involve more than just criminal and civil remedies. That's why the solution must come not only from the Ministry of the Attorney General, but a number of ministries in this government and also from their community at large.

There is justice in a past and potential future victim starting a new life, free from violence and free from economic dependence by the abused upon the abuser. That is the justice that this government will deliver upon.

OAK RIDGES MORAINÉ

Mr Jim Wilson (Simcoe-Grey): My question is for the Minister of Finance. Minister, it's my understanding that in the past you used to act as a consultant to companies that build homes or other developments on the Oak Ridges moraine. Is that true, and, as a result of the advice you gave those companies, how many homes and how many developments were built on the moraine?

Hon Gregory S. Sorbara (Minister of Finance): It is not true. I have never acted as a consultant to any homebuilder.

Mr Wilson: During your time away from this House, it is my understanding that you did consult or gave advice, or perhaps your own family companies built homes on the moraine. You're saying today that that's not true and that you had no relationship at all with development that was going on in the Oak Ridges moraine?

Hon Mr Sorbara: It may well be that a company in the Sorbara Group at some time in the past, over the course of 20 years, acted as a consultant to a homebuilder. I have no knowledge of that, and I'm not sure why the member would raise it in this House.

The Speaker (Hon Alvin Curling): The question did not relate to the member's ministry at all. I would caution members, when you are asking questions, to make sure your questions—

Interjections.

The Speaker: Order. I would hope that the questions are related to the minister's ministry.

HOSPITALS

Mr Jim Brownell (Stormont-Dundas-Charlottenburgh): My question is to the Minister of Health and Long-Term Care. As you are aware, my community has been struggling with the Harris-Eves government's careless mismanagement of health care institutions. The Winchester District Memorial Hospital faces critical requirements. The building is dated and inhibits efficiency, we are losing much-needed doctors and nurses, and extensive changes and reinvestment in the hospital are required.

The previous government ignored our concerns. Minister, will you hear our needs by meeting with community representatives and myself to discuss our hospital situation?

Hon George Smitherman (Minister of Health and Long-Term Care): I'd like to thank the member for Stormont-Dundas-Charlottenburgh for his question. I know that he works hard on behalf of his constituents on matters related to health care.

I'm very happy to tell him that I'd be very pleased to meet, even while the House is in session, if it could take place here in Toronto, or certainly to get to his community no later than the month of January to have the opportunity to hear first-hand about the health needs of the people of his constituency.

Mr Brownell: Thank you for your assurances and attention to this matter. The people of Stormont-Dundas-Charlottenburgh are happy to hear that this government has brought health care to the forefront of our governance.

Minister, since Winchester District Memorial Hospital is in such close proximity to Ottawa, and in fact serves as an affiliate hospital to this area, can you please tell me more about the new hospital being built in Ottawa, which will also benefit the people in my riding and in eastern Ontario?

Hon Mr Smitherman: I also heard from members opposite strong support for the project at Winchester, so I'm looking forward to learning more about it.

I'm also pleased to be able to report that we've delivered a public hospital to the people of Ottawa as well, a hospital that the people of Ottawa will be proud of because it's a hospital that will be publicly owned, it's a hospital that will be publicly controlled, and it will be a hospital that has public accountability, unlike the deal that this government recommended to the people of the province of Ontario.

SMALL BUSINESS

Mr Cameron Jackson (Burlington): My question is for the Minister of Energy. Minister, two days ago your government brought in one of the largest tax increases for Ontarians in its history. It increased property taxes; the seniors' tax credit was removed; we had a 14% increase in corporate income taxes; income tax relief for small business was removed.

You wilfully and deliberately broke your election promise and lifted the electricity cap, driving electricity costs up by approximately 18% for small businesses in our province. The Toronto Star has indicated that a neighbourhood pizza parlour can expect to pay \$250 more per month to operate their business. Judith Andrew of the Canadian Federation of Independent Business has said that small business, which has already struggled, will be in a more difficult situation.

Minister, why is it that last week in your throne speech you said that you were going to try to operate businesses with a stable environment, and yet on Monday you increased corporate taxes 14% and on Tuesday your energy cost was going up 18%? That's a 32% increase for small business in this province in two days.

Hon Dwight Duncan (Minister of Energy, Government House Leader): Unlike the previous government, the commitments to not lower taxes further were in our platform, campaigned on, and vigorously supported by the people of Ontario. That's why you're over there and that's why we're over here.

With respect to the energy question, last November this government did a home invasion in Mississauga to announce the cap, and even in that home the people realized it was bad public policy. They realize that we're doing the responsible thing to get rid of the deficit you created.

You said last year that that plan would be revenue-neutral. It's not revenue-neutral. It has cost every taxpayer \$800 million. Small business and farmers understand that you have to live within your means. That's what we're doing.

Mr Jackson: You're over there and we're over here because before October 2 you said one thing to the taxpayers of Ontario and after October 2 you said another thing to the taxpayers.

It is very clear that under your government Ontarians are going to pay more and get less. There's no question that you were incorrect when you suggested yesterday to this public that their monthly hydro bills were only going to go up, on average, about 6%. You are talking about the 50% of their hydro bill that deals with energy that is produced and consumed. The other half of that hydro bill in this province includes uplift charges, transmission charges, distribution charges, debt charges, higher taxes.

You, Minister, have indicated and provided protection in yesterday's statement and legislation. "Beginning March 1, 2004, local distribution companies would be allowed to recoup some of the costs that the previous government had put on hold." That's 800 million more dollars that you are going to gouge from businesses and consumers in this province.

Hon Mr Duncan: The fact is that your plan gouged them on the tax side. They're paying for it one way or the other.

Number two, the member hasn't had much time to come up to speed on his file. That price increase is all in, including transmission and distribution.

This government is keeping its commitments. We've stopped approving your auto rate insurance increases. We've announced that we're going to freeze tuition. We removed supervisors from Hamilton, Ottawa and Toronto. We've appointed a Minister of Northern Development from the north. We've announced legislation to eliminate the private school tax credit.

We are proud that we stopped your irresponsible tax cuts. We're proud of our record on that. We're proud of the commitments we've kept. And we're going to do something you didn't do: We're going to provide reliable, stable, affordable hydro in the province of Ontario for many—

The Speaker (Hon Alvin Curling): New question.

1550

TRANSIT SERVICES

Ms Laurel C. Broten (Etobicoke-Lakeshore): My question is for the Minister of Public Infrastructure Renewal. My riding is suffering from gridlock, in part because we do not have a coordinated transit system in the GTA. Transit users have to negotiate a maze of highways, subways, streetcars and buses as they travel from Toronto, Peel, Durham, York and my own community of Etobicoke. The result: more people in cars, more cars on the highway and more gridlock. Transit users are expecting government action. In the throne speech, the government announced its intention to create a Greater Toronto Transportation Authority. How will this result in real, positive change for the people of my community?

Hon David Caplan (Minister of Public Infrastructure Renewal): I want to thank the member for her question. I also want to congratulate her on her election to this Legislative Assembly.

Our government is committed to easing gridlock. We're committed to investing in the future of public transit through the creation of a Greater Toronto Transportation Authority. Too much time is wasted in traffic. Each morning, 370,000 cars come into Toronto and 240,000 cars head out. The cost to our economy, to our environment and to our quality of life is unacceptable. The Greater Toronto Transportation Authority is an important first step in tackling these issues. The transportation authority will have leadership responsibility for much-improved planning and coordination of transit initiatives in the coming months and years.

In addition, the transportation authority will be asked to implement a one-pass fare system, which will greatly improve the service for transit riders throughout the GTA. I want to add—

The Speaker (Hon Alvin Curling): Thank you.

PETITIONS

TOBACCO TAX

Mr Toby Barrett (Haldimand-Norfolk-Brant): This petition is signed by people very concerned about Liberal tobacco policies, people from La Salette, Langton, Tillsonburg, Simcoe, Mississauga, Waterford and Windham Centre.

"To the Legislative Assembly of Ontario:

"Whereas Dalton McGuinty has stated that he will increase tobacco taxes by \$10 a carton, force store owners to hide cigarette and tobacco displays behind a curtain, and support a smoke-free Ontario; and

"Whereas history has proven that increases in tobacco taxes cause increases in the smuggling trade for illegal

black-market tobacco whose contents are neither regulated nor inspected; and

“Whereas forcing store owners to hide their tobacco displays unduly punishes both store owners and consumers for the purchase and marketing of what remains a legal product;

“We, the undersigned, respectfully petition the Parliament of Ontario as follows:

“That the government of Ontario reject the increase in tobacco taxes and the ban on the display of tobacco products, and protect the rights of consumers to purchase a legal, regulated product—tobacco.”

I hereby affix my signature to this position.

Mr Ernie Hardeman (Oxford): Similar to my colleague from Haldimand-Norfolk-Brant, I want to say the tobacco policy of the government across the aisle is a big issue, so I have a petition.

“To the Legislative Assembly of Ontario:

“Whereas Dalton McGuinty has stated that he will increase tobacco taxes by \$10 a carton, force store owners to hide cigarette and tobacco displays behind a curtain, and support a smoke-free Ontario; and

“Whereas history has proven that increases in tobacco taxes cause increases in the smuggling trade for illegal black-market tobacco whose contents are neither regulated nor inspected; and

“Whereas forcing store owners to hide their tobacco displays unduly punishes both store owners and consumers for the purchase and marketing of what remains a legal product;

“We, the undersigned, respectfully petition the Parliament of Ontario as follows:

“That the government of Ontario reject the increase in tobacco taxes and the ban on the display of tobacco products, and protect the rights of consumers to purchase a legal, regulated product—tobacco.”

COMMUNITY CARE ACCESS CENTRES

Ms Shelley Martel (Nickel Belt): I have a petition that's been sent to me by Madame Bruneau of Gogama. It's signed by 180 individuals. It reads as follows:

“To the Legislative Assembly of Ontario:

“Whereas the Manitoulin-Sudbury Community Care Access Centre delivers vital home care services to local seniors, the disabled, and those discharged from hospital, so they can remain in their own homes; and

“Whereas the Manitoulin-Sudbury Community Care Access Centre needs additional \$1.8 million from the Minister of Health this fiscal year just to deliver its current level of health care services; and

“Whereas the Ministry of Health has refused to fund this necessary increase and has further failed to provide the CCAC with equity funding promised last year and this year, despite a 1998 promise made by the former minister responsible for seniors, Cam Jackson, to do so; and

“Whereas this deliberate underfunding by the government of the Manitoulin-Sudbury CCAC has forced

the CCAC board to adopt a deficit reduction plan which severely reduces the home care services it provides; and

“Whereas this reduction has a drastic impact on clients who cannot afford to pay for these services and will be forced to go without necessary health care or be forced into long-term-care facilities;

“Therefore, be it resolved that the government immediately fund the additional \$1.8 million requested by the Manitoulin-Sudbury CCAC this year, and further, provide the equity funding which was promised in 1998.”

I agree with the petitioners. I've signed my signature to this.

ONTARIO BUDGET

Mrs Julia Munro (York North): “To the Legislative Assembly of Ontario:

“Whereas John Manley has said that the \$771 million promised from the federal health supplement can be applied to this year's budget;

“Whereas this year's budget should include the full-value sale of Teranet;

“Whereas this year's budget should include the \$300 million in savings from an OPS hiring freeze announced by David Tsubouchi on October 8;

“Whereas this year's budget should include the full amount, 90% of the costs from the SARS emergency;

“Whereas this year's budget should include the \$2 billion announced in the government's financial plan earmarked for a deficit;

“Whereas this year's budget should include the \$1-billion contingency fund announced in the government's financial plan;

“Whereas this year's budget should include the in-year benefits arising from the planned January tax hikes;

“We, the undersigned, call upon the provincial government to take the responsible approach and immediately apply in full the money available to them which will allow them to balance the budget and ease the fear that they have created among taxpayers of this province.”

I'm pleased to affix my signature to this worthy petition.

Mr Ernie Hardeman (Oxford): I have a petition to the Legislative Assembly of Ontario.

“Whereas John Manley has said that the \$771 million promised from the federal health supplement can be applied to this year's budget;

“Whereas this year's budget should include the full-value sale of Teranet;

“Whereas this year's budget should include the \$300 million in savings from an OPS hiring freeze announced by David Tsubouchi on October 8;

“Whereas this year's budget should include the full amount, 90% of the costs from the SARS emergency;

“Whereas this year's budget should include the \$2 billion announced in the government's financial plan earmarked for a deficit;

“Whereas this year’s budget should include the \$1-billion contingency fund announced in the government’s financial plan;

“Whereas this year’s budget should include the in-year benefits arising from the planned January tax hikes;

“We, the undersigned, call upon the provincial government to take the responsible approach and immediately apply in full the money available to them which will allow them to balance the budget and ease the fear that they have created among taxpayers of this province.”

I support the people who signed the petition and the content thereof.

TOBACCO TAX

Mr Garfield Dunlop (Simcoe North): “To the Legislative Assembly of Ontario:

“Whereas Dalton McGuinty has stated that he will increase tobacco taxes by \$10 a carton, force store owners to hide cigarette and tobacco displays behind a curtain, and support a smoke-free Ontario; and

“Whereas history has proven that increases in tobacco taxes cause increases in the smuggling trade for illegal black-market tobacco whose contents are neither regulated nor inspected; and

“Whereas forcing store owners to hide their tobacco displays unduly punishes both store owners and consumers for the purchase and marketing of what remains a legal product;

“We, the undersigned, respectfully petition the Parliament of Ontario as follows:

“That the government of Ontario reject the increase in tobacco taxes and the ban on the display of tobacco products, and protect the rights of consumers to purchase a legal, regulated product—tobacco.”

I’ll be happy to sign that, and I’d like to give it to Vaibhav.

CENTRES D’ACCÈS AUX SOINS COMMUNAUTAIRES

M^{me} Shelley Martel (Nickel Belt): J’ai une pétition qui dit :

« Attendu que le centre d’accès aux soins communautaires de Manitoulin-Sudbury fournit des services de soins à domicile essentiels aux personnes âgées, aux handicapés et à ceux qui reçoivent leur congé de l’hôpital de la région, afin qu’ils puissent demeurer chez eux; et

« Attendu que le centre d’accès aux soins communautaires de Manitoulin-Sudbury a besoin d’une somme additionnelle de 1,8 million de dollars du ministère de la Santé pour cette année financière seulement pour dispenser les services de soins de santé à son niveau actuel; et

« Attendu que le ministère de la Santé refuse de financer cette hausse nécessaire et a été incapable d’offrir au CASC un financement par capitaux propres l’an dernier et cette année, malgré une promesse faite en ce

sens en 1998 par l’ancien ministre des soins de longue durée, Cam Jackson; et

« Attendu que le sous-financement délibéré du CASC de Manitoulin-Sudbury par le gouvernement a obligé le conseil d’administration du centre d’accès d’adopter un plan de réduction du déficit qui se traduit par une diminution importante des services de soins à domicile qu’il dépense; et

« Attendu que cette réduction a des conséquences néfastes sur les clients qui n’ont pas les moyens de payer pour ces services et qui devront se priver des soins de santé nécessaires;

« Nous, soussignés, demandons donc au gouvernement de financer immédiatement la somme additionnelle de 1,8 million de dollars requise par le CASC de Manitoulin-Sudbury cette année, ainsi que de verser le financement par capitaux propres promis en 1998. »

Monsieur le Président, j’y ai mis ma signature aussi. Je suis d’accord avec tout le monde.

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ORDERS OF THE DAY

FISCAL RESPONSIBILITY ACT, 2003

LOI DE 2003 SUR LA GESTION RESPONSABLE DES FINANCES

Mr Sorbara moved second reading of the following bill:

Bill 2, An Act respecting fiscal responsibility / *Projet de loi 2, Loi concernant la gestion responsable des finances.*

The Speaker (Hon Alvin Curling): Yesterday, I think the member from Northumberland had completed his statements and comments. But now we’re into comments and questions.

Mr Garfield Dunlop (Simcoe North): I’d like to take a moment just to make a few comments.

First of all, I’ve had a few statements, but I haven’t had the opportunity to congratulate you on your win as Speaker. I wish you all the best in the next four years, because I’m just waiting on the exact time when we’ll have an election date.

I’d like to congratulate Mr Rinaldi on his victory in Northumberland. You obviously beat one of our members, and I congratulate you for that.

I’d like to make a few comments on this historic tax-hike bill. It is an honour to speak from the opposition on the Fiscal Responsibility Act, 2003. We call it the Largest Tax Hike in Ontario History bill.

As you probably know, this ranks, in terms of the analysis that we’ve done on the particular piece of legislation, as the largest tax hike in history. Starting in 1993, Bob Rae had the original record of \$2.2 billion. David Peterson followed that up in 1989 with a \$2.8-billion tax increase bill. Our new Premier, the Honourable Dalton McGuinty, set the new record and the new bar at \$4.13

billion. We're very interested in the fact that that's what has happened with this particular piece of legislation.

I've got to tell you—and I know we'll hear lots of comments on this before this bill is actually enacted—I have a real concern as a former small businessperson. Certainly, our family still has assets in a number of different businesses, and I can tell you that the corporation tax increase is going to have a substantial effect on the businesses of our province. I hope it doesn't. I hope that we can sail through this session and this Parliament and keep a strong economy. But I think, when you look at how it will impact the corporations of our province, it will have a dramatic effect on job growth in the province of Ontario. For that reason, I certainly won't be supporting this bill in any way whatsoever, and look forward to the other comments and questions and further debate on this particular piece of legislation.

Mr Rosario Marchese (Trinity-Spadina): I will have the opportunity in this round of debate to have a 20-minute opportunity to speak and so I wanted to simply say on two parts of this particular bill that, as New Democrats, we supported this government when they said they would get rid of the tax credit for private schools; no disagreement with that. Let it be clear to those folks watching that we New Democrats—and I will have another opportunity when I'll have the 20 minutes to tell you why we disagree so much on so much else.

But on the tax credit, it's a good thing that they have done this. New Democrats were unanimous in their opposition to the Conservative initiative on giving tax credits for private schools—unanimous. You would not find one New Democrat in this caucus who supported the tax credit for private schools, unlike the Liberal Party that had many dissenting members, but I am happy that they have ended this. Clearly, they do need the money and they need it right away.

Philosophically, New Democrats support this. For good economic reasons it's good to get back the \$100 million and put it back, hopefully, into public education. But, Ms Cansfield, I'm not quite clear and I'm not sure that the savings of that \$100 million that you might get are going to go back to our education system. In fact, I am highly concerned, worried, that public education will see little of that \$100 million, and we are expecting you to keep that promise.

I will speak to that in my 20 minutes. We'll have an opportunity. I will have more time, I hope, because we need to be able to chat and the public needs the opportunity to see New Democratic points of view, and you will get it.

Mrs Donna H. Cansfield (Etobicoke Centre): On behalf of Etobicoke Centre's constituents collectively, Mr Speaker, we'd like to express our sincere congratulations on your election as Speaker of the House. I know you will do an outstanding job.

I'd like to say again on behalf of Etobicoke Centre that it is extremely important that what we maintain and sustain is a very responsible government that looks forward to, first of all, setting a foundation on which to build. It is

incredibly important that we're going to put back the money into education and health care, but first and foremost, we need to be able to get our own house in order. We do that first and then we put the money where it belongs, into maintaining and sustaining a very viable public education system, ensuring that public health remains in public hands and that again it is accessible and affordable to all.

What I'd like to say—and I make that commitment as I have to others—is that I don't spend money I don't have. First of all, I will be responsible in terms of how I spend the money that I do have. I make that commitment on behalf of the constituents in Etobicoke Centre and I make that commitment to my colleagues in having responsible, predictable, good, basic government. I thank you very much for this opportunity.

Mr John Yakubuski (Renfrew-Nipissing-Pembroke): Mr Speaker, I too want to congratulate you on your election to the chair of this wonderful chamber. I also want to congratulate the member from Northumberland, who had his maiden speech last night. I will have an opportunity at some further date, I'm sure.

Hon James J. Bradley (Minister of Tourism and Recreation): Tell me when; I'll be here.

Mr Yakubuski: OK. I do want to speak to the tax hike bill, the Fiscal Responsibility Act of 2003.

I had the opportunity to speak to the Upper Ottawa Valley Chamber of Commerce last night in Pembroke. This is a bill that concerns them very much, as well as it does myself. As a former small business owner as well, I can tell you that there's nothing that saps the life out of small business than a further tax hike. What creates jobs is when businesses have more money at their disposal to reinvest into their businesses and to create jobs for other people in that community, thereby growing the economy and helping every single service that exists, including the social services that are so important, particularly in rural Ontario, where they need more funding in those hospitals.

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But when we see tax increases being implemented against a business in this province, it is not going to help our hospitals, it is not going to help our schools; it is in fact going to hurt all of those essential social services because those businesses pay the bills. They employ the people who pay the bills. When we place an additional burden on them, it cannot help anything in the province of Ontario. The short term might see some revenue for this government, but the long term is going to see their revenue significantly cut. Because when jobs are lost in this province, it does not increase revenue, it decreases revenue.

So when small businesses are hit with that kind of additional burden, it hurts not only the small businessman and not just his bottom line, but it hurts the people working for him, it hurts the people in his community and it will hurt the fiscal standing of this government in the end.

The Speaker: The member from Northumberland has two minutes to respond.

Mr Lou Rinaldi (Northumberland): Thank you, Mr Speaker. This is my first opportunity to congratulate you—in the past, you weren't in the chair—but I think this House made a great choice.

First of all, I'd like to thank the members from Simcoe North, Trinity-Spadina, Etobicoke and Renfrew-Nipissing for commenting on the words I said last night. As I reflect, as I said last night for those people who were here, I base my decisions on what the people out there tell me. I referred to a number of occasions when I had the opportunity to meet the people of Northumberland, who reflect most of the rest of the people of Ontario. They clearly told me that they didn't believe in tax cuts any more. The former government tried—and I give them credit. They tried, tried and tried and they failed, failed and failed on every front. Everybody told me that they didn't want any more tax cuts, with the exception of one person. One person told me they were not going to support the Liberal Party because we don't believe in tax cuts.

They did tell me that seniors were prepared to pay their fair share to keep a good, healthy Ontario. The people did tell me that they don't oppose minimum wage—they were complimenting the Liberal Party for taking a stand that hadn't been taken for eight-some-odd years.

I believe the platform we have put forward in the last three days truly reflects the voice of Ontario. The people of Ontario listened in the past and they gave the members of the opposition a good opportunity to fix Ontario, but they destroyed it. So I have a lot of faith in what we're doing and I support our platform 100%.

The Speaker: Further debate?

Mr Toby Barrett (Haldimand-Norfolk-Brant): I wish also to address government Bill 2, affectionately known on this side of the House as the Largest Tax Hike in Ontario History bill. Over the past eight and a half years, people and businesses in Ontario have learned what it means to have more money in their pockets to spend, more money to save, and certainly more money to invest. Usually, this money is invested in their home communities. Over the past eight and a half years, the Conservative government introduced over 220 tax cuts across the province of Ontario. The result: Ontario became the leader in economic growth among all G8 countries; over one million net new jobs were created; well over 600,000 people were taken off the welfare rolls; and record investments were made in health, education and in our environment. The evidence clearly shows that cutting taxes creates a strong economy. Tax cuts, very simply, create jobs.

The formula is basically very simple. It's basic stuff. Cutting taxes gives our people and businesses more dollars to spend and invest, increasing the bottom line, luring more business to the province of Ontario, creating jobs, with the culmination being, very clearly, strengthening the economy, as we have seen over the last eight

and a half years. Tax increases, on the other hand, take money out of people's pockets, leaving them less money to spend, decreasing the bottom line for business, resulting in fewer jobs and a weakening economy. We refer to it as a vicious Liberal cycle, a cycle that the present government seems keen on forcing on Ontario once again, as we continue down this trail of broken promises.

The results bear out what I'm saying. Since the PC government started implementing tax cuts, government revenues increased by over \$16 billion a year. Our government understood that a strong economy is the foundation of a strong Ontario. All the services we cherish most—health care, education, our environment, safe communities and protection of quality education—are built on economic strength. For some reason, that clear reality seems lost on the current government and is evidenced by what we see as the shameful tax grab that we're debating this afternoon in the form of Bill 2.

So here we are debating a bill that will reverse the direction of a tax policy that has seen Ontario's economy grow at unprecedented rates. Here we are debating a tax-hike bill with a government that keeps telling us they're not raising taxes. The Premier may wish to continue with his semantics game, but no amount of wordplay can hide the fact that this bill will have the people and the businesses of Ontario paying more to their provincial government than they would have under a Conservative government.

I'd like to examine some of the tax initiatives the Liberals are proposing. First of all, and we heard this earlier this afternoon, smokers, corner store owners, farmers and other business people will see a phony attempt to balance the books with this increase in the tax rate on cigarettes up to 74%. Clearly, this is nothing more than a Liberal tax grab. It will be borne on the backs of tobacco farmers who have worked all their lives producing a legal product, a legal product serving probably as one of the biggest contributors to local agribusiness economies in my riding of Haldimand-Norfolk-Brant, as well as other communities: certainly in Elgin and Middlesex, as our Minister of Agriculture well knows, and in Oxford, as represented by our agricultural critic.

Tobacco supports jobs. It supports 14,000 full- and part-time jobs in Norfolk, Brant county, Elgin, Middlesex and Oxford, and it generates \$500 million in economic activity. Any significant or very sudden decline in our tobacco industry will have a very significant and tremendous impact on the economic viability of those counties I just mentioned.

I'm proud to be an MPP for a tobacco county. I'm proud to represent the farmers who mean so much to our communities. I have always opposed federal and provincial tobacco tax hikes. They take us down the road to smuggling, they take us down the road to theft and unregulated, underground use that was oh so common in the early 1990s. Despite efforts by the antis and the zealots, there presently remain roughly seven million people in Canada who choose to use tobacco products. Tax increases will not force consumption to dissipate.

More and more of it will go the illegal route: offshore tobacco and smuggling. If Canadians continue to smoke, I feel it's incumbent on our government to ensure at minimum that they continue to smoke Canadian tobacco.

Read any newspaper or watch television, and smokers are being interviewed with regard to Mr McGuinty's most recent tax hike. People are telling reporters that if they want to smoke, they very clearly will find a way. For years, governments have used tobacco tax policies in an attempt to accomplish two things: (1) to reduce tobacco consumption, and (2) to meet fiscal objectives.

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It was nearly 10 years ago that tobacco taxes reached a peak, and were subsequently lowered again due to the increase in tobacco smuggling and non-taxed sales. We know that consumers are responsive and they will most definitely look to alternate sources for supply.

Again I ask the question, can't Mr McGuinty and his Liberal government see that tax hikes are a no-win situation not only for the tobacco producers but also for Ontario communities? It's a no-win situation for this government as well. I pose the question, would Ralph Klein deep-six his Alberta oil and gas industry, for example, the way Dalton McGuinty is attacking his own homegrown tobacco market in the province of Ontario?

If Mr McGuinty and the Liberals truly believe that tax increases will decrease consumption, I ask them to consider a country with no domestic tobacco industry. In the event that a tobacco industry in Ontario ceases to exist—and the way we're heading, there is a clear and present danger of that happening—domestic production will be replaced by imported foreign product and, obviously, exported jobs.

If people in this Legislature are concerned about the health of Ontarians, imported tobacco will only accelerate health-related problems associated with the use of that product. Just take a look at what is being sprayed on the crop in Asia and South America and ask yourselves why floor sweepings in Third World countries belong in the hands of Canadian smokers.

I don't believe for a second that government is taxing smokers because it cares about the health impacts of tobacco. Tobacco tax increases are essentially a tax grab. It's a money grab, taking money out of taxpayers' hands and from those farmers, their employees and their families who toil in the fields to produce this particular crop.

When this government thinks it needs more money, allegedly to deal with next year's phony deficit, what's the answer? Obviously, in the last several days the number one answer has been to jack up taxes. The number two answer is to jack up taxes again, and third is to blame it on a bogus projected deficit, a deficit projected for next year, March 31. Later on—and we heard this today—it's to tell people you are concerned about smoking. I suppose in the final analysis, the assumption is that our government will sit back and count the money as it rolls in. Be surprised if millions of dollars in revenue do not show up in your projections. There will be a revenue

shortfall as people behave in what many smokers would consider a rational economic behaviour: They will make decisions to avoid these taxes.

Mr McGuinty has not thought this through very carefully. Instead, he has caved in to people like Garfield Mahood, for example. The Premier's name is McGuinty; it's not Mahood. Just whose hand or how many hands are on the tiller of this present government?

As I mentioned at the top, lower taxes create more jobs, and in turn they mean more money for priority services like health care and education. Higher taxes in relation to tobacco stifle the economies of those small farm communities that depend on them. They establish the grounds for smuggling, contraband smokes and imported tobacco, tobacco in which we would have no control over the content.

Information currently available confirms that the sale of contraband cigarettes and tobacco products is growing. Further, there are indications that the demand for tobacco products is far greater than the current supply. I'll say it again: Contraband products pose a serious threat to producers, to legitimate wholesalers and retailers, all of whom are law-abiding citizens. These people pay taxes.

I do suggest, with all respect, that Mr McGuinty go back to the books to do his homework on tobacco taxation. This Fiscal Responsibility Act, 2003, does propose amendments to the Tobacco Tax Act, jacking up taxes on tobacco from 67% to 74%, something that normally you would see done in a budget. However, they snuck this one in early. Their goal: Put our tobacco tax up with Alberta's, put it up to the level of Manitoba's and BC's. Just bear in mind: Alberta, Manitoba, the province of British Columbia don't grow tobacco there. They don't process tobacco in those provinces. They don't suffer the kind of job losses we would see in Ontario.

Further, Bill 2 hits so many groups in our society, and again that's why it wears the moniker of the largest-tax-hike-in-Ontario-history bill. Very clearly, Bill 2 also calls for the elimination of the previously legislated seniors' tax credit. I think we can all agree that we in Ontario owe so much to our seniors, our grandparents, our parents, aunts and uncles. They are the builders who created this prosperous province that we all enjoy and that we call home. Seniors have worked long and hard and have collectively paid billions and billions of dollars in taxes over the course of their working lives. In fact, they are continuing to pay, even after leaving the workforce. There are almost a million senior-citizen households across Ontario, and in half of them the annual income is under \$25,000 a year. That applies to a large number of people in my riding. I talk to these people at the door.

More than 80% of seniors' households have yearly incomes below \$50,000. Ontario seniors have earned our gratitude and the right to a safe and secure retirement but, for many, rising costs such as property taxes eat into their fixed incomes. The seniors' tax break process, the legislation that was passed last spring, was designed to be simple and to provide property tax relief to all seniors

regardless of their income or economic status—relief to all seniors, whether they own or rent their homes.

As I mentioned, senior citizens have contributed so much to all of our lives, and that's why the Eves government passed the seniors' tax credit into law, to give them something back and to make it easier for seniors to remain in their homes. I do want to reiterate that this tax credit was passed into law, meaning that seniors across this province were expecting that tax credit in the coming year, meaning that any move to rescind this credit would create higher taxes, in spite of what Mr McGuinty told us over and over again through his well-publicized television commercials during the election.

Here we are, debating a bill that will rescind the seniors' tax credit with a government that continues to contend it's not raising taxes, a government that continues to contend it's not breaking its promises.

We all in this Legislature have just completed a month or two of door-knocking, something that I enjoy doing, primarily when the House is not sitting. I usually door-knock in the winter and in the summer, and certainly since last June at the door—and it's usually during the day that I'm door-knocking—invariably speaking with two broad groups of people, often young mothers with children, and if not young mothers and young families, retired people. With younger families I invariably had the opportunity to chat about the benefits of the program that we proposed with respect to mortgage interest deductibility. Again, most people I chatted with were aware that mortgage interest deductibility has been available in the United States, to my knowledge going back at least 25 years. The Eves mortgage interest deductibility plan would give all Ontario homeowners an income tax break by very simply allowing them to deduct the interest on their mortgage from their income tax. The estimated savings, once it was fully implemented: \$500 a year in provincial income taxes not paid.

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Owning a home truly remains the Canadian dream for most Ontarians. A home mortgage is the largest debt most people will ever have. Our mortgage interest tax deduction would help more Ontarians realize that dream. I feel this is what society is all about, certainly in my rural riding of Haldimand-Norfolk-Brant: to encourage, through government policy, young couples to not only form a family but to start building a home.

In door-knocking, again, usually during the day, during the afternoon, who else do you find at home? Many dogs, of course. Who else do you find at home? Retired people, older people, people approaching the age of 65. We would have what I considered a very productive conversation about the seniors' property tax credit, a credit available through legislation, not only for those people who own their own home, but for those people who rent.

I'm sure many Liberals here in the House have had conversations on people's doorsteps as well. I know Liberals promised people at the door that the 4.3 cents per kilowatt hour was carved in stone. As Liberals went

door to door and talked to seniors, who knows what they told them about the seniors' property tax credit? After what we've seen in the past few weeks—there's always that assumption that a Liberal will say anything to get a vote and then we see some changes once they're in.

Again, going back to seniors, after a lifetime of contributing to society, seniors deserve support in being able to stay in their own homes. Legislation that remains in place today, as we speak, would eliminate that provincial portion of the property taxes for seniors—again, whether they rent or own. For the average senior household, this would mean an annual saving of \$475 once that legislation was fully implemented. Yet Bill 2, which we debate this afternoon, would reduce that credit to zero, essentially meaning higher taxes for seniors.

Many people at the door were neither young people nor seniors. They would explain to me, "Well, what are you going to do for me? My mortgage is paid off; it will be many, many years before I turn 65." Of course, this presented me with the opportunity to explain our promise to extend the Taxpayer Protection Act to municipal councils. This was the act supported by Premier McGuinty, recently signed by Premier McGuinty, much to the delight of John Williamson of the Canadian Taxpayers Federation, because the signature means a commitment to balanced budgets and no tax hikes. I do understand that more recently, Mr Williamson, according to the *Toronto Star*, has now labelled the fiscal responsibility bill, the one we're debating this afternoon, "a regrettable first move by government." Going back to the extension of the Taxpayer Protection Act, it would cover municipal taxes. We would see a situation where councils would not be able to raise taxes or introduce new taxes without getting the permission of the people.

The Acting Speaker (Mr Ted Arnott): Questions and comments?

Ms Laurel C. Broten (Etobicoke-Lakeshore): I ask my friend opposite: Where did the reckless Tory tax cut get us? The answer is clear: \$5.6 billion in structural deficit. Bill 2 is an important step in meeting this government's commitment to get the province's fiscal house in order, so that we can provide good health care, quality education and a clean environment to start. We are not going to build our children's future on a house of cards.

Unlike the last government, we have been clear in our plan. We went to the people during the long month of October. We brought them our plan for achieving the potential that Ontario deserves. We told them, "We're going to cut out private consultants; we're going to ban partisan advertising; we're going to roll back the corporate tax cut; we're going to cancel the private school tax credit; we're going to rescind the seniors' tax credit; and we're going to collect unpaid corporate taxes." You know what happened? We got a large mandate from the people of this province, and in my case from the people of the community of Etobicoke-Lakeshore, and we are going to meet our commitments in that regard.

I agree with one of the things my friend opposite said, and that is that we do owe our seniors. We owe them a debt of gratitude for what they have contributed to this community and we owe them a good, quality health care system. We owe our seniors long-term-care facilities that are accessible and attainable. We owe our seniors nursing home standards and we owe our seniors clean air and clean water. I too knocked on many doors in the community of Etobicoke-Lakeshore and spoke to many, many seniors. Many of those seniors came to this country to make sure that the next generation would do better than the last. They understand the importance of a strong, quality public education system for the future of our province. We will deliver on that commitment.

The Acting Speaker: I recognize the member for Simcoe North.

Mr Dunlop: Thank you very much, Mr Speaker. I also congratulate you for your position here today. I know you'll do an excellent job.

I want to congratulate my friend from Haldimand-Norfolk for an excellent presentation.

It's really interesting to hear the pros and cons and comments from each side of the House. I watched a lot of the ads on TV during the election campaign and—

Hon David Caplan (Minister of Public Infrastructure Renewal): You should have been knocking on doors.

Mr Dunlop: We don't knock on doors on Sundays and that type of thing. It's just the way we do it. We're very polite that way with the public. We don't do a lot of negative-type things in the riding of Simcoe North.

You know one of the things I noticed on the ads? There was a guy, a tall, thin fellow, who might have been the Leader of the Opposition at that time, and I think his name was McGuinty. He had continual ads on TV. I remember him making the comment, "I will not raise your taxes." Did anyone else hear that? I don't know, maybe Mr Miller heard it in Muskoka. We've got good TV reception up there. It was on all the stations, "I will not raise your taxes." I think we've even kept clips of that.

Now we're looking at Bill 2—no, that's the bogus review—the Fiscal Responsibility Act, the largest single tax hike in the history of the province of Ontario, the largest by far, by over \$1.5 billion; the largest single tax increase in the history of this province. "I will not raise your taxes." I heard it over and over and over. I would say that Mr McGuinty has not kept his word and I think it will haunt you folks for the next four years, as you continue to break promises over and over. Remember those words, ladies and gentlemen: "I will not raise your taxes."

Mr Khalil Ramal (London-Fanshawe): It's funny when you hear on a daily basis the past government talking about tax increases. They're asking what we told the people at the door. I'm saying this to Toby Barrett, from Haldimand-Norfolk-Brant. When we knocked on doors, we talked to the people. We told them we were going to cancel the senior tax credit for education. We were honest with them. The seniors in this province are

not looking for a couple of hundred dollars per year to save; they're looking for better health care, better homes, and to live with dignity and respect. We also heard a lot of talk about the education tax credit for private schools. Our friend from the NDP campaigned—

Mr Marchese: Name the riding.

Mr Ramal: OK, from Spadina. They campaigned and talked a lot about that issue, to cancel the private school tax credit, and when we proposed it and introduced it, they voted against it. What a conflict of interest. It seems my friends on the left side always like to be on the opposite side of whatever we do, regardless of whether or not that issue is good for the province of Ontario: If it's good for the province of Ontario or not, always be on the opposite side.

I would tell everyone that we will keep working toward a better place to live, a better province under Dalton McGuinty and his government.

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Mr Gilles Bisson (Timmins-James Bay): My God, I thought that was rather interesting. I was watching that from my office while I was meeting with the OPFFA in regard to the issues that they bring before us today. As you know, the firefighters are here today lobbying various members of the Legislature, and I just want to remind the members that they should be trying to get down to talk to the firefighters, who are going to be downstairs a little bit later.

I've just also got to say that this whole debate is a rather interesting one, because we find ourselves in a bit of a funny spot—and I mean as legislators, not me as a New Democrat or as the member for Timmins-James Bay. We've got this situation where basically the Liberals are moving forward on what is part of their campaign commitment, which I can support, which is the reduction or the rollback of some of the tax cuts that the Tories put in place.

Hon Mr Caplan: How will you vote on this bill?

Mr Bisson: We supported that. There are some things in this bill that, quite frankly, we're going to talk about a little bit more at second reading when I get my chance for debate.

I just want to say this, because I think it's important: If you take a look at all of those jurisdictions in the United States that have gone the route of the tax cut as the panacea for economic development, 41 of the states that have gone that way are in a deficit situation currently.

Mr Dunlop: Come on.

Mr Bisson: Well, no, that's the reality. I see the Tories going, "Come on." Garfield, go and read the numbers. That's what it comes down to. It's really telling, and it's interesting, because if we also look at the United States government centrally, where George Bush has been a big advocate of this particular policy, we find the same situation, where the American federal government finds itself in a huge deficit situation. The numbers there are coming to be seen as a bit of a basket case. I just say that it's starting to prove after about four or five years—well, it's actually been about eight years—that this whole

mantra that tax cuts generate growth, generate wealth, quite frankly has been shown to be in disrepute, because if we take a look at all the jurisdictions that have gone that way, they find themselves in a deficit situation.

The Acting Speaker: I'll now turn to the member for Haldimand-Norfolk-Brant to reply for two minutes.

Mr Barrett: I thank the honourable members, door-knockers all, for their comments on Bill 2. Again to summarize, what we see is a dizzying array of measures to make people pay more money to government: cancelling the seniors' property tax rebate, as I indicated; cancelling planned income tax cuts in the coming year; scrapping the tax break for parents who send their children to independent schools; jacking up tobacco taxes; raising taxes on incorporated businesses.

The member for Etobicoke-Lakeshore said it's essentially to pay for what we refer to as the phony deficit, an orchestrated announcement, an announcement that was made the day after they paid former auditor Peters to say what he said. A \$2.8-billion-a-year increase in tax revenue—again, the member for Simcoe North is right when he labels it “the largest single-day tax hike in Ontario history.” We all saw those television commercials with the leader opposite's misleading mantra over and over again, “I won't cut your taxes, but I won't raise them either.”

I will point out that the members for London-Fanshawe and Timmins-James Bay made reference to these measures as not so much a tax cut but a reduction or a rollback. Very clearly, what we're seeing here are increases in taxes. I've always felt that a government that makes its own people pay more money to that government is a government comprised of tax hikers. That's exactly what this bill does. There's no doubt that Bill 2 will force more people to pay more money to their provincial government. This is a tax hike by any other definition.

The Acting Speaker: Further debate?

Mr Marchese: I'm happy to have this opportunity to speak to this act respecting fiscal responsibility, so-called. I want to welcome the citizens of Ontario watching this political forum. We're on live. It's a quarter to 5. I know you're looking forward to seeing New Democrats getting up on a regular basis to debate because you are looking for this point of view, and desperately need and will need it on a regular basis as we go along. We are looking forward to that opportunity and to the House leader of the Liberal Party, in consultation with his leader and, presumably, the caucus, giving us the rights that we deserve in this place.

I want to say three things. I'll be dividing my comments into three parts: first, why we oppose this bill; second, why we support the amendments here; and third, why we think they are inadequate, and link them to some of the promises you made that we, New Democrats, are so happy to attack.

First, why we oppose this bill: As some of you know, we didn't get status in this place. We don't have eight members, and we now suffer the ignominy of being

called independents by Liberals on a regular basis, where they diminish New Democrats as mere puny independents in this place. They do not fail to offend as regularly as they can this magnificent caucus of seven New Democrats.

Not having status in this place has reduced us to the following: This government refuses to give us the bills in advance so we can read the bills. We don't get them. They're not before us. They do not want us to see the bills. They do not want us to debate.

Mr Mike Brown has just joined us, the member from Algoma-Manitoulin, an experienced member who just did this with his hands. You see the arrogance of someone who has been around this place, how quickly he dismisses those who were once his colleagues on the opposition benches.

Mr Michael A. Brown (Algoma-Manitoulin): Let's not get carried away.

Mr Marchese: I tell you, Mike Brown from Algoma-Manitoulin, hubris will kill you. It will bring you down. Hubris will not only bring you down, it will bring many of your ministers down, particularly your House leader, who displays a tremendous amount of hubris. I warn and caution the member. I think a little more modesty would look good on him. But that's advice I offer from the backbenches, the exterior backbenches of New Democrats back here. But God bless, the cameras can catch us. We're still here. It doesn't matter where you are, you citizens can see us, so not to worry. We will debate and you will hear our views.

Not having status means and meant we don't get the bills in front of us. The Liberals are quite happy to stand up and say as regularly as they can, “New Democrats voted against the bill. Why did you vote against the tax credit?” New Democrats do not support any bill that's not put before us in time for us to be able to read the bill in order to comment on the bill.

Interjections.

The Acting Speaker: Will the member take his seat? I'm having difficulty hearing the member for Trinity-Spadina and would ask all members to please behave themselves.

Mr Marchese: Speaker, I enjoy the interplay. Please, not to worry. I love that. Don't worry about me. I love to be heckled by the member from Algoma-Manitoulin, my friend from Eglinton-Lawrence and others. When they chuckle and laugh, it makes me feel good. I like it. Please, continue. Speaker, leave them alone, all right? It's part of the pleasure of this House to have that exchange. Please.

So we don't get to read the bills. I don't know what the member from Algoma-Manitoulin was saying, but we don't get them.

Now, his deputy House leader might say, through the grace of whatever divine intervention, “They need party status. They are a party. We will recognize them as such, and they will have all of the obligations and responsibilities of a third party in this place.” We're looking forward to that. We know that those 15% of you who

voted for us are looking for a voice to represent your views, and not just the 15% who voted for us, but all those left-leaning Liberals and, oh yes, those so many New Democrats who thought that voting strategically was a good thing. It isn't just the 15% that voted for us; it's the many left-leaning Liberals that are going to be so unhappy with the litany of broken promises that keep on rolling from day one to day who knows when.

1650

So we oppose that bill. Now, I want to tell you good citizens watching why I support some of these measures.

Interjections.

Mr Marchese: I did my best to offer a rationale which I was thought was intelligent, but if it doesn't please you, what can I do? We'll move on to the next part of my comments.

See Mike Brown from Algoma? He's amused, and that's good. That's what I like to see; I'm glad that you're amused, member from Algoma-Manitoulin.

The measure to repeal the tax credit for private schools was good, and I hope that those Liberals that supported that measure feel as good as the rest of you, because within your Liberal ranks you had many of them, of you, who thought that giving tax credits to private schools was a good thing. You cannot, could not—Mike, please, I'm sorry to tell you this, you're on the record. Most of you are on record.

Interjection.

Mr Marchese: Your Minister of Education was on the record in 2001—sorry. Monsieur Kwinter, the Minister of Community Safety and Correctional Services. Mon ami Mr Bryant, the Attorney General, said, "You just can't suck and blow at the same time." Please, do you want me to go on, my colleague? Please, member from Eglinton-Lawrence, come on.

I've got to tell you, most New Democrats were unanimous in our opposition to the bill that the Tories introduced to siphon public dollars and bring them to private schools. It was wrong—politically, socially, philosophically dumb and wrong.

Mr Mike Colle (Eglinton-Lawrence): Why are you voting against the bill?

Mr Marchese: Mr Speaker, for five minutes I give a rationale as to why we oppose it.

Ms Shelley Martel (Nickel Belt): Repeat.

Mr Marchese: I can't go back and repeat. Please.

So you're getting \$100 million back by repealing the tax credit for private schools—that's good. I know most of you bought into the idea that Monsieur Kennedy, the Minister of Education, and the Premier said, "We're going to get back \$500 million." Please, you don't.

Mr Colle: Eventually we get to that.

Mr Marchese: You're quite right, member from Eglinton-Lawrence. In its fullest implementation, it could be \$300 million. It could have been. But you got elected. Only \$100 million has gone out and that's all you're getting back. So, please, it's part of telling the truth around this place, right? It's part of character education. That's what character education is all about. And I'm

happy you're introducing that in the school board, because part of character education is that you should be honest, truthful, not telling lies. That's why I here present the correct version of how much money you're getting back versus the Liberal thing that you're getting 500 million bucks back.

So you're taking the \$100 million back because you need the money, and you need it right away.

Mr Ramal: It's not just the money.

Mr Marchese: Of course, you're quite right. The member for London-Fanshawe says it isn't just the money. No, no, the philosophy of it is much more predominant in your caucus that—

Ms Martel: Ask Monte Kwinter what he thinks about that.

Mr Marchese: I already mentioned him.

Ms Martel: Michael Bryant? Did you mention him?

Mr Marchese: I mentioned him as well.

Mr Michael Prue (Beaches-East York): What about Alvin?

Mr Marchese: Alvin Curling made a mistake; he didn't mean it. Anybody can make mistakes; I agree to that, I understand that.

So my point is, yes, repealing the tax credit was and is a good thing, and getting the money back as quickly as you can, God, is that ever good. Because you need it, you desperately need it.

And as it relates to the corporate rollbacks, it's a good thing. We need to say to our communities and to the corporations, "You too have a responsibility to pay your fair share of our social obligations. You can't escape that." Because if we don't tax the corporations—and I'm saying to you as we, many of the New Democrats, have said, we're not paying enough, they're not paying their fair share. It's all about fairness.

Mr Peter Kormos (Niagara Centre): How does Paul Martin get away with it then?

Mr Marchese: Because there's a scheme that is legal, where you can have a company here and hire people there at minimum wage or less, and then move your operation to all sorts of different little countries that give you the tax protection you need. That's how you become a billionaire.

Mr Kormos: Is that how you become Prime Minister?

Mr Marchese: You also, by corollary, can, not necessarily so, become a Prime Minister.

Mr Kormos: Then you can buy the position.

Mr Marchese: You can certainly spend a whole heap of money and influence, because money is power, and power is money.

Ms Martel: Do you think he's going to change that now that he's PM?

Mr Marchese: I don't think Paul Martin's going to change one single iota. Jack Layton is going to be right behind him.

Mr Colle: Stop heckling your own member.

Mr Marchese: Member from Eglinton-Lawrence, this isn't heckling; this is participation. New Democrats like to participate with each other. It's a way of assisting each

other in getting through the debates in this place from time to time.

So the corporations and the corporate sector have to pay their fair share. Sorry, you can't escape that. You can't, because if they do not meet their obligations, then yes, Mr Paul Martin, you've got to meet your own, and you will soon. I know you're flying high, but it won't take long, because if you do not pay your fair share, then you're coming after me and then, most particularly, you come after those who earn 60,000, 50,000, 40,000, 30,000 bucks.

We New Democrats believe that it's wrong to put the fiscal burden of our social obligations on those who have least to pay because they make so little. So we argue with you that what you've done is good. You certainly haven't gone far enough by other measures that you should look at. We said during the campaign that corporations, whether they are rich, profitable or not, up to their first \$400,000 don't pay one cent. That's wrong. We say it's wrong.

If a corporation is earning good money and they're a big, profitable corporation, why would we exempt them from paying their fair share of the money we desperately need for our health care system, our social services, and our elementary, secondary and post-secondary education? Why would we do that? Unless we convince Ontarians that we need to reach out to the corporate sector on a much more regular basis for them to pay their fair share, it will be unsustainable for us to continue to keep our social infrastructure.

You see, you don't have enough money. You knew that before the election and we told you before the election. How many times did I debate with your Minister of Education at teacher federation meetings where I said to him, "Look, you can't do it"? I used appropriate words there that I can't here. You understand what I'm saying.

Mr Ramal: We get the message.

Mr Marchese: I thought you would.

So I said to Kennedy, "You can't do it"—and I'm being polite. You understand that too. I said, "Here's why you can't do it. Monsieur Kennedy, you recognize and your party recognizes that we have a deficit." Yeah, he would say that. And you Liberals knew that the deficit was anywhere near from \$2 billion to \$4 billion. Other members who are a little more prescient than some knew that the deficit was greater. In fact, two of your member—Monsieur Phillips, the Chair of the Management Board of Cabinet, who now is simply trying to run away from that June Hansard report where he is on paper saying you've got a \$5-billion—what does he say, "crisis"?

Ms Martel: Risk.

Mr Marchese: Oh, risk.

Mr Prue: Don't forget September TVO. He said the same thing.

Mr Marchese: And in the September TVO that year, 2003, he said pretty much the same thing. Now, Gerry, the member from Management Board, says you have a \$5-billion risk factor. It's a deficit, really, what he's

talking about. And no matter how you embellish it, that's what he was saying. To give him credit—and I want to give him credit on a regular basis. I don't hide from that. The member who has been so visionary, prescient I say, ought to be recognized for those skills. And why he would run away from that today when he didn't then, I don't know. But he knew there was a \$5-billion deficit, and most of you knew that we had a deficit that was close to \$4 billion that one could account for. Let me tell you how.

1700

Mr Colle: The Premier told us there was nothing.

Mr Marchese: Member from Eglinton-Lawrence, I know, please. They told us no and you said, "Yes, you do," and I said, "Yes, you do." All right, let's agree on what you and I agreed to then, that we knew about, member from Eglinton-Lawrence. We knew in their financial statements that they had a \$2-billion problem. Yes? Yes. And that they had to sell assets, and we said, "What assets are you going to sell when you get into power?" We said that as well. You also knew that there were about \$700 million to \$900 million in ministry reductions, ie, cutting more programs. You knew that. That was still there. You also knew at the time there was a \$600-million Hydro problem that was hidden, but we were well aware that the cap was producing a \$600-million debt, which is now \$700 million and growing.

Mr Colle: But they said it was to be revenue-neutral.

Mr Marchese: I know. They said that and you and I were saying, "Let's add up the numbers." And then we add up SARS, correct? When you add up all these things, you easily come up with a \$4-billion problem, correct? Right.

Ms Martel: No, \$5 billion.

Mr Marchese: Maybe I'm not as good in math as the rest of those of you who can count better, I don't know. But I'm coming close to four billion bucks. Gerry was a little more effective than the rest of us, because he was a finance guy, right? And he said it's \$5 billion. Did you not believe him? I did. This is what Monsieur Phillips, the member for Management Board, said: "I simply want to know because we're adding up the risks associated with this budget, and we've come to \$4.2 billion, and here's another \$770 million, which gets us up to a \$500-billion risk."

Interjection: It's \$5 billion.

Mr Marchese: Yes, \$5 billion; what did I say?

Ms Martel: You said \$500 billion.

Mr Marchese: No kidding. That's what I meant to say: \$5 billion.

Interjection: Risk.

Mr Marchese: Yes, I know, risk. Please, don't play with that. A \$5-billion risk is a \$5-billion deficit. Come on. We're dealing with intelligent people in this place, by and large; we are. So a \$5-billion risk in my mind is a \$5-billion deficit.

I said to Monsieur Kennedy, the now Minister of Education, and Monsieur Smitherman, with whom we've debated once on channel 26—talk about hubris, holy

God. You should have seen him that day on that program. I said, "You can't keep that promise of reducing class size to 20 in grades 1, 2 and 3. And do you know why? Because that promise costs anywhere from \$400 million, which is your number, to \$1 billion, which was the Tory number, because they had access to a better understanding of those costs. But let's just say they're wrong and you're right and it's \$400 million." I said to you and to him, "You don't have the money. We have a big deficit. You've got \$6 billion to \$7 billion in promises and you signed that dumb taxpayers pledge to say no increase in taxes and you said you're going to balance the budget. How can Liberals do that?" I said, "You can't do it. You are"—you know what's coming, right? You know what I want to say. You understand what I'm trying to say. You can't do it. So then you come into power and you say things like some of your members said yesterday: "In order to do that we have to deal with the fiscal imbalance that is before us. Unfortunately, we have to deal with that reality and we just can't hide our heads in the sand and pretend it doesn't exist." But you knew it existed.

So I say to you, there will be no *tabula rasa*. Rosario Marchese is going to remind you day in and day out that your election promises were based not on myth but the words I cannot say in this place. And that's why we'll be here to debate you over and over again on your election promises, why you haven't kept them and why you made them in the first place.

The Acting Speaker: Questions and comments? I recognize the member for Thornhill.

Mr Shafiq Qaadri (Etobicoke North): Not quite, Speaker. Etobicoke North.

The Acting Speaker: Etobicoke North. I apologize.

Mr Qaadri: But we'll take Thornhill next time too. First of all I would like to thank my honourable colleague Mr Rosario Marchese, the MPP for Trinity-Spadina. I actually had the occasion to emcee a function just yesterday for the Ministry of Citizenship and Immigration. It was an awards ceremony and we actually awarded a number of individuals for their theatrical abilities. I would like to submit the name—with your permission, member from Trinity-Spadina—for next year's honour roll for his wonderful theatrics and entertainment.

But I must say it seems that that's perhaps the most substantive element of what my honourable colleague's remarks entailed. For example, he expended a considerable amount of time derailing the federal member, Mr Paul Martin. I would suggest, sir, that you have picked the wrong House of Parliament to do that. I would suggest you may speak to the various powers that be. I understand there's a federal election in the offing and I would welcome your participation and would be a fundraiser for you in that endeavour.

Secondly, I think it's really a matter of philosophy and also of positioning of our government to put people first. This is I think a departure from what the previous regime, the previous administration, the previous junta, actually attempted to execute. We have here a social deficit as

well, which is predicated on the financial deficit that we inherited. You can certainly cross-question the numbers, you can cross-question the timing of knowledge, but that is the reality that we in the government have to deal with.

We welcome your closet Marxism, we welcome your theatrics, we welcome your all the time attacking corporations and taxing everyone in sight, but we in the government have been given that mandate, and that is what we seek to discharge.

Mr Dunlop: I'm pleased again to be able to rise this afternoon and say a few words. I want to again congratulate Mr Marchese on his successful election. There's no question that Mr Marchese is one of the most colourful members of this particular Parliament and he adds a lot to it. That's why I fundamentally believe that Mr Marchese and his party do in fact deserve party status here. It's not that I believe in any of their policies, but I do believe in democracy. I believe that when 600,000 people—probably closer to 650,000 people—in Ontario vote for people who are running for the New Democratic Party, those people and the party deserve the research money to continue on as a party.

I see Mr Bryant in the House and I know he's the minister responsible for democratic renewal. I'll be very interested in any policies you make or any legislation that you bring forward. I certainly hope you will bring fairness to that. Quite honestly, I don't think the Premier has treated the New Democratic Party very fairly. I'm hearing that all the time from people who are not Dippers and not Liberals and who knows what they are. But I'm telling you one thing: They certainly do not agree with what has happened here.

Anyhow, it's good to bring comments. Again, I congratulate him. Although I don't agree with his policies, I do think he adds a lot of colour to this House.

Ms Martel: It's always a pleasure for me to come and listen to the member for Trinity-Spadina. He's always entertaining, he always tells the truth and he always livens things up here.

I just want to reiterate a couple of the things he did say. It's astonishing to me that the Liberals can come to this place now and pretend they knew nothing about a \$5-billion deficit. It's astonishing that the Liberals can come and stand in their place and try and say, "We can't do what we promised now, all those 231 promises we made, because we have a deficit that we knew nothing about, and now our hands are tied."

1710

Please, Speaker. Gerry Phillips, esteemed finance critic for the Liberal Party—a member who's been here a long time, longer than me, and I've already been here 16 years—is down in the estimates committee on June 3 and they're talking about the Tory budget that was presented at the end of March. Mr Phillips says very publicly, talks very openly, about a \$5-billion risk. Everybody who was there, and everybody who watched, knew that he was talking about a \$5-billion deficit. You couldn't be mistaken.

But Gerry Phillips wasn't the only one who talked about a \$5-billion deficit before the election, because Monte Kwinter said to the Canadian Press on August 13—here it is: “Liberal MPP Monte Kwinter, York Centre, accused the government of hiding the fact it has a growing deficit that could reach \$5 billion.” That's what Monte had to say publicly before the election was called.

The question you folks have to answer is, why did you go out and make 231 promises after you knew there was going to be a \$5-billion deficit, and why are you now trying to hide behind that deficit as you break promise after promise after promise?

Mr Colle: Again, on behalf of my colleagues, I certainly want to thank the member from Trinity-Spadina for his advice.

It strikes me as strange that we have members of the New Democratic Party telling us about this deficit. It's all they're talking about. I don't recall, when we sat on that side, that they even mentioned the D word, that they were concerned about a looming deficit. Now all of a sudden they say, “Mr Phillips said this at estimates; Mr Kwinter said this.” Remember that when they made those warnings there was not even a whisper from the New Democrats at that time. Now all of a sudden they say, “You should have worried about the deficit. We knew there was a deficit.” But, as you well know, there were many guesstimates, many pundits, and most of them said it was about \$2 billion maybe. To this very day, the Conservatives still deny there is even one cent of deficit, and the whole Ministry of Finance behind them. All of their hordes kept on saying, “Deficit? Tories? We don't have one.”

Now we see the former Minister of Finance and Premier saying, “What?” He doesn't even admit today there's a deficit, and they never for one minute gave any hint that there was a serious financial problem. If you recall, they said things were great in Ontario. Every day they made an announcement about another \$100 million they were going to spend on this road, this bridge, all in their ridings. They never stopped making announcements. “Everything is rosy in Ontario,” because tax cuts were going to solve everything. At least we said, “You can't do it with tax cuts.” We said that we had some things that we'd like to have done, and our intentions were to fix education and health care. Yes, we made some commitments that we're going to do those things for the reason that we saw the need in Ontario. That's why we made those commitments and said, “We don't want those tax cuts. We're going to fix the things that need fixing.” Now all of a sudden, “You should have known about this deficit.” Everything was definite at that time, after the fact, whereas if you take us back three months, who even commented on Mr Phillips' comment—

The Acting Speaker: Thank you very much. The member for Trinity-Spadina has two minutes to reply.

Mr Marchese: I thank friends and foes in this place.

First, to the member from Etobicoke North, I spent only a couple of minutes to talk about Paul Martin,

probably a minute, not a considerable amount of time. Thank you for the reference about being a Marxist. In the old days, you guys used to call us Communists. I thought that was dead a long time ago, but you are reviving this old thing about Marxists. Anyway, thanks.

What else can we say? I'm glad, by the way, you're entertained by me; that's good. If you want to nominate me to any theatrical company, that's fine too.

Member from Eglinton-Lawrence, please, let's be clear here: New Democrats said there was a deficit, as I outlined, similar to the way Mr Phillips outlined then. We said it publicly. Howard Hampton, our leader, said it publicly on a regular basis. It wasn't just he or Mr Phillips—I don't know about the Premier; I don't quite remember—but the Fraser Institute indicated that we had—

Interjections.

Mr Marchese: They're not my buddies. They're not my friends. But they said there's a deficit approximating \$4.5 billion. Please, we all knew.

My point is this to your comments: While you said the Tories denied, and I agree with you, you and I knew there was a deficit, and we New Democrats said, “Look, the numbers don't add up. We need new revenues,” more than just the revenues you talked about, that we would implement. More. That's why we talked about introducing an education excellence fund that would raise \$1.5 billion by taxing two categories of people who were earning over a hundred thousand bucks. We recognized they were the biggest beneficiaries of the income tax cuts and we were asking them to pay some money back. Our system needs money and we recognized that we couldn't do it without additional revenues. You didn't do that. You promised so much, knowing that you didn't have the money, and that was wrong. That's what we say.

The Acting Speaker: Further debate?

Mr Colle: I certainly welcome the opportunity to follow my colleague from Trinity-Spadina and I think he's set the stage for a good response, which I hope I can give. I think he made some very good points.

The point I would like to make first of all is that what this bill is about is really a response to what you just raised. We knew as a party that we could not proceed with the reckless tax schemes of the former government. For the first time in the history of Ontario, we, as a party, actually went out there and said boldly and bluntly to the people—and our leader, Dalton McGuinty said he was going to roll back the corporate tax cuts. He said to seniors—and it was tough going to seniors in our ridings, and you know full well the stress that they are under after working a lifetime—“Sorry, we cannot support that tax cut that they offered to seniors,” because of the fact that we needed money for schools. Also, as you know, it had no income barrier to it. In other words, the very wealthy seniors would get probably more than the working seniors.

So we went out there and, I think, did something unprecedented. We said, “If you elect us, we are actually going to roll back these tax schemes that they promised

to you.” In the last three provincial elections I’ve been involved in and the number of municipal elections I’ve been involved in, I can’t remember when, as a party and as a leader, we went out there very clearly on the platform of saying exactly what we have before us today, which is Bill 2.

As much as there is a great deal of consternation about this lack of our being aware of this \$5.6-billion deficit, at the point in time when we went out to seek the support of the people of Ontario, we took a gamble. I think the Speaker will agree. When do you go out as a politician and say, “We’re going to roll back corporate taxes”? The member from Aldershot, Carlisle and everywhere else there—Ancaster, the former mayor of Flamborough—knows there were some schools in his area that were promised that equity tax credit. For him, as a Liberal, to go out there and say, “Sorry, we need the money,” because our public school system, and you’ll agree, was in crisis—at a point of collapse in some such situations. I think the Toronto board, the Hamilton board and the Ottawa board are good examples.

So we said to some needy people too, because not all people who send their children to private schools are wealthy—and in my own riding, it was the same thing. I had to go to their doors and say to them, “Sorry, I can’t support this equity tax cut that the Tories are offering you.” We lost votes because of that, but we felt that we had to say clearly that we couldn’t afford to give them this money for their child or children going to private schools. I think that was difficult for a lot of us to do, whether it was on the private schools or the seniors thing I talked about before.

1720

Now, today, in legislation, the Minister of Finance has brought forward a bill which is a fulfillment of, I think, the core of our platform. In essence, it was quite refreshing. Because when I was visiting people, talking to people and going to the local coffee shops, I asked them, “What do you think about these ideas?” I was pleasantly surprised, as I think a lot of us on this side were, that the people of Ontario have really come a long way. I remember the first two elections when the same tax-cut schemes were promised—the \$200 thing by former Premier Harris. They promised those schemes and people said, “Yes, give me that \$200. Give me a tax cut, tax cut.” People were somehow hoodwinked by the political machinery of the Conservative government

Mr Marchese: A billion bucks.

Mr Colle: Yes, and they voted for them twice.

This time, I said to myself, “God, I hope they don’t fall for it again.” But the people of Ontario proved to be much smarter than all the backroom whiz kids the Tories have, because they said very clearly and eloquently—people of all income brackets.

My riding of Eglinton-Lawrence is somewhat like yours. In the south end, you have some pretty sophisticated people with a good income, and then you’ve got working people, and you’ve got the Annex. Eglinton-Lawrence is much the same. We have a diversity of

people. But it didn’t matter whether you were a person on a marginal income or a person at a very basic job making a living or you were a sophisticated lawyer or doctor or whatever it is; they all said the same thing. They said, “Don’t give me that tax cut stuff. I’m not voting for the tax cut. I’m voting for you guys because you’re saying no to the tax cut schemes.”

I remember one morning at the subway stop at Bedford Park and Lawrence. I was just standing there as people were getting on the subway in the morning going to work and this woman came up to me. I thought for sure she was going to give me an earful of something. But she charged up to me and said, “I’ve been a Tory all my life and I’m a corporate tax lawyer. For the first time in my life, I’m going to vote for the Liberals because the abhorrent”—and she used some words that you don’t usually hear at 7 o’clock in the morning at a subway stop. This is a Tory tax lawyer. She said, “I, in conscience, as a tax lawyer, as a citizen of Toronto, cannot support these cockamamie tax schemes being offered to the people of Ontario. They’re devious, they divide people and they destroy the very fabric of Toronto and Ontario.” That was the private school tax scheme. Then she railed on.

The members on the other side don’t mention that other thing. The worst scheme of all was probably the mortgage scheme, where they were going to basically give everybody in Ontario a hundred bucks off on their mortgage just to buy their votes. She put it very succinctly. She said, “There is no way that I, in conscience, as a responsible citizen, as a person who understands something about tax law, would in any way want any government to go down this road, with these tax schemes” that were being proposed as the core part of their platform.

On the other hand, we were, as I said, very clear about this commitment. We said that we would get rid of those one at a time. We had to do that, not because we didn’t want to give people a tax break and not because we didn’t think people needed some tax relief, but we said, “There are priorities.” The priorities that we had seemed, day after day for eight years, abundantly clear to us. We saw what was happening in the devastation in our hospitals, in our emergency rooms. I don’t know if any of you have seen it, but I saw the heart ripped out of my community when the former government closed down Northwestern Hospital in my riding. That literally left people without a hospital to go to, and they’re still without that hospital. They essentially devastated the health care system. We knew we needed money for that.

The schools: In my riding, and I’m sure in all your ridings, we have some of the finest public schools in North America. I’ve got schools like John Ross Robertson, John Wanless, Blessed Sacrament, Lawrence Park, D’Arcy McGee. Whether you pay \$25,000 for a private school or you go to one of these public schools, they are, bar none, as good as any school. To see, walking into these schools, that they couldn’t even afford paint. They had to get rid of the English-as-a-second-language teacher. The special-ed students didn’t have their support

staff. The teachers were under siege for eight years. You had to run the water in the bathroom at some of the schools for a half-hour before the rust came out of the pipes. This is Toronto, this is Ontario, in the middle of an economic boom that we've never seen before. We go into schools and there's paint peeling.

Margaret Wentz wrote a column about this in the *Globe and Mail*. She even said she was ashamed to see the deterioration in our basic institutions left by this government—schools, our cities. The condition of our cities' infrastructure was allowed to rot by this government.

That's why we went to the people of Ontario and said, clearly and unequivocally, "We can't afford to give you those tax-cut breaks promised by the former Conservative government because we have priorities in education, we have priorities to fix in health care, to fix in our schools, never mind the seniors and homecare. We had a list of needs that was a mile long. That's why we had to be very frank and upfront with the people of Ontario, and we were. You can't—member from Trinity-Spadina—disagree that we did state categorically we were going to be against those tax cuts. That's why we thought we could get some money—I know we argue about how much money was in that. But there were literally billions of dollars that we could keep in our schools, keep in our cities, keep in our hospitals.

That's what the people said on election day. They said, "Yes, we made the choice." They'd been fooled—not all the people—by all the propaganda of the Tories. You know the mantra: Tax cuts solve everything. But as we know, the legacy of the tax cuts is quite clear. If you go south of the border here, the legacy of tax cuts down there is a \$530-billion deficit Mr Bush is running—a \$530-billion deficit in the United States of America. They worked on this tax-cut scheme that tax cuts solve all problems. The Conservative government believed in the same schemes, you might say, of, "Tax cuts will do everything."

But we know; the proof is very clear. Tax cuts didn't help our schools. People said that unequivocally at the doors. Our hospitals, our health care system—devastated. Tax cuts didn't help the hospitals. Tax cuts didn't help the seniors. That's why the seniors rejected the tax-cut scheme offered them. The seniors were too smart for them. They said, "You offered me that \$200 there last Christmas. With that \$200, it didn't do me any good. I still had to pay more for health care services. I can't get into my homecare service." So the seniors said, "You know, maybe once or twice, Mr Harris, Mr Eves; this time, I'm not going to buy your tax-cut promise, because the tax cut means something different." It's not a benefit; it's really something negative to that senior. That's why they rejected the tax cut that they offered seniors.

That is why, right now in Ontario, we have some work to do. We have to basically pick up the mess that's left behind, the destruction that's left behind. The sad thing is, in eight years of good economic activity in this province, when they should have been fixing the infra-

structure and taking care of children, our schools and our hospitals, they didn't. They squandered the prosperity, never mind running the government on Visa for the last eight years. On Visa, what do you pay, 28% or something? That's what we're paying. We were paying I don't know how many millions a day carrying this deficit they left us. Then, as you know, they pushed up money on to the provincial debt. They said, "Well, it's not really there, because the hydro ratepayers are going to pay for that part of the debt, and that doesn't really count as part of the deficit." We know that usually the people who are the hydro ratepayers are also the taxpayers in Ontario, but they said, "Don't count that; that's not really a debt."

1730

So we've got the situation in Ontario where they left us a real challenge. What we're saying to the people of Ontario right now is that we're making some tough decisions, and they're not easy, like the Minister of Energy yesterday. It's not easy to say that you're going to have to do something about this huge problem in electricity and energy. When you came to power, the New Democratic Party under Bob Rae, you were faced with some of the same financial pressures.

I'm not sure whether we should learn from you and be more aggressive in bringing down the financial deficit facing us. I think that's what we decided to do. We figure we cannot put it off. So we're going to make some people unhappy because we're going to make some tough decisions. I'm sure that people today, and you'll hear the Conservatives across the way, the members of the opposition, say, "Well, you shouldn't have done this, and you shouldn't have raised the tobacco tax," and all these kinds of things. We would like to say, "OK, no more tobacco tax. Smoke yourself to death. Do that." But we're saying to people, "Listen, for your own good"—and I think that's what Premier McGuinty is saying: For the good of Ontario, we're going to do some really tough things in the first while. I hope it's not too long.

Like the members across and everywhere, we were elected here to bring some good news and to rebuild our schools and get those class sizes down, give seniors more services in their homes. We want to do that as soon as possible, but we've got to get rid of the Eves Visa debt, and it's huge, because it's not something that sits static; it grows.

The incredible thing about the Conservatives is that they said they were going to promise all these monies and expenditures on health care and education, and they were going to proceed with these tax giveaways on top of it. How would they ever have afforded that? I don't know what they could have sold. Even selling the LCBO, that asset, wouldn't be able to—which, as you know, is a ludicrous thing because we learned the lesson of the sell-off of the 407: You don't sell off public assets that give you a revenue stream. You never sell them. They gave it away. As you know, the 407—I think they got \$3 billion from the Spanish consortium and so forth—is now valued at about \$12 billion, and there's a constant revenue stream on tolls.

We are not going to get into, “We would’ve sold these things.” Remember, they never would tell us what they would have sold. “But that was easy. You guys should have known that we were going to sell these things.” They would never tell us what these assets were. All we could estimate was that they were going to sell off some bit of land here. They wouldn’t mention the LCBO, and that was the only thing they had left to sell. TVOntario was not going to give you much money. So if we’re talking about a \$5.6-billion deficit that we’re faced with—and we wish it wasn’t there—the reality is that it’s there and we are ready to deal with it.

Today’s legislation that we’re debating here is about dealing with the reality and the legacy of deficit and destruction that the former Conservatives left Ontario. As I said, the saddest thing of all is that so much could have been done during those eight years, and they failed on all accounts, because all they cared about was, theoretically, appeasing people, pleasing people by promising tax cuts. Every time there was a problem, “Oh, we’ll give you a tax cut.” That was their solution to everything. “Tax cuts create jobs; tax cuts create all kinds of solutions.” Tax cuts, once and for all—I think the people of Ontario spoke so clearly. They know that tax cuts essentially are not a solution to a problem. In government we have problems, we have challenges, and you essentially work with public revenues to fix those problems for the good of the people of Ontario.

Right now in this Bill 2 we are trying to fix some of these problems, and that’s why we are rejecting all these tax schemes. I call it the tax scheme reduction. These tax scheme tricks—

Hon Mr Bradley: Never worked.

Mr Colle: —never worked. The member for St Catharines knows and he’s been saying that from day one. Tax schemes are a con. As I said before, I am so happy that people finally stood up and said no to the tax scheme tricks.

We are proceeding to work to solve this problem because, unless we manage this deficit they’ve left us with, it’s going to eat up any potential we have to do the good things we want to do. We want to do some good things for our children, our seniors, and we want to do some good things for our cities, but we’re all going to have to fix this problem that was left us.

The Acting Speaker: Questions and comments?

Mr John O’Toole (Durham): I was drawn into the debate—and before I get into that in the two minutes or so that are allowed, I want to congratulate the member from Eglinton-Lawrence. I’ve listened to him for some time and I, for one, want to stand in this place and say that I was somewhat disappointed that you weren’t in cabinet. I think you should have been the Minister of Municipal Affairs, Mike. In fact, you could have been the minister of the Oak Ridges moraine. I know how hard you worked and how little you achieved, and you must be very disappointed. It’s just one more example of the failures of the government that you’re part of, in my view. You must be disappointed.

I kind of look at this thing as a much more analytical exercise. I was looking at what this very qualified person writes: “The enthusiasm with which the province’s Finance Minister Greg Sorbara has endorsed corporate tax increases casts doubt on his grasp of the material. Hints of his detachment from economic reality have been around for weeks.” In fact, I was surprised that Gerry Phillips didn’t get finance. He’s eminently qualified and much more honest.

“A new report yesterday from the province’s Task Force on Competitiveness, Productivity and Economic Progress, headed by Roger Martin of the Rotman School of Management,” said that, “A lot of factors are at work, but a critical aspect of the gap is a stifling tax load that renders the province uncompetitive.”

There it is from one of the top business schools, and a point of reference that you should really consult with, that says that Ontario could only make investments by having a strong economy. The equation we put forward is that without a strong economy, you can’t support the funding that’s needed for strong public education and health care. It’s a fundamental premise. It’s the platform, basically, of everything, when we were government, that we stood for.

There are times when expenditures are necessary, public safety certainly being one of them. Your budget doesn’t address any of the things that you promised.

Mr Marchese: I do as well, member from Eglinton-Lawrence, want to say that I was puzzled as to why the Premier didn’t put you in cabinet. I mean that sincerely. You had the experience and you’ve been here for a long time. I don’t know how you sort that out, but I was disappointed on your behalf.

Mr O’Toole: We agree on a lot of things.

Mr Marchese: Except without the tone. I meant it sincerely.

Now on the issues that you debated: First of all I have no doubt that you and others have good intentions as to what you wanted to do or you want to do. I don’t doubt the sincerity at all. I know that you would wish that the deficit wasn’t there. I understand that as well. All I want to remind you of, you and all the other Liberals, is that we were aware of the problem before. I told many of your Liberal members that you couldn’t do what you set out to do. No matter your intentions, it couldn’t be done. You cannot produce the kind of alchemy that you had proposed, ie, deficit, expenditures, no tax increases and balance the budget. You understand the formula. It just didn’t work. It didn’t work when you were announcing it and it won’t work now.

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I won’t let you forget that we had told you that you couldn’t do it. While you want to try to have me forget that you said that, I can’t do it, because you led people around a path that said, “Yes, we can.” Only Liberals appear to be the ones who can say, “We can do everything. Keep taxes down, not increase them; increase services and balance the budget”—while you knew there was a deficit. I’m sorry. Gotta tell you, we told you so;

we knew you couldn't do it. We're going to be here to remind you that, as bad as they were, we're coming after you for as bad as you were as well, prior to the election.

Ms Jennifer F. Mossop (Stoney Creek): It's a great honour for me to speak in support of my colleague the member for Eglinton-Lawrence, in my first opportunity to do so in the House. I'm not going to spend my two minutes reading somebody else's opinion; I'm going to give you a bit of my own.

I am a newcomer here. I started in this absolutely beautiful, magical, mystical building just about a month ago. Everywhere I walk in this building, there are wonderful people with these flowing black robes. They greet me by name and they seem to know a little about me. I started to feel like Harry Potter in Hogwarts Academy. Then, the wizardry with which our previous government has dealt with its bookkeeping sort of enhanced that image. Then we were hearing about a bit of alchemy, but quite frankly, there is no magic wand in the world that is going to clean up the mess we were left overnight.

The good people of Ontario do not expect any such magic tricks. They've, quite frankly, had enough of magic tricks. They had them for the last eight years. What we are going to do is what every householder in Ontario expects us to do, which is to get our financial books in order and then take on our priorities as outlined in our very excellent, detailed platform, which we were elected on. That's what we're going to do. What we are not going to do is what the previous government did: take a machete to spending and taxes and put in serious, serious state the infrastructure of this province—the schools, the hospitals that are near collapse at this point. We are not going to do that. We are going to work creatively and as quickly as we can to solve the problems left to us.

Mr Yakabuski: I too would like to congratulate the member for Eglinton-Lawrence on his re-election to this House. I want to talk a bit again about the Fiscal Responsibility Act, 2003. Back in September 2003, this year, you might recall there was an analyst dealing specifically with the petroleum industry. It was around Labour Day when there was a huge spike in gasoline prices. His comment was, "This is just terrible for business." To have a hike in gas prices like that, over a short period of time, it's just sending their costs through the window. He said, "Do you know what it is? It's just like a tax hike."

That is exactly what this government proposes to do to small business in this province: a tax hike, when they can least afford it. It's not just small business; it's your families, young people looking to buy a home, looking for some relief on their mortgage; seniors looking for some help to allow them to stay in their homes. This government—everybody's going to be walking around like this, because this government wants to have their hands in your pocket. They're not going to be happy until they've done enough damage for this economy to take a severe downturn. If you take money that would be spent

growing the economy by individuals, by businesses, by families, and take it away and put it into the government revenue side, it's not going to accomplish the same thing for the economy. I'm very concerned.

It is no accident—

The Acting Speaker: Thank you very much.

The member for Eglinton-Lawrence has two minutes to respond to the questions and comments.

Mr Colle: I want to thank everybody who commented: the member from Durham, the member from Trinity-Spadina, Stoney Creek—it is certainly an honour to have her make her maiden speech commenting on mine—and the member for Nipissing-Pembroke for his comments.

Fundamentally, I think there's something that we're saying with this bill today, and that is that as Liberals we were very clear and emphatic in saying that all the tax cut schemes that the Tories campaigned on, we rejected, because the economy is more than tax cut schemes. The economy is about an educated workforce; the economy is about a health care system second to none; the economy is about the city's infrastructure with public transit; the economy is about drinking water you can trust. Those are things, as we well know, that over the last eight years were neglected by this government because they made a choice: They'd rather put the hard-earned money of Ontarians into tax cut tricks and trickery and pretend that that was somehow going to make a better Ontario.

The proof is in the pudding: Look at the legacy they left us. Not only did they leave us this unprecedented deficit in terms of—I mean, they make Mulroney look good in terms of what he left the federal government—not only a physical deficit, a social deficit, an educational deficit and a capital infrastructure deficit that is about \$60 billion. That's the legacy of the tax cut schemers, and people said, "No more. Give us the straight goods. Give us programs that help our schools, our seniors, our cities."

The Acting Speaker: Further debate? The member for Parry Sound-Muskoka.

Mr Norm Miller (Parry Sound-Muskoka): Thank you very much, Mr Speaker, and congratulations on becoming Deputy Speaker, I believe it is. Well done.

I'm very pleased to join in the debate this afternoon on Bill 2, An Act respecting fiscal responsibility. It was tabled just the other day by the Minister of Finance. Really, this is a bill about raising taxes.

I think the tax increase that I have the biggest problem with, and I think the one that's going to do the most damage to the economy of Ontario, is the increase in corporate taxes. We can think of big, bad corporations, but they're pretty important to the economy of Ontario and they aren't necessarily that big; they're small and medium-sized businesses that are extremely important to our economy. I think it's worth noting that through the changes that are going to occur as a result of Bill 2, medium-sized corporations in Ontario are going to pay effectively 27% higher taxes on January 1, 2004, than they would have had our government still been in power

or been re-elected. That's a number worth noting: 27% higher taxes. That's what medium-sized businesses will pay in the province of Ontario as a result of Bill 2 going through.

It makes changes to many other taxes as well. It cancels the personal income tax reduction that was planned. It repeals the seniors' property tax credit. It makes a number of changes in taxes. It also does away with the planned 10% reduction in capital tax. I think that's another unwise move. Capital tax is a tax on capital. It's an unproductive tax and hurts the competitiveness of our economy, so I think that's a bad tax as well.

1750

Just today I was on the phone—I'm the critic for northern development and mines—to a reasonable-sized mine in the Thunder Bay area getting a feel from them about how they think these tax increases are going to affect their business and competitiveness. They're concerned. They said that in mining there are a lot of high-paying jobs and all those workers—this mine employs some 280 people. They've got great jobs and their taxes are going to increase as a result of this Liberal government's plans. They explained that mining is cyclical, and with the high Canadian dollar—the Canadian dollar has gone up 20% in the last year—that's making things tough in northern Ontario. This company, which shall remain nameless for now, has a big plan to go underground—it's currently an open-pit mine—and they're right at the feasibility stage. They said higher tax rates may affect their decision, the go/no go decision, because it will affect whether it makes sense, in light of the increase in the Canadian dollar and in light of this government just yesterday passing on higher energy costs.

These things are taken into account when you're doing the feasibility on the creation of more employment. This underground stage that they might go to may be another 60 high-paying jobs that would be very, very helpful to the Thunder Bay area. You may think we're just talking about big corporations, but it really affects the people who work for them and it really is the core of the economy here in Ontario.

I like to get the opinion of other people, including some of the journalists. I read an article in today's *Globe and Mail*, Wednesday, November 26, Report on Business, from Bruce Little, the economics reporter for Toronto: "Ontario's standard of living is lower than it should be because Ontarians—companies, governments and individuals alike—invest too little, a provincial task force said yesterday." He goes on to point out, "Business invests too little on new equipment that would improve productivity partly because taxes on capital are higher here than in the United States, the task force found." We were planning on reducing capital taxes by 10%. This bill is rescinding that. "Ironically, its report was released just as the new Ontario government of Premier Dalton McGuinty introduced legislation to raise corporate income taxes.

"Although the statutory corporate tax rate is lower in Ontario than in the United States, the report said, US states allow bigger deductions for depreciation, charge lower capital taxes and provide other tax breaks that reduce the marginal effective rate of taxation, the key measure used by businesses when making investment or local decisions.

"This year, Ontario's tax on capital came to 29% of the cost of new investment, compared with 12.7% in five similar US states, the report said. The gap has widened since 2002, when the Ontario rate of 29.8% compared with a US rate of 14.5%."

I was just reading an article from my fast friend Claire Hoy, who was a guest at our resort at one point. He wrote an article just today in the *Sudbury Star* on the broken promises of the current government and also on the deficit. Claire is a cottager in Parry Sound-Muskoka, and now he's got a cottage up on Whitestone Lake. Of course, he was a *Queen's Park* journalist for many years and he's a well-known author. He raised some good points about the credibility of the government and about them keeping their promises. He says that very quickly this government is establishing that promises don't really mean anything. Things they said in the election somehow, now that they're the government, don't seem to mean a darn thing.

Claire makes some good points. He says, "Former US President Bill Clinton—hardly a beacon of moral leadership—said this in August 1992: 'No wonder Americans hate politics when, year in and year out, they hear politicians make promises that won't come true because they don't even mean them—campaign fantasies that win elections but don't get nations moving....'"

"Which brings us, alas, to Ontario's newly elected Liberal Premier Dalton McGuinty."

He goes on to talk about Mike Harris and how, even if you didn't like Mike Harris, he certainly did tell you what he was going to do before the election and he delivered once elected. The motto of the last government was: promises made, promises kept.

He goes on, talking about the so-called \$5.6-billion deficit, which in the throne speech was labelled as the "inherited deficit." I might mention that when I went through the throne speech I noticed they used that terminology at least 10 times.

"Because of that"—this so-called inherited deficit—"says McGuinty, many of his sacred campaign promises—such as pouring money into health and education, including capping class sizes in the early grades—have to be dropped because of the alleged deficit.

"Let's be clear. There is no \$5.6-billion deficit.

"Even McGuinty's hired gun, former Provincial Auditor Erik Peters, didn't say there was. He said it might have reached that figure by the end of the next fiscal year, but only if all the things the Tories had said they were going to do to cut costs didn't happen."

In other words, if you sit on your hands and you don't do anything, sure; if you mismanage the economy, yes, you'll have a \$5.6-billion deficit. You have to manage

the economy. You have to make responsible decisions and then you can balance the budget. The government can still balance the budget.

“Even if you accept the bogus argument over the falsely inflated deficit, how to explain one of McGuinty’s most popular and vote-generating promises—one he used as a symbol between the new Liberal way and the old Tory way, ie, that he would stop housing development on the massive Oak Ridges moraine north of Toronto.”

That was certainly another broken promise where the government campaigned on the fact that they were going to do away with 6,600 new homes that were planned, and instead we’re seeing a few hundred. Then even after he’d won the election the Premier was still saying, through the media, “I am delivering a message through you tonight to tell those people involved (developers) that we intend to stand up for the protection of that environmentally sensitive space. They aren’t making any more moraines.” Then he slapped a two-week freeze on and then miraculously he saved a few hundred. So it was another broken promise.

I would like to go through how the budget can be balanced, because this was just illustrated by our finance critic today, Mr Baird, and by the Premier, to show that if there was determination you could in fact achieve a surplus this year. The question of the balanced budget has been a big part of why the Liberal government has been slowing down on their promises or just outright breaking their promises.

First of all, creative accounting—the stranded debt of Hydro has never been counted as part of the budgeting process. So if you move the stranded debt from the budget you achieve \$700 million in savings.

If you include the federal health supplement, as promised by John Manley, that’s \$771 million in savings. Mr Manley has stated, “I believe that with our method of accounting in Ontario and in Canada, even if they get it next year, it will count this year.” That was John Manley in the *Ottawa Citizen*, November 15, 2003.

If you include higher-than-expected corporate income tax revenue, that’s another \$200 million.

If you include the full sale of Teranet, that reduces the deficit by \$238 million in the blame-game deficit.

If you carry through on the Ontario public service hiring freeze, which was started by then-Chair of Management Board David Tsubouchi, who in a memo of August 8, 2003, said, “an immediate freeze until further notice on all hiring that is not essential to meet business critical needs,” that would save another \$300 million toward making sure we have a balanced budget.

If you reduce government expenses by three quarters of a cent on every dollar, that’s \$500 million reduced in the so-called blame-game deficit.

If you include the emergency federal funding for SARS that certainly the province is entitled to—as when there have been national emergencies around the country, the federal government has come through with 90% of the funding—if you count that, taking off the \$330 million that the government has promised, that’s another \$767 million toward the SARS-related expenditures of \$1.13 billion.

If you account for realistic GDP growth, because the first half of this year was a tough year, with SARS, with the blackout, with all the things that happened—so if you’re planning based on the first half of the year, gross domestic product was not too spectacular. But since then gross domestic product is doing very well. In fact, if you use the 2% to 2.5%, not 1.8%, that makes a difference of between \$125 million and \$438 million in the deficit. Some of the financial institutions are making predictions. BMO Nesbitt Burns says that in Q4 of this year there will be a 2.8% growth rate, Scotia Economics says 3.2%, TD Economics says 2.8%, and CIBC says 3.3%. So I think that’s fairly realistic.

Also, it’s worth noting that the US economy, which has been quite stagnant the last few years, is booming all of a sudden. They’ve had 7% growth over the last quarter, and of course our economy is very much tied to the American economy, so certainly it’s reasonable to assume that will affect the Ontario economy.

If you account for crown corporation recovery based on GDP growth at the higher rate—that’s from crown corporations like the LCBO, like the Ontario Lottery and Gaming Corp. If you’re using the newly revised GDP instead of the first part of the year’s GDP, then that’s another \$43-million to \$150-million reduction in the deficit.

Of course, in the budget that was tabled back in March there were asset sales, as per the Ontario budget. That’s at least \$1.7 billion. As I mentioned, that’s only accounting for the sale of Teranet. The sale of Mattagami hydro was also planned. That’s at \$1.3 billion.

Also, if you take the Liberals’ own financial plans to do away with the deficit, including their tax increases, that’s \$2 billion. If you include the billion dollars that the Liberals have planned as a reserve, you can actually end up with a surplus.

So I think just blaming all the broken promises and increasing taxes based on a supposed \$5.6-billion deficit is not responsible. I really worry—

The Acting Speaker: I thank the member for Parry Sound-Muskoka for his presentation, but it is now 6 o’clock. This House stands adjourned until a quarter to 7, later on this evening.

The House adjourned at 1802.

Evening meeting reported in volume B.

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