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Monday 10 April 2006

Lundi 10 avril 2006

Speaker
Honourable Michael A. Brown

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LEGISLATIVE ASSEMBLY
OF ONTARIO

Monday 10 April 2006

ASSEMBLÉE LÉGISLATIVE
DE L'ONTARIO

Lundi 10 avril 2006

The House met at 1845.

ORDERS OF THE DAY

STRONGER CITY OF TORONTO
FOR A STRONGER ONTARIO ACT, 2006

LOI DE 2006 CRÉANT
UN TORONTO PLUS FORT
POUR UN ONTARIO PLUS FORT

Resuming the debate adjourned on April 4, 2006, on the motion for second reading of Bill 53, An Act to revise the City of Toronto Acts, 1997 (Nos. 1 and 2), to amend certain public Acts in relation to municipal powers and to repeal certain private Acts relating to the City of Toronto / Projet de loi 53, Loi révisant les lois de 1997 Nos 1 et 2 sur la cité de Toronto, modifiant certaines lois d'intérêt public en ce qui concerne les pouvoirs municipaux et abrogeant certaines lois d'intérêt privé se rapportant à la cité de Toronto.

The Acting Speaker (Mr. Michael Prue): It's my understanding that last time Mr. Hudak was in the middle of making his speech, and we will resume the debate.

Mr. Tim Hudak (Erie-Lincoln): Now, where was I?

Mr. Dave Levac (Brant): Say it again.

Mr. Hudak: Say it again. I was discussing the Mississauga plot to take jobs out of the city of Toronto through this bill, if I recall. I think that's where I was.

Mr. Speaker, I think I have about 10 minutes left in my remarks, so I'll make sure I cover all the points I had wanted to. I had discussed at some length the artifice of this legislation. They almost could have named the act the I Love Toronto Act, and if you somehow were to vote against it, you didn't like or had some antipathy towards the city of Toronto.

Interjections.

Mr. Hudak: Some are saying it's true. I don't know if I agree with my colleagues who say that's true. In reality, we would have enjoyed seeing legislation that does something about the doughnut effect that plagues the city of Toronto, that has seen job flight from the city of Toronto to surrounding areas. My friend from Mississauga has seen his community benefit from jobs leaving our provincial capital, this great city, to go to other areas. If this were truly about a vision to make Toronto strong and to achieve its potential as a world-class city, as this legislation purports to do, they would

have addressed the issue of the doughnut effect and the flight of jobs from this province. The last time I spoke, I described in some detail the relevant tax levels faced by businesses in the city of Toronto relevant to surrounding 905 cities, as well as other world-class cities like New York City and Chicago, among others.

The other issue I want to bring forward as part of my remarks is the call to simultaneously fix the governance model while debating some of the regulatory aspects of the City of Toronto Act. Specifically, I'll refer members again to the Toronto Board of Trade report. Their 2006 provincial pre-budget submission is the one I'm reading from, but in a number of their documents they talk about the importance of strengthening Toronto's governance powers, they say, "before granting new powers." I'm sure they would agree with the simultaneous change as well.

I'll read from their report, page 5, again the pre-budget submission: "The Toronto Board of Trade has recommended that the new City of Toronto Act provide the city of Toronto with enhanced powers and new revenue tools. However, a stronger governance structure is also required if Toronto is to receive new powers and ensure that new revenue tools are used responsibly. The Toronto Board of Trade has developed a comprehensive model that we believe would allow the city to develop and implement a strategic, city-wide vision and enhance its accountability to taxpayers. We have also supported the report put forward by the city's Governing Toronto Advisory Panel."

If you want some details, they say in their report, "Our report recommends strengthening the power of the mayor through an executive committee with specific and defined authority." Then further on they say, "The province must work with Toronto to enhance its governance structure. The Toronto Board of Trade does not support the city of Toronto receiving new powers or revenue tools without the necessary governance reform."

I understand that this bill is going to committee in the very near future. I'm very appreciative of that fact, and I'll look forward to further comments from our critic, Mr. Hardeman, and our leader, John Tory, as we move forward. I'm certain Mr. Tory, with great insight into Toronto, has a vision that's actually far greater than this rather vanilla legislation that I don't think will help Toronto achieve its aspirations. Mr. Tory instead would concentrate on how to attract more jobs to the city of Toronto so that the city would receive more revenue for its valuable programs through growth, through attracting more jobs and broadening the assessment base.

Mr. Tory has also talked about accountability measures, ensuring value for money. You can see the Toronto Board of Trade making a similar argument that before conveying new regulatory and taxing authority, there should simultaneously, or even beforehand, be a review of the governance structure in the city of Toronto. I know that a few colleagues of mine who sit in the assembly have been members of the city of Toronto council. Some have spoken about reforms on the governance side. I do hope that the committee process will enable members of the committee from all three parties—including yourself, Mr. Speaker, not in the Speaker's role, but as a former mayor of East York—to take a shot at the governance issue as well as the taxation and regulatory issue, and of course, I'll underline again, address the hole-in-the-doughnut effect that has seen jobs flee the city of Toronto.

1850

Certainly, some recent evidence came forward that we do need a better review of the accountability under the current governance structure. I mentioned a value-for-money analysis of the city of Toronto spending. For example, the National Post reports that the number of city workers in the \$100,000 club jumped 45%. It says "'Sunshine List': Spending Out of Control, Taxpayer Group Complains." That's in the National Post of April 1 this year. I think taxpayers who have seen the rates increase in the city of Toronto will be very concerned when they see that kind of growth rate of the \$100,000 club. I think it would be very valuable for us all, whether city of Toronto or members of the Legislative Assembly, to ensure that taxpayers are receiving value for the money simultaneous with this legislation moving forward.

One thing that gives me increasing concern is that when you deal with constituents, or what we will call stakeholder groups, interested groups that want to see an issue move forward through the assembly or Ottawa, you hear more and more, "Let's get all three levels of government together." Or if it's a municipality with an upper and a lower tier, "Let's get all four levels of government together." My goodness, what a recipe for inaction that is. The problem, when you have multiple levels of government involved with a project, is that they tend to point fingers at one another, and ultimately very little is accomplished at the end of the day.

In fact, the waterfront trust I think stands as an example. I was very proud when the Mike Harris government announced the significant funding for the waterfront trust. The city of Toronto and the federal government similarly made contributions. But since that time, many years ago, very little has transpired on the waterfront, I think because there are too many puppet masters pulling strings, so to speak. As a result of the lack of direct accountability for the tax dollars, we've seen very little accomplished. I think we all share that goal of renovating the waterfront in Toronto, bringing more residences, more attractions for tourists, a great walkway—all of these things that we hear described in the newspaper and in the dreamy words of columnists from time to time. But very little work has been accom-

plished between the heady days of the announcements and today, in April 2006, and I think it's because you have too many levels of government involved in the project instead of one clear line of decision-making.

What I worry about is that the broad, permissive approach of this legislation, without further clarity, is going to exacerbate that impact. I worry that you will have the municipal level, if this legislation is translated to other municipalities, overlapping areas that have been in the jurisdiction of the province or even the federal government, which will bring a lack of clarity to taxpayers, will bring confusion to potential investors in the community and ultimately will restrict growth in the city of Toronto.

What I would like to see from this legislation, and perhaps it will be fixed up and clarified in the committee process, is a delineation of what responsibilities will be at the municipal level here in the Toronto—in the Municipal Act down the road—and what responsibilities will be at the provincial level. Only through that clarity will taxpayers then know what level of government to access and to pressure, and stakeholders that are interested in a social program or interested in investing in the community will know who to speak with. We'll see projects facilitated much more rapidly than we do if you have multiple levels of government tripping over one another, as we see today. I worry that many aspects of this bill are simply going to make that challenging situation even worse.

No doubt, political accountability is improved if the elected politicians willing to make the decision, willing to spend the bucks, so to speak, and willing to make the investments are the same politicians who raise the revenue because then there are direct lines of accountability as opposed to one level of government supporting another and those who are delivering the program actually are not accountable for the taxation that brings the revenues forward.

Is that going to be the case in all circumstances? No. There will always be issues of trying to help out less fortunate parts of the province or the country, but that will not always be the case in transfers for equalization purposes, for example. But all in all, I think you should try to move to the reality where the level of government that is spending the funds is the level of government that also collects those funds from taxpayers, which maximizes accountability. I'm afraid this legislation will also move us away from that direction.

I think that's the challenge we have today with some of the services that are partially paid by the municipal tax levy and partially paid by the province of Ontario. You have different levels of government making decisions on spending or making decisions on new regulations or standards, but neither one is directly responsible. As a result, you see the spending going higher and higher and the taxation going higher at a municipal level without seeing the requisite improvement in services.

So I stand with our leader, John Tory, who I think has a very compelling vision of making Toronto an even greater city, a magnet for jobs and for investment, and I worry that Dalton McGuinty's pale vision does not ad-

dress the real issues of what should be on the property tax base and what should be on the provincial tax base, the real issue of the doughnut effect of the flight of jobs from our community and the real issue of duplication of regulation between two levels of government or even more. I do worry that if they don't make changes to the legislation to respond to the petitions of the Toronto Board of Trade, the Canadian Federation of Independent Business, the Canadian Taxpayers Federation, the Jobs Coalition and regular hard-working taxpayers, we won't reverse the decline that we worry about in the city of Toronto.

The Acting Speaker: Questions and comments? There being no questions and comments, further debate?

Ms. Shelley Martel (Nickel Belt): Speaker, you and the table will be glad, and other members will be glad, to know that I'm not going to use my full 20 minutes here.

Mr. Hudak: I want to hear it.

Ms. Martel: No, you don't. I did want to put a few comments on the record. I've spoken once already today; I don't need to prolong this.

Let me actually start at a point where the Speaker, when he wasn't in the Speaker's chair but speaking as the critic for this particular bill, said that Bill 53 will tinker around the edges of the problems facing Toronto but the real problems facing Toronto really do go back to and stem from so much of what was downloaded as soft services onto the municipality. Speaker, you will know that's not only the case for the city of Toronto, that is the case for so many municipalities right across the province whose municipal property taxpayers are struggling with paying the bills, not only the bills for hard services like sewer, water and roads, which are legitimate expenses for property taxpayers to pay for, but for some years now have continued to struggle under the burden of paying for soft services—child care, Ontario Works, ambulances etc.—that really should be the purview and the responsibility of the provincial government.

I thought it was interesting that in some remarks made early in December, David Crombie, who of course was a former mayor of Toronto, a former member of Parliament, a former federal cabinet minister and president and CEO of the Canadian Urban Institute, said the following on December 5: "When the Harris government downloaded social services and social housing, I said at the time that it was wrong in principle and disastrous in practice. It is still the case, and it would be a responsible action for the current government to upload both these services to restore the balance."

Mr. Jean-Marc Lalonde (Glengarry–Prescott–Russell): Who did the downloading?

Ms. Martel: Before the Liberal members get all excited about the fact that David Crombie appears to be criticizing the Conservatives, which he did, he also made it very clear that the current government has a responsibility to remedy the situation. I just want to quote him again: "It is still the case, and it would be a responsible action for the current government"—the McGuinty Liberal government—"to upload both these services to

restore the balance." The addition of "McGuinty Liberal government" was my own, not David Crombie's.

So we continue to have this dilemma, and the reality is that this bill does nothing to respond to that very serious problem facing Toronto and so many other municipalities. Let's just look at what the burden has been for property taxpayers across the province to cover some of these soft services. If you look at child care, for example, the municipal amount that is taken from homeowners to pay for child care, which is a soft service that should be covered by the province, is \$193.4 million. The amount for social assistance that is being picked up by property taxpayers in your municipality and mine is \$1.3 billion. The amount for social housing being picked up by property taxpayers is \$880 million; for ambulance services, about \$312.7 million; for public health, \$266.4 million.

1900

Some of these services used to be cost-shared with the province. Child care, for example, used to be an 80-20 split. That has changed. There is even more of a burden on municipalities now than there was before. Social housing: We know how much of that burden is being carried by municipalities. While the government is starting to reverse the public health download, it's interesting to note, because this hasn't been a very public matter, that the government this year has told public health agencies that it is capping its share of the money that it is providing to public health agencies at 5% this year. So while many public health units thought that the government promised to significantly shift the burden of payment of public health services from the municipality back up to the province, they are now finding that in fact that shift has some very serious caps and very serious limits on it. In a number of communities, in a number of public health jurisdictions, we're not going to see an overall increase in public health funding. What we're going to see is essentially the province merely subsidizing the amount of money that used to be put in by the municipality. So we're going to be no further ahead in terms of new inspectors, more immunizations and more of dealing with all of those very important things that public health workers deal with on the front line every day.

Those kinds of numbers were reinforced this summer by the Association of Municipalities of Ontario. In August, I believe, AMO released a document that talked about Ontario's gap. This is interesting, because the McGuinty government has spent a lot of time and energy talking about the gap between the federal government and the province and how Ontario is being shortchanged under that equation. What is interesting is that I've heard very little from the McGuinty government about the gap they have left with respect to their lack of funding and so many municipalities picking up those costs with respect to services that really should be a provincial responsibility.

AMO, to its credit, put out a document this summer called Ontario's \$3-billion Provincial Municipal Fiscal Gap. I just want to read some of this into the record because I thought it was important that, while at the same

time Ontario tries to lobby the federal government for funding that the McGuinty Liberal government feels is rightly theirs, the McGuinty government has to realize there is money that they owe to the municipalities. Their argument with the feds would be much more credible, and much more balanced, if indeed they addressed the gap with their municipal partners. Here are some of the quotes that come from this document.

“Did you know that municipal governments in Ontario are required to subsidize the provincial treasury to the tune of more than \$3 billion a year? It’s a fact. If you ever wondered why Ontario has the highest municipal property taxes in Canada, now you have the answer.” This is as true for property taxpayers in Toronto as it is for property taxpayers in my riding, in my hometown, and in so many other communities. Here are some of the facts that you should know. “Ontario is the only province in Canada where municipal property taxes are used to subsidize provincial health and social services programs, like welfare and employment services, disability benefits, drug benefits, social housing, child care, homes for the aged, public health and ambulance services.

“The federal government noted this situation in its 2004 federal budget: ‘... spending for social services, health and housing represents a very small share of municipal expenditures in most provinces, except in Ontario where it represents almost a third of total (gross) municipal spending.’

“One third of municipal spending goes to provincial health and social services programs?”

“...Municipal governments in Ontario spend over \$8 billion a year on provincial health and social services programs. That’s about one third of the total municipal operating expenditures of \$23 billion a year. When you subtract provincial cost-sharing for some of these programs, federal contributions and user charges, the net municipal subsidy paid toward provincial health and social service programs is more than \$3 billion a year.” Something has to be done. Something has to change.

I use this to reference back to the bill before us, because I have to tell you that unless and until we see some changes in the downloading—i.e. an uploading of some of those soft services back to the province—the bill that’s before us is not going to make the city work. The commitment on the part of the government has to be to deal with the download—to deal with the download in the city of Toronto, to deal with the download in other municipalities—because that’s the only way that our cities are going to be able to function properly.

If you look just very specifically at the city of Toronto, the city started 2006 with an estimated \$415-million shortfall in its budget. Now, we all know that in the budget that was recently released by the McGuinty Liberals, the city was given \$200 million in one-time funding. I don’t pretend to know all of the details with respect to the qualifications, restrictions or conditions around that one-time funding. It may be applied to the deficit that they were already dealing with. It doesn’t resolve the problem that the city still has. It might reduce it

somewhat, but the bigger issue is, what does it do for next year? It’s one-time-only funding—the city of Toronto, mayor and council, cap in hand back to the province to deal with what is surely going to be a funding problem, a funding crisis, again next year.

When you look at the services that are being provided by the city—housing, most assuredly, the capital needs that this city requires to deal with its social housing, the costs that the city incurs to deal with its portion of the Ontario disability and drug benefit programs and other income support programs—these costs are enormous for this city. Unless and until this government decides that not only do they have a gap with the federal government that needs to be addressed, but they’ve got a gap with municipal governments that they’ve got to deal with, bills like Bill 53 that give new powers to the city will not resolve the long-standing, outstanding, serious problems that are facing the city and other cities; that is, the burden that is being paid and picked up by municipal taxpayers for soft services that should be the jurisdiction and the responsibility of the provincial government.

Let me conclude by saying there are things in here that we agree with. There are concerns that we have with respect to the override provisions, specifically the override provision that the province has even when the city sets out its governance structure, for the province to override that and to make changes. There’s a concern that we have with respect to bylaws, where the city can, of course, put forward a bylaw and then the province can claim provincial interest and suspend that bylaw for 18 months, pending a legislative review. Those are some of the concerns that we have with the technical details in the bill, but I know it’s going to be going to committee, so perhaps some of those will be dealt with then.

At the end of the day, the bill really just tinkers around the edges of what the real problems are facing the city and so many other cities. Just as David Crombie said, it is the responsibility of this government now to deal with the downloading and to ensure that this government uploads both of these services so that municipal taxpayers don’t continue to be so hard hit paying for soft services they should not be paying for.

The Acting Speaker: Questions and comments?

Mr. Norman W. Sterling (Lanark–Carleton): I just have one comment. I don’t know why the city of Ottawa is not being dealt with in the same manner. I mean, it’s the fourth-largest city in Canada, the second-largest city in Ontario.

Interjection.

Mr. Sterling: Somebody over here is saying—

The Acting Speaker: If I could remind the honourable member, it’s a question and comment on issues raised by the member from Nickel Belt. I don’t remember her raising that particular issue and would ask you to comment on what she had to say.

Mr. Sterling: Mr. Speaker, if you go back to the early part of her speech, she did talk about other cities, and I’m talking about other cities. I’m just commenting with regard to the city of Ottawa, which has the same fiscal

problems that the city of Toronto has. We have two cabinet ministers from the city of Ottawa—actually, we have the Premier from the city of Ottawa—and yet in the most recent budget we were left out of it, for all practical purposes. So I just don't understand—I understand why the city of Toronto has to have a piece of legislation, but I just don't understand why the city of Ottawa can't be included in the same envelope. Thank you very much.

1910

The Acting Speaker: Questions and comments? The member from Nickel Belt has two minutes to respond.

Interjection.

The Acting Speaker: The member having declined, further debate.

Mr. Cameron Jackson (Burlington): My comments will be brief. I just wanted to put a couple of comments on the record. As has been alluded to earlier, this is a very large piece of legislation. It's over 200 pages. There are some elements to this bill which are very positive. Municipalities have been asking for these kinds of authorities and regulatory power, and some of them are rather benign, like picking their ward boundaries, the number of council members. This would be done through consultation, so I have no problem with any of that part of the legislation. In fact, I sense that many municipalities would like that authority.

The first concern is that this is simply just a bill for the city of Toronto, and as has been alluded to, there are other municipalities that are asking for similar treatment. But I want to remind members that there's only one taxpayer here. When everybody talks about soft services and hard services and the ability to tax more, one of the things that's always lost in this debate is the fact that there is a freeze on educational tax increases. Frankly, in this province for the last 20 years the legacy of all levels of government with taxing authority—and of course, our trustees are among the few in Canada that have municipal taxing authority—is that they were going up at double digits with regular frequency and that our municipal councils and our regional councils were going up far less, at a more responsible rate. Mr. Speaker, you will remember those days fondly in your role as both a mayor and a councillor and the frustration that you experienced watching your education taxes go up. That has put additional pressure on this new government, because they are now having to come up with additional dollars without putting it on the backs of our municipalities. But that tax capacity shouldn't be now surrendered to municipalities without some clear conditions on it.

For the record, the one area that concerns me the most is the broader authority for municipalities, in this case the city of Toronto, to undertake economic development opportunities to assist in their economic competitiveness. Now, that is code for being able to make arrangements for new assessment to enter into your community. Generally, employment opportunities are the most attractive. We've had rules in this province for the last 50 years that prevent municipalities from giving away free taxation, giving away free hydro as a means to shift the balance to

make people come to one community over the other. The great equalizer was the assessment that is charged in each community and that they have to be held accountable for. I come from a community and a region, Halton, that has benefited from the fact that Hamilton has not been in as competitive a position, and that's unfortunate. But there were reasons for that historical evolution and the reason that we don't want to put businesses in any community in a more difficult position because they're required to pay additional taxes, additional fees, because the municipality sees this as an opportunity to grab more revenue, because there are always fewer businesses versus the number of residential taxpayers.

Finally, I look at this legislation and I worry about the additional taxation powers for the city of Toronto as it relates to its challenges with its garbage. Again, the Speaker is very much aware of this issue and has been very outspoken about it. I listen to him carefully because I certainly don't want Toronto to fail in its bid to manage this issue fairly and effectively, and cost-effectively as well. That's very important to all of Ontario because of the enormity of that issue. Halton region wants nothing do with the city of Toronto ever moving its garbage to Halton because we have such large capacity. We paid a very big price for that. Our taxpayers bore that without any support from the province, and we deserve to be allowed to take care of our own needs.

I wanted to put that on the record. I hope this bill gets a thorough debate, which I'm sure it will.

Mr. Speaker, I move that we adjourn the debate.

The Acting Speaker: Any further debate? I think your motion is redundant then; I don't think there was going to be any anyway.

There being no further debate, and the minister not being here, Mr. Gerretsen has moved second reading of Bill 53. Is it the pleasure of the House that the motion carry? I heard a no.

All those in favour will please say "aye."

All those opposed will please say "nay."

In my opinion, the ayes have it. I declare the motion carried.

Shall the bill be ordered for third reading?

Interjection: No.

To which committee shall the bill be referred?

Hon. James J. Bradley (Minister of Tourism, minister responsible for seniors, Government House Leader): The bill should be referred to the general government committee, please.

The Acting Speaker: The bill is accordingly referred to the standing committee on general government.

Orders of the day?

Hon. Mr. Bradley: I move adjournment of the House.

The Acting Speaker: Mr. Bradley has moved adjournment of the House. Is it agreed? Carried.

This House stands adjourned until 1:30 tomorrow afternoon.

The House adjourned at 1917.

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