

Report from Queen's Park

By JULIAN REED, M.P.P.
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AD VALOREM GAS TAX
In its May, 1981 budget, the government of Ontario introduced a new method of gasoline taxation. Instead of tax being levied on the basis of volume - so much per litre, it will in future be based on a percentage of the price paid, in effect 20 per cent of the retail price, adjusted four times a year.

Every time the price of gasoline increases, the growth in the amount of revenue taken by the government through its ad valorem tax is compounded. It is estimated that the Province will be extracting, at the very least, over \$7 billion in gasoline taxes over the next five years. As of June 1981, when the first ad valorem tax was applied, Alberta received 4.98 cents per litre of gasoline at the pump, while Ontario took 5.49 cents per litre.

If Alberta's proportional royalty share per barrel of oil remains the same as it was in June - that is before the recent Ottawa-Alberta oil pricing agreement, Ontario will continue to have a higher tax-take at the pump than Alberta. Recently, the Treasurer of Ontario stressed that Ontario's own energy-related expenditures will rise dramatically due to the pricing agreement between Alberta and the Federal Government. Just as the ordinary consumer will have to pay more to drive his car or heat his home, the Ontario government will find it more costly to heat schools and hospitals, build roads, and so forth. The Treasurer estimates that the additional energy costs to the Province will

be about \$4.6 billion by 1986, while revenue gains from both the ad valorem gasoline tax and other provincial taxes will total at most only \$1.8 billion. According to his Ministry's forecast, the government will face a cumulative shortfall of some \$2.7 billion. The obvious implication here is that the inflationary impact of price hikes resulting from the oil pricing agreement on the Ontario government's own budget somehow justifies the imposition of a percentage (ad valorem) tax directly on consumers. In the Treasurer's own words, "This forecast of revenues and expenditures for Ontario (proves) that opposition claims regarding ad valorem yields are highly unwarranted."

The truth is that it proves nothing of the kind. Our analysis suggests that it is the Treasurer's forecast which is incorrect. According to our calculations, he has underestimated the likely revenue gains from the ad valorem tax over the next five years by over \$6 billion. We estimate, as I said earlier, that the ad valorem tax will net Ontario, not between \$300 million and \$1 billion, but a total of over \$7 billion by 1986. Moreover, the Treasurer acknowledges that when the inflationary pressures resulting from the oil pricing agreement have worked their way through the tax system, the Province will yield additional revenue of "perhaps \$400 to \$500 million" by 1986. This forecast is also expected to prove low as higher energy costs come to be reflected in higher wage settlements, and higher prices, which in turn will boost income and sales tax revenues to the Ontario Treasury.

The forecast game, however, is not the real issue. Whether or not the Alberta-Ottawa oil agreement augments Ontario's debt load in the future, the ad valorem tax is an unwarranted tax burden on the people of this Province. In human terms, it is manifestly unjust at a time when people are being battered by inflation, high interest rates, food costs, etc. As a silent, automatically escalating tax, the ad valorem both undermines the democratic principle of accountability and exacerbates the inflation crisis. Unfortunately, most Ontarians are still unaware of the ad valorem tax, and particularly its potential long-term impact.

ENERGYSCOPE Solar Energy — A Bright Future for Ontario

Ontario is in a very good position when it comes to solar energy — it receives as much as 44 per cent more solar radiation than most of other regions in Canada. This, and the fact that Ontario relies on external sources for some 75 per cent of its primary energy needs, are two motivating forces behind the province's established leadership in the development of a solar energy industry.

What is solar energy?
Solar radiation reaches the earth as ultraviolet rays, infrared radiation and visible light. Its most general application is to provide heat through active and passive methods.

Active solar systems transfer to water or air the heat absorbed in solar collector panels. This heat can be used to help heat your home or heat water used for washing, cooking and in swimming pools. Active systems involve collector arrays, heat transport media, storage units, distribution systems, plus the necessary controls. Passive solar heating means using special design features in a building to make the best use of solar radiation and natural flows of warm air for heating. Simple passive systems in new buildings are more economical in the short term, while more complex systems will become economical as appropriate products and construction techniques are developed.

Ontario's solar plan
By 1995, the combination of active and passive solar energy systems is expected to provide Ontario with the energy equivalent of 15 million barrels of oil a year. That's enough to heat almost 700,000 homes which, even at today's oil prices, is worth more than \$400-million.

The Ontario Ministry of Energy is working to achieve this goal through its recently announced \$50-million, five-year strategy aimed at accelerating the development of solar energy technology and the solar industry across the province. This program signals a bright future for Ontario's solar energy industry, creating new job opportunities and many benefits for homeowners and energy users nationwide.

Domestic Hot Water Heating
The Ministry of Energy, Ontario Hydro, and the Ontario Housing Corporation have developed, evaluated and monitored solar domestic hot water heating systems for single-family residences.

Municipal Swimming Pool Heating
Plastic solar collectors were installed through funding from the Ministry of Energy, to heat the Richvale Community Centre pool in Richmond Hill.

Commercial/Industrial Hot Water and Process Heat
The Ministries of Energy, Northern Affairs, Colleges and Universities and Confederation College in Thunder Bay, is responsible for the first solar system to provide hot water for the student residence.

And, together with the Ministry of Health and Mohawk Hospital Services Ltd., tenders have been solicited for the largest solar project in Canada — a \$1.3-million system to preheat the wash water at Mohawk Hospital Services Ltd. (a non-profit laundry service for 10 Hamilton-area hospitals).

Agricultural and Process Heat Applications
The Ministries of Energy and Agriculture and Food have provided solar energy systems that heat the swine barns at the Arkell Research Station in Guelph.

Other solar applications such as grain drying, barn heating etc. are expected to be cheaper soon because most of the systems will be owner installed. The experience gained from these, and future demonstrations is helping to improve future solar energy products, thereby accelerating their reliability and availability to the consumer.

For more information, write: Energyscope, c/o Ministry of Energy G.M.S., Box 37 Queen's Park, Toronto, Ontario.

Is bankruptcy answer to your problems?

Continued from page C2
its creditors. The individual who wants to file an assignment with a Trustee will have to pay between \$50 and \$500. Once the Assignment in Bankruptcy is filed with the Trustee, the individual loses all right to deal with his or her own property, subject to certain exceptions. In other words, upon filing an Assignment in Bankruptcy, the individual must turn over to his Trustee all his assets - his property. This would mean that if the bankrupt has an interest in a house, the Trustee would acquire that interest.

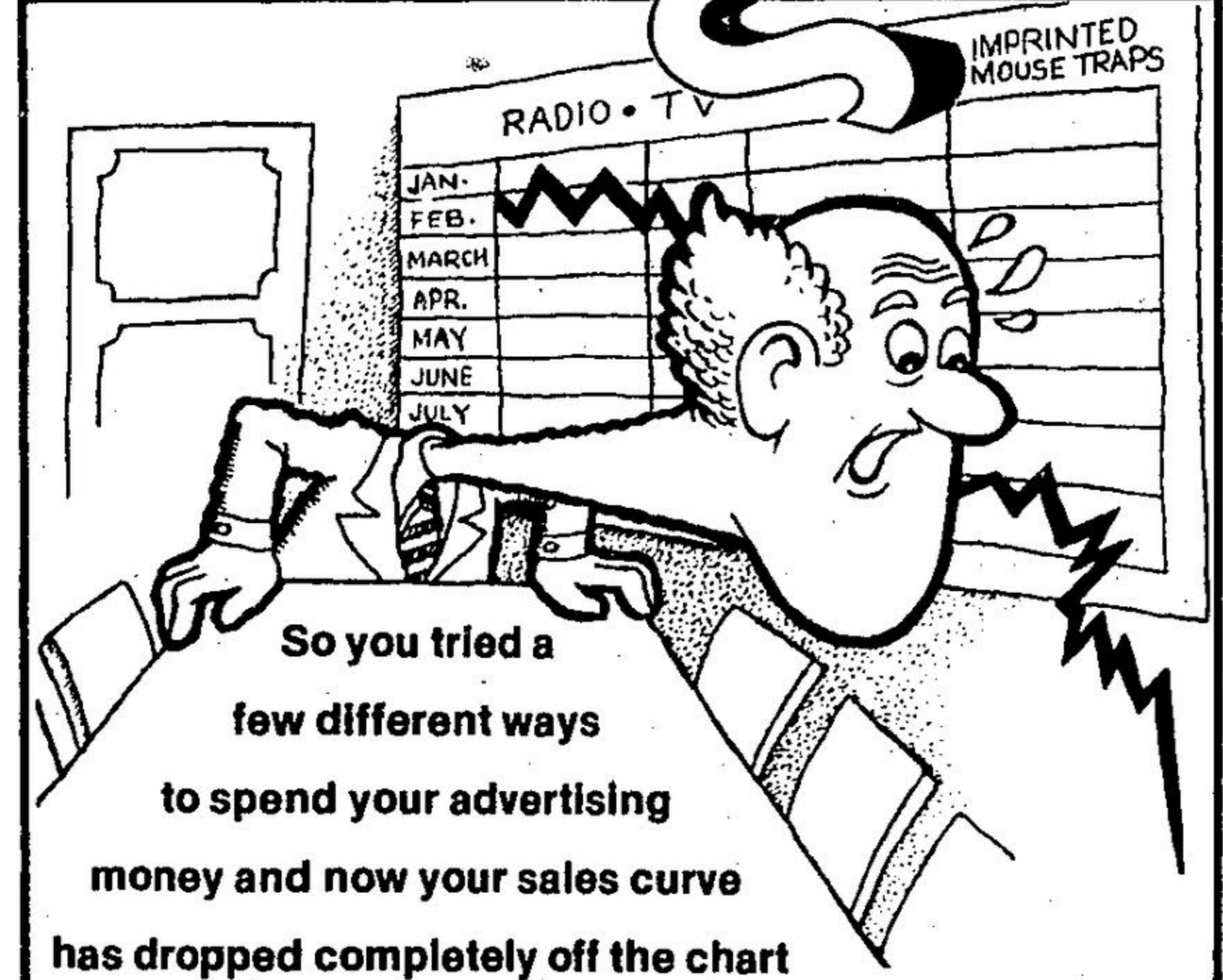
Similarly, if a bankrupt owns a car, he might have to turn that car over to the Trustee. The Trustee then has the responsibility of converting all of the bankrupt's assets into money which he then distributes equally to the creditors of the bankrupt. In certain cases, the bankrupt may have an exemption from turning over certain property to the Trustee; for example, a salesman who goes bankrupt may claim an exemption for his car up to \$2,000 resale value because he needs it as a "tool of the trade". Similarly, a carpenter going bankrupt may claim an exemption for his saws, his hammers and other "tools of the trade" necessary for him to do his job.

Because bankrupts have to turn over all their property to their Trustee in Bankruptcy, many individuals decide to sell or transfer their property to other people, like their wives, immediately prior to going into bankruptcy. Therefore, when they do file the assignment, they will be able to tell their Trustees that there is no property still remaining in their names to turn over. This will not be successful because the Trustee would then have the right to attack in court the transfer of this property. While still in bankruptcy, it is also possible for a Trustee in Bankruptcy to require the bankrupt to pay a certain portion of his paycheck to the Trustee for the benefit of creditors. This occurs when the bankrupt is earning more than is necessary for him to maintain himself and his family. Once an individual has gone into bankruptcy, he remains in this state until he is discharged from bankruptcy - a situation which continues until the Court orders that the bankrupt is no longer in bankruptcy and no longer has the status of a bankrupt person. It normally takes from six months to a year for a person to receive his discharge from bankruptcy; however, such discharges are not automatic. If the bankrupt, prior to going into bankruptcy, had been guilty of conduct which the Court considers to be

improper, for example, building up huge debts on credit cards, the Court may order that as a condition of the bankrupt's discharge, the bankrupt agree to pay his creditors some portion of the debts owing to them. The bankrupt is obliged to complete a questionnaire showing all his assets and liabilities and then attend a meeting of his creditors called by the Trustee. At this meeting, the Trustee reports to the creditors what he has found out about the bankrupt. At this time, creditors will have an opportunity of questioning the bankrupt as to the causes for bankruptcy. In Canada today, it is anticipated that more than twenty thousand people will declare bankruptcy with debts approaching five hundred million dollars. Most bankruptcies are individuals and are commonly referred to as "consumer bankruptcies". Experience has shown that most consumer bankruptcies occur because people simply do not know how to manage

their financial affairs. Too easy credit by banks and other lending institutions contributes greatly to the problem. Television and other media create the impression that you should have today what you will try to pay for tomorrow. When creditors commence dunning for payment of their accounts, bankruptcy often follows in order to stop further harassment. Today, debtors are far more sophisticated than they once were. It was a tremendous stigma in times past for a person to file for bankruptcy. Now many people consider it a simple solution to their financial problems - an idea that is not usually correct. The information in this article is accurate as of October, 1980. For more information on this and other topics contact Community Legal Education Ontario, 111 Queen St. E., Suite 310, Toronto, Ontario, M5C 1S2. For legal advice, contact the Halton Hills Community Legal Aid Clinic at 5 Wesleyan St. in Georgetown, phone 877-3256.

Legally Speaking
a CLEO publication

So you tried a few different ways to spend your advertising money and now your sales curve has dropped completely off the chart

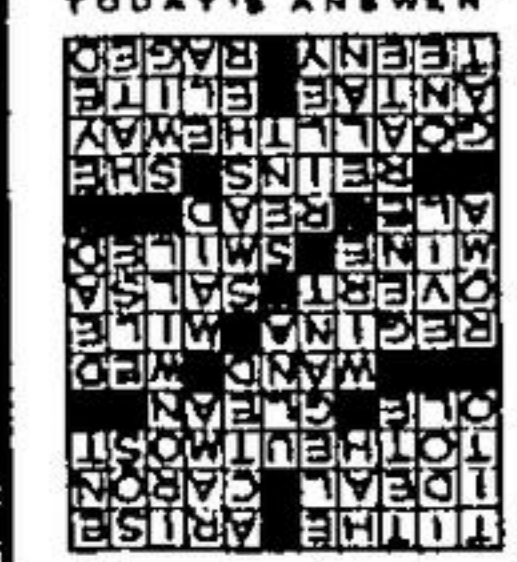
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