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**Official Report  
of Debates  
(Hansard)**

**Thursday 14 May 2009**

**Journal  
des débats  
(Hansard)**

**Jeudi 14 mai 2009**

**Standing Committee on  
Finance and Economic Affairs**

**Budget Measures Act, 2009**

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

**Loi de 2009 sur  
les mesures budgétaires**

Chair: Pat Hoy  
Clerk: William Short

Président : Pat Hoy  
Greffier : William Short

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 14 May 2009

Jeudi 14 mai 2009

*The committee met at 0901 in room 151.*

## BUDGET MEASURES ACT, 2009

LOI DE 2009 SUR  
LES MESURES BUDGÉTAIRES

Consideration of Bill 162, An Act respecting the budget measures and other matters / Projet de loi 162, Loi concernant les mesures budgétaires et d'autres questions.

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. I remind the committee that we're working under the time allocation motion that was presented in the House on April 21.

I wonder if I could have unanimous consent from the committee to deal with the schedules first and then go back to the sections? It's just a matter of efficiency in working our way through it. Agreed?

**Mr. Norman W. Sterling:** Go back to section—

**The Chair (Mr. Pat Hoy):** We would work with the schedules first and then go back to each section. So we're agreed? Thank you.

If I could have the committee's attention, I would like to bring to the attention of the members that there are three identical amendments in the amendment package. Once the committee deals with the first of the three identical amendments, the other two identical amendments will become redundant.

Schedule 1: Sections 1 through 3 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 1 carry? All in favour? Carried.

Schedule 2: Sections 1 through 7 have no amendments. Shall they carry? All in favour? Carried.

Shall schedule 2 carry? All in favour? Carried.

Schedule 3: Sections 1 and 2 have no amendments to them. Shall they carry? All in favour? Opposed? Carried.

Schedule 3: Shall it carry? All in favour? Carried.

Schedule 4: Sections 1 through 9, inclusive, have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 4 carry? Carried.

Schedule 5: Sections 1 through 4 have no amendments. Shall they carry? Carried.

Shall schedule 5 carry? All in favour? Carried.

Schedule 6: Sections 1 through 3 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 6 carry? Carried.

Schedule 7: Sections 1 through 3 have no amendments. Shall they carry? Opposed? Carried.

Shall schedule 7 carry? All in favour? Carried.

Schedule 8: Sections 1 and 2 have no amendments. All in favour? Carried.

Shall schedule 8 carry? Carried.

Schedule 9: Sections 1 through 4 have no amendments. Shall they carry? Carried.

Shall schedule 9 carry? All in favour? Carried.

Schedule 10: Sections 1 and 2 have no amendments. Shall they carry? Carried.

Shall schedule 10 carry? All in favour? Carried.

Schedule 11: Sections 1 through 5 have no amendments. Shall they carry? Carried.

Shall schedule 11 carry? Carried.

Schedule 12: Sections 1 through 8 have no amendments. Shall they carry? Carried.

Shall schedule 12 carry? All in favour? Carried.

Now we come to schedule 13, sections 1 through 5. Mr. Arthurs.

**Mr. Wayne Arthurs:** The government is recommending that we vote against schedule 13. We want to effectively withdraw the amendment at this time. We're continuing to work with the auditor with respect to government advertising, so we want to continue to adhere both to the letter and the intent of the law. We feel there are processes where it could be more efficient, but we are recommending that we vote against schedule 13 and thus have it withdrawn from the legislation at this time.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Norman W. Sterling:** I'd like to know what the auditor's objections to this section were or are. Can you outline what those are?

**Mr. Wayne Arthurs:** We can't outline the objections of the auditor. We're working with him; we want to make the process work more efficiently. There are some mundane kinds of things, I think, that crop up during the discussion on legislation, probably as simple as whether or not one should use a red car or a blue car or a green car or an orange car, that might be considered to be politicizing the process in some fashion. We want to continue working with the auditor over the summer and ideally make sure that we have a consensus, that he can

do his job effectively and still adhere to the legislation as it's in place.

**Mr. Norman W. Sterling:** Is there any kind of commitment on the part of the government to bring forward another amendment to the act in accordance with the Auditor General's wishes on this matter?

**Mr. Wayne Arthurs:** At this time, we want to withdraw this by voting against the schedule. I certainly can't commit the government, the minister, to bringing forward another piece of legislation, but it's clearly our intent to continue working with the auditor over the course of the summer to achieve a consensus with him so that whatever is brought forward is in accordance with his wishes.

**Mr. Norman W. Sterling:** So the Auditor General objects to the present legislation? Is that what you're telling me?

**Mr. Wayne Arthurs:** I'm saying that at this point in time we're recommending voting against it, withdrawing it from the legislation, so we can continue working with him.

**Mr. Norman W. Sterling:** What are you basing that recommendation on?

**Mr. Wayne Arthurs:** At this point, we don't have a consensus with the Auditor General with respect to the amendments to the legislation, and we want to ensure that he is comfortable with what we're doing so we can comply fully with our intent with the legislation, and that's to avoid any partisan government advertising.

**Mr. Norman W. Sterling:** So when you say that you don't have a consensus, you don't have his agreement.

**Mr. Wayne Arthurs:** Consensus, agreement; I think they mean the same thing between the parties.

**Mr. Norman W. Sterling:** Thank you.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, shall schedule 13, sections 1 through 5, inclusive, carry? All in favour? Those opposed? It is lost.

Shall schedule 13 carry? All in favour? Those opposed? It is lost.

Schedule 14: Sections 1 through 3 have no amendments. Shall they carry? Carried.

Shall schedule 14 carry? All in favour? Opposed, if any? Carried.

Schedule 15: Sections 1 through 4 have no amendments. Shall they carry?

**Mr. Norman W. Sterling:** No. Discussion.

**The Chair (Mr. Pat Hoy):** Discussion? Mr. Sterling.

**Mr. Norman W. Sterling:** I'd like to ask the government a question with regard to the interim allocation bill here. Last October, you obtained permission from the Legislative Assembly to write cheques out of the consolidated fund to the tune of about \$50 billion, \$56 billion, which presumably would take you to September, when the House is going to be sitting again. This particular interim allocation bill gives you spending rights up to about \$104 billion for this financial year. Your total budget has estimated expenses of \$108 billion. Why are you seeking this so early in the year and therefore avoiding debate later in the year, when we'll

have a better picture of where you're going to spend money, including those funds that are being held back by the finance minister—some \$3.2 billion, as shown in his estimates—as a contingency fund? We don't know where that money is going to go, nor do we have any idea about how this whole picture is going to unfold with regard to a later section in this bill, and that is dealing with the pension benefits guarantee fund.

Why are you seeking this at an unusual time? In fact, you sought this before we actually even received our estimates from the government. This bill was passed on second reading prior to, or almost coincident with, the date when we received the estimates books. Why are you looking for this, which is very unusual? Normally, governments seek the allocations or the right to write the cheques out of the consolidated revenue fund about when they need it, so why are you doing this when we're very early in the financial year? This is May; we're two months into the financial year, and you're seeking the right to spend \$104 billion of the \$108 billion as estimated in your budget.

**0910**

**Mr. Wayne Arthurs:** If you allow me, I'm going to take a minute or so just to confer with our staff.

We certainly want to make sure that the process over the course of the year runs smoothly. I think we've demonstrated over the past number of years that by being able to do the budgetary process early on in the year, it has allowed the province to understand where it stands in the context of the full-year expenditures and manage those expenditures in an effective and efficient way. It really is an effort to smooth out the process for us throughout the entire year.

If you want some more detail, I would take a minute or so and just confer with the staff who are here. If need be, we could have those folks from the ministry come forward and provide some greater degree of detail.

**The Chair (Mr. Pat Hoy):** Would you wait, Mr. Bisson, for them?

**Mr. Gilles Bisson:** Yes.

**The Chair (Mr. Pat Hoy):** All right. We'll have the staff come forward.

Just state your names for Hansard, if you would, and then you can begin with your answer.

**Mr. James Sinclair:** My name is James Sinclair. I'm a legal director at the Ministry of Finance.

I think the answer to the question is that the interim appropriation provision in schedule 15 is required so that the government has authority to spend the money set out there. It's subject, of course, to the estimates. It's my understanding that it has been done in the usual course. Would you add anything to that, Laura?

**Ms. Laura Hopkins:** My name is Laura Hopkins. I'm also a counsel with the Ministry of Finance.

The interim appropriation act authorizes spending in accordance with the estimates. The amount that's authorized is a portion of the amount that was authorized by the Supply Act last year. It is a form of interim supply, and the expenditures themselves can only be made in accordance with the estimates that are tabled.

**The Chair (Mr. Pat Hoy):** I had Mr. Bisson, and then I'll come back.

**Mr. Norman W. Sterling:** Yes.

**Mr. Gilles Bisson:** I have the same question that my colleague Mr. Sterling had, which is, why would you do this? Normally, the process is that you come before the assembly with interim supply, and at that point members of the assembly on all sides have a chance to see where things are and to raise whatever questions need to be raised in regard to the expenditures. So why do it this way? Are you not planning on coming forward with interim supply motions later this fall?

**Mr. James Sinclair:** I can't speak to what the government is planning in the future. I can only speak to the particular schedule in the Budget Measures Act.

**Mr. Gilles Bisson:** But is it the intent to have this in the act so that you don't have to have an interim supply motion later on this year?

**Mr. James Sinclair:** I don't believe so.

**Mr. Gilles Bisson:** In other words, yes, there will be interim supply?

**Mr. James Sinclair:** I can't say that, because I don't know the answer to that, Mr. Bisson.

**Mr. Gilles Bisson:** Did you have something to add?

**Ms. Laura Hopkins:** The interim appropriation act mechanism is a shift in the way the House manages interim supply. I believe that it was implemented last year, and I believe that the interim appropriation act replaces the interim supply motion that traditionally has been passed by the House.

**Mr. Gilles Bisson:** So my question to the clerk is that my understanding of the standing orders would be that as a result of this section of the act passing, we mean to say that as long as the expenditures are below the amount specified in this part of the bill, there'd be no interim supply motion needed.

*Interjection.*

**The Chair (Mr. Pat Hoy):** We'll hear from Mr. Sterling first.

**Mr. Norman W. Sterling:** Basically, my problem is with the procedure that falls out of doing this so early and not giving the members of the Legislature an opportunity to revisit what the government might decide to do, particularly with funds where there is a large line item in the estimates and there is no indication by the government what they're going to do with that money. Our chances of debating those particular estimates may be gone.

As the schedule of the estimates committee shows, I think the Minister of Finance is third up on the estimates list. If he's gone by that time—let's say he's gone by that time in September—and come October he starts to make some of this discretionary spending which he has given himself in the estimates, then our only opportunity to debate that will be the supply bill at the end of the fiscal year, which we're limited to two hours' debate for all members of the Legislature to be involved in.

I understand the technical part of the change from a supply motion to an allocation bill. That doesn't change

the intent or what's actually happening. I am just not aware of any time when a government has sought such an amount of supply at such an early time in the fiscal year, and that's my question: What are you trying to pull over on us here in terms of giving us a fair chance to debate and question the Minister of Finance about what's happening with regard to his fiscal policies as they develop during the year?

You know that many of the lines on the estimates have not millions of dollars but have hundreds of millions of dollars and billions of dollars, and those decisions have not been made yet with regard to where that money is going to flow to. The estimates say, "Here's a generic pot of money that we're going to spend," and the government hasn't delineated where, in that, say for instance the \$3.2 billion, those pieces are going to fall, and we won't have any chance in the Legislature effectively to debate that, to oppose it, to constructively say to the government, "You should do this or that with this particular money." So you're giving yourself carte blanche going forward with regard to what you might do. Even if they want to change the estimates, all they have to do is file supplementary estimates, and if we have already dealt with the finance minister in September and the supplementary estimates come out in October, we can't go back at him. He's done. He's out of there.

That's my concern. When you go for allocation so early in the day in the financial year, you're not really being fair with the process that we are stuck with after that allocation is made, that giving by the Legislature for the government to write cheques without our having any say with regard to where those cheques might go. So that's my objection to that.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs.

**Mr. Wayne Arthurs:** Just to be clear, am I correct in understanding that this provision was in the legislation a year ago, that it's not particularly new to this year? I'm only saying that in the context of—I know Mr. Sterling wasn't at committee at that point in time, so I appreciate his raising it now, but it's not new and it doesn't seem to—if that's the case, I just need some clarity on that first. Is it a brand new provision that we have, or am I understanding that was a provision that was in the legislation last year as well?

**0920**

**Ms. Laura Hopkins:** The interim appropriation act dealing with the 2009-10 fiscal year was enacted in 2008. My understanding is that these provisions are being re-enacted in order to take into account a change in terminology so that the provisions address non-cash investments and changes in accounting terminologies by the crown.

**Mr. Wayne Arthurs:** The point, Mr. Chairman, if I could, is that it doesn't seem to have caused us difficulty in debate during the past year. It certainly wasn't a matter that was raised, particularly at the committee last year, nor did it seem to frustrate the Legislature during the course of its debates around expenditures throughout the 2008-09 period.

**Mr. Norman W. Sterling:** A brief response: Last year, your contingency fund was \$400 million for the province. This year it's \$3.2 billion. Therefore, your finance minister effectively has \$2.8 billion which he can spend willy-nilly going forward—not willy-nilly. He's not going to just spend it willy-nilly, but at his discretion or the government's discretion, without a comparable check. I don't know what happened last year in terms of the government bringing forward budget allocation bills and how early in the fiscal year they brought them. I do know that I asked finance staff this particular question on the briefing of this bill and they said to me that it was unusually early. That was not their language; that's my summation from their briefing. It was unusually early, to seek this much spending power this early in the fiscal year.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, we'll go back to schedule 15. Shall sections 1 through 4 carry? All in favour?

**Mr. Norman W. Sterling:** I want a recorded vote.

**The Chair (Mr. Pat Hoy):** A recorded vote has been requested. In that case, we'll vote on each section then. Schedule 15, section 1: Shall it carry?

#### Ayes

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

#### Nays

Arnott, Bisson, Sterling.

**The Chair (Mr. Pat Hoy):** So that section is carried. Schedule 15, section 2.

**Mr. Norman W. Sterling:** Same vote for these sections.

**The Chair (Mr. Pat Hoy):** A recorded vote for each one of these in schedule 15 has been requested then. That helps the Chair.

Schedule 15, section 2. All in—

*Interjection.*

**The Chair (Mr. Pat Hoy):** He asked for a recorded vote. I don't think he said "same vote." Did you say "same vote"?

**Mr. Norman W. Sterling:** Yes, same vote.

**The Chair (Mr. Pat Hoy):** Same vote. Agreed? All right then. I misunderstood. I thought you wanted a recorded vote on each one.

**Mr. Norman W. Sterling:** There is a recorded vote.

**The Chair (Mr. Pat Hoy):** It is now, yes, but not individually.

Shall schedule 15 carry? All in favour? Opposed? Carried.

**Mr. Norman W. Sterling:** Recorded vote.

**The Chair (Mr. Pat Hoy):** It's recorded, then, and it carried.

Schedule 16, section 1: There are no amendments to 1 through 4. All in favour? Opposed? Carried.

Shall schedule 16 carry? All in favour? Opposed? Carried.

Schedule 17, sections 1 through 3 have no amendments. All in favour? Opposed? Carried.

Shall schedule 17 carry? All in favour? Opposed? Carried.

Schedule 18, sections 1 through 2 have no amendments. All in favour? Opposed? Carried.

Shall schedule 18 carry? All in favour? Opposed? Carried.

Schedule 19: Sections 1 through 11 have no amendments. All in favour? Opposed? Carried.

Shall schedule 19 carry? All in favour? Carried.

Schedule 20: Sections 1 through 14 have no amendments. All in favour? Those opposed? Carried.

Shall schedule 20 carry? All in favour? Carried.

Schedule 21: Sections 1 through 2 have no amendments. All in favour? Opposed? Carried.

Shall schedule 21 carry? All in favour? Opposed? Carried.

Schedule 22: Sections 1 through 4 have no amendments. All in favour? Opposed? Carried.

Shall schedule 22 carry? All in favour? Opposed? Carried.

Now we are at PC motion number 1. It needs to be read into the record. Mr. Sterling.

**Mr. Norman W. Sterling:** This is an amendment dealing with and adding OMERS into the same category as the Ontario Teachers' Pension Plan and giving them both the right to manage other funds. That's the purpose of the section.

I move that the bill be amended by adding the following schedule:

"Schedule 22.1

"Ontario Municipal Employees Retirement System Act, 2006

"1. Section 29 of the Ontario Municipal Employees Retirement System Act, 2006 is repealed.

"2. Paragraph 3 of section 34 of the act is repealed and the following substituted:

"3. To exercise such other powers and perform such other duties as may be provided under sections 35.1 and 35.2.'

"3. The act is amended by adding the following sections:

"Authorized subsidiaries of the administration corporation

"35.1(1) The administration corporation may incorporate or cause to be incorporated and may make and maintain an investment in one or more corporations that, after the investment is made, are authorized subsidiaries of the administration corporation.

"Other subsidiaries

"(2) Subsection (1) does not limit the authority of the administration corporation under subsection 35(1) to otherwise establish and invest in subsidiaries.

"Authorized subsidiary

“(3) For the purposes of this section, a corporation is an authorized subsidiary of the administration corporation if,

“(a) the corporation carries on business with a view to profit;

“(b) the business of the corporation is limited to providing one or more eligible services to one or more persons and entities described in subsection (6); and

“(c) the administration corporation has beneficial ownership of shares of the corporation representing more than 50 per cent of the shareholders’ equity of the corporation.

“Authority re investment entity

“(4) An authorized subsidiary of the administration corporation may, for the purpose of providing eligible services, incorporate, establish, manage or operate one or more corporations, trusts, partnerships or other entities as investment entities.

“Eligible services

“(5) For the purposes of this section, each of the following is an eligible service if it is carried out in compliance with all applicable laws:

“1. Providing advice to an administrator of a pension plan regarding the administration of the pension plan or the investment policies for the pension fund maintained to provide benefits in respect of that pension plan.

“2. Providing advice to a client on investing in, holding, buying or selling securities or other assets.

“3. Buying, selling, holding and managing investments for a client, with or without discretionary authority granted by the client to manage the client’s investment portfolio.

“4. Activities and services ancillary to the services listed in paragraphs 1 to 3, including,

“i. activities relating to the distribution or sale to clients of securities issued by an investment entity referred to in subsection (4), and

“ii. entering into derivative contracts in which the return is based in whole or in part on the performance of all or part of the pension fund maintained to provide benefits in respect of any of the OMERS pension plans or of any of the pension fund’s investments.

**0930**

“5. Providing administrative services to an administrator of a pension plan.

“Clients

“(6) An authorized subsidiary may provide services described in subsection (5) only to one or more of the following and only under an agreement authorized under section 35.2:

“1. The administration corporation.

“2. The administrator of a pension plan other than the OMERS pension plans, whether the pension plan is in or outside Canada.

“3. The government of Canada or the government of a province or territory of Canada or,

“i. a crown corporation, crown agency or wholly-owned entity of the government of Canada or of the government of a province or territory of Canada, or

“ii. a corporation established by federal or provincial statute.

“4. A municipal corporation or a municipal or public body performing a function of government in Canada.

“5. A board, within the meaning of the Education Act, or a school board or similar authority that operates under comparable legislation in another province of Canada.

“6. A college of applied arts and technology established under the Ontario Colleges of Applied Arts and Technology Act, 2002, a university that receives regular and ongoing operating funding from Ontario for purposes of post-secondary education or an educational institution in another province in Canada that receives regular and ongoing operating funding from the province.

“7. An educational institution outside Canada.

“8. An endowment fund for a university, college or educational institution referred to in paragraph 6 or 7.

“9. A registered charity within the meaning of the Income Tax Act (Canada).

“10. A national, federal, state, provincial, territorial or municipal government of or in any jurisdiction outside Canada or any entity owned or controlled by that government.

“11. An investment entity referred to in subsection (4).

“12. A client or class of clients prescribed by the regulations or that satisfies conditions prescribed by the regulations.

“Investing in or through investment entity of authorized subsidiary

“(7) With the approval of the administration corporation, assets of a pension fund maintained to provide benefits in respect of any of the OMERS pension plans may be invested, directly or indirectly,

“(a) in an investment entity referred to in subsection (4); or

“(b) in an investment in which assets of an investment entity referred to in subsection (4) are also invested.

“Regulations

“(8) The Minister of Finance may make regulations,

“(a) prescribing clients or classes of clients for the purposes of paragraph 12 of subsection (6);

“(b) prescribing conditions that must be satisfied by a client or class of clients for the purposes of paragraph 12 of subsection (6).

“Authorization to provide eligible services

“Interpretation

“35.2(1) Expressions used in this section have the same meaning as in section 35.1.

“Agreements

“(2) If authorized by the sponsors corporation, the administration corporation may enter into agreements under which authorized subsidiaries of the administration corporation provide eligible services to clients.

“Transitional matters

“(3) The administration corporation itself may continue to provide eligible services to clients under agreements that were authorized by orders in council 808/80,

2211/95 and 368/2003, as those agreements read on the day this section comes into force and, for that purpose, the administration corporation has the powers of an authorized subsidiary under subsections 35.1(4), (5) and (7).

“Commencement

“4. This schedule comes into force on the day the Budget Measures Act, 2009 receives royal assent.”

**The Chair (Mr. Pat Hoy):** In the “agreements,” number 2, the second line, do you want to just clarify that that was “subsidiaries of the administration corporation”?

**Mr. Norman W. Sterling:** I agree. It was “subsidiaries.” I’m sorry; there’s a lot to read.

**The Chair (Mr. Pat Hoy):** I’m going to rule the motion out of order because it’s dealing with an item outside of the current act that we’re talking about today.

**Mr. Norman W. Sterling:** Could I ask for unanimous consent from the committee to include my amendment in this bill?

**The Chair (Mr. Pat Hoy):** Are we agreed? Agreed. Very good. Any comments on this motion? Mr. Bisson—

**Mr. Norman W. Sterling:** Well, perhaps I would just say that this amendment gives OMERS, this pension plan, which has demonstrated very, very good and prudent management over the last very troubled economic times, the same rights we have given to the teachers’ pension plan, to manage other pension plans on behalf of other groups of employees and employers. My belief is that by giving both of these very solid pension plan management teams the right to seek this kind of business, if you want to call it that, it would give a group of employees or employers together the right to choose two different kinds of managers. They could either pick the managers of the teachers’ pension plan or OMERS.

I’ve been a strong believer that there should be competition in the market. I believe that this is a good move forward. As well, because of the demonstration of their prudence in terms of managing their funds, I think it’s good for all people in our province that they and their employers who want to have this kind of management going forward have that opportunity.

**The Chair (Mr. Pat Hoy):** Thank you. I have Mr. Bisson and then Mr. Arthurs.

**Mr. Gilles Bisson:** Just for the record, I want to say that both ourselves, the New Democratic Party, and the Liberal caucus had basically the same amendment to put forward. I concur with the comments that were made by Mr. Sterling and I think there’s a lot to be learned by what the experience has been within OMERS, as far as being able to manage pension funds properly. We see this as a step forward in the ability of workers to get better pensions.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs?

**Mr. Wayne Arthurs:** I look forward to supporting the amendment as brought forward by the Conservative caucus, by the opposition caucus. As well, it has been noted that the same amendment was submitted by all the parties.

I think we should take the opportunity to congratulate OMERS, for their work in bringing this to all of our attentions, and the work with ministry and legislative counsel in the assistance in drafting something that each of us felt very comfortable in bringing forward in a fashion that reflects the will of the Legislature and certainly the will of all three parties.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Arnott?

**Mr. Ted Arnott:** I want to congratulate Mr. Sterling for bringing this motion forward and I want to express my appreciation to the other parties for agreeing to support it as well. I think it’s certainly in the public interest that the teachers’ pension plan and the OMERS plan, both of which have shown resiliency through the years and through the turmoil of the capital markets that we’ve been experiencing recently—and I think it’s fair to say they’re two of the best-managed pension plans in the world. Certainly OMERS should be given the same opportunity to manage other pension plans, so I’m supportive of this as well.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, shall schedule 22.1 carry? All in favour? Carried.

The next two motions in your package are out of order because they’re redundant because of the motion we just passed.

Schedule 23: Sections 1 through 16 have no amendments. All in favour? Opposed, if any? Carried.

Shall schedule 23 carry? All in favour? Opposed, if any? Carried.

Schedule 24, and we have an NDP motion on page 4, if you’d read it into the record.

**0940**

**Mr. Gilles Bisson:** I move that subsection 1(3) of schedule 24 to the bill be struck out and the following substituted:

“(3) Subsection 82(4) of the act is repealed and the following substituted:

“Loans and grants

“(4) If at any time the amount standing to the credit of the guarantee fund is insufficient for the purpose of paying claims, the Lieutenant Governor in Council shall authorize the Minister of Finance,

“(a) to make loans out of the consolidated revenue fund to the guarantee fund on such terms and conditions as the Lieutenant Governor in Council directs;

“(b) to make a grant to the guarantee fund out of money appropriated for that purpose by the Legislature; or

“(c) to make both loans under clause (a) and a grant under clause (b).”

The reason for that is fairly straightforward: We know that there are plenty of pension funds out there that have insufficient amounts of monies in order to guarantee the payment of pensions to workers. We’re seeing that across the province, where workers have worked for 30, 40 years in a particular place, and have themselves been paying monies out of their paycheques into these pension plans, along with the employers. For varying reasons, the



pension plans, because of decisions by the people who are managing them and others, have found themselves to be insufficient. So when they go before the pension guarantee fund, there's not enough money to offset their losses.

This would allow cabinet to decide to do one of two things: Either cabinet could make a short-term or a medium-term loan to the fund and/or the Legislature can decide to do some sort of a grant or a combination thereof, giving workers some way of being able to secure their pensions.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Mr. Arthurs.

**Mr. Wayne Arthurs:** Mr. Chairman, the government side won't be supporting the amendment. We think that the legislation as presented provides the right balance, with some flexibility for the Lieutenant Governor in Council to authorize a grant, if that be the case. The motion before us does read "shall authorize the minister." It obligates the government to do that, and we want to be clear in the legislation that the fund is to be a process funded through premiums and not by taxpayers. We think it has sufficient flexibility and the right balance as it is currently presented.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Mr. Arnott.

**Mr. Ted Arnott:** Thanks, Mr. Chairman. Just a question to Mr. Bisson and that is, in terms of the wording of the amendment, it would appear to me that the amendment, if passed, would certainly authorize the cabinet, by order in council, to make a grant to the guarantee fund, bypassing the Legislature. Is that correct?

**Mr. Gilles Bisson:** There are two provisions, with your permission, Chair. The first one is that under clause (a) it would allow the cabinet to make loans out of the CRF in order to secure the pension fund—the insurance fund, I should say. Or, if we wanted to give a grant, it would have to come before the Legislature, and the Legislature would have to make that decision.

**The Chair (Mr. Pat Hoy):** Mr. Sterling?

**Mr. Norman W. Sterling:** As I understand it, Mr. Bisson, your attempt here is to have the cabinet involved in the decision, rather than have the finance minister alone make the decision. Is that the thrust of your—

**Mr. Gilles Bisson:** Yes.

**Mr. Norman W. Sterling:** Okay. Therefore, I would support that, in terms of having a greater amount of prudence given to the process of the legislation as it now stands.

The legislation, as it now stands, says that the finance minister unilaterally, as an individual, has the right to write a cheque for as much as \$2 billion or \$3 billion. I believe that that should be a subject of a cabinet meeting, a cabinet minute and a cabinet decision. That's what Mr. Bisson is doing, and therefore I would support that.

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

**Mr. Gilles Bisson:** Just one last comment, just for the government: They're saying this would obligate, which is what the parliamentary assistant said, the cabinet to do

whatever. It doesn't obligate them. It gives them the ability to. The cabinet, whoever is the government at the time, would have to make a decision. If a pension plan is insufficient and they were happy to go before the guarantee fund and make an application to the guarantee fund, it would be up to the cabinet to decide if they do so, and if it was a grant, to come before the Legislature. So it's permissive; it's not obligatory.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll put the question—

**Interjection:** Recorded vote.

#### Ayes

Arnott, Bisson, Sterling.

#### Nays

Arthurs, Lalonde, Pendergast, Sousa.

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

Now we have a PC motion on page 5 in your packet. Mr. Sterling?

**Mr. Norman W. Sterling:** This amendment attempts to do the same with regard to any kind of bailout for the pension benefits guarantee fund. Our position is that we would much rather see a loan to the company—

**The Chair (Mr. Pat Hoy):** Can you read it into the record?

**Mr. Norman W. Sterling:** I'm sorry; I'm just a little anxious, that's all. Thanks, Mr. Chair.

I move that subsections 82(5) and (6) of the Pension Benefits Act, as set out in subsection 1(3) of schedule 24 to the bill, be struck out and the following substituted:

"Grant to guarantee fund

"(5) Subject to subsection (6), the Lieutenant Governor in Council may authorize the Minister of Finance to make a grant to the guarantee fund out of money appropriated for that purpose by the Legislature if the amount standing to the credit of the guarantee fund is insufficient for the purpose of paying claims.

"Approval of grant by assembly

"(6) The Lieutenant Governor in Council shall not authorize the Minister of Finance to make a grant under subsection (5) unless,

"(a) the Minister of Finance has laid before the assembly a report setting out details of the proposed grant, including the proposed amount, the timetable for making the grant, the reasons the guarantee fund has insufficient funds to pay claims and the reasons why the minister proposes that a grant be made instead of a loan to the guarantee fund; and

"(b) the proposed grant is approved by resolution of the assembly."

**The Chair (Mr. Pat Hoy):** Now you may comment.

**Mr. Norman W. Sterling:** Thank you, Mr. Chair. This actually takes it even, I guess, a step further than Mr. Bisson's motion. It's not only saying that the cabinet must make the decision—and it's not a unilateral

decision on the part of the Minister of Finance—but it's also saying that the Minister of Finance must come forward with documents and that the assembly gets a chance—I mean, we are in a democracy. We are talking about perhaps \$2 billion or \$3 billion of expenditure. Our proposal would say, "Fine and dandy, as long as you come forward and pass a resolution in the assembly." The government has a majority. Presumably, it could carry any resolution, but it also gives the opportunity for the matter to be aired and discussed by all members of the Legislature before this huge cheque is written. So that's the thrust of the amendment.

**The Chair (Mr. Pat Hoy):** Mr. Bisson.

**Mr. Gilles Bisson:** Just a question to the mover of the motion. I would support the motion, but it would only call for the ability to give a grant, not a loan. Am I correct in understanding that? As I read your amendment, it occurred to me that—

**Mr. Norman W. Sterling:** The minister now has—from my understanding of the legislation, he already has the right to make a loan, so it wasn't necessary to include that portion.

**Mr. Gilles Bisson:** Okay. I understand. I was wondering why you did it that way.

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

**Mr. Gilles Bisson:** I just want to say that New Democrats will be supporting this amendment. We see it as a step forward in dealing with a really serious problem that many workers in this province are facing. We all have them in our own constituencies; people have worked their entire lives and are finding out that once their pension plans have not been well-managed, they're in a position where they have to have reduced pensions as a result of, first of all, the Pension Benefits Act not providing the amount of insurance necessary. But even where that insurance is in place, often it means that the person will end up with far less money than they were entitled to in their pension. At least this would allow us somewhat to try to make those pensions whole, and I would support that. I see this as a step in the right direction.

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

**Mr. Wayne Arthurs:** The government side won't be supporting the amendment. We're certainly satisfied that the current provisions, as envisioned, provide the opportunity for the Lieutenant Governor in Council to authorize the minister to act and that at the appropriate times, through supply and appropriations, the matters would be before the Legislature. As I said before, we want to be clear through the legislative process as well that this is a fund that is financed by the premiums and not directly by the taxpayers.

0950

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Mr. Bisson.

**Mr. Gilles Bisson:** It's unfortunate that the government is taking this position, because here we have an opportunity to help workers at this point who are going through some of the toughest times we've seen in the

history of Ontario, when it comes to people's pensions. I find it sad that the Liberal government is not seeing fit to support such a motion as this or the one that I previously put forward that would give workers some respite when it comes to having some security over their pension income. I would ask the government to reconsider.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? I'll put the question.

**Mr. Gilles Bisson:** Recorded vote.

### Ayes

Arnott, Bisson, Sterling.

### Nays

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

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

Shall schedule 24, section 1, carry? All those in favour? Those opposed? The schedule is carried.

Schedule 24: Sections 2 and 3 have no amendments. All in favour? Opposed? Carried.

Shall schedule 24 carry? All in favour? Opposed? Carried.

Schedule 25: Sections 1 through 5 have no amendments. All in favour? Opposed? Carried.

Shall schedule 25 carry? All in favour? Opposed? Carried.

Schedule 26: Sections 1 through 19 have no amendments. Shall schedule 26, sections 1 through 19, carry? All in favour? Opposed? Carried.

Now we have a government motion on page 6 in your packet. Mr. Arthurs.

**Mr. Wayne Arthurs:** I move that paragraph 8 of subsection 143(1) of the Securities Act, as set out in subsection 20(8) of schedule 26 to the bill, be amended by adding at the end "other than the matters referred to in subsection 35.1(2)".

Mr. Chairman, if there are questions of a technical manner, certainly we'd ask the staff to respond accordingly with regards to this technical adjustment.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 26, section 20, as amended, carry? All in favour? Opposed? Carried.

Shall schedule 26, section 21, carry? All in favour? Opposed? Carried.

Shall schedule 26, as amended, carry? All in favour? Opposed? Carried.

Schedule 27: Sections 1 through 8 have no amendments. Shall they carry? Mr. Sterling.

**Mr. Norman W. Sterling:** I'd just like to register the same comments as I made prior with regard to interim allocation. The government is seeking, with this particular schedule, the right to spend \$104 billion of \$108 billion of proposed expenditures. It's too early in the year

for this to happen, and therefore, we oppose this interim allocation bill at this time.

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

**Mr. Norman W. Sterling:** I'd prefer a recorded vote.

**The Chair (Mr. Pat Hoy):** A recorded vote on the schedule or each section?

**Mr. Norman W. Sterling:** On all of it.

**The Chair (Mr. Pat Hoy):** So shall schedule 27, sections 1 through 8, inclusive, carry?

#### Ayes

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

#### Nays

Arnott, Bisson, Sterling.

**The Chair (Mr. Pat Hoy):** The section is carried.

Shall schedule 27 carry? All in favour? Opposed? Carried.

**Mr. Norman W. Sterling:** Can we have that as a recorded vote?

**The Chair (Mr. Pat Hoy):** Yes. Same vote.

Schedule 28: Sections 1 through 18 have no amendments. All in favour? Opposed? Carried.

Shall schedule 28 carry? All in favour? Opposed? Carried.

Schedule 29: Sections 1 through 5 have no amendments. All in favour? Opposed? Carried.

Shall schedule 29 carry? All in favour? Opposed? Carried.

Schedule 30: Sections 1 through 4 have no amendments. All in favour? Opposed? Carried.

Now we're on the government motion in your packet, number 7. Mr. Arthurs.

**Mr. Wayne Arthurs:** I move that clause 29.1(3)(a) of the Tobacco Tax Act, as set out in section 5 of schedule 30 to the bill, be struck out and the following substituted:

“(a) to a fine of not less than \$1,000 and not more than \$50,000 and an additional fine of not less than three times the amount of tax that would be payable under section 2 had the cigars or other tobacco been sold to a consumer liable to pay tax under this act; and”

**The Chair (Mr. Pat Hoy):** Comments? Mr. Arthurs.

**Mr. Wayne Arthurs:** Again, this was inadvertently left out in existing legislation when this was drafted, and it really is just ensuring that we have the penalty clauses in place.

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

**Mr. Norman W. Sterling:** I'm not opposed to it. Where did the numbers come from? Is it in keeping with some other legislation?

**Mr. Wayne Arthurs:** It currently exists in legislation, and when this was drafted, this paragraph that refers to the fines was inadvertently left out.

**Mr. Norman W. Sterling:** That's fine.

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

Shall schedule 30, section 5, as amended, carry? All in favour? Opposed? Carried.

Schedule 30: Sections 6 through 9 have no amendments. All in favour? Opposed? Carried.

Shall schedule 30, as amended, carry? All in favour? Opposed? Carried.

Schedule 31: Sections 1 to 3, inclusive, have no amendments. All in favour? Opposed? Carried.

Shall schedule 31 carry? All in favour? Opposed? Carried.

Now we'll go back to section 1. Shall sections 1, 2 and 3 of the bill carry? All in favour? Opposed? Carried.

Shall the title of the bill carry? All in favour? Opposed? Carried.

Shall Bill 162, as amended, carry? All in favour? Opposed? Carried.

Shall I report the bill, as amended, to the House. All in favour? Opposed?

**Mr. Norman W. Sterling:** Recorded vote.

#### Ayes

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

#### Nays

Bisson, Sterling.

**The Chair (Mr. Pat Hoy):** Carried.

We are adjourned.

*The committee adjourned at 1000.*

## CONTENTS

Thursday 14 May 2009

<b>Budget Measures Act, 2009</b> , Bill 162, <i>Mr. Duncan / Loi de 2009 sur les mesures budgétaires</i> , projet de loi 162, <i>M. Duncan</i> .....	F-865
Mr. James Sinclair, director, Ministry of Finance, Ministry of Revenue legal services branch	
Ms. Laura Hopkins, counsel, Ministry of Finance, Ministry of Revenue legal services branch	

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