



---

ISSN 1180-4386

**Legislative Assembly  
of Ontario**

First Session, 39<sup>th</sup> Parliament

**Assemblée législative  
de l'Ontario**

Première session, 39<sup>e</sup> législature

**Official Report  
of Debates  
(Hansard)**

**Thursday 1 May 2008**

**Journal  
des débats  
(Hansard)**

**Jeudi 1<sup>er</sup> mai 2008**

**Standing Committee on  
Finance and Economic Affairs**

Subcommittee report

Investing in Ontario Act, 2008

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

Rapport du sous-comité

Loi de 2008 permettant  
d'investir dans l'Ontario

Chair: Pat Hoy  
Clerk: William Short

Président : Pat Hoy  
Greffier : William Short

---

### **Hansard on the Internet**

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

### **Index inquiries**

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

### **Le Journal des débats sur Internet**

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

### **Renseignements sur l'index**

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

---

Hansard Reporting and Interpretation Services  
Room 500, West Wing, Legislative Building  
111 Wellesley Street West, Queen's Park  
Toronto ON M7A 1A2  
Telephone 416-325-7400; fax 416-325-7430  
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation  
Salle 500, aile ouest, Édifice du Parlement  
111, rue Wellesley ouest, Queen's Park  
Toronto ON M7A 1A2  
Téléphone, 416-325-7400; télécopieur, 416-325-7430  
Publié par l'Assemblée législative de l'Ontario

## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRS

Thursday 1 May 2008

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUESJeudi 1<sup>er</sup> mai 2008*The committee met at 0907 in room 151.*

## SUBCOMMITTEE REPORT

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. The first order of business is to hear the subcommittee report. Mr. Arthurs.

**Mr. Wayne Arthurs:** Mr. Chairman, your subcommittee met on Tuesday, April 29, 2008, to consider the method of proceeding on Bill 35, An Act to authorize the Minister of Finance to make payments to eligible recipients out of money appropriated by the Legislature and to amend the Fiscal Transparency and Accountability Act, 2004, the Ministry of the Treasury and Economics Act and the Treasury Board Act, 1991, and recommends the following:

(1) That the committee meet for the purpose of clause-by-clause consideration of Bill 35 on Thursday, May 1, 2008, at 9 a.m. in Toronto.

(2) That for administrative purposes, proposed amendments be filed with the clerk of the committee by 1 p.m. on Wednesday, April 30, 2008.

**The Chair (Mr. Pat Hoy):** All in favour?

**Mr. Tim Hudak:** Debate?

**The Chair (Mr. Pat Hoy):** Do you have a comment?

**Mr. Tim Hudak:** Yes. The subcommittee met, and I know my colleague Toby Barrett brought this up as well, and maybe we can have a chance to talk about it a bit. The Auditor General has written a very strong letter making his objections known—and I know my colleague Mr. Arnott shares these concerns—to Bill 35. All members of the committee have been provided with a copy of the letter, I imagine; right? It's very serious when the Auditor General takes the time to comment on legislation. My colleague from the third party would know more than I that it's extremely rare for the Auditor General to wade into a debate on legislation. So, Chair, maybe through you to the parliamentary assistant, I wonder if there's a capability for this committee to hear directly from the Auditor General, as he volunteers to do in his letter.

**Mr. Wayne Arthurs:** I'm quite satisfied with the subcommittee report and to proceed accordingly. We have the letter; we've had the opportunity to review it, as have all members. I'm quite happy to proceed as per the subcommittee's report to the full committee.

**Mr. Ted Arnott:** Mr. Chair, my colleague is absolutely correct. I don't recall, in my years of service on this committee, the Auditor General making an explicit submission to a committee on a bill that's before the committee, expressing serious concerns and offering to come and talk to us about it. I think if we deny him that opportunity in his status as an independent officer of this Legislature, we're doing a disservice to the people of Ontario. I would hope that the government will reconsider, because I think it's most important that we have the expert opinion of the Auditor General. He is, again, an independent officer of this Legislature. He's non-political. Surely, we would be willing to listen to his advice with respect to this particular bill.

**Mr. Michael Prue:** We are here at committee as a result of a vote that took place in the House. Did the vote in the House preclude us having an opportunity to hear witnesses?

**The Chair (Mr. Pat Hoy):** It's the time allocation motion you're speaking to?

**Mr. Michael Prue:** Yes.

**The Chair (Mr. Pat Hoy):** I do recall that during the subcommittee meeting we talked about the fact that the order from the House said "clause-by-clause." However, the committee could discuss the letter, of course, and/or have the auditor here if they wished. But the conversation, as I recall, was that we would work on clause-by-clause. That doesn't preclude that the letter couldn't be discussed today, of course.

**Mr. Michael Prue:** If I could, my understanding of what took place in the committee was a discussion by Mr. Arthurs that we were here for the clause-by-clause alone, and that would make it difficult to hear witnesses. If what is being said now is that we can call a witness, even though I agreed with the subcommittee report, I would certainly entertain—or perhaps I'll move a motion. I move that we allow one witness, that being the Auditor General, so that we can question him in more detail on the contents of his letter.

**The Chair (Mr. Pat Hoy):** So, Mr. Prue, you're asking to amend the subcommittee report to include—

**Mr. Michael Prue:** To hear one witness, either this morning or this afternoon, that witness being the Auditor General.

**Mr. Wayne Arthurs:** I've already indicated the position I have, and that is that the subcommittee dealt with this. All three parties were present; the discussion

occurred. The subcommittee has made a recommendation. I'll be supporting the subcommittee report as it stands.

I know when we have discussion we're not sure who said what, but just for clarification, I didn't comment in respect to either clause-by-clause or hearing of witnesses. I know the matter was raised. It wasn't raised by me, nor did I speak to it at the subcommittee. So it wasn't the government side that was commenting on the nature of how we proceed, nor as to whether or not there should be witnesses heard.

**Mr. Tim Hudak:** I support the motion on the floor by my colleague Mr. Prue. It's the right thing to do. I'm not trying to belabour the legislation. I expect that our consideration of clause-by-clause will be relatively brief; there's a limited number of amendments. But I do want to point out that this bill, if passed by the assembly, gives extraordinary abilities for cabinet to pass regulations retroactively. They will have until some time in late August or September to administer the funds, as the bill would give them the power to do so.

There's not really a rush to get this bill done, since you still have five or six months before its powers for this particular fiscal year would cease, because of the nature of the bill. My point being, why don't we have a chance to listen to the Auditor General and see what his input is? I think his time here would probably be brief. He makes particular reference to a couple of clauses in the bill that he wants to see deleted. Then I would say, on behalf of my colleagues here, that I'm confident we can move forward with some speed on the rest of the bill. But I do think we should hear from the Auditor General first.

**Mr. Tim Hudak:** I guess for the sake of Hansard—and I don't know if Mr. Prue or Mr. Arnott or I have persuaded our colleagues opposite to stand down clause-by-clause until we hear from the Auditor General. I'm not going to prejudge the vote, I guess, but I'm not optimistic. Is the Auditor General's letter now part of the Hansard record, or how could we proceed on that so people know what we're talking about?

**The Chair (Mr. Pat Hoy):** Every member of the committee has received a copy of the auditor's letter, and it will be exhibited with the minutes of the hearings.

**Mr. Tim Hudak:** What I may do—I'm not going to read in the whole letter; that will take some time. There are just sections that I think should be part of the Hansard record as well that I think support why Mr. Prue and I have spoken in favour of the Auditor General appearing. He says in his letter:

"Our concern"—meaning the Auditor General's office—"with these two sections of Bill 35 is that they could be interpreted as setting accounting standards through legislation, as opposed to following generally accepted PSAB standards to determine how transactions are to be accounted for. This raises the obvious 'what if' question of how a transaction made under the Investing in Ontario Act, 2008, would be accounted for if, under PSAB standards, it did not qualify as an expense for the

fiscal year but, as it was made under the act, it would be required to be expensed pursuant to legislation.

"The Auditor General Act requires that I express an opinion as to whether the financial statements are presented fairly, 'in accordance with appropriate generally accepted accounting principles.' I interpret this to require that I assess whether the financial statements are prepared in accordance with the accounting principles promulgated by the CICA and, more specifically, PSAB.

"In conclusion, I believe section 4 and subsection 5(2) of Bill 35 should be deleted to avoid the potential for conflicting requirements in how a transaction is to be accounted for in the province's financial statements.

"I would be pleased to appear before the committee to discuss this and to answer any questions if the committee members feel this would be helpful in their review of Bill 35."

It's signed, "Sincerely, Jim McCarter, Auditor General."

That's a section of the letter. For brevity, I'll just read that part into the Hansard record. In the tone, probably, for an Auditor General, who is a non-partisan officer of the Legislature appointed by all three parties—I think it's very serious when he makes this mention. He has obviously made an effort to review the legislation, and I do believe it would be a very wise idea and very suitable that we hear from the Auditor General specifically why he believes section 4 and subsection 5(2) should be deleted.

**The Chair (Mr. Pat Hoy):** Very good. We'll accept that in support of Mr. Prue's motion. Any other comment?

**Mr. Michael Prue:** Recorded vote, please.

**Mr. Wayne Arthurs:** Is this an amendment to the subcommittee report?

**The Chair (Mr. Pat Hoy):** Yes, this is an amendment to the subcommittee report. Any other comment? Mr. Prue has asked for a recorded vote, by the way.

#### Ayes

Hudak, Prue.

#### Nays

Arthurs, Lalonde, Levac, Pendergast, Sousa.

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

Now on to the actual subcommittee report: comment?

**Mr. Tim Hudak:** It's with regret that I cannot support the subcommittee report. I know that the parties had come together to discuss it. I thought Mr. Prue had a very reasonable amendment to the subcommittee report, to hear first from the Auditor General, which I don't think would take a tremendous amount of time. So it's with that regret that I won't support moving forward in this committee without first hearing from the Auditor General.

**Mr. Michael Prue:** Yes, and I said this already: I did support the subcommittee, but it was my understanding

that we were precluded. When I heard today that we were not precluded from hearing the Auditor General, then it seemed to me it was the only prudent and wise thing to do. Having been on the subcommittee, I find myself in the dubious position of having to repudiate what I agreed to, but I did so, and I want it clear on the record, because my understanding was that we could not call him. When the Chair clarified today that we could, it seems to me that the subcommittee did not make the right decision, myself included.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll call the question on the subcommittee report.

**Mr. Tim Hudak:** Recorded vote.

#### Ayes

Arthurs, Lalonde, Levac, Pendergast, Sousa.

#### Nays

Hudak, Prue.

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

**Mr. Tim Hudak:** I have a question on debate before we proceed with clause-by-clause, through you to the clerk. If the committee then follows the subcommittee report, as it sounds like we're going to, and we get through clause-by-clause today, is there an opportunity then to still examine clause-by-clause if the Auditor General can make it at a subsequent meeting, or is this our last chance?

**The Chair (Mr. Pat Hoy):** The House has this time-allocated. I'll read it here:

"That the committee shall be authorized to consider the bill at its next regular meeting following the referral of the bill. The committee shall report the bill to the House not later than the first sessional day that reports from committees may be received following the completion of clause-by-clause consideration and not later than May 5, 2008. In the event that the committee fails to report the bill on that day, the bill shall be deemed to be passed by the committee and shall be deemed to be reported to and received by the House...."

**Mr. Tim Hudak:** So basically it means that on Monday the committee will report back to the Legislature because we're in clause-by-clause today?

**The Chair (Mr. Pat Hoy):** Not later than Monday.

**Mr. Tim Hudak:** It could even be this afternoon.

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

**Mr. Tim Hudak:** Thank you for clarifying that.

By following this process on the heels of a time allocation motion which ended debate in the House, also known as a guillotine motion, we have now precluded any opportunity for the Auditor General to appear before this committee to discuss clause-by-clause before the bill is referred to the Legislature?

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

**Mr. Tim Hudak:** I just want to express my strong regret—I think it was a very appropriate request and a

very serious request by the Auditor General—that he was not given the opportunity to comment on this legislation to the finance committee.

**The Chair (Mr. Pat Hoy):** The auditor's letter is a matter of record, of course, and could be discussed under any motion where it might be appropriate.

0920

## INVESTING IN ONTARIO ACT, 2008

### LOI DE 2008 PERMETTANT D'INVESTIR DANS L'ONTARIO

Consideration of Bill 35, An Act to authorize the Minister of Finance to make payments to eligible recipients out of money appropriated by the Legislature and to amend the Fiscal Transparency and Accountability Act, 2004, the Ministry of Treasury and Economics Act and the Treasury Board Act, 1991 / Projet de loi 35, Loi autorisant le ministre des Finances à faire des versements aux bénéficiaires admissibles sur les crédits affectés par la Législature et modifiant la Loi de 2004 sur la transparence et la responsabilité financières, la Loi sur le ministère du Trésor et de l'Économie et la Loi de 1991 sur le Conseil du Trésor.

**The Chair (Mr. Pat Hoy):** So with that said, we'll move to our first motion of the day in your binders. The first one is an NDP motion.

**Mr. Michael Prue:** I move that the definition of "eligible recipient" in subsection 1(2) of the bill be struck out and the following substituted:

"'eligible recipient' means a municipality."

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

**Mr. Michael Prue:** I still remember quite vividly the day when the finance minister held a news conference just down the hall and brought in a mayor, Hazel McCallion; the finance chair of the city of Toronto, Councillor Carroll; and Doug Reycraft from the Association of Municipalities of Ontario. I remember distinctly how he described this as a wonderful municipal project. This was how it was going to help municipalities. The three members who were there gushed all over, saying this was a great thing for their respective municipality, for municipalities of Ontario, for the financial woes of the city of Toronto. Hazel McCallion even commented that the 5% infrastructure extra tax that she was thinking of putting on could be reduced by 1% or 2% or 3% and that this was the vehicle to do it.

You can imagine my surprise in the House when the bill was introduced, and the first thing that caught my eye was that this was not a bill for municipalities at all. It would allow the government to deem literally any organization—save and except, I understand, hospitals and school boards—to be the recipient of the year-end windfall.

What we are trying to do by way of this motion is to ensure that the original statements made by the finance minister ring true. It is a very flawed bill, but if it is in fact for municipalities, then it should clearly state so. We are not interested in such a bill that would legalize a slush

fund, and that is in fact what will happen if it is open-ended. It can mean the government can give it to any group they want, including cricket clubs, including any agency that is not-for-profit that has the ear of the Liberal government or a subsequent government. Quite frankly, it is horrendous accounting practice.

We are simply asking that if the government says this is a municipal matter, if it is intended that municipalities get the money at the end of the year, then state so in the legislation. Don't hide behind saying that you're able to pick anybody any year you want, because nobody is going to buy this pig in a poke.

**Mr. Wayne Arthurs:** If I can just draw the committee's attention—they may not have it in front of them, but the budget document itself really speaks specifically to what the government will be doing, and page 111 makes very specific reference to the amounts. As an example: “greater than \$800 million but less than \$2.6 billion, then \$600 million would be used to reduce the province's accumulated financial deficit and the remaining amount would be provided to municipalities.” Those words are repeated as they relate to various amounts, so it's quite clear in the budget document, let alone the press conferences and the debate that went on, where these dollars will be going. That's not to say that at some future date, a government—this government or another government—may want to have the capacity to consider other entities than municipalities that might be eligible, and municipalities might be eligible. Universities could be an example of those. It could be social service entities that as well might benefit from a situation where the government of the day finds itself in a surplus position that (1) pays down deficit, and (2) has an opportunity to share financial good fortune of the year. So the intent is to allow some level of permissiveness on a go-forward basis, but clearly in the budget, municipalities are the benefactors.

**Mr. Michael Prue:** I understand what the budget is. The budget is a one-year document, and in the first year it will go to municipalities. That's all you're saying and that's all the budget states, and next year it can go to anybody you want if we pass this bill. What the motion says is, if it's intended for municipalities, which are in huge need, every one of the 480 of them in Ontario, for infrastructure, for highways, for bridges, for roads, for sewers—literally every one of them is having to increase the taxation levels this year well above inflation, including every single municipality in the GTA—let's make it for municipalities. That's what the motion says. If the government wants to leave it this open-ended, I think the municipalities are the first that are going to be disappointed.

**Mr. Tim Hudak:** I'm supporting Mr. Prue's amendment. He's absolutely right. We have objected to Bill 35. Let me be clear: We don't believe in these end-of-year slush funds. We think that municipal infrastructure investment should be planned ahead of time and the municipalities would know how to apply to the program or know how much is coming, like the federal gas tax program, by way of example, or the resolution standing

in the name of my colleague from Renfrew–Nipissing–Pembroke, Mr. Yakabuski, whose private member's bill is today.

Nonetheless, if the government is proceeding with Bill 35, and it sounds like they are, Mr. Prue is absolutely correct: They should put their money where their mouths are, so to speak, and say in the bill if the money is going to municipalities. In fact, the Progressive Conservative caucus has put forward an identical amendment to Mr. Prue's.

Maybe I'll ask the parliamentary assistant: Will the government end-of-year funds that become available in fiscal 2007-08 go to municipalities?

**Mr. Wayne Arthurs:** For 2007-08, the budget speaks very specifically to the matter of municipalities.

**Mr. Tim Hudak:** I'll ask that to my colleague. Thank you for the answer. Will the government flow any end-of-year funds to municipalities for fiscal 2008-09?

**Mr. Wayne Arthurs:** I can't speak to 2008-09. I have no idea what the fiscal capacity of the province will be at that point in time.

**Mr. Tim Hudak:** Let's say the fiscal capacity does exist, and it gives you the ability to set whatever threshold you want for the surplus to be disbursed. Will the government flow any surplus funds to municipalities in 2008-09?

**Mr. Wayne Arthurs:** I can't speak specifically to what the Minister of Finance may want to do in a future budget year. The municipalities are the recipients in 2007-08. There's no indication that that's going to change. Having said that, the legislation does speak to “eligible recipient.” In this budget year, it speaks very specifically to municipalities.

**Mr. Tim Hudak:** My colleague Mr. Prue described it accurately as a pig in a poke. I enjoy working with my colleague, I trust what he says and I'm confident that the government would flow the funds to municipalities as it says in the budget for 2007-08, but what we've heard from the parliamentary assistant is that all bets are off for subsequent fiscal years. When PC researchers looked through Hansard, we couldn't find a single Liberal member who suggested that funding would go to anything but municipalities; in fact, some of them made it look like—and as my colleague Mr. Prue said, the finance minister certainly did—it would be for municipalities exclusively. That's on a going-forward basis.

So I support strongly Mr. Prue's motion. We have the same one. We think the government should put its money where its mouth is and say to the municipalities that it's coming to them, instead of this pig in a poke in 2008 and beyond.

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

**Mr. Michael Prue:** A recorded vote, please.

#### Ayes

Barrett, Hudak, Prue.

#### Nays

Arthurs, Lalonde, Levac, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.  
PC motion on page 2.

**Mr. Tim Hudak:** I get a second shot at it, Chair?

**The Chair (Mr. Pat Hoy):** Actually, you'll have to wait and see.

**Mr. Tim Hudak:** I'll cross my fingers.

I move that the definition of "eligible recipient" in subsection 1(2) of the bill be struck out and the following substituted:

"'Eligible recipient' means a municipality."

**The Chair (Mr. Pat Hoy):** I will now rule that the motion is out of order.

**Mr. Tim Hudak:** And it's out of order, Chair, because—

**The Chair (Mr. Pat Hoy):** Because of the previous duplicate motion.

**Mr. Tim Hudak:** It's no comment on the quality of our work. I just wanted to make sure that it was because it was the same as the previous motion.

**The Chair (Mr. Pat Hoy):** Now we'll go to page 3 in your binders, an NDP motion.

**Mr. Michael Prue:** I move that subsection 2(1)—

**The Chair (Mr. Pat Hoy):** I'm getting ahead of myself here.

Shall section 1 carry?

**Mr. Tim Hudak:** Debate?

**The Chair (Mr. Pat Hoy):** Yes, Mr. Hudak.

0930

**Mr. Tim Hudak:** Not to belabour the point, but I want to make it clear that the government is asking us to trust them to spend money in future fiscal years on a huge realm of possibilities. We saw what previous Citizenship Minister Colle did with the cricket clubs and such, and we're not willing to trust the government in future fiscal years to send it to Liberal-friendly groups. So I will oppose section 1 of the legislation.

**Mr. Michael Prue:** I too will oppose section 1 of the legislation because the Liberal members of the committee will not allow the Auditor General to appear before us. I am afraid that with different accounting standards and with being unable to track it—I hardly see how this could possibly be described as a Fiscal Transparency and Accountability Act amendment. There is nothing clear, there is nothing fiscally accountable, and it seems to me that the whole thing is a charade.

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

**Mr. Tim Hudak:** Recorded vote.

**The Chair (Mr. Pat Hoy):** Shall section 1 carry?

#### Ayes

Arthurs, Lalonde, Levac, Pendergast, Sousa.

#### Nays

Barrett, Hudak, Prue.

**The Chair (Mr. Pat Hoy):** The section carries.  
Now we are on page 3, NDP motion.

**Mr. Michael Prue:** I move that subsection 2(1) of the bill be struck out and the following substituted:

"Authorized payments

"2(1) The Minister of Finance may, out of money appropriated therefor by the Legislature and in accordance with this act and the regulations, make payments in respect of a fiscal year beginning on or after April 1, 2007, to eligible recipients for the purposes of improving, developing, expanding, maintaining and upgrading infrastructure on such terms and conditions as the minister considers advisable."

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

**Mr. Michael Prue:** We had intended to change "eligible recipient," but notwithstanding that, we still would like to move this motion forward, even if the eligible recipient is a cricket club, because what it does is, they are required to improve, develop, expand, maintain or upgrade infrastructure. It can't be given for any other loosey-goosey purpose.

**Mr. Wayne Arthurs:** There may very well be a time at some future date when a government may see university program funding as an appropriate recipient of some year-end surplus. By constraining it to upgrading infrastructure, it would limit other opportunities at some future date.

**Mr. Michael Prue:** Is the parliamentary assistant stating that a university or other such organization would have something else they would do with the money other than improving, developing, expanding, maintaining or upgrading the university's infrastructure—the buildings, and others? Is that not what this money is intended to do?

**Mr. Wayne Arthurs:** It may be, whether it's a subsequent government or in subsequent years, that program funding for universities may be an area one would want to invest some surplus monies in, and it wouldn't necessarily be in building infrastructure.

**Mr. Tim Hudak:** Just to make sure I'm clear: Program funding may be an eligible recipient down the road in this government's—

**Mr. Wayne Arthurs:** Given the legislation, an eligible recipient, with a university as an example: At some future time, program funding could be part of that. It's not constrained to infrastructure in the form of funding, as the legislation exists.

**Mr. Tim Hudak:** Again, we're seeing what the finance minister initially said during his press conference with Mayor Hazel McCallion and others move farther and farther away from the reality of the bill. He had said it would be for municipalities, and he said it would be for infrastructure. We find out clearly today at committee—and I appreciate getting more direct responses from the parliamentary assistant than we get from the finance minister—that it could be anything, not just municipalities, in future years. Now we find out that it may be program spending and not infrastructure.

I do think too, as my colleague Mr. Prue said, that it's a shame that the Auditor General was not invited, that his request to speak to the committee was refused. The notion of program funding retroactively is a bizarre one.

Say hypothetically that in August or September 2009, the province would fund program spending for universities for their previous fiscal year, because the books would be closed. The fiscal year would have concluded. The notion of sending money backwards in time is probably relatively unique in legislation in the province of Ontario.

Another reason why the PC caucus has concerns is, this is wide open. It's now not only infrastructure spending but program spending retroactively, and that's no way to run the books of the province. I support Mr. Prue's motion. I think it's a wise motion. As I said, we oppose Bill 35, but if the government's going through with it, then we do want to keep the government to its word or at least the finance minister's word, and Mr. Prue's motion is a good way of doing so.

**Mr. Wayne Arthurs:** There's certainly nothing in my comments or in the legislation that speaks to funding initiatives retroactively. It uses surplus dollars within the fiscal year, although those dollars may not be expended by the recipient until the subsequent fiscal year. It's not retroactively paying for activity.

**Mr. Tim Hudak:** Just maybe, parliamentary assistant, please clarify for me, because the way I understand this in a practical basis is that the public accounts will come out and the government will learn in 2009 if it has a surplus for closing the books for the 2008-09 fiscal year. So you're in August 2009, and then you're flowing funding—in this example—for university programming, but it's for university programming in the fiscal year 2008-09, which would've ended March 31. You're sending money to universities in August for things that have happened back in March.

**Mr. Wayne Arthurs:** Surplus dollars in the 2007-08 budget year, as per this process we're into now, will flow to municipalities following the end of our fiscal 2007-08 year. Those dollars will be expended in what would be our fiscal 2008-09 year, but they wouldn't be funding retroactive activity. There would be nothing different if, at some future date, dollars were directed to program funding at a university, as an example, in which a given fiscal year's surplus would be flowed for the purposes of the subsequent fiscal year's program spending. It wouldn't be a retroactive expenditure.

**Mr. Tim Hudak:** Again, I think this speaks to the hocus-pocus of this legislation and why the Auditor General has expressed very strong concerns about the violation of accounting principles in the legislation. Effectively, what you'd be doing is taking funds from the previous fiscal year, putting them into a transfer partner's future fiscal year, and doing that in August, four months into the fiscal year. It just doesn't make sense. As I said, the Auditor General and the official opposition have very strong concerns about the violation of accounting principles. A colleague described it as a pig in a poke, or what people watching at home would just think as hocus-pocus accounting.

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

**Mr. Tim Hudak:** Recorded.

**The Chair (Mr. Pat Hoy):** A recorded vote's requested.

**Ayes**

Hudak, Prue.

**Nays**

Arthurs, Lalonde, Levac, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost. Now to page 4, a PC motion.

**Mr. Tim Hudak:** I move that subsection 2(1) of the bill be amended by striking out "make payments in respect of a fiscal year beginning on or after April 1, 2007" and substituting "make payments in respect of a fiscal year beginning on or after April 1, 2007, and ending before April 1, 2009."

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

**Mr. Tim Hudak:** As we've heard clearly from the parliamentary assistant and from other government members during debate, this bill in its current form has no sunset date. It could go on forever. The issue of great concern that we have discovered as fact today is that the government really has no plan as to where they're going to send these funds in future fiscal years. Judging on what we saw in the run-up to the previous election with the Liberal slush fund, I think taxpayers have great concern in giving the government power to administer a new slush fund in future years.

Effectively, what this does is, it means that the ability for the government to operate this kind of slush fund would end after this fiscal year. They would flow the funds to municipalities, as they've outlined in the budget, hopefully, and then that power would be taken away. If they want to do another year, another tranche, then we'd expect them to bring another proposal before the Legislature.

**0940**

**The Chair (Mr. Pat Hoy):** I remind the member that his language usage on what the fund might be in your mind is precarious. Nonetheless, further comment?

**Mr. Tim Hudak:** Recorded vote.

**Ayes**

Hudak, Prue.

**Nays**

Arthurs, Lalonde, Levac, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost. PC motion 5.

**Mr. Tim Hudak:** I'm just making sure I'm catching up with the right one.

I move that section 2 of the bill be amended by adding the following subsection:

"(1.1) Payments made under this act shall be used by eligible recipients only for the purposes of municipal infrastructure."



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

**Mr. Tim Hudak:** It's a no-brainer. The finance minister and pretty well every member of the Liberal caucus who spoke to the bill said that the intent of Bill 35 was to flow funds to municipal infrastructure out of a provincial surplus. Therefore, this amendment makes good on the finance minister's promise.

**Mr. Wayne Arthurs:** You probably won't find my comments a surprise. The government sees this as really sound public policy. It provides, certainly, in the current fiscal year, for municipal recipients. It would anticipate that eligible recipients could very well be municipalities. They may be universities or other entities. But sound public policy-making allows government the flexibility to address situations as they arise, and this accommodates that, so we're not in support of the amendment.

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

**Mr. Tim Hudak:** Recorded vote.

#### Ayes

Hudak, Prue.

#### Nays

Arthurs, Lalonde, Levac, Pendergast, Sousa.

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

NDP motion, page 6.

**Mr. Michael Prue:** I move that subsection 2(2) of the bill be struck out and the following substituted:

“Maximum amount

“(2) The maximum amount that may be appropriated and paid to eligible recipients under this act in respect of a fiscal year shall not exceed the amount that but for the payments made under this act in respect of the fiscal year would be the surplus for the fiscal year as provided in the province's consolidated financial statements.”

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

**Mr. Michael Prue:** The reality here is that the B section here has been deleted. That refers to the surplus. We think that if the government is serious about wanting to spend this money, that the money should be spent as they have stated repeatedly they intend to do.

**Mr. Wayne Arthurs:** My understanding of the amendment would mean that all surpluses would flow to eligible recipients; there would be no dollars directed to the accumulated deficit. We feel it's a balanced approach that dollars are being directed to the accumulated deficit as a first priority, to a limit, and that after that the recipients—municipalities in the 2007-08 year, and beyond that the beneficiaries of any additional surplus—we feel there's a need to have that balance between fiscal prudence of paying down the accumulated deficit and at the same time supporting other initiatives.

**Mr. Tim Hudak:** Just to make sure I understand my colleague's motion: Basically any end-of-year surplus would have to be allocated to the eligible recipient, in total?

**Mr. Michael Prue:** That's correct.

**Mr. Tim Hudak:** I appreciate Mr. Prue's motion; I know he has put a lot of thought into it, and this is consistent with the position the NDP brought forward in the Legislature. I will say, the PC caucus position has been to oppose Bill 35. We view that if there is an end-of-year surplus, that should be used to reduce the debt of the province, to relieve the burden on future generations, and that would open up funds by savings on interest payments for future programs or tax reductions. I think Mr. Prue has brought forward some very strong and sensible amendments. On this one, though, he and I do not agree.

**The Chair (Mr. Pat Hoy):** Further comment? Hearing none, are we ready for the question? All in favour? Opposed? The motion is lost.

NDP motion number 7.

**Mr. Michael Prue:** I move that section 2 of the bill be amended by adding the following subsection:

“Expected surplus amount published

“(3) No later than the end of the third quarter of each fiscal year, the Minister of Finance shall publish the amount of the expected surplus for the fiscal year.”

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

**Mr. Michael Prue:** Yes. This amendment would ensure that by the end of the third quarter, all municipalities are made aware of the potential surplus. Municipalities would then be invited to apply for the funding, I suppose; or universities, cricket teams or anyone else could do the same.

The Auditor General, in his discussion of the slushgate fiasco of the last Parliament, wrote about the need for greater accountability and transparency when it comes to government grants. This would open the process. The government, then, in the third quarter, would say how much they anticipate, who the likely recipients are going to be, and would give a period of time for those recipients to make application. If you want to be transparent and open, this is the way to do it.

**Mr. Wayne Arthurs:** Governments already have a number of processes in place to report, on an ongoing basis, what they anticipate, by all best estimates and projections. There are the quarterly reports on the finances; there's the fall economic statement, out at mid-year, which is usually fairly extensively reported on; and there's the budget itself, as a gauge of what the fiscal position and the surplus will be.

Governments have to wait until such time as revenues are collected and flow through from the federal government, in many cases, to establish what their final year-end position is—and for the most part, governments are quite good at coming within a modest range of where they anticipate that position to be. There are occasions, and we've seen one or two on the positive side most recently, where the surpluses have been larger than the government has projected. But there are multiple opportunities for the government to put forward before the Legislature and to report on what they expect the fiscal surplus to be, starting with the budget itself, but certainly

beyond that on quarterly reporting and, in particular, in the fall economic statement.

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

**Mr. Michael Prue:** I want a recorded vote, please.

#### Ayes

Hudak, Prue.

#### Nays

Arthurs, Lalonde, Levac, Pendergast, Sousa.

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

Page 8, NDP motion.

**Mr. Michael Prue:** I move that the bill be amended by adding the following section:

“Application by eligible recipient

“2.1(1) An eligible recipient may apply in accordance”—

**The Chair (Mr. Pat Hoy):** Mr. Prue, I’ve erred again; I’m going to have to watch this. We’ll vote on the section first before we get to your motion.

The question is: Shall section 2 carry? All in favour? Opposed? Carried.

I apologize. Now you can go ahead. I would start over, Mr. Prue.

**Mr. Michael Prue:** I move that the bill be amended by adding the following section:

“Application by eligible recipient

“2.1(1) An eligible recipient may apply in accordance with the regulations for a payment under this act.

“Payment by minister

“(2) The Minister of Finance shall make payments under this act to eligible recipients based on their applications and the criteria prescribed by the regulations.”

If I can, in the last Parliament, members who were here will know that the Minister of Citizenship and Immigration was forced to admit on numerous occasions that the applicants who received money in some cases had not even made an application. There was no paper trail, no one could find out what the money was for, and we didn’t know how one application was gauged versus another in terms of who got the money. This merely requests that an eligible recipient has to apply for payment, and the minister will make the payment to eligible recipients based on their applications and the criteria which the minister sets out.

**0950**

What we are afraid of, because this is not contained within the act, is that the same process and procedure will be used at the end of the year: shovel it out to anybody and everybody without any accountability, without any applications, without any paper trail.

**Mr. Wayne Arthurs:** I just want to draw attention back to the budget document, in which it very specifically lays out the funding formula for municipalities to ensure that all Ontarians are the beneficiaries. An application-based process, certainly in this instance, runs the

risk of a tiny township spending multiple thousands of dollars in preparing an application that may not be eligible in some fashion. The budget is very, very clear on how the money will be distributed. It’s a formula that’s laid out there, that all Ontarians would benefit from any surplus that may be available.

**Mr. Tim Hudak:** Mr. Prue and I, and Mr. Arnott and Mr. Barrett, have all expressed the same concern. The government’s asking us to give them the unfettered right to flow funds to whoever they want in future fiscal years. I don’t think they’ve earned that trust from taxpayers. Mr. Prue has brought forward a motion to put certain checks and balances on the government’s ability to do so, and I’ll support his motion.

**Mr. Michael Prue:** When the parliamentary assistant speaks, he speaks about this fiscal year. As he has stated before, next year is a new ball game. We don’t know who’s going to get the money or what the criteria are going to be.

What this merely says is, if you’re going to give it to universities, cricket clubs or anyone else, they have to make an application. That application has to be weighed against other applications. So if the University of Toronto and the University of Guelph both apply, then I think the public has the right to know, when the winner walks away with the spoils and the money, on what basis that was made. I don’t think that is untoward at any time.

If you decide to give it out to private clubs, as has been done in the past, they have to see what the money is supposed to be used for and who got it, and there has to be a reasonable, rational way of determining whether it was done fairly and correctly. That’s all this motion does. It requires he who gets or that institution which gets the money to have an application that can be vetted and looked upon by the public to determine if their money was spent wisely.

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

**Mr. Tim Hudak:** Recorded vote.

**The Chair (Mr. Pat Hoy):** A recorded vote is requested.

#### Ayes

Prue, Hudak.

#### Nays

Arthurs, Lalonde, Levac, Pendergast, Sousa.

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

Shall section 2.1 carry?

*Interjection.*

**The Chair (Mr. Pat Hoy):** No? I see; it’s fine the way it was.

We’re on section 3, the NDP motion on page 9.

**Mr. Michael Prue:** I move that clause 3(1)(b) of the bill be struck out.

**The Chair (Mr. Pat Hoy):** The motion to strike out clause 3(1)(b) is a consequential amendment that depends

on the motion to amend section 2(1) passing, and that motion lost. So this should be withdrawn.

**Mr. Michael Prue:** Are you saying it's illegal or that it should be withdrawn?

**The Chair (Mr. Pat Hoy):** It's out of order.

**Mr. Michael Prue:** Okay.

**Mr. Dave Levac:** You can withdraw it. If you don't, he'll rule it out of order.

**Mr. Michael Prue:** I would prefer that you rule it out of order.

**The Chair (Mr. Pat Hoy):** The motion is out of order.

Page 10, PC motion.

**Mr. Tim Hudak:** This one is much better, Chair. I move that clause 3(1)(b) of the bill be struck out.

**The Chair (Mr. Pat Hoy):** The motion to strike out clause 3(1)(b) is a consequential amendment that depends on the motion to add the new section 2(1.1) passing, and it failed. I will rule this out of order as well.

Number 11, NDP motion.

**Mr. Michael Prue:** I move that clause 3(1)(e) of the bill be struck out.

**The Chair (Mr. Pat Hoy):** The motion to strike out clause 3(1)(e) is a consequential amendment that depends on the motion to amend subsection 2(2) passing. That motion lost, so this motion would be out of order.

Page 12.

**Mr. Michael Prue:** I move that subsection 3(1) of the bill be amended by adding the following clause:

“(f) respecting applications for the purposes of section 2.1.”

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

**Mr. Michael Prue:** Is this one in order?

**The Chair (Mr. Pat Hoy):** It, as well, is out of order.

**Mr. Michael Prue:** Maybe I shouldn't have asked the question. I assumed that since everyone else was out of order and since this flows from 2.1—

**The Chair (Mr. Pat Hoy):** Okay. Shall section 3 carry?

**Mr. Tim Hudak:** Recorded vote.

#### Ayes

Arthurs, Lalonde, Levac, Pendergast, Sousa.

#### Nays

Hudak, Prue.

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

Page 13, NDP motion.

**Mr. Michael Prue:** I move that section 4 of the bill be struck out.

**The Chair (Mr. Pat Hoy):** I would rule this motion out of order. You can vote against a section but you cannot strike out a section of a bill. So that one is out of order.

Number 14, PC motion.

**Mr. Tim Hudak:** Why does he always get to go first, Chair?

**Mr. Michael Prue:** We got ours in earlier.

**Mr. Tim Hudak:** You beat us to the punch? All right.

I move that section 4 of the bill be struck out.

**The Chair (Mr. Pat Hoy):** I rule the motion out of order, as it strikes out a section of the bill. One could vote against that section if they cared to.

**Mr. Tim Hudak:** We will.

**The Chair (Mr. Pat Hoy):** NDP motion on page 15.

**Mr. Michael Prue:** I move that section 14.1 of the Fiscal Transparency and Accountability Act, 2004, as set out in section 4 of the bill, be amended by striking out “for that fiscal year for the purposes of this act” and substituting “for the fiscal year or years in which the eligible recipient is reasonably expected to incur the expense.”

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

**Mr. Michael Prue:** This proposed amendment, we think, should be interpreted as legislating accounting standards that are in some ways different from the generally accepted Public Sector Accounting Board standards. The Auditor General believed that sections 4 and 5(2) of the bill should be deleted, which the Chair says could not be done, to avoid the potential for conflicting requirements on how a transaction is to be accounted for in the province's financial statements.

This is an attempt, since the previous motion was not successful, to substitute the fiscal year or years in which the eligible recipient is reasonably expected to incur their expense, to allow the Auditor General to do his job.

**Mr. Wayne Arthurs:** Just briefly, the legislation would allow for, approve, surpluses identified in a fiscal year to be used for the purposes of eligible municipalities in the current year. This would effectively undo what that intent is.

We need to comment on how we came to this. The proposed accounting treatment of the act is really the same as that followed by the government of Canada for investments of unanticipated year-end surpluses under Bill C-48. That bill received a clean audit opinion from the Auditor General of Canada. We followed the same accounting treatment. Federally, it has received a clean audit opinion from the federal Auditor General.

**Mr. Tim Hudak:** Correct me if I'm wrong, but Bill C-48 is a bit of a different creature than Bill 35. Bill C-48 had in the legislation specifically where funds would flow. It was time-limited to, I think, only one fiscal year, perhaps two at the most, but it was very time-limited. So I don't think that is a fair comparison. Also, it's a moot point, because Bill C-48 is dead. It's expired. It's a non-bill. It's an ex-bill. It was time-allocated, it's done, so I don't think that's a relevant comparison. Most importantly, if he's playing a trump card, he thinks, with the federal auditor, all the more reason to hear from the Ontario Auditor General to rebut that point.

**1000**

**Mr. Wayne Arthurs:** My comment wasn't that the legislation mirrors C-48; my comment was that the

accounting treatment is based on the C-48 legislation, and that dealt with a similar strategy of year-end surpluses being able to be used for a variety of purposes, but that it received a clean audit from the federal Auditor General. The accounting treatment is the same.

**Mr. Tim Hudak:** I just think that's a specious argument. I think a good referee on the debate between Mr. Arthurs and myself would be the Ontario Auditor General, and it's a shame that the Liberal members have voted down his request to appear before the committee.

**Mr. Michael Prue:** I should have said this earlier, but this amendment would get to the problem of ensuring that the transfer payments are accounted for in the fiscal years that the capital expense is incurred by the municipal or whomever, not when the funding goes out the door. This is in order, again, for the Auditor General to do his job correctly.

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

**Mr. Michael Prue:** Recorded vote.

#### Ayes

Hudak, Prue.

#### Nays

Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost. PC motion, page 16.

**Mr. Tim Hudak:** I move that section 14.1 of the Fiscal Transparency and Accountability Act, 2004, as set out in section 4 of the bill, be amended by striking out "for that fiscal year" and substituting "for the fiscal years beginning April 1, 2007 and ending March 31, 2009."

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

**Mr. Tim Hudak:** Again, we've been asked by the government to trust them for future fiscal years. They've stated in the budget what their intention is for this year. If they want to renew the Legislature's approval, they should bring forward a subsequent proposal in the next fiscal year, and we can debate the merits of that proposal at the time. This effectively sunsets Bill 35.

**The Chair (Mr. Pat Hoy):** Further comment? Hearing none—

**Mr. Tim Hudak:** Recorded vote.

#### Ayes

Hudak, Prue.

#### Nays

Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost. Shall section 4 carry?

**Mr. Tim Hudak:** No. Debate?

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

**Mr. Tim Hudak:** I think it's very important, as we consider section 4, to revisit the Auditor General's letter, because it's section 4 as well as subsection 5(2) that he has the greatest concern about. Again, in the interest of time, I won't read the entire letter into the record, but I do want to point out paragraph 2, in which the Auditor General, in his letter addressed to the Chair and shared with members of the committee, states:

"Section 4 of Bill 35 amends the FTAA"—which is the Fiscal Transparency and Accountability Act—"by specifying that government expenditures incurred under the Investing in Ontario Act, 2008, 'shall be considered to be an expense of the government of Ontario for that fiscal year.'" Subsection 5(2) of Bill 35 amends the MTEA—the Ministry of Treasury and Economics Act—"by further specifying that these amounts 'shall be recorded as an expense of the government of Ontario for that fiscal year in the summary financial statements as set out in the public accounts.'

"The province's summary financial statements state that they 'are prepared in accordance with the accounting principles for governments recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).' We support PSAB standards, as have successive Ontario governments, as demonstrated by the fact the province's statements have been prepared in accordance with them since 1993-94. We believe that adherence to standards established by the CICA, the accounting profession's independent standard-setting body, provide both governments and auditors respectively with an objective and appropriate basis for the preparation and audit of the financial statements and encourage comparability in financial reporting between jurisdictions."

I already read the fourth paragraph into the record. I do want to state again how the Auditor General, Mr. McCarter, concludes:

"In conclusion, I believe section 4 and subsection 5(2) of Bill 35 should be deleted to avoid the potential for conflicting requirements in how a transaction is to be accounted for in the province's financial statements."

I strongly recommend to my colleagues that we take the Auditor General's advice as an independent officer of the Legislature and vote down section 4 of the bill.

**Mr. Michael Prue:** I am in complete agreement with what my colleague from the official opposition had to say here. The Auditor General is required by law to ensure that the financial accounting of the government is done correctly. He cannot and should not attempt to do anything else. By virtue of section 4 of this bill, he will be put in an unenviable—and, I think, untenable—position of having to use alternative accounting standards. He has made a very simple request: that this section be deleted. The rest of the bill, if deleted or if voted down, would still allow the government to shovel money out the door, but they would have to shovel the money out the door and be accountable to ordinary auditing standards. The members seem bound and determined to be able to

do this, but I am just as bound and determined that the auditor be able to pick this up, that the auditor be able to report to the Legislature, as he is required to do, and that he use the standards which the Legislature, and virtually any accounting organization, would do.

I am asking that the government members, quite frankly, vote down this particular section. Without this section, the bill will still survive, but the Auditor General will be able to report on it in a timely and correct way.

**The Chair (Mr. Pat Hoy):** Thank you. Further comment? Hearing none—

**Mr. Tim Hudak:** Chair, I did expect the parliamentary assistant to respond to the points brought forward by the finance critics. Maybe the parliamentary assistant could explain, given the Auditor General's letter, why the government still supports section 4.

**The Chair (Mr. Pat Hoy):** It's the parliamentary assistant's prerogative to answer, if he cares to.

**Mr. Wayne Arthurs:** I've already commented in respect to our view of the legislation and in respect to having used other legislation as a guide. We're quite satisfied that, as time progresses, we will as well have a clean audit in respect to this legislation, if it's approved.

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

**Mr. Tim Hudak:** A recorded vote, Chair.

#### Ayes

Arthurs, Lalonde, Pendergast, Sousa.

#### Nays

Hudak, Prue.

**The Chair (Mr. Pat Hoy):** The section carries. Section 5, page 17: an NDP motion.

**Mr. Michael Prue:** I move that subsection 5(2) of the bill be struck out.

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

**Mr. Michael Prue:** It is in order, I trust?

**The Chair (Mr. Pat Hoy):** Yes, because it's a subsection. You're not removing the whole section.

**Mr. Michael Prue:** All right. I am doing this, quite frankly, because the Auditor General has requested it be done, so that ordinary accounting practices can take place. I fully expect the government members to vote this down as well, but any public servant, including all of us in the Legislature, has the obligation, in my view, to allow the Auditor General to do his job in the most professional way that he can. At this time, I am asking that subsection 5(2) of the bill be struck out in order to allow Mr. McCarter the opportunity of doing his job in accordance with the other acts by which he is bound.

**Mr. Tim Hudak:** I strongly support the motion by Mr. Prue. We have an identical motion on behalf of the PC caucus. I've already read into the record the Auditor General's letter, where he does specifically emphasize that "subsection 5(2) of Bill 35 should be deleted to

avoid the potential for conflicting requirements in how a transaction is to be accounted for in the province's financial statements." I'm afraid, as Mr. Prue said quite rightly, that the Auditor General will be forced into a very untenable situation under the accounting voodoo of Bill 35.

**The Chair (Mr. Pat Hoy):** Thank you. Further comment? Hearing none—

**Mr. Tim Hudak:** Recorded vote.

#### Ayes

Hudak, Prue.

#### Nays

Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost. Page 18, PC motion.

**Mr. Tim Hudak:** I move that subsection 5(2) of the bill be struck out.

**The Chair (Mr. Pat Hoy):** I would rule it out of order as it is a duplicate motion, identical to the previous one.

Page 19, NDP motion.

**Mr. Michael Prue:** I move that section 13 of the Ministry of Treasury and Economics Act, as set out in subsection 5(2) of the bill, be amended by striking out "for that fiscal year in the summary financial statements set out in the public accounts for that fiscal year" and substituting "in the summary financial statement set out in the public accounts for the fiscal year or years in which the eligible recipient is reasonably expected to incur the expense."

By way of argument, this amendment would help to get at the problem by ensuring that the transfer payments are accounted for in the fiscal years that the capital expense is incurred by the municipality or whomever, and not when the funding gets out the door.

On a recorded vote, please.

**The Chair (Mr. Pat Hoy):** A recorded vote is requested.

#### Ayes

Hudak, Prue.

#### Nays

Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost. Shall section 5 carry? All in favour?

**Mr. Tim Hudak:** Recorded vote.

**The Chair (Mr. Pat Hoy):** Recorded vote.

#### Ayes

Arthurs, Lalonde, Pendergast, Sousa.

**Nays**

Hudak, Prue.

**The Chair (Mr. Pat Hoy):** The section carries.

Shall section 6 carry? All in favour? Opposed? Carried.

Shall section 7 carry? All in favour? Opposed? Carried.

Section 8.

**Mr. Michael Prue:** I move that section 8 be struck out and the following substituted:

“8. The short title of this act is the Slush Fund Protection Act, 2008.”

**The Chair (Mr. Pat Hoy):** I am going to rule the motion out of order, citing Marleau and Montpetit, page 656: “if ... tendered in a spirit of mockery” and “trifling.”

**Mr. Tim Hudak:** Chair, on your ruling, isn't this amendment actually in order? Because I thought the bill was called the slush fund protection act, 2008.

**The Chair (Mr. Pat Hoy):** Shall section 8 carry? All in favour? Those opposed? Carried.

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

Shall Bill 35 carry? All in favour?

**Mr. Tim Hudak:** Recorded vote.

**The Chair (Mr. Pat Hoy):** A recorded vote is requested.

**Ayes**

Arthurs, Lalonde, Pendergast, Sousa.

**Nays**

Hudak, Prue.

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

Shall I report the bill to the House? All in favour? Opposed? Carried.

We are adjourned.

*The committee adjourned at 1014.*



## CONTENTS

Thursday 1 May 2008

<b>Subcommittee report</b> .....	F-405
<b>Investing in Ontario Act, 2008, Bill 35, <i>Mr. Duncan</i> / <b>Loi de 2008 permettant d’investir dans l’Ontario</b>, projet de loi 35, <i>M. Duncan</i></b> .....	F-407

### STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

#### Chair / Président

Mr. Pat Hoy (Chatham–Kent–Essex L)

#### Vice-Chair / Vice-Président

Mr. Jean-Marc Lalonde (Glengarry–Prescott–Russell L)

Ms. Sophia Aggelonitis (Hamilton Mountain L)

Mr. Ted Arnott (Wellington–Halton Hills PC)

Mr. Wayne Arthurs (Pickering–Scarborough East / Pickering–Scarborough-Est L)

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Pat Hoy (Chatham–Kent–Essex L)

Mr. Jean-Marc Lalonde (Glengarry–Prescott–Russell L)

Ms. Leeanna Pendergast (Kitchener–Conestoga L)

Mr. Michael Prue (Beaches–East York ND)

Mr. Charles Sousa (Mississauga South / Mississauga-Sud L)

#### Substitutions / Membres remplaçants

Mr. Tim Hudak (Niagara West–Glanbrook / Niagara-Ouest–Glanbrook PC)

#### Clerk / Greffier

Mr. William Short

#### Staff / Personnel

Ms. Julia Hood, legislative counsel