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ISSN 1180-4386

Legislative Assembly  
of Ontario  
Second Session, 38<sup>th</sup> Parliament

Assemblée législative  
de l'Ontario  
Deuxième session, 38<sup>e</sup> législature

## **Official Report of Debates (Hansard)**

**Monday 12 June 2006**

## **Journal des débats (Hansard)**

**Lundi 12 juin 2006**

**Standing committee on  
finance and economic affairs**

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

Income Tax Amendment Act  
(Ontario Home Electricity  
Relief), 2006

Loi de 2006 modifiant la Loi de  
l'impôt sur le revenu (aide au  
titre des factures d'électricité  
résidentielle de l'Ontario)

Chair: Pat Hoy  
Clerk: Douglas Arnott

Président : Pat Hoy  
Greffier : Douglas Arnott

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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  
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Téléphone, 416-325-7400; télécopieur, 416-325-7430  
Publié par l'Assemblée législative de l'Ontario

## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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

Monday 12 June 2006

Lundi 12 juin 2006

*The committee met at 1603 in committee room 1.*

## SUBCOMMITTEE REPORT

**The Chair (Mr. Pat Hoy):** The standing committee on finance and economic affairs will now come to order. The first bit of business would be the report of the subcommittee.

**Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge):** Mr. Chairman, your subcommittee on committee business considered on Thursday, June 8, 2006, the method of proceeding on Bill 117, An Act to amend the Income Tax Act to provide for an Ontario home electricity payment, and recommends the following:

1. That proposed amendments to be moved during clause-by-clause consideration of the bill should be filed with the clerk of the committee by 3 p.m. on Friday, June 9, 2006.

**The Chair:** Thank you. All agreed? Agreed. Good.

INCOME TAX AMENDMENT ACT  
(ONTARIO HOME ELECTRICITY  
RELIEF), 2006LOI DE 2006 MODIFIANT LA LOI DE  
L'IMPÔT SUR LE REVENU (AIDE AU  
TITRE DES FACTURES D'ÉLECTRICITÉ  
RÉSIDENTIELLE DE L'ONTARIO)

Consideration of Bill 117, An Act to amend the Income Tax Act to provide for an Ontario home electricity payment / Projet de loi 117, Loi modifiant la Loi de l'impôt sur le revenu pour prévoir un paiement au titre des factures d'électricité résidentielle de l'Ontario.

**The Chair:** Now we'll move to exactly that: clause-by-clause of the bill. We have one under the first section, a PC motion found in your package on page 1. Mr. Hudak.

**Mr. Tim Hudak (Erie–Lincoln):** Thank you very much, Chair.

I move that the definition of “family income” in subsection 8.6.1(1) of the Income Tax Act, as set out in section 1 of the bill, be amended by striking out “for 2005” wherever it appears and substituting “for the 2005 or a later taxation year.”

One of the concerns that the official opposition has brought up in the Legislature is that this bill is a one-off.

In fact, we've heard directly from the government that hydro rates are only going to increase in the future. If the government does believe that low-income individuals and families need some assistance, then they will likely similarly need assistance next year. Therefore, we believe that the sunset date, if you will, of 2005 should be extended as far as 2009. We have a number of amendments in that vein and this is one that supports that thought.

Again, I'd ask my colleagues to support this motion, if they'd like to see this actually help low-income individuals and families in the time going forward, as opposed to an ad hoc, one-year-at-a-time initiative.

**The Chair:** Further comment?

**Mr. Arthurs:** The government can't be in support of this particular amendment in light of the fact that we're focused on a one-time assistance provision at this point and would address subsequent years—the government would consider addressing that at a subsequent time. But this legislation is intended as one-time assistance for low-income families and individuals.

**The Chair:** Comment?

**Mr. Hudak:** I'd say to my friend the parliamentary assistant for finance that you're a busy fellow. You've been covering a lot of legislation. I know how hard you're working. This will save you time. This will mean that you won't have to stand in the Legislature this time next year, or here in committee with Mr. Prue and myself, and go through the same thing. So I would suggest, in the interest of spending some more time with your family and constituents and the other good work that you do, that you support the motion.

**The Chair:** Any other comment? Hearing none—

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

## Ayes

Hudak, Prue.

## Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

Dealing with the same section, page 2 in your package, an NDP motion.

**Mr. Michael Prue (Beaches–East York):** I move that the definitions of “family income”, “qualified dependant” and “qualified relation” in subsection 8.6.1(1) of the Income Tax Act, as set out in section 1 of the bill, be struck out.

We only really have one substantive motion, and for it to work, these definitions cannot be there because we believe it needs to go right to the heart of the Income Tax Act. It needs to go to individuals. It needs to go to all people who are in poverty or some form of poverty to get the money. This ties it in with what we think is a flaw in the government’s proposal because it’s an individual versus two or more people. This would mean that when you have a lot of people in the house, then you would get the amount that each person is eligible for under the Income Tax Act.

**The Chair:** Comment?

**Mr. Hudak:** I commend my colleague for bringing this forward. We have similar concerns in the Progressive Conservative Party that the more children, for example, a family has, the more electricity they’ll probably use. If this bill were truly about rebates for electricity, it would be sensible that the more dependants there are in a home, the more of a rebate, if you use this mechanism, people should receive.

We also believe, in a general sense, that the relief should be broadened. Working families and seniors are having increasingly difficult times making ends meet in Dalton McGuinty’s Ontario and any form of relief will help them make these types of payments.

We will be supporting this motion.

**The Chair:** Further comment?

**Mr. Arthurs:** The government can’t support the particular amendment that’s in place. It would broaden the scope of the overall legislation. The legislation is focused on either individuals or family units of some sort based on income provisions.

**The Chair:** Comment?

**Mr. Prue:** I thought that this might be the result. The motion that we’re talking about is number 7. I might as well ask for a recorded vote on it as well.

**The Chair:** Are we ready for the question?

**Ayes**

Hudak, Prue.

**Nays**

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

Section 1, a Conservative motion, page 3.

**Mr. Hudak:** I move that subsection 8.6.1(2) of the Income Tax Act, as set out in section 1 of the bill, be amended by striking out “for 2005” and substituting “for the 2005, 2006, 2007, 2008 or 2009 taxation year”.

**The Chair:** Comment?

**Mr. Hudak:** This follows up my first motion. We do believe that the ad hoc approach the government is taking through this bill is inappropriate. If they are going to use this kind of mechanism, realizing that hydro rates are going to be increasing in Dalton McGuinty’s Ontario with the failed hydro policy, it would be wise, then, to extend this bill all the way through to the 2009 taxation year.

**1610**

**The Chair:** Further comment? Hearing none—

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

**Ayes**

Hudak, Prue.

**Nays**

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

The PC motion on page 4.

**Mr. Hudak:** I move that subsection 8.6.1(3) of the Income Tax Act, as set out in section 1 of the bill, is struck out and the following substituted:

“Who qualifies

“(3) An individual is deemed to have made an overpayment on account of tax payable under this act for a taxation year ending after December 31, 2004 and before January 1, 2010 if the following conditions are satisfied:

“1. The individual is resident in Ontario on December 31 of the taxation year and a return of income in respect of the individual’s taxation year is filed for the purposes of this act before January 1 of the second taxation year after the taxation year.

“2. The individual has not died on or before October 1 of the following taxation year and is resident in Ontario on that day.

“3. The individual is not confined to a prison or similar institution on December 31 of the taxation year or on October 1 of the following taxation year and is not confined to a prison or similar institution during the taxation year for one or more periods that in total exceed six months.

“4. The individual or his or her qualified relation reported an occupancy cost in his or her return of income for the taxation year for the purposes of claiming a property tax credit under subsection 8(3), (3.1) or (3.2) and was entitled to deduct from tax otherwise payable under this act for that year an amount calculated under 8(3), (3.1) or (3.2).

“5. The provincial minister has not made an Ontario home electricity payment to a person who was the individual’s qualified relation at the end of the taxation year.

“6. The amount of the individual’s Ontario home electricity payment as determined under subsection (4) for the taxation year is greater than zero.”

**The Chair:** Comment?

**Mr. Hudak:** Again, this is a companion amendment to our others that will extend the act into the 2009 tax-ation year.

**The Chair:** Further comment? Hearing none—

**Mr. Hudak:** A recorded vote.

#### Ayes

Hudak, Prue.

#### Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

Staying with section 1, NDP motion, page 6.

**Mr. Prue:** I move that subsection 8.6.1(3) of the Income Tax Act, as set out in section 1 of the bill, be amended by striking out paragraph 5.

The explanation is that this is necessary if you are to adopt the next motion.

**The Chair:** Any other comment?

**Mr. Prue:** A recorded vote.

**Mr. Hudak:** It sets us up for the next motion, Mr. Prue? If you don't mind, just give me a preview of what the impending motion is going to do.

**Mr. Prue:** Well, the next companion motion actually sets out a higher rate of payment for people to actually pay the cost of their electricity. At \$20,000, the amount is \$120 versus \$60—that's for an individual—and then it goes down on a sliding scale from there. It in effect doubles at the lowest rate and allows people earning up to \$40,000 to receive some form of rebate. It's our position that these people are all low-income people and deserve something.

**Mr. Hudak:** I thank Mr. Prue for that explanation. I agree that the amount of return under Bill 117 as it stands is insulting to some individuals at these levels of income. To receive that small amount, considering the increase in hydro bills under Dalton McGuinty, is cold comfort to these families. We will be supporting Mr. Prue's motion.

**The Chair:** Comment? Hearing none, a recorded vote has been requested.

#### Ayes

Barrett, Hudak, Prue.

#### Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

NDP motion, page 7.

**Mr. Prue:** I move that subsection 8.6.1(4) of the Income Tax Act, as set out in section 1 of the bill, be struck out and the following substituted:

“Amount of the payment

“(4) The amount of an Ontario home electricity payment to which an individual is entitled is determined as follows:

“1. If the individual's income does not exceed \$20,000, the amount of the individual's Ontario home electricity payment is \$120.

“2. If the individual's income exceeds \$20,000 but does not exceed \$25,000, the amount of the individual's Ontario home electricity payment is \$90.

“3. If the individual's income exceeds \$25,000 but does not exceed \$30,000, the amount of the individual's Ontario home electricity payment is \$60.

“4. If the individual's income exceeds \$30,000 but does not exceed \$35,000, the amount of the individual's Ontario home electricity payment is \$30.

“5. If the individual's income exceeds \$35,000 but does not exceed \$40,000, the amount of the individual's Ontario home electricity payment is calculated using the formula,

“\$30 – (0.006 x A)

“in which ‘A’ is the amount by which the individual's income exceeds \$35,000.”

By way of explanation, we looked at the 16 cents a day that you get at the highest rate under this bill and, quite frankly, found it insulting. We looked at the people who were eligible to get the money. Certainly, it is at the deepest level of poverty, and we understand that that's where you want to target the resources. But it would seem to us that there are many, many people in this province who are struggling to make ends meet, for whom higher electricity costs are but one factor, and all of them deserve some amount of rebate. We're taking this up to just above the poverty level to make sure that they share at least something in this government program.

**The Chair:** Comment?

**Mr. Hudak:** I again commend Mr. Prue for bringing this forward. The Progressive Conservative caucus agrees that the amounts contemplated in Bill 117, as it stands, will make a very small dent, at best, in the increased costs experienced by working families and seniors. We have a similar motion upcoming and I do hope that Mr. Prue's is successful in the pending vote.

**The Chair:** Further comment?

**Mr. Arthurs:** Although we certainly appreciate the efforts to expand and enhance the program in Mr. Prue's motion and earlier motions, the government's commitment to \$100 million, targeted to the greatest extent possible to those with the highest need, is the nature of the bill. Unfortunately, we can't support the amendment.

**Mr. Hudak:** If I could, to the parliamentary assistant, who referenced the \$100 million—which was a non-budgeted item; it wasn't included in the budget. The \$100 million seems to have come out of nowhere. There was no real rationale. Could the parliamentary assistant explain why \$100 million was picked as the magic number for relief?

**Mr. Arthurs:** I don't have details on that. Ministry of Finance staff, I presume, would certainly have looked at the rough population base and known income levels

through CRA and determined that this would be of a magnitude that would likely fit that requirement, that those numbers of people at this amount of income range would likely be in that quantum. I wouldn't want to say it's an exact dollar figure.

**Mr. Hudak:** Just to pursue, is the parliamentary assistant aware of any other programs that have similarly used this amount of money or these income levels in other provinces or previously in Ontario? I'm just curious why these particular income levels and this amount of relief, which the opposition is saying is really not that much.

**Mr. Arthurs:** I'm afraid I can't help you with any other programs that I'm aware of.

**Mr. Prue:** A recorded vote.

### Ayes

Barrett, Hudak, Prue.

### Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

Page 8, a PC motion.

**Mr. Hudak:** I move that subsection 8.6.1(4) of the Income Tax Act, as set out in section 1 of the bill, be struck out and the following substituted:

"Amount of the payment

"(4) The amount of an Ontario home electricity payment to which an individual is entitled for a taxation year is determined as follows:

"1. If the individual does not have a qualified relation or a qualified dependant on December 31 of the taxation year, the amount of the individual's Ontario home electricity payment is the amount calculated using the formula,

"\$120 – (0.01 x A)

"in which,

"'A' is the amount, if any, by which the individual's income for the taxation year exceeds \$28,000.

"2. If the individual has a qualified dependant or a qualified relation on December 31 of the taxation year, or both, the amount of the individual's Ontario home electricity payment is the amount calculated using the formula,

"\$240 – (0.01 x B)

"in which,

"'B' is the amount, if any, by which the individual's family income for the taxation year exceeds \$46,000."

### 1620

This expands—"generosity" is probably an inaccurate word—the amount of funds coming forward in two ways. First of all, it expands the amount of money individuals would receive at various income levels and, secondly, it doubles the brackets that would be used. For example, under Bill 117, as it stands, any families who have an income of \$35,000 and up would receive no relief whatsoever.

I remind my colleagues that working families, individuals and seniors are facing increased costs: There's the new Dalton McGuinty health tax; hydro rates have gone up some 55%; there are increases also in transmission and distribution charges; we all know that gas is \$1.03, \$1.05 in various ridings in the province; and home heating fuels, whether it's propane or natural gas etc., are up. In short, it is awfully hard to make ends meet in Dalton McGuinty's Ontario. Therefore, we want to expand the eligibility towards middle-class families, so the cut-off would be \$70,000 and up for families and \$40,000 and up for individuals.

One last example, to go into the middle of the pack: Under the government's bill as proposed, somebody making the very modest sum of \$16,000 in income would receive \$40. We then say, if this amendment were to pass, that \$32,000 would be the midway cut-off, and they would receive \$80 in relief, effectively doubling the amounts of relief in each bracket and doubling the upper range of each of the brackets.

**The Chair:** Comment?

**Mr. Hudak:** A recorded vote.

### Ayes

Barrett, Hudak, Prue.

### Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

PC motion, page 10.

**Mr. Hudak:** I move that subsection 8.6.1(4) of the Income Tax Act, as set out in section 1 of the bill, be struck out and the following substituted:

"Amount of the payment

"(4) The amount of an Ontario home electricity payment to which an individual is entitled for a taxation year is determined as follows:

"1. If the individual does not have a qualified relation or a qualified dependant on December 31 of the taxation year, the amount of the individual's Ontario home electricity payment is the amount calculated using the formula,

"\$60 – (0.01 x A)

"in which,

"'A' is the amount, if any, by which the individual's income for the taxation year exceeds \$28,000.

"2. If the individual has a qualified dependant or a qualified relation on December 31 of the taxation year, or both, the amount of the individual's Ontario home electricity payment is the amount calculated using the formula,

"\$120 – (0.01 x B)

"in which,

"'B' is the amount, if any, by which the individual's family income for the taxation year exceeds \$46,000."

I regret that our previous motion had been voted down by the Liberal caucus, which would have doubled the

ranges for assistance into the neighbourhood of middle-class families and also doubled the assistance. This, while not as generous, is trying to find a compromise with the government members. If we can't double both the rebate and the eligibility cut-offs, we'd at least like to see the existing rebate extended to middle-class and middle-income families, so the top range before cut-off would be \$40,000 for individuals and \$70,000 and up for families.

**The Chair:** Comment?

**Mr. Hudak:** A recorded vote.

**The Chair:** Hearing none, a recorded vote is requested.

#### Ayes

Barrett, Hudak, Prue.

#### Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

PC motion 12.

**Mr. Hudak:** I move that subsection 8.6.1(4) of the Income Tax Act, as set out in section 1 of the bill, be struck out and the following substituted:

“Amount of the payment

“(4) The amount of an Ontario home electricity payment to which an individual is entitled for a taxation year is determined as follows:

“1. If the individual does not have a qualified relation or a qualified dependant on December 31 of the taxation year, the amount of the individual's Ontario home electricity payment is the amount calculated using the formula,

“\$120 – (0.01 x A)

“in which,

“A' is the amount, if any, by which the individual's income for the taxation year exceeds \$14,000.

“2. If the individual has a qualified dependant or a qualified relation on December 31 of the taxation year, or both, the amount of the individual's Ontario home electricity payment is the amount calculated using the formula,

“\$240 – (0.01 x B)

“in which,

“B' is the amount, if any, by which the individual's family income for the taxation year exceeds \$23,000.”

I'm going to press my luck. Maybe the third time's the charm. Here, we were unable to double the eligibility levels and double the rebates. Then last time, we failed to double the eligibility level. So at least I'm going to try to double the rebates.

These are the lowest-income individuals. Again, currently under the government's proposed package, somebody making up to \$14,000 would receive a maximum of \$60 relief from the higher hydro rates. That obviously is not going to last very long for these individuals or families making incomes up to \$23,000 no matter how many children they have. Therefore, we propose to

double the relief. It's still, in the grand scheme of things, a modest sum, considering the cost-of-living increases that have occurred under the McGuinty government. Nonetheless, I will appeal to my colleagues' sense of generosity and ask them to support this motion to double the rebate levels to this very modest level.

**The Chair:** Comment? Hearing none—

**Mr. Hudak:** Recorded vote, Chair.

#### Ayes

Hudak, Prue.

#### Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

PC motion, page 14.

**Mr. Hudak:** I move that subsection 8.6.1(4) of the Income Tax Act, as set out in section 1 of the bill, be amended by striking out the portion before paragraph 1 and substituting the following:

“Amount of the payment

“(4) The amount of an Ontario home electricity payment to which an individual is entitled for a taxation year is equal to 139% of the amount determined as follows:

“1. If the individual does not have a qualified relation or a qualified dependant on December 31 of the taxation year, the amount of the individual's Ontario home electricity payment is the amount calculated using the formula,

“\$60 – (0.01 x A)

“in which,

“A' is the amount, if any, by which the individual's income for the taxation year exceeds \$14,000.

“2. If the individual has a qualified dependant or a qualified relation on December 31 of the taxation year, or both, the amount of the individual's Ontario home electricity payment is the amount calculated using the formula,

“\$120 – (0.01 x B)

“in which,

“B' is the amount, if any, by which the individual's family income for the taxation year exceeds \$23,000.”

As we will recall, Dalton McGuinty promised to freeze the price of power at 4.3 cents per kilowatt hour in order to win votes in the last election. Once he was elected Premier of the province, he set about breaking his promises, including this important promise. We've seen since that time several increases in the price of power as well as increases in distribution and transmission costs. While I failed to get the rebate levels increased or the eligibility levels broadened for more families and individuals, at the very least this will be a step towards relieving some of the increased hydro prices that have been experienced because of Dalton McGuinty's broken promises.

**The Chair:** Comment?

**Mr. Prue:** I just have a question. I take it this is just increasing the amount by 39% of what the government's rate is. That would amount to some \$22 extra per month.

1630

**Mr. Hudak:** Exactly. Again, it's very modest. We are talking about a small amount of money that the government is offering, so it would be a further 39% increase on those sums. At the very least, I would hope my colleagues across the way would support this motion.

**The Chair:** Comment? Hearing none—

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

### Ayes

Hudak, Prue.

### Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

PC motion 16.

**Mr. Hudak:** I move that section 8.6.1 of the Income Tax Act, as set out in section 1 of the bill, be amended by adding the following subsection:

“Increased payment for seniors and disabled

“(4.1) The amount of an Ontario home electricity payment to which an individual is entitled is 200% of the amount otherwise determined under subsection (4) if,

“(a) the individual or his or her qualified relation has attained the age of 65 years; or

“(b) the individual or his or her qualified relation is entitled to a credit for the taxation year under subsection 4.0.1(11.1) in respect of a mental or physical impairment.”

What this motion, if passed, will do is top up the benefit to seniors or those who are qualified as disabled individuals. These are individuals on fixed incomes with, in most cases, limited means of going out and getting further work to help pay for these increased hydro costs. I would hope that, at least for senior citizens and those with disabilities, the government would increase the benefit to help them, because in their particular circumstances they're dealing with fixed incomes and limited opportunities to increase them.

**The Chair:** Comment?

**Mr. Arthurs:** While I can appreciate the nature of the amendment coming forward, it's our objective to put these dollars in the hands of low-income individuals and families and to do it as quickly as possible. Adding additional criteria could complicate the process by which these dollars are processed and made available.

**The Chair:** Comment?

**Mr. Hudak:** I appreciate my colleague's comments. I know he is supportive of the principle of helping out the disabled and senior citizens. I don't think it will make it much more complex, because it's a simple 200% increase, so it's a matter of multiplying the benefit for individuals who are seniors or disabled. Both of those deter-

minants are rather easy to ascertain. If someone is over the age of 65, it's relatively easy to determine that that's the case, and also those who are defined as disabled. I think we have the right language there, with the kind assistance of legislative counsel, to make sure we are helping out those who are disabled and on fixed incomes. So I don't think there's a great deal of complexity to this and I do hope my colleagues will support this motion.

**The Chair:** Further comment? Hearing none—

**Mr. Hudak:** Recorded vote.

### Ayes

Barrett, Hudak, Prue.

### Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

PC motion 17.

**Mr. Hudak:** I move that section 8.6.1 of the Income Tax Act, as set out in section 1 of the bill, be amended by adding the following subsection:

“Additional payment for dependants

“(4.1) The amount of an individual's Ontario home electricity payment as otherwise determined under subsection (4) shall be increased by the amount of \$25 for each person who was a qualified dependant of the individual on December 31 of the taxation year.”

The reality is that this bill has nothing to do with hydro policy. It's a rebate program that gives individuals some modest relief, really, for whatever the cost. It's not connected to their electricity use. It was described as such when the minister brought this forward. When they brought forward the press release, they clearly indicated this was to be related to hydro costs, but if you are making \$18,000, you'll get your \$20 payment in the mail whether you're on the grid or not. I guess it's possible to conceive that somebody who does not use electricity on our system would still receive a payment under this legislation, if passed.

So I'm trying to make some sort of connection to actual hydro use by this motion. It would mean that for every dependant in a family, an additional \$25 in the form of a rebate would come forward. It's a pretty fair assumption that the more children or dependants in the home you have, the more electricity will be consumed, all else constant. So I do hope we'll see some support on this to help out families with children, others with dependants, and truly reflect how much electricity is consumed by eligible individuals.

**The Chair:** Comment? Hearing none—

**Mr. Hudak:** Recorded vote.

### Ayes

Barrett, Hudak, Prue.



**Nays**

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.  
PC motion on page 18.

**Mr. Hudak:** I move that section 8.6.1 of the Income Tax Act, as set out in section 1 of the bill, be amended by adding the following subsection:

“Additional refund equal to Ontario health premium

“(4.1) If an individual is entitled to an Ontario home electricity payment under this section for a taxation year and has paid an Ontario health premium for the taxation year or a previous taxation year under section 2.2, the amount of the individual’s Ontario home electricity payment shall be increased by the sum of the Ontario health premium paid by the individual for the taxation year and the total of all Ontario health premiums paid by the individual for all previous taxation years to the extent they have not already been refunded under this subsection.”

If the Dalton McGuinty government truly is interested in sending out rebates to taxpayers, why not go the whole way and refund the Ontario health tax? We will remember that Dalton McGuinty promised not to increase taxes, and one of his first pieces of legislation was a massive tax hike on the backs of working families, seniors and other Ontario taxpayers. So if you’re already stuffing the envelope, why not put the Ontario health premium in there?

There’s a bit of poetic justice to this too, because these are sort of the dynamic duo of campaign promises broken by Dalton McGuinty. He had promised to freeze hydro rates at 4.3 cents per kilowatt hour. He had promised to freeze taxes. He broke both of those promises, and this is a chance for the Premier to make good to Ontario taxpayers by refunding both in the same envelope, saving taxpayers’ dollars.

**The Chair:** Further comment?

**Mr. Arthurs:** The government can’t support this amendment. Certainly the opposition, Mr. Hudak, is creative in his amendments in that regard, but it’s clearly not a motion we can entertain.

**The Chair:** Comment? Hearing none—

**Mr. Hudak:** Recorded vote.

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.  
PC motion on page 19.

**Mr. Hudak:** I move that section 8.6.1 of the Income Tax Act, as set out in section 1 of the bill, be amended by adding the following subsection:

“Additional refund equal to Ontario health premium

“(4.1) If an individual is entitled to an Ontario home electricity payment under this section and has paid an Ontario health premium for the 2005 taxation year under section 2.2, the amount of the individual’s Ontario home electricity payment for the 2005 taxation year shall be increased by the amount of the Ontario health premium paid by the individual for the taxation year.”

Again, I’m trying to create efficiencies here by using that envelope the government is sending out anyway to refund the so-called health tax to these individuals who qualify under this act. I think as members know, the PC caucus has calculated that some \$2,000 more per annum is coming out of the pockets of working families in Dalton McGuinty’s Ontario than they paid before Dalton McGuinty was elected. I enumerated some of those a short time ago. This will give some tax relief, at least for the 2005 taxation year, of both the health premium paid, if any, as well as the electricity payment.

**The Chair:** Comment? Hearing none—

**Mr. Hudak:** Recorded vote.

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

**1640**

PC motion number 20.

**Mr. Hudak:** I move that subsection 8.6.1(6) of the Income Tax Act, as set out in section 1 of the bill, be amended by striking out clause (b) and substituting the following:

“(b) shall arrange for the payment to be made in accordance with the determination by way of a deduction shown on the individual’s electricity bill.”

A couple of concerns have been expressed by the opposition, both the New Democrats and the Progressive Conservatives, with respect to the mechanism the government is using. They are going to be spending who knows how many millions of dollars in a very political mechanism to rebate cheques in the mail.

There are a couple of options. In fact, in 2005, if I recall, the government rebated electricity consumers on their hydro bills. We received that because in 2004 consumers had overpaid their hydro prices, so we find it curious that a mechanism the government used as recently as a year or so ago has now been rejected.

Every year, hopefully, people will receive a refund—not everybody receives a refund, but there is a mechanism through Revenue Canada to refund income taxes or credits that you may have received that will result in some of your income taxes being refunded. This mechanism also exists through the income tax code to similarly bring benefits to the individuals the government wishes to target. Again, that mechanism was rejected. So we are creating a brand new mechanism at who knows

what cost to send out cheques that could be as little as \$10. I will ask the parliamentary assistant at this point if he could tell us how much money it is going to cost to send out a letter to somebody that contains only a \$10 cheque.

**Mr. Arthurs:** I can't tell you the exact cost, but this is an efficient way, in working through Canada Revenue and the work they do, as opposed to setting up a separate bureaucracy for this purpose.

**Mr. Hudak:** My point is, I think you are setting up a separate bureaucracy. There's already the tax bureaucracy, if you will, through Canada Revenue for refunding taxes that are overpaid or other rebates. Secondly, there is a mechanism that was used by the government only a year or so ago to rebate hydro bills because of overpayment. If this bill were truly related to hydro costs, that's the way you could do so: on the hydro bill itself.

Instead, I think what the government did—not my colleagues, I know, because they wouldn't think this way, but I suspect that Premier McGuinty and some of his backroom advisers said, "You know what? We didn't get credit last time around for these rebates. Either the local distribution company received credit or people didn't even notice the rebates coming through on their hydro bills. So, if we send out an envelope that has a bit of red colour on it, maybe they will think, 'Oh, Dalton McGuinty's giving me some money back,'" and therefore the government of the day will try to benefit and receive some goodwill from taxpayers for that. I think this is clearly a political mechanism as opposed to one that's truly interested in helping low-income individuals or saving the taxpayer money.

I'll ask the parliamentary assistant again if he can tell us what the entire exercise for rebating these hydro bills by this mechanism of letters is going to cost, and if he doesn't know today, will he endeavour to come back to the committee and report on the cost of the exercise?

**Mr. Arthurs:** I don't have that information today. I suspect that the ministry, as they continue to finalize their negotiations with the CRA, will have a number at a point in time as the work is undertaken. I don't know whether the question was raised at all with the finance minister during estimates; my recollection was, it may have been. I would anticipate, then, that the finance ministry and the finance minister would provide that information to the committee as requested.

**Mr. Hudak:** I just had faith that the hard-working parliamentary assistant would cut through all the red tape and bring that to the committee faster than the minister could. But he'll remind the minister, I know, that we have requested that information on the total costs of this particular exercise.

I'll leave it at that, but it does seem logical to me that if the government was truly interested in connecting these rebates to electricity use and in saving taxpayers money as opposed to a political exercise, then it would go through the hydro bill or the tax system as opposed to a fresh new cheque due sometime, coincidentally, one year before an election.

**The Chair:** Comment?

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

#### Ayes

Barrett, Hudak, Prue.

#### Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** PC motion 21.

*Interjections.*

**Mr. Hudak:** Some people are smiling; some aren't.

I move that section 8.6.1 of the Income Tax Act, as set out in section 1 of the bill, be amended by adding the following subsection:

"Letter to be sent with payment

"(6.1) Every electricity bill on which a deduction is shown equal to an individual's Ontario home electricity payment shall be accompanied by a letter reading as follows:

"'Hello. During the election campaign, I promised to freeze your taxes and your hydro rates in order to get elected. I had no intention of keeping those promises but really, really wanted to be Premier. The enclosed cheque is an attempt to make you forget about my broken promises and the fact that your hydro bill has gone up 55% since the election. When you use this little bit of money to pay a little part of your higher hydro bill, think fondly of me. Sincerely, Dalton McGuinty.'"

**The Chair:** I'm going to make a ruling on this particular motion. I've had the opportunity to review the proposed amendment and the relevant procedural authorities.

Beauchesne's Parliamentary Rules and Forms, sixth edition, states the following:

"565. A motion should be neither argumentative, nor in the style of a speech, nor contain unnecessary provisions or objectionable words."

And further:

"698(3) An amendment is out of order if it is offered at the wrong place in the bill, if it is tendered to the committee in a spirit of mockery or if it is vague or trifling."

I find that this motion fails both procedural tests, is lacking in serious purpose, and I must therefore rule it out of order.

**Mr. Toby Barrett (Haldimand–Norfolk–Brant):** On a point of order, Mr. Chair, or by way of discussion: I can appreciate the ruling—to inculcate something like this within the legislation.

I don't know whether a message like this could be forwarded to people by way of regulation, and that would be in the hands of the bureaucracy, if you will. But barring that, and sometimes we're guilty as legislators of seeing every problem or every issue—when you've got a hammer you see every problem as a nail.

I think it's so important. Perhaps we don't need this in the legislation, perhaps we don't need it in regulation but,

at minimum, it does fall into that area of consumer education or information. I can envision a brochure. We know there's a cost to send out these bills, anyway. We don't have the precise cost as yet but it would be value-added, something that could be inserted in the envelope for essentially the same price of a stamp.

**The Chair:** Mr. Arthurs?

**Mr. Arthurs:** Mr. Chair, I heard your comments with respect to the reason for your ruling and I think they're accurate and reflective of the process by which we function. We will be happy to move on to the next amendment.

**The Chair:** Mr. Hudak?

**Mr. Hudak:** I appreciate the Chair's ruling. I think members know this was mostly to raise a very important point. Bill 117 has at its heart a fundamental broken promise by the McGuinty government to freeze hydro rates. On top of that, they are undertaking a very political exercise to send out rebate cheques in the mail when other mechanisms exist to help out these individuals. So the Progressive Conservative caucus is making the point that, not only is this a broken promise, but the government is trying to paper it over by sending out rebate cheques and using taxpayer dollars for political purposes. Therefore, we thought this would be a nice way to equalize that. I appreciate it's been ruled out of order, but I do think it was an important point for us to make at committee.

**The Chair:** We'll move to a PC motion on page 22.

**Mr. Hudak:** I move that subsection 8.6.1(9) of the Income Tax Act, as set out in section 1 of the bill, be struck out and the following substituted:

"Time limit for payment

"(9) Despite subsection (6), the provincial minister shall not make an Ontario home electricity payment under this section in respect of a taxation year after December 31 of the second taxation after the taxation year, and no individual is entitled to receive a payment under this section after that date unless the individual's entitlement to the payment arose by reason of an assessment or reassessment made under this act before January 1 of the third taxation year after the taxation year."

1650

I know it's a bit convoluted language, but in its essence, this is a supportive motion to ensure that the act is not repealed until the taxation year 2009. Our earlier amendments to broaden the support to middle-income families and to increase the support to disabled individuals, seniors and the existing target of low-income individuals all failed. At the very least, we hope to extend the time frame to the taxation year of 2009 and work down the road to increase the level of payments.

**The Chair:** Comment?

**Mr. Arthurs:** The legislation's objective is to provide dollars to those who qualify within 2007 on a one-time basis by the end of 2007 and not later than, so we can't support extending it through to 2009.

**The Chair:** Comment? Hearing none—

**Mr. Hudak:** A recorded vote.

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

We come to a PC motion on page 23.

**Mr. Hudak:** I move that subsection 8.6.1(12) of the Income Tax Act, as set out in section 1 of the bill, be amended by striking out clause (b) and substituting the following:

"(b) the assessment or reassessment referred to in subsection (11) is made after the deadline in that subsection for making the assessment or reassessment."

Similar to my previous motion, this relates to extending the act until after the taxation year of 2009.

**The Chair:** Comment? Hearing none—

**Mr. Hudak:** Recorded vote.

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

Page 24, PC motion.

**Mr. Hudak:** I move that subsection 8.6.1(15) of the Income Tax Act, as set out in section 1 of the bill, be struck out and the following substituted:

"Bankruptcy

"(15) For the purposes of subsection (4), if an individual is bankrupt at any time in a taxation year to which this section applies,

"(a) the individual shall be deemed to have only one taxation year in the taxation year, beginning on January 1 and ending on December 31; and

"(b) the individual's income for that taxation year shall be deemed to be the total amount of the individual's income for the year."

It's a similar companion motion with respect to ensuring the act is not repealed until the taxation year 2009.

**The Chair:** Other comment? Hearing none—

**Mr. Hudak:** A recorded vote.

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.

PC motion on page 25.

**Mr. Hudak:** I move that subsection 8.6.1(17) of the Income Tax Act is struck out and the following substituted:

“Repeal

“(17) This section is repealed on January 1, 2012.”

This relates to our amendment not to repeal the act until after the taxation year 2009.

**The Chair:** Comment? Hearing none—

**Mr. Hudak:** A recorded vote.

#### Ayes

Barrett, Hudak, Prue.

#### Nays

Arthurs, Marsales, McNeely, Mitchell, Sandals.

**The Chair:** The motion is lost.  
PC motion on page 26.

**Mr. Hudak:** I move that section 8.6.1 of the Income Tax Act, as set out in section 1 of the bill, be amended by adding the following subsection:

“Exception re repeal

“(18) Despite subsection (17), this section is not repealed until Dalton McGuinty starts keeping his energy promises.”

**The Chair:** I will make a ruling on this motion. Based on my review of the motion and the previous citations from Beauchesne, I find the motion is vague, trifling and out of order.

That completes section 1. Shall section 1 carry? All in favour? Opposed? Carried.

Any comment on section 2? Shall section 2 carry? All in favour? Opposed? Carried.

We’ll move to section 3. There’s a PC motion in your package on page 27.

**Mr. Hudak:** I move that section 3 of the bill be amended by striking out “Income Tax Amendment Act (Ontario Home Electricity Relief), 2006” and substituting “I Broke my Promise to Cap Hydro Rates Act (Little Relief to Offset Premier McGuinty’s 55% Hydro Rate Hike and No Relief to Small Business), 2006”.

**The Chair:** I’m going to rule on this motion. Based on my review of the motion and the previous citations from Beauchesne, I find the motion is argumentative and trifling. I rule that the motion is out of order.

**Mr. Barrett:** On a point of discussion, Mr. Chair—

**The Chair:** Not on my ruling, no.

**Mr. Barrett:** No, but I think the sentiment here—and I commend Tim Hudak for the work that he’s done—simply put, is that the McGuinty government has found a way to break a promise and revise a promise and then to break it again, all within a period of three years. I think that’s reflected in this attempt to communicate that. I’m very concerned. In rural Ontario, we see increases in electricity, on average, of about 69% higher than in the city, and increases in urban Ontario are far beyond what anyone was expecting—

**The Chair:** Could you speak a little closer to the microphone there?

**Mr. Barrett:**—given the commitments that were made previously.

**The Chair:** Comment?

**Mr. Hudak:** Is this a debate on section 3, Chair? I won’t jump in until you’re ready to do that.

**The Chair:** I’ve ruled this out of order, but we could have discussion, yes.

**Mr. Hudak:** On section 3, while the motion has been ruled out of order, again, as my colleague Mr. Barrett indicated, it was important for us to make a point here at committee.

First of all, we find that the name of the act, as proposed under Bill 117—Income Tax Amendment Act (Ontario Home Electricity Relief), 2006—is an inaccurate description of this bill. I say that for a couple of reasons. First, this is actually not related to electricity in the least. There is no relationship between consumption of electricity and these rebates. It is entirely possible, we learned at committee on estimates last week, that people who are not electricity consumers will receive rebates; it’s entirely possible under the way that this is structured. Secondly, as we’ve indicated, the mechanism is simply a political mechanism to win votes in advance of the election a year out. We’ll see if something similar transpires in 2007 as we head to the polls in October of that year as well.

We brought forward a number of amendments that would have actually tied the rebate to electricity use. Those failed. We brought forward a number of amendments to at least broaden the rebate to classes such as middle-income families, those with more dependants, and to increase those rebates to individuals who are seniors or disabled. All of those also were voted down by the government. At the end of the day, families that have very modest incomes of, say, \$25,000 per year would receive \$100 in relief, maximum, which would not begin to pay for the higher hydro rates they have experienced under the McGuinty government. Therefore, we thought it important as a statement to bring forward a new title. I won’t move any more amendments to the short title, but I did want to state for the record that we do not believe the title accurately reflects the intentions or the contents of the bill.

**The Chair:** Shall section 3 carry?

**Mr. Hudak:** A recorded vote.

#### Ayes

Arthurs, Marsales, McNeely, Mitchell, Sandals.

#### Nays

Barrett, Hudak.

**The Chair:** The section carries.

Shall the title of the bill carry? Carried.

Shall Bill 117 carry? Carried.

Shall I report the bill to the House? Carried.

Thank you. We are adjourned.

*The committee adjourned at 1700.*







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