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of Debates
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des débats
(Hansard)**

Monday 7 April 2008

Lundi 7 avril 2008

Speaker
Honourable Steve Peters

Président
L'honorable Steve Peters

Clerk
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Hansard Reporting and Interpretation Services
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LEGISLATIVE ASSEMBLY
OF ONTARIO

Monday 7 April 2008

ASSEMBLÉE LÉGISLATIVE
DE L'ONTARIO

Lundi 7 avril 2008

The House met at 1845.

ORDERS OF THE DAY

INVESTING IN ONTARIO ACT, 2008

LOI DE 2008 PERMETTANT
D'INVESTIR DANS L'ONTARIO

Mr. Gravelle, on behalf of Mr. Duncan, moved second reading of the following bill:

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.*

Hon. Michael Gravelle: Speaker, I will pass this over to the parliamentary assistant to the Minister of Finance, the member for Pickering–Scarborough East.

Mr. Wayne Arthurs: On March 18 of this year, our government introduced the Investing in Ontario Act, 2008. This bill, as it's appropriately titled, involves investing in Ontario, because it would allow us, as the government and as a Legislature, to further our balanced approach to paying down the debt while making critical investments in Ontario's economy.

This bill, if passed, would allow a portion of any unanticipated year-end provincial surpluses to address priority public needs, those being municipal infrastructure projects, as well as reducing the accumulated deficit. Currently, all year-end surpluses go directly toward debt reduction.

Since we took office in 2003, we've been able, through a prudent and measured fiscal approach, to substantially reduce the ratio of the provincial accumulated deficit to the gross domestic product. In 2003, the accumulated deficit was 25.2% of the province's GDP. Since then, we have been able to balance the budget that we inherited in a deficit fashion from the previous government and have reduced the provincial accumulated deficit. We've been able to make those payments despite the

fact that Ontario's economy is currently facing a number of challenges. These include a weakening US economy, the high value of the Canadian dollar, and the high price of oil.

But paying down the accumulated deficit is far from being the only method to ensure a prosperous future not just for our children, but for Ontarians from all walks of life who expect their government to make balanced moves to spur the Ontario economy. It is critical, now more than ever, to take every opportunity available for us to invest in Ontario.

Our government understands that communities are engines of economic growth and hotbeds of new innovation. For that reason, we are building on the progress we have already made in working with our partners, municipalities. The government has made historic investments in municipalities and municipal partnerships. This has meant ongoing and increasing funding support for municipal operating costs. It means the uploading of costs that previous governments had downloaded and supporting municipal capital needs.

I would like to remind members of this Legislature what our government has accomplished in this new era of partnerships with municipalities. Since 2003, our government has more than doubled its support to municipal operating budgets. In 2008, this will amount to \$2.2 billion in ongoing operating support to our municipal partners.

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The OMPF, or Ontario municipal partnership fund, assists municipalities with their social program costs. It includes equalization measures, addresses challenges faced by northern and rural municipalities, and responds to policing costs in rural communities. In 2008, this particular fund will transfer \$870 million—41%, or \$252 million, more than in 2004.

Members of this Legislature will recall that it is our government which has made available two cents per litre of the provincial gas tax to municipalities on an annual basis to improve and enhanced municipal transit. In 2008, some \$314 million is being distributed to transit systems that provide services to 108 different communities across this province. By 2010, a total of more than \$1.6 billion will have been distributed to municipalities since the program began.

Just another example of our commitment to municipalities is that in 2007 the province's share of public health funding stood at 50%. It was increased to 75% at that point in time from its previous level in 2004. Also,

since 2006 the government has made an additional investment in land ambulance services of just over \$300 million, meeting the commitment of moving to a 50-50 funding relationship of existing levels of land ambulance services.

Our government is phasing out the greater Toronto area pooling, which will eliminate a \$200-million burden from the municipal property tax bases of contributing GTA municipalities. Under this plan, we are uploading responsibility for social assistance and social housing costs currently funded under this particular program.

Furthermore, in August 2007, the Premier announced an unprecedented upload of social program costs. Our government decided to upload the municipal share of the costs for the Ontario drug benefit program in January 2008, and will begin the uploading of Ontario disability support program payments in 2009. By the time this is fully implemented in 2011, the upload will save municipalities over \$900 million a year. As a result of these investments, by 2011 the government will have increased ongoing annual operating support to municipalities to \$2.8 billion, an increase of more than \$1.7 billion, or a 160% increase compared to the state of affairs in 2003.

This is not all, as we will continue to work through the provincial-municipal review process to put our cities and towns on a firm financial footing. However, a firm financial footing that allows municipalities to face their operational costs doesn't mean that infrastructure investments have all been taken care of, or can be taken for granted. For this reason, we have to continue investing in our municipal infrastructure if we want to maintain our competitive advantage. This is why we have introduced the Investing in Ontario Act, 2008. If the proposed legislation is enacted, we would use the regulation-making authority in the proposed act to direct the available portion of any year-end surplus in 2007-08 to municipalities for infrastructure priorities.

We believe this is a balanced way to reduce the provincial debt, as well as better help municipalities to address their very real capital needs. Let me explain what we will provide under the regulations that we'll put in place if the proposed legislation is in fact enacted. If the province were to achieve a surplus in the 2007-08 year in excess of \$800 million, the first \$600 million would be used to reduce the province's accumulated financial deficit and the remaining amount would be provided to municipalities for capital purposes. This means that municipalities could receive a minimum of \$200 million in additional capital funding—funding above and beyond the investments and support the province already provides.

Until the public accounts are finalized this summer, the amount of any surplus available to municipalities will not be known. But what we know is that we're on track for a surplus. What we're doing with this proposed legislation is making sure we take every opportunity available to invest in Ontario. Through this initiative, we are demonstrating our government's commitment to treating municipalities as true partners in building a stronger and

better Ontario. Municipalities would have the flexibility to use the funding for their own capital priorities, whether it's to improve roads and bridges, expand transit or upgrade social housing. To ensure that available funds are distributed in a fair and transparent manner, we're proposing to distribute funding to all municipalities on the basis of population. Let us be clear: We will have accountability provisions in place consistent with the province's new transfer payment directives. There would be report-backs on how the funds were used, we would have the right to independent verification or audit, and we would have the right to recover funds if not used for capital purposes.

We know that investing in municipal infrastructure not only addresses the capital needs of our communities, but also creates more jobs in the short term and prosperity in the long run.

We heard loud and clear from our municipal partners that they support this proposed act and appreciate what it can achieve. Let me remind members of this Legislature what some of our leaders in the GTA, those municipal officials, have said about the bill.

Toronto's budget chief, Shelley Carroll, said that the city's transit commission would rightfully line up for a share of any cash infusion for capital projects. She said, "The announcement today means that our overall five-year plan in terms of capital is now much more sound," whereas Mississauga Mayor Hazel McCallion said the change could reduce the city's proposed infrastructure surcharge on property taxes set to take effect this year. "This is just great," she said. "The province has done exactly what we've asked them to do." We've listened to municipal officials because investing in municipal infrastructure is the appropriate thing for us to do.

To those who would still ask themselves, "Why does the province need to continue investing in municipal infrastructure?" I would say that there is a very compelling reason why we have to carry out this particular strategy. It is quite simple: Infrastructure investments create jobs, improve access to markets and support business investment. They deliver immediate benefits through job creation and form the foundation of long-term economic growth, as modern infrastructure is a major factor in attracting private investment and world-class businesses. That's why we need first-rate municipal roads and bridges, water treatment plants, sewage treatment plants, waste water systems, public transit, regional transportation infrastructure and general community facilities.

Municipal roads and bridges are essential components of Ontario's transportation network as they connect communities and provide access to economic opportunities. Effective and expanded public transit reduces traffic congestion and makes it easier and faster to move people and goods, cuts smog and provides cleaner air to breathe, helps reduce greenhouse gas emissions, and supports sustainable urban development, which leads to stronger communities and a higher quality of life. For Ontario to be competitive in the global economy and achieve its full potential, it must have modern infrastruc-

ture that makes businesses productive, helps move people and goods faster, and contributes to a high quality of life for all Ontarians. That's why investing in Ontario infrastructure is part of Ontario's five-point economic plan.

Let me just recall our recent accomplishments.

In our 2008 budget, a new \$400-million municipal roads and bridges fund will help municipalities invest in critical infrastructure projects across the province. Funding will be distributed to municipalities, in this instance outside Toronto, based on their share of Ontario's road network in relation to population. This new investment builds on the success of a similar investment that was announced in the 2006 budget.

Furthermore, we're investing \$450 million in the 2007-08 year in the municipal infrastructure investment initiative, the combined total of \$300 million which was announced in the fall economic statement and \$150 million announced at the 2008 Ontario Good Roads Association and Rural Ontario Municipal Association annual conference. These investments will help communities across the province improve their infrastructure, including roads, bridges, water, waste water and community facilities.

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We're also helping municipalities invest in local roadways designated as connecting links, which are specifically designated municipal roads that connect to provincial highways. In 2006-07, this program invested \$16 million to fund 37 connecting links. In the 2007 budget, we announced an additional one-time investment of \$25 million to assist with municipal road improvements. In this budget, in 2008, the province is investing an additional \$16 million to fund some 35 connecting link projects. These are first-rate investments to help connect municipal roads to provincial highways.

But this isn't all that's being done on that front. In our budget we made the commitment to provide funding for all of the Metrolinx recommended quick-win projects. With the transit commitments in this budget, the province will have funded one third of the cost of 360 new subway cars for the TTC and the infrastructure needed to improve capacity on the Yonge subway. Our government, in co-operation with municipalities, continues to call on the federal government to invest in Ontario's infrastructure, specifically the government's \$17.5-billion Move Ontario 2020 plan, the Windsor border, the Ontario-Quebec Continental Gateway and Trade Corridor and strong community infrastructure.

Our government is following our five-point economic plan endorsed by Ontarians in the fall of 2007. Let me just recall for a moment or so what this plan entails. It includes major investment in the education and skills of our people. It's keeping our taxes competitive. This initiative includes phasing out the capital tax and supporting innovation and the good high-paying jobs of the future through, for example, the new \$165-million Ontario venture capital fund. It involves accelerating the largest investment in the province's infrastructure in 50 years, including Move Ontario 2020, an historic expansion of

public transit. Finally, it forms key partnerships such as those formed through the automotive investment strategy, which is helping to leverage more than \$7 billion in new auto investment, and the new Next Generation of Jobs Fund, which will create new, high-paying jobs by developing new, clean and green technologies

This piece of legislation, as proposed in the Investing in Ontario Act, 2008, will continue to build on our partnership and our relationship with municipalities, recognizing their infrastructure needs and recognizing the importance of infrastructure to the future of this province.

The Acting Speaker (Ms. Andrea Horwath): Questions and comments?

Mr. Norm Miller: I don't often agree with the Toronto Star, but today I must admit I do agree. It's talking about this bill, Bill 35, the Investing in Ontario Act, 2008. What does the Toronto Star say today? "Duncan's bill is flawed." "Instead, the bill provides that payments may be made to an 'eligible recipient,'"—which the member for Pickering-Scarborough East just talked about—"defined only as an entity 'that does not carry on activities for the purpose of gain or profit'—'on such terms and conditions as the minister considers advisable.' The bill leaves it up to cabinet to decide who is eligible, how the money can be spent, and how payments are to be calculated." So I think we should rename this bill the Legalized Slush Fund Act, 2008, because this bill is legalizing the practice that this government has brought into effect, of deciding who and what should get money.

But even looking at the design of the bill—assuming that some of the money will go to municipalities—they've said "over \$800 million in unanticipated surplus" would go to municipalities. First of all, this government's pretty good at blowing any additional money this year. They managed to spend a \$5-billion unanticipated surplus pretty quickly. But also, for this year, the financial year we've started now, they're planning on a \$600-million surplus. So there will be no money this year—if they're on budget—going towards municipalities, cricket clubs or whatever else.

Sorry, \$600 million was the plan for the year we just finished. Now the plan is zero surplus. So there will be no money going out this year. It seems to me that this bill is really about just trying to garner favour with municipalities and leading them to think they might get something which they probably will not see.

The Acting Speaker (Ms. Andrea Horwath): Member for Beaches-East York.

Mr. Michael Prue: Thank you very much, Madam Speaker. It is a pleasure to see you there in the chair.

My colleague from Pickering-Scarborough East talked about 2007-08 monies going to municipalities, that it's all going to be contained in the regulations, and then went on to give some wonderful quotes from the mayor of Mississauga and a councillor from the city of Toronto which both predated the actual filing of the bill. In part, I want to tell the member from Pickering-Scarborough East that I've got a copy of Bill 35, and I'm sure he's had an opportunity to read it as well, and not once in the bill

is the word “municipality” mentioned. Not once in the bill is there any mention of a surplus of any size. Not once in the bill does it mention infrastructure or the payment of money for infrastructure. In fact, the bill accounts for eligible recipients.

I want to speak, but if he would like to address these issues, why, if this bill is going to do so much for municipalities, are they never mentioned? Why, if it’s going to do so much for infrastructure, is it never mentioned? Why is the bill purposely and carefully crafted so that this government can give the money literally to anyone it wants to give the money to?

This is a horrendous bill, and I’m going to have an opportunity to speak to it later. But as I listened to the member from Pickering–Scarborough East, he waxed eloquently but left out all of the details of what is contained in the body of the bill and spoke only about that press conference, where the people in the room were very much in the dark, the same as members of this Legislature and everyone save and except possibly the Minister of Finance. I’m hoping, in his two-minute rebuttal, he can explain how this bill bears very little resemblance to the promises made that day.

The Acting Speaker (Ms. Andrea Horwath): Questions and comments? The member for Brant.

Interjection.

Mr. Dave Levac: You do the second one. We’re so excited, Speaker, that we both wanted to speak to defend the member from Ajax–Pickering—it’s not Ajax anymore.

Mr. Wayne Arthurs: Pickering–Scarborough East.

Mr. Dave Levac: Pickering–Scarborough East.

My seatmate makes some good points. What I want to really bring to the attention of the Legislature, which is rather interesting, is that you’re going to hear both of the oppositions’ members say all kinds of things about what the bill isn’t. The two things they do not want to tell you, though, are that this is an extra tool for the municipalities and one more way in which this government has indicated its willingness to be a partner.

Let me ask them quite clearly: If this bill passes and becomes the way in which we make sure municipalities get that extra money that is in surplus—if it happens in anyone’s budget, will they repeal that law? Will they tell the municipalities that, “When there is extra surplus money, you will not get that money for your infrastructure?” Let me hear them stand up and say that in their two minutes. They’re not going to say that. They’re not going to do that because they’re the ones who downloaded all the responsibilities to the municipalities in the first place.

The difficulty here is understanding that when they put this thing together when they were in the government, they were the ones who burdened the municipalities with all of these terrible things they had to get out of. Every bill that we’ve passed in this Legislature since 2003 has been a way to form partnerships with the municipalities and to assist the municipalities.

Yes, read the quotes. They do talk about a new era, a new-found era from when this government has decided to

work in partnership with the municipalities. What does this translate to, specifically? Better transit that we all get to benefit from; connectedness to the communities, which we all get to do. Inside of regulation, what you’re going to see is the opportunity for us to work with the municipalities to ensure they—this is talking about trust. We are going to trust the municipalities to put the money where they need it the most. That’s what this is about.

Ms. Sylvia Jones: I’m pleased to rise this evening to talk about Bill 35. I notice the words “fiscal transparency” are in the long title of the act. I have difficulty with the word “transparency” when there is no reference in the bill to transferring that money to the municipalities. There’s no reference in that bill to having transparency for the electors to see where you’re going to put this money. The member from Brant references the fact that municipal partners—and they use those words, advisedly, a lot—were pleased to hear that the surplus would be transferred to the municipalities.

The problem is that many of those quotes that he’s referencing happened a week before the budget, when they thought they were actually going to see some of this surplus. We now have a situation where the week before the budget was introduced, probably at the printer, they already knew that there wasn’t going to be sufficient surplus to transfer any money to the municipalities, even if they chose to do it. I think what we’re seeing here is an opportunity for the governing Liberals to choose their pet projects, to choose their pet ridings and funnel money in where they see they need a few more votes or a few more positive articles in the press. It’s unfortunate that the word “transparency” has been used in a bill that in fact closes up the opportunity for people to see where that year-end surplus—if there is going to be one—is going. I think it’s an unfortunate way to govern and an unfortunate way to deal with our municipal partners.

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The Acting Speaker (Ms. Andrea Horwath): Response?

Mr. Wayne Arthurs: I appreciate the comments by members from Muskoka–Parry Sound, Beaches–East York, Brant and Dufferin–Caledon.

What I didn’t hear from around the House was anyone objecting to investments in municipal infrastructure, which is really quite positive. Now, there may be various commentary on transparency or whether the bill specifically speaks to municipalities by word or whether we might spend the money on debt reduction beyond municipalities. Generally, though, no one was really objecting to what the intent is—and that’s a recognition of the very real need that municipalities have, one we’ve been addressing since we came to office, one we addressed through infrastructure dollars when we had some capacity in 2006 on a municipal infrastructure program so well received then. Many of us—most of us, probably—have been in our ridings over the past couple of weeks doing announcements and/or hearing from our municipal partners about the monies that have recently flowed through the budget process, apart from our year-end,

apart from the monies that might be available at the end of this fiscal year when all of the numbers are in, which this bill attests to. I heard nothing but positive comments from the municipal partners I spoke with, regionally and locally, about what we managed to do over the past three, four or five years compared to what they had going on before that and what they anticipate is going to happen. They understand that we are constrained by the economy. If the economy is good, then they should share in that. If we do well, they should do well. If the province isn't doing quite as well, they understand that there won't be quite as much money to flow to them. But what's important for them is to have partners and know that those partners are going to work with them when the opportunity arises, that we're going to be there with them in the good times and we're going to support them even when times aren't so good.

The Acting Speaker (Ms. Andrea Horwath): Further debate?

Mr. John O'Toole: It's a pleasure, first of all, to recognize that my good friend and the finance critic for the opposition, the member from Niagara West—Glanbrook, Tim Hudak, would have done a much more thorough review. But he is watching tonight and will comment in the coming days with respect to Bill 35.

My role here tonight is to make this understandable for the ordinary person in Ontario. That really is a good place to start. The member from Niagara West—Glanbrook has given me the privilege of attending a briefing last week which he arranged. We had the opportunity to talk to ministry people. I give them full credit and thanks for taking the time. But I left that briefing by the ministry people not fully reassured that there was a plan here. That's very troubling, because this is a complete shift.

I'm going to go over—Bill 35 is a very small bill. In fact, I think it's important for the members of the public who are, hopefully, listening tonight—there would be many people in nursing homes and in their rocking chairs listening. This is actually only three pages. In fact, it's in two languages, so it's only a page and a half. This is a profoundly important bill. What it does is it allows the McGuinty government to take all the money that's extra, depending on how your accounting works, and flush it out at the end of the year. That's really what it does. I'm going to keep to the record here, Madam Speaker—and congratulations, you look very dignified in the chair there. I'm going to read the preamble for the public. The preamble of the bill, in this one-and-a-half-page bill which restructures Ontario and allows the Liberals to just give your money away, with no strings attached, more or less, says:

“The Investment Ontario Act, 2008 authorizes the Minister of Finance to make payments out of money appropriated by the Legislature”—that's the McGuinty government—“to certain persons and entities that do not carry on their activities for the purpose of gain or profit.”

There's no Liberal that makes a profit; that's the first assumption you have to make. They're going to spend,

tax and spend. That's their whole ideology. The Liberals' moniker and their traditions have been two predictable outcomes: tax and spend. You don't have to look very far. You don't have to look to the federal government. You can look back to David Peterson, and some of the things I'll say in the future will account for how we got into this mess that we're in, this precipitous mess, because of Dalton's current decisions.

This preamble goes on to say, “The total payments made under the new act in each fiscal year shall not exceed the lesser of”—the wording is a bit technical, but all of us have to understand and abide by it, with the exception of Dalton:

“(a) the amount appropriated by the Legislature”—when they set up a rule, there's an account called “a” and it will be an amount apportioned by the Legislature through regulations, because we don't know what the regulations are now—and

“(b) the amount that would otherwise be the annual surplus for the fiscal year less the prescribed amount, if any, of that surplus allocated to the reduction of the accumulated deficit”—in other words, the debt.

Normally today, any surplus that is sort of an unplanned outcome of good economic times—which we've seen the last of—would be allocated automatically through legislation to pay off the mortgage, the accumulated debt. That is the rule today. What this bill does is change forever the discipline of paying off your bills. You can just stack up the debt as long as you want, because the accumulated debt is basically future taxes. In the future, to pay off the debt—it's \$160-some-billion now in Ontario—you either have to cut services, raise the efficiency in the delivery of public service, thereby saving money, or increase taxes. Those are the choices. Increasing taxes means your children are going to pay off the debt in the inordinate amount of expenditures they're incurring.

The preamble goes on, “The new act authorizes the Minister of Finance to determine the terms and conditions on which payments may be made.” So they're fully in charge.

“The Lieutenant Governor in Council is authorized to prescribe by regulation the recipients”—this is important—“to whom payment may be made.” When you say recipients, that could be the cricket club or it could be some friend. This is what troubles us. We saw what happened when, with all due respect, Michael Colle had a bit of money that they gave him to give out before an election, which is just completely unacceptable. There were really no strings attached. It ended up that people who didn't apply got money, people didn't know the rules, they were trying to defend it, and finally he had to resign. That's got to be an admission of some—I'm sure that Dalton was pressuring Mr. Colle. I know the member. He's an honourable fellow, but the cabinet kind of rules the day in the way it was played. They gave out some \$30 million that was difficult to track as to who applied for what and why they got it. Some got money who didn't apply for it.

This is saying—I'm going to repeat—"The Lieutenant Governor in Council is authorized to prescribe by regulation the recipients to whom payment may be made, the purposes for which payments may be made, the method of and basis for calculating the payments, the activities in which the Minister of Finance may engage"—activities in which the Minister of Finance may engage; this is suspicious too—"in furtherance of the purposes of this act"—in other words, they're going to talk to the various friends or associates one way or another—"and the amount of surplus, if any." They can even change this level of surplus. My understanding of Bill 35—the general media was that it was anything in excess of \$600 million at the end of a fiscal year. They were saying there would be \$800 million. That meant that \$200 million would be spent as the cabinet saw fit under whatever the rules happen to be, the cricket club or what have you. It says here that the amount is not specified in this bill, so we've yet to see the details.

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So we're discussing—when you look to the current thing, the only thing you have to go on is past behaviour. Past behaviour is a good predictor of future behaviour. What is the past behaviour? Lottogate is one of them. In Ottawa we have the ad scandal, the Gomery issue. So that's kind of how they've been operating: in an environment where it's almost like they're buying votes, or they're actually getting close to encouraging voters to vote for them because of the recent donations to various groups.

I'm going to stick to the script here because this gets a bit touchy: "... the Minister of Finance may engage in furtherance of the purposes of this act;" in "the amount, if any, of the surplus for a fiscal year to be allocated to the reduction of the accumulated deficit," of the province's accumulated deficit.

That's just the preamble of the bill. It's not that long, and it defines a few things under the definitions section. It defines "eligible recipient," which I think is important: Who can get this money, the surplus at the end of the year, this unknown, unpredictable surplus. It means "a person or entity, other than an individual but including a partnership whose members may be individuals, that does not carry on activities for the purpose of gain or profit." It could be a club, a polo club or some other club, a cricket club. It could be. There's nothing in this bill that reassures me, and this is troubling.

Right now—giving you a bit of context for my troubling comments here—when I talk to constituents, more recently it's mainly because their municipal tax bill has gone up in the order of 5% or more, locally and regionally. Persons on fixed incomes—seniors and others—are troubled. They're normally not given to complaining. But they are saying, "When is this going to stop?" I tell them, "It stops when people start yelling and show up at their door, protesting, when they are upset." That's when this will stop. It shows up when—you get the government you deserve.

The eligible recipients—you've got to read between the lines a bit here.

"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."

That's why we saw all this money that was flushed out in the budget there. Over \$1 billion was flushed out in the budget really quickly. Much of this money—the members themselves didn't know and the municipalities didn't know. Of course they're happy for it. As the member from Beaches–East York said, when he was mayor of East York, they were happy to get the money. We met with the wards in eastern Ontario during the Ontario Good Roads Association-ROMA convention this winter. They told us that whenever they got this last-minute money, they were happy to receive it. So I understand the politics of that. Do you understand?

What municipalities want, and I'm diverging a bit from the bill here: Municipalities told us, and they've said repeatedly that AMO, the Association of Municipalities, and ROMA, the Rural Ontario Municipal Association, have said that they want predictable, stable funding.

In fact this past Friday, I along with other Durham MPPs—normally Wayne Arthurs appears, but he was probably making a budget speech, a post-budget breakfast speech, somewhere on behalf of the minister, I'm sure. All the mayors and the regional chair for Durham were there. We had a good roundtable discussion on issues that affect all of us—we live there—and it's non-partisan, I would say respectfully. It is well conducted by Roger Anderson.

Out of courtesy, I should mention the mayor of Ajax, Steve Parish. I served on regional council with Steve. He's now the mayor. Larry O'Connor is the mayor of Brock, and our member from the city of Kawartha Lakes, Laurie Scott, works in that area. Jim Abernethy, the mayor of Clarington, was there, as well as John Gray, the mayor of the city of Oshawa, and Dave Ryan, the mayor of Pickering, who's a good friend of the member for Pickering–Ajax. Marilyn Pearce, from the township of Scugog, was there as well, and I sat beside her—she's a very thorough mayor—and Bob Shepherd, who's the mayor of Uxbridge—new but experienced and brings a very decent, respectful attitude—and Mayor Pat Perkins, who's the new mayor of Whitby but has served for a number of years.

So there are seven municipalities, and they all agree. I can say without putting words in their mouths that they all want stable, predictable funding to deal with infrastructure, planning and organizing the distribution of funds mostly in the capital nature. That's what they want. This politicization of in-year so-called funding, one time funding, what actually could that achieve? In your household what you'd do with that is you'd buy a flat-screen television or some extraordinary expenditure that you hadn't planned for. This bill is not structured in a way

that allows municipalities at upper and lower tiers to execute their business the way they should.

Section 3 is quite interesting. Section 3 is the only substantive section in it, but it doesn't tell you anything either. The regulation says, "The Lieutenant Governor in Council"—now, there you are—this arm's-length, sort of secret process can make the regulations. These people are appointed basically by Dalton McGuinty. They make regulations prescribing eligible recipients, the class of eligible recipients, the prescription for the purpose for which payments may be made under the act, like, "You've got to tell me about what you're doing."

Now, this is a Premier who ran on transparency and accountability. This is anything but that. This is like trying to make a solid piece of information out of gas. It's sort of getting away on you as you're looking at it. It's like dealing in a fog. It's troubling. It says, "prescribing the method of and the basis for calculating payments to be made under this act." And clause (d) says, "prescribing activities in which the Minister of Finance may engage in furtherance of the purposes of this act." In clause (e): "prescribing, for the purposes of the definition of 'B' in subsection 2(2), the amount, if any, of the surplus for a fiscal year to be allocated to the reduction of the accumulated deficit"—see, there's the amount. They said there's \$600 million out there; that's not in here. It says it's prescribing the allocation of "the reduction of the accumulated deficit"—the debt—"shown in the province's consolidated financial statements for the fiscal year."

Then it has a section here, subsection 3(2): "Retroactive regulations"

"A regulation is, if it so provides, effective with reference to a period before it is filed." So they can do it retroactively.

There are a couple of other sections, but they are not that large, and they mostly refer to acts that Bill 35 is amending. So you can see that this is not much of a disclosure bill here, because we're guessing. So where do you go from the idea of giving out money at the end of a fiscal year? There is a process where during the fiscal year there are mid-term estimates—I think they are provided some time in August or September. These estimates are done by the economists who forecast the revenues and expenditures to date.

Now, if you look at the current budget—and even that in itself is somewhat suspect. If you look, and I'm looking here—and I encourage the listeners: If you need to, you can log on to the Ontario government website. But there are really a couple of pages here that you must look at. Page 18 and page 19 kind of give you the total revenue picture. This is 18 and this is 19. Page 19 is the total expenditure side. On the expenditure side, they do show that they have a bit of a reserve fund. I'm troubled. It's \$750 million. Do you know what I think could happen? If they get into trouble, the economy is a bit shaky, I don't know who could get that money. Do you understand?

There are some questions that need to be asked, and that's the role of our leader, John Tory, and Bob Runciman as the House leader: to call on how this money is being spent. To me, the people I talked about, the seniors, the fixed-income people—there is a surplus. This means they are paying too much tax. That means somebody, down the line, is being—not just the health tax. I don't want to talk about Bill 44, the provincial budget bill. I am for a moment. I'm just going to diverge from my notes here, because I'm well prepared for this discussion tonight.

1930

In the budget there's one thing: They're going to give senior citizens \$250 if they qualify under certain thresholds of income.

Applause.

Mr. John O'Toole: The Liberals are applauding because they know that what that does is it actually gives them some of their health tax back. That's all it does. It's arcane. Dalton figures, "Just give it to them," because they're mad at him. He knows they're mad. They are paying more for drugs. They're waiting in waiting rooms. There are no doctors. They haven't solved any problems. They're paying another \$2.5 billion in health tax, and you ask yourself, while you're waiting in the emergency room, "Is it any better?" No, it's worse.

Mr. Bill Murdoch: Long-term care.

Mr. John O'Toole: Long-term care.

The whole system is slowly crumbling. In fact, I spoke with the executive director of the Markham Stouffville Hospital tonight and I'm asking—the Minister of Health is here. He's a fairly decent hockey player, but to him as the Minister of Health, I want to say this, from the Central LHIN. They need money to cover the Uxbridge Cottage Hospital on emergency. You've committed to it. I know that you have health care as the number one priority, but—

The Acting Speaker (Ms. Andrea Horwath): I would ask the member to get back to the bill that we're debating in the House this evening.

Mr. John O'Toole: It is all tied together, because it's the uncertainty of the numbers themselves. If you look at it, Madam Speaker—I'll get one of the people to bring it up to you, because it's in here. There's normally an amount identified in expenditures as a contingency fund. That contingency fund deals with things like ice storms etc. I don't see that here. I see it spelled out in different ways, but overall spending between 2006-07 and 2007-08 on the expenditure side has gone from \$88 billion to \$96 billion. How can they sustain those billions of dollars? If the economy is going a bit south—and I'm going to talk about that. My biggest concern, the underlying concern here, is that in these difficult economic times, the RBC and others have already contradicted the forecast numbers in this with the forecast growth, the 1.1% to 1.2% growth. Even more recently, today, they're down below 1%.

What does that all mean to the ordinary person like myself who pays taxes? I've taken the time and the pri-

vilege of paying attention. For every point that the GDP, this gross domestic product, or the productivity measurement—this is something worth knowing for all members, especially the new members—goes up, the province of Ontario receives between \$600 million and \$800 million extra revenue. If it goes down a point, you lose the \$600 million to \$800 million in revenue, plus your expenditures go up. So if the economy drops by a point, the net result is probably a billion dollars. This is a bump in the road.

The economists are now talking—and I have some of these numbers in front of me, with your indulgence—about these kinds of problems. In fact, the Canadian Labour Congress and others are saying it. If we want to predict the future with any degree of certainty, the best predictor of future behaviour is past behaviour. What have they done in the past? What did David Peterson do? He spent us into oblivion is what he did. He set up Bob Rae for a complete disaster. Bob Rae didn't cause the social contract. In all fairness, it was caused by David Peterson. He was off at Meech Lake spending money like a sailor who hadn't been off ship for some months. There are other terms for that.

Here's what it says: "25,000 Jobs Lost in Ontario in March." This is the future. Without being a dire pessimist here, we've got to deal with reality. It's Dalton McGuinty's responsibility. After four years, he's got to assume some responsibility. He could blame Sir John A. Macdonald for some of the problems if he wishes, and he probably will. "Canada's red-hot labour market caught a chill from US recessionary winds in March as the spreading economic gloom sliced 47,000 full-time jobs from the payrolls in manufacturing-heavy Ontario and Quebec." This is the Toronto Star, the labour-friendly briefing notes—the Toronto Star. That's what it says. I'm not making this up. It goes on here to say, "But all those gains and more were part-time jobs as Canada actually lost 19,600 full-time positions, while part-time employment jumped"—so they're losing full-time jobs and they're gaining part-time jobs, which kind of obscures the numbers a bit.

I'm going to be honest here and say, "And the news was far worse in the export-oriented economies of Ontario and Quebec...." If you look at the gross numbers, the aggregate numbers across Canada, it doesn't look so bad. But if you look at Ontario, this is where the job shedding has occurred. That's what happened to John Gray during the last recession in the early 1990s. It collapsed. Ontario was first into the tank and last out of the tank. I was chair of the budget process in my municipality at that time. I met with Floyd Laughren and Ed Philip, and they were pulling every straw out of every hat that they could find to stop the hemorrhaging. Dalton hasn't taken any of the advice of our federal finance minister, Jim Flaherty, to be competitive with other provinces, to use the tools he has at his disposal. No; he has ignored that. What he has in Bill 35 is the slush fund, the lottery giveaway. Buy a 6/49 ticket; that's his solution. There's no plan here. There's no plan.

In fact, our critic, Jim Wilson, made the other day what I thought—he was talking about the exodus of 77,000 people—

The Acting Speaker (Ms. Andrea Horwath): Excuse me. I would ask the member to try to address other members of the chamber by their ridings.

Mr. John O'Toole: Most people know Jim Wilson, but I'll get his riding name here: Simcoe-Grey. He's an excellent member, a former Minister of Health, and knows of what he speaks. He was doing a question to the minister for which he got completely unsatisfactory answers. He said, "It's sort of like 'Go west, young man'; 70,000 young people"—mainly—"have gone west, to Saskatchewan and Alberta and BC." Why? We're going to spend \$1.5 billion retraining people for jobs. The key is, I want to hear from Sandra Pupatello—what's her ministry? I shouldn't be using her name.

The Acting Speaker (Ms. Andrea Horwath): Minister of Economic Development and Trade.

Mr. John O'Toole: I shouldn't be using her name. I'll try to tidy up my speech here. She's the Deputy Premier—no, that's George. Minister of Economic Development? Anything but. Windsor's in total, complete collapse, almost.

Mr. Bill Murdoch: She's a Windsor girl.

Mr. John O'Toole: Yes, she's from Windsor. Their unemployment rate is the highest in Canada. And where is she going? She's going to China to get more jobs for Wal-Mart or something. I have no idea why she's going.

The member from Simcoe-Grey asked the question, and there was the inadequate response, and he said clearly that that was encouraging people—indirectly, I'm sure—to go west.

Here we are with one of the greatest educational systems, thanks, for the most part, to the work that was done by Mike Harris and Ernie Eves—the number of post-secondary students in our universities and colleges was because of that double-cohort investment that we made. Those people, unfortunately, are graduating with no jobs. Now they're going to spend \$1.5 billion. Graduating to do what? What's the plan?

As the member from the third party said today, they're shedding manufacturing jobs; even Quebec has a plan. There's no plan. There's sort of this lottery-style Bill 35, write the cheque to somebody that you hope—look, they did it the other day here. There was an article in the paper. I'll get to it because I have a few minutes left to speak. They gave some money to, I believe it was a chocolate factory, and now the chocolate factory has a recall. It was a considerable amount of money. I'll get the quote out.

I'm just going to stick with a few of the comments here. "Certainly no disaster," said CIBC senior economist Avery Shenfeld. "But central Canada did see some impacts of the weakening in the US, and that could be the start of a trend." That's a quote.

"There were new indications" yesterday "that the US had slipped into a mild recession, and the slump is far from over. US employers reported slashing 80,000 pay-

roll jobs in March, the most in five years and the third straight month of losses.

“Shenfeld said that was indicative of a mild recession. ‘If we were to see a deeper recession, you’d be losing 200,000 jobs a month,’ he said.

“Both employment reports were in line with market expectations, as well as cautionary statements issued by Federal Reserve chairman Ben Bernanke and Bank of Canada senior deputy Paul Jenkins earlier this week.

“TD Bank economist Derek Burleton said he expects Canada’s job market will likely soften further ... although he said the much slower pace of retreat than that in the US....”

“Citing the American slump, the Royal Bank on Thursday downgraded Canada’s economic growth forecast to 1.6 % in 2008 and said Ontario and Quebec would be the hardest hit because of their dependence on exports to the US.”

1940

Now, there’s what I said. That GDP decline is being forecast. If that’s done three times, you’re technically and academically in a recession. There are two or three different measurements. One of them is interest rates, one is jobs, and one is just growth in the economy.

“But”—this goes on—“the Canadian Labour Congress saw more red than the bank economists, particularly in the continued bleeding of manufacturing jobs, and called for”—Ottawa—“to launch a job creation strategy to mitigate the impact of the US recession.” That’s basically what the federal finance minister is trying to do with Mr. McGuinty: come up with a strategy, working with the stakeholders in manufacturing. You understand, Hamilton is your riding, and that area is hard hit, as are other areas; Windsor, as well as Oshawa and Durham ridings, have a great dependency on the auto sector.

These are high-paying, good, skilled jobs. If they’re lost, we could spend a lot more just trying to get them back. We should probably spend a few dollars to try and save them. There are countries that don’t have the trade discipline that Canada has—allowing foreign manufacturing products in here. A member from the NDP caucus had this on the bus—Monsieur Bisson, just a week or so ago in private members’, was talking about the same thing: having the right tax strategy to secure a certainty of employment. There’s nothing wrong with that. In fact, government money should have strings attached to make sure there are job security provisions in those grants.

I’m just going to clear up here. It says, “‘Today’s labour force numbers give clear evidence that the US recession is now spilling over into Canada, especially in Ontario, Quebec and the Maritimes,’ said economist Andrew Jackson, noting that almost all the job gains came in Alberta and BC.” This is similar to the member for Bruce-Grey—Go west, young person. “Go west young man,” but it’s meant in the general sense.

Here’s what our reaction, unfortunately, has been. Again, these are strictly from the newspapers today. This is not something that I’ve been hoarding to myself. This a commentary, again from the Toronto Star, widely known

as the Liberal briefing notes. This is generally what we understand it to be. They write, it and the ministers use it every day in the House here. So, after 10 or 15 years, we get kind of used to it.

This is what the Toronto Star says today, on page A20. It’s talking about the good work that John Tory and Bob Runciman are doing. It really is quite complimentary. I’m a bit surprised the Toronto Star would go that far. They were in Hamilton, and Premier McGuinty—with all due respect, he is the Premier. The people made a mistake, but he is the Premier. Here’s what it says: “Ontarians should ‘steel’ themselves for hard”—what’s this “steel” stuff? I know it’s steel town, but he could be direct with people instead of using this code language. Steel as in s-t-e-e-l—two e’s, as opposed to the other one. I thought he was trying to say the only way to get along is to steal the bread or something. I’m not sure.

But, “‘steel’ themselves for hard times because there are no magic solutions for reversing the economic downturn.” There’s no solution. He’s given up. The Premier of Ontario says it right here. He’s given up. There’s “no magic solution.” How about being tax competitive with other jurisdictions as a start to protect those high-paying skilled jobs in a sector that’s built this province, built Hamilton, built southern Ontario, with affordable energy and good, skilled manufacturing jobs?

“The warning came as Statistics Canada reported Ontario lost 25,000 full-time jobs in March as the unemployment rate rose to 6.4 % from 6.1 % in February.

“We’re going to continue to go through some challenging times....” This is quoting the Premier, the leader, the person with the plan book in his back pocket.

Mr. Bill Murdoch: There’s no plan?

Mr. John O’Toole: I’m not sure there is a plan here, and this is what’s so discouraging. To be here, representing my riding of Durham, which is dependent on a government that’s fair-minded, not looking at how many Liberals or how many Conservatives. They’re working with the leadership; they’re trying to do the right thing for the sector, whether it’s Hamilton, London, Durham, Ottawa, Sudbury or Sault Ste. Marie. They’re working with the sectors or the regions of the province as a leader with a plan. I see nothing of the sort here. I see statements like, “Prepare,” “Batten down the hatches,” and that kind of stuff—terrible. “I’m sure those Ontario families and businesses who are losing jobs, losing ground and losing hope will find the Premier’s advice to ‘steel themselves’ very reassuring.” That was our leader, John Tory’s, response. I think he must be eating those words today; he must be sorry he said them. He’s probably sorry he went to Hamilton.

There are other signs—this is what’s most troubling; there are so many signs. I just flipped through the clippings to prepare—unscripted, untested. Here’s another headline: “BC Ruling Spells Trouble for Ontario Mining Industry.” We saw the largest mining tax increase at the diamond mines, and that’s what the headline says. It’s right from the Toronto Star; you can read it for yourself.

Here's another one: "Talk about Teachers' Pension Plan is Predictably Vague". This is by an extremely good writer from the *Globe and Mail*, Murray Campbell; I think he does a great job. He's talking about a huge deficit in public sector pensions. In this particular section, he's responding to the Minister of Education's rather unscripted remark that they may have to claw back some of the benefits of the current teachers' pension plan agreement. They are talking about it; she admitted that. But then I think the Premier kind of tugged at her shoulder and said, "No. Oh, you're off script there a bit."

Here's what it says: "Education Minister Kathleen Wynne was not the model of precision this week when talking about the \$12.7-billion shortfall facing the Ontario Teachers' Pension Plan." Whoa, let me sit down here for a minute. The rich teachers' pension plan is \$12.7 billion—this is the richest pension plan in Canada.

Interjection.

Mr. John O'Toole: Listen up; can I have your attention here for a moment?

"Asked ... whether the early retirement provisions enjoyed by the province's teachers might have to be scrapped, she said, 'It's one of those things that the partners at the table have to talk about.'" That's a quote. Boy, will they be upset. With all the money they've spent on education to buy peace, it sort of reminds me of that British politician: "peace at any price." I think it was Neville Chamberlain who said that, wasn't it?

Interjection.

Mr. John O'Toole: Neville Chamberlain. Yes, exactly. It's tragic. Well, this is where we are today: peace at any price.

That ties in to Bill 35, because at the end of the year they could bail it out. Do you understand? That's what this fund is about. It's magically going around with a little spell, called Dalton's fountain pen and a cheque-book, and solving all the problems. It's scary. Actually, the more I get into this, the more troubled I get.

It says here: "The \$108-billion pension fund commissioned the survey and other studies last year after dealing with a 2005 shortfall of \$19 billion," in the Ontario Teachers' Pension Plan. Did you know—Madam Speaker, you probably know this, because you read a lot of material—that they've increased the teachers' contribution to the highest level permitted by law? I think it's over 10% of their—in fairness, the teachers are paying a lot. Hey, look, I'm not a teacher. I'm saying that they're paying an inordinate amount.

Once again, Dalton McGuinty has no plan. Even the most successful pension plan in Ontario is going south. Dalton McGuinty is the Premier; you can't blame Mike Harris for that one. The boat has turned around, I'm sorry. It's tragic. Do you know what I mean?

In all respect, our leader, Bob Runciman, discussed this with all members of the caucus and put forward a resolution that will be debated here—I think I'm in order to release this. It might be a bit confidential, but I'm going to read it. It's for debate this Wednesday. Stay

tuned. I hope to participate, if Mr. Runciman lets me, but that's for debate tomorrow at caucus.

"Mr. Runciman—I move that, in the opinion of this House, the McGuinty Liberal government's failures to develop and implement effective long-range plans to ensure the economic well-being of Ontario have led the province to the brink of have-not status and placed in jeopardy our ability to support cherished services such as health and long-term care, the environment, infrastructure renewal, education, transportation, tourism development, secure and affordable energy supplies, safe communities and agriculture."

1950

He has hit the nail right on the head. All those things are at risk right now, because without a strong economy, you have no social fabric left. Bob Rae is familiar with that. He had the social contract and had to pull the rabbit out of the hat, and the public sector has never forgiven him—never.

Actually, I'm quite interested, because I'm the municipal affairs critic and I think we are at the precipitous beginning of a serious—it's huge. As a matter of fact, I have some notes here that I'm going to scare you with—not meant deliberately. These are factual notes done by research people; these are not political.

Around 1988-89, they got into serious trouble. I tell you, David Peterson knew. He called the election early because they were going south. It was three years into the mandate, I believe—I'd have to go to the member from Carleton-Mississauga Mills; he's been here longer than all of us, and with good reason. I say that respectfully, because he's still here; he still cares. He's worried about the province; I can tell.

But I believe that in about 1988-89, they were three years into the 1985 mandate. They knew the recession was coming big time. They knew big time it was coming; everyone did. They called a quick election, but he was in Meech Lake when they called it, so he wasn't here most of the time. Anyway, they had commissioned a couple of studies at that time. When I say he was in Meech Lake at the time, I believe he was trying to be the next Prime Minister. But Ontario was heading south rather quickly. They called an early election, and in fact they lost. And surprise, surprise, in 1990 Bob Rae formed the government.

As I told you earlier, the economic factors are such that if your GDP is going down, your revenue goes down and your expenditures go up. They got caught in a precipitous slide that caused them great grief. It wasn't Bob Rae's fault. Floyd Laughren was a decent guy; he just used the wrong tools, and so is Dalton McGuinty. I'm telling you, Dalton's doing the same. They're going to spend their way through the recession. Do you realize that in the \$96-billion budget—

Mr. Mike Colle: On a point of order, Madam Speaker: The rules are that we're supposed to refer to members by their riding name. This member is repeatedly referring to people by their first name, and I hope that would be stopped.

The Acting Speaker (Ms. Andrea Horwath): Thank you for that comment. In fact, I've reminded the member myself, and ask him to please observe that.

Mr. Bill Murdoch: We're just trying to be friendly over here. You don't need to get snotty about it.

Interjections.

Mr. John O'Toole: Member from Eglinton-Lawrence, I do respect that—

Mr. Bill Murdoch: What's your name? I forget that name.

Mr. John O'Toole: No, no. That's what we should do: keep this thing—because we really have a substantial argument to be made here.

We're talking about Bill 35, which is the new “spend the money at the last minute” bill. You have to consider—I always like to look at Hansard to see exactly if I was on topic. This is related. If you look at it, right now there's an important consultation going on municipally: the Provincial-Municipal Fiscal and Service Delivery Review. It's more or less headed by AMO, the Association of Municipalities of Ontario. If anyone has been here for any longer than 10 or 15 years, they would already know that this review has been done five times. It has been done a number of times. I'm just going to cite from the history. This review has been called a number of things—this time it has been called a shell game, in my belief, because they know.

The history is that David Peterson actually started it, and I can cite in this research paper how it started, and some of the trade-offs, called downloading and uploading. But this fiscal review in brief, stated by the Fair Tax Commission in 1993, the disentanglement report in 1991—and prior to that it suffered other names; it was called the Who Does What Commission in about 1996-97. But prior to that, the arguments were about who has the assessment wealth and who has the growth.

The fundamental question that this Bill 35 and the fiscal service review should be talking about is, what tax revenue pays for what service. It's kind of boring, but should municipal taxes be paying social costs?

Let's take, for instance, Madam Speaker, if Stelco or Dofasco in Hamilton, your riding, was to cease being in business, the social costs to the municipality would go through the roof on the social programming that it does. The housing issues and the tax revenue loss, which means those businesses that aren't in business don't pay industrial tax any longer, would be serious. In other words, their tax revenue would decline and their social programming costs would go up. Those programs that are social in nature should not be funded on a municipal basis.

The history is, if you know anything about it at all, that those social programs started at the local level; in fact, they started at the church basement level, churches wanting to do the right thing and help those in need in their community. Eventually, some of that was picked up. But under no circumstances, under any government—Bob Rae, David Peterson, Mike Harris, Ernie Eves, whatever—were they ever paid 100% by the province. It

has never happened, yet we look at this as being a download.

I can tell you what's being downloaded right now by Dalton McGuinty. Almost all the stuff that he's talking about is being downloaded right now. As I tell you right now, some of this greenbelt legislation, some of the source water protection legislation—all of it is being downloaded. It's being downloaded. They're picking up costs. Places to Grow documents: All the studies incorporated into official plans are now inordinate and expensive—costs for consultants and expert reports to comply with government policies. So those are downloading by any other name, no question about it.

I'm just going to kind of skip through this fiscal review, because I'm quickly running out of time here, and it's unfortunate. The summary of the findings: In 1985 to 1995—I'm reading a research paper here provided by independent, non-partisan groups—“The Peterson and-Rae administrations largely maintained the status quo with respect to municipal structures and programs in Ontario. In the municipal field, both of these administrations placed importance upon programs to expand the stock of affordable and social housing and legislation to expand the scope of rent regulation.

“In response to the recession of the early 1990s and the drop in provincial revenue, the New Democratic government in 1993 instituted the social contract, which over a subsequent period of three fiscal years set out to moderate provincial program spending”—that's reduce spending; that's code language—“and reduce provincial wage-related expenditures.” Some 85% of public spending is payroll.

Hon. Madeleine Meilleur: What's wrong with that?

Mr. John O'Toole: It's good. I'm happy the minister is engaged. If it's payroll and you have a recession and your budget is committed, Minister—look around because your other minister from—no, the Attorney General. They don't spend much anyway. I think they cut them back. Look at the backup in courts today. They probably got a cut in the last budget. You interrupted there. That's okay. There was no out of order.

In response to the recession in the 1990s and the dropped provincial revenues: “... the social contract, which over a subsequent period of three fiscal years set out to moderate provincial ... spending.... It appears that provincial operating expenditures for municipal affairs were moderately reduced, but the government's allocations to social housing remained in place. The social contract also had an impact upon municipalities as major transfer partners including salary savings for municipal employees.”

2000

Here's another one. This is an extremely good report. I'm happy to share it with anyone. Look up my website, and I'll have it on there. The Fair Tax Commission was established by the NDP government in March 1991. I was a councillor. I attended public meetings on it. It was a respectable process, but it was really about trying to figure out the same question. What revenue—local,

regional, provincial, federal—pays for what service? That's all this question is about. What's this delay in the review about? What's this Bill 35, one-time, lottery-style spending all about?

We know the solutions: Figure out what level of government should pay for what service and quit using the shell game to blame other levels of government for these various responsibilities and lack of funding. That's what's needed here, and it's going to take the courage and leadership of a person like John Tory to fix this.

Hon. Christopher Bentley: Who?

Mr. John O'Toole: Look, he's the best mayor the city of Toronto never had. But now he's going to be the best Premier Ontario has ever had. Just hold your breath—as long as necessary.

The Fair Tax Commission, established by the NDP government in 1991, recommended in its 1993 report that Ontario should replace—

Interjections.

Mr. John O'Toole: Listen to this; it's very important.

Mr. Mike Colle: Give up your seat, John.

Mr. John O'Toole: Give up your seat, Mr. Colle. You should've resigned anyway—Eglinton—Lawrence. You should listen to this, because you were a councillor at one time.

The Fair Tax Commission recommended in its 1993 report that Ontario should replace property tax as a source of core funding for education. Guess who did that? We actually followed.

There was another commission, a royal commission, For the Love of Learning, and it recommended that the province should be funding education so assessment-rich communities like Toronto wouldn't spend \$9,000—and Ottawa is another one, \$8,000—whereas little Durham was spending like \$4,500 dollars. It should be public—if you break your leg in Sudbury, the doctors get paid the same in Sudbury as they do in Toronto. It should be fair for everyone, and who changed that? That was one of the fundamental changes we made on uploading. The province of Ontario has to learn from history or you're doomed to repeat it.

What this report I'm working on now demonstrates is this: During the period of Mike Harris's review, called the David Crombie Who Does What commission, which I'll talk about, in that commission, the province of Ontario respected the Fair Tax Commission, the Who Does What commission, the disentanglement report, and tried to say, "Look, education is a very important social program for all children of all learning needs and places." We uploaded \$3 billion in education for the province—we couldn't take all the education—and the rate of the remainder of education funding was determined by the province on the residential tax base. It was about .27 or something. And that's how education is funded today.

We did download certain things, but we uploaded \$3 billion and moved other things that were more appropriate to local services, and that was \$2.5 billion. There were a number of other small items, highway transfers and things like that, that were argued about by AMO and

other groups that I've heard—Hazel McCallion—whining for five years about. Even—what's her name?—Parrish, was arguing with Hazel the other day. Anyway, there are a couple of the reports.

I would say that the current government is a bit evasive here. There's a sequence problem I have. That is that in August 2007, they committed to do this fiscal service review, which was good. Our leader, John Tory, said we all agreed with that review, which was about what tax revenue pays for what service. Our leader, John Tory, said in the leadership debate, I believe—he challenged them, face-to-face, man-to-man—

Interjection: Mano-a-mano.

Mr. John O'Toole: —mano-a-mano, and said, "Why don't you complete the review at the end of 2007 and have it take place in part in the 2007-08 budget?" No, they took \$1.5 billion and blew it out the door, and nobody to this moment actually knows where the money is. They've written the cheques, and they've sent some lists around, but I don't see any cranes going up anywhere.

This stuff here is another fantasy, really. This fiscal review has been delayed. It was supposed to be in the spring, it was in all the newspapers—I have articles here. Now I hear it's going to be late August, when everybody's at the cottage. It will slip in, fall in the paper and go into the circular file. We'll still be talking about who does what five years from now.

I believe that John Tory will actually fix it. He's a person who knows that to be a leader, you have to have a plan, you have to be committed to that plan and you have to be believable that you'll deliver the plan. What we have now is no plan and no commitment to deliver it.

Some other things I want to talk about here—I'm going to get off this fiscal review thing, because here's the official paper and it's pretty thorough. It's about 85 pages, and it deals with two parts: the legislative changes, as well as the changes between Bob Rae, David Peterson and Mike Harris. We're now at the point we're debating the same bill. Their plan, according to Bill 35, is about a lottery-style giveaway, probably politically motivated. If I'm wrong, and I hope I'm wrong, the evidence will be—history is the greatest predictor of the future—what did the member from Eglinton—Lawrence, who was then a minister, do? He gave a \$1-million cheque to clubs that never even applied. He had to resign, and to this day he doesn't know why he resigned. I'm sure he was doing it in the most honourable way—there were other powers at work. In all fairness, you should still be at the table. You're a decent fellow, but you got hoodwinked, unfortunately.

I would only say that I should stick to the script here. It's been written for me, so I should try to get down to it.

The problem with any of these kinds of bills, which are more or less what I would call—they're empowerment bills, really, because everything that happens in this bill, from the amount of the surplus, to the amount of expenditure, to whom it goes to and why, and what are the accountability and transparency mechanisms, are all in regulation. I challenge anyone who gets up in their two

minutes or 20 minutes or one hour to tell me, “Where’s the beef?” There’s nothing in this bill. It’s a page and a half, and there’s no mention of \$600 million, \$800 million, a percentage or any rules. It’s all regulatory stuff that we’re supposed to vote on.

Now, in theory I’ll make a concession. I met with John Tory and many of the mayors at the ROMA/Good Roads convention. Many of them said these last-minute cheques that are dropped in their lap are purposefully used to pay off over-expenditures that may have occurred on certain projects or for other outstanding things. They’re not misused. I would not leave that impression. Municipal people are accountable. They are at the lower end of the food chain, and they use every dollar.

But when Hazel McCallion heard about this cheque, do you know what she said? She said she was really glad to get it. They’re going to put a levy on infrastructure, and she said, “I may get to reduce the infrastructure levy.” She’ll take the money from the province and won’t change one thing except lower the taxes. Well, they’ve already got lower taxes than Durham. Everybody read that article. Durham region pays higher taxes than Toronto. To me, this is a tragedy.

They were bragging today about ending the pooling. The member from Pickering, in his prepared speech that the minister wrote for him—he just read it—said they ended pooling. Do you know something? The pooling—Durham region was paying for Toronto. What’s this about? How could you ever justify sitting on that side of the House and still not—it’s about time you did it; it only took you five years. You’re bragging about something that took five years to do. You whined the whole time you were on council.

I would say that most of these things aren’t said to be in any way mean-spirited, except that the bill itself is troubling. There is nothing in it that allows me to be—there’s nothing in here for agriculture, there’s nothing in here for the GM workers, there’s nothing in here for the high taxes in the region of Durham. I see David Miller whining. He’s worse than Hazel, whining and whining. In fairness to David Miller, he’s worse off than Hazel. Hazel has brand new infrastructure. There are no wooden pipes in Mississauga. Hazel came in—she was the mayor of Streetsville when they formed the region—and she’s been there ever since. She hired everybody, so they are all either related or they know her from birth.

The point is, they have brand new pipes and the 427 is full of commercial taxation. The city of Toronto is old; it has no place to build except up. The only place it can grow is up. They knock down \$500,000 homes, build condos that are 10 storeys high and increase the taxes. That’s how they do it, isn’t that right, member from Scarborough, Mr. Balkissoon? I can’t use names anymore; they’ve disallowed that. I’m going to look it up—I know he’s from Scarborough; he’s an excellent member. Scarborough–Rouge River. He’s right next to the area where I live.

2010

It is troubling when you see what’s missing. I go back to the very substantive plan. What’s wrong with Bill 35? We could all agree with this if it had two or three things that I heard our leader, John Tory, talk about: long-term commitments to predictable, stable funding, and working with the federal government on the Building Canada plan.

I don’t call skateboard parks infrastructure; I call them important. They should not be built on the basis of revenue from Sudbury. They should be built on the purpose of the priorities of that community and their tax base.

Infrastructure is having safe water, safe schools and adequate hospitals. These are facilities that I believe the province has a responsibility to work on with the municipal level of government. Those kinds of grants would make sense if you’re building a new water treatment plant so the people would have the safest water to drink; sewage treatment is another plan. I would agree with those kinds of expenditures. They’re long-term. A major multimillion-dollar or billion-dollar expenditure is not something you plan on the 11th hour of the 11th day. We would all agree with that.

This giveaway money is not the sign of a strong leader with a strong plan. That’s what is most troubling, without being personal and critical. A household can’t run on the chance they might win the 6/49, and neither can a municipality. Under the assumption of no plan and leadership that has struggled without any plan except for what he told the people of Hamilton, to get steeled, or something like that—that is a clear definition to me of a leader without a plan. And a leader without a plan is taking you where his plan is, and that’s nowhere.

So we have a challenge here to find some way to improve this bill, to put certainty in it, not leaving it to regulation and not leaving it to political manipulation, if you will, but a plan that comes up on the right side of the people of Ontario, working with municipal leaders, the mayors and chairs, who, with all due respect, have the best interests, the best knowledge. They need the flexibility to make the decisions that best suit them.

I’m fortunate to be able to take the time here—our member from Niagara West–Glanbrook will have more technical content with respect to budget legislation. As the municipal affairs critic, I can tell you that I want to be a partner who works with them to do what our leader, John Tory, said, which is to have honest dialogue with communities for long-term, stable, predictable funding and a partnership with them to make Ontario stronger. That’s why I can’t support Bill 35. It’s a sham.

The Acting Speaker (Ms. Andrea Horwath): Questions and comments?

Mr. Michael Prue: I listened intently for the hour. I’m not sure whether I was getting a history lesson or something that used to be on cartoons called Fractured Fairy Tales. In any event, I listened intently to what was being offered, and I was heartened when my friend from Durham said he often goes back to Hansard to read whether he stayed on topic. I invite him, in a day or two

when Hansard goes out, to look for April 7. I think he will be very impressed with how much he did, or did not, remain on topic.

He did make a statement, though, which harkened back to the days of my youth: a very funny and wonderful commercial where a little old lady comes out and yells, "Where's the beef?" I want to concentrate on that for the last minute, because I believe that was the best point he made: "Where's the beef?"

We've got here a four-page document that is very tiny, because the pages are not exactly filled—half of them, of course, are in French as well. There's not really very much here. I think the point he was trying to make is that this bill, which the government is trying to pass, allows far too much flexibility. There is nothing contained within the body of the bill because, as some honourable members have already stated, that will be found in the regulations. The regulations are not subject to this House, are not subject to the Legislature, can be passed and can be changed at any time, and hence, I think, are why many of the people on this side of the House are very wary of what is being put forward.

I will have an opportunity to speak to that myself, but I do commend the member for raising the question, "Where's the beef?"

The Acting Speaker (Ms. Andrea Horwath): Questions and comments? The member for Algoma-Manitoulin.

Mr. Michael A. Brown: Thank you, Madam Speaker. It's delightful to see you in the chair this evening.

I was somewhat taken aback by the member for Durham's hour diatribe on the speech by the parliamentary assistant to the Minister of Finance. This is a simple bill. The bill says, essentially, that if there is a budget surplus of over \$800 million, we will provide amounts of more than \$600 million, I believe is the number, to the municipalities.

Mr. Bill Murdoch: It doesn't matter.

Mr. Michael A. Brown: You say it doesn't matter. It does matter. Municipalities are accountable.

I want to tell you that I had the opportunity last Friday to be in Espanola, where they needed to have work done on their infrastructure. It's a town of about 5,500 people with a paper mill—all forest products mills are experiencing challenges in the marketplace. They appreciated the \$3 million that was provided to upgrade their water treatment system.

Nairn Centre, Nairn and Hyman, Baldwin, Sables-Spanish, the township of Spanish, the township of the North Shore, Blind River and Huron Shores—I was at a meeting with them. They were exceptionally happy with the dollars that came out for infrastructure to help them with projects that have been on their books for years.

These municipalities have planned ahead. They know what they want to do, but they are often cash-strapped. So it makes some sense—it makes more than some sense; it makes a great deal of sense—that when the province is favoured with a budget surplus, we share it with our municipal partners so they can do the infrastructure work

that makes their townships, their towns and their cities better off. This will do that. I cannot imagine a member of this House standing up and saying that spending money on municipal infrastructure in a realistic way is bad public policy.

The Acting Speaker (Ms. Andrea Horwath): Questions and comments? The member for Nepean-Carleton.

Ms. Lisa MacLeod: Thank you, Madam Speaker. It's wonderful to see you in the chair.

I really have to respond to the former speech. Let's be realistic. He wants to talk about how simple it is? It's simple in size and in its content. It's one page and a half. There's no long-term or sustainable funding for municipalities within it. All we have, as my colleague the honourable member from Durham rightly points out, are two things: a year-end slush fund, ripe for the pickings of cash out the back door, with no accountability; and a good point that he made earlier, which is that this is basically just the health tax money going back to municipalities. If they had any decency at all, they would just cut the health tax and give it to municipalities and taxpayers.

I'm not the only one saying this, nor is my colleague. A former Liberal member of Parliament, Carolyn Parrish, said, "They are playing games with us," adding that "McCallion is willing to take crumbs. I'm not." That's one of yours, not one of ours. I look at some of the newspaper columns. Christina Blizzard, a well-known Toronto Sun columnist, calls this "voodoo economics." That's what she said: "voodoo economics." And then the Toronto Star, as we know today, said, "Duncan's Bill is Flawed." Of course it's flawed; it's only a page and a half long, with no sustainable funding for municipalities. How are they supposed to plan? How are municipalities such as the city of Ottawa supposed to get on with not only addressing crumbling infrastructure but building new infrastructure where we've got high growth? I ask the honourable members opposite that question.

2020

M^{me} France Gélinas: I'd like to make some comments to the member from Durham. He certainly was able to point out some of these shortcomings of Bill 35, Investing in Ontario Act, investir dans les communautés ontariennes. Starting with its size, we've all noticed that you won't strain your back carrying this bill around because it is rather light. Everybody has to thank the French Language Services Act for making this bill bilingual. Otherwise, we could fit it on one page.

Then he quoted our leader, Howard Hampton, when he talked about the importance of a strong jobs strategy, including a job commissioner, a right tax strategy and an industrial hydro rate. He also noted that through the leadership of the governments in Quebec and Manitoba they were able to avoid major job losses, while in Ontario we have seen the disappearance of over 200,000 manufacturing jobs and 20,000 forestry jobs. Those forestry jobs are mainly in the north, in little, one-industry communities. It has been devastating.

He was really good at painting us the picture that if a province had good leadership we would have had a surplus, and maybe that surplus would have gone to the municipalities. But none of this happened, did it? None of this happened. The March 12 press conference gave hope when there was no reason for any hope to be had. It talked about budgets for roads and transit and social housing, and zero money went to the municipalities. But I'll have a chance to add to this.

The Acting Speaker (Ms. Andrea Horwath): The member for Durham for a response.

Mr. John O'Toole: I want to thank all of the members who actually stayed awake to listen. Members for Algoma-Manitoulin, Beaches-East York, Nepean-Carleton, and Nickel Belt, thank you very much.

I think it sums it up here. All members recognize there's not much in the bill. We're going to spend all this time, hours and hours, almost word by word, on a one-page bill. But I think it's all summed up here in a couple of the quotes that my good friend from Nepean-Carleton mentioned: "They are playing games with us," Parrish said yesterday, adding that McCallion 'is willing to take crumbs. I'm not.'" This is Mississauga arguing about the benefits of this lottery-style giveaway scheme. This is Mayor McCallion, whom many people have a lot of respect for—and I've never, ever argued with my grandmother. So here we go: "While the provincial plan won't solve all the problems, it's a step in the right direction." That doesn't say anything about what they're going to do with it. They're building, I think, a fire hall training centre or something, and it's probably needed.

Municipalities will use the money because Dalton, in four years of talking about downloading, hasn't uploaded anything. He's downloaded more. He's made it worse. I'm not saying that it wasn't correct for the realignment with the fiscal services review in place, but municipalities are struggling now because businesses are closing. Commercial businesses, restaurants and that, are going to be struggling.

The problem here is there's nothing substantive in this bill. It's frightening: a Premier of a great province with a one-page bill and no plan except to tell the people in Hamilton to be steely about this. Get over it. We need some vision, some charisma and some plan. There is nothing in it. It's one page. I could have done that, and I'm not trying to be the Premier of Ontario.

The Acting Speaker (Ms. Andrea Horwath): Further debate?

Mr. Michael Prue: I will be sharing my time tonight with my colleague from Nickel Belt. I have never shared a leadoff speech before, so this is a first for me, and I guess for her as well.

Mr. John O'Toole: Don't use all the good quotes.

Mr. Michael Prue: I won't use all the good quotes.

This is a—how can I describe it? This is horrendous little bill. This is a bill that has been very poorly thought out and a bill that has so many faults in its four pages that I am surprised it has lasted this long.

As long as I have been here, these nearly seven years, as long as I have come into this House and seen the shenanigans of this place, I am still constantly amazed at—

Interruption.

Mr. Michael Prue: —people with their cell phones ringing.

Interjections.

The Acting Speaker (Ms. Andrea Horwath): Order, order.

Member for Beaches-East York.

Mr. Michael Prue: Thank you, Madam Speaker.

I am constantly amazed at the pomp and ceremony with which this government takes great pride, the pomp and ceremony of bringing in mayors and municipal leaders, the pomp and ceremony of having a full-blown press conference to announce almost nothing, and then supplanting it all with a bill that is virtually deficient of content and detail. I watched in wonder the convoluted explanation that the Minister of Finance gave to the assembled press corps on March 12, as he unburdened himself and said \$600 million is going to go to pay for a deficit, and then there's another \$200 million which he did not understand—and I'm not sure the bill ever addresses—that might be set aside as well, and then, on top of that, the municipalities are going to have this huge hoard of money with which to do wonderful things. I listened to that and then I listened to the gushing comments of the three souls who had been brought in to say wonderful things about getting municipal funding.

Now, as I've said here earlier today, all people who have been in municipal politics are happy to get money. I am not surprised that Mayor Hazel McCallion of the city of Mississauga was happy that there might be some money flowing to her and her municipality. I'm not surprised that Councillor Shelley Carroll of the city of Toronto, who is the budget chief, was happy that at the end of the year there might be some money flowing to the city of Toronto. I am not at all surprised that Doug Reycraft, who was the third person there, from the Association of Municipalities of Ontario, thought that all 480 municipalities in this wondrous province were somehow going to see some funds.

You know, I listened to them and I thought, "My God, they actually think some money's going to flow here. They actually think there's going to be some money at the end of the year and they're going to end up with it." They thought this was a plan that was tailor-made for them.

During the press conference, not one word was said by the Minister of Finance about what municipalities really need. What municipalities really need is long-term, stable, committed funding that they can count on each and every year. I look at the great cities around the world, and virtually all of them get that kind of long-term, stable, committed funding each and every year. In most of the European countries, a percentage of the income tax goes to the municipalities. In places in the United States, there are both federal and state taxes that flow to the municipi-

palities. In fact, one of the few places in the world where that is so low is here in Ontario. That's why Ontario has the dubious distinction that of all of the jurisdictions in the world, people in Ontario pay the highest property taxes in the entire world—not just in Canada; in the entire world. They pay that because municipalities do not have a secure, balanced and dependable source of revenue.

I will admit that in the last couple of years, there have been two cents that have flowed from this government, in the form of a gas tax, to the municipalities—but not to all municipalities, just to those that have transit. I will admit that the federal government has likewise put over two cents to all of the municipalities of the country, including those in Ontario. But the bottom line remains that that is not enough to take away the burden on the municipal taxpayer, the burden that he or she or they must hold onto each and every year.

As the Toronto Star unfolds on its editorial pages about the costs of taxes in Toronto vis-à-vis the costs in Durham or the costs in York or the costs in Oshawa, and they had all these different names and how much taxes cost, what was lost in all of that debate, as people started to squabble amongst each other, was the fact that the taxes were so high in any of the jurisdictions.

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So when I went there, I was hoping the minister was actually going to say something strong and forceful. I thought for a minute he might start to talk about ending the download. During the election I know that the Premier talked about ending the download by 2011 when it came to ODSP payments for the municipalities. I was hoping against hope that there may be some start to that program, or a start to the program for the medical expenditures related to people on ODSP. But no, there was none of that. What there was, was this ethereal statement that if there is money at the end of the year, and if that money is more than \$600 million, and if there's another \$200 million for a purpose or purposes that is not clearly understood, then some money may flow to the municipalities.

I saw three smiling municipal politicians walk out the door and talk to the press. The press was not having a very good time of it with them. The press asked Mayor McCallion what she was going to do with the money because she explained quite clearly that instead of putting the 5% surcharge on every resident of Mississauga, she might only have to put a 3%, 2% or 1% surcharge on them for infrastructure. The councillor from the city of Toronto explained that it was going to possibly make it easier for budget day next year. Mr. Reycraft, from the Association of Municipalities of Ontario, said, quite frankly, that he thought the municipalities could all use some money. Of course, he was absolutely right. But there was nothing there for long-term, stable planning that a municipality needs to do.

Mr. Speaker, I waited, and it only took six days for this bill to come before this House. I got Bill 35, and you know how it works here. Bill 35 is brought over to me by

a page—I said “Mr. Speaker.” I'm sorry, I'm just so used to that, Madam Speaker.

The bill was brought over to me by a page as the minister was on his feet speaking. So quite literally, as he was speaking and I was trying to read the bill and listen to him, it became quite apparent that this bill was not what the people from the municipalities expected, nor what they thought, gushed about, hoped for, nor what they explained to the press. I'd just like to go through the provisions of the bill, because it's only four pages, but I would be surprised if all members have read it, given that there is so much general support in this room. I would like them to read exactly what they're supporting.

I turn to the explanatory note. It says in the first paragraph, “The Investing in Ontario Act, 2008 authorizes the Minister of Finance to make payments out of money appropriated by the Legislature to certain persons and entities that do not carry on their activities for the purpose of gain or profit.” This, quite literally, when you read this—and I'm going to get into the actual wording in the bill—means that it can be given to literally almost anyone. We have learned since then it cannot be given to hospitals. It cannot be given to schools. But it can be given to cricket clubs. It can be given to any group, any organization or any person that is non-profit, that does not ordinarily make a profit.

So when all the members opposite talk about giving the money to municipalities—and who here is going to speak against that?—I have to ask them who in the government side is going to speak up that this does not even name municipalities. The word “municipality” does not even appear in this bill, not even once.

Then I went on to the next paragraph:

“The total payments made under the new act in each fiscal year shall not exceed the lesser of,

“(a) the amount appropriated by the Legislature; and

“(b) the amount that would otherwise be the annual surplus for that fiscal year less the prescribed amount, if any, of that surplus allocated to the reduction of the accumulated deficit.”

In ordinary parlance, what this means is that the Legislature can set any amount it wants, or, through a convoluted and difficult-to-understand regimen, the minister can say, “This is how much money there is, but we're taking away a certain portion of it because we have other purposes for it and we may take away other amounts,” which is, in fact, what he claimed.

I went on down that page to read that the whole thing is going to be done by regulation, because it says, “The Lieutenant Governor in Council is authorized to prescribe by regulation the recipients to whom payments may be made”—notice it doesn't say “municipalities”—“the purposes for which payments may be made”—it doesn't tell everybody how they're to spend it—“the method of and basis for calculating the payments, the activities in which the Minister of Finance may engage in furtherance of the purposes of this act and the amount of the surplus, if any, for a fiscal year that must be allocated to the reduction of the province's accumulated deficit.”

Again, in very real government doublespeak, what this is saying is that everything is going to be done by regulation. The regulation is the prerogative of the minister and the prerogative of the cabinet. So the cabinet can literally, with this bill, if we put our hands up to vote for it, do anything they want. They can give it to municipalities, they can give it to cricket clubs, they can give it to anybody who doesn't make a profit, but they can't give it to hospitals or educational institutions.

I went on to look at what else is in the bill. The first page of the actual bill talks about the "eligible recipient." This is important. The definition of "eligible recipient," in subsection 1(2) reads: "a person or entity, other than an individual but including a partnership whose members may be individuals, that does not carry on activities for the purposes of gain or profit." The reason this is important is subsection 2(1), which states, "The Minister of Finance may, out of the 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," which is a whole year away, "to eligible recipients on such terms and conditions as the minister considers advisable." So any eligible person, any "eligible recipient" can get the money merely on the say-so of the minister—whatever the minister thinks is advisable. He can give it to any individual, any non-profit corporation, anybody he wants in the province of Ontario.

If that is not bad enough, I draw your attention to "April 1, 2007"—that's already a year ago. That means that anything that was left over in the past year can be given away. The retroactive regulation is found on the third page, subsection 3(2): "A regulation is, if it so provides, effective with reference to a period before it is filed." So all the planning here can be done and the regulations can come out, and it is effective before it's even filed. So the minister already has something in mind, for sure. The minister has something in mind—who or what body is going to get this money—and we have no authority in this House to look at it. I think that is terribly, terribly wrong.

I went on to read subsection 14(1) of the complementary amendments: "An expenditure incurred by the government of Ontario in respect of a fiscal year under the Investing in Ontario Act, 2008 shall be considered to be an expense of the government of Ontario for that fiscal year for the purpose of this act." What this means is that at some future time after the books are closed, usually in August or September of a given year, the money can be given out and is, in fact, part of the expenditure for the year before.

This is very dangerous for this House and very dangerous for the committee process, because when the public accounts committee meets, usually in the fall of each year, to determine how the expenditures are made, if the expenditures have not been given out by that point, they will not be known and they will not be subject to review by the auditor. They can be given out at any time, and they are retroactive to the year before. What is to

stop this government, or any government in the future, from holding on to that money for a prolonged period of time and taking it out of the purview and the careful, watching eye of the auditor of the province of Ontario? This is money that is left over. This is money that in the past was shovelled out the door. This is, I am afraid, money that will be legally sanctioned to be shoved out the door for which there will be no controls by the auditor of the province of Ontario, who works for this Legislature, to actually look and see how the money is being expended.

If that wasn't bad enough, I turned to the last page, "Expenditures under the Investing in Ontario Act, 2008," subsection (2.0.1). It states, "An expenditure incurred by the government of Ontario in respect of a fiscal year under Investing in Ontario Act, 2008 shall be recorded as an expense of the government of Ontario for that fiscal year in the summary financial statements set out in the public accounts for that fiscal year."

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This is done some time after. It will, in my view—and I've spoken with people on the public accounts committee—constrain the auditor in a way that the auditor has not been constrained in the past. So if you asked me, this is what I read on that date, when I stood up in this House and gave a preliminary five minutes: (a) it does not involve municipalities; (b) it does not speak to the function for which all Liberals have so far spoken, that is, infrastructure and how the municipalities would spend the money; (c) it is retroactive in its provisions, which generally makes for bad law; and (d) it is not subject to the proper accounting principles set out by the Auditor General of the province of Ontario. If you want to know why I think this is a horrendous little bill, that's it in a nutshell.

Yet all members will stand up and wax eloquent about how we need to give this money to the municipalities of Ontario. I would agree with them: We need to give money to the municipalities of Ontario. But is this the avenue? Is this the vehicle? Is this the way this government wants to do it? I would suggest that the way to do it is through a proper budgeting process, when the minister stands up in this House, as he did a couple of weeks ago, and says, "This is where we're going to spend the money." That's where it should be. Quite frankly, when he stood up two weeks ago and talked in this House about the amount of money that may be available for the municipalities, that money had shrunk from an anticipated \$750-million budget surplus, to \$800 million during the course of the discussion downstairs, to \$600 million on budget day. I don't have to tell you that that means this bill is for naught. For at least a year, it means nothing. And at the end of the year, the municipalities don't even have to be mentioned when it comes back around again. At the end of the year, this will allow the money to flow any other place the government chooses.

Our job, here on the opposition side, is not simply to oppose but to point out where governments are not acting, in our view, in the best interests. We are watch-

dogs. That is what we do over here. It is the role that was given to us by the people of Ontario when they elected a Liberal majority government. The role that fell to us is to watch, point out when things are wrong and get the government to take account of it. That's why I'm standing here today. I think this bill should be withdrawn. I think this is a bill that should not be before this House. Surely, if the Minister of Finance were here, and if he had long enough to think about it and talk about it, he would not be proceeding with this bill.

I am mindful that this is a government with 70 members. I am mindful that at the end of the day they can pass this bill if they want. But I am also mindful that there are expectations that have been raised that will probably never be met within the four walls of this bill. There are municipal politicians who believe they are going to get some money at the end of the year, and the budget exercise has already shown that there is, or likely is, none to be had. There are people who expect that this is going to be for municipalities only, and they will be sorely tested in the years to come when this or any other government chooses to spend it in another direction.

I'm not alone in this. On March 12, or a day or two after March 12, there were a couple of newspaper columns and editorials talking about how badly crafted this particular idea was. They pointed out, quite rightly in my view, that municipalities need strong, accountable monies given to them on a regular basis, on which they can rely, not merely a year-end "whatever is left over is yours." There were also quite a few comments in, I believe, both the Toronto Sun and the Globe and Mail about how bad this particular bill is. This is all much different from what I saw in the Star.

When I woke up and read the Toronto Star today, you can imagine my surprise. I usually read the Toronto Star editorials and wonder who, in the Liberal Party, has written them, because they always talk about the wonder of the government and how it's doing everything right, and even if it's incremental they can still go along with it because there's hope down the road that some day what the Toronto Star really wants will be done. You can imagine my surprise when I read the editorial comment today. I'm just going to read a little bit of it: "Ontario Finance Minister Dwight Duncan's plan to share year-end provincial surpluses may not be exactly as advertised." They go on and state, "But a close examination of its contents shows no mention of municipalities or infrastructure. Nor does it set out the threshold or formula for distributing the surplus money." Skip down a little bit more: "The bill leaves it up to cabinet to decide who is eligible, how the money can be spent, and how payments are to be calculated."

It goes on: "A spokesperson for Duncan said the particulars will be set out in the regulations. The reason, he said, is that it is easier to change regulations than legislation if the government decides in future years to tinker with the formula or spend the money in a different sector." It then finally closes off with the words, "After revelations last year about the McGuinty government's

lax controls on year-end grants to cultural groups, Duncan ought not to leave any room for doubt by stipulating in his bill what will go to municipal infrastructure."

I can only ask the government to be heartened and harkened by these words. I can only ask them to look at this and say to them, is this the kind of legacy you want to leave with this bill? A bill that leaves it wide open where the money goes, a bill where people will continue to say things about slush funds and continue to say things about the government doling out year-end resources to its friends, a role where, quite frankly, I don't think this government wants or needs to go.

It is a time for this government to reflect, given the circumstances of last year, given the hundreds of questions that were asked around the slushgate, whether or not they want to set a new and a clear and an above-board goal for this Legislature. In my view, it can be done. In my view, this bill should be withdrawn and something better put in its place where the monies are guaranteed to municipalities, notwithstanding that the government may want to give them in some future time to some other place. But quite frankly, I don't know that that's going to happen. As I said earlier, there are 70 members opposite. They have their way to force this through. Should this bill be sent to committee, I would ask that it be committed far and wide, and I would ask that—

Hon. George Smitherman: Committed far and wide?

Mr. Michael Prue: Far and wide—and that the people who came in here from the municipalities be asked to comment specifically on what is contained within the four walls of the legislation. I would ask as well that they consider withdrawing those sections of the bill that allow it to be open-ended, and I would ask that they also consider, in effect, gutting the bill and replacing it with legislation that will ensure that the money that is collected from the public is spent wisely and carefully and securely in a place where the auditor can examine it, where this Legislature can examine it and where the minister can be held accountable at the time of its disbursement, not at subsequent times, in future months or years, when the heat is off. I would also note that this, as it's presently written, would allow for the minister to give out these funds, quite probably, when the House is not in session over the summer or fall months, because I can see that coming too.

In all, those would be my comments on this bill. It is, to reiterate, a horrendous little bill that ought not to be before this House.

Thank you, Madam Speaker. I'll give the balance of my time to my colleague from Nickel Belt.

M^{me} France Gélinas: Je crois qu'il y a une erreur quelque part. On commence le 12 mars dernier : le ministère des Finances émet un communiqué de presse, dans lequel on retrouve « Investir dans les collectivités ontariennes », un nouveau projet de loi. J'ai le projet de loi devant moi, d'ailleurs; ça fait le projet de loi 35. À date, les choses vont bien.

Le gouvernement dirige les excédents budgétaires du budget provincial sur les routes, les transports en commun et le logement social. C'est une bonne nouvelle pour les municipalités. Elles sortent leur propre communiqué de presse de ce dont ils sont contents.

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Le gouvernement de l'Ontario propose une loi pour affecter les excédents supplémentaires aux municipalités de la province. Selon la loi proposée, qui s'intitulerait Loi de 2008 permettant d'investir dans l'Ontario, une partie des excédents du gouvernement provincial serait affectée aux municipalités au titre de leurs besoins en infrastructure, comme l'amélioration des routes et des ponts, l'accroissement des services de transport en commun et la mise à niveau des logements sociaux. Quelle bonne nouvelle; tout le monde est content.

Le gouvernement est actuellement tenu d'affecter tous les excédents à la fin de l'exercice à la réduction de la dette provinciale, mais cette loi va modifier cela. C'est la fête; on est tous contents : finalement les municipalités vont recevoir un petit peu d'argent. Mais lorsque le projet de loi 35 arrive et que l'on le lit, on n'y mentionne pas les municipalités, on ne mentionne pas d'argent supplémentaire, on ne mentionne plus le logement social, les transports en commun ou rien de cela. C'était comme une mauvaise blague qu'ils ont essayé de nous passer parce que cela n'a pas donné l'effet escompté du tout.

One of the things we in the opposition benches are getting accustomed to under the McGuinty government is the introduction of new legislation where pomp and ceremony consistently supplant content and details. Like cash-starved municipalities, we had hoped for action in the budget in addressing Ontario's mounting infrastructure deficit and the chronic need for repairs and upgrades to our municipal water systems, sewage systems, roads and bridges, as well as the expansion of our transit system and maybe for more social housing.

New Democrats had hoped that when it came to providing the desperately needed long-term funding for infrastructure investment that protects public health, our environment and our economy, the McGuinty government would come forward with a sizable down payment on the growing \$60-billion infrastructure deficit facing Ontario municipalities. That includes a \$30-billion to \$40-billion deficit in water and sewage infrastructure alone.

In my riding of Nickel Belt, the southern part of the city of greater Sudbury has been boiling water for the past two and a half years because we need improvements to our water system. This is not a Third World country. I realize we are in northern Ontario, but why has it taken two and a half years? To this day, my mother-in-law and father-in-law are still boiling water, because they live in that area of my riding where the municipality has no money to pay to fix our water system.

Another budget has come and gone, and cash-starved municipalities still struggle under provincial downloading, and infrastructure renewal is just not happening. Before I discuss the details, or the lack of details, contained

in Bill 35, the Investing in Ontario Act, I would like to address the issue of municipal infrastructure funding, the issue that this bill was supposed to deal with. We were all hopeful that it was about to deal with this: downloading and the infrastructure deficit.

As New Democrats have argued time and again, revenue spent funding provincial programs over the past years have left the municipal cupboards bare, and infrastructure funding has greatly suffered. The Federation of Canadian Municipalities estimates that Ontario bridges need \$2 billion over the next five years for rehabilitation alone. It's little wonder that the government's \$1-billion, end-of-year rollout has been seen as little more than a down payment.

At the same time as the lifespan of infrastructure is reaching an end, many municipalities across the province—especially those dependent on agriculture, manufacturing and forestry—are finding the municipal taxpayer overstretched and increasingly unemployed. Losing industry is devastating to the property tax base of Ontario municipalities. In smaller communities, property taxes on local industry make up a substantial proportion of the property tax base. When a mill or a plant shuts its door, municipalities can find themselves having a very difficult time paying the bills, yet, because the McGuinty government is failing to fully fund downloaded, provincially mandated services, these same municipalities have little choice but to raise property taxes to cover services which shouldn't be theirs in the first place. So funding that should be used for infrastructure goes to paying bills for provincially mandated services downloaded onto municipalities.

There was what we call a deathbed repentance by the McGuinty Liberals just prior to the 2007 election campaign, where they promised to eliminate the roughly \$660 million of ODSP that municipalities are being forced to pay. But we will have to wait till 2011 to see that happen. They also said they would upload \$173 million for the Ontario drug benefit program.

But when we add up the promises and subtract from the \$3.1-billion total, the municipalities are still out of pocket \$2 billion—\$2 billion of property taxes going to pay for provincial programs when municipalities desperately need those funds to repair roads and other infrastructure such as transit. Failing to pay its own bills for provincially mandated programs translates into Ontario having the highest property taxes in the country, as my colleague from Beaches–East York explained a minute ago.

What is the McGuinty government response to the public infrastructure deficit across Ontario? A long-term plan with funding certainty, as requested by the municipalities? No. Not at all. The McGuinty government answer is to allow any future provincial surpluses to be allocated to any eligible entity at a time when designated long-term funding is required by Ontario's municipalities.

The minister announced that he proposed to introduce Bill 35 at a press conference on March 12 with municipal

politicians, including the mayor of Mississauga and the president of the Association of Municipalities of Ontario. The minister stated that the bill would be a way to fund municipal infrastructure in times of future surplus. Everybody was happy.

Now, forget about the fact that there may not be a surplus large enough in the 2007-08 fiscal year to turn over any infrastructure funding to Ontario municipalities. Forget about all that, because now we have the legislation in hand, and what we can see is rather troubling. This is Bill 35. In this bill you will not find the word “infrastructure”; it is not mentioned once. You will not find the word “municipality”; it is not mentioned once either. This bill may, in the event of surpluses of any size, fund “eligible recipients,” but that does not necessarily mean municipalities, and it certainly doesn’t mean infrastructure.

I asked whether municipal councils across the province—the same municipal councils starving for infrastructure funding—are aware that this bill is not specifically about them and their needs, but could include any non-governmental agency and organization to which the government chooses to channel the funding.

This legislation could almost be seen as a joke—a cruel joke. The enabling and open-ended nature of this legislation does nothing other than create a legislative framework through which the government can potentially roll out any surplus funds at the end to any group they want through an order in council. We know that the McGuinty Liberal government was caught rolling out funding to various groups at the expense of others, without proper guidelines in place, last year during what was called the slush fund scandal. I would venture to say this legislation is a veiled attempt by the McGuinty government to create a legislative framework for them to continue picking winners and losers in times of budget surplus. It is seriously flawed in its present state, and the New Democrats will not be supporting it. We will be amending this legislation so that it applies specifically to municipalities and specifically to infrastructure funding needs.

One is left wondering, why couldn’t we be using this legislative time to do something that would benefit municipalities and their infrastructure, like making long overdue amendments to the Development Charges Act, instead of spending time providing a legislative framework to inoculate the government against future slush fund scandals as witnessed last year? We are not listening to the request of the Association of Municipalities of Ontario during the pre-budget hearings and amending the Development Charges Act to ensure that any future pays its own way.

New Democrats have raised this issue in the past, and will continue to call on the McGuinty government to stop subsidizing developers at the expense of municipal government, but we won’t be sanctioning the McGuinty government’s desire to channel surpluses away from municipalities and municipal infrastructure, as this bill

will do in its present form. We will not be supporting this bill.

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The Acting Speaker (Ms. Andrea Horwath): Questions and comments? The member for London—Fanshawe.

Mr. Khalil Ramal: Thank you, Madam Speaker, for giving me the chance to respond to the members for Beaches—East York and Nickel Belt. I was listening carefully to both members speaking about this bill. The member for Beaches—East York talked for a long time about how bad the bill is and that it is not specific about municipalities and many different things in the bill. But I want to tell you that it’s very important to give flexibility to that finance minister and the government, especially when you have extra money after the end of the year, to be able to support municipalities, colleges and universities, and many different entities in the province of Ontario if they are committed to increasing jobs and to doing good for the people of Ontario. That’s what this government is all about; it’s about supporting the people of Ontario.

We’re talking about many good initiatives that this government came up with, especially in the last budget. I’ll give you an example from my riding. We got almost \$6 million for bridges and roads. We also got \$11 million for Innovation Park. All these initiatives came because our economy performed more than expected.

I think it’s important to have a government concerned about the people and a government that believes strongly about partnerships, especially with municipalities across the province. The Minister of Finance said clearly that if we have more than \$600 million this year, we are going to give municipalities across Ontario some share of this revenue to enable them to support their infrastructure or whatever they need to strengthen their ability to serve their communities.

I know this bill is open, because we want to give flexibility, as I mentioned, to the finance minister every year for when we have extra money to support other institutions and non-profit organizations across the province—maybe colleges and universities, maybe some organizations that do a great job for the people of Ontario—to have the ability to serve in a good way. That’s why we have flexibility. That’s why I’m supporting the bill. Hopefully I’ll get a chance to speak more.

Mr. Norman W. Sterling: Bill 35 is really an attempt by the government to fudge the books even further than they’ve been able to over the last four or five years. We’ve seen, over the last four or five years, this government flush money out the back door at the end of the year. Each year over the last three years, the auditor has criticized this government sternly for doing so, because he has felt that this government has spent money unwisely at the end of the year—not according to program; the criteria weren’t there.

Interjection.

Mr. Norman W. Sterling: Read the auditor’s report, Minister of Community and Social Services. He chastises

your ministry and your government for the way they've handled their financial affairs.

This particular bill is to get around the fact that even with all the bureaucrats they have within their ministries, they can't predict how much money is coming in. So heaven forbid that they might find out in August, when the public accounts are wrapped up for the end of the year in March 31, that they have too much money because they have overtaxed us, the taxpayers, that they might end up with perhaps \$2 billion, and that that would have to go against the deficit; that would have to go against the debt.

A lot of people have the idea, because this government has brought in huge amounts of revenue, partially through taxation, that they're paying all their debt. They're not. They increased the debt this year by \$5.5 billion. The debt is growing larger in this province even though we have a very wealthy province at this time. This bill is a bad bill: a lot of regulations; no accountability for this Parliament.

Mr. Pat Hoy: I'm pleased to rise and make a few comments about Bill 35, following on the comments made by my colleagues opposite. This bill, the Investing in Ontario Act, is an important one. It talks to unanticipated surpluses. Of course, this happens even within business. I know persons who are not entirely sure what their income will be during the year. Some get bonuses that are not explicit at the beginning of the calendar year; some get profit-sharing that is not fully known at the beginning of the year. Companies large and small can set out a budget, and likely do, to be prudent in their business practices, but are not entirely sure until the end of the year, when they do their accounting, whether they are in a surplus or a deficit position. As an agriculturalist, I know this all too well, because in our business we often deal with yields that are entirely unpredictable and prices that are largely unpredictable, and one could have a surplus or not.

I think the members opposite have to look at what we've done with our municipal partnerships in the past. We're working hard to upload ODSP, as one example. We have the Ontario municipal partnership fund. I know that Chatham-Kent is involved in this and appreciates the huge benefits that come from that. Recently, Chatham-Kent received \$6.4 million for roads or bridges, and they can determine which road or bridge they want to repair, whether it be a road in total, partially, a bridge, bridges—they have all kinds of options. These kinds of investments that we want to make in Ontario are important, and they're very important in my riding, where they have done an inventory: We have 900 bridges.

Mrs. Julia Munro: I just want to comment on a couple of the issues that I think are behind this bill. Previous to this bill, any surplus was allocated to debt. The purpose of this bill is to reallocate any money that might be available. I think it's very important, because many of the speakers supporting this bill have talked about how important it is to be able to provide various institutions and groups—municipalities and others—with the poten-

tial of this money. They've talked about it from the point of view of how badly municipalities need this kind of funding.

I would suggest to you that Ontarians need this kind of funding. When you put money against the debt, you actually create more money for the government, because you're reducing the interest and the carrying charges, which is obviously the debt that our children and grandchildren will inherit. So I think that to suggest that giving the money at this point to other causes is somehow more valuable than reducing Ontario's debt is highly questionable. The money, as it stands in Bill 35, would simply go somewhere. Municipalities aren't even named in this bill. We know that it will be available to not-for-profits. So it does mean that the whole question of accountability and transparency are missing from this piece of legislation.

The Acting Speaker (Ms. Andrea Horwath): Response, member for Beaches–East York.

Mr. Michael Prue: I listened intently to what my colleagues had to say: the member from London–Fanshawe, the member from Carleton–Mississippi Mills, the member from Chatham–Kent–Essex and the member from York–Simcoe. Time will only let me comment back on a couple of them.

The member from London–Fanshawe talked about flexibility, and that, I guess, is flexibility for the government to give the money to whomever it wishes to give the money to. He was careful not to state that it was going to municipalities, because I think very clearly he understands that it may not go to municipalities this year or any year. He was also very clear to talk about how there are many other good, deserving places, and he mentioned colleges and schools. I tried to be very clear and succinct in my own comments to let him know that it is my belief and my understanding of this bill that monies cannot go to colleges, cannot go to schools and cannot go to hospitals and many things like that. It just can't, because they are expected to get their money within the four walls of the budget. So I have difficulty understanding the flexibility angle, save and except if you want to give it to non-traditional sources, such as soccer clubs or cricket clubs or the like.

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Second, the member from Carleton–Mississippi Mills said it was a bad bill. I think he caught this right. He explained about the audit process. Now, this is the dean of the House. This is someone who is the chair of the audit committee and knows full well the rigours that have to be undertaken by the committee, how the committee looks at the expenditures, how the Auditor General reports, when one can expect the bills to be finalized, things to be explained to the committee and back to the House. I would take what he has to say very seriously, because this bill will hamper the audit process. So I support what he had to say.

The Acting Speaker (Ms. Andrea Horwath): Thank you. Further debate?

Mr. Khalil Ramal: I think it's a very important bill, despite many people from the opposite side speaking against it. The Minister of Finance, in his leadoff speech, mentioned exactly and clearly this ability to support municipalities. As you know, throughout the history of this province, especially under the Conservative regime, many municipalities suffered a great deal. They downloaded all the responsibility on to municipalities, and most of them almost went bankrupt because of the downloading of the provincial government on to municipalities in many different aspects. In health, ambulance services; in the social aspect, housing—many, many different elements of municipalities and the social structure were being downloaded on to municipalities.

When we were elected in 2003, we started to upload all the services. We took full responsibility as a province, as the government of Ontario, to support municipalities, to go back into the business of affordable homes, the business of ambulances and health care and many different aspects.

I want to state clearly that this government and finance minister are committed 100% to partnerships with municipalities, because we believe strongly that without partnerships with municipalities, we cannot survive; we cannot have progress as the province of Ontario. We have to work together in order to be a strong, able province, to be able to compete at the national level and also at the international level.

We've taken a lot of initiatives since we got elected. We uploaded ambulance service. We uploaded ODSP. We committed for two cents of the gas tax to go to municipalities, to support transit infrastructure and municipalities. Lately, in this budget, we committed \$100 million to reconstruct and fix the affordable homes we have across the province of Ontario. Nobody talked about this in the past. We talk about something that exists, that we want to fix. We're going to put it back on the market to enable our people in the province of Ontario to use it. Also, besides that support, we give a lot of rent support, to enable people to rent a place, subsidized by the government of Ontario. Besides that, we created a rent bank for people who are underprivileged and unable to sustain the rent to get some kind of financial support to keep paying their rent. Also, we created programs to support people who don't have enough money to pay for hydro. There are many, many different initiatives, all because we committed to support municipalities and communities across the province of Ontario.

Lately, due to support from the provincial government through the RED program, we were able to give \$2.5 million to the wheat board in the province of Ontario to partner with a company called the Original Cakerie. It came from British Columbia to open in London, Ontario, in my riding of London—Fanshawe. This company came because of support being given to the company to come and open in London. This company would strengthen the economy of my riding, London—Fanshawe, London and the whole region, because this company would consume \$30 million worth of eggs, milk and butter. That's very

important. This program was put together because the government of Ontario believes strongly that by strengthening the communities and municipalities, they are then able to strengthen the province of Ontario. Because this province is, we believe strongly, the engine of the whole nation. If this engine is not working, the whole body is not going to work.

That's why I think this bill is important. That's why many of my colleagues have stood up to speak about the details of this bill, about the elements of this bill.

The Minister of Finance was clear, when he introduced this bill, about its importance to give the ability to support municipalities. Many different municipal partners in this province benefited: from Mississauga, to Doug Reycraft, head of the Association of Municipalities of Ontario, and many small municipalities, Ottawa. Many municipalities were delighted to hear the Minister of Finance come up with such a proposal to give them the support if we have extra money beyond \$600 million.

I was listening to the Conservative members speaking a few minutes ago, and they don't believe at all in partnerships with municipalities. They don't believe at all in giving back to the community, back to the municipalities to support them. They believe we have to go against the deficit, against the debt. They think that indirectly, we'll save some money. But I want to tell the Conservative members that it's very important for us to keep investing in our communities. The only way we can stimulate the economy is by investing in the communities, by building roads.

This is what has happened in London. They got \$5.6 million in this budget to fix the roads and bridges, and they got \$11 million to establish the new Innovation Park to attract more companies to open in London. This is very important. This park is supported by the province and the municipalities of London. Guess what they do? They construct it in a way, put in the infrastructure, the sewer system, the hydro, the road, and get it ready for any company that wants to come and open in London. Due to this park, we're able to attract many great companies from across the globe to come and open in London.

The honourable Minister Bentley was with me not long ago to be part of announcing Hanwha that came from Korea to make kitchen countertops. This company is going to invest \$171 million in London. It's very important. Original Cakerie and many other companies want to come because the province of Ontario gave the city of London \$11 million and some money from before, to construct that park and prepare it for the companies to come to London.

This bill will give that ability to the Minister of Finance to support the city of London, the city of Ottawa, the city of Windsor and all the municipalities across the province, to be able to utilize the money to construct facilities, fix the roads or build whatever community centre they need in order to attract more people and sustain jobs and their ability to compete. It's the only way we can do it.

We showed our commitment to municipalities when we introduced the gas tax. London, Ontario alone started with about \$5.6 million, and now there is almost \$10 million. Also, we gave an additional \$9 million not long ago, and conditional money to support the transit system, not just to buy buses, but maybe to build kiosks for people for people to sit in in the wintertime, maybe to create more stops or maybe to change their fleet to be accessible for people with disabilities.

We on this side of the House and in this government believe in municipalities. We believe in partnerships. That's why we keep supporting municipalities to help them cope with the downloading from over the years from many different governments that came to this House. This government is committed to creating a balance, supporting municipalities and giving them the strength and the ability to come back to life with full economic strength, to employ people and create some kind of surplus for the economy. The only way we can be strong as a province is when all of us work together. Municipalities small and large, urban and rural Ontario, all need to work together. With support from this province, from this government, they will be able to produce more, they'll be able to be economically sound and fit and they'll be able to compete.

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No doubt about it, municipalities at this time are facing some challenges and they need our support. That's why Bill 35 gives the Minister of Finance some flexibility, when our economy is performing well, to come forward and help them and give them the support they need. Every municipality has different needs and different requirements. So we cannot say to all municipalities, "We will give you money for transit," because, as the member opposite mentioned, not all municipalities have transit. There's something different. Maybe they have bridges to fix.

Interjection: Sewers.

Mr. Khalil Ramal: Maybe they have sewers to fix. Maybe they have community centres to fix. Maybe they have a swimming pool to fix. This bill will give support for municipalities and give the flexibility to fix their infrastructure and the ability to utilize whatever they get from this province, from this government, to strengthen themselves.

I think it is a good bill. It has good intentions and good intent from our minister and our government to support the economy and municipalities. Hopefully, the members opposite will change their minds and come forward with us to support municipalities and work together—the only way that we can progress, especially in this time in which the province and all of North America face some economic challenges and a shift in the economy. Hopefully, by supporting communities and municipalities, we can prepare ourselves for the next generations. I think it is very important to support this bill and get it passed as soon as possible because municipalities are waiting for us and our support.

The Acting Speaker (Ms. Andrea Horwath): Thank you. Before calling for questions and comments, I think it's appropriate, as is done traditionally in this House, to recognize former members. We have with us in the members' west gallery Steve Gilchrist, former member for Scarborough East in the 36th and 37th Parliaments. Welcome.

Questions and comments?

Mrs. Julia Munro: I am pleased to be able to stand and make a few comments on the speech that we just heard.

I think one of the problems that the members of the government continually refer to is the fact that this is going to be something very good for municipalities. Well, as members of the opposition have pointed out, nowhere in this bill are municipalities specifically delineated.

The other thing that I think is important to recognize is that of course it's good when a cheque arrives; no one is going to dispute that. But what is really important for municipalities and what they have said for years is the fact that they need some kind of predictable, dependable, and stable funding—some idea of a formula, some idea of a rationale. When a municipality wants to undertake projects, it's usually a multi-year undertaking. For the government members to use this potential tap that can be turned on or off as something that is going to be viewed by municipalities as a great opportunity is, I think, a disservice to understanding the real needs of municipalities. They have been very clear in their conversations about how important it is to have stable, rationalized funding. They have been very clear about the fact that they have to have lead-in time. There are very few projects that can begin and end with one simple cheque. So I think it's unfortunate that the government is, if you like, promoting this piece of legislation as something that will be seen by the municipalities as a huge benefit.

Mr. Michael Prue: I listened to the member from London—Fanshawe, and he would have us be convinced to simply vote for this bill because everything will be fine and good; to trust the government, the bill and the legislation; that the bulk or all of the money will flow to municipalities, that all of it will be used for wonderful infrastructure projects, that the auditor will be consulted and that there will be a reporting time frame.

So rather than a comment, I would have a question for the honourable member. Will the government amend the bill to assuage the fears of the opposition by, number one, including the word "municipalities", so that the money will flow to municipalities instead of to some amorphous group we can't understand, some ethereal concept that is unknown to the world? Will you amend it to include that the money is to be spent on infrastructure, so we can all be happy to see roads, bridges and sewers built with this extra money at the end of the year? Will you move the provisions of retroactivity, so it has to be done during the fiscal year in which it is spent? Last but not least, will you include a reporting time frame, so that the Auditor General can come back to the audit committee and report within a period where they can still act

upon it? If you would be willing to make those four minor concessions, I'm sure that the members of the opposition will wholeheartedly support this bill.

Ms. Laurel C. Broten: I'm very pleased to have a chance to comment on the thoughtful remarks of my colleague the member for London–Fanshawe on Bill 35. In my respectful submission, I think what happens with Bill 35 is that it's a continuation of the partnership we've established with municipalities since we've taken office. One of the things we have made a real commitment to is to work in partnership with our municipal leaders, who deliver services on our behalf.

That's why I was so pleased, as a member of this Legislature, to represent the city of Toronto and to hear that my mayor, David Miller, was very pleased with this. What he has said is, "The two programs the province has committed to permanently fund were to first ask of Toronto and other municipalities across Ontario during discussions around uploading"—he speaks with respect to the ODSP and ODB costs, which have been uploaded from municipalities. "The government has clearly listened and taken our concerns seriously. As we continue discussions around the upload of more services, I am hopeful the province will see the need to act quickly."

That is exactly what we are doing. Bill 35 makes it a continued partnership where, if the province is doing well and our fiscal house is more profitable than we might have expected, we're able to work in partnership with municipalities across the province and deliver on those things that our communities want. That is important because, at the end of the day, we stand in this House representing people who have elected us and sent us here. They don't really care which level of government is doing better than another. They want to know that their bridges, roads, public transit and services are being invested in. That's what this bill allows. It allows us to continue to work in partnership. It really is all about what it says—Investing in Ontario Act—because that's what our constituents expect.

Mr. Norman W. Sterling: I think we have a great example, where this province gave the city of Ottawa \$14.6 million on March 31. Did they spend it on infrastructure? Did it go into their reserves? No. It's going to be spent on getting rid of the snow this past winter. Instead of an increase in their taxation level of something like five points, it's going to be something less than five points because of the \$14 million.

The Liberals are forgetting—the government is forgetting—about their obligation to the taxpayer. Their obligation to the taxpayer is to draw a line between the taxpayers' money—they're entrusted with that—and being sure it is being spent according to their wishes. So they have to have strings attached. This money has no strings attached. They write cheques to the municipalities, and the municipalities can spend them for whatever they want.

I have an example of a municipality that received \$7 million for "economic development." Nobody knows

what that is. This is a municipality of about 800 people. They all love it. Of course they love it. What municipality doesn't?

I think the other part of this act which is very dangerous—and I'm not sure this is going to work for this year. We're trying to pass an act now in fiscal year 2008-09, and yet this act is trying to go back to 2007-08 and change the rules. At the federal level, they passed an act like this when Paul Martin was Prime Minister, but they did it before the end of the fiscal year. I don't think the auditor is going to stand by and let you change the rules after the year has ended. I think you're wrong, and you're wrong-headed about trying to pull this fast one in terms of changing the rules after the fiscal year has ended.

The Acting Speaker (Ms. Andrea Horwath): The member for London–Fanshawe for a response.

Mr. Khalil Ramal: I want to thank the members from Beaches–East York, York–Simcoe, my colleague from Etobicoke–Lakeshore and the member from Carleton–Mississippi Mills.

I listened to the Conservatives. I don't know, but when they give us a lecture about municipalities and partnership, I think their record speaks about their past. They have a bad record and a bad past, especially when they said, "We're not in the pothole business." As a government, yes, we are in the pothole business because we want to help municipalities fix their roads and bridges. That is our responsibility as a responsible government.

Also, the member from Beaches–East York mentioned that it's not stated anywhere in this bill about our commitment, our responsibility toward municipalities. I want to give you our record. It's clear since we got elected in 2003. We committed to municipalities, from the gas tax to MIII, to help them with infrastructure, building bridges and roads. In many years, in every budget, there's some money for municipalities because we believe strongly, as I mentioned in my speech, in our responsibility to have a good relationship, a good partnership. Can we go back to our record? We committed to that, and our record proves our commitment and our history.

I guess our time is almost over. I want to tell you that this bill is a very important bill because it shows our commitment to municipalities. It gives us the ability to continue our mission, working hand in hand with municipalities across the province of Ontario. As I mentioned, rural and urban, small and large, they need our support. We are in this House for them. Only by working together can we have a stronger province. Despite what everybody says, it's a great bill, and hopefully everybody will change their mind and support it.

Second reading debate deemed adjourned.

The Acting Speaker (Ms. Andrea Horwath): The time having expired for debate, this House now stands adjourned until tomorrow, April 8, at 1:30 p.m.

The House adjourned at 2133.

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