

Legislative  
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# STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PRE-BUDGET CONSULTATION 2013

2<sup>nd</sup> Session, 40<sup>th</sup> Parliament  
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The Honourable Dave Levac, MPP  
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Finance and Economic Affairs has the honour to present its Report on its Pre-Budget Consultation 2013 and commends it to the House.

A handwritten signature in black ink, appearing to read "Kevin Flynn".

Kevin Daniel Flynn, MPP  
Chair

Queen's Park  
April 2013



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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS**

2<sup>nd</sup> Session, 40<sup>th</sup> Parliament

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## INTRODUCTION

The Standing Committee on Finance and Economic Affairs conducted its pre-Budget hearings in March and April 2013 in Windsor, Timmins, Ottawa and Thunder Bay and for two days in Toronto at Queen's Park.

Witnesses included representatives from associations, community groups, organizations and unions, and interested individuals. The Committee also received presentations from municipalities and their associations, as well as local administrative bodies and service agencies exercising delegated authority and/or receiving transfer payments.

In total, 132 witnesses appeared before the Committee during the hearings in March and April. In addition, about 85 written submissions came from interested individuals and groups who did not appear before the Committee.

The Committee, in keeping with historical practice and in order to help the Committee be informed by key economists, also invited three expert witnesses to appear at a seventh day of hearings held at Queen's Park on April 11, 2013. The April 11 hearings are summarized in an addendum to this report, which also lists the names of the expert witnesses.

The pre-Budget consultation provides an important forum for citizens, stakeholders, and local government partners to discuss their social, economic and program related concerns with elected representatives. The submissions to the Committee are a vital part of the political process by which governments are held accountable for their decision making and administration by the electorate.

This report is an overview of the main issues raised by presenters during the pre-Budget consultation. Cost estimates provided by witnesses for their proposals have been included wherever possible. Details of submissions by witnesses and their responses to questions by Committee Members can be found in the *Hansard* of the Committee's Proceedings. A list of witnesses, as well as the organizations and individuals from whom briefs were received, appears at the end of the Report.

## THE ECONOMY

### Economic Outlook

The 2012 fall *Ontario Economic Outlook and Fiscal Review* (Economic Outlook) indicates that the province is in a period of restrained growth with real Gross Domestic Product (GDP), the measure of economic activity, projected to increase modestly by 2.0% in 2012 and 1.9% in 2013, before improving to 2.3% in 2014. Ontario's GDP at market prices was \$639 billion in 2011. Assumptions underlying the growth forecasts include continued consumer spending, adequate business capital investment, and increased exports. The key external factors affecting Ontario's growth are the Canadian dollar, crude oil prices, U.S. real GDP and Canadian interest rates. Among the provinces, private sector firms expect that Alberta and Saskatchewan will fare the best in 2012, with growth rates above 3%.

A strong Canadian dollar, which results from demand for Canadian commodities, a weakened U.S. currency, and investor confidence in Canada, has hampered the manufacturing and export sectors, leading to a \$45.4 billion trade deficit in the second quarter of 2012. A private sector economics group predicts that the auto manufacturing sector will improve over the next five years as pent-up demand (from the last recession) for automobiles in the United States is satisfied.

The exchange rate on March 4, 2013 was one Canadian dollar for 0.97 U.S. dollars. It is anticipated that the Canadian dollar will remain at relatively high levels over the next few years. Similarly, an elevated oil price is expected to be the norm in the near term, with private sector forecasts ranging from U.S. \$90/barrel to U.S. \$115/barrel. The political situation in oil producing countries and the demand for oil in emerging markets underpin the forecasts. Both factors will likely tighten supplies putting upward pressure on the price of a barrel of oil. On March 4, 2013 the price of oil was U.S. \$90.39/barrel (based on West Texas Intermediate, a light, sweet crude that is the underlying commodity of the New York Mercantile Exchange's oil futures contracts).

As noted in the Economic Outlook, Ontario's low productivity relative to competitors such as the United States remains unresolved. As well, the report reveals that the province's businesses are not adequately investing in research and development, or in information and communications technology relative to their counterparts in the United States. By September 2012 the province had gained 356,000 net jobs above its recessionary low in June 2009. Unemployment declined from 9.4% to 7.9% over the same period. Growth in employment is predicted to be 0.8% in 2012, or 51,000 new jobs. Consumer price index inflation was 3.1% in 2011, with a forecast of 1.6% in 2012.

### Fiscal Situation

The Ontario government plans to eliminate the deficit by 2017-18. The deficit was \$13.0 billion in 2011-12 and is forecast at \$11.9 billion for 2012-13. With

half the province's spending directed to compensation for the public sector, the government views the management of these costs as a key part of the deficit reduction plan. The Economic Outlook noted that new collective agreements will contain no funding for incremental compensation increases.

On the revenue side, taxes are projected to grow over the next three fiscal years at an average annual rate of 4.1%. The revenue forecast for 2012-13 is \$113.0 billion.

Net provincial debt (the difference between liabilities and financial assets) was \$235.6 billion in 2011-12 and is forecast to increase to \$255.1 billion in 2012-13, \$275 billion in 2013-14, \$290.8 billion in 2014-15, \$301.2 billion in 2015-16 and \$308.1 billion in 2016-17. Net debt per capita was \$17,625 in 2011-12 and similarly is expected to increase to \$19,075 in 2012-13. The debt consists mainly of long-term bonds issued in Canadian and international markets.

## **MINISTRY OF FINANCE**

### **Fiscal Strategies**

Belief in the need to restore a measure of fiscal balance informs calls by individuals and industry to eliminate the debt and deficit expediently. Strategies propose that any new program spending be offset by an equivalent amount of cuts, public sector pay be restrained, public sector pensions be reformed as recommended in the Drummond report, and spending limits be legislated. A focus on delinquent taxpayers and the underground economy is also recommended. Manufacturers highlight the importance of maintaining a favourable business climate for investment in that sector.

Dedicated revenue streams for public transit (\$ 2 billion), allocation of 2% of the transportation budget for municipalities to make roads safe for pedestrians and cyclists, a special sales tax levy to pay for GTA infrastructure and tax relief for persons with disabilities to help offset the rising cost of energy are all proposed.

Those whose primary budget goal is income equality believe that austerity measures are not working. They call for a budget that builds a fair society, creates jobs and grows the economy. Other proposals include a more progressive tax system, revenue sources that encourage environmental and social responsibility and increases in funding to account for inflation. An additional goal is an extended budget consultation process to allow more time for citizen input.

### **Tax Policy**

There is less agreement on how to restore fiscal balance. Industry groups seek assurance that the existing manufacturing tax rate will be maintained. Additionally, they ask that the province match any extension by the federal government of the accelerated capital cost allowance on manufacturing machinery and equipment. A representative of small businesses proposes the introduction of

pooled registered pension plans. Among other recommendations, representatives of the manufacturing sector propose a refundable investment tax credit, elimination of the restrictions on HST Input Tax Credits, elimination of the corporate minimum tax, and an employers' training tax credit. Airlines seek the elimination of the provincial tax on aviation fuel for international flights.

On the other hand, labour representatives and some individuals view recent corporate tax cuts as creating a divide between working people and corporations. They seek a more balanced approach in the budget and recommend higher personal and corporate tax rates, a surtax on personal incomes over \$250,000, elimination of the lower tax rate on capital gains for individuals and corporations, and closing tax loopholes for corporations and the wealthy.

Municipalities ask the government to review land tax rates to ensure the cost of services is equal for all property owners and to study the impact of the Ministry of Natural Resources' designation of properties as tax exempt. A uniform, indexed business tax rate is also suggested.

Realtors caution the government not to allow cities to levy a land transfer tax. Other witnesses suggest eliminating the property tax for those living on the Old Age and Guaranteed Income Supplements, eliminating the HST on home care, raising the Employer Health Tax threshold to \$1 million, and reducing the HST rate on hotel guest rooms.

### **Other Matters**

An aging workforce prompts a financial industry representative to ask for training and licensing requirements that reflect a commitment to increase the availability of financial advisors. Ontario universities urge the government to extend temporary solvency funding relief measures to allow them to satisfy their pension obligations over a more manageable time frame.

Several witnesses speak of the need for reform in the auto insurance industry. An insurance industry representative requests the following: a change in the definition of catastrophic injuries; implementation of the recommendations of the Auto Insurance Anti-Fraud Task Force; repeal of the provincial regulator's mediation/arbitration system; clarification on the language in the statutory accident benefits regulations; a reigning in of the costs of the bodily injury system; and preparation for natural disasters.

Auto insurance claimants say that there is wrongful denial of claims by assessors (called independent medical examiners) that has resulted in 28,000 people waiting for mediation or arbitration. Claimants want the Ministry of Health and Long-Term Care to disclose the names of private clinics that fail inspections and ask that amounts paid annually to each assessor be published, as in British Columbia. Additionally, caps for non-catastrophic injuries and attendant care benefits are considered to be too low in relation to actual costs. Changes to the definition of catastrophic injury based on the medical consensus of the healthcare community are deemed appropriate.

The Committee heard calls for a targeted approach to fighting fraud in the auto insurance industry, not a dragnet. There is a perceived need for adequate data on the auto insurance industry so informed choices can be made. A review of the 12% return on equity set for industry is requested, to determine whether it is too high in the current low-inflation environment. A union group asked that the Financial Services Commission of Ontario be directed to reduce Ontario auto insurance premiums by 15%.

## **OTHER MINISTRIES**

### **ABORIGINAL AFFAIRS**

A focus on the improvement of the health of Aboriginal peoples is considered warranted as is funding for Aboriginal midwives through the Ontario Midwifery Program, which would cost the province an estimated \$300,000. The Chief and Council of Iskatewizaagegan #39 Independent First Nation strive to ensure that all development activities occurring within the traditional territory of the Nation comply with the “duty to consult and accommodate” relative to their inherent treaty rights. They seek the creation of a government-to-government mechanism between their Nation, Canada and the provinces of Ontario and Manitoba.

### **AGRICULTURE AND FOOD**

Stakeholders appreciate the opportunity for consultation with the government in the Growing Forward 2 strategic initiative as research in agronomy, crop quality and other agricultural specialties is a key driver of farm business success. They seek an additional \$100 million annually for university-based agriculture research. Proposals put forward to the Ministry include reinstatement of the Risk Management Program to fully funded status (or alternatively, the establishment of a more appropriate cap) and changes to the *Business Corporations Act* to allow the inclusion of family members as non-voting shareholders in the professional corporation of veterinarians. Witnesses want the biodiesel tax exemption repealed and replaced by a 2% biodiesel mandate. They ask that the mandate mirror federal regulations, with the addition of a minimum threshold for the reduction of greenhouse gas emissions, which would create a guaranteed market for the product in Ontario and lead to more investor participation.

Sector representatives see an opportunity to improve the marketable attributes of Ontario food through financial support for environmental stewardship practices and food safety. They also encourage the creation of a program to promote Ontario grown food to Ontario consumers. Rural communities facing aging infrastructure ask for support so they are not placed at a competitive disadvantage. They see an opportunity to lower energy costs through the provision of funding to expand the natural gas pipeline into their communities, and they propose additional municipal transfers.

The horse racing industry emphasizes the need for a long-term financial commitment to match the five-year breeding cycle. It views extension of the Slots at Racetrack Program as imperative until a new agreement is reached between the industry and the province. The industry seeks clarification of the government's plan to integrate the horse racing industry into the gaming strategy.

Wine industry representatives recommend a detailed analysis regarding increasing the sale of alcoholic beverages through private channels. They request a \$3 million increase in funding for the VQA program and propose remaining open on Good Friday and Easter Sunday, when there are many visitors to the wine region.

## **CHILDREN AND YOUTH SERVICES**

At each stop the Committee heard from Ontarians who have a loved one with a disability or who know someone with a disability. Those witnesses highlight the importance of adequate funding for the Special Services at Home Program (SSAH). They express concern to the Committee for the plight of aging parents not able to care for their children with disabilities, and advocate for a reversal of the decision to cut children off SSAH at age 18. One presenter calculates that \$300 million phased in over a couple of years will take care of every person waiting for special services from birth to death.

The Committee heard that there is chronic underfunding of early learning and child care programs and that the financial pressure has increased with the introduction of full day kindergarten. Presenters urge the government to take planned cuts to child care funding in 18 communities off the table and ask for \$300 million for municipalities as base funding to reduce the high cost of child care and to stabilize the wages of staff. The importance of both increasing wages to retain qualified staff and indexing child care funding to inflation is noted. A capital funding program for not-for-profit child care centres is deemed necessary coupled with a moratorium on the licensing of for-profit child care.

Witnesses propose that income eligibility criteria should be increased so that children in any family receiving the Ontario Child Benefit (OCB) are eligible for treatment in the Healthy Smiles Ontario program. The provision of operational funding to all Community Health Centres offering oral health services under the Healthy Smiles Ontario program is also supported. The government is requested to ensure that merged child welfare agencies are properly funded so they are able to provide appropriate wages and working conditions. Witnesses also ask that the OCB be indexed to inflation and that it reach a maximum of \$1,310 per year for low income families effective July 2013.

## **COMMUNITY AND SOCIAL SERVICES**

Witnesses advise the government that Ontarians with disabilities are in crisis. They point to shortages of respite care and other services, and the 12,000 people on waiting lists for residential opportunities. They also say funding is being used

to pay for bureaucratic processes, leaving little support for persons with disabilities. The government is urged to provide seamless direct funding across life spans, and to ensure adequate support by the year 2020, so those with disabilities can live in the community, free from poverty. A specific suggestion is for \$25 million in funding in each of the next five years. Stabilizing the infrastructure and investing in a long-term human resources strategy are also considered to be good objectives.

A representative of the deaf community emphasizes the importance of identifying deaf and hearing impaired citizens in the justice system to ensure treatment for those in need of mental health and addiction services. Additionally funding to assist these individuals in finding secure, stable employment and for general support and counselling services is viewed as necessary.

A pressing concern for many is social assistance benefit rates that are considered inadequate for keeping up with the cost of housing, utilities and food. To reduce poverty the government is urged to implement the recommendations of the Commission for the Review of Social Assistance (CRSA) that call for increased and indexed income assistance for programs including the Ontario Disability Support Program, the Special Diet Allowance and Ontario Works (the recommendation is for a \$100 per month increase for single people on Ontario Works). Many ask for the reinstatement of the Community Start-Up and Maintenance Benefit Program, which provides a mandatory benefit for people on Ontario Works and the Ontario Disability Support Program. More generally, working towards a targeted reduction of 25% in child and family poverty by 2014 is proposed.

Witnesses urge that measures be taken to reduce poverty including an earnings exemption that ensures that social assistance recipients do not have 50% of their earnings clawed back on the first \$200 in income per month, at an estimated cost of \$60 million. Allowing individuals to keep 50% of the Child Benefit at a cost of \$50 million and general rule changes that allow people to earn and keep more of their income and assets (\$5,000 for singles and \$7,500 for couples is suggested) are offered as other solutions. Making prescription drug, dental and other health benefits available to all low income people are other proposals. An immediate 55% base funding increase to the food and shelter allowances for social assistance is requested.

Many presenters in Northwestern Ontario highlight unique challenges facing their communities. Northern Ontario service deliverers say that social assistance cannot be funded through the local property tax system and that the provincial rate structure for social assistance allowances should allow for regional variances based on local economies, as opposed to setting one rate structure for the entire province. An organization in Thunder Bay cites the success of its \$500,000 managed alcohol program for those unlikely to recover from alcohol addiction. It says the program helps reduce the need for medical and policing services and asks for stable funding for the program. Other requests include support for women's

shelters, including funding for a program to enable shelters to work with fathers of children who experience or are at risk of abuse.

Employment supports including training are highlighted. One suggestion is to merge the ODSP Employment Support Program with Employment Ontario under a ministry that has training and employment as its focus. The rationale is that the current program is geared to placement ready individuals. Otherwise, the government is cautioned not to transfer employment supports to municipalities, on the grounds they should be available to all Ontarians.

A representative of community support organizations agrees with the recommendations contained in the recently released *Living Longer, Living Well* report, and indicates that there is broad consensus that home and community supports are the key to good health outcomes. A request is made for sufficient resources for these organizations to implement the government's quality and accountability measures, which could include a 4-5% increase in funding, with 1.5% to be dedicated to quality and accountability. The government is advised to use "smart integration" when consolidating the community sector.

More generally, Members were told that the integration of home and community care with social services should proceed after an evaluation of various national and international models and based on the following criteria: access, quality and cost effectiveness and a client centred approach. The government is encouraged to commit funding to begin addressing the recommendations of the CRSA in its *Brighter Prospects: Transforming Social Assistance in Ontario* report.

The need for a 2% increase in transfer payments is linked to enabling agencies to meet unfunded pay equity obligations for 2012 and 2013. In one case, an alternative to transfer payment funding is proposed.

## **COMMUNITY SAFETY AND CORRECTIONAL SERVICES**

Municipalities point to the spiralling costs of policing and urge the government to rethink how policing is delivered. One of the Northern municipalities urges that either it be permitted to have some control over policing costs or the province take over the funding.

## **CONSUMER SERVICES**

Real estate groups want agreements of purchase and sale that create or transfer an interest in land to be afforded the same protections as other forms of e-commerce under the *Electronic Commerce Act, 2000*. They are also seeking the creation of a registry to protect homebuyers from health and safety issues associated with marijuana grow operations and labs.

## ECONOMIC DEVELOPMENT AND TRADE

It is recommended that the province adopt crowd-funding equity legislation for the Ontario Securities Commission based on the model of the U.S. Securities and Exchange Commission currently under development. Continuation of the Open for Business model is encouraged, as is the implementation of recommendations of Open for Business small business roundtables. Witnesses want the government to publish the rationale and cost-benefit of regulations.

To tackle the underground economy in home renovation, witnesses suggest the introduction of broad based consumer incentives such as the Healthy Homes Renovation Tax Credit. The Committee is also advised that there is an underground economy in the cleaning industry that can be remedied by making the transaction taxable, eliminating the small traders' exemption, and providing a tax credit equivalent to the transaction.

The government is commended for its recognition of the impact of small and medium enterprises (SMEs) and for its implementation of key recommendations of the Jobs and Prosperity Council, such as the Global Exporter Forum that will assist SMEs in expanding internationally. A review of the LCBO agency model is deemed appropriate with a view to increasing their number, making changes to provide convenience stores with longer contracts, and achieving greater flexibility on locations.

A request is put forward that the government act on commitments made in the 2012 *Ontario Budget* on contraband tobacco, including immediate commencement of a consultation process and dedication of enhanced law enforcement resources. Additionally, convenience stores ask the province to commit to financially supporting their "We Expect I.D." age-verification training program for the next three years.

## EDUCATION

A representative of the elementary teachers asks that the 2% pay differential with other teachers in the province be addressed. The representative commended the government on full day kindergarten; however, child care workers advise that it has destabilized their industry, with many day care centres closing. A recommendation is made to continue with the final phase in of full-day kindergarten in 2013-14 and to provide additional funding where required to prepare or renovate facilities for the resulting expanded enrolment. Incorporation of kindergarten in the Grants for Student Needs, with funding based on actual enrolment is proposed.

Witnesses identify a potential for cost savings by addressing the duplication of services resulting from the existence of four school boards in the province, and also call into question the need for the costly Education Quality and Accountability Office and test scores. They say a focus on both leaves less time for teaching.

There are calls to review, in consultation with stakeholders, the funding formula to remedy the inequity between elementary and secondary school students, which has resulted in waiting lists for special education services in elementary schools. An adjustment to the model to fund the OMERS rate increases is also requested. The importance of adequately funding special education is underlined by several witnesses, as is the need to refine data collection in this area. Presenters highlight the importance of developing a strategy that provides for the actual costs of special needs education as those students are at risk. The Committee was told that the Special Education Grant has been frozen since 2011 and that it should be increased by \$126 million.

The School Operations Grant portion of the Education Budget is considered inadequate and a request is made to restore it to 2011-12 funding levels. At a minimum, presenters ask that no further cuts be made to the grant in the 2013 Budget. Technology is an increasingly important aspect of schools and witnesses ask for funding for technology skills and hardware for students, the administration and teachers. At a minimum it is suggested that the \$25 million in the foundation grant for classroom computers be reinstated.

Inequities and the need for change in the funding of First Nations are highlighted by several groups who suggest the issue be addressed in conjunction with other provincial ministries and First Nation organizations. The groups say that sustained funding is required for First Nations students who attend Ontario schools whether they are from on-reserve communities or from a board's local population. Funding mechanisms should be developed that recognize all the costs associated with educating First Nations students including special education. A witness in Thunder Bay requests more funding for the Territorial Student Program for students from remote communities to board with families in Thunder Bay for their secondary school education.

To address mental health needs, it is recommended that the Grant for Student Needs or the Education Programs Other grant provide for a multi-year phased-in approach to fund a full continuum of mental health supports and services. Witnesses suggest that the province fully fund the *Accessibility for Ontarians with Disabilities Act*, that it provide some funding for the operations of school cafeterias, and that it adjust the grant for supply teachers to better reflect the cost. Another recommendation is for the Ministry to establish a formal process to review the cost of sick leave for the period subsequent to September 1, 2012 compared to previous years, before August 31, 2014. A supporter of TVO asks the province to nurture investment and to maintain direct predictable funding for the organization.

## ENERGY

The Committee heard that in designing climate change policy the government must consider regulatory strategies in other jurisdictions so that Ontario industries are not put at a disadvantage. Continued use of low-carbon initiatives, renewable

energy, smart grid development and conservation are all encouraged as are the continued growth of the MicroFit and small Feed-in Tariff programs.

Several presenters criticize green energy initiatives, particularly wind energy, as electricity that is not needed and should not have a priority on the transmission line. They seek the discontinuance of subsidies to this sector. Witnesses tell the Committee that wind turbines lower property value, have negative health effects, and interfere with wildlife and tourism. Concern over health effects leads to a request for a moratorium on wind turbines until such time as adequate research is conducted. The need for consultation and engagement with local communities in situating wind turbines is also put forward.

Witnesses say that industrial electricity rates are too high. Some blame the FIT program for this. They encourage cancellation of the program with a reallocation of 10% of its subsidies to the creation of an industrial competitiveness superfund, used to provide low interest loans to industry for acquiring energy savings technology for use in operations. A technology leadership fund is also proposed for the discovery and incubation of new low cost power production technologies that can be exported. A representative of the natural gas industry believes that there is untapped economic and environmental potential in rural communities not served by natural gas; however, there are significant capital costs associated with infrastructure. Other policy suggestions range from amending the *Public Lands Act* (to prohibit the disposition of publicly owned Crown land for energy projects for financial gain) to amending the *Electricity Act* to require Feed-in Tariff projects to contain a minimum 50% equity participation of a local renewable energy community enterprise or public utility. A moratorium on new or refurbished nuclear projects without an independent analysis of the risks, costs, and alternatives is requested.

## ENVIRONMENT

Ontario's forest industry supports the completion of modernization of the Ministry's approvals system, transparent socio-economic impact assessments prior to government decision-making, the allocation of sufficient resources to the Ministry for updating biomass-for-energy environmental guidelines and a review of the regulatory burden associated with the *Toxics Reduction Act*. Forestry companies, with the support of Northern municipalities, urge finalization of a regulation associated with the *Endangered Species Act*. The regulation would recognize the effectiveness of the *Crown Forest Sustainability Act* and its Forest Management Plans in providing for the habitat needs of species at risk in Ontario Crown forests.

Proposals for improved waste management include harnessing the economic value of waste, clarifying the roles and responsibilities of those involved in waste diversion through legislative or regulatory change, maximizing material and energy recovery, and emphasizing the concept of Reduce, Reuse and Recycle. Additional suggestions include implementing a landfill levy that reflects the cost of managing waste and increasing the water-taking levy for industrial purposes.

Auto recyclers support the use of the Delegated Administrative Authorities model as a way to administer and enforce a common environmental standard for auto recyclers.

An ecology organization seeks funding for the Ottawa River Action Plan. Sewer overflow tunnels are a key part of the plan, with a current cost estimate of \$170 million. Ottawa has set aside \$50 million for the project. Other groups focus on toxic substances. The government is urged to ensure that people have the right-to-know about the existence of toxic substances in the environment, their homes, their workplaces, and in consumer products and to ensure that commitments made under the *Toxics Reduction Act* are met. Other matters include a call for the allocation of \$2 million per year for operations of the Experimental Lakes Area (ELA) and the province taking permanent control of the ELA from the federal government.

## **GOVERNMENT SERVICES**

A municipal taxpayer advocacy group wants to implement changes to public procurement contracts over U.S. \$20 million addressing sole sourcing and contract cancellation. The group estimates that direct and indirect cost savings would be \$15 billion. Other witnesses suggest that the government make greater use of the private and not-for-profit sectors to help deliver services.

## **HEALTH AND LONG-TERM CARE**

Recommendations are made for diverse aspects of health and long-term care, as well as several more specifically targeted at the Local Health Integration Networks (LHINs) and related health service providers. Hospitals support the government's Health Links strategy but recommend that a health system capacity plan be created to complement it.

Strategies offered for chronic disease prevention and management include promoting stakeholder partnerships, providing incentives to employers to support employee health, working with educators, and enhancing the role of the home and community care sector to implement flexible funding models for in-home service delivery. Another suggestion is to extend senior focused initiatives such as the Healthy Homes Renovation Tax Credit to all people living with chronic conditions and disabilities regardless of age. A health coalition in Thunder Bay notes that the rate of chronic disease in Thunder Bay is among the highest in the province and points to a link between poverty and greater healthcare needs.

Witnesses in Northwestern Ontario say the vast geography of their region contributes to substantially higher medical transportation costs. They note that ambulances that should be able to respond to emergencies are often unavailable or delayed. The City of Thunder Bay requests funding support for expansion of emergency medical services. A doctor urges investment in public immunization programs for Ontario's children and youth and that the computerized immunization registry be implemented as soon as possible.

A group advocating for fertility treatment requests that in vitro fertilization (IVF) be funded for infertility patients. Additionally, it wants the government to act on recommendations in the *Raising Expectations: Recommendations of the Expert Panel on Infertility and Adoption* report and says work must be undertaken with health care practitioners to make fertility information available and raise awareness of fertility risk factors. The group also calls for a broad discussion on the real costs and options of providing access to IVF.

One witness recommends that government housing and social assistance policies be considered part of health policy. A group of doctors urges continued investment in models like the eConsult project and virtual wards to make good use of technology. Others focus on the need for a technology strategy for the home and community care sectors to promote integration and ensure sharing of best practices among workers. The expansion of health human resources data collection efforts was also deemed important.

## **LHINs and Related Health Service Providers**

Nurses believe Local Health Integration Networks should be supported to achieve regional health system planning as well as integration and accountability for all health sectors, using an evidence-based and person-centred approach. They also recommend partnering with patients to co-ordinate their care through primary care in community health centres, nurse practitioner-led clinics, and family health teams. Hospitals request that clearly defined accountability structures for primary care performance be established.

### ***Community and Home Care***

Organizations involved in community and home care seek the establishment of a cross-jurisdictional working group to develop and implement a national approach to community and home care. Other general requests include implementation of recruitment and retention strategies for personal support workers (PSWs), PSW cost of living increases, and human resources forecasting based on the expressed needs of community and home care clients.

Community and home care organizations make various recommendations in connection with a 4% funding increase for the sector. Community Care Access Centres (CCACs) want a new 4% funding plan targeted to address growth pressures and to reduce historical inequities between CCACs. Community service providers, including CCACs, ask to be treated in the same manner as hospitals and have the ability to retain in-year surpluses and manage deficits over multiple years to enable greater stability of service volumes. CCACs seek collaboration with LHINs to establish a multi-year funding framework that would replace current annual budgets. Some nurses advocate a return to the model of public delivery of home care with CCACs managing the delivery of home care nursing services. Registered Nurses, on the other hand, call for the transition of the 3,500 case managers and care coordinators from CCACs into primary care and the elimination of CCACs by 2015. One presenter said that for every \$1 invested in

home care in Ontario, about 28 to 30 cents are lost through the first two layers of administration, the LHINS and CCACs.

Community Health Centres (CHCs) ask that part of the 4% funding increase be made available to community-governed primary health care organizations, mental health and addiction agencies and community support agencies to enhance quality and accountability measures. Some organizations want the 4% increase, which one estimates would total \$156 million, directed to frontline primary health care organizations to increase their base funding by 1.75%. (Health centres say the community health sector portion of a 1.75% base funding increase would total approximately \$6 million.)

Witnesses seek capital dollars to maximize what they say is the proven effectiveness of the CHC and Aboriginal Health Access Centre (AHAC) mode of care. Groups request a one-time allocation ranging from \$107.6 million to \$108.9 million to the Ministry's Capital Investment Branch to cover the capital requirements of both the new CHCs announced in 2005 and the backlog of requests for other CHCs and AHACs. The Mary Berglund CHC in Ignace says that its current rent is higher than the market rate for Northwestern Ontario and also notes inequities in funding for CHCs in Northwestern Ontario in comparison with other parts of the province. It requests an immediate annual rent reduction (rent is paid to the Ministry of Infrastructure) and also requests funding for a new CHC.

Many presenters ask that the government streamline and invest in oral health services for low-income children and adults. A witness notes that the income eligibility level for the Healthy Smiles Ontario program is set too low and that many CHCs and public health units report that they have to turn away low-income families because those families make just a little above the adjusted income level that has been set. Ontario health centres request that the Ministry "increase the income eligibility criteria so that the children of any family receiving the Ontario Child Benefit are eligible for treatment in the Healthy Smiles Ontario program." A witness also says that oral health services programs for low-income children were underspent by \$5 million. Witnesses suggest reallocating some of those unspent funds to community health centres with dental suites to cover operating costs and expand services, including the provision of dental services to low income adults without dental insurance. An additional recommendation is to combine the existing five oral health programs into one program managed by the Ministry.

Organizations involved in community and home care also focus on the needs of caregivers. They ask the government to partner with stakeholders, including the private sector, to assess needs and provide caregivers with services, education and training. They suggest incorporating caregiving as a cross-cutting issue within all government health projects and programs.

It is recommended that guidelines be established for both regulated and unregulated workers in the sector and that background checks for caregivers be

introduced. Witnesses call for the reintroduction of an improved *Family Caregiver Leave Act*, with provisions for flexibility in taking leaves of absence and the elimination of doctor fees for issuing medical certificates. One suggestion is to develop a province-wide family driven respite program using the PSW registry as a mechanism to allow families to access the care of a PSW.

Other suggestions include creating a public non-profit home care system, developing medium- to long-term tools to support and retain PSWs (including identifying incentives such as retirement security options), cutting the waiting lists for home care and developing a human health resource strategy for PSWs. Specific wage requests include removing the wage freeze that impacts personal service and community support employees who are among the lowest paid in the health care sector, equalizing pay for these employees and those who work in institutions and convening an expert panel to look at the financial security of caregivers.

### *Long-Term Care*

Witnesses want to ensure that long-term care (LTC) homes have the resources they need and that necessary changes are made to capital funding models to encourage redevelopment of older homes. More specifically, the Ministry is asked to enable access for LTC homes to the Health Infrastructure Renewal Fund. Other requests include implementing accountability mechanisms to ensure that money intended for improving personal and nursing care levels for LTC residents and home care recipients is, in fact, used for those purposes. An additional suggestion is to establish a care standard that will set a minimum staffing level of 3.5 hours of hands-on care per resident per day for LTC homes. CCACs say that LTC facilities need staff members with appropriate skills to address the more complex care needs of the populations they now serve. The facilities require outreach support and links with other care sectors to address complex resident health care or behaviour management needs and also must have more specialized units for those with severe mental health problems and dementia. One group suggests amending the *Freedom of Information and Protection of Privacy Act* to include CCACs and LTC Homes under the Act.

An association for non-profit homes and services for seniors requests 2% funding increases both for care needs and for increased output and costs for the sector. The group estimates that the 2% funding increase would total \$90 million in additional spending. It suggests creating a two envelope funding model for the sector by collapsing three separate funding envelopes (for nursing and personal care, program supports and services, and raw food) into one funding envelope and retaining "other accommodation" as a second, non-care adjusted envelope. Another suggestion is to develop a measure of year-over-year change in LTC resident acuity.

The Committee heard a number of Windsor-Essex county specific requests. The government is urged to increase the number of long-term care beds to both improve quality of life for seniors and ensure that access to hospital services for the rest of the community is available when needed.

## Hospital Funding and Related Matters

The Committee is asked to address the issue of no funding increase for hospitals by considering such options as extending the Employer Health Tax to those businesses which are currently exempt or by reconsidering the level of corporate taxation and taxes on Ontarians who are better able to pay. Nurses recommend, at a minimum, restoring hospital base funding to annual increases equal to inflation. Ontario hospitals seek operating funding planning targets for the next three fiscal years and details about government plans to mitigate the effects of funding reform. Implementation of a health research and innovation strategy is also requested. One witness asks for a moratorium on cuts to rural and small hospitals, the establishment of a clear set of services to be provided in small and rural community hospitals and for the Auditor General to conduct a full audit of all public private partnership (P3) hospital projects completed to date. Another witness asks for an end to contracting out hospital support services.

In Windsor-Essex witnesses request funding for complex continuing care beds and mental health beds that are ready to open at the Windsor Regional Hospital. They also ask for interim long-term care beds in local hospitals and the approval of appropriate designations for locally provided neonatal intensive care unit and thoracic cancer surgery services so that those services are not lost in the community. One person suggests that the \$1.6 billion in planned funding for a new hospital in Windsor be spent instead on front end care, including care for senior citizens. Supporters of a regional hospital in Thunder Bay seek \$42.5 million in funding to help free hospital beds occupied by resident Alternate Level of Care (ALC) patients. The funding would be used to provide Thunder Bay and the region with a transition house for homeless ALC patients. The goal is for these patients to be sent to the transition house once their acute care treatment in hospital is complete.

Several groups suggest potential cost savings measures. Cardiologists seek the elimination of inappropriate testing in echocardiography by implementing the Cardiac Care Network's *Standards for the Provision of Echocardiography in Ontario 2012*. They say this would help improve quality and control costs, estimating costs savings of as much as \$44 million, based on a 2012 *Institute for Clinical and Evaluative Sciences* report. Cardiologists also wish to work with the government to implement similar appropriateness standards for ECG and other non-invasive cardiac diagnostic tests that they believe will result in additional significant savings. Pharmacists say that an evidence-based economic model indicates that savings of at least \$143 million over the next five years would result from fully implementing and funding pharmacists' authority in the following five areas: counselling for smoking cessation, administering flu vaccinations, adapting patients' drug therapy, renewing prescriptions for stable chronic conditions, and assessing and treating minor ailments.

## Nurses and Nursing

Nurses have a number of requests including adding 9,000 full time RNs by 2015, achieving the provincial target of 70% full time employment for all nurses,

securing fair wages for nurses and nurse practitioners in all health care sectors and expanding the role of RNs to deliver a broader range of care. Additional requests include ensuring all existing nurse-practitioner-led clinics are funded to operate to full capacity, opening new clinics where needed, phasing in new minimum staffing standards in long-term care, and committing to providing all Ontarians with access to integrated inter-professional primary care by 2020.

## **Ontario Health Insurance Plan**

### *Assistive Devices*

A stakeholder urges the government to add short-term oxygen therapy to the current home-oxygen program and identifies a potential \$200 - \$250 million in immediate cost savings by freeing up bed days in hospitals and potential savings of \$1.3 billion by 2040. The same group asks for the reintroduction and expansion of the Hospital Replacement Program which provided funding assistance for short-term (up to 60 days) home oxygen therapy. One witness asks that pharmacare be part of provincial health coverage so that the chronically and seriously ill can afford their medications.

### *Spinal Cord Attendant Services*

Witnesses ask for the allocation of a percentage of community services expansion dollars to spinal cord attendant service providers in each of the LHINs, noting that there are 5,000 people requiring attendant services. It is estimated that the costs, not including supportive housing, would total \$35.2 million for attendant outreach services and \$10.4 million for self-managed attendant services. Over 1,600 individuals would be directly assisted with a total investment of \$45.6 million.

Witnesses suggest that the government conduct a review of LTC facilities and ALC beds in hospitals to determine the cost of inappropriate placement of persons with physical disabilities because of the lack of attendant services in the community. A witness estimates that it costs \$1,700 per day for a person with physical disabilities to be in a LTC facility and \$3,000 per day for care in a hospital. The suggestion is to redeploy this inappropriately spent funding to attendant services so those people can live in the community. Witnesses also ask for more flexible policies and funding related to community health planning that is not based on age, but on need.

## **Other Matters**

Witnesses advocate a healthy eating and physical activity strategy to promote better health and also want to establish local food purchasing targets for public institutions. Dietitians request funding for the promotion and continued operation of the EatRight Ontario Dietitian Advisory Service, policies to support access to registered dietitian services, and the use of information provided by public health units' Nutritious Food Basket protocol to set rates for income support programs. Heart and stroke prevention advocates ask the government to implement a social marketing program that focuses on healthy eating, active living, mental health and adequate sleep and to maintain and expand measures for tobacco control. They

want legislation introduced to ban marketing such items as low nutrient foods, beverages and snacks to children under the age of 12. A representative of the beverage industry says that the industry has adopted voluntary standards on offering beverages to children and that sugar sweetened beverages are not uniquely responsible for rising obesity rates among children.

Other matters include a request to allow child and youth mental health treatment and service providers flexibility to use new investments to address operational and infrastructure costs, including costs for information technology, clinical supervision, staff compensation and leadership development. A Windsor-Essex group requested increased funding for children's mental health services in its community. Another group seeks funding for children's rehabilitation services including targeted investments in Children's Treatment Centres and one-time funding for a client information system. One group urges stakeholder partnering to facilitate the identification of aging and youth citizens with hearing loss in the health system.

## **INFRASTRUCTURE**

Home builders advise the government to focus on core infrastructure investments. Cement producers say government at all levels should maintain infrastructure investments, that Ontario should use a full life cycle approach to inform infrastructure decision making and that it should choose concrete roads to help municipalities save up to 26% on a pavement's total cost of ownership. A labour group says that initiatives such as public private partnerships should not be used for funding infrastructure projects. The construction industry asks for measures to ensure prompt payment and notes that prompt payment legislation has been adopted in jurisdictions such as the United States, the United Kingdom, and Australia. Municipalities remind the government of a proposed roads and bridges program that they helped develop and say that it should be funded. Others ask that the Infrastructure Ontario affordable housing loan fund remain capitalized at \$500 million and that adequate financing be made available for affordable housing.

Northern presenters urge consultation with key stakeholders to establish an infrastructure renewal program that both works in the North and has a simplified application process. Suggestions include basing an infrastructure renewal program on a guaranteed annual per capita allocation, having a base minimum level of funding for small Northern and rural communities and introducing non-conditional infrastructure funding. The City of Timmins will need almost \$100 million for infrastructure in the near future. The Town of Ignace needs \$4.5 million to repair its sewer treatment plant. The Township of Pickle Lake notes that as a remote community, its costs for infrastructure work are higher than elsewhere in Northwestern Ontario. Witnesses note that infrastructure investment (including roads) in Northwestern Ontario is an investment in improving the quality of life for some of Ontario's most marginalized communities. Presenters in the North also insist the government recognize that cancelling the Connecting Link program without consultation is causing concern across Ontario. Another group asks the government to continue to seek out opportunities to strengthen

Windsor-Essex County as a major transportation and infrastructure hub for Ontario and Canada.

## LABOUR

Witnesses urge the government to focus on creating good jobs, pausing pay equity adjustments, and funding the revised target rates under the *Pay Equity Act*. Unions ask that workers not be targeted as the government moves to balance its books, that employment standards be strengthened to stop the move to temporary and contract employment and that the value of unions be recognized through the promotion of workplace rights. One union seeks the maintenance of members' wage levels, noting that union members spend wages on paying taxes and purchasing goods and services. Hospitals recommend moving ahead with reforms to the *Public Sector Labour Relations Transition Act* to facilitate the movement of health services currently being offered by hospitals to more appropriate settings in the community. They want the government to legislate changes to re-assignment rules and to address other barriers to deployment of hospital employees.

Unions request that the arbitration system not be changed, respect for collective bargaining rights be reaffirmed, collective bargaining in the broader public service be allowed to proceed free of government interference, and the systems of interest arbitration be left free from tampering. Fire fighters seek recognition that the interest arbitration system for fire fighters is not broken. They note that their internal review shows little difference (0.16%) between freely negotiated fire fighter settlements and arbitrated decisions over an eight-year period.

Hospitals continue to call for significant reforms to the *Hospital Labour Disputes Arbitration Act* (HLDAA) to ensure that policy intentions of the government, and the ability of hospitals as the employer to pay, are respected. Requested HLDAA reforms include requiring written exchanges of disputed items in advance of arbitration proceedings to ensure sufficient time for the parties to prepare as well as featuring an obligation for the board of arbitration to require a "demonstrated need" for issues raised. Additional proposed HLDAA reforms are to require the board of arbitration to more fully consider an employer's true ability to pay (particularly in light of challenging fiscal times) and to require arbitrators to provide written reasons for their decisions in all cases.

Municipalities seek a single arbitrator model. They say that Interest Arbitrators should be given one year to complete their work. Additionally, they suggest the current single arbitrator model should be applied to all hearings; deadlines should be imposed for post-hearing submissions; and, upon request by a party, arbitrators should provide written reasons for the award, and a clear explanation of how a community's financial health was considered, using meaningful criteria.

Several witnesses seek a raise in the minimum wage. Most cite a figure of \$11.50 per hour (one union suggests \$14 per hour). They also want the minimum wage indexed to inflation, or a commitment to the principle that the minimum wage should bring a full-year, full-time (35 hours per week) earner to 10% above the

poverty line. The restaurant, hotel and motel sector views the minimum wage issue differently. It asks that the differentiated minimum wage rates be maintained at current levels until a consultative review process is established and completed.

In other wage-related matters, hospitals seek endorsement of a proposed compensation framework for executives. Cardiologists ask the Ministry to initiate dialogue now on key issues related to the next OHIP fee schedule agreement. One witness seeks exemption for non-profit organizations, including child and youth mental health service providers, from any wage restraint legislation. One individual asks that voters in ridings set politicians' wages through a bidding system at nomination.

Fire fighters ask that occupational disease coverage for fire fighters be extended to the following six additional cancers: multiple-myeloma, lung, skin, testicular, breast and primary site prostate cancers. They say the Workplace Safety and Insurance Board (WSIB) should receive funds to help deal with the financial impact on its unfunded liability as a result of this request. A union recommends moving the WSIB employees' pension to a Jointly Sponsored Pension Plan.

That union also believes that policy should be reshaped to stop the trend of injured workers being denied access to compensation and that workplace injury coverage should be made available for all workers. The construction industry says the WSIB must be transformed and modernized. Businesses suggest repealing Bill 119 (on mandatory WSIB coverage for the construction industry), introducing legislation to eliminate the "benefits for life" provision and implementing a three-day waiting period for benefits (as currently exists in New Brunswick and Prince Edward Island) to weed out frivolous claims. Additional suggestions are to stop funding workplace safety through premiums and not to fund incidental claims. An injured workers' support group in Thunder Bay seeks restoration of full indexation for injured workers on partial benefits and the restoration of the value of eroded benefits of injured workers. It asks that the current practice of ad hoc indexing be disallowed. The group also wants the government to commission a study on WSIB coverage (with a view to increasing coverage) and believes that wage loss benefits should be based on actual wage loss, not on "deeming."

The underground economy is also a focus, with a suggestion to implement the measures contained in the 2012 *Ontario Budget* to strengthen administrative practices in determining employer-employee relationships and improve government procurement practices to ensure tax compliance. (See Economic Development and Trade section for more information on the underground economy.) Proposals also focus on seeking quick action to reduce apprenticeship ratios and for retraining and apprenticeship programs.

## **MUNICIPAL AFFAIRS AND HOUSING**

Witnesses say that the current social housing stock is aging and not up to standard. The government is urged to press for a national housing strategy, take a lead in negotiating a long-term federal-provincial affordable housing agreement

with a federal funding commitment, and commit at least \$132 million annually to any such agreement. It is also asked to provide \$120 million for affordable housing investments and to restore full funding to the housing and homelessness programs, including the former Community Start-Up and Maintenance Benefit.

Other suggestions include creating a housing benefit for those with low incomes, constructing 1,000 new units of affordable housing and launching a funding program to link the creation of new jobs with building affordable housing. It is also recommended that policies be implemented to mandate inclusionary housing in municipalities by, for example, enacting inclusionary zoning legislation and that government lands be made available for affordable housing. One additional suggestion is to preserve the existing affordable housing stock by expediting a program through Infrastructure Ontario to allow providers to leverage the equity in their housing to borrow money.

Presenters in Northwestern Ontario ask for a plan to address affordable housing shortages in their communities. Some say there is a lack of commitment to safe, affordable housing in Northwestern Ontario in comparison with Southern Ontario. The presenters note low vacancy rates and the high demand for rental housing in their communities. Additional requests include adequate funding for the Ontario Community Homelessness Prevention Initiative, financial support for transitional housing, funding to build a new shelter in Dryden, and “second stage” housing for Faye and Thunder Bay.

Suggested measures for the rental market include introducing regulations to limit market rent increases on vacant properties and proposals to preserve and build affordable rental housing. A representative of a women’s shelter proposes that subsidies for market rents be set at a level that ensures low income renters spend no more than 30% of their income on housing. The need for a repair and rehabilitation plan for social housing in the province is also recommended. A student organization asks for a more stringent application of the Ontario *Residential Tenancies Act* to university residences. A cost-efficient tenure dispute resolution system for housing co-ops is sought, with a potential associated savings of \$1 million annually for housing co-ops.

Home builders support reforming the Ontario Municipal Board. They want the government to maintain the *Development Charges Act* and continue with the scheduled uploading of municipal services despite the provincial deficit. Witnesses ask that the government review a proposed cut to the Ontario Municipal Partnership Fund (OMPF) and develop a funding formula that can accommodate volatility. The Municipality of Callander believes that the use of Statistics Canada data resulted in an unfair reduction of Callander’s OMPF funding and requests the elimination of inequities in program delivery. It also asks that the OMPF program incorporate a mechanism where additional funding can be requested and allocated on a case-by-case basis. Requests from the City of London include supporting key economic sectors for the city, such as the green energy sector, investing in strategic infrastructure and partnering to increase municipal financial capacity.

Witnesses, including forestry sector representatives and home builders, request an amendment to the *Building Code* to remove the prohibition on six storey wood frame buildings, allowing the use of wood in mid-rise construction projects. Others ask that the national *Building Code*'s radon mitigation standards be adopted in Ontario's *Building Code* and for maintenance of a registry of buildings containing asbestos. One witness asks whether public housing providers are prevented by Ontario law from treating an entire building for bedbugs.

## **NATURAL RESOURCES**

Forestry sector representatives seek implementation of a three pillar public policy (social, economic and environmental) for forestry instead of a one pillar policy. They also request that new or revised regulations or policies do not increase costs for the sector or unnecessarily reduce the industrial fibre basket and that transparent socio-economic impact assessments be done if there is a risk of such a reduction. More specifically, they want permanent protection of Ontario's production forest land base within the Area of the Undertaking (AOU) for industrial use at the current 26 million hectares.

The sector seeks implementation of Enhanced Shareholder Sustainable Forest Licenses (ESFLs) in a manner that is consistent with the *Principles for Enhanced Sustainable Forest Licence Implementation*. One stakeholder wishes the current stumpage system, which it says is predictable and provides the necessary certainty for investment, to be maintained. A second requests setting both the fixed portion and the "residual stumpage price" of the Crown due rates for poplar and birch at competitive rates. The sector asks that the Ministry be provided with funds to launch a consumer campaign that promotes Ontario Wood, the Natural Choice, that is similar to Foodland Ontario's campaign. It also suggests fully restoring and maintaining the \$75 million per year Ontario Forest Access Roads Construction and Maintenance Program.

Northern municipalities seek relief from their current financial obligations for Provincial Parks. The Town of Cochrane notes that the savings in shutting down parks in Northern Ontario was \$75,000, with the result that local people are now unable to visit their parks. Other requests include that the Ignace Area Ministry of Natural Resources office not be closed, that other Ministry of Natural Resources field offices in Northwestern Ontario also be preserved, and that the Ministry fully reinstate the Ontario Ranger Program.

## **NORTHERN DEVELOPMENT AND MINES**

Northern municipalities insist that they be part of extensive, open consultations about legislation affecting the North. Municipalities in Northwestern Ontario say they do not support the *Far North Act* in its current form. Municipalities across the North want to ensure that the Northern Growth Plan addresses the growth potential of all municipalities in Northern Ontario with a focus on economic development planning. These municipalities request changes to the funding model used to allocate resources to Northern and rural areas of the province. More

specifically, they seek an increase of \$75 per household in the Northern Community Grant to assist municipalities in providing infrastructure and services and estimate this will cost approximately \$25 million per year for 328,000 households across the North. (The City of Kingston says if “heads and beds” funding had been indexed to inflation it would amount to about \$141.) A presenter from the Town of Cochrane suggests implementation of an equalizing supplement for Northern and rural Ontario based on a local cost of living measurement conducted by the local social services administration for each community. That municipality also urges the government to develop the 90% of the province’s land mass that is in Northern Ontario.

Both Northern municipalities and businesses with operations in Northern Ontario focus on the Northern Industrial Electricity Rebate (NIER) program. They ask the government to develop long-term strategies to ensure Ontario’s energy pricing structure is more competitive, particularly with neighbouring jurisdictions. They also request the continued development and expansion of such programs as the NIER, to provide operational certainty for business, with some calls for implementation of a northern electricity pricing regime. The forestry sector asks the government to develop a competitive, forest wide sector electricity pricing structure that applies to more than just the largest mills. A coalition of Ontario manufacturers points to electricity as a major cost that limits manufacturers’ ability to grow, create jobs and in some cases, to stay in Ontario. Both Northern businesses and municipalities additionally request the development of updated transmission capacity and that transmission be viewed as essential infrastructure similar to highways. Municipalities request the reintroduction, as a priority, of the North-South Energy Transmission Capacity.

A presenter from the City of Timmins urges accelerated discussions with business to mitigate energy connectivity and cost issues related to development of the Ring of Fire. It believes this project should be a significant and immediate priority and highlights the importance of collaboration on Ring of Fire issues with the federal appointee for the project, the Honourable Tony Clement. Northern municipalities urge the province to take leadership to plan, develop and own infrastructure to support Ring of Fire development and also any other mining venture to be located in the Northwest. They say the mining industry needs support similar to that received by the auto industry, through infrastructure investments that will drive the economy for decades to come. Northwestern municipalities point out that while the Ring of Fire is a future project, many other mining projects are underway and have pressing infrastructure needs. The City of Thunder Bay calls for aggressive partnerships between the City, Fort William First Nation and the government for development of the mining sector in Northwestern Ontario. The Township of Pickle Lake requests that it be the hub for the all-weather road to the Ring of Fire region.

A union notes reductions in the Mining Tax Rate, saying that between 2000 and 2004 the rate was cut from 20% to 10% of profits for non-remote mines and to 5% of profits for remote mines. The union says most other provinces levy higher rates and that the government should review its Mining Tax and diamond royalty

structures. Local business stresses the need to engage Ontario's Aboriginal population and bring apprenticeship ratios to a 1:1 scale as soon as possible to address the demand for workers across all sectors in the North. The Chamber of Commerce in Thunder Bay is advocating for a five-year pilot project that would allow Northern Ontario employers to use a one journeyperson to three apprentice ratio in order to address the ever-growing skills shortage in the region.

Local businesses, municipalities and a union express concern over the government decision to divest the Ontario Northland Transportation Commission, saying divestiture will have a major impact on opportunities presented by the Ring of Fire and other development projects. The government is urged to work with communities to find a viable solution that not only maintains current levels of service but enhances freight rail and ensures timely access to northern communities through all seasons. One municipality estimates that divestiture saved the government \$24 million a year. Another municipality asks that the staffing structure for the Northern Ontario Heritage Fund Corporation be maintained.

## **RESEARCH AND INNOVATION**

One witness suggests that innovation can be fostered by making economically efficient conditions for enterprises a top priority; improving accessibility to tax credit programs; increasing access to capital for developing knowledge-based companies; and considering incentives for companies that provide workplace training and opportunities to upgrade skills to address the needs of growing technology businesses, including integrating skilled immigrants.

## **TOURISM, CULTURE AND SPORT**

Witnesses request that the \$8 million lost through cuts in funding across the museum sector be reinstated. They also suggest integrating museums into broader Ontario strategies by, for example, including them in a provincial tourism strategy.

The restaurant, hotel and motel sector proposes several initiatives to promote tourism including removing regulatory barriers, developing a loan guarantee program, and considering the reintroduction of the Tourism Redevelopment Incentive Program. Kenora Tourism asks for funding for regional tourist centres. The Township of Nipigon says that tourism infrastructure funding must be made available.

## **TRAINING, COLLEGES AND UNIVERSITIES**

Witnesses advocating continued education funding stress the importance of all types of education including apprenticeships, and university and college education and applaud the government for recognizing that an educated, skilled workforce is essential for job growth. Requests from a university faculty association include

meeting the national averages for per-student funding and student-faculty ratios. Additional requests include reinstating funding to the Ontario Work Study Plan, beginning a dialogue to address the skills mismatch for existing jobs, and making the workforce more inclusive of Aboriginal peoples. The university faculty association group asks for a tuition freeze and consultations on a new funding framework.

### *Universities*

Most university student groups, supported by a union, ask for a reduction in tuition fees by 30% over three years for all students and want the program expanded to include a greater number of historically underrepresented groups such as First Nations. One group explained that it would like to see an immediate 17% tuition fee reduction for all students this year that would be achieved by taking money from the 30% Off Ontario Tuition grant and applying it to all students. It was also suggested that funds dedicated to both the tuition grant and the provincial education tax credits could be reallocated towards the reduction in tuition fees for all students by 30% over three years. Another group proposed a slight variation, suggesting taking the 30% Off Ontario Tuition grant and transforming it, and only it, into a direct-funded tuition reduction across the board. One group believes, in contrast to the others, that a degree of targeted funding under the program makes sense. It advocates freezing tuition fees for at least one year and increasing per-student funding to post-secondary institutions at the rate of inflation to partially compensate. It also says should tuition increase in any future year, that the increase must be no more than the rate of inflation as measured by the Ontario Consumer Price Index. One group wants tuition fees reduced and eventually eliminated.

University student groups also request that part-time students be eligible for the Ontario Student Assistance Program (OSAP) and that the interest on the Ontario portion of OSAP loans be eliminated. Another proposal is to convert the Ontario portion of OSAP into grants and to reallocate funds dedicated to the Ontario Student Opportunity Grant toward this conversion at an annual cost of \$390 million.

University students call for the elimination of the Higher Education Quality Council of Ontario, with funding redirected for additional Ontario Graduate Scholarships. A \$1 million pilot project for one or two universities to run Ontario Graduate Scholarships programs internally is suggested. Students seek more support for campus mental health, suggesting the government should provide funding to hire up to two additional mental health counsellors at every post-secondary institution in Ontario, at an estimated cost of \$8.4 million per year. They also ask for investment in a youth employment strategy and for university credits to be transferable system-wide. Wilfrid Laurier University stresses the need for continued backing for its proposal to create a leading edge campus in the town of Milton, in collaboration with Milton and Halton Region.

Other issues of concern include increasing daycare support, re-establishing the fellowship for study in French, improving the availability of equity services, reviewing the dollar value of the occupancy cost assignment of \$25 for students living in residence, and developing and supporting ElderCollege programs through seed-funding. Student groups ask the government to maintain its commitment to fully fund the growth in spaces for new undergraduate and graduate students and match the federal Canada Foundation for Innovation investment for research. Additionally one graduate students' group seeks the introduction of a province-wide system of post-residency fees for graduate students in the final year of masters or doctoral program studies, parity in opportunities for funding for domestic and international graduate students, and the mandated representation of graduate students on post-secondary Boards of Governors. Some requests with associated estimated costs (from a group that represents both university and college students) include introducing a system of post-residency fees for graduate students (\$120 million per year for a 50% reduction for students in the post-residency phase of their graduate degree), restoring funding for the Ontario Work Study Plan (\$10 million per year), and capping university sector salaries at \$250,000 and college sector salaries at \$200,000 for projected savings of \$17 million annually.

### *Colleges*

Colleges note the skills shortage and skills mismatch and ask the government to address budget decisions that are disproportionately affecting colleges. They specifically note that in reductions announced last year, colleges were asked to absorb 46.5% of reductions in post-secondary education but only receive 28.7% of the total operating funding for post-secondary education. Colleges say their share in the funding reductions should be in the 28.7% range.

Colleges also ask for the establishment of a tuition-fee framework that is distinct to colleges and is part of a long-term effort to ensure fiscal sustainability for the college sector. A representative of Ontario colleges cites a Canadian Federation of Students statement that "with tuition fees in Ontario the highest in the country and student debt hitting record levels, the new tuition framework must provide immediate relief from high tuition fees." The Ontario colleges' representative says that statement is untrue in relation to colleges and that failure to differentiate between college and university tuition levels could lead policy makers to make choices that would be inappropriate for colleges and their students. The representative says there are real differences between the tuition fee levels at colleges and universities, noting that the tuition for a typical college program is about \$2,400 per year and that the typical tuition for a university arts and science program is about \$5,400 and that college students who graduate with debt have a much more manageable debt than those attending university. The representative says that Ontario is one of the most affordable places to go to college. In the North the Committee heard a request to restore a 1% increase in funding to colleges that are not experiencing growth, which a witness estimated would require about \$80 - \$90 million in funding. Confederation College in Thunder Bay wants to expand programming and financial support for students who have been out of high school for 2-5 years. It also asks that the age of eligibility for the

30% Off Ontario Tuition grant be extended to age 29. The college is developing its student village with residences and is seeking support for additional housing.

In a recent press release, the Canadian Federation of Students' chairperson said, "With tuition fees in Ontario the highest in the country and student debt hitting record levels, the new tuition framework must provide immediate relief from high tuition fees." This statement is absolutely untrue in relation to colleges. The failure to differentiate between college and university tuition levels, we fear, could lead policy makers to make choices that would be wholly inappropriate for the colleges and their students.

### *Career Colleges*

Career colleges seek changes to fiscal policies that they say treat career college students inequitably. They recommend that career college students who meet the eligibility criteria be granted access to the 30% Off Ontario Tuition grant. They also recommend that the tuition cap under the Second Career program either be raised from \$10,000 to \$14,000, or applied universally and equitably to career college students and community college students and that an annual cost of living index be used to adjust the Second Career tuition cap every year. One group urges that the government include professional career options within the current retraining programs.

## **TRANSPORTATION**

The Committee heard calls to increase support for public transportation, pedestrian and cycling infrastructure needs. A cycling coalition asks for 1% of the transportation budget for community bicycling infrastructure and that an active and safe routes to school program be funded. A union requests restoration of the funding formula for transit that holds fares to a 70% share of operating funds, with the remaining 30% split evenly between the province and municipalities. It would also like Community Benefits Agreements (CBAs) established with all communities through which new transit infrastructure will run.

Municipalities suggest that modest changes to the *Development Charges Act* could begin to address the funding challenge associated with traffic congestion. Accountants suggest exploring opportunities to engage the private sector and also to engage the federal government in investing in public transit in large urban centres at levels similar to other Group of Seven (G7) countries. Other suggestions include improving road infrastructure, expanding the road network to deal with gridlock and creating an integrated regional transportation network, with business and consumers sharing the cost of new transportation. There is a call for establishing standards and safety criteria for the towing industry and investigating adverse reports on driver training centres. The City of London supports various regional transport initiatives including exploring the development of high-speed rail along the Windsor-Quebec corridor. Motor coach companies want the government to introduce legislation to repeal the *Ontario Highway Transportation Board Act* and create a new delegated administrative

authority, which they say would be self-funded by the Ministry through industry contributions, leading to savings of about \$400,000. A tourism organization in Kenora seeks a renewed commitment for funding to upgrade 10 kilometres of the Trans-Canada Highway starting at the Manitoba border.

## RECOMMENDATIONS

The Standing Committee on Finance and Economic Affairs recommends to the Minister of Finance, in the government's FY 2013-14 budget:

1. Direct FSCO to reduce average, industry-wide, private passenger auto insurance premiums by 15% in the next 12 months.
2. Make permanent the temporary restrictions on the implementation of HST Input Tax Credits that would apply to corporations and financial institutions for items like meals, entertainment, telecommunications and company vehicles.
3. Implement the Commission on the Reform of Ontario's Public Services (the Drummond Report) recommendation of reducing the ability of corporations to eliminate or decrease payment of provincial corporate income tax by shifting profits and losses across Canada.
4. Maintain the EHT exemption rule for small business but at the same time, eliminate the exemption on the first \$400,000 in payroll for all companies with payrolls over \$5 million (or roughly 100 employees).
5. Implement a youth job creation initiative that would create at least 25,000 jobs over two years for participants by:
  - providing young people, aged 16-26 years, an entry point to long-term employment opportunities, where participants would learn life and work skills while earning income; and
  - establishing a fund that would commit at least \$78 million in the first year and at least \$117 million the following year towards creating jobs for youth and to fund on-the-job training in these jobs
6. The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance implement a balanced approach to balancing the books without leaving people falling further behind.

The Standing Committee on Finance and Economic Affairs recommends to the Minister of Finance that the government, in its FY 2013-14 budget:

7. Include a five day home care guarantee in order to address the challenge of over 6,000 people on waiting lists and eliminate wait times that can be in excess of 260 days.

8. Implement a social assistance reform initiative that would support people in finding work and becoming independent by:
  - changing social assistance rules that currently take away 50% of people's earnings starting from the first dollar of wages by allowing social assistance recipients to keep 100% of the first \$200 they earn each month.
9. Implement the following cost saving initiatives:
  - Reviewing government expenditures and finding savings within the current fiscal framework that do not impact the services Ontarians rely on.
  - Imposing hard caps on all broader public sector (BPS) senior executive salaries to no more than double the annual compensation of the Premier, which should be implemented as employment contracts expire.
  - Eliminating BPS management performance bonuses until the budget is balanced.
  - Not divesting Ontario government owned revenue generators such as the LCBO, which brings the province more than \$1.6 billion to invest into services like hospitals and schools.

## LIST OF WITNESSES AND WRITTEN SUBMISSIONS

Presenter	Date of Appearance / Written Submission
2013 College Student Alliance	written
Advocacy Centre for Tenants Ontario	written
Alliance for Professional Education to Access Re-training Programs	written
Alliance to End Homelessness Ottawa	March 13, 2013
Anglican Bishops of the Diocese of Toronto	March 22, 2013
Armstrong, Robert	March 13, 2013
Association of Municipalities of Ontario	March 22, 2013
Association of Non-profit Childcare providers in Windsor Essex	March 11, 2013
Association of Ontario Health Centres	March 21, 2013
Association of Ontario Midwives	written
Basker, Bonnie	March 13, 2013
Berringer, Peter	written
Biesinger, Larry	written
Brindley, Ross J. and Darlene	written
Campbell, Bernie	March 11, 2013
Canadian Automobile Association	March 22, 2013
Canadian Beverage Association	March 22, 2013
Canadian Cancer Society, Ontario Division	written
Canadian Doctors for Medicare	March 11, 2013
Canadian Federation of Independent Business	March 22, 2013
Canadian Federation of Students	March 22, 2013
Canadian Manufacturers & Exporters	written
Canadian Renewable Fuels Association	March 21, 2013
Canadian Taxpayers Federation	March 21, 2013
Canadian Thoroughbred Horse Society – Ontario Division	March 21, 2013
Carleton University Graduate Students' Association, and Graduate Students' Association of the University of Ottawa	March 13, 2013
Cement Association of Canada	March 13, 2013
Central 1 Credit Union	March 21, 2013
Central Bruce-Grey Wind Concerns	written
Certified General Accountants of Ontario	March 21, 2013
Chauvin, Cathy	March 11, 2013
Chemistry Industry Association of Canada	March 13, 2013
Children's Mental Health Ontario	March 21, 2013
Christian Horizons	written
City of Kingston	written
City of London	written
City of Thunder Bay	April 3, 2013
City of Timmins	March 12, 2013
Coach Canada	written
Coalition of Ontario Manufacturers for Competitive Industrial Power Rates	written
Cochrane District Social Planning Council	March 12, 2013
Coffee, Robert	written
Colleges Ontario	March 21, 2013

Presenter	Date of Appearance / Written Submission
Community Commonwealth Association	written
Community Living Ontario	March 22, 2013
Community Living Tillsonburg	March 11, 2013
Conceivable Dreams – Ottawa	March 13, 2013
Conceivable Dreams – Timmins	March 12, 2013
Conceivable Dreams – Windsor	March 11, 2013
Confederation College	April 3, 2013
Council of Academic Hospitals of Ontario	written
Council of Ontario Construction Associations	written
Council of Ontario Universities	March 21, 2013
CUPE Local 503	written
CUPE Ontario	March 21, 2013
DeafBlind Ontario Services	written
Den Tandt, Andre	written
Developing and Nurturing Independence	written
Diefenbunker Canada's Cold War Museum	March 13, 2013
Dieticians of Canada	written
EACOM Timber Corporation	March 12, 2013
Ecology Ottawa	March 13, 2013
ElderCollege	written
Elementary Teachers' Federation of Ontario	written
Enbridge	written
Environmental Lakes Area Support Group	April 3, 2013
FAIR (Association for the victims For Accident Insurance Reform)	March 21, 2013
Faye Peterson House and Hoshizaki House (Dryden)	April 3, 2013
Federation of Northern Ontario Municipalities	March 12, 2013
Federation of Rental Housing Providers of Ontario	written
Federation of Urban Neighbourhoods of Ontario	written
Fernando, Joseph	written
Fiji, Gurdial Singh	written
Friends of the Ontario Ranger Program	April 3, 2013
Gold, Ronald	written
Grain Farmers of Ontario	March 11, 2013
Greater Essex Elementary Teachers' Federation	March 11, 2013
Green Party of Ontario	written
Heart and Stroke Foundation	written
Horner, Brett	written
Housing Help	March 13, 2013
Income Security Advocacy Centre	written
Individualized Funding Coalition for Ontario	written
Insurance Bureau of Canada	written
Invest Ottawa	March 13, 2013
Iskatewizaagegan #39 First Nation	April 3, 2013
Isolara Solar Power, Jazz Solar, Ottawa Solar Power, Clearly Solar, Solpowered Energy	March 13, 2013
Jelinski, Eric	written

Presenter	Date of Appearance / Written Submission
Kenora Tourism	April 3, 2013
Kinna-Aweya Legal Clinic	April 3, 2013
Koch Companies in Canada	March 22, 2013
Krogh, Carmen	written
Lakehead University Graduate Students' Association	written
Leblanc, Pierre	written
Lee, Michael	written
Legal Assistance Windsor	March 11, 2013
March of Dimes Canada	March 22, 2013
Mary Bergluend Community Health Centre	April 3, 2013
Mole, Jeff	written
Molly Maid International	March 22, 2013
Multi Municipal Wind Turbine Working Group	written
Multiple Sclerosis Society of Canada, Ontario Division	written
Municipal Taxpayer Advocacy Group	March 13, 2013
Municipality of Callander	written
Music Canada	written
National Airlines Council of Canada	April 3, 2013
New Starts for Women	April 3, 2013
Niagara Health Coalition	written
North American Platform against Wind	March 21, 2013
Northern College of Applied Arts & Technology	March 12, 2013
Northern Ontario Service Deliverers Association	April 3, 2013
Northwestern Ontario Municipal Association	March 22, April 3, 2013
ODSP Action Coalition	written
Ontario Agencies Supporting Individuals with Special Needs	written
Ontario Association of Cardiologists	March 22, 2013
Ontario Association of Career Colleges	March 22, 2013
Ontario Association of Children's Rehabilitation Services	written
Ontario Association of Community Care Access Centres	March 21, 2013
Ontario Association of Non-Profit Homes and Services for Seniors	March 22, 2013
Ontario Association of Social Workers	written
Ontario Automotive Recyclers Association	March 21, 2013
Ontario Campaign 2000	written
Ontario Caregiver Coalition	written
Ontario Catholic School Trustees' Association	written
Ontario Chamber of Commerce	March 22, 2013
Ontario Coalition for Better Child Care	March 22, 2013
Ontario Collaborative Group on Healthy Eating and Physical Activity	written
Ontario Community Support Association	March 21, 2013
Ontario Confederation of University Faculty Associations	written
Ontario Construction Finishing Industries Alliance	written
Ontario Convenience Stores Association	March 21, 2013
Ontario Council of Agencies Serving Immigrants	March 22, 2013
Ontario Council of Hospital Unions	March 13, 2013
Ontario Economic Development Society	March 13, 2013

Presenter	Date of Appearance / Written Submission
Ontario English Catholic Teachers Association	written
Ontario Federation of Agriculture (OFA)	March 21, 2013
Ontario Federation of Labour	March 22, 2013
Ontario Forest Industries Association	March 12, 2013
Ontario Health Coalition	March 22, 2013
Ontario Home Builders' Association	March 21, 2013
Ontario Home Respiratory Services Association	March 11, 2013
Ontario Horse Racing Industry Association	written
Ontario Hospital Association (OHA)	March 22, 2013
Ontario Korean Businessmen's Association	written
Ontario Municipal Partnership Funding	written
Ontario Nurses' Association	written
Ontario Pharmacists' Association	written
Ontario Professional Fire Fighters Association	March 11, 2013
Ontario Professional Fire Fighters Association – Belleville	March 13, 2013
Ontario Public School Boards' Association	written
Ontario Public Service Employees Union (OPSEU)	March 22, 2013
Ontario Real Estate Association	March 22, 2013
Ontario Region of the Co-operative Housing Federation of Canada	March 21, 2013
Ontario Rehab Alliance	March 22, 2013
Ontario Restaurant Hotel & Motel Association	written
Ontario Secondary School Teachers' Federation	written
Ontario Society of Occupational Therapists	written
Ontario Student Nutrition Program Network	written
Ontario Trial Lawyers Association	March 22, 2013
Ontario Undergraduate Student Alliance	March 22, 2013
Ontario Veterinary Medical Association	written
Ontario Waste Management Association	written
Opportunities Mississauga for 21 plus	March 22, 2013
Ottawa and District Labour Council	March 13, 2013
Ottawa Museum Network	March 13, 2013
Ottawa Real Estate Board	March 13, 2013
Ottawa-Carleton Lifeskills Inc.	March 13, 2013
Pacific Western Transportation	written
Pathway to Potential/Voices Against Poverty	March 11, 2013
Penfold, Veronica	written
Poverty Free Thunder Bay	April 3, 2013
Primerica Financial Services Ltd.	March 21, 2013
Refugee Lawyers' Association	written
Regional Wind Turbine Working Group	March 22, 2013
Registered Nurses' Association of Ontario	March 22, 2013
Russell, Mervyn	written
Saarinen, George	April 3, 2013
Saint Paul University Students' Association	March 13, 2013
SEIU Healthcare Canada	March 21, 2013
Share the Road Cycling Coalition	written

Presenter	Date of Appearance / Written Submission
Shelter House, Thunder Bay	April 3, 2013
Society of St. Vincent de Paul	written
Sow Ah-Nim	written
Spinal Cord Injury Ontario – Ottawa	March 13, 2013
Spinal Cord Injury Ontario – Toronto	March 21, 2013
Student Federation of the University of Ottawa	March 13, 2013
The Canadian Hearing Society	written
The Investment Funds Institute of Canada	written
The Society of Friends of Our Regional Hospital	written
The United Way/Centraide of Windsor-Essex County	March 11, 2013
TheCodeFactory Inc.	March 13, 2013
Thunder Bay and District Labour Council	April 3, 2013
Thunder Bay Chamber of Commerce	April 3, 2013
Thunder Bay District Injured Workers Support Group	April 3, 2013
Thunder Bay Health Coalition	April 3, 2013
Timmins Chamber of Commerce	March 12, 2013
Timmins Economic Development Corporation	March 12, 2013
Timmins Professional Fire Fighters Association, IAFF Local 535	March 12, 2013
Toronto Foundation for Student Success	written
Town of Cochrane	March 12, 2013
Town of Ignace	April 3, 2013
Township of Nipigon	April 3, 2013
Township of Pickle Lake	April 3, 2013
Trillium Energy Alliance	written
TVO and TFO	March 22, 2013
United Food & Commercial Workers	written
United Steelworkers	March 12, 2013
VHA Health & Home Support	March 13, 2013
VON Ontario	March 11, 2013
Walkerton Action Committee	written
Wellesley Institute	March 22, 2013
Wilfrid Laurier University	written
Windsor Essex Community Health Centre	March 11, 2013
Windsor Essex Family Network	March 11, 2013
Windsor Essex Health Coalition	March 11, 2013
Windsor-Essex County Association of Realtors	March 11, 2013
Winery & Grower Alliance of Ontario	March 22, 2013
Workforce Windsor Essex	March 11, 2013
YWCA – Toronto	March 22, 2013



## **ADDENDUM: EXPERT WITNESSES**



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## **INTRODUCTION**

As part of its pre-Budget consultation process, the Standing Committee on Finance and Economic Affairs invited three expert witnesses to appear before the Committee for hearings on April 11, 2013 at Queen's Park in Toronto. The three witnesses who appeared were

- Mr. Erin Weir, Economist, United Steelworkers;
- Mr. Glen Hodgson, Senior Vice President and Chief Economist, The Conference Board of Canada; and
- Mr. Sean Reid, Director of Federal-Ontario Affairs, Progressive Contractors Association of Canada.

This addendum provides a summary of the witnesses' presentations and comments. Details can be found in the *Hansard* of the Committee's Proceedings.

## **MR. ERIN WEIR**

Mr. Weir presented a number of tables to illustrate points about the following issues:

- the number of Ontarians who are not in the labour force;
- temporary foreign workers;
- corporate tax rates and investment; and
- corporate profits and investment.

He discussed additional issues, including business tax expenditures, the employer health tax (EHT), and the harmonized sales tax (HST) and input tax credits to businesses.

## **Ontarians Not in the Labour Force**

Mr. Weir used Statistics Canada Labour Force Survey data in two tables shown below to discuss labour force issues.

Table 1: Annual Averages for Population Aged 15 and Older (Thousands)							
	2007	2008	2009	2010	2011	2012	Increase
Population	10,353	10,502	10,646	10,791	10,926	11,070	717
Full-Time Employment	5,369	5,415	5,236	5,331	5,455	5,499	130
Part-Time Employment	1,195	1,251	1,266	1,279	1,277	1,284	89
Unemployment	449	466	645	627	570	574	125
Not in Labour Force	3,340	3,370	3,499	3,554	3,625	3,713	373
Unemployment Rate	6.4%	6.5%	9.0%	8.7%	7.8%	7.8%	1.4%
Participation Rate	67.7%	67.9%	67.1%	67.1%	66.8%	66.4%	-1.3%

Table 2: Annual Averages for Population Aged 15 to 64 (Thousands)							
	2007	2008	2009	2010	2011	2012	Increase
Population	8,755	8,858	8,954	9,052	9,134	9,198	443
Full-Time Employment	5,291	5,321	5,135	5,218	5,333	5,361	69
Part-Time Employment	1,130	1,172	1,187	1,191	1,184	1,187	57
Unemployment	442	462	637	616	559	563	121
Not in Labour Force	1,891	1,904	1,996	2,027	2,058	2,087	196
Unemployment Rate	6.4%	6.6%	9.2%	8.8%	7.9%	7.9%	1.5%
Participation Rate	78.4%	78.5%	77.7%	77.6%	77.5%	77.3%	-1.1%

Referring to the period 2007-2012, Mr. Weir said that Tables 1 and 2 present a troubling picture. Data in Table 1 indicate that Ontario's population over the age of 15 has increased by just over 700,000, yet only an additional 130,000 full-time jobs and an additional 89,000 part-time jobs were created, and 125,000 more Ontarians are unemployed. Mr. Weir stressed that the significant number is the additional 373,000 Ontarians who are not in the labour force. This is the measure of people who are not counted as employed or unemployed. Mr. Weir also noted that even after what he described as the supposed end of the recession, the participation rate continued to decline year after year.

Mr. Weir used data in Table 2 to assess whether an aging population accounted for fewer people in the labour force. In this table he examined data for people between the ages of 15 and 64 over the period 2007-2012. The data excluded senior citizens. Mr. Weir said the numbers in Table 2 were smaller than those in Table 1 because fewer people were being counted. However, as shown in Table 2, the population increase in the 15 to 64 age range was 443,000, with close to half of that population not being in the labour force. Mr. Weir said this indicates the same trend shown in Table 1 and again drew attention to the large and significant number of those people who dropped out of the labour force or who had not succeeded in entering the labour force.

Mr. Weir stated that he did not know who those people are and that this should be investigated. He believes that a lot of Ontarians dropped out of the work force during the recession and never re-entered and that younger people were unable to enter the work force in the first place. He added that there is a major role for the government to invest in training and trying to provide career opportunities for younger people. Mr. Weir stressed that it is important to ensure that the training grant announced in the last federal budget serves as an incentive for new training, particularly for young people.

### Temporary Foreign Workers

In Table 3 below, Mr. Weir used data from Citizenship and Immigration Canada to discuss trends in temporary foreign workers in Ontario.

<b>Table 3: Temporary Foreign Workers</b>				
	<b>2008</b>	<b>2011</b>	<b>2012</b>	<b>Increase since 2008</b>
<b>Toronto</b>	40,079	53,968	64,285	24,206
<b>Ottawa-Gatineau</b>	4,036	4,776	5,285	1,249
<b>Hamilton</b>	1,737	2,216	2,389	652
<b>London</b>	1,283	1,606	1,834	551
<b>Kitchener</b>	1,298	1,616	1,765	467
<b>Windsor</b>	848	698	1,550	702
<b>Whole Province</b>	90,802	106,960	119,899	29,097

Mr. Weir noted the following:

- an increase in the number of temporary foreign workers even though the Ontario labour market is weak;
- the biggest number of temporary foreign workers and the largest increase in temporary foreign workers in Toronto; and
- a fairly significant number of temporary foreign workers and fairly significant increases in the number of those workers in other Ontario cities.

Mr. Weir said that one of the most dramatic increases in the proportion of temporary foreign workers occurred in Windsor, with the number more than doubling between 2011 and 2012. He did not know why this occurred but felt the matter should be explored.

### *Recommendation*

Mr. Weir recommended that the Ontario government should raise with the federal government the issue of why so many temporary foreign workers are being deployed to Ontario and in particular to Ontario communities that already have very high rates of unemployment. He wondered whether the temporary foreign worker program is addressing genuine labour shortages or whether it is

undermining job opportunities and wages in Canada. He added that a major goal of the Ontario budget should be to focus on improving employment prospects in the province.

### Corporate Tax Rates and Investment

Mr. Weir stated that one of the main ways the Ontario government has tried to focus on improving employment prospects has been by cutting the general corporate tax rate. He provided information on corporate tax rates and investment in Table 4 below.

Year	Ontario CIT	Combined CIT	Investment/GDP
1999	15.5%	44.6%	8.3%
2000	14.5%	43.6%	8.0%
2001	14.0%	42.1%	7.6%
2002	12.5%	38.6%	6.8%
2003	12.5%	36.6%	6.6%
2004	14.0%	36.1%	6.5%
2005	14.0%	36.1%	6.7%
2006	14.0%	36.1%	6.8%
2007	14.0%	36.1%	6.3%
2008	14.0%	33.5%	6.4%
2009	14.0%	33.0%	5.5%
2010	12.0%	30.0%	5.6%
2011*	11.5%	28.0%	6.0%
2012	11.5%	26.5%	N.A.

Source: "Investment/GDP" is business investment in machinery and equipment over Gross Domestic Product at market prices from the old Ontario Economic Accounts. The 2011 figure covers the first three quarters.

CIT is corporate income tax.

Mr. Weir noted the following:

- Ontario's corporate tax rate has been reduced from 15.5% to 11.5%.
- Provincial corporate tax cuts have been amplified by federal corporate tax cuts.
- The combined corporate income tax rate has fallen from 44.6% to 26.5%.

He added that the stated purpose of the corporate tax cuts was to prompt investment and create jobs. Mr. Weir said that the corporate tax cuts have not

been effective in creating jobs and that Table 4 also shows that the cuts have not been effective in promoting investment, noting that business investment in machinery and equipment as a share of gross domestic product “falls pretty much in line with the corporate tax rate.”

## Corporate Profits and Investment

Mr. Weir used New Ontario Economic Accounts data in Table 5 below to compare the profits that corporations are collecting with the amount that they invest back into Ontario.

Table 5: Corporate Profits and Investment (\$ billions)				
	2008	2009	2010	2011
Net Corporate Operating Surplus	\$69.6	\$55.8	\$70.4	\$83.6
Business Non-Residential Investment	\$58.7	\$51.5	\$52.2	\$58.5

Mr. Weir explained that net corporate operating surplus is a measure of corporate profits. He noted that net corporate operating surplus declined in 2009 but rebounded quickly to the point that corporate profits today are much higher than they were before the recession. He also pointed out that business investment, particularly investment outside the housing sector, has recovered to almost the level that existed before the recession and has not kept pace with corporate profits. Mr. Weir concluded that “corporate tax cuts have opened up an awful lot of fiscal space for the government of Ontario to collect some of the revenues that are needed to pay for important infrastructure and public services in the province.”

He discussed corporate tax rates in other Canadian provinces and drew attention to the following recent rate increases:

- an increase from 10% to 12% in New Brunswick; and
- an increase from 10% to 11% in British Columbia (he noted that the B.C. New Democratic Party is campaigning on a platform of raising the rate to 12%).

He said that Alberta is the only province with a corporate tax rate of 10% and that every other province outside of Ontario has a corporate tax rate of 12% or higher.

## Recommendations

Mr. Weir recommended that Ontario increase its general corporate tax rate from 11.5% to 12% to bring the rate in line with other provinces and to avoid a race to the bottom where provinces try to cut corporate tax rates to compete with each other. He noted that the amount of revenue captured from such a rate increase would depend on corporate profitability but said that based on the last quarterly update from the Ministry of Finance, corporate income tax revenues were about \$11.8 billion. He cautioned that one cannot simply conclude that a tax rate of

11.5% raises \$11.8 billion but said that increasing the rate to 12% could result in hundreds of millions of dollars in revenue, though not quite half a billion dollars.

Mr. Weir also recommends that the Ontario government should press the federal government on compliance and enforcement efforts to ensure that companies actually pay their taxes and that tax evasion does not deprive the provincial treasury of needed revenue.

### **Business Tax Expenditures**

Mr. Weir noted that the biggest, most expensive, business tax expenditure is the small business deduction (the lower corporate income tax rate for small businesses). He suggested ensuring that the deduction is actually focused on small businesses. Currently in Ontario the deduction is open ended. Any Canadian controlled private corporation is eligible for the small business rate on its first half million dollars of profits, no matter how large the enterprise and how large the profits. The other provinces and the federal government phase out the small business deduction when a company has assets between \$10 million and \$15 million. Mr. Weir pointed out that the economist, Mr. Don Drummond, proposed that Ontario should adopt that same policy. Mr. Weir agreed. He added that an alternative would be to reinstate a surtax that existed before the 2009 budget for profits between half a million dollars and one and a half million dollars, which would essentially remove the small business deduction for corporations with profits in excess of the half million dollar threshold.

### **Employer Health Tax**

Mr. Weir noted the current exemption of the EHT on the first \$400,000 of payroll for all employers. He believes the exemption should be phased out for very large employers and cited a proposal that the exemption be removed for payrolls larger than \$5 million, describing it as a "common sense proposal to collect a little bit more revenue from very large, profitable enterprises without removing the relief for genuinely small businesses." Mr. Weir estimated that removing the exemption for payrolls larger than \$5 million would yield about \$90 million for the province.

### **Harmonized Sales Tax and Input Tax Credits to Businesses**

Mr. Weir said that when the HST was introduced in 2009 part of the rationale was to provide input tax credits to businesses. The province subsequently restricted some of those input tax credits for the largest corporations. For example, entertainment expenses and energy not used in the production process were not eligible for input tax credits. Mr. Weir recommended, with reference to measures undertaken in Quebec, that Ontario make those HST input tax credit restrictions permanent, estimating this would result in the government collecting \$1.3 billion of additional revenue.

Mr. Weir added that the focus of the budget needs to be on addressing the social deficit and to try to create jobs. He said that if successful, this strategy would provide revenues needed to address the fiscal deficit. He believes that the strategy

of trying to support Ontario's economy and create jobs through corporate tax cuts has failed but that, as noted earlier, it has opened up "fiscal space" for the government to recoup revenue from the corporate sector to finance public services and infrastructure.

## **Other Matters**

Mr. Weir said that it is important to balance the budget but that the government should not cut back on needed expenditures in order to balance the budget as quickly as possible. He said, "We're seeing the failure of that kind of austerity strategy in Europe." Mr. Weir added that interest rates will increase at some point, hence the need to balance the budget, but that he does not see this as reason for panic. However, he drew a distinction between government debt and deficit, and household debt, and stated that there is an urgent concern about household debt being at record levels. He said this is one reason that Ontarians should not be subject to more pressure through austerity policies and that revenue should be raised from the corporate sector instead.

According to Mr. Weir, corporations are not spending money that they have accumulated for reasons including the following:

- Demand is depressed.
- Unemployment is high, which often means companies already have existing capacity.
- New capacity will not be built as long as existing capacity is sitting idle.
- Corporations have had a strategy of trying to build up cash reserves.

Mr. Weir believes that the attempted privatization of Ontario Hydro was a disaster. He noted that one of the main problems is that Ontario has been paying high premiums to develop needed green energy through private operators. He believes that green energy should be developed in the public system through Ontario Power Generation. Mr. Weir said that Ontario has underperformed other provinces in economic recovery because of such factors as the manufacturing crisis and because energy costs are higher in Ontario than in neighbouring Manitoba and Quebec.

When asked to comment about a recent report indicating that Ontario is the jurisdiction with the third highest foreign direct investment in North America, Mr. Weir noted that the report showed that Ontario was in third place in absolute terms – because Ontario is large, all of its numbers were large in absolute terms. He added that the United States is suffering from a very severe recession and that Ontario is doing better, or less badly, than many American states. He thinks a better comparison for foreign direct investment would be to assess numbers on a per capita basis. He pointed out that Ontario, with its trade surplus of more than \$20 billion a year with the rest of Canada, "does well out of the Canadian federation."

Mr. Weir in addition commented on the issue of a perceived skills mismatch between job availability and a lack of skilled workers to fill jobs. He cited Statistics Canada reports that Ontario has about eight unemployed workers for every job vacancy but said that job vacancies do not necessarily indicate a skills shortage. He noted that the job vacancy rate is about 1% and that some vacancies can always be attributed to turnover. He added that Human Resources and Skills Development Canada recently concluded that it does not expect a major skills imbalance over the coming decade.

On a separate issue, replying to a question about tax credits for the film industry, Mr. Weir said that rather than having “across-the-board corporate tax giveaways with no strings attached,” Ontario would benefit from a more targeted approach and that the tax credits for the film industry are a good example of this.

## **MR. GLEN HODGSON**

### **Gross Domestic Product (GDP) Growth Forecasts**

Mr. Hodgson described the current environment as an exceptional period of global turbulence – one that is creating fear that is rippling through the global economy and resulting in a markdown of GDP growth forecasts. Noting that the Conference Board of Canada is one of the forecasters of record for the Ministry of Finance, he gave the Board’s predictions for Ontario’s real GDP growth, which are 1.5% this year with an increase to 2.5% next year, while nominal GDP rates will be 3.1% this year and 4.3% in 2014.

Mr. Hodgson then spoke of his recent efforts to educate leaders on what he termed “the world of mediocre 2% growth” that now exists (or will soon exist) and that will continue over the next 25 years, where Ontario will be faced with a lower sustained real GDP growth rate of 1.9% (compared to the previous 3-3.5%) and nominal GDP growth of 4%. The challenge for the province, he said, will be to balance the books and live within a very different planning framework created by lower sustained GDP growth rates.

Mr. Hodgson compared Ontario to other jurisdictions in terms of the low growth scenario, noting that all provinces have lower growth potential than they did a decade ago: Atlantic Canada has growth forecasts between 1% and 1.25%; Quebec 1.50%; and Saskatchewan and Alberta around 2%.

In response to a question on Ontario’s challenge in competing with other jurisdictions when faced with declining growth, the Committee was informed that economic growth is a function of three things: labour force growth, private investment, and productivity. In this regard, Ontario’s population is getting older and the growth is slowing; however, Canada has an aggressive immigration policy as a way to try and compensate for some of the reduced population growth. Mr. Hodgson commented that private investment recovered fairly well after the recession, although the numbers faded last year and again this year, which is an area of concern.

The “real issue” for Mr. Hodgson is productivity and innovation, and the fact that Ontario did very well on a model (from the early 1990s to about 2003) in which the Canadian dollar was \$0.63 relative to U.S. currency and the province could sell everything it made to the United States. Then the rules changed, China became a competitor, the dollar went to par, and commodity prices increased. That is the context in which Ontario is now operating. In the auto sector, for example, the rules have changed fundamentally, with the Detroit three pulling back on capacity, while Toyota is introducing a new model.

He continued that the province is probably going to lose original equipment manufacturing (OEM) auto assembly to the United States and Mexico. At the same time, the province has tremendous skills and a lot of creativity. For example, he noted that MaRS is a great idea – building critical mass around incubators and sharing ideas that focus on biotech and life sciences. Mr. Hodgson believes there is a need for more of this type of facility. He stated that Ontario will not get rich on resources, and that the challenge will be around human capital and innovation, finding a way to get projects out of the lab and into the market (the commercialization of ideas), and in having enough venture capital. While he believes the province is moving in the right direction, it is a matter of pace. The province will still have auto assembly and the tool and dye makers, but they won't be the growth areas.

To increase GDP growth, Mr. Hodgson sees a need to be more innovative and productive. He advises the government not to let the healthcare budget crowd out everything else and to have it grow more slowly than the economy to ensure that infrastructure, innovation and education are not underfunded. Secondly, he said that Ontario needs an open environment within Canada, North America, and globally. The province should be in favour of eliminating interprovincial barriers and signing on to the Trade, Investment and Labour Mobility Agreement (TILMA). As well, another phase of the Free Trade Agreement dealing with non-tariff barriers (regulations, norms and standards) is needed. He considers a free trade agenda to be a worthwhile objective, which could mean, for example, a trans-Pacific partnership or free trade with India.

## **Fiscal Strategy**

On the matter of fiscal strategy Mr. Hodgson acknowledged that he is a bit of a hawk and advised the government to stick with its plan of balancing the books by 2017-18. He counselled the use of very conservative planning assumptions, to build a \$2 billion buffer into the budget as a shock absorber in case revenue projections are not met, and to make plans that do not go beyond five years. In response to a question about whether lower corporate tax rates create jobs, he indicated that while the Conference Board has not studied the matter it would be preferable to rebalance the budget.

Mr. Hodgson prefers a budget that errs on the high side (stronger growth, higher revenue, lower deficits). The Conference Board considers the government's fiscal plan to be based on conservative assumptions and likes the fact that to date the

province's results are better than the plan. The plan is considered achievable, but course corrections will be needed along the way.

To enable adjustment to a low growth environment, the government was advised to distinguish between the immediate budget and the long-term plan. In the very short term it may be necessary to do things that are not in the long-term interest, like artificially constraining funding in certain areas. The solution, he said, is to transform the way government does business – for example, he “would love to see a debate on and even some action in Ontario about a guaranteed annual income as an alternative to our existing welfare system.” Another example would be to freeze hospital budgets or increase them very slowly and empower hospital managers to be creative like private sector managers, and not hamstringing them with rules.

Mr. Hodgson stated that in principle the budget should be balanced sooner rather than later. However, he noted that if the province seeks to balance it too soon, public sector growth would be dampened and investment curtailed, impeding the ability to balance the budget. The International Monetary Fund recently told the United Kingdom not to work so hard to balance the books, as it is creating a double dip recession. He concluded that the government's five-year plan is probably the right time frame over which to balance the budget but emphasized the need to stick to the plan because an expectation has been created which, if not met, will erode confidence.

Referring to the Committee's earlier discussions with Mr. Weir on the topic of Quebec, he pointed out that the province has the highest level of public indebtedness of all provinces with a debt to GDP ratio of 51%, leading to its concern that it will lose its credit standing and have to pay more for the debt.

Mr. Hodgson testified that the “real challenge” is to transform the way Ontario operates the public service. He further advised there is a need to look at government-owned entities to determine if the private sector could provide these services instead.

To get corporations to begin investing existing stockpiles of cash, he suggested that the key is to provide access to credit, and to build a stable platform in terms of taxes and regulation, with people having confidence in stability. For example, he stated that having a five-year plan and staying on course builds people's confidence.

On the matter of how much more taxation Ontario's population can absorb, he said it is not just about tax rates or energy costs, but about the design of the tax system – for example, the federal government loses about \$100 million a year through tax exemptions, which may not be the best value for money.

Mr. Hodgson advised the Committee that tax avoidance is a global problem, but acknowledged that the Conference Board lacks expertise on the matter. He sees the need for a more transparent system and believes that Ontario's competitive tax regime will be beneficial in this regard, because if there is a bias it will be toward

paying tax in Ontario rather than other jurisdictions. He also suggests a punitive regime for those using tax avoidance havens.

Finally, in response to questioning about the possible phase in of restricted HST input tax credits, Mr. Hodgson said that he was a purist and would like to see the system kept transparent, meaning it should mirror the federal system as closely as possible.

## **Action Plans**

Mr. Hodgson offered advice and four action plans to the government, beginning with healthcare, which takes up nearly one half of the budget. In addition, related to the action plans, he made a suggestion on guaranteed annual income.

### *Healthcare*

Two years ago the Conference Board created a centre known as the Canadian Alliance for Sustainable Healthcare, which is funded by the private sector, hospitals, and provincial governments as well as the federal government. The centre is using the Conference Board's research capacity to look at transforming and creating a more sustainable healthcare system.

Acknowledging that controlling compensation was a starting point, he identified three areas of research which were being conducted by the centre: population wellness, dealing with chronic disease with better design and management of the healthcare system itself, and healthcare in the workplace.

Broad conclusions reached so far are around system redesign, including the creation of more family health teams, which the Conference Board believes should be the core model around primary care. In addition the Board favours a reallocation of resources away from hospitals towards home and community care. This is preferred by most chronically ill and elderly people, and is less expensive. There should also be better management practices within hospitals and more weight placed on specialization.

Mr. Hodgson described the healthcare system as an acute care system designed for another era, when access to specialists was the core need in the community. With the rise of chronic disease linked to aging of the population, he sees the need to provide wellness strategies (Conference Board research suggests these strategies are underfunded), deal with obesity, and prevent people from getting hypertension and diseases such as diabetes. Wellness also includes ensuring people eat properly and exercise, and dealing with the socio-economic determinants of health like poverty and bad housing.

Mr. Hodgson indicated that private healthcare will not erode the publicly funded system and that the single payer model in Canada is preferential to the United States model where 7% of GDP is wasted through a competitive insurer pay model. He added there is a need for some creative thinking around healthcare delivery.

### *Education*

The second action plan is for education where Mr. Hodgson wishes to get beyond the issue of compensation and "to avoid false economies." Viewing human capital as the future driver of the economy, he advises that maintaining the spending level per student is a critical point. The big challenge with universities and colleges, he pointed out, is a need to move from a competitive model to a cooperative model, building bridges between the two.

The Conference Board sees a need for a fully integrated system from junior kindergarten through to high school and university. Underinvestment in apprenticeship and training in school was also noted.

### *Public Infrastructure Investment*

The third action plan is based on the need for more public investment in infrastructure such as transportation. A Conference Board report issued within the past week shows that productivity improvements can occur with such investments (about \$1,000 per head). Mr. Hodgson's view is that transportation will not pay for itself, and that a user pay model can only be part of the solution. Ultimately there will be a need to rely on the taxpayer.

He noted that a few years ago the Canadian Federation of Municipalities estimated that the Canadian infrastructure deficit was \$125-\$130 billion. The Conference Board sees that governments are now moving in the right direction, addressing the infrastructure deficit with greater investment. Mr. Hodgson said Ontario has made great strides in financing hospitals and schools using the public-private partnership model, but that it needs to "extrapolate" the model to finance transportation.

### *Tax Reform*

A fourth action plan centres on tax reform. The Conference Board supports the elimination of capital taxes, sales tax harmonization and the reduction of corporate income tax, although it is acknowledged there may need to be a discussion on the appropriate level of taxation.

Mr. Hodgson observed that Ontario has gone through a difficult time with new competition from Chinese manufacturers, the Canadian dollar at par, and the difficult adjustment experienced by the auto sector. He stated that the U.S. tax system is not functional and that their posted rates are higher than those in Canada; it is then a question of how much of an advantage is needed to attract a fair share of investment in Canada. He advises the government to maintain current rates until the budget is balanced.

Mr. Hodgson sees a need for a national discussion on comprehensive tax reform, but admits that there is no traction on the idea at the moment, with the result that incremental changes continue to be made to the system.

### *Guaranteed Annual Income*

And finally, as noted earlier, Mr. Hodgson would like to see a debate on “a guaranteed annual income as an alternative to our existing welfare system.” He says that the resistance to this idea is coming from those with a stake in the status quo. He adds that there is a fear factor, with those on the right concerned about cost and whether it would corrupt people’s moral behaviour, while those on the left wonder about the level of income support. The idea comes from Milton Friedman who calls it a negative income tax, where the tax system is used in a simple administrative way to give income to people. Mr. Hodgson compares a guaranteed income with what he termed the existing “paternalistic, controlling welfare system,” that is very hands on to administer and where individuals lose benefits if they earn income. He suggested that a localized experiment on guaranteed income would be beneficial.

### **MR. SEAN REID**

Mr. Reid made the following budget recommendations on behalf of his organization, the Progressive Contractors Association of Canada (PCA):

- Continue to place a strong emphasis on infrastructure spending.
- Maximize taxpayer dollars by creating an environment where all businesses and workers can compete for publicly funded projects.
- Promote the skilled trades to address labour shortages.
- Spur job creation by reducing unnecessary costs of bureaucracy and red tape that limit new entrants into the workforce.

Mr. Reid noted that historically government spending on infrastructure has been unpredictable and often used as a recession fighting tool rather than as a stable, constant investment strategy for long term economic development. He added that this approach

- passes on the cost of rehabilitation and replacement to future generations;
- compromises the health and safety of Ontarians; and
- results in a loss of competitiveness and a decreased rate of economic growth.

Mr. Reid cited the Consulting Engineers of Ontario’s estimate that Ontario’s combined provincial and municipal infrastructure deficit is approximately \$100 billion. Mr. Reid added that the Commission on the Reform of Ontario’s Public Service, headed by Mr. Drummond, noted that postponing needed infrastructure projects beyond 2017-18 would result in the province slipping back into deficit, as it tried to correct the infrastructure deficit. Mr. Reid also referred to a recent TD bank report which identifies infrastructure and gridlock as two of the key challenges facing the Greater Toronto Area.

## **Labour Monopolies**

Mr. Reid said that in his industry, current legislation has allowed for the creation of labour monopolies that exclude workers on the basis of union affiliation. He added that labour monopolies already exist in several municipalities including Toronto, Hamilton and potentially soon the region of Waterloo as well as in school boards and other public employers throughout the province.

Mr. Reid noted that when a public employer, such as a municipality, is subject to a labour monopoly, the cost of construction projects can escalate by as much as an estimated 40% and more than 70% of local workers and contractors can be prevented from participating in those projects. The estimated 40% cost escalation is taken from a City of Hamilton report. Mr. Reid emphasized that this cost escalation adds no value to a project or for the taxpayer but is an additional expense stemming from a lack of competition. PCA's analysis of water and wastewater projects since the beginning of 2010 in the Waterloo region indicates that while 27 companies pre-qualified for the projects, only two would be qualified to bid under a labour monopoly. Mr. Reid pointed out that according to analysis from the independent think tank Cardus, the associated cost impact (from a labour monopoly) for the municipality would be approximately \$78 million annually.

Mr. Reid said that labour monopolies exist because of a loophole in the Ontario *Labour Relations Act*. He added that monopolies ensue when a public employer, like a municipality, is forced under the current rules for construction to adopt a province-wide collective agreement if any of its employees is certified by an affiliated construction union. Province-wide collective agreements were put in place for the industrial, commercial and institutional sector to address the transient nature of traditional construction employers. According to Mr. Reid municipalities and other employers are not traditional transient construction employers and should not be subject to a provincially negotiated collective agreement that contains strong restrictive contracting out clauses which create labour monopolies. He stressed that PCA's position on open and fair tendering is consistent with the *Municipal Act* and its monopoly clause, which restricts municipalities from voluntarily entering into an agreement which unfairly favours one group over another.

### ***Recommendation***

PCA recommends that the Budget Bill should ensure that each contractor that meets the standards set forth by the province or a public employer for bidding on public projects can do so regardless of whom their workers have chosen to be represented by.

## **Skilled Trades**

Mr. Reid also said that the government needs to support and promote the skilled trades. He cited BuildForce (formerly known as the Construction Sector Council) figures indicating that there will be a labour shortage in construction of about 40,000 tradespeople over the next eight years. Mr. Reid urged the government to

reduce barriers – be they cost, bureaucracy or red tape – to allow for more people to access job opportunities in the skilled trades. He added that there are companies in Ontario and Canada that default immediately from the position that they cannot find workers locally to the position that they need temporary foreign workers.

PCA does not believe that there will ever be a situation where no temporary foreign workers are required, because of specialized needs. However, PCA does not believe that enough has been done to spur local development of trade workers or to address the issue of labour mobility within the province or from other parts of the country.



**APPENDIX**

**DISSENTING OPINION OF THE  
PROGRESSIVE CONSERVATIVE MEMBERS  
OF THE COMMITTEE**





## PETER SHURMAN

Member of Provincial Parliament  
Thornhill

April 17, 2013

Mr. Katch Koch  
Clerk of the Committee  
Standing Committee on Finance and Economic Affairs  
Whitney Block  
Room 1045  
99 Wellesley Street West  
Toronto, ON M7A 1A2

Dear Mr. Koch,

The Ontario PC Party questions whether the pre-budget hearings held by the Standing Committee on Finance and Economic Affairs (SCOFEA) are of any real importance to the Minister of Finance and, ultimately, to the people of Ontario. If the Minister were to implement these recommendations Ontario would have little to no hope of balancing the budget. It is clear that should recommendations such as imposing a surtax on people earning greater than \$250,000 per year (p. 4, Pre-Budget Draft Report 3), educators calling for a 2% increase in wages (p. 8, Pre-Budget Report Draft 3), or increasing funding for home care by 4% as Community and Home Care advocates argued (p. 9, Pre-Budget Report Draft 3), would do nothing but drive Ontario further into financial turmoil. While all these causes may be worthy in their own right, Ontario simply has no money to continue funding everything. These are representative of our sincere belief that our approach, not that of these unrealistic requests, would better inform the process.

We are in the midst of a serious jobs and debt crisis that requires urgent and immediate action to balance the budget and to re-ignite the economy. While the McGuinty-Wynne government is content with a business-as-usual agenda, Tim Hudak and the Ontario PC Caucus have been the only party in the Legislature willing to consider the views and incorporate policy directly from Ontarians. We have heard and heeded feedback from people across Ontario and we have formed recommendations to respond on an array of issues. Our Party has a comprehensive and concrete plan to create jobs, control spending and get our economy back on track. That should inform the budget process – not unworthy public relations initiatives by the Liberal Party.

i respectfully submit the Ontario PC Caucus recommendations under various generic headings to the Minister of Finance as our contribution to the 2013 budget process and ask that they be incorporated as our dissenting view in the final pre-budget report of SCOFEA with this letter as a cover/explanatory document.

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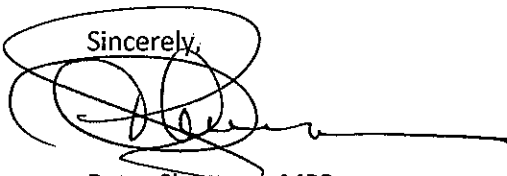
Mr. Katch Koch

April 17, 2013

We are hopeful that these will be considered in the spirit of the "new cooperative government" that Premier Wynne touts. However, we are very aware that, in reality, the views of the majority of Ontarians will not be represented in the upcoming budget. In fact, if this budget passes, it will be an amalgamation of NDP and Liberal Party views rather than the reflection of public sentiment that it should be.

Ontario has sustained nine and a half years of Liberal government spending beyond what our province can afford and Ontarians have been clear. The McGuinty-Wynne government needs to re-gain control or get out of the way. The people of Ontario demand proof and action from this government that they will control costs for the vast array of services provided and spend taxpayer dollars in an efficient and productive manner.

Sincerely,

A handwritten signature in black ink, appearing to be 'Peter Shurman', written over the word 'Sincerely,'. The signature is stylized with loops and a long horizontal stroke extending to the right.

Peter Shurman, MPP  
Thornhill

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Energy

1. Monetize Ontario Power Generation and Hydro One – the publicly-owned power generation, transmission and distribution companies – first through a pension-led equity stake, followed later by an initial public offering of shares that will open them to other future investors. The goal is to create more efficient companies that are not entirely reliant on public money.
2. Abolish the 33 per cent transfer tax to encourage cost-efficient consolidation of local power companies and direct the Ontario Energy Board to make sure those efficiency savings are passed on to consumers.
3. Encourage voluntary consolidation by ensuring that rigorous efficiency, service quality and reliability standards are being achieved by all distribution companies, regardless of their size.
4. Establish a new power rate for manufacturing and resource-based industry. This rate should be set independently by the Ontario Energy Board using objective economic criteria like the average of what similar businesses pay in surrounding, competitive states and provinces.
5. Affirm nuclear as the key future source of Ontario's basic energy supply.
6. Cancel the non-competitive feed-in tariff program.
7. Subject future wind and solar projects to tests like demand assessment, competitive bidding and local approval.
8. Explore options like green hydrogen as a way to deal with Ontario's oversupply of power, for use in power plants, industrial operations, and vehicle fleets.
9. Eliminate impediments to electricity trade wherever possible, engaging other levels of government in these discussions where appropriate.
10. Enter into trade agreements with neighboring jurisdictions to export our predictable surpluses of power at a reasonable price and treat imports as competitive alternatives to new provincial generation.
11. Provide consumers more renewable offerings through their electricity bill or online to make it easier to choose green energy from private sector retailers voluntarily.
12. End all subsidies for electric cars and charging stations.

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13. Phase out the provincial power subsidy by cutting it every year until 2015.

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**Economic Growth Policy**

1. Balance the budget before 2017. Ontario is scheduled to be the last province in Canada to balance its books. The others have made tough decisions. We must too.
2. Significantly reduce Ontario tax rates to attract investment, create jobs and expand the economy. Acknowledging Ontario's debt crisis drastically reduces maneuvering room to reduce taxes as much as we would like, solicit the best advice from Ontario's businesses, individuals, economists, think tanks and associations on which tax cut would have the most impact on job creation: the corporate income tax, the personal income tax or the provincial portion of the harmonized sales tax.
3. Get out of the business of corporate welfare and use this money instead for broad-based tax relief to create jobs. Restrict the ability of government to hand out corporate welfare by requiring a full vote of the legislature for approval of any grant or loan to an individual for-profit business. Citizens and businesses alike deserve this transparency and accountability for their tax dollars.
4. World class cities build underground. When finances are available, our priority for Toronto will be to build subways.
5. Metrolinx should be put in charge of planning and operation of what will become a truly regional system that moves people faster and more efficiently. This requires transferring operations of TTC subways and LRTs, expanding the transportation and transit network, and ultimately integrating all regionally important assets like highways and certain bus routes under Metrolinx.
6. Ontario should have a model of one journeyman to one apprentice across all trades. Seven other provinces have already modernized their apprenticeship systems in this way, leaving Ontario at a competitive disadvantage.
7. Certification of trades by the province should be evidence based, limited to those where there is a public safety issue and then subject to a sunset review within five years. Certification decisions should not be influenced by special interest groups who have an incentive to limit access.
8. The so-called College of Trades should be abolished. A new system should be designed in co-operation with stakeholders to address our shortage of skilled workers. We don't need an expensive new bureaucracy run by the special interests that puts a tax on job creation.
9. Work with the governments of Saskatchewan, Alberta and British Columbia to expand the New West Partnership Trade Agreement to include Ontario, creating a

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free-trade area within Canada with a population of 20 million and a GDP of \$1-trillion. The expanded provincial market will have real enforcement power and create a harmonized and seamless market for the good of Ontario and Canada.

10. Take a lead role in advocating for new international free trade agreements, such as the current federal discussions with the European Union and Trans-Pacific Partnership, and in strengthening existing economic relationships, such as our longstanding ties with the United States and more recent agreements with nations in Latin America. Strong, modern trade agreements that include both goods and professional services give Ontario workers and entrepreneurs a level playing field to access foreign markets. Given this access, they will succeed and create jobs.
11. Ontario must maximize the latest federal immigration programs to compete with other provinces and make sure we get immigrants who are job-ready and can contribute to our economic growth. Ontario should take full advantage of the Provincial Nominee Program and Canadian Experience Class program to actively recruit talent.
12. Reduce the regulatory burden in Ontario by a minimum of 33 per cent (128,750 regulations) over three years. Individual ministers' cabinet pay would be tied to accomplishing these targets. To prevent future regulatory creep, require that for every new regulation, at least one other must be removed.
13. The Deputy Premier will be appointed the minister responsible for reducing Ontario's over-regulation. All proposed regulations will be subject to the Deputy Premier's approval. If the Deputy Premier believes a regulation is anti-competitive, he or she will be required to reject it.
14. All regulations – without exception – will be costed by the Ministry of Finance. This costing would be made public. Require all proposed regulations that the Ministry of Finance finds have a net cost to be subject to a vote in the Legislature.
15. Encourage entrepreneurship and innovation by facilitating closer interaction between industry leaders, post-secondary institutions and Ontario start-ups.

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Labour

1. Follow the example of jurisdictions from Scandinavia to New Zealand to the United States by offering worker choice reforms that put power and choice back in the hands of unionized employees. No clauses in any provincial legislation, regulation or collective agreement should require a worker to become a member of a union or pay union dues as a condition of employment.
2. Union leaders, not employers, should collect dues from the workers they represent. The provincial government should lead the way by ending these automatic pay cheque deductions. Private sector employers should have the option.
3. Amend legislation so that unions must provide full and transparent disclosure of their revenues and how they spend their funds.
4. Restore the Canadian principle of a secret ballot in all certification votes in Ontario. The Ontario Labour Relations Act should be amended to protect this basic right. A supervised secret ballot shields workers from intimidation at the hands of both union organizers and employers equally by ensuring that their vote to join a union remains private.
5. Abolish the practice of closed tendering across Ontario's municipal and broader public sectors.
6. Ensure the Ontario Labour Relations Board functions as an impartial and efficient arbiter of disputes. Its role should be strictly adjudicatory with rules and regulations as minimally invasive as possible. The current mandate of the Board must clearly establish these parameters.
7. Allow private companies to compete with the WSIB for the provision of workplace insurance coverage.

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**Healthcare**

1. Eliminate two layers of middle management – the 14 LHINS and the 14 CCACs – and use this money for home care and frontline patient care instead.
2. Build off of the existing high performing health infrastructure in 30 to 40 Ontario hospitals to create health hubs. Hubs will organize, plan and commission services for the patients in their respective regions.
3. Require the health hubs to integrate into a seamless partnership, acute care with primary care, home and community care and long-term care.
4. Require each hub to establish a permanent, physician-led Primary Care Committee to integrate primary care physicians into local health care planning and to scrutinize their ongoing performance.
5. Investigate options of coordinating municipally-run public health units and emergency medical services with the hubs.
6. Accelerate the implementation of patient-centered funding at Ontario's hospitals and hubs.
7. Reduce the size of the Ministry of Health. Make it responsible for provincial health system planning, funding and quality control. Eliminate its role as a micromanager or the system. Make the Minister ultimately accountable for Ministry performance.

**Sustainable Retirement Security**

1. It's important that all people throughout their lives have the information they need about pension and savings options to help them plan for their retirement. This information is especially important for our youth and those in their early careers. We should therefore improve financial literacy programs in our public schools and post-secondary institutions with the input of financial experts.
2. Give Ontarians the opportunity to save more for their retirement by passing legislation to allow Pooled Registered Pension Plans – PRPPs – in Ontario. Work with employers to implement a system that is easy for businesses to offer this savings option to their employees. Work with the federal government to devise a tax system that aids savings to maximize returns at retirement.
3. In order to ensure the province meets the commitments it has made to its current employees, we will work with existing members of public sector pensions to make these plans sustainable for the future. In order to secure a sustainable pension system for future employees, going forward for all new hires, we should offer defined contribution plans instead of defined benefit plans, as employers around the world.
4. To plan a sustainable future for government pensions and public finances, collect and publish full financial information about the liabilities of the province and its taxpayers for future pension payments. Make this information clear in every provincial budget.
5. As is increasingly common practice in other pension plans, we should move to a 50/50 split in costs for all government worker pension contributions, where it doesn't already exist. This is only fair.
6. To keep public sector pensions sustainable, the provincial government should phase-in over time a higher minimum retirement age (or ages) for government employees are doing.

**Public Sector Reform**

1. Freeze the annual compensation of all employees in the public sector for two years. Cover all Ontario broader public sector employees, without exception, as defined in the *Public Sector Salary Disclosure Act*. Members of Provincial Parliament should also be included in the freeze. For the period of the freeze, the government should eliminate performance bonuses as well as experience related increases in union collective agreements.
2. We propose a rigorous program review that will examine every provincial expense and transfer payment. Unlike the blue ribbon panel headed by economist Don Drummond, our program review would actively integrate the work of elected officials and senior public servants. This will lead to a budget that actually reduces spending; decreases the size of the government workforce; gets out of activities the government no longer needs to be involved in; and introduces innovative service delivery models.
3. Taxpayers deserve to know why they're being asked to pay more for government compensation costs. No arbitrator should consider that the ability to tax gives government an infinite ability to pay. For all public sector cases, independent arbitrators should be required to issue written decisions within tight timelines that explain their reasoning. These decisions should be made public in a central online location.
4. To ensure arbitration decisions reflect local economic and budgetary conditions, independent arbitrators should be required to compare the pay and benefits of government workers with those in the private sector in the same geographical area, not to other government workers in other parts of the province. Factors like the local unemployment rate, changes in the employer's tax base or the fiscal mandate of the province should also be taken into account.
5. In order to reduce the number of government ministers making spending decisions, reduce the number of provincial ministries from 24 to 16, representing a one-third reduction. Individual ministers' cabinet pay would be tied to accomplishing budgetary and economic targets, such as reducing spending and the provincial regulatory burden.
6. Government should take advantage of areas where strong competition already exists to open more services to competitive bids that offer better service at a better price.
7. Measure productivity and service quality, just like the private sector does, and reward people with outstanding performance accordingly. Once the pay freeze is

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over, we propose a tightly managed system of performance pay that encourages employees to exceed expectations.

8. End compulsory union membership and dues. We believe this is especially applicable to people like managers, program supervisors and senior policy advisors in the Ontario civil service. We need to give them the opportunity to bargain individually for their compensation, if they choose not to be represented by a union.
9. Every Ontarian should have a right to apply and compete for a government job opening. Today, the vast majority of civil service positions are never posted publicly because of a closed-shop arrangement with unions. This practice prevents new people and new ideas from coming into the civil service.
10. Aggressively expand the amount of government data made available to the public online, both to promote transparency and accountability, and to engage citizens in rigorously evaluating value-for-money and finding efficiencies.
11. Gambling is a legitimate activity, but the government of Ontario should not be in the business of actively promoting it to help balance the budget. There is an inherent contradiction in the government being the regulator and also the day-to-day operator. We should move to wind down the Ontario Lottery and Gaming Corporation, getting government out of the gambling business. Government would become the tough regulator, not the operator trying to bully communities into accepting new casinos. The government should also end its foolish expansion into online gaming.
12. In jurisdictions around the world, the sale and distribution of beverage alcohol is managed responsibly through government regulation, rather than owning and running alcohol-retailing outlets. The province should examine all options to increase competition and choice, including the sale, partial sale or greater private franchising of this non-core asset – but not to create a new private sector monopoly. This could raise significant funds to be used to build economically critical infrastructure. The province should also end the Beer Store monopoly and allow sales in corner or grocery stores.
13. The proceeds of significant asset sales must be used for strategic purposes. The government should establish an Infrastructure Trust where the proceeds of asset sales will be deposited and used to fund regional infrastructure priorities and pay down debt.

**Children and Youth**

1. Make better use of the already existing AdoptOntario website by requiring that Children's Aid Societies use the registry. This will ensure that families interested in public adoption have one central place to access all relevant information with the goal of getting more children into loving homes.
2. Set ambitious targets to increase the number of Crown wards adopted and mandate annual reviews to hold the Children's Aid Societies accountable for each child's progress towards a permanent home.
3. As recommended by the Expert Panel on Infertility and Adoption, provide modest support for parents through the adoption process to help them manage the extra cost of raising children with special needs or histories of abuse or neglect. Given the support would be significantly less than the cost of maintaining a Crown ward in the system, it would not cost the government any money and could even lead to modest savings.
4. Allow Ontarians to invest in the future success of their community and youth through Social Impact Bonds. The government should use a "pay-for-success" model that only pays out if goals are reached, reducing the burden on taxpayers while improving results for our youth. Children win, investors win and the government wins.
5. There is plenty of evidence to show that the Ministry of Children and Youth Services is not performing adequately and is not in a position to restructure and revitalize the service delivery system. It should be dissolved and its core functions reassigned to other existing portfolios with appropriate expertise. Ministers with overlapping responsibility for children and youth should meet regularly to measure performance and evidence-based outcomes.
6. Lack of communication between ministries and service providers makes it difficult for parents to navigate the system and has become a common source of frustration. The Ministry of Community and Social Services should place greater emphasis on service integration and case coordination in order to make the system more efficient and user-friendly. A unique user ID for every child, with robust privacy protections, will ensure case histories are accessible and children's progress is traceable and not duplicated.
7. The current funding formula is drastically flawed. It threatens quality care because it's based on the number of children in the system and is a disincentive to moving the child out into a more permanent and promising situation. Revise the funding

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model for Children's Aid Societies to reward performance and allow them to deliver greater value for money.

8. Measure program achievement based on the success of the child, not simply the number of children in care. Adopt an accountability framework tied to program outcomes rather than inputs and reward exceptional performance. Accountability would be tied to consequences and determined by an inspection and rating system. This would encourage healthy competition in the system and provide a way to recognize excellence.
9. The total lifetime cost of caring for one person with untreated mental illness has been estimated at \$1.5 million. Make early identification and intervention of young peoples' mental health issues a top priority by ensuring that appropriate training is provided to frontline child-care workers and make mental health literacy a core competency for all children and youth professionals.
10. Make every effort to keep children with their loving parents. Create a mechanism to ensure that parents can easily access live-in placement or respite care for special-needs kids without having to give their children up as Crown wards.
11. Create a single online reference tool that lists all services, programs and professional care available for disabled children and youth and their families, and publicize it. The tool can be integrated into a wide variety of information hubs, such as libraries, doctors' offices and offices of Members

**Social Service Reform**

1. In order to get people into jobs faster, we will adopt the recommendations of Don Drummond, Frances Lankin and Munir Sheikh to transform Ontario's social assistance system by replacing Ontario Works and the Ontario Disability Support Program with one program, focused on ability, not disability, while respecting the distinct needs of the people with disabilities.
2. Require personalized Pathway to Employment Plans for each recipient of social assistance. The plans will be developed in a way that recognizes each individual's unique challenges and circumstances. In order to receive income support, recipients will be expected to participate in the activities committed to in their individual employment plan.
3. It is counterproductive to penalize social assistance recipients for working. In order to make sure the incentive is always to work, we will allow social assistance recipients who are working to keep more of their earned income each month. For those who are on welfare for a long time who are able to work, we will reduce the incentives to remain on welfare with a staged reduction of their benefits.
4. Having 800 rules and regulations creates a system that is impossible to navigate. Caseworkers are forced to spend as much as 70 per cent of their time just administering the rules instead of working directly with their clients to help them find jobs. Aggressively reduce the rules governing social services.
5. Programs should be focused on outcomes. If other non-government organizations such as non-profits, charities or the private sector can improve outcomes by administering social programs more effectively and efficiently, we will accelerate contracting out and tendering so that they can be involved.
6. A "one-size-fits-all" approach to social services does not work. Social welfare recipients face different challenges. We will implement client-centered funding of Ontario's social assistance requirements to ensure resources and efforts concentrate on the individual needs of each recipient.
7. In order to ensure programs and supports are effective, they have to be constantly monitored. If they are not working, adjustments have to be made. We will conduct value-for-money audits of Ontario Works, Ontario Disability Support Program and other selected social welfare programs. We will continue to monitor the effectiveness of workfare with respect to finding jobs, developing skills, improving finances, complying with work requirements and preventing recidivism.

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8. There is currently a backlog of 40,000 outstanding ODSP medical reviews to be completed, which could result in significant savings. Address the backlog of medical reviews and commit to performing ongoing medical reviews to improve accountability.
9. The way the system is set up now, people with disabilities are not provided the opportunities to reach the potential they really want to. They want to contribute to the workforce, but employers can view hiring people with disabilities as burdensome to their business. We would work with businesses and employers to encourage them to hire people with disabilities by providing incentives such as tax deductions for investing in special equipment or technology.
10. People with disabilities face challenges that others don't. For example, there are very limited opportunities for people with disabilities to enroll in post-secondary education and training. As a result, they are unable to obtain employment and end up on ODSP. Therefore, colleges should prioritize funding towards programs like Community Integration through Cooperative Education, which allow students with disabilities to enter college in a supported environment.
11. In order to encourage innovation in service delivery, the government should use a Social Impact Bond or "pay-for-success" model that only pays out if targets are reached for programs such as helping the chronically homeless or job training. This model allows Ontarians to invest in the future success of their community while also reducing the burden on taxpayers and improving results for recipients.
12. To ensure that the portion of monthly benefits intended for essential food items is set aside and cannot be used on other expenses, we should implement a benefits-directed debit smart card system for social assistance recipients.

### Education

1. We need to raise our targets and our efforts on literacy and numeracy, so that all of our children have the twenty-first century skills they will need to succeed in work and life. We propose a new target of 90 per cent for competency on reading, writing and math.
2. Focus our resources where they will do the most good. According to the Education Quality and Accountability Office, there are 300 elementary schools in which more than half of students fail to meet test standards, and that has been the situation for years. We will identify these schools and re-invest savings from elsewhere in the education system to improve their performance.
3. Review curriculum and teaching methods to boost literacy and numeracy skills in the applied stream. To expose students to more career-oriented options, promote and expand the specialist high skills major program in secondary school to provide quality job training for those not intending to go on to post-secondary education. Expand existing programs that begin trades training in the secondary schools, such as dual credits for college-level courses taken in secondary school. This approach will tighten the important links between Ontario's colleges and its secondary schools.
4. The current government says it has woven financial literacy into every aspect of the curriculum. That makes it difficult to measure results, if any. We will take the solid financial literacy work already done by groups like the Investment Funds Institute of Canada, the Jr. Economic Club of Canada, the Financial Planning Standards Council and Junior Achievement Canada and introduce it in a structured way into our schools beginning at the earliest levels so that all of our children will develop the critical life skill of managing their money. Understanding money is also a foundation for the entrepreneurship Ontario needs to succeed economically.
5. Our schools need to produce well-rounded students, ready to deal with life. Schools need to do their part to combat childhood obesity and to prepare our children for the financial responsibilities that adulthood brings. Implement a strong curriculum in arts, physical education and financial literacy that will help students develop vital life skills.
6. Science education is vital to Ontario's economic future and it opens the door to well-paid careers. Science needs to be part of the basics. Stress the value of science education to students and measure our success with standardized testing of science in Grade 8.
7. The bureaucratic culture of our education system won't change without transferring

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power to our schools. We should eliminate school superintendent positions that duplicate the work of principals and pass the power and responsibility to principals, who would report to directors of education and be accountable for managing most aspects of their school's operations.

8. Allow principals and teachers, working as a team, more control over a range of in-school decisions including teaching methods, tailoring programs to meet the needs of their schools and making particular classes slightly larger or smaller.
9. Our schools must offer the usual range of extracurricular activities. Give school boards and principals the flexibility to recognize and reward teachers for before- and- after school involvement, such as through less supervisory time and relief from other duties. We will prevent unions from punishing teachers who want to help children. Principals should work with parent councils to find community volunteers for clubs and sports if a teacher is not available.
10. Work with unions, principals, College of Teachers and school boards to adopt a definition of the academic workday that reflects what teachers already do, not the bare minimum defined in the contract. At a minimum, it must include timely and full report cards, meeting with parents and after-school help for those who need it.
11. Phase out 10,000 non-teaching positions to save \$600 million, as recommended by the Drummond Commission. This will mean reducing Ontario's 82,000 non-teaching positions by 11.8 per cent. With an emphasis on students who need help the most like those with learning disabilities or special education needs, school boards should examine the role of people who work with these children carefully before proceeding with this Drummond recommendation.
12. There are two class size issues. One is the average class size across a whole school board. We should increase class sizes modestly to save \$460 million, as recommended by the Drummond Commission. We should also give principals the scope to vary class sizes in their individual schools, as long as the board remains within provincial averages.
13. Delay expansion of full-day kindergarten until the budget is balanced. Conduct a thorough review of the benefits achieved by the program so far before proceeding with a full rollout.
14. Alter full-day kindergarten staffing to redirect at least \$200 million to other pressing needs like helping children with learning disabilities, who are falling behind grade level in reading, writing and math and who fail to graduate from secondary school, as well as contributing to eliminate the yearly deficit.

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15. Creatively expand the use of school buildings outside regular school hours. Make them community-learning hubs that benefit the entire community, not just the students enrolled there.
16. Help sustain our rural schools by having more than one school board share a building where required. Use twenty-first century technology in secondary schools to knock down artificial barriers so that children in rural schools have access to all the same courses that those in the city do.
17. Children in high growth suburbs deserve the same access to schools as children everywhere else. Build schools in new subdivisions sooner, and work with other levels of government and community organizations to make them more than just a school.
18. Start a student safety protocol that begins with a comprehensive bill to deal with every aspect of the bullying problem.

### Healthcare

1. Focus health care decisions on evidence, to achieve greater quality per dollar spent. Dramatically enhance patient databases to enable doctors and researchers to improve treatments and prevention programs based on real world evidence. Require drug and medical device manufacturers to provide proof of incremental value when seeking reimbursement. Move more quickly to make innovative new drugs and devices available, while requiring better cost effectiveness if manufacturers cannot prove superior effectiveness or safety.
2. Build a system that treats chronic disease as the leading health challenge of our time, not as an afterthought in a system designed around acute care. Build on the unique assets of Ontario's chronic hospitals, along with family doctors and community-based care, to pioneer a truly integrated approach to health for patients with chronic conditions. Focus on providing community and home based care options to help these patients to live better at home, and to avoid unnecessary acute hospital visits. Create one or more centres of excellence to develop evidence-based approaches to care for these patients, including those living with two, three or more health conditions.
3. Ensure that every patient with chronic conditions has a comprehensive care plan, and provide dedicated care navigators – such as nurses – for the patients with the highest needs. Treat a patient with multiple conditions like one patient, not many.
4. Shift resources and incentives to promote care closer to home, particularly by expanding home care and long-term care availability, and by promoting more types of care in the home. Allow pharmacists, paramedics, nurses and nurse practitioners to provide more types of advice and treatment where these are most convenient and beneficial for patients, updating scope of practice where required.
5. Fund the health system to work as a system. Allow health hubs greater flexibility to direct funding to the actions that have the greatest impact on health in the long run, from prevention programs like smoking cessation, to intensive rehabilitation and home care to reduce hospital readmissions. In the long term, move towards funding the health of a population cared for by a hub, rather than funding individual treatments.
6. Make care easier to access and to understand. Rigorously measure satisfaction with the patient experience and communication, and tie managers' incentives to the scores. Break down the barriers that separate CCACs, LHINs, family doctors and hospitals, providing a single point of accountability for your care regardless of where it is provided.

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7. Treat mental health as equal in importance to physical health. Ensure fragmented elements of adult and children's mental health and addictions treatment in Ontario are integrated into a coherent province-wide plan. Recognize children's mental health as part of the health care system. Better integrate the diagnosis and treatment of mental health conditions from depression to dementia with the physical health conditions that frequently occur in the same patients, at the same time.
8. Recognize that health care is not the only contributor to health. Through 45 minutes of mandatory daily physical activity in schools, and smarter use of social and economic policy, improve prevention and wellness, ultimately reducing unnecessary use of health care and building a healthier Ontario.
9. Encourage everyone in Ontario to have an end-of-life plan specifying his or her wishes if incapacitated, from preferences about care, to who should make care decisions, to organ donation.
10. Give patients more choice in the health services they receive. Allow patients receiving non-clinical home care services like housekeeping and personal support to choose whether to have a care provider purchase home care for them, like CCACs do today, or whether to use the same money to hire their own home care.
11. Create time to achieve fundamental strengthening of our health system by making one-time improvements in efficiency today, such as eliminating administration in LHINs and CCACs, while strengthening the home care services currently organized by CCACs, and by temporarily pausing cost inflation through an across-the-board wage freeze.
12. Deliver on the electronic health records that are mission-critical for better health quality, by putting control of the eHealth initiative in the hands of the hospitals and doctors who actually use health records. Conduct a focused value-for-money audit to determine what eHealth has actually produced with the \$1 billion it spent since the Auditor General's report in 2009. Give oversight of all future funding to a board of health providers. Enable them to include off-the-shelf and open-source components while ensuring an effective province-wide records system and to hold eHealth administrators accountable for delivering on time.

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**Post-Secondary Education**

1. Bias enrolment growth towards colleges and recognize that growth in university enrolment should not continue endlessly. We should simultaneously encourage high school students to consider careers in the skilled trades and applied learning programs.
2. Facilitate credit transfer so college graduates can achieve degrees in less time and with less money. We would encourage regional relationships through articulation agreements between colleges and universities; use online education to create bridging courses between institutions and tie future growth in universities to creating paths for transferring college students. Where there is growth in the university sector, spaces need to be saved for college graduates who want to transfer their credits and adapt their skills.
3. While there is clearly a market for three-year degrees, it is becoming clear that colleges, not universities, are best suited to deliver them. We should allow and encourage colleges to offer applied three-year degrees and limit the proliferation of four-year degrees in the college system. For example, a Bachelor of Applied Technology Degree is designed to teach leadership roles in the construction industry, is a program that meets a job market need, and is clearly suited to the college sector. Encouraging more three-year degrees like this one would allow colleges to cater to a student market looking for strong credentials without creeping into the degree market best served by universities.
4. We should expand the “dual credit” program, where students obtain credit toward their high school diploma and their college education simultaneously, and use this program as a tool to get more high school students to think about going to college first.
5. Unfettered enrolment growth is eroding quality in our universities as class sizes and reliance on part-time instructors have increased to meet internal budget needs. The government must stop mandating growth across the board. Enrolment growth should be tied to meeting or exceeding high retention benchmarks and stronger employment outcomes.
6. The old 40 percent teaching, 40 percent research and 20 percent service to the university and broader community balance must be re-assessed and tenure and promotion systems must be designed to reward good teaching as well as strong research. Universities should embrace teaching-only faculty as a means of improving learning quality and the student experience.
7. Our priorities include creating more paths for college students, improving on

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specific outcomes such as student retention and graduation rates, and creating exciting new programs and learning hubs that meet the needs of a twenty-first century economy.

8. Create a “No Qualified Student Left Behind” policy and empower colleges and universities to administer a student financial aid system that grows as tuition increases. Be unapologetically behind students who want their tuition increases to go toward a better education by making university and college administrators earn the right to increase tuition through quality and accessibility improvements.
9. The student financial aid system in Ontario must be guided by two principles: merit and access. We should bias current and future student financial aid to targeted bursaries that advance these principles rather than encouraging students to incur more debt. Market discipline is also necessary when it comes to student financial aid to ensure money is being spent on a bettering student’s education and that students are getting the best value for their borrowed money.
10. We need to create programs that meet the expectations of students at the price point they desire. We would facilitate the creation of open-source, online postsecondary education to allow universal access to sophisticated higher learning and create elite programs available in Ontario so our brightest students do not have to look abroad for such programs.
11. Student unions as well as administrations should be held accountable for their expenditures and better explain them to students. Administration’s funding will be tied to measurable outcomes for students and the taxpayer and student union fees will be tied to transparent disclosure of non-political expenses. Students should be allowed to opt-out of paying fees that go toward political advocacy. Failure to properly manage student funds could lead to a referendum on voluntary student unionism at the college or university.
12. Existing government funding for skills-upgrading should move away from being a reactive program, responding after a worker has lost his or her job, and become more proactive, rewarding businesses for upgrading their workers’ skills on the job. Repurposing existing funds, such as a portion of the Second Career program funding, can achieve this goal.
13. Career Colleges, among our province’s most efficient paths to employment, with strong, proven track records, should be rewarded by a reduction in the costly and time-consuming regulatory burden they currently experience on a regular basis so that they can be freer to take on students looking to gain access to the job market.

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**Rural Ontario**

1. Too often farmers have to deal with multiple ministries and receive conflicting direction or answers to their questions. We will help Ontario farmers and agribusinesses by reducing regulatory burden by a minimum of 33 per cent over three years and creating one-window access to government for farmers.
2. We will modernize Agricorp's computer systems to save farmers time and make Agricorp more efficient.
3. Focus resources on insurance-type programs, such as Production Insurance, in which farmers pay premiums to manage their risk. Reduce risk and support farmers by putting all of the Risk Management Program premiums – farmers' and government's – into a dedicated fund to even out good and bad years.
4. OSPCA inspectors don't have enough training or knowledge of farm animals. We should have a new approach with proper farm training, independent oversight and increased consultation with veterinarians and commodity organizations to ensure professionalism, fairness and accountability.
5. To ensure our retailers and restaurants can connect with small producers and processors, we would encourage the creation of a new regional food terminal. It could be operated under the umbrella of the existing Ontario Food Terminal or be a new organization created by processors and farmers themselves.
6. We will lead by example in supporting local food by increasing the amount of Ontario grown food purchased by the broader public sector and introduce a comprehensive Ontario Food Act.
7. The average age of farmers is increasing and the industry is having difficulty attracting young people with the right training. We will encourage young people to consider careers in agriculture and food processing and build on our existing excellent facilities so that abattoirs and meat processors have access to the skilled labour they need.
8. The government plays an important role in research and development through institutions like our universities. We must make sure scarce dollars go towards initiatives that keep us on the cutting edge and increases productivity. There are new opportunities to meet the needs of new multicultural markets as well as service food producers who are currently sourcing internationally.
9. While we must take advantage of opportunities here at home, we must also develop markets around the world. We will develop these markets particularly for value-

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added processing products.

10. Too often it seems that programs affecting farms and rural communities are designed in Toronto without talking to the people whose property is impacted by the program. We will increase consultation with farmers and rural residents before implementing programs that will impact them. We will ensure property owners get a fair deal by providing appropriate incentives or compensation when their land is required for public purposes.
11. We propose implementing a two per cent biodiesel mandate for all diesel sold in Ontario. It would be good for the environment and good for jobs.
12. Wind turbines should not subsidize a few farmers at the expense of the rest, We will wind down the non-competitive Feed-in Tariff Program and subject all future wind and solar projects to tests like demand assessment, competitive bidding and local approval.
13. We should think of our schools as community learning centres, but not all the learning has to be delivered by teachers. Schools that have day care centres attached are actually a first step in this direction. Schools should be real community hubs that attract money and offer services from other levels of government and community organizations.
14. Even though all communities pay the gas tax, those that are too small to have a bus or subway system do not get a share of the gas tax revenue. We will allocate a portion of the gas tax to all rural municipalities to meet their local infrastructure needs.
15. Horse racing must be a key component of Ontario's gaming strategy. The government should cancel the Ontario Lottery and Gaming Corporation plan to abandon racetrack slots and spend money on new casinos. Instead, we will build partnerships with the horse racing industry, allowing it to thrive.

