F-23 F-23

ISSN 1180-4386

Legislative Assembly of Ontario

Second Session, 39th Parliament

Assemblée législative de l'Ontario

Deuxième session, 39e législature

Official Report of Debates (Hansard)

Monday 31 January 2011

Journal des débats (Hansard)

Lundi 31 janvier 2011

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Pre-budget consultations

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Sylwia Przezdziecki

Président : Pat Hoy
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Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario

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

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Monday 31 January 2011

Lundi 31 janvier 2011

The committee met at 0901 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We are here for the beginning of our Toronto hearings this morning.

A reminder to the committee: Our first three guests will have 15 minutes to present, and then each party will have five minutes of questioning following each of those.

Mr. Norm Miller: Chair, a question: We'll begin on the government side?

The Chair (Mr. Pat Hoy): Yes.

Also, our 9:30 will be a videoconference. The person asking the question will be seen by that person on the television constantly throughout the presentation, although the committee will be televised otherwise. So when you're asking your question, the presenter from Lakehead University will see you throughout the five minutes, just to let you know.

SCOTIABANK GROUP

The Chair (Mr. Pat Hoy): With that having been said, I will welcome our first group this morning—thank you for being on time—from the Scotiabank Group. As I said, you have 15 minutes for your presentation. If you'd just identify yourselves for our Hansard before you begin, you can start.

Mr. Warren Jestin: My name is Warren Jestin. I'm chief economist at Scotiabank. I'm joined by Mary Webb, who's one of Canada's leading experts on fiscal policy.

I have a short PowerPoint to frame the comments that I'm going to make, but for a larger discussion of our views and analysis, we brought along a handout as well. That summarizes not only the global outlook but how Ontario fits into that particular outlook.

My remarks today are framed around a title which you'll see in the PowerPoint: "New and Old World Realities," and how they influence Ontario.

To start, just looking at the forecasts for a broad variety of countries, 2009 is in the yellow bar, what has happened there; 2010, the red; and our forecast for 2011-12 is in the blue. You'll see right away by looking at this that there are two worlds out there. One is the developed world—Canada, the US, Europe and Japan—where growth is improving, but at a relatively slow pace.

This year, we expect the US to outperform Canada, largely because they have a lot farther to come back in some key areas, particularly employment, and also because effectively, they have a lot more fiscal stimulus. They have kept interest rates at lifetime lows. The combination of policy factors gives a short-term lift, but at a significant longer-term cost in terms of overall economic performance. The reason I make that statement is that continuing with big, big deficits in order to stimulate your economy in the here and now suggests that you will have significant difficulties in terms of achieving rapid growth farther down the line.

In the economies that you see on this particular diagram, Canada and the US, probably in the next five years, will have a growth averaging 2.5%, maybe slightly higher. In Europe and Japan, it will be 1.5% or less.

If you look at the emerging world, however—China, India and Brazil—China's expected to have a relatively mediocre performance this year, by their standards. Growth will fall below 10%. India will be moving slightly higher in terms of its overall performance, and Brazil may slow to 5%.

The key message here is that the emerging world is outperforming the developed world by a substantial margin, both in good years and in bad, and this now matters for Canada and it now matters for Ontario. Ten years ago, those growth rates in some of those economies were in evidence, but they did not have the size to influence global markets. Now big growth and big size have come together, and that is a key issue for Ontario, because strategies that we have followed in the past, which focus on the US and familiar markets, may be strategies that do not lead to optimal performance in Ontario on a go-forward basis. We have to explore these new, rapidly growing, unfamiliar markets in order to ensure success in the future.

To drive that point home, I've simply put the world's population on the left-hand side, into a series of bars. Our world, the red and the blue, Canada and the US, is a very small segment of the global economy. We think of China as being large; yes, it is larger than Canada, the US, Europe and Japan combined, but the rest of Asia is also as large as China, and India isn't much farther behind.

So the key message that we have, on a go-forward basis, is finding ways and strategies to deal with companies, to deal with and nurture employment opportunities that have a broader global reality.

On the right-hand side is a market that is very important to Ontario: the global car market. You'll see that is also changing very fundamentally. We are in the midst of a rebound in Canada and the US, and you can see that in the North American line. But you'll notice that Brazil, Russia, India and China now have a market, collectively, that is bigger than the North American market, which also, this year, will be as large as the European and Japanese market combined. In fact, last year, for the first time, China alone produced more cars and trucks and sold more cars and trucks than Canada, the US and Mexico combined.

The fastest-growing car markets in the world are India, China, Brazil, Chile and Peru. In Canada, in the US, in Europe and in Japan, in 2015, we will probably sell fewer cars and fewer trucks than we sold in the last good year before the recession began. So the auto industry is reviving, but the global auto market has changed very, very fundamentally.

The recovery has been on in developed countries for some time now; Canada has led. You'll notice over the weekend that the media focused in on the fact that employment numbers for Canada have been revised lower. We are no longer reported to be at record levels. We are still special. We are still leading the developed countries by a very substantial margin, because the left-hand diagram is simply looking at year-over-year growth rates. That is very important, because jobs generate consumer spending. You can see on the right-hand side year-over-year growth in consumer spending in Canada and other markets as well.

But it shows a relatively incomplete recovery in many countries, and this is the reality: This year is another year of recuperation and repair in the US, in Europe and in Japan. Canada also, in some markets, has some recovery going on. We are leading, but effectively, we are leading in an area where the recession still is shown in some of our key industries.

The next diagram is simply focusing in on the US realities, because the US is our primary market in Ontario. It is still our primary market in the rest of Canada as well. On the left-hand side we are looking at housing foreclosures, prime and subprime. Yes, they seem to have turned lower on the subprime side, but they are historically at enormously high levels. On the right-hand side, this is the level of government expenditures and total revenues in the US central government; in other words, Washington's expenditure and revenue trends. You will see that, both on the left-hand side, the housing market, and the right-hand side, the fiscal realities facing Washington, there is an enormous amount of work to be done in order to get back to pre-recession levels. In fact, recent policies have suggested that the US government deficit will be going up towards $1.5 trillion, not down to the $1.3-trillion level that seemed to be the case before last November.

Why is this the case? The US is providing more fiscal goose into the economy, keeping interest rates low, but the consequences of that are simply the lack of fiscal repair over the next three years. This is a big issue. The US is going from a deficit problem, which it has now, to a debt problem that I believe will haunt it for years.

0910

On the next diagram, you see exactly that. You see where Canada is with respect to fiscal balances and with respect to net debt compared to other countries. We compare very favourably with respect to other developed economies on our deficit and our debt side. The US shows up as a large deficit country—that's deficits to GDP—and it shows up relatively benign, at least with respect to the UK, France and the other countries that you're seeing there on the right, with respect to its total debt. But as I said, these deficits lead to big debt problems farther down the line, and the US will compare unfavourably within three years if current trends continue.

We are not saying that Canada does not have a deficit and a debt problem, but we win the reverse beauty contest: We are the least ugly of the major developed countries out there. You will notice on the top line that the emerging world, however, is right at the top in terms of performance. Rapid growth, large populations generating a lot of consumer demand with relatively low debt and low deficits to GDP suggest that these economies can perform very, very well over the next decade. These are markets we have to explore.

The next diagram is looking at inflation. You see a lot of articles about inflation in the paper right now; it's going nowhere fast simply because we've got a lot of excess capacity. The Bank of Canada itself expects that the core rate of inflation that it uses to target monetary policy will not get back up to 2% until the end of next year. They may be somewhat optimistic. The issue on inflation, however, is not in the here and now; it is beyond next year, in my view, when the economy is definitely into an advance, when unemployment rates are lower, when the population is aging and we will find much more in the way of inflationary pressures.

We still do see inflation in some areas; on the right-hand side, we're simply looking at components. The total looks fairly benign, but you can see that gas prices have been going up, food prices are above average. That is being offset by things like computer prices, which have gone down, and motor vehicle prices, which are actually lower than they were a decade ago. But those trends also are changing. As the Chinese currency moves higher—which we expect it to do along with other Asian currencies—as their wage rates go up, things like PCs are going to start going up in price, flat screen TVs as well, and that will take away some of the deflationary influence that has kept inflation low. I believe inflation will be an issue beyond next year, and that will have a significant impact on borrowing costs for Ontario and other provinces, as well as general higher bond yield rates.

The next chart is looking at where we expect interest rates to go over the next year. Essentially, they're going nowhere fast, at least the short-term interest rates that the Bank of Canada and the Federal Reserve control. We have already moved up three quarters of a percentage point in terms of our policy rate. The Bank of Canada is now on hold and probably will be until towards the end of the year. The Federal Reserve probably is on hold until next year. However, if you think interest rates are normal now, you are suffering from serious delusional thinking. Interest rates will be going higher from these levels. Borrowing costs for all groups will be going higher as we go through next year and beyond, whether it's governments, consumers or businesses. Bond yields have already begun to back up from the lows that we saw in the fall, and I would expect those would be going up higher on a go-forward basis as well.

On the right-hand side, the current level of interest rates is quite good for inducing consumer spending, with mortgage rates near lifetime lows, with employment doing much better than other countries. No wonder we have seen very strong housing market activity and housing prices going up. Retail sales have been relatively strong as well. We would expect buoyancy in these areas, but less growth, as fiscal stimulus begins to get unwound, as interest rates go up, as employment growth slows. All of those suggest a somewhat slower growing reality over the next year than we have seen over the past year, which was an area primarily of economic recovery and revitalization.

The next chart is looking at an issue that does get a lot of press, and that is the level of debt to income in Canada and the fact that it has gone up to US levels. That is shown on the right-hand side. Again, low interest rates, employment growth, the fact that we have had a relatively strong recovery compared to other countries, have really distinguished our trend vis-à-vis, say, the US, where the housing market is in recession and will remain so over the next couple of years, where the US has only regained one in six jobs lost during the recession.

That decline in US debt around disposable income that you're seeing on the right-hand side in many cases is involuntary. First of all, many individuals—the subprime crowd, the borrow-to-buy crowd that did not have the income to support that borrowing—effectively are shut out of the market; and second of all, a lot of that debt was extinguished through bankruptcy. In Canada, that is not the case and that is why it has been rising. But that trend will rise at a slower pace, if it rises at all this year, and that will mean that overall consumer spending slows down in Ontario and in a variety of other provinces.

On the left-hand side, an important point to make: This is simply looking at assets relative to debt. We are in a vastly better situation on this side of the border. We have not had a housing crash the way the US has. The asset value of housing in Canada is near record levels at a time when average housing prices in the US are off 25% from their peaks.

Looking at the external side of the Canadian economy, we did not have a domestic recession. The US had a domestic recession that was deeply imbedded in the household sector. We had an export recession. It was caused by a decline in our major market—the US—and the rise in the Canadian dollar to levels that we have not seen for a very long period of time. The Canadian dollar is a commodity currency. We are a commodity-rich country in a commodity-short world. We believe oil will be going higher this year; so will nickel, copper, zinc and a variety of other metals; coal, iron ore—all of these things Canada produces in abundance. As they go up, the Canadian dollar will stay strong. We have better fiscal fundamentals on this side of the border. That is positive for the currency. We have interest rates that have risen in Canada vis-à-vis the US; that is a positive for the Canadian dollar as well.

So the reality for the Canadian dollar—it may be volatile, but the underlying trend is strong and may get stronger. We may well find that the Canadian dollar, as we go into next year, is above the $1.05 threshold. As that happens—

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Mr. Warren Jestin: Okay. As that happens, we will see some weakness in a number of areas, and that we've already seen in trade. On the right-hand side, you can see what's happened in commodities. Commodity trade balances remain fairly strong, but the merchandise trade balance has gone down; that's in other things. Those other things include autos.

For Ontario, there has been some penetration, particularly of the European markets, but as you can see, our trade balance has declined significantly and the pie of exports shows that we are still very US-focused. Outside of the US, Asian and Latin American markets remain fairly strong. That is a challenge and a major opportunity for our producers.

Ontario's fiscal hurdles are well known to this particular committee. We have a big deficit. We are trying to go to balance in 2017, perhaps 2018. Most provinces will be balanced by 2015. That remains a major issue on a go-forward basis.

On the right-hand side, one of the issues that we face is transfers out of the province to other parts of the country through the federal-provincial fiscal arrangements. You will see those transfers remain very large. Ontario income is now below the national average. Ontario has grown below the national average over the last decade and probably will do so over the next five years. These fiscal transfers are unsustainable and I believe are one of the issues the Ontario government should be addressing with the federal government on an urgent basis. You can see where income in Ontario has trended vis-à-vis other provinces. Alberta, BC, Saskatchewan, the resource-producing regions, Newfoundland, have all seen a fairly substantial rise in GDP per capita; Ontario has lagged for the reasons I just discussed.

Finally, you will notice that we are getting older. It's a sad reality. The Ontario population is aging, the Canadian population is aging; many other countries as well. Because I am out of time, I will bring one statistic to your attention at the bottom right. That essentially says this: For the Ontario government, the cost of health care when you are 60 to 65 is triple what it was when you were 20 to 25. When you are 70, the costs double again, and then the costs really begin to rise. The baby boom generation—I'm on the vanguard of that particular charge—is charging toward retirement. This is a major issue. What is the basic message here? Restoring fiscal balance is vitally important because the costs associated with health care and a number of other areas are going to accelerate very dramatically over this decade.

That is my presentation today.

The Chair (Mr. Pat Hoy): Thank you. Now, I was asked how the rotation would go and I've been thinking about that a bit. Normally, I would just start in as we normally go. However, I don't presume to know whose selections were the expert witness selections. Do we want to start—can the parties identify who their selections were and then give them first, or do you want to go in the normal rotation?

0920

Mr. Peter Tabuns: I'm happy to start with those.

The Chair (Mr. Pat Hoy): So you're pointing at the government; this is their selection. Whose selection is 9:30?

Interjection.

The Chair (Mr. Pat Hoy): Okay. So we'll start that way, and then the rotation will continue on, flowing from whoever begins.

The questioning for five minutes begins with the government. Ms. Cansfield?

Mrs. Donna H. Cansfield: Thank you very much for your presentation. It was really very enlightening.

One of the things you touched upon, and I wonder if you could add more, is the whole issue around the volatility of the euro and how it impacts or could impact what's happening here. As I understand, there are still some fairly fragile economies in Europe, so what will that impact be on Canada and then, obviously, on Ontario?

Mr. Warren Jestin: The euro can be very volatile. I think you're going to find both the US dollar and the euro are quite volatile. This is going to be a challenge for our exporters, because that's one area, of course, where we've gained in Ontario: in the euro space.

But I think the issue of unpredictability is the challenge. We believe that over the next year or so, the euro may increase against the US dollar, but we wouldn't be surprised if the Canadian dollar rises against both of those currencies. In other words, for Canadian exporters, they will find that the Canadian dollar is stronger against the euro and the US dollar.

Trying to predict day-to-day, weekly fluctuations is almost impossible. You saw what happened in Egypt over the weekend; that can roil exchange rates and cause a sudden move to safety, security and liquidity, which drives the US dollar temporarily higher. We are living in a world, I think, of volatility in currencies, but on balance, where the Canadian dollar should be going up.

Mrs. Donna H. Cansfield: Thank you.

The Chair (Mr. Pat Hoy): Are there any other questions? Ms. Albanese.

Mrs. Laura Albanese: Yes. I wanted to thank you for your presentation. It was very interesting and very enlightening. I was wondering if you could give us a little more detail about where you see the housing market going.

Mr. Warren Jestin: In the Ontario market?

Mrs. Laura Albanese: In Ontario.

Mr. Warren Jestin: We've already seen a slowing in starts, and a significant slowing in starts. At the beginning of the recovery there was pent-up demand. We had employment coming back, disposable income had performed much better, our interest rates were very, very attractive and the market had a lot of internal strength. Since last spring, it's begun to come off. The government has moved, in a number of steps, to tighten mortgage restrictions, and all of these things suggest to me that whether you're looking at sales or whether you're looking at starts, it's going to be a softer reality going through this year.

The big issue will be on prices. I wouldn't be surprised if in the Ontario space, as well as some other markets, you actually see a bit of not only volatility, but some downside correction on the housing prices.

Is it a bubble? Absolutely not. We think the income fundamentals and economic fundamentals are stronger here. But a move of 5% to 7%, maybe even as much as 10%, is possible in the type of market that we're seeing, particularly if mortgage rates begin to go higher.

Mrs. Laura Albanese: And in regard to the current spending of the government of Ontario, I see here that you have the downloading seen as an increasing role for the province, which we're playing as a consequence of the downloading that has been happening. You mentioned that we should address that as soon as possible with the federal government. That would be your recommendation for the Ontario government?

Mr. Warren Jestin: I think. I mean, we can talk about a lot of internal things that we have control of here, and there are a lot of challenges with respect to spending and, as you will note in the fuller report that we do, with respect to the tax revenues and how they will bounce back. We don't have that resource base that is a direct drive into provincial revenues, and those are issues that have to be addressed.

But the one that we have to address with the federal government is the system of federal-provincial fiscal arrangements. Whether it's the employment insurance program, where people in Ontario don't have the same coverage as you find in other provinces, whether it's the transfers that exist in a number of other areas, effectively, what we are doing is transferring a fair amount of money to other areas of the country based on a view that Ontario is the growth engine for historical reasons, where our income was above the level of the national average.

I think we have to address those because effectively, on a go-forward basis, if we lag the other provinces, if we are below the other provinces in terms of income, we cannot sustain that type of fiscal transfer and hope to balance the books in the medium term.

Mrs. Laura Albanese: Well, thank you, and thank you, Chair. I have no further questions.

The Chair (Mr. Pat Hoy): Thank you. The time is expired. We'll go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation. Towards the end of your presentation you had to speed up a little bit as you got to Ontario, but my first question would be with regard to the slide you had to do with the deficit as a percentage of gross domestic product. If I read the slide correctly, you showed that Ontario was worst in the country. Earlier on, you also said that the US deficit problem is becoming a debt problem. So I guess the issue I want to raise is the deficit that we're seeing over the last number of years. It was essentially $20 billion last year in Ontario; it's forecast to be $19 billion this year. The plan is to get back to a balanced budget in 2017-18. Do you think this deficit reduction plan is reasonable and achievable?

Mr. Warren Jestin: We are, in Ontario, really at the epicentre of the adjustments in Canada to the reality that the US market, which is our principal market in this province, is recovering, but it's going to be a slow-growing market. The Ontario auto sector is recovering, but the North American auto sector is not going back to where it was before the recession began. So I think the issue for the Ontario government is to look at the potential revenue growth that we may well have, which is diminished from what we've seen in the past, unlike what you see in resource-producing regions, and to take a much tougher view with respect to the spending agenda. The concern that I have more than anything else is that, by 2014-15, when other provinces are going to be balancing the books, we are going to begin to face substantial issues with respect to the aging population, primarily in health care but in a wide variety of other areas.

So the plan is achievable. If I were recommending anything, it would be to try and accelerate the process, because I believe that the next decade is going to be a much more difficult one for demographic reasons in Ontario. It is also a decade which is unlike the previous one, where the US economy was really booming. That was very favourable to our manufacturing sector.

Mr. Norm Miller: Our economy relies so much on the American economy. There's certainly uncertainty as to what will happen in the US, and there is other uncertainty—you were projecting interest rates trending upwards. You're predicting a relatively strong, or stronger, Canadian dollar. I guess, in terms of that deficit and the plan to balance the budget, the government is, as part of the plan, stating—I think it's 2% increases in spending on health care. You showed the demographic: We're getting older. And from where I sit, when you look at the past expenditures of the last few years, where health care spending has increased 6% to 8% every year, I'm just not sure that's achievable.

Mr. Warren Jestin: The health care envelope is the most challenging anywhere I go. Whether I'm travelling in Europe or the US, it's an extraordinary issue. I'm also chair of a hospital, so I understand operationally where the rubber hits the road on this issue. I think the government is moving aggressively in that area and other areas as well, but I think the demographics are catching up with us. I think that unless we can generate a whole lot more jobs in the service sector, which I'm reasonably optimistic we can, and restructure manufacturing to broader, more global markets, the revenue base simply isn't going to be there to support the type of spending growth that we may well have. Cutting spending to 3% on health care over the medium term is a target, but it is still a pretty aggressive target, given the type of requirements that are built into the system.

Mr. Norm Miller: I guess a question to do with the public sector versus the private sector: I see reports where pay in the private sector—pay and pensions—is 30% below the public sector. The challenge you've outlined is the need for Ontario to balance its budget. It seems like the government's attempt at a wage freeze has not been very successful. Any comments about the need for balance there between the public sector and private sector in terms of wages?

0930

Mr. Warren Jestin: Again, this is an issue that is not unique to Ontario. In fact, I believe that not only are you going to hear about health care, but you're going to hear a whole lot more about pensions. I mean, we're trying to do it at a national level, to reach consensus at the federal and provincial level as to how to make pensions sustainable and how to ensure that Canadians have adequate income in their retirement years. But for many reasons, I think you're going to find that that is going to be a difficult objective to achieve. Constraining the outflow and making sure that the underfunded nature of some pension plans is adequately taken care of is, I think, going to be a major restriction on overall government spending going forward.

We're better off, by the way, in many cases, than most jurisdictions. And I think this is going back to my comment about the reverse beauty contest: We are the least ugly in this in many respects, but we still have a lot of work to do.

The Chair (Mr. Pat Hoy): Thank you. Now we'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for making this presentation today.

The commodity prices in the graph that you showed—you also showed West Texas Intermediate and its fluctuations. So is oil dominating our commodity export activities?

Mr. Warren Jestin: That's a very good question, because, in a way, no. Natural gas is a major export, and those prices are relatively depressed because they're trapped in the North American market. But the fact that we are resource-rich—it extends to nickel and copper and zinc and iron ore and coal and the like—really has been a driving factor.

When I travel the world, I'm astonished now how many global investors are interested in investing in this country because of the stability of the financial sector and because of the perceived opportunities. That, by itself, drives the currency higher. So we use oil as a shorthand for trying to explain why the currency is so strong, but it's really the abundance, the breadth of the base of resources, that is important for this country.

Mr. Peter Tabuns: When you talk to those investors, their interest is in getting at the commodities? Because it doesn't look as though there is an investment or a growth in manufacturing.

Mr. Warren Jestin: I think our opportunity will be in manufacturing. It's going to be in real estate, certainly. It's in areas where, effectively, we can offer safety and security in the investments around a strong dollar and opportunities as well.

I am optimistic about manufacturing in this province, but I am not optimistic about the current manufacturing base. I think small and medium-sized businesses with skills-based employment that are plugged into global supply chains will do extremely well. I live up in Markham and I see these industries around me all the time, growing. But it is a restructuring in the manufacturing sector that has to go on. We will get foreign investment in those areas, but the traditional areas that we've tended to support, the auto sector and the like, will be important; they're just not going to be a growth sector in the next decade.

Mr. Peter Tabuns: Are there other sectors that you think will be losing out in this restructuring?

Mr. Warren Jestin: I think, in general, you're going to see that businesses that rely on assembly-line production, low-value-added or standardized production systems will tend to have very limited employment gains and may well see further rationalization as we improve our productivity, efficiency and the like. It's going to be these unique industries, these 25- or 50-employee-based companies, that really are using the Internet or selling more service-based products that I think will do very well.

Mr. Peter Tabuns: That would indicate to me, then, growing unemployment or underemployment, given that the industries that you outlined as in decline do employ fairly large numbers of people, for whom that income is critical to maintaining a decent standard of living.

Mr. Warren Jestin: Well, we're already seeing a shift to more high-value-added jobs: financial services have been growing, communications technology and the like. It's a tough transition. It's an extraordinarily tough transition for many families. We're seeing the jobs created, however.

But your point is well taken: If we are going to have those higher-value-added areas, we have to plug into global markets, because if we're focused only on the US, the opportunities for growth of employment are going to be much more circumscribed. So the challenge is to look much more broadly and to encourage businesses to grow much more into global markets.

Mr. Peter Tabuns: And you're assuming, then, that we will have a competitive edge in intellectual capital. When I look at China, they graduate tens of thousands of engineers on an annual basis. They aren't simply investing in the machinery, in the buildings, to produce goods; they're investing in the intellectual capital.

From your perspective, what is the strategy to deal with not just low-cost labour but high-value intellectual ability in those emerging nations?

Mr. Warren Jestin: Your point is well taken. They're moving up the value-added curve very, very rapidly—

Mr. Peter Tabuns: Yes, they are.

Mr. Warren Jestin: —with state-of-the-art technology. I think job one for the government in terms of focus on spending priorities is in the area of education and skills-based training. I've said many times in this particular forum that improving the average skills attainment of the Ontario labour force and improving the ability to move into skills-based jobs and skills-based training is extremely important. It's not all community colleges and universities—there's a lot of work to be done there—but in terms of apprenticeship programs and the like.

We need some very-high-value-added employees, but the issue is raising the base, because it's the base that attracts jobs. That's the base that effectively allows us to compete on a broader basis and that allows most Ontarians to participate in the growth of income. If we focus just on the very-high-value-added areas, we will tend to make some industries enjoy better conditions, but we will leave a lot of Ontarians behind.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your answers in that round.

DR. LIVIO DI MATTEO

The Chair (Mr. Pat Hoy): Now we'll move to Lakehead University via videoconference, so if we can get that put in place—there we are. Good morning, sir. Can you hear me?

Dr. Livio Di Matteo: Good morning.

The Chair (Mr. Pat Hoy): Very good. You have up to 15 minutes for your presentation. There will be up to five minutes of questioning from each of the parties here. If you would just state your name before you begin, and you can start with your presentation.

Dr. Livio Di Matteo: Certainly. Thank you very much. My name is Livio Di Matteo. I am professor of economics at Lakehead University.

I'm going to switch over to the slides. Once the slides are over, I will switch back for the questioning in terms of being present here.

What I want to do today is present to you an overview of Ontario's economic and fiscal situation. Let me begin with a quick summary.

Ontario's economy was severely hit by the recent recession, particularly in its resource and manufacturing sectors. While the recession is ending and both employment and output are beginning to recover, we still need to address the long-term performance of the Ontario economy. Even without the impact of the recession, the fact is that Ontario has been performing poorly over the last decade when compared to many of the other provinces in the Canadian federation. Productivity and income growth have lagged.

Fiscal sustainability is having the resources necessary to provide the public goods and services that, as a province, we have decided we need. When lagging productivity and income growth is combined with fiscal indicators that point to rising deficits and debt, the sustainability of Ontario's public finances is called into question. Poor economic growth, low productivity and lagging per capita incomes will result in a decline in Ontario's standard of living and will also result in poorer public services.

I'm going to go through three very basic economic indicators and some variations thereof. First, I'm going to look at real per capita GDP, which is provincial output per person adjusted for inflation. I will present some information on employment. Then I will produce also a very simple productivity measure, which is real GDP per employed person. These data sources are from Stats Canada and documents from the Ontario government.

Let me start with real per capita GDP. In terms of real per capita GDP, the first decade of the 21st century is a decade in which Ontario's economy stood still. While the overall output of Ontario's economy has grown over the last 20 years, when you adjust that output for inflation and divide by population, provincial output per person has essentially stagnated since the start of the 21st century. While the drop since 2008 can be attributed to the severity of the recession, the fact remains that the period from 2000 to 2008 saw little in the way of growth.

Notwithstanding the recessionary period, if real per capita GDP from 2000 to 2007 had grown at the same average annual rate as it had from, say, 1993 to 2000—about 3% per year—then real per capita GDP in 2008 would have been approximately $42,000, or about 23% more than it actually was in 2008. This represents output forgone from Ontario's economy equal to about $7,000 per person.

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Ontario's economic performance has also been poor in relative terms. Ontario's poor performance, in some sense, would be more tolerable if it was accompanied by other poor performers, but Ontario's real per capita GDP performance has stagnated while that of other provinces has continued to improve. Ontario's real per capita GDP, which is the line with the brown circles on this particular slide, has recently been surpassed by Saskatchewan and Newfoundland and Labrador. While Ontario still has a higher per capita GDP than many other provinces, the fact is they also have continued to grow while Ontario has stayed flat.

As a result, Ontario has begun to slip in the rankings of per capita output within the federation. In 1990, Ontario was second only to Alberta in its real per capita GDP, while today it has slipped to fourth place. Since 2000, Ontario's real per capita GDP has gone from being about 25% above the provincial average to being barely at the provincial average.

As Canada's largest province and largest single provincial economy, the health of the Ontario economy has long been an important driver of prosperity for the Canadian economy. Ontario has traditionally accounted for about 40% of the nation's output and a similar share of its population. Ontario's economy has traditionally been a diversified performer, rooted in manufacturing, resources and services, and served as a powerhouse for the Canadian economy. However, the powerhouse is waning and its performance has become less electrifying. During the course of the first decade of the 21st century, Ontario has seen its share of Canadian output decline steadily. From about 42% of national output in the late 1990s, Ontario's share has dropped to below 36%.

Over the period 2000 to 2010, Ontario has indeed been the worst provincial performer in terms of the growth of real per capita GDP. Over the first decade of the 21st century, eight out of 10 provinces experienced an increase in their real per capita output, while only Ontario and New Brunswick saw declines. Even Quebec, which has been the historical poor economic sibling to Ontario, saw its real per capita GDP grow by 6% during this decade. Given this performance, it is perhaps no surprise that Ontario has come to qualify for equalization payments.

Employment is another indicator to consider. Despite the poor per capita GDP performance, employment has continued to grow in Ontario. Indeed, since 1991, employment in Ontario has grown by 32%, even despite the recent losses from the recession. However, when the employment growth is taken alongside the output stagnation, it means that more workers are producing less output per person. This is a problem in economic productivity.

Labour productivity has declined. Real GDP per employee rose from the early 1990s to 2000 but has since taken a steep drop. Real output per worker from 2000 to 2010 fell from $71,000 to $65,000, a decline of about 8%. This decline in productivity was also recently noted in a study by Andrew Sharpe and Eric Thomson of the Centre for the Study of Living Standards. They noted that while there has been a productivity slowdown in Canada overall since 2000, Ontario was the province that contributed disproportionately to the slowdown because of the concentration of manufacturing in the province and the fact that manufacturing was a major source of the low productivity. Ontario was responsible for nearly two thirds of the decline in Canadian labour productivity since 2000. Keep in mind that Ontario only accounts for about 36% of national output.

What does declining productivity mean? Productivity and low growth in the long run is important because cumulative slowdowns in the rate of economic growth result in the long-term erosion of our standard of living. If your real per capita GDP is growing at 2% per annum, you can expect your per capita income to double in about 36 years. At 4%, it would take about 18 years; at 10%, a mere seven years. While real per capita GDP in Ontario grew at just over 3% a year over the period 1995 to 2000, between 2000 and 2010 it actually shrank at an average rate of about one third of 1% per year.

The long-term implications of low or declining economic growth are stark. Low growth means that the tax base is also not growing, which means that to increase or maintain public spending you will either require higher tax rates or deficit financing. Since 2000, government expenditure in Ontario has grown by 96%, while government revenues have grown by 62%. The result has been deficits in many of the years since 2000. Fiscal sustainability is government having the resources to do what the public wants or needs. Growing deficits and debt mean that Ontario's public finances have a sustainability problem, which puts the vital programs we all need at risk.

Ontario's public finances, over the long term, can be neatly summarized by an examination of the revenues and expenditures and their difference: the deficit. Since 2007, expenditures have rapidly outpaced revenues, resulting in even larger deficits. Part of the recent deficit gap is the result of increased spending during the recessionary period, while part of it is also due to the slowdown in revenues because of the recession.

Nevertheless, long-term factors are also at work. Slower long-term economic growth is a factor, given that the ratio of provincial government revenues to GDP was 14.6% in 2001, reached 16.6% in 2007—just before the onset of the recession—and in 2010 was at about 17.6%. Revenue has grown slower than expenditure but has grown faster than GDP, meaning that the revenue burden on the economy has also grown. Maintaining current levels of spending has required a rising revenue burden as well as a larger deficit. Large deficits, in turn, have accumulated into growing debt.

I have Ontario's net debt on the left and the debt-to-GDP ratio on the right in this slide. When deficits and debt are combined with the power of compound interest over the long term, the results can be astounding. Ontario's net public debt in 1965 was $1.6 billion and has risen to an estimated $245 billion in 2010. The debt is the sum of accumulated deficits plus interest. Given that Ontario's net debt was $132 billion in 2000, it means that nearly half of Ontario's net debt was acquired over the last 10 years. Indeed, while Ontario has been a province in the Canadian federation for 143 years, over 80% of its debt has been acquired in the 20 years since 1990.

A debt means interest costs to service the debt, and debt service costs in Ontario have only been as manageable as they have been because of historically low interest rates, rates that will inevitably have to rise, given inflationary pressures in the growing economies of India and China. Of course, the ability to carry debt is also a function of your GDP, and in Ontario, the debt-to-GDP ratio has also risen dramatically and now stands at nearly 40%.

By way of comparison, the federal debt-to-GDP ratio has always been larger than Ontario's. However, as the federal government has gotten its finances under control, its debt-to-GDP ratio has dropped—and it's dropped dramatically—while Ontario's, over the same time period, has continued to rise. In 2010, Ontario's debt-to-GDP ratio actually surpassed that of the federal government for the first time in living memory. The debt situation in Ontario has been compounded by a weak economic performance that was aggravated by the recessionary period from 2008 to 2010. Even with recovery from the recession, Ontario will also need to boost its productivity and growth rates to make sure its debt-to-GDP ratio does not worsen.

Ontario is an economy facing many challenges. Ontario's economy, as evidenced from its output and productivity performance, has been on a low-growth trajectory, with long-term implications for the province's public finances and its public services. Rising deficits and debt have been tolerable up to this point because of the fiscal dividend afforded by the lowest interest rates in 40 years. But should interest rates begin to climb, the combination of a large debt and the power of compound interest will be devastating. The long-term implication of poor economic growth and productivity is ultimately a lower standard of living and reduced public services in health, education and other programs we hold dear. Ontario must improve its economic growth record and its productivity performance and bring its public finances under better control.

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That concludes my presentation. Thank you very much, Chair and members of the committee, for your attention. I'm going to switch it over now to the camera.

The Chair (Mr. Pat Hoy): Thank you for your presentation, and questioning will come from the official opposition. Mr. Miller.

Mr. Norm Miller: Good morning and thank you very much, Professor Di Matteo, for your presentation this morning. First of all, I'll ask a question from the end of your presentation. You were talking about the deficit levels of the province of Ontario and the increasing debt—some very high-level stuff. I guess my question is, what does this mean for the average person, the average family, if we stay on the course that we've been on in the past number of years in the province of Ontario with big spending that's not matching revenues?

Dr. Livio Di Matteo: If you want to work it out in per capita terms, the debt works out to about $17,000 or so per Ontarian. Deficits today, essentially, in order to bring the finances under control, will either mean reduced spending on public services tomorrow or higher taxes. In the end, you are going to have to bring that situation under better control and that is what the implication is for Ontario families. It will mean either less spending on public goods or higher taxes at some point.

Mr. Norm Miller: Can you expand a little bit on the declining productivity and what that means for the average person in Ontario as well?

Dr. Livio Di Matteo: The declining productivity for the average person means the economy is not going to have as rich a tax base. A poorer tax base, of course, ultimately is going to mean less revenue to support public services. Low productivity also translates directly into your own pocketbook in the form of lower incomes and lower wages down the road. If your economy isn't as productive, then your workers aren't going to be earning as high an income. So from both sides that means you are going to be less well off.

Mr. Norm Miller: If I'm understanding you correctly, this trajectory we're on is putting things like health care and education spending by the government at risk.

Dr. Livio Di Matteo: Over the medium to longer term, yes. You can't continue, in a sense, paying for things with deficits. The deficits recently have been fairly large in part because of the recession, but as the economy improves, you're going to have to balance the budget. You're going to have to probably try to make some inroads on the debt because the real risk is if interest rates start to climb. If interest rates start to climb with a $245-billion net debt, your debt service costs will squeeze money even more so. So unless you counterbalance that with a rising tax base through economic growth, you will either have to cut spending or raise taxes.

Mr. Norm Miller: And what is your prediction for interest rates over the next number of years?

Dr. Livio Di Matteo: That's a million-dollar question. If I knew the answer to that, I'd probably be quite wealthy myself. Interest rates are going to go up. They're not going to go up dramatically, but if you look at what's happened over the last year on even a basic savings account, interest rates have doubled. They've gone from about 1% on a GIC for about a year to about 2%. I would expect interest rates to probably go up on basic savings accounts double once again, which means borrowing costs on the government debt right now will probably average out to about 5%; I could see them going to 7% or 8% within a couple of years.

Mr. Norm Miller: So in other words, in round numbers, I think the government of Ontario spends around $8 billion servicing the debt, and in their own projections they're predicting it to go up to $17 billion. I don't know what interest rate they're figuring in that, but obviously that's—

Dr. Livio Di Matteo: They've probably made an assumption of rising interest rates to fit that in already, but the question is, will interest rates climb higher than what the assumptions are?

Mr. Norm Miller: And that $17 billion is money that could be spent on programs versus just servicing this increasing debt.

Dr. Livio Di Matteo: That's correct.

Mr. Norm Miller: Okay.

Dr. Livio Di Matteo: Or providing tax relief.

Mr. Norm Miller: Very good. The one slide—I just want to make sure I got it correct—did show that our debt-to-gross-domestic-product ratio versus the other provinces is the worst in the country. Is that correct?

Dr. Livio Di Matteo: That was just compared to the federal government, actually. I was just comparing Ontario's debt-to-GDP ratio to the federal government's debt. For the first time we're actually at their level, but they've come down rather dramatically since the mid-1990s.

Mr. Norm Miller: Okay. Thank you very much for the presentation today. It's very much appreciated.

Dr. Livio Di Matteo: You're quite welcome.

The Chair (Mr. Pat Hoy): And now we'll move to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Having heard the presentation and the questions by the opposition, I have no questions.

The Chair (Mr. Pat Hoy): Now we'll move to the government side. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Professor, for joining us this morning. It's a pleasure to have you here and thank you for all the great work that you're doing up at Lakehead University.

I have just two specific questions. The first has to do with your numbers from 1990 to 2010 indicating that 80% of the debt has been acquired over that time period—yes?

Dr. Livio Di Matteo: Yes, that's roughly the estimate.

Ms. Leeanna Pendergast: So you're saying there are two choices: less spending or higher taxes?

Dr. Livio Di Matteo: Well, it's a little more complicated than that. There are different ways of—

Ms. Leeanna Pendergast: But those were your words.

Dr. Livio Di Matteo: Yes, they were, ma'am.

Ms. Leeanna Pendergast: So I guess what I want to delve into is exactly that fine balance. The McGuinty government is committed to that fine balance, and as you pointed out with a lot of statistics and a lot of numbers over the last 20 years, it's a very difficult challenge, especially given the current global economic climate. We're hearing the opposition saying they could roll back the HST or cut the HST, and that would mean less revenue, and, in your own words, less revenue means less investment in public services. So again, we find ourselves in that difficult fine balance, how to maintain that and yet move forward and deal with the manufacturing sector, which I'm going to ask you about next.

What would be your recommendation? You paint a great picture. You gave us a beautiful idea of the current climate. What would be your top recommendation for next steps, given the picture that you've just painted for this government?

Dr. Livio Di Matteo: There are a number of things that I would suggest be explored. The first is export diversification. I think, given the growth in India and China, the Ontario government should take a leadership role in promoting more exports, given our dependence on the US economy and the fact that the US economy is going to remain flat.

Investment in human capital and education I think are also quite important. I think the future is going to be more knowledge-based and the government has actually shown leadership in that area already; that, I would continue.

I think the government also has to do something about the cost of electricity and energy prices. I think one of the reasons the Ontario manufacturing sector was hit hard was by the increase in electricity pricing, and if further steps can be taken to mitigate the increase in electricity prices and energy prices, that would be beneficial.

The other thing I guess you have to consider, in terms of how do you deal with the deficit: Do you cut spending or raise taxes? I'm afraid I'm more of a gradualist there. I think you'll need to restrain expenditure growth. But if you look at what has happened on average over the last 10 years, spending has grown at about 6.5% a year on average, revenue at about 4.5%. So it's not so much a question of cutting per se in absolute terms but of reducing expenditure growth. Rather than growing at 6.5% a year, you're going to have to bring that growth rate down to probably 3% or 2% in order to narrow the gap on the deficit between the revenues and expenditures. As the economy recovers, revenues will rise, and therefore if you restrain the expenditure growth side, you will probably balance the budget maybe even a bit sooner than you might be anticipating.

Ms. Leeanna Pendergast: Thank you. Number two that you talk about, investing in the human capital, is a segue to my last question. You talked about Ontario contributing to the slowdown because of the heavy manufacturing that we have in Ontario. A previous presenter complimented the government for our investments in skills training, in jobs. He talked about skills-based training and having to raise the bar in that area. We heard a lot last week as we travelled the province about Dr. Rick Miner's report, People Without Jobs, Jobs Without People. Do you have any comments in the area of looking at continuing to invest in skills training and, as we heard earlier this morning, raising that bar?

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Dr. Livio Di Matteo: Well, it's important to invest in education. The days of finishing high school and getting a high-paying job are pretty much over. I think you really are going to have to make sure that anyone who graduates has some form of post-secondary education, whether it's university, college, or skills training, trades and apprenticeships. I think that is something that's going to have to be hammered home with the young and particularly with their parents, that, in a sense, that investment is necessary to make.

However, in terms of deciding exactly what you should be educated in, that's a tougher call. It's really hard to predict what the labour market is going to require five or 10 years from now. Personally, I think the best thing you can do is acquire post-secondary education. In some sense, it isn't even as important what it is; it's a question of being able to acquire the ability to learn, to acquire new knowledge, to become adaptable. So whether you get a university degree or a college diploma or some type of apprenticeship, that provides you with a foundation that you can then use to meet new challenges.

We can't predict exactly what jobs someone is going to have 10 years from now, and suddenly falling head over heels over yourself investing in one particular educational sector because you think that's going to be the next growth area—five years from now, you could turn out to be wrong. I think you need a more balanced approach. You need to fund the educational institutions and let them compete amongst themselves, in the sense of providing programs and letting the students decide where they think their future lies.

Ms. Leeanna Pendergast: Thank you, Professor.

The Chair (Mr. Pat Hoy): Thank you, Professor, for your presentation this morning.

Dr. Livio Di Matteo: My pleasure.

CANADIAN UNION OF PUBLIC EMPLOYEES

The Chair (Mr. Pat Hoy): Now we'll move to the senior economist with the Canadian Union of Public Employees. Good morning, sir. You've seen the last two rounds, but I remind you that you have 15 minutes for your presentation and—you see how the questioning has gone—five minutes from each of the three parties. If you'd just identify yourself for our recording Hansard, you can begin.

Mr. Toby Sanger: My name is Toby Sanger. I'm the senior but also junior economist and chief economist for the Canadian Union of Public Employees.

Interjection.

Mr. Toby Sanger: Yes, thank you.

Thanks very much for the opportunity to appear here. I worked as an economist at Ontario finance in the mid-1980s and then again in the 1990s, so this feels like home, even though I live in Ottawa—where the politics often seem far away from the concerns of Ontario.

You've heard a bit about fiscal alarmism about Ontario government spending and deficits. I want to take a bit of a longer-term view and a broader view of the situation. There's no question that there are economic challenges for Ontario, both in the short term and in the long term. As you heard from previous presenters, Canada fared relatively better than other advanced countries during the recession. We might not have had a great recession here compared to the 1990s, but it wasn't a garden variety recession, either. Ontario, of course, was hardest hit because of greatest exposure to the US and the manufacturing sector. Other provinces benefited from an oil price and mineral price boom, but this also had a negative impact on Ontario. The stimulus was of course successful in preventing a much worse downturn, but it also left large deficits.

Economic growth, as you'll see from this slide—this is using Ministry of Finance figures going forward—is expected to be more moderate than in the 1990s recovery, and we also face the longer-term challenges of slower productivity growth and labour force growth. The main reason that growth is expected to be slower is because we can't depend on monetary stimulus in the form of lower interest rates, like we did in the 1990s. During the 1990s, governments cut spending, but the economy grew because it benefited from a massive jolt of monetary stimulus in the form of falling interest rates and a declining Canadian dollar. If governments cut spending right now, it would cause a major economic slowdown, and perhaps another recession, as we're seeing in the UK.

We do have a high dollar, but we don't have a lot of control over that. Interest rates have almost nowhere to go but up, and it's important that the Bank of Canada maintains low interest rates so that the economy isn't derailed.

Of course, our dollar has been driven high as a result of the Canadian economy's regression to an increasingly resource-based economy. In a lot of senses, and you heard this from the first presenter this morning, the Ontario economy has not been well served by federal policies that have been aimed at promoting Canada as a fossil fuel energy superpower.

I think it's worthwhile to take a look back at what happened during the boom in the 1990s. We had a booming economy during the 1990s and to the early part of the previous decade, but most working families didn't really benefit. There was very large growth in corporate profits; the red line that you have there is inflation-adjusted per capita profits. Meanwhile, real average wages, after adjusting for inflation, were largely stagnant. Until recently, the real value of minimum wages was lower than they were in the late 1970s, when I was a teenager, and I really commend governments that have increased that recently.

We've seen this reflected in the worst rates of inequality since the 1920s. Despite record corporate profits, rates of business investment and productivity have been largely stagnant in Ontario and in Canada during the past decade.

This is an interesting chart. There's a lot of focus on public deficits, but it's also important to look at the deficits of the household sector and the balances of the corporate sector. So there's a complete reversal in this about 10 years ago. Low wage growth and rising house prices led to massive and unprecedented deficits for households, starting about a decade ago. Meanwhile, high corporate profits, cuts in business and corporate taxes and low business investment led to unprecedented corporate surpluses—that's the blue bars there. A lot of the excess profits went into financial speculative investments, mergers and acquisitions, share buybacks and major excess cash reserves.

We see this reflected in debt ratios. There are different measures between household, government and corporate sectors, so they're not strictly comparable, but these lines here give a good indication of the trends. As we all know now, the debt of Canadian households has steadily increased and is now at a record rate of personal disposable income. By some measures, these are higher than rates in the United States.

Public sector debt ratios have declined over the past two decades, but increased slightly as a result of the recession. The red dashed line there is a gross debt, it's not net debt, and net debt is considerably lower. Meanwhile, corporate debt ratios have kept on falling, even right through the recession. So once again, the corporate sector has great balance sheets and often lots of excess cash, but they aren't investing in the economy.

There's been a lot of concern and alarmism about increased public spending in Ontario. Certainly, there's been reinvestment in public services during the past few years and past decade, and that's been important. There has also been increased spending as a result of the recession. But as a share of the Ontario economy overall, current public spending by all levels of government is considerably lower than it was at the time of the last recession. Revenues are also considerably lower than they were as a share of the economy.

What has changed is who is providing the public services. There was a major downloading from the federal government to the provinces in the early 1990s. I think we all should remember that. This continued through the decade, together with cuts and downloading to municipalities and individuals. During the 1990s, the Ontario government also cut spending and downloaded costs to municipalities and to the public. This, of course, resulted in municipal infrastructure deficits escalating to over $100 billion in Canada and tens of billions of dollars in Ontario, major deficiencies in health care services, record rates of food bank use and growing social deficits. So there's been some rebuilding since, but the share of overall public spending in Ontario is still low compared to 15 years ago.

Ontario's provincial program spending is also low compared to most provinces as a share of its economy. Only Alberta and Saskatchewan have lower rates of program spending, and that's because they have had booming resource-fuelled economies. On a per person basis, Ontario's program spending is 10% lower than the government of Saskatchewan's and 15% lower than Alberta's.

I did a little bit of fiscal forecasting using Ministry of Finance figures, and the results show that Ontario could return to a fiscal balance at a reasonable rate without any real cuts to program spending, keeping per capita real spending constant; that means program spending increasing at 3%. They could achieve this even faster if they also reversed some of the corporate income tax cuts, closed some tax loopholes and put this money into public services or else achieved some other efficiencies in public services as well.

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The main challenge, as I think some of the other presenters have mentioned, is of course in terms of jobs. Ontario lost 250,000 jobs at the depth of the recession. There are still about 100,000 more people unemployed in the province than at the start of the recession. More job growth and higher wages lead to higher revenues and lower public spending.

In terms of what measures have the strongest impact, the strongest economic boost of all comes from public spending, particularly in areas such as child care and early learning—and I commend the government for its excellent plan on that—health and social services and education and infrastructure. Investments in these areas not only provide social benefits but they also result in broad-based productivity improvements and greater labour force participation. These are both major challenges for longer-term economic growth.

At the bottom of the barrel in terms of economic stimulus are corporate tax cuts, with both economic and jobs multipliers at only a fifth of those for public investment.

As an economist, I have to say I was shocked when I saw these figures. Canadian governments got into supply-side tax measures seriously about a decade ago, with ongoing cuts both to business and capital and to tax rates applying to higher incomes. The idea behind this was, if you had higher profits and more savings, this would lead to greater investment, then higher productivity and strong economic growth.

In fact, the reverse has happened. Lower corporate tax rates have actually resulted in a lower rate of business investment. Profits have escalated, and there's lots of capital and wealth concentrated in the hands of a few, but rates of business investment have declined and productivity has been stagnant. As a result of this, our economy has become the victim of ever-more-frequent booms and busts, and the public is paying the price as we go through that. Rather than corporate income tax cuts, I think it's much more effective to use things such as investment tax credits to stimulate investment and job creation.

I do have a few other slides that are included in the handouts that I provided. I wasn't going to really talk to them; I thought I'd have run out of time by now. But they do show that public sector employment in Ontario is declining as a share of total employment. Also, public sector wages are a declining share of provincial public spending.

Then finally, there was a question—I had to smile when the member asked the question of the bankers about pay. Ontario public sector wages have actually only just recovered to the level that they were in 1992, in terms of their real value. Other analysis has shown that public sector workers are not overpaid, despite some of what you've seen in the press.

I'll finish my presentation, and I would be pleased to answer some questions.

The Chair (Mr. Pat Hoy): Very good, and the questioning will begin with Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Toby, thanks very much for coming in today and making this presentation.

One of the slides that you've put here that's most disturbing is the one showing corporate tax cuts not increasing investment. When I hear about productivity not increasing in Ontario or in Canada, when I look at that question, that productivity is not linked to whether or not Canadians work hard. It's linked to whether or not employers invest in machinery so that their ability to produce is increased.

In fact, it seems from this slide that the tax cuts we've engaged in since Paul Martin's biggest tax cut for corporations in Canadian history have meant a decline in our economy. Is that a relationship that you've seen in your assessment?

Mr. Toby Sanger: Well, I have to say, this is a very puzzling result. I don't really know the answer. Standard economics would say that if you've got a lower tax rate, then that should lead to higher investment.

I've got some of my own theories of why this is happening. I think one of the things that has happened—we've seen it recently—is that a lot of businesses have put their money into short-term speculative financial investments and not into the business investment that's really necessary.

I think there are some perverse impacts as well. Some of you may have read the piece in the Globe this morning, in the Report on Business. Jayson Myers, who I think is a reasonable economist, said that US corporations, because they're taxed on their global income, don't find a benefit from lower tax rates in Canada.

There have been other stories also, recently. Basically, of all people, the Globe reporter found Harvie Andre as one business person who said that he actually was investing—this is a former federal Conservative minister—in the economy, in new tools and equipment. But most of them aren't, because if the demand isn't there, why are you going to invest? They're making a perfectly logical decision in terms of that. I think it's much better to focus on policies that actually reward that investment, whether your company is profitable or not.

I don't know if that answers your questions.

Mr. Peter Tabuns: No, it does. I appreciate it.

Could you just speak briefly to the experience in the UK—it hasn't gotten that much coverage here in Ontario—the recent significant cuts by the Tory-led coalition government? Apparently, it slowed down the economy and is going to make it harder for them to deal with their deficit.

Mr. Toby Sanger: I wish I could speak more knowledgeably about it. I think there were some news reports recently that the UK economy has slowed down as a result of these austerity measures.

I found it interesting that, just recently, the IMF came out with basically a rebuttal of some arguments that you can engage in austerity measures but have a growing economy. A lot of people pointed to the Canadian experience during the 1990s for that. Well, the reason why they were able to engage in spending cuts, in fiscal austerity, was because we had massive monetary stimulus. This IMF report clearly rebutted these arguments and pointed out—they actually used an example for Canada. They modelled Canada and showed that there would be a considerable slowdown if you engaged in spending cuts in that way.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. Pat Hoy): Thank you. Now we'll move to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Mr. Sanger, for being here this morning, and thank you for your presentation.

I'm an English teacher by trade, and you've given us a deck of all charts and numbers. I'm going to give you the award—from all of last week, travelling the province—for speaking the quickest.

Mr. Toby Sanger: Sorry.

Ms. Leeanna Pendergast: Well done. Thank you.

Just a couple of points of clarification, if you don't mind. On page 5: "Ontario can return to balance without cuts to real per capita program spending." I thought you made some very fascinating comments about how to shrink the gap faster. You mentioned closing tax loopholes. You talked about corporate taxes. Could you just go back to that and just go over those couple of points for me, please?

Mr. Toby Sanger: The Ministry of Finance came out with their economic and fiscal report in the fall. Now, they didn't have a longer-term fiscal forecast. I plugged in some numbers for growth in program spending at 3%—I think that's higher than the finance minister had suggested—and also plugged in the numbers that the Ontario government had in terms of their longer-term economic growth figures, and reasonable figures in terms of interest rate on the debt and growth of revenues. The Ontario government can return to balance at approximately the same pace as after the 1990s recession without cuts to per person real program spending. So that means increasing at approximately 3%.

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That's just a sort of base-case scenario. There are ongoing efficiencies in public services and savings that you can achieve, and we've seen recent fiscal results from Ontario where the government's deficit has been significantly improved over initial forecasts. I certainly expect that Ontario can return to fiscal balance at a reasonable pace without cuts. That's the point of this exercise. I just think that there's a lot of fiscal alarmism going on, and we need to take a more reasonable and longer-term view of the picture.

Ms. Leeanna Pendergast: Very well said; I like the reasonable view as well. At least, that's what this government is committed to, that fine balance and that reasonable view.

When I turn over to page 6, thank you for your comments on public investment yielding a strong boost. You complimented—commended—the government on full-day learning and child care, and your chart shows that the government investments in health care, social services and public infrastructure are on the right track. Agreed?

Mr. Toby Sanger: In terms of child care and early learning, I certainly supported those programs. I think it was very good to have it in a seamless manner. I'm not supportive of opening it up to private child care providers. I think that there's a strong quality aspect to it that's really important. As a parent of young children, it's really important to be assured of the quality of the services that are provided. And you don't know what it is, as a parent, and I think it's really important to have it be non-profit, publicly provided child care. I think it's a perfect example to have placed in schools. I suggested that to the government of Nova Scotia as well.

Ms. Leeanna Pendergast: Excellent. I guess that goes back to our first presenter, the idea of raising the base; going back to daycare and JK goes back to the very fundamental—

Mr. Toby Sanger: Absolutely, and it also encourages much stronger long-term labour force participation. So there are a whole lot of different benefits there.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation.

Oh, I'm sorry. We have to go to the official opposition. We'll hear from them now for five minutes.

Mr. Ted Arnott: Thank you very much, Mr. Chairman, and thank you for your presentation. I found it interesting.

I have a couple of questions. One of your slides is entitled "Public investment yields strongest boost," and you make reference to health care and social services spending being particularly helpful in terms of boosting the economy. I assume that you would draw that conclusion for capital expenditures as well as operating expenses. Would you?

Mr. Toby Sanger: Well, it does depend. Ontario's capital expenditures have increased at quite a fast pace. I do think that the alternative financing and procurement program of the Ontario government is misguided because it's leading to higher long-term debt over the long run. But these are economic multipliers. They're not produced by me; they're produced by Informetrica and Finance Canada.

Mr. Ted Arnott: But you did mention the $100-billion infrastructure deficit that seems to be a number that's commonly held now, in terms of the infrastructure deficit in the province. Certainly, I'm concerned about that as well.

There was a written brief that was sent to this committee by the Groves Memorial Community Hospital. Gord Feniak, who is the board chair, pointed out that the Groves Memorial Community Hospital in Fergus has a number of deficiencies that were identified 10 years ago: no wheelchair-accessible washrooms; patient separation insufficient to readily allow protection from the spread of disease; the emergency department substantially undersized relative to the number of patients being treated, with patient confidentiality being impossible; and various other deficiencies.

Certainly, our community has been waiting a long time to hear from the provincial government on whether or not we'll be allowed to move forward to the next stage of planning for the new hospital that we hope to build. We've raised $15 million towards that plan and that vision. We're still awaiting the government's commitment to work with us and support us in this respect.

I would commend all members of this committee to read this brief, and I would hope that they will.

You're probably aware that the provincial government is currently spending $2 billion a year on hospital infrastructure projects. Would you think that's enough, or would you suggest that there should be more allocated towards that particular funding envelope?

Mr. Toby Sanger: Well, as I said, I think the important point is how you spend it and where you spend it. I mentioned that I think there can be efficiencies and lower costs achieved in areas of this by having it publicly financed rather than privately financed. So it's not just a dollar amount; it's how you do it.

Mr. Ted Arnott: It's how it's spent. Well, I would think that if there's $2 billion being spent in the province, our community would expect our fair share.

You also indicated that in your opinion it would be possible to balance the budget over the medium term without substantial spending cuts. In fact, your slide says Ontario can return to balance without cuts to real per capita program spending. You indicated that one of your assumptions would be that program spending would grow at 3% inflation plus population growth; I'm not sure what that means. But I'm not sure if you're aware that in the most recent long-term deficit reduction plan that the government articulated, which was in last year's budget, they indicated that they could balance the budget by, I think, 2018. One of their key assumptions, which is openly stated in the document, is that they would hold program spending to less than 2% per year, which is considerably different than what they have done in their term of office from 2003-04 until today, which, we have heard, is more like 6% to 7% a year.

Of course, if spending is going up by 2% or 3% a year, that's obviously not a cut, but I think in many government programs it would probably represent a real cut. In some ministries' budgets, it would represent a real cut if you were to hold spending increases to 2% or 3%, as you've suggested. Would you care to comment on what I've just said?

Mr. Toby Sanger: Well, if you're holding the real value of per capita spending to 3% overall, I don't think that it necessarily results in a real cut, because people often don't recognize the increased efficiencies that are being achieved on an ongoing basis in the public sector in a whole lot of different areas. Of course, you can find savings in those different areas. So I don't believe that a 3% increase would necessarily lead to it. It may lead to it in some areas, but I don't think, in general, it necessarily would over the longer term.

The Chair (Mr. Pat Hoy): Thank you for your submission.

Mr. Toby Sanger: Thank you. Sorry about speaking so quickly.

ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Chair (Mr. Pat Hoy): Now I would ask the Association of Municipalities of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. In this case, the questioning will come from the official opposition. I'd just ask you to state your names for our recording Hansard, and then you can begin.

Mr. Peter Hume: My name is Peter Hume. I'm a councillor with the city of Ottawa and president of the Association of Municipalities of Ontario. To my left is Pat Vanini, the executive director of the association. My comments today will highlight the written submission that we have provided to the committee.

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Rural or urban, northern or southern, municipal governments are united in our hope and aspirations for the future of those we serve. For municipalities, much of that hope resides in the ongoing benefits reached through the 2008 Provincial-Municipal Fiscal and Service Delivery Review agreement.

The commitment to the phased upload of social assistance and court security costs was a significant turning point. It set a new course for provincial-municipal collaboration. It is the most important fiscal restructuring advance municipalities have had with the province in the past decade. The Ontario drug benefit and the Ontario disability support program costs are fully paid by the province this year, and it will have reduced its reliance on municipal property taxes to pay for its programs by $947 million. In addition, the Ontario Works benefit upload is on schedule. Staying the course, honouring the agreements and commitments, and preserving the upload schedule to 2018 continue to be of critical importance to municipalities.

We didn't achieve everything we wanted in the review, but the intergovernmental co-operation that resulted in this deal is essential for many of the challenges that remain and continue to develop. Municipal governments quickly responded to the global economic crisis with infrastructure investments. For every federal and provincial dollar spent, a municipal dollar was spent as well. We were eager and willing participants in helping stem the economic decline. We did so in part because of the long-term, predictable uploading agreement. We did so by fast-tracking capital plans, accelerating withdrawals of capital reserves, and taking on more debt and more borrowing. It showed the public how the three orders of government can and should work all the time.

Even with the infrastructure investments and uploading, choppy waters still remain for municipal governments. Ontarians still pay the highest property taxes in the country. Municipalities in Ontario have seen double-digit spending growth in four key areas which are generally regulated or greatly influenced by the province. From 2003 to 2008, costs for policing and fire have gone up by 29.9%. In the same five years, our role in health-related costs is up 21.8%, water and solid waste costs are up by 19.3%, and social housing costs are up by 16.8%. The advice we are putting forward today addresses matters related to these growing expenditure areas.

Despite record investments by all three orders of government in the last few years, we still need infrastructure assistance. Municipalities cannot fix the $2.7-billion gap in roads and bridges, the $1-billion gap in transit or the $1.2-billion gap in water and waste water all on our own. It's a message we've taken to the federal government, and we're here to deliver it as well.

Our infrastructure deficit left in the wake of diverting property tax dollars to social service spending for the past 10 years has taken its toll on our ability to put funds for capital improvements in all areas of our service responsibilities. We are calling on the province to create a new infrastructure investment fund. We're not looking for a laborious, inefficient grant application process but a streamlined, predictable, sustained level of support over a long period of time.

This need and approach is of particular importance to small and rural communities, whose transit system of roads and bridges is vital to their communities, just like transit is vital to urban communities. When over 5,000 kilometres of roads and related bridges were transferred to municipal ownership in the 1990s, it further exasperated the maintenance and rebuilding of the road system that was already owned and on our books. As a result, there are many municipalities that are asset rich and revenue poor, and they need help.

It is also time for the province to consider making permanent the provincial gas tax for transit program. It has helped to improve and expand transit service in over 80 municipalities, improving the movement of goods and people.

We are also calling for infrastructure funding to help with the extensive social housing stock that was transferred to municipalities. This stock alone represents hundreds of millions of dollars of financial risk and exposure for municipalities. The government's new affordable housing program is good public policy, but in order to be successful, it requires investment beyond the capacity of property tax dollar revenues, unless, of course, the desire is to see property taxes in Ontario grow even more.

We are working the halls of Parliament Hill for financial assistance, but it is critical that we get support here from Queen's Park. This is truly one area where all three orders of government can make a difference. Clean, safe, affordable housing has positive impacts on health, poverty, learning and productivity.

Municipalities own almost 50% of all infrastructure, more than either the provincial or the federal governments: arenas, community centres, housing, transit systems and libraries, all requiring extensive modifications in order to meet the accessibility needs of a growing number of Ontarians. This too is a shared interest. We understand the benefits of inclusion. We understand the spending power of those with disabilities. However, most of it benefits the provincial and federal governments through consumption taxes.

While supportive of the accessibility policy, for municipalities, it is a new and unfunded mandate. Our built-environment challenge looks very different from that of the province. We believe the province needs to consider a funding approach to help us meet provincial regulation.

We also know a heap of trouble awaits if we do not make advancements in our approaches to waste management in this province. Since 1989, Ontario has filled up 649 of its 730 landfill sites. In over 20 years, there has only been approval for one energy-from-waste facility.

Property taxpayers will continue to shoulder a big bill. What is the incentive for industry to reduce its packaging? Should a 75-year-old widowed pensioner help pay for the disposal of your or my computer or pay for the disposal of paint that was used on her neighbour's house? Without producer responsibility, she is paying through her property taxes even though she may not be the consumer.

Like the Environmental Commissioner, we believe responsibility for waste management appropriately belongs with producers and consumers. Making producers and consumers responsible for waste should be our goal, not hiding the costs, not ignoring the problem and not letting producers of waste ride on the backs of taxpayers. Producers of waste won't attend public meetings in your community when we have to start looking for more landfill space. None of us will be able to duck this inevitability if the province doesn't act further on extended producer responsibility.

I want to turn to the Ontario municipal partnership fund. It remains an essential program for many communities. One of the emerging concerns is with the formula to deal with policing costs, as it is to help northern, rural and remote areas. In 2008, municipalities spent $3.26 billion to provide policing services to their communities. Provincial assistance was a mere 2% of that total, or $66.1 million. Together, we need to look at the policing component of the OMPF to ensure that it is truly reflective of and responsive to policing in small and rural communities, including what the recent OPP settlement means today and over time.

Municipal liability exposure has led to ever-increasing bills. This liability exposure is predominantly because municipalities are deep-pocket defendants. Plaintiff lawyers see municipalities as having limitless public resources at their disposal and are increasingly making us the targets of litigation when other defendants do not have the means to pay higher damage awards.

Consider Essex county's experience. In 2010, the county's insurance rates increased by 47.5%, and this year a second staggering increase of 41%. Alone, it is enough to trigger a 1% property tax increase in the county. Surely, you agree that there are much better ways to spend property tax dollars than paying to insure against this punishing negligence regime. We know that it's not an easy issue, but we need to get on with a better way forward.

Municipalities are becoming even more cognizant that increased regulations or cost-share changes are eroding the fiscal gains of our upload. This regulatory creep or cost-share creep is evident in many areas, including ambulance, long-term care and public health. There is hardly any regulatory change that has not been couched in a health and safety rationale, but we need to get a better handle on the cost-benefit impacts of such changes.

In summary, preserving the existing upload schedule, together with advances in infrastructure investment and some of the other key needs I have mentioned, are what municipal leaders are putting forward for the 2011 provincial budget.

That concludes our submission, Mr. Chairman.

The Chair (Mr. Pat Hoy): Thank you. We'll move to the official opposition for questioning. Mr. Miller.

Mr. Norm Miller: I have a couple of questions, and I know Mr. Barrett has a question as well.

First of all, you were talking about the need to keep the gas tax that's going to transit. I know there's at least one private member's bill on our side of the House that would like to see that gas tax go to all municipalities. You outlined the need for roads and bridges funding. Do you have a position on that?

Ms. Pat Vanini: It does need, in a similar manner, an ongoing commitment, one that doesn't, as the president mentioned, rely on grants, grant applications and those processes, because, as you know, in rural and northern Ontario, they don't have the extensive staffing to make those kinds of submissions. That's why the submission calls for a long-term, almost formula, approach to dealing with road and bridge needs. This was an approach that was actually done back in the 1970s and 1980s.

Mr. Norm Miller: Okay. I'm sort of going quickly because I've got more questions to ask than I have time to ask them. You talked about the 29% increase in policing costs and fire costs over the past five years—I believe I got that right. The Minister of Finance announced a wage freeze for the public sector in last year's budget. What's happened with your policing costs going forward since last March?

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Mr. Peter Hume: I think that part of our challenge is in changing some of the processes that lead to the cost awards from our arbitration process. Some of the other issues—WSIB, presumptive legislation, the pension systems—are driving our costs, and that's where we're seeing some of the challenges.

When you start to talk about the arbitration process, we really believe that change needs to be made such that arbitrators are required to take into account the municipality's ability to pay.

Mr. Norm Miller: Okay. We support that completely.

I guess I'll pass it on to Mr. Barrett, because I know he's got some questions.

Mr. Toby Barrett: Thank you for presenting on behalf of AMO. As MPPs, we find we're dealing so much with concerns around wind turbines and transformer stations—vibration, noise, health impacts. Much of it is neighbour versus neighbour. Nobody knows when these things are coming in. Obviously, there's no yellow sign that goes up by the side of the road to say that there's some kind of a development, which we traditionally see from your member municipalities. What are you hearing from your membership, your municipalities? What should we be doing to try to resolve some of these—a lot of it's neighbour versus neighbour. I find MPPs are less equipped to deal with those kinds of issues than, say, municipal elected representatives.

Mr. Peter Hume: Well, the reactions are mixed across the province. When you're talking about planning authority, there is some fundamental disagreement over the loss of the planning authority, but in some parts of the province, there is relief that the province will be taking on this issue. As you rightly pointed out, it can be very divisive.

So there are different views on the issue, depending on where you are in the province. For some communities, windmills and energy facilities are divisive; in other communities, the same facilities are embraced. So it's really quite a mixed bag for us.

Mr. Toby Barrett: Okay. Thank you.

The Chair (Mr. Pat Hoy): And thank you for your presentation before the committee.

CANADIAN NATIONAL INSTITUTE FOR THE BLIND

The Chair (Mr. Pat Hoy): Now I call on the Canadian National Institute for the Blind to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this round, it will come from the NDP and Ms. DiNovo. I'd just ask you to state your names for the purposes of our recording Hansard, and then you can begin.

Mr. Paul Ting: Good morning. My name is Paul Ting. I'm the managing director for Ontario and Nunavut. Here with me is Christopher McLean, who is the director of government relations for CNIB for Ontario.

Thank you very much for this opportunity to appear before the standing committee. CNIB was established in 1918. Their mission is to enhance independence for Canadians who are blind or partially sighted and to be the leader in promoting vision health. We provide vision rehabilitation services, library services and support programs for children, working-age adults and seniors. My remarks today will focus on three themes: I will speak about the social and economic impact of vision loss; how services help mitigate the costs of blindness; and the current challenges in delivering services. CNIB will provide two recommendations to the standing committee on how the province can achieve better returns on its current investment in vision loss services.

The social and economic burden of vision loss is very significant. During 2009, CNIB and the Canadian Ophthalmological Society produced a study which measured the total impact of vision loss on the lives of Canadians. The cost-of-vision-loss study concluded that the net financial cost of vision loss is $15.8 billion a year. Of that, $8.6 billion is spent every year in the health care system; in Ontario, that represents $3.8 billion. With only 25% of blind working-age adults participating in the workforce, the cost of lost productivity is $4.4 billion a year. That employment rate has not changed in a generation, since 1988.

For seniors in particular, being blind escalates the risk of traumatic injuries, which contribute to emergency room visits. I want to state a few examples. People with vision loss have twice the risk of falling, three times the risk of clinical depression, four times the risk of hip fractures and more medication errors. Seniors with vision loss are admitted to long-term care, on average, three years earlier than the rest of the population. And the number of Canadians with blindness or partial sight is projected to double in the next 20 years.

CNIB, through the investment of the Ontario government and community partners, is taking action to address this situation. Our services support Ontarians through all stages of life and reduce the economic and social burden of vision loss. Three quarters of CNIB clients are over 60 years of age. Services for seniors, provided in their homes, help them maintain their independence and relearn the skills needed to continue daily living and remain active. CNIB services empower seniors to continue participating in their communities and travel safely. Investing in vision rehabilitation services impacts the health care system by reducing the burden on acute care and helping seniors remain at home. Making these services more readily available reduces the reliance on social services.

Because of the chronic unemployment problem, almost half of adults with vision loss report a gross annual income of $20,000 or less. A key component of finding employment is being prepared. For blind and partially sighted consumers, access to vision rehabilitation services enhances life skills, empowering them to travel more safely, use adaptive technology and improve literacy. A strategy to increase the productivity of blind and partially sighted consumers should include an investment in vision rehabilitation services.

Investing in vision rehabilitation services helps blind and partially sighted children, at all stages of their development, receive the key supports they need. These services are critical in helping them become socially resilient, achieve educational goals and build job readiness that will result in long-term success later in life.

I want to speak about vision rehab services now. Visual rehabilitation services are cost-effective; however, the province's investment in these services has not kept pace with other sectors of the health care system. While the cost of delivering services has increased, revenue from the government has been flat for several years.

The direct cost of vision rehabilitation services for blind and partially sighted Ontarians remains partially subsidized through local health integration networks. These direct costs totalled $12.2 million in 2010. By comparison, CNIB received only $7 million in funding for these services. The remaining $5.2-million revenue gap is raised through charitable donations. This is not sustainable. In no other sector of the Ontario health care system do providers cover the salary of their caregivers with charitable dollars.

What has the impact been for Ontarians? With growing demand for services, staff resources are thinning, caseloads for workers have increased, wait times for clients for services have increased and wages have stagnated, making recruitment and retention of qualified workers a challenge. As it is, CNIB has reached only one in five people who could benefit from services—one in five.

All Ontarians who are blind or partially sighted must have equal access to services, regardless of where they live. Unfortunately, the reality across the province is that LHIN funding for vision rehabilitation services can range from as low as 30% to 90% of the costs. Vision rehabilitation services are subject to the same regional irregularities identified in the 2010 Auditor General's report on home care services. Specifically, funding is not allocated on the basis of locally assessed client need but remains a historically based allocation. These funding inequalities threaten the long-term sustainability of CNIB's ability to deliver vision rehab services.

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Last week, I had the opportunity to meet with the Honourable Sophia Aggelonitis, the minister responsible for seniors. She was astounded at these numbers. The minister gave us her full support for a comprehensive vision health plan, and she asked us to indicate her support to this committee.

In conclusion, I'd like to offer two recommendations to the standing committee, to improve the situation for blind and partially sighted people living in Ontario: first, that the government of Ontario invest in vision rehabilitation services to meet current and future demands. For the population of Ontario, this will be a total investment of $14.2 million annually. This is the amount required for Ontario's LHINs to provide equitable support for the core costs of services. It would also allow CNIB to increase service volume by 20%.

Second, we call upon the Ministry of Health and Long-Term Care to adopt its own recommendation to deliver a comprehensive vision health plan for Ontarians.

CNIB fully supports the principle of health care integration and the value of system collaboration.

To create opportunities for further health care system efficiencies, CNIB advocates for the integration of vision health promotion and prevention strategies to reduce incidence of blindness and vision loss, and partnerships across the continuum of eye care professions to promote a common vision health plan.

A key enabler of this strategy is contained in the Ministry of Health's 2010 report by the Health Professions Regulatory Advisory Council on eye care in Ontario. A key finding from this report is that Ontario requires a comprehensive vision health strategy, including a plan for vision rehabilitation services to address the growing crisis of vision loss in Ontario.

Further, there must be improved collaboration from all eye care professionals. The report recommends the creation of a vision health task force to work with the Ministry of Health and Long-Term Care to develop a vision health plan. CNIB fully supports this conclusion and urges the Ministry of Health and Long-Term Care to work with all stakeholders to expedite the development of an Ontario vision health plan.

Thank you for the opportunity to present our submission to the committee today.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for the presentation today. A number of people have come forward with reports that show that there are substantial savings to be made in later treatment by investing in prevention at an early stage. Can you give us a sense of the scale of demand that is currently unmet in this province? When you say you need to enhance your service delivery capacity to meet demand, what is unmet right now?

Mr. Paul Ting: We could only service one out of five who need our services today. In Ontario, there are self-identified Ontarians who have significant vision loss. It's 375,000. So we are only able to meet one out of five people who need that service today.

Mr. Peter Tabuns: And those other four: What do they do when they don't get access to the vision services and the support services that you offer?

Mr. Paul Ting: We have to use other strategies in terms of engaging volunteers, not to the extent that we'd like to provide support to them, in the time that we want to address. For example, there's a growing wait-list issue, and it is significant in terms of regional. In the rural areas, for example, we can only go there to visit the community maybe once or twice a year with a team of health care providers, rather than having the ability to support them when they need that kind of support. That's the regional disparity that I spoke about earlier.

Mr. Peter Tabuns: Okay. So in urban areas, there's presumably a much higher level of service.

Mr. Paul Ting: That's correct.

Mr. Peter Tabuns: When you say "regional," it's not so much the southwest as rural versus urban where you get the difference.

Mr. Paul Ting: That's right. But let me add to that. We know that the growth, especially in the 905 area, around the GTA, has been significant over the last few years. But the services, due to our funding, have not been able to keep pace. That's also the issue in urban areas, in addition to rural areas.

Mr. Peter Tabuns: You noted in here the cost to the health care system and to the economy from vision problems that are not addressed. Has anyone done an analysis of the savings that are there through early intervention?

Mr. Paul Ting: We do not have a direct study done at the present time, but this we do know: We know that the stats that I quoted earlier, in terms of the population of Ontarians with vision loss—they have significant issues in terms of the risk of falling and the risk of clinical depression. Those eventually end up in the emergency department that the Ontario government will have to deal with in a higher-cost environment.

We feel that by providing vision rehabilitation services in the community, it will prevent those things from happening, which is very consistent with the goals of what the Ontario government and the Ministry of Health want to achieve: to not create pressure at emergency, but to provide the services to allow Ontarians to remain independent in the community as much as possible.

Mr. Peter Tabuns: And is there any province in Canada, any territory, that comes closer to the model that you're suggesting—providing adequate vision care, vision rehabilitation? Is anyone leading on this at the moment?

Mr. Paul Ting: Yes. In fact—

Mr. Peter Tabuns: Who?

Mr. Paul Ting: Quebec. Quebec is funding vision rehabilitation services 100%. The government both funds and provides those services. That's the model they moved to a number of years ago, so the services there for the population that we support are a lot better than in the rest of the country.

Mr. Peter Tabuns: And have they done a study of any of the health care cost containment that would come from that preventive care, that rehabilitative care?

Mr. Paul Ting: I'm not sure that there was a systematic study of that, but this we know: Speaking to the people who have vision loss—either blind or partially sighted—in Quebec, they don't have to be on the wait-lists as long as the rest of the country. In terms of having to go to different places in order to find the services that they need, they can go to one single place. All the comprehensive assessments will be done and all the support will be provided. That's the model I think we should be looking at in terms of the funding and also the scope of services available through that funding.

Mr. Peter Tabuns: Okay, thank you very much. I appreciate those answers.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Paul Ting: Thank you.

ALLIANCE OF SENIORS/ OLDER CANADIANS NETWORK

The Chair (Mr. Pat Hoy): Now I ask the Alliance of Seniors and the Older Canadians Network to come forward, please. Good morning. You have up to 10 minutes for your presentation. The questioning this time will come from the government. I'd just ask you to state your name for the purposes of our recording Hansard.

Mr. Derrell Dular: Derrell Dular. Bonjour.

The alliance/network began in 1993 as the Alliance of Seniors to Protect Canada's Social Programs and was founded by that generation of seniors whose ideals and values were shaped by the hardship and sacrifice experienced during the Great Depression and the world wars, and in response to successive federal and provincial budgets that demonstrated a substantial withdrawal of financial and political support for Canada's cherished social safety net.

The diversity of our coalition reflects that of Toronto, the most culturally diverse city, and of Canada itself. Individually, our members hail from all walks of life, including academia, business, professions and, of course, the general citizenry. Together, we find common ground in our alliance/network's mission statement: to preserve and enhance Canada's social programs on behalf of present and future generations; to promote a society where all persons have an equal opportunity to live in dignity, to realize their potential and to participate in the democratic process; and to educate and raise public awareness about the values, life experiences and lessons learned by Canada's older citizens.

As a coalition, the alliance/network does not presume to speak for individual participating organizations, nor represent their specific positions. Rather, we seek to build consensus upon the shared values amongst our participants when addressing issues of mutual concern.

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In this submission, we have drawn freely upon the plethora of advice provided by our diverse participants. We regret that given constraints prevent us from addressing in depth many of the concerns expressed. Our primary focus here will deal with two major areas of concern: the provincial debt and deficit, and its limiting effect on government policy and program funding; and health care, the keystone of Ontario's and Canada's social safety net.

From the committee's report of the pre-budget consultation in 2010, we note that, in appendix B, the dissenting opinion of the Progressive Conservative members of the committee, it is reported that on October 22, 2009, the government announced a $24.7-billion deficit. The dissenting members then calculate, "Every hour, 24 hours a day, the McGuinty government spends $2.8 million more than it receives in revenue." And further: "Since Dalton McGuinty came to office, Ontario's debt has grown by $65 billion or 45%...."

From these statements, one may calculate that the provincial debt was then approximately $144.4 billion. From the Canadian Economic Observer: Historical Statistical Supplement 2009-10—StatsCan—one can glean that the projected 2009-10 interest payable on that debt was $9.4 billion, or, divided by 365, about $25.7 million a day, and further divided by 24, about $1.07 million per hour.

The great recession and consequent calls for stimulus spending aside, it is the compounding interest payable on the public debt that is significantly adding to the annual deficit and accumulating public debt—and not only in Ontario but in provinces across this land and, including federally, the country itself.

Again from StatsCan: Canadians paid $160 million per day in 2009 in interest on federal, provincial and municipal debt. The portion of that carried by the people of Ontario was $64 million a day, every day, all year long. Some people find it hard to believe these numbers. They can't see where we are spending $64 million a day in Ontario, but the figures are correct and easily verifiable through StatsCan. It means that this tax money is not available for other areas. It means that our taxes are higher than necessary. These costs are also reflected in user fees; cutbacks in public services such as health care, and education; the visible deterioration of public infrastructure such as roads, sewers, water lines; affordable housing etc.

Crucial to our governmental debt problems is the fact that our governments at all levels borrow from private banks and from other private moneylenders and pay market rate interest on these debts. Each year, governments collectively across Canada presently pay some $60 billion in interest on their debts, and as these debts increase, with interest rates probably rising, this enormous annual burden for taxpayers will increase. But this interest expense is not necessary.

Through our publicly owned Bank of Canada, the federal government has the power to borrow money in the required quantities essentially interest-free and to make such funds available not only for its own use, but also for provincial and municipal expenditures. It is possible because the bank belongs to the government, and any interest paid to it, less the costs of the administration, reverts back to the government as part of the bank's profit.

The bank was nationalized by Prime Minister Mackenzie King in 1938, and used to the advantage of Canadians for 35 years. But in later years, controls over monetary policy were gradually reduced. By 1974, monetarism and free market ideology were adopted in Canada, and the government reduced its use of the Bank of Canada to finance public debt, relying almost entirely on the private sector, and de facto control of currency and credit was taken over by privately owned chartered banks. As a result, when interest rates were pushed very high in 1979 through 1981, and again in 1989-90, the federal debt soared over 3000%, from $18 billion in 1974 to $588 billion in 1997, with corresponding increase in provincial and municipal debt and massive debt charges. In 2009, federal interest-bearing debt stood at $710 billion, and total interest-bearing debt for all levels of government reached approximately $1.5 trillion.

Our governments' indebtedness to private financiers gives that sector undue influence on government policy, leading to decisions that benefit private interests over the public interest and the community as a whole.

How did we get into this mess? Not by living beyond our means, as some would say. Unemployment insurance, welfare programs, old age pensions and housing did not increase as a percentage of GDP. The real culprit in the debt's astronomical rise was not social programs but high interest rates, made more galling because the government, both Liberal and Conservative, could have borrowed from its own bank at near zero interest cost.

If our government had been using its own bank, the Bank of Canada, as it should have for the past 35 years, we would not be in this situation. From 1867 through 1975, the accumulated federal debt amounted to $19 billion, and during that time we paid for two world wars and other smaller ones, built the TransCanada Highway, contributed to the construction of the St. Lawrence Seaway, built housing, hospitals, schools and universities, brought in the Canada pension plan and made medicare a national service. Such borrowing played a key role in creating Canada's post-war prosperity and its social safety net.

The knee-jerk reaction to the suggestion that the government borrow from its own bank is that it would cause runaway inflation. Since for over 30 years our government has not borrowed significantly from its own bank but primarily from private sources, at interest, we might assume there has been little inflation. We know, of course, that is not true.

The Vice-Chair (Mrs. Laura Albanese): I just want to give you a pre-warning. You have less than two minutes left.

Mr. Derrell Dular: Thank you.

Just think for a moment what a house cost 30 years ago and what a similar one costs today.

While borrowing too much money can lead to inflation, once the decision to borrow has been made, it is no more inflationary for the government to borrow from the Bank of Canada than it is to borrow from the private financial markets. In fact, it is less inflationary by exactly the amount of the interest the government saves by using its own bank.

To reduce the influence of the private financial sector, both foreign and domestic, and to save taxpayers billions of dollars every year, our politicians, federally and provincially, should vigorously support using the Bank of Canada for financing public debt to invest in public services and infrastructure and gradually repay our governments' privately held debts. Think of it as debt consolidation on a provincial and national scale.

It is the only way out of the mess we're in. The only way to get adequate funding for public services and job creation and to reduce taxes is to use our public bank, the Bank of Canada, for financing public debt. To attempt to pay down existing debt from earnings will only impoverish us and our children, our grandchildren and their children's children.

I'm running out of time.

Our health care concerns obviously stem from the debt issue. In Ontario, per capita health spending is the second lowest in Canada. Seniors and older Canadians are very concerned and feel very strongly about medicare. The language of unsustainability that the McGuinty government has been using regarding health care is dangerous and untrue. It does not befit a government that has won two consecutive elections with support for public health as a cornerstone of their platform.

The Vice-Chair (Mrs. Laura Albanese): Your time has expired, if you could kindly wrap up.

Mr. Derrell Dular: I'm sorry?

The Vice-Chair (Mrs. Laura Albanese): If you could have just one last sentence to wrap up.

Mr. Derrell Dular: One last sentence to wrap up. I said we had a plethora of input on this from our many groups, and I really regret that we can't address housing, transportation and everything else.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. This round of questioning goes to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you. You're looking well up there, Chair. Nicely done.

Thank you, sir, for your presentation and thank you for being here today to represent the Alliance of Seniors and Older Canadians Network. I just had a couple of points of clarification, beginning with just exactly who the alliance is. I know that you explained it in the beginning of your presentation; it's just that there's a lot of information that comes at us very quickly. That's why the questioning is very helpful. You mentioned that the alliance/network does not presume to speak for individual participating organizations nor represent their specific positions.

Mr. Derrell Dular: That's right, because many of our—

Ms. Leeanna Pendergast: So tell us who the network is speaking for.

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Mr. Derrell Dular: For example, Canadian Pensioners Concerned has made a written submission and requested standing before the committee but was not satisfied in that regard.

When I talk about the diversity of our coalition, participating organizations include the Association of Jewish Seniors, the Canadian Institute of Islamic Studies and Muslim Immigrants Aid, Caribbean Canadian seniors, the Yee Hong centres, the North York Latino American Seniors, the Jamaican Canadian Association, Korean Inter-agency Network—we are culturally diverse and our members are active and concerned citizens.

Ms. Leeanna Pendergast: So do you poll your members? How many members would you say you have, approximately?

Mr. Derrell Dular: The combined membership, individual and organizational, is approaching a half a million.

Ms. Leeanna Pendergast: Okay. Do you poll them, or how do you sort of glean this knowledge?

Mr. Derrell Dular: We poll them regularly. We rely on the Internet; a remarkable number of people in their 80s and 90s are Internet-literate, and we're very grateful for that because it makes our communication process that much easier. As I say, we're a volunteer-based organization. I have a staff of none.

Ms. Leeanna Pendergast: I'm laughing in sympathy. Thank you. Actually, we heard across the province last week that we are hearing from a lot of seniors over the Internet, so that's a very good thing.

A couple of comments you made: The provincial debt/deficit, the $24.7 billion, as you know, has now been reduced by 25%; it's now at $18.7 billion, which is a remarkable accomplishment by this government.

You mentioned that our taxes are higher than necessary; I do remind you that 93% of the people of Ontario have seen relief in their taxes due to our recent tax package. But I wanted to jump ahead. You mentioned CPP, the Canada pension plan, and I wanted to get your thoughts on that. We've heard from a lot of groups across the province that probably overlap your membership as well. We've heard from educational groups—

Mr. Derrell Dular: We were very disappointed in the seeming consensus among provincial Premiers for this new sort of solution to the approaching pension dilemma in the country. We would prefer to see an expansion of the existing Canada pension plan as the most efficient, effective and least administratively expensive.

Ms. Leeanna Pendergast: Thank you. That's what I wanted to hear from you. The finance minister, the Honourable Dwight Duncan, continues to call on the federal government for reform to the CPP, as well as introducing Bill 120 for pension reform in Ontario, with which I'm sure you're familiar. Almost two thirds of the recommendations of the Arthurs report have been met in that reform—more good news.

The language that you're talking about: This government is committed to sustainability of health care in the province of Ontario. I'm concerned about the negative, the unsustainability, and I want to assure you that we're committed to the sustainability of health care. I think you go on to make some excellent points, points that we have heard around the province in terms of health care and the particular demographic which you represent today.

Mr. Derrell Dular: What we are very concerned about with health care is incremental privatization, the loss of services in hospitals because their budgets are inadequate and haven't kept up with the rise of costs and inflation. The fact that Ontario is the second-lowest contributor to health care, per capita, in the country is very, very upsetting.

Ms. Leeanna Pendergast: And we're hearing, of course, across the province—

The Vice-Chair (Mrs. Laura Albanese): You have 30 seconds left.

Ms. Leeanna Pendergast: We heard from hospitals as well, commending the government for the ALC strategy, the alternate levels of care; continuum of care; reduced ER wait times. I guess from your perspective, and we have less than 30 seconds, what would you say you want to leave the government and this committee with today, in terms of cost to look at that would support what your membership is asking for?

Mr. Derrell Dular: I think I'd go back to our original point: The biggest cost to this province and to taxpayers of this province is the ineffective financing of our public debt, and this has to be addressed and should be forcefully addressed by the number one province in this country.

Ms. Leeanna Pendergast: Thank you, Derrell.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation.

CERTIFIED GENERAL ACCOUNTANTS OF ONTARIO

The Vice-Chair (Mrs. Laura Albanese): We now call on the Certified General Accountants of Ontario to come forward. Good morning. You will have 10 minutes for presentation, and that could be followed with up to five minutes of questioning by the official opposition in this round. Please identify yourself before you begin for the purposes of Hansard.

Mr. Ted Wigdor: Certainly. My name is Ted Wigdor. I'm the vice-president of government and corporate affairs for the Certified General Accountants of Ontario. With me is Amy Mulhern, manager of public relations.

Before I begin, I would like to extend both greetings and apologies on behalf of my CEO, Doug Brooks. He was certainly intending to be here with us this morning, but unfortunately, due to illness, he is unable to attend. These things happen, unfortunately.

On behalf of the 28,000 certified general accountants and students in the CGA program of studies, I would like to thank you for the opportunity to present our recommendations for the upcoming provincial budget.

I'd like to start with a brief overview of who we are as an organization. The Certified General Accountants of Ontario is a self-governing provincial professional authority responsible for the accreditation, regulation and continuing professional development of CGAs in the province of Ontario. We operate under the provisions of the Certified General Accountants Act, 2010, the CGA Ontario bylaws, and the code of ethical principles and rules of conduct. The mission of CGA Ontario is to ensure its members merit the confidence and trust of those who rely upon their professional knowledge, skills, judgment and integrity while advocating the use of their professional expertise in the public interest. CGAs have a 100-plus-year history of delivering accounting and finance expertise to all sectors of the Ontario economy, and we remain committed to making the province an even better place in which to do business and to live. More information on who we are and what we do can be found in our written submission to you and the Minister of Finance.

The last few years have been challenging for the Ontario economy, as we all know. The economic downturn of 2008-09 affected all sectors. Jobs were lost, families affected and government resources strained.

In 2010, Ontario's economy showed signs of growth. As noted in the 2010 economic outlook and fiscal review, Ontario recovered most of the jobs lost during the recession, compared to the United States, which recovered just 10%. Ontario is emerging from the recession. The implementation of the harmonized sales tax last summer, coupled with personal and corporate income tax reductions, will provide both short-term and long-term benefits to the Ontario economy.

While it is still early, there are economic reports that these tax measures have already had a positive impact on the economy. The 10% increase in business investment in machinery and equipment is one success, yet we are not out of the woods. Despite improved employment levels and growth in GDP, there is much economic uncertainty domestically and around the globe. Our economy is affected by both political and economic forces. Private and public sector economic growth predictions for the coming years are a modest 2% to 3%. As our economy is strongly integrated with that of the US, we will be affected by how the US economy performs.

However, there are initiatives that the Ontario government can do in the 2011 budget to improve both its short- and long-term economic prospects. These are our recommendations.

First, dealing with the short term: This budget and subsequent budgets over the near term must focus on accelerating the time frame to return to a balanced budget. We supported the need for intervention subsequent to the 2008 crisis. We also cautioned that the continued significant deficits were not a long-term solution. The government has forecasted combined deficits of $51.9 billion from April 2010 to March 2013. This is a modest improvement from earlier forecasts but will only have a marginal impact on our overall accumulated debt. These debt levels carry billions of dollars in financing charges for years to come and will hinder the government's ability to invest in future programs such as health care, education and infrastructure.

We strongly encourage the government to set a goal of returning to a balanced budget earlier than 2017-18, with a particular emphasis on reducing the forecasted $51.9-billion deficit over the next couple of years. Any incremental gains from revenues beyond original forecasts should be used to reduce planned deficits.

The end goal cannot just be to return to balanced budgets. We encourage the government to commit to reducing the accumulated debt once the annual budget is balanced, in order to reduce the annual financing charges associated with the debt that will have accumulated over the next few years.

Admittedly, it is easy to implore you to significantly reduce the deficit. However, we have the following suggestions to help you achieve this goal.

With respect to stimulus funding, we wish to reiterate our main recommendation from last year: that the government undertake a cost-benefit analysis of the larger projects that will be funded through future stimulus spending to ensure that the maximum value in returns on these large investments is realized. The 2010 Ontario Auditor General's report expressed a similar viewpoint: that the government undertake appropriate due diligence when evaluating proposals under the stimulus fund.

We also repeat our recommendation from last year that the government undertake to measure and report back to Ontarians on the economic benefits attributable to each major project that was funded through the stimulus spending program to ensure transparency. These measures are critical to ensure that there is a strong level of accountability to Ontarians with respect to the major investments that were made through this program.

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In our submission last year, we applauded the government's initiative in establishing a working group to review program expenditures and service delivery to find savings within each ministry. We encourage the government to keep this working group on a permanent basis, with a mandate to find administrative savings in each department, work collaboratively among ministries, and publish an annual scorecard on the effectiveness of program expenditures.

With respect to health care review, we are all familiar with the percentage of the province's operating budget that goes into health care, as well as the trajectory of the health care budget if left unchecked. While we all value the quality of our health care system, most, if not all, of us would agree that the current annual growth rate of our health care budget is not sustainable and that we must find ways to maximize the value of our health care expenditures while curbing its rate of growth.

With this in mind, we strongly encourage the government to create an expert panel of economists, actuaries, health care professionals and leaders who have expertise in the financial management of health care services. The mandate is to provide recommendations back to government on sustainable, affordable options concerning our health care system. It would be advisable to consult Ontarians about the choices they are prepared to consider as part of a new health care strategy while addressing other priorities, such as investments in education, infrastructure, economic development and others.

We support the accountability measures that the government put in place in the Excellent Care for All Act, 2010, and encourage the government to develop a robust accountability mindset for more aspects of the health care sector.

We support the government's targets for reducing the Ontario public service by 5% over three years, as well as the number of classified government agencies by 5%. While welcoming this targeted reduction, it is important that the government be strategic in the way in which it reduces the size of the OPS. We encourage the government to examine the nature of the positions before they are eliminated to ensure that skilled human resources are there to deliver on the government's policy priorities. The government should not reduce its investment in tax compliance measures because these expenses generate a positive return on investment.

Dealing with the long term: While we strongly believe that the budget's primary focus must be on implementing measures that will accelerate the return to a balanced budget, it is vitally important to keep an eye on the long term to ensure that Ontario maintains a strong and competitive economy. While we have learned several lessons from the recent economic recession, two items stick out for us: Our long-term economic prospects cannot rely on one specific export market, and Ontario's long-term economic growth should not depend on one sector.

Overreliance on one export market results in our dependence on that one market for Ontario's economic growth. Similarly, an economic strategy that focuses on one sector results in severe fluctuations and job loss if that sector falters. In short, we must develop a strategy of diversification. We need to diversify our export markets as well as our economic sectors, fostering emerging sectors and leveraging existing strengths and clusters.

Along with broadening our export markets, we must broaden the private sector base that leverages exports for economic growth. Currently, the small and medium-sized enterprise sector employs 50% of Ontario's workforce but it only represents 35% of Ontario's exports, and these exports are derived from only 8% of SMEs. We believe that there is a significant opportunity to grow our economy by developing an economic strategy and a regulatory framework that fosters a strong entrepreneurial spirit in the private sector.

With particular emphasis on the SME sector, much of this can be accomplished through education and dissemination of information that illustrates the benefits of thinking internationally, and then a corporate export strategy need not be equated with any one particular market. Along with helping businesses grow in foreign markets, this economic strategy should leverage our existing strengths: financial services, high technology and health care research.

Such a strategy will require strong investments and linkages with other stakeholders, including academia, large and small businesses, and federal and municipal governments. It will take time to formulate, but this investment will help Ontario position itself for growth in new and emerging sectors.

To summarize, Certified General Accountants of Ontario believes that Ontario must manage its program expenditures effectively and return to balanced budgets quickly. Once the budget is balanced, a fiscal priority to reduce the accumulated debt should be embraced. By reducing our debt, we will have the ability to fund program priorities and will have the capability to withstand future economic events that may require governments to spend to stimulate our economy, as we experienced in 2008.

Second, Ontario must develop a long-term economic strategy that supports the SME sector and helps that sector diversify our export markets and our economic base in order to remain economically competitive. Moreover, an economic strategy that leverages existing strengths and clusters will create synergies that can be the catalyst for future growth and diversification.

Thank you for this opportunity to speak to you, and I welcome your questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much, Mr. Wigdor, for your presentation. I gather that one of your key recommendations is that the government needs to balance the budget sooner than 2017-18.

In last year's budget, the Minister of Finance announced wage freezes and restraint. How do you think they're doing so far with that?

Mr. Ted Wigdor: I don't have specific information on how that is working out. I believe that's a positive measure, but I think that we need to take a broader look at how to reduce the deficit.

Certainly, that's one aspect, and I applaud the minister for putting forward recommendations that obviously impact public servants. That's certainly one step in the right direction, but as I discussed, we need to look at other ways in which to reduce the deficit, including taking a hard look at the health care sector.

Mr. Norm Miller: One of the groups before you was the Association of Municipalities of Ontario, and they were talking about their cost pressures, like policing costs, fire costs and insurance. They also talked about settlements and their lack of control over them because of arbitrators increasing wages despite the minister saying zero per cent. The reality is, there are 2%, 3%—5% in some cases—increases in wages. Their ask was that arbitrators take into account the ability to pay of municipalities. Is that something you think makes sense?

Mr. Ted Wigdor: I don't claim to be an expert in that area. Obviously, any judicial review or arbitrator would need to look at both the economic sense of an issue as well as the ability to pay. I don't know the extent to which municipalities can or cannot pay arbitration decisions.

Mr. Norm Miller: So you're suggesting that the budget be balanced sooner.

Mr. Ted Wigdor: Yes.

Mr. Norm Miller: I assume that's because you're concerned about increasing interest payments to service the debt. What does it mean if the government doesn't try to rein in spending and keeps ramping up these deficits?

Mr. Ted Wigdor: The more deficit that's accumulated, or the more debt that's accumulated, obviously brings with it additional financing charges, so each year there's that much more money that needs to be put towards interest payments on the debt rather than focusing on other government priorities.

As we experienced with the federal government, the more deficit that you can pay down, it frees up capital to reinvest in programs, and it becomes a virtuous circle. The federal government had a great record for a number of years in that until, of course, the downturn in 2008. I would certainly encourage the provincial government to look at, specifically over the next two to three years, how much debt it can reduce, thereby reducing subsequent interest payments year after year so it becomes a virtuous circle, and it makes it that much easier to balance the budget.

Mr. Norm Miller: I think Mr. Barrett has a question.

Mr. Ted Wigdor: Sure.

Mr. Toby Barrett: You recommend a cost-benefit analysis of the stimulus funding. You recommended that last year as well.

Mr. Ted Wigdor: Yes, and the Auditor General made similar comments in his report.

Mr. Toby Barrett: Yes. He discovered, I think, only 7,000 jobs in the first year. We would do an analysis, or an evaluation, certainly. We're trying to find out how many jobs were actually created.

Secondly, you go on to talk about this working group. Does this government adequately have experts who can monitor and evaluate and determine whether government money is being spent properly? Are we picking up on fraud, for example? I know, down my way, there's an expression: "Government money is stupid money," and the vultures move in on it. Are we catching this kind of stuff, or is it just going out the door with no evaluation?

Mr. Ted Wigdor: I don't know whether you're asking broadly or whether you're speaking specifically about the stimulus funds.

Mr. Toby Barrett: Are there people out there who could actually do this, like forensic auditors, people like that who can pick up on this wasteful spending?

Mr. Ted Wigdor: I'm not suggesting that the spending has been wasteful. I'm not suggesting that there has been fraud. What I am suggesting is that, to maximize the value of investments, there be a scrutiny of the costs and benefits of each major project that is funded through the stimulus package so that we get the biggest bang for the buck.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Ted Wigdor: Thank you, Mr. Chair.

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ASSOCIATION OF ONTARIO HEALTH CENTRES

The Chair (Mr. Pat Hoy): Now I'd ask the Association of Ontario Health Centres to come forward, please. Good morning.

Ms. Lee McKenna: Thank you very much, honourable Chair and members of the standing committee. It's my pleasure to present today on behalf of the Association of Ontario Health Centres, which is a provincial association of 73 CHCs—community health centres—16 community family health teams, 10 aboriginal health access centres, and one nurse-practitioner-led clinic. We call upon the Liberal government to get serious about health equity and to address the great health divide that increasingly mars the landscape of this wealthy province. Some 15.2% of Ontarians are living in poverty. Overlapping with that number are hundreds of thousands who are homeless, underhoused, undereducated, newly arrived, racialized, minoritized, isolated, elderly, vulnerable, often presenting with concurrent, chronic and mutually exacerbating disorders.

Community health centres have been serving exactly these sectors of our population, those who experience barriers to accessing primary health care, since the late 1960s—for more than 40 years. The clients served by our centres live life on the edges.

Our centres are leading the way in delivering holistic, interprofessional, collaborative care, addressing the conditions in which people live that shape individual and community well-being. Integration of services through partnerships, co-locations and complex webs of community collaborations ensures efficient, high-quality clinical care, health promotion and community development programs—seamless care along the continuum of care.

This government has sent clear signals that it is interested in providing high-quality primary health care for all Ontarians. Community health centres and aboriginal health access centres are well positioned to partner with a government determined to alleviate poverty, reduce emergency department use, reduce hospitalizations, turn around the tsunami of poverty diseases such as diabetes and obesity, give all Ontarians healthy smiles, address the social determinants of health and head off mental illness and addictions before they cost the system many times more than effective primary health care.

However, in order to be those effective partners in province-wide delivery of care that addresses the needs of Ontarians most at risk of illness and chronic disease and the need for system sustainability, then expansion in this model must be a priority.

These are what AOHC is asking for:

—a one-time infusion of $150 million to meet the needs of new CHCs and satellites;

—$25 million to address the capital needs of aboriginal health access centres, whose facilities have seen almost no upgrades, expansions or improvements in the 14 years since their creation;

—an increase in the community portion of health capital from an inadequate $25 million annually to $50 million in order to more effectively meet ongoing demand.

Given the Ministry of Infrastructure's plans for a $60-billion, 10-year disbursement, along with our association partners in Community Health Ontario—the Ontario Community Support Association and the Ontario Federation of Community Mental Health and Addiction Programs—we have submitted a proposal for $600 million over those 10 years for the creation of 100 health and social service hubs across the province. These hubs would take advantage of, and integrate together, a number of initiatives already under way, such as those named above: provincial strategies for oral health, diabetes, mental health and addictions, as well as housing—supportive housing as part and parcel of hub-centred, one-stop health and social services.

As AOHC accompanies our member aboriginal health access centres through the transition into the Ministry of Health and Long-Term Care, we urge the government to take this unique opportunity to address a need we have been raising in this forum for six years: AHACs and the aboriginal, First Nations and Inuit people they serve deserve to be fully lifted out of their second-tier status and fully funded, equitably, with their sister organizations, community health centres. That would mean $1.5 million per AHAC in equalization funding for each of 10 AHACs.

HOOPP, a defined pension plan inconsistently available across health care settings, is an indispensable tool in integrating and facilitating the effective use of health human resources. It will bring community-based providers in line with those in the hospital sector. Parity in pension offerings will help community health organizations attract quality health human resources, promote higher mobility amongst care settings, enable integration, and increase access to services in rural areas and community settings.

By removing this barrier to integration and enabling greater mobility by the health care provider to where the need is greatest, the quality of health care services and access to care will be enhanced in all regions of Ontario. For CHCs and AHACs, that would mean a closing of a funding gap of $7 million and $867,000, respectively. Though we are aware of the government's constraints on public sector compensation, for our sector it is critical that we begin now to plan for April 2012 and beyond if we are to achieve the kind of integration across the system that we all desire.

Recent polls indicate that health care is at the top of the electorate's minds, the majority regarding the provision of health care as the most important thing the provincial government does—albeit a responsibility best shared with the federal government—and Ontarians are willing to protect health care spending more than any other budget priority. Sustainability of the system is important, Ontarians say. We would echo those priorities while recalling that sustainability is contingent on:

—addressing the needs of Ontarians most at risk of ill health and chronic disease, those who draw most heavily on the system;

—addressing the social determinants of health, which are supported typically by other areas of responsibility in government: community and social services, corrections, children and youth, municipal affairs and housing, citizenship and immigration, the environment, education, labour, transportation, and agriculture and food; and

—making spending choices that prioritize poverty eradication over deficit eradication and the well-being of citizens over that of corporations and financial institutions.

In the course of these budget consultations you will hear many voices like ours, echoed by hundreds of organizations representing hundreds of thousands of Ontarians. Common themes are being raised. We urge the government of this province to persist in its promises to deliver:

—poverty reduction initiatives that will make a real difference in the lives of those Ontarians who live on the edge, for whom the potential of this province remains unfulfilled;

—programs and services that are aimed at those most in need of income, educational, housing, nutrition and social supports: smart spending that will result in dollars saved rather than frittered away on endless reviews or revisions of resources already in existence; and

—investments in infrastructure that make sense, that break down silos and build integration that is not just about mergers and amalgamations because bigger is somehow better. We've been down that road before.

Community health centres, in conclusion, with 40 years of experience in community-based primary health care, along with aboriginal health access centres and community-governed family health teams, are well positioned as the vehicles most appropriate to support and enhance this government's program to enhance the health and well-being of Ontarians.

More than numbers on a page, a budget tells us what we care about as a provincial community of neighbours. Thank you very much. I look forward to your questions.

The Chair (Mr. Pat Hoy): And thank you. The questioning will come from the NDP and Mr. Tabuns.

Mr. Peter Tabuns: Lee, thanks very much for that presentation. You start off asking for a one-time infusion of $150 million to meet the needs of the CHCs and satellite offices. Can you break that down for us?

Ms. Lee McKenna: That is with reference to the new community health centres and satellites that were announced in 2004 and 2005. So this is not an additional request but it's rather part of announcements made by the government to put in place these new CHCs and satellites, but the funding is being disbursed at a rate that means that the community health centres and satellites will be completed by 2023 without this additional injection.

Mr. Peter Tabuns: Okay. The other question I wanted to get at: You raised the question of diabetes and obesity. Can you tell us how the CHCs in particular can be an effective part of a strategy to deal with those health issues?

Ms. Lee McKenna: CHCs, as I said, for over 40 years have been uniquely mandated to not just treat people of all sorts within the province of Ontario but to focus on those people who are experiencing barriers to accessing care and, beyond that, to pay attention to the social determinants of health. So many of these indicators and conditions, these determinants that shape people's health and well-being, are mutually exacerbating and intersecting, so we will find that people who are low-income are disproportionately also going to be at risk of being or are already diabetic patients.

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CHCs and AHACs are already delivering programs by the Ontario diabetes strategy, but they are minimal; they need to be expanded. When the Ontario diabetes strategy itself indicates that there are 60,000 new diabetics diagnosed every year in the province of Ontario, even if the ODS were to continue at 51,000 new diabetic teams every single year, it would not meet the need—or 51 new teams with 1,000 clients each to just meet the need. That does not include the sort of community outreach that CHCs and AHACs are uniquely mandated to do to bring people in, to go out into communities, to screen and find just exactly who those people are. They need to be part of an overall food and chronic disease strategy that is going to catch people before they actually become a part of those statistics.

Mr. Peter Tabuns: My guess is that this may be my last question, given time constraints. The funding inequity that you want addressed for the aboriginal health centres: How did that inequity arise, and is it reflected in salaries, in operating funds? How is it actually manifesting?

Ms. Lee McKenna: Yes, yes and yes. CHCs were first created in 1968—the first pilot projects. AHACs were not created until 1997. At that point, there were 10 over the years following that which came into being, but they were being funded through a completely different funding envelope, through the aboriginal healing and wellness strategy, administered through the Ministry of Community and Social Services.

They have never been able to reach parity. A lot of it, admittedly, has been because of the difficulties of negotiations between ComSoc and the aboriginal and First Nations members of the strategy. It has meant that in all of those—operations, facilities, salaries for positions, appalling salaries—the gaps are amazing. That anybody would ever work in an AHAC who wanted to make full use of their training and make lots of money—it's just not the way to go. Until recently, positions were being paid typically half of what you would find in other primary health care settings.

Mr. Peter Tabuns: Okay. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Lee McKenna: Thank you.

ANGLICAN DIOCESE OF ONTARIO

The Chair (Mr. Pat Hoy): Now I ask the Anglican Diocese of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from the government. I ask you to identify yourselves for the purposes of our recording Hansard, and then you can begin.

Archbishop Colin Johnson: Hello. I'm Colin Johnson, the Anglican Archbishop of Toronto.

Mr. Murray McAdam: Hi. I'm Murray McAdam, the social justice and advocacy consultant for the diocese of Toronto.

Archbishop Colin Johnson: Thank you very much for your attention today and willingness to hear me. I'm not going to read from my paper because you have a paper in front of you and I know all of you can read.

I really do appreciate the opportunity to speak to you. I feel like I'm among some friends because my father spent 15 years in the Legislature. Just last September a number of you spoke at a tribute to him, and I thank you, Peter and Ted, for that particularly.

I represent approximately 300,000 to 400,000 Anglicans in the diocese of Toronto and probably close to just over half a million Anglicans throughout the province of Ontario.

I'm not coming here to speak on behalf of Anglicans. I'm here to speak on behalf of the poor in our province. The Anglican Church of Canada and the diocese of Toronto particularly spend a great deal of time and energy working with the poor. We know who they are. We see them in our food banks and our shelters, at our doorsteps and in our pews. Our congregations reach out to those who live in poverty all the time.

The role of government, I believe, is to make choices. You're always making choices. We all make choices. Yesterday, in churches in the Anglican tradition but also in the Roman Catholic and a variety of other traditions right across the whole board, we heard the prophetic witness of an Old Testament prophet, the Hebrew prophet Micah, who called us back to the fundamentals of our faith: to do justice, love kindness and walk humbly with your God. It seems to me that that is actually the foundation not just of a fundamental faith but of a fundamental civic and civil society: to do justice, to love kindness and to walk humbly with your God.

This past fall, I lived for just three days on a food bank diet. As I said at that point, on a food bank diet you're not going to die but you're certainly not going to thrive. After three days I had to stop because I could not perform all the work that I had to do. Just one instance: all carbohydrates, no protein, no fruit. It was a disastrous diet.

Some 400,000 people in the province of Ontario, 400,000 citizens, use food banks. We feed, in the diocese of Toronto alone, about 78,000 people in food banks. I call on the government to institute a $100-per-month increase for the healthy food supplement in order to help move beyond that. In fact, it's not a matter of just that it's a good thing to do; it's the right thing to do, and that's part of government choice: to do the right thing, not just the good thing.

I would certainly advocate on behalf of extending an already four-year-old promise to extend dental health to all low-income families in the province.

I congratulate the government for its commitment to reduce child poverty by 25%. We're already halfway through that and, according to the statistics from Campaign 2000, child poverty actually increased last year by 1% rather than decreasing by 25%.

Murray is going to talk about housing and I think I'll turn it over to him right now. But I'd like again to say that we're not speaking on behalf of ourselves; we're speaking on behalf of the poor in our province who need and deserve the dignity that all citizens should get. Murray?

Mr. Murray McAdam: Thank you, Archbishop. I'd like to zero in on the urgency of acting on the housing issue. I'm sure all of you are aware of some of the figures in this area: that there are 141,000 households on the waiting list for affordable housing. In the brief that all of you have, we highlight a few of the human examples of people that are affected. One is, for instance, a single mother in Peterborough whom I met who's living in a run-down public housing apartment in which the conditions there are so awful, so degrading, that she was rushed into hospital. The doctor said, "You're here because of stress-related issues, and if there isn't a change in your situation you're headed for a heart attack."

Recently last week I met a woman who spoke with the archbishop at an event in support of the healthy food supplement campaign. I noticed that at that event she didn't look very well. It turned out that the night before, she was rushed to hospital. She has a protein deficiency. She's on social assistance.

I mention those examples to highlight first, that we are not oblivious of the cost restraints that the government is under, but, second, that there are very much financial costs of not addressing the housing issues, the poverty issues, that we have in our society.

In terms of housing, we must express our disappointment that the government's new affordable housing strategy paper has no targets for increased affordable housing and no additional funding for any such affordable housing, and we feel that that really has to be rectified. We are happy that the strategy will help those who are already in public housing in terms of some of the rules involved, but we really need to provide more affordable and supportive housing.

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To reiterate the point made by the archbishop: We're at kind of a critical point in terms of the government's five-year poverty reduction plan, and affordable housing is part of that. People are looking for some hope and some real, immediate help in their situations. That's why we add our voice to many, many others in advocating for the $100-a-month healthy food supplement. It would help local economies—the people getting this income would spend it locally; it would help with their food, the dignity in their lives. It's not a cure-all, but it would certainly help very much.

Thank you for this, and we'd be happy to answer any questions from you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government and Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Archbishop, and thank you, Mr. McAdam, for being here today and for your presentation. I really only have one question, but it's a big question, and I'm relying on—

Archbishop Colin Johnson: There are only big questions.

Ms. Leeanna Pendergast: I wanted to give you just a quick, quick overview, because the Chair will stop me if I don't, of what we heard last week across the province, and then I'm going to put that in the form of a question. And Joe Dickson here is the MPP for Ajax. I understand that you're originally from Ajax, so Mr. Dickson welcomes you as well.

We heard in Windsor from the 25 in 5 poverty reduction network; we heard from social housing committees across the province; we heard from Voices Against Poverty asking for the $100 supplement; and Poverty Free Thunder Bay asking for an outreach strategy, which I'd like to run by you. We heard from provincial advocates asking for support to children's mental health. We heard Put Food in the Budget asking for $100 to social assistance and the Ottawa Poverty Reduction Network asking to consider more affordable housing. We get this picture of exactly what you were saying.

I had the pleasure of hearing Micah twice—at the funeral on Saturday and then at mass on Sunday—and the idea that it's as simple as this: Caring and kindness will follow you all the days of your life, so what you give, you get back.

We heard from economists this morning, and in your own submission you say that poverty costs Ontario at least $32 billion in extra costs. So, given that you understand the fiscal restraints that the government is under and given that we hear the economists saying that we have to pay down the deficit now in order to have the savings for the future—it's about that fine balance. Here comes the big question: How and where do we find that fine balance, given that the economists are saying to pay down the deficit now for future savings and that your own report says that there's a sense of urgency and people's lives are at stake? There's the question: Where do we find that fine balance and what would your recommendation be and first steps, given you have a flair for what we've heard so far across the province?

Archbishop Colin Johnson: While I trained initially as an economist, I haven't done that for a long time, but I also live with budgeting and trying to develop budgets for the diocese, or at least to live within the constraints of a diocese, which relies entirely on people giving money to it. I can't tax people.

It's a matter of priorities. For instance, recently, the full-day learning centres suddenly became—I shouldn't say "suddenly became"; I support the priority. They became a priority, and funding was found. Hydro rate cuts cost $1 billion. I like hydro rates being cut because it affects me, but I would forgo that in order to pay a supplement to the poor. I don't need that. I have enough disposable income that I can afford that. I can afford an increase. A lot of people can't afford any increase whatsoever and live below the poverty line. Where are your priorities? That's the key thing.

Loving kindness is about the Hebrew word "chesed," which is about the sustained commitment to the welfare of the other, not just yourself. It's about not giving up; it's about unremitting care and compassion. I think we need to challenge people and stand up against those who want it all for themselves—not everybody does that—and say that there are lots of people who can afford to share. There was $4 billion in corporate tax cuts that could be available.

Eight hundred million dollars given to the healthy food supplement goes a long way, because those monies get spent back in the community. They're not hoarded away; they're not put in banks. They are given to pay local merchants in local communities for food that stays in that community, and they help people become healthier and more productive. When you don't eat, you don't learn and you don't work. My wife is a teacher. Kids who come to school hungry do not learn.

The Chair (Mr. Pat Hoy): Thank you for your submission this morning.

Archbishop Colin Johnson: Thank you very much.

The Chair (Mr. Pat Hoy): Now we are recessed until 1 p.m. this afternoon.

The committee recessed from 1156 to 1303.

CANADIAN CANCER SOCIETY

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order for our afternoon hearings.

I call upon the Canadian Cancer Society to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. In this round, the questioning will come from the official opposition. If you'd just state your names, you can begin.

Mr. Martin Kabat: Good afternoon, ladies and gentlemen. I'm Martin Kabat, the CEO of the Canadian Cancer Society, Ontario division. Joining me today is Donna Czukar, the acting senior director of public affairs.

I would like to begin by thanking you for the opportunity to speak today about the society's recommendations for the government of Ontario's 2011 budget. The adoption of these recommendations by the government of Ontario will move Ontario closer to being the healthiest province in Canada.

Over the years, the government has taken some positive steps towards reducing cancer incidence and improving treatment options. Laws, including the Smoke-Free Ontario Act and the Cosmetic Pesticides Ban Act, are impressive examples of the government's ability to fight cancer proactively. Outcomes are improving, but the need is still great. In 2010, some 65,100 Ontarians were diagnosed with cancer and 28,200 died from cancer.

As noted by Cancer Care Ontario in its recently released Ontario cancer plan, over the next 10 years Ontario will see an unprecedented rise in the number of people with cancer, largely due to an aging and growing population. It is estimated that 44% of men and 39% of women will develop cancer. This is of serious concern, as Ontario currently spends approximately $2 billion a year on cancer care. In Ontario, the indirect costs associated with cancer, such as loss of productivity, are approximately $5 billion per year.

As the Cancer Care Ontario plan points out, these losses will increase in the coming years as the incidence of cancer increases, unless the government continues its investment in cancer services and in prevention initiatives. In line with this emphasis on prevention, our comments today will focus on two significant cancer prevention priorities: tobacco control and indoor tanning. But I encourage you to review all the recommendations in our pre-budget submission.

The health risks associated with tobacco use remain a high priority for the society. Tobacco use is one of the largest known contributors to cancer and is the leading cause of preventable death and disease in Ontario. It is responsible for 30% of all cancer deaths and 85% of lung cancer deaths. In Ontario, this represents 13,000 deaths per year.

While the government has been strong in its response to tobacco through the introduction of the Smoke-Free Ontario Act, the significant increase in the prevalence of tobacco contraband is putting much of our tobacco control efforts and advancements at risk. Contraband tobacco refers to cheap, illegal cigarettes sold without applicable taxes. The primary sources for contraband tobacco are unlicensed manufacturing facilities located on First Nations reserves, in particular the Akwesasne/St. Regis reserve that straddles the borders of Ontario, Quebec and the United States.

The contraband issue is important, not only because it costs the province millions of dollars in lost revenue, but also because it makes tobacco use more accessible to youth and discourages cessation. Price has proven to be one of the most effective ways of preventing youth from starting to smoke and encouraging smokers to quit. An increase in the price of cigarettes by only 10% will generally result in a decrease in consumption of 4% in adults and up to 8% in youth smoking. Contraband tobacco is sold in unbranded, clear plastic bags for as little as $10 to $15 for 200 cigarettes, one fifth of the price of a carton of cigarettes.

Recent studies show that 53% of Ontario youth who reported smoking have purchased and smoked contraband cigarettes. That's 60,000 students in Ontario. Almost one in four Ontario smokers purchased contraband cigarettes. It is important to mention that taxation is not the cause of contraband. Ontario and Quebec have the worst contraband problem and some of the lowest taxes.

The society recognizes that contraband tobacco is a difficult and complex issue involving many stakeholders, including First Nations. For this reason, we are calling on the government to implement a comprehensive contraband strategy. To be clear, we need to address both those who manufacture these products and those who buy them, and we have to do it now. We can take two steps immediately: prohibit the supply of raw materials to unlicensed manufacturers, and empower the thousands of municipal police officers in communities across Ontario to seize contraband and issue fines on the spot in the same way that officers now issue speeding tickets.

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These actions will require amendments to the Tobacco Tax Act and use of the Provincial Offences Act. Officials have already studied these measures. There is no reason why these measures cannot be implemented during the next session of the Legislature, which begins in 22 days. To support these actions, we need an intensive, health-focused public education campaign, something that no government at any level has undertaken and which is essential to the success of increased enforcement. There are also a number of other important measures listed within our submission that can work. The contraband issue must be addressed immediately.

Roll-your-own cigarettes: Another way that the government can continue to fight back against tobacco and increase government revenue is to close the loophole that exists for roll-your-own tobacco. This loophole levels less than 50% of the tax applied to packaged product on the equivalent amount of roll-your-own tobacco. For example, Ontario tax on a carton of 200 cigarettes is $29.70, whereas the equivalent for the roll-your-own is only $14.35, a difference of $15.35, or $11 million.

The Chair (Mr. Pat Hoy): You have about two minutes left for your presentation.

Mr. Martin Kabat: Fine. Thank you. I would like to conclude our comments now about tobacco. Tobacco is not done. We must continue to work together to address this major issue.

I will now turn it over to Donna Czukar to address indoor tanning.

Ms. Donna Czukar: Thank you. The second key area for the society is indoor tanning. For more than four years, the society has been advocating to the government of Ontario to restrict the use of indoor tanning equipment for youth under 18 years of age.

We know much about the dangers of tanning and its impact on Ontario youth. The International Agency for Research on Cancer confirmed that there's a definitive link between tanning bed usage and melanoma skin cancer. We know that using tanning beds before the age of 35 increases a person's risk of developing melanoma by 75%. Approximately 50,000 youth in Ontario have admitted to using tanning beds. We know that tanning salons are not adhering to Health Canada's voluntary guidelines.

We also know that there is an economic burden related to skin cancer. In 2005, the national sun safety committee of the Canadian Strategy for Cancer Control estimated that the economic impact of skin cancer in Canada is at least $55 million to $60 million every year. And in 2010, the Canadian Partnership Against Cancer estimated that the total economic burden of skin cancer in Canada would rise to $922 million annually by the year 2031. With melanoma skin cancer being one of the most common forms of cancer for youth between the ages of 15 to 29, the government must take action immediately.

The Canadian Cancer Society is calling on the government of Ontario, through active legislation, to prohibit the use of indoor tanning equipment by youth under the age of 18; to maintain a registry or licensing system of indoor tanning equipment in Ontario, with fees put toward enforcement; to restrict indoor tanning promotions and marketing targeted toward youth; and to ensure that the risks associated with UVR-emitting devices are displayed prominently and in clear view of all clients at indoor tanning facilities.

Implementation of measures to protect youth from the dangers of tanning doesn't have to be expensive. Fees collected by a licensing system could offset the costs of an effective enforcement strategy.

Ontario's falling behind other jurisdictions when it comes to action on this issue. In December 2010, Nova Scotia passed the Tanning Beds Act, and in January 2011, Victoria, BC, passed a bylaw banning individuals under the age of 18 from using indoor tanning beds. Scotland, Germany and most of the Australian states have also passed legislation. The government of Ontario has the information that it needs to act, and we call on the government to regulate Ontario's tanning industry immediately.

Those are our comments on tobacco control and on indoor tanning. Dr. Kabat and I would like to thank you for your time and consideration given to our recommendations. We look forward to enhancing our partnership with the government of Ontario in the fight against cancer, and we're happy to answer any questions that you might have. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will come from the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation today. I guess I'll start with your number one issue: contraband tobacco. It seems like the government has their head in the sand, I guess you'd say, if they don't address contraband tobacco in looking at smoking, if you're trying to be effective in terms of reducing smoking. As you point out, first, 50% of the cigarettes that are being smoked out there are these contraband cigarettes that are beyond the control of all the various health programs—or really any control. I think you make a good point that it's an issue that has to be addressed for some very valid reasons: health and trying to get people to stop smoking being number one, and some control over it, but also the lost revenue. We've had other groups say that there are $500 million to $1 billion in tax revenue lost to the government. I also understand that there's organized crime involved in this.

If you could expand a bit on a couple of suggestions you were making. You said to empower municipal police officers so they can be more involved in control, and also I think you said to license the manufacturers so that can be controlled—I guess the raw materials is what you're getting at.

Mr. Martin Kabat: Yes. To address the latter point first, a very simple step but a very effective one would simply be to prevent materials like the filters and the paper from going to unlicensed manufacturers. If you do that, they won't be able to make the cigarettes.

Mr. Norm Miller: Do other jurisdictions that are more successful do that? If Ontario is pretty much the worst for contraband tobacco, do BC or other jurisdictions license their manufacturers?

Mr. Martin Kabat: Some do; some don't. There is a variety of initiatives in other provinces. The problem is that Ontario and Quebec are really the ones that have this to such an enormous degree—that bad. It really makes a difference.

On the other point you made, I think this suggestion that we empower the police is not one that only comes from us; it comes from the police as well. It's extremely frustrating. You can imagine a police officer pulling a car over for driving at 150 kilometres an hour and then saying, "I'm sorry; I don't have the authority to do anything about it. I'll have to get back to you." That's basically what happens today. The police can find contraband cigarettes, but they're not allowed to confiscate them.

Mr. Norm Miller: You said "municipal police forces." Is that true for the OPP as well?

Mr. Martin Kabat: Yes, OPP and RCMP, I believe.

Ms. Donna Czukar: Yes, they have to bring in the RCMP or the revenue department to be able to levy any kind of fine.

Mr. Martin Kabat: So there is a bureaucratic problem that could be addressed quite simply and would give the police effective powers to begin a process of preventing the spread of contraband tobacco.

Mr. Norm Miller: On the indoor tanning issue, are there studies that show that it causes cancer for youth more so than older people, or is it just bad for everybody?

Ms. Donna Czukar: It's just that it's cumulative. First of all, it is worse for youthful skin, but also the damage is cumulative. If it were banned at an early age, it would do so much in terms of prevention.

Mr. Norm Miller: What kind of rates of melanoma are there out there? How big a problem is this?

Ms. Donna Czukar: It's hard to get a handle exactly on the rates because of the way that the incidences are counted. Certainly, the numbers of skin cancers outweigh so many other cancers. It's a very high number, and it's just very damaging.

Mr. Martin Kabat: We should just add that the UV rays coming from indoor tanning are now considered a class 1 carcinogen, which puts it right up with tobacco—the same—in terms of its toxicity.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

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ELEMENTARY TEACHERS' FEDERATION OF ONTARIO

The Chair (Mr. Pat Hoy): Now I'd ask the Elementary Teachers' Federation of Ontario to come forward, please. As you've heard, you have up to 10 minutes for your presentation. There could be five minutes of questioning. In this case, it will come from the NDP and Mr. Tabuns. I'd just ask you to identify yourself for the purposes of our recording Hansard.

Mr. Sam Hammond: I'd be happy to do that. I'm Sam Hammond. I'm the president of the Elementary Teachers' Federation of Ontario. On my left is vice-president Maureen Weinberger, who has our political action portfolio, and on my right is government relations staff officer Vivian McCaffrey. I appreciate the opportunity to be here and to try and enhance my speed-reading skills once again this year.

ETFO represents over 76,000 teachers, designated early childhood educators and education support personnel. We appreciate the opportunity, as I've said, to participate in these very important pre-budget consultations.

Ontario has a very strong public school system, and we commend the government, as I have a number of times, for continuing to increase funding for education in the context of declining enrolment and the challenges related to a fragile economic recovery.

In the fall, ETFO launched an election platform entitled Building Better Schools. The ETFO platform identifies areas where the government could achieve expenditure efficiencies and where additional resources should be allocated to ensure that elementary schools provide a more balanced education, necessary for all students to succeed.

The fall economic statement indicated that there will be no funding for incremental compensation increases for the first two years of future collective agreements in the public sector. This policy is problematic on a number of accounts. It suggests that public sector workers aren't affected by economic downturns and that they should be singled out for public expenditure efficiencies. This ignores the fact that public sector salaries tend to lag behind economic changes and that there will be a natural downward pressure on public sector negotiations without government intervention. Public sector salaries may have increased at a faster rate than private sector salaries since 2003, but public sector salary increases lagged behind increases in the private sector between 1993 and 2001.

We can anticipate a similar trend as we look ahead. The most recent federal statistics indicate that Ontario wage adjustments slowly decreased throughout 2009. By the last quarter of 2009, wage adjustments were averaging 1.9%.

Economic recovery depends on consumer spending. Taking money out of the pockets of public sector workers is counterproductive. It also flies in the face of market forces that will likely see a return to the cycle where private sector agreements once again surpass those in the public sector.

The government's expectations for a two-year salary freeze are particularly problematic for ETFO members, who were forced to accept a four-year provincial framework agreement, expiring in August 2012, that has them receiving 2% less than their counterparts employed in the Catholic and French-language school systems. This is a pay equity issue for our members which must be corrected in the next round of bargaining.

The federation is also lobbying the Ministry of Education to amend the education grants so the amount that boards receive for occasional teacher compensation better reflects their qualifications and experience.

The government has made student achievement in literacy and numeracy a priority. This focus has, without question, led to our schools being overtaken by data collection initiatives that leave teachers with insufficient time to teach all areas of the curriculum.

The Education Quality and Accountability Office, which administers the grade 3 and grade 6 provincial tests, has a $33-million budget. The Ministry of Education spends approximately $78 million on the literacy and numeracy secretariat. It spends a further $14.1 million on other operational items, including 80 student achievement officers who duplicate, for the most part, the work of school board consultants.

There is a plethora of other ministry-driven and board-sponsored literacy and numeracy initiatives for which it is difficult to calculate the overall expenditure.

Since our brief was written, ETFO has been pleased to learn that the government is taking action to research the extent of the various initiatives. We are optimistic that this will lead to a reduction in the extent of the assessments and data collection.

ETFO believes the funding for the EQAO-related initiatives would be much better spent on strategies and programs that focus on engaging students and giving teachers more time to spend with individual students, to do what they do best: teach. This means increasing the number of specialist teachers in the arts, guidance, design and technology, and physical education, as well as teacher-librarians, who can contribute more to a school's focus on literacy than the myriad of data-related initiatives imposed on our schools. It also means reducing class sizes in grades 4 to 8 and in the new full-day kindergarten programs. Class sizes in these grades are the highest among elementary and secondary grades. Primary grades are funded for a class size of 20, and secondary grades are funded to support a class size average of 22 students. Grades 4 to 8 are funded to support a class size average of 25, but in reality many grade 4 to 8 classes have more than 30 students.

Ontario is leading the way within Canada in terms of early childhood education. If supported with the necessary resources, the early learning program will play a key role in improving long-term student success and well-being. It will contribute to significant long-term savings through reduced academic and social interventions in higher grades.

The new program is based on a well-researched play-based curriculum, but the number of students in the class and the physical space of many of these classrooms being used do not support the activity-based learning that forms the basis of the program.

As Ontario moves forward to fully phase in this important program, it will need to bring class size in line with other primary grades and provide the capital for building new classrooms that accommodate the activity-based program. The funding also needs to support higher salaries for the designated early childhood educators in order to reflect their qualifications and expertise.

The recent transfer of responsibility for child care programs from the Ministry of Children and Youth Services to the Ministry of Education opens the door to better integration of children's services and education.

ETFO regrets the recent government decision to amend legislation that mandates school boards to provide extended day programs for children enrolled in the early learning program. The federation believes that school board provision of extended day programs is essential to maximizing the potential benefits of the program and should not be left to third party providers.

Following the 2007 provincial election, the government committed to adopting an anti-poverty agenda aimed at reducing the incidence of poverty by 25% over a five-year period. The provincial government has established a welcome review of social assistance, but families currently living in poverty need immediate interventions and an indication of a broader policy response. ETFO fully supports the call on the part of anti-poverty activists for a long-term affordable housing strategy, including a monthly housing benefit for low-income tenants.

In conclusion, ETFO encourages the government to stay the course in the 2011 provincial budget, in terms of a willingness to reduce the deficit at a slower pace in the interests of sustaining an investment in key public services, such as health and education, and programs that cushion the worst effects of a fragile economy on low-income and unemployed Ontarians. Investing in a strong and vibrant public education system remains central to achieving longer-term economic growth and stability.

The government should shift some of its educational spending from the intense focus on student assessment initiatives to core programs, including smaller class sizes, specialist teachers and teacher-librarians, and the new early learning program.

I'd be pleased to answer any of your questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Sam, thank you very much for that presentation, and thanks for being here this afternoon.

The impact of class sizes in elementary school, grades 4 to 8: I haven't seen the statistics presented that way. I've certainly heard teachers in my community talk about it. Could you talk a bit about the impact of the size of those classes on the kids and on the teachers?

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Mr. Sam Hammond: I'd be happy to. As I said, the average is about 25, but the reality is that those classes in many boards are anywhere between 30 and 40 students. At the beginning of the year, before readjustments, I actually talked to a grade 8 teacher in Hamilton who had 41 students in their class; that has since dropped to the mid-30s.

The impact on teachers is obvious. If you go above, for example, the 22 to 1 you have in secondary, the amount of time and attention those individual classroom teachers can spend with individual students in those classrooms, because of those higher class sizes, is substantially reduced. The people who lose out from that are the students in that classroom who need that additional attention. When you don't have the specialist teachers or the teacher-librarians etc. to take up some of that slack, if you will, or to give that focus, at the end of the day, it's those students, regardless of the numbers, who suffer from the inability of that classroom teacher to manage that additional time they need with individual students.

Mr. Peter Tabuns: You talked as well about specialist teachers—phys ed, music, teacher-librarians. My understanding is that in a lot of boards, money has been moved, in order to make budgets balance, away from those specialists into general teaching. How large is that deficit in specialist teachers at this point? Can you quantify it?

Mr. Sam Hammond: As a physical education teacher, there are two that I will focus on: physical and health education, which are absolutely so important to our youth from kindergarten right through to grade 12 and beyond. There should be, and there is not at this point—I don't have exact statistics, but I would argue and we have argued that there should be in every school across this province a specialist physical education teacher who knows what they're doing to develop those sequential learning plans and sequential learning steps within that physical education and health program. And next, I would say the same about teacher-librarians. We need a teacher-librarian, quite frankly, as I said in the submission, in every elementary school in this province, if possible.

That will take us a long way in those schools on a daily basis supporting student achievement and increasing student achievement scores or whatever that looks like across this province.

Mr. Peter Tabuns: Last question, because you touched on the anti-poverty agenda: What impact is poverty having on your classrooms?

Mr. Sam Hammond: It has a devastating effect on our classrooms, on our schools, on our communities and, more importantly, on the students in those classrooms and their families, but specifically the students. Certainly, as we all know, it doesn't happen in every school, but there are very clearly pockets throughout the province in every board that are low socio-economic areas within those boards.

A lot of those students are coming to school, in many cases, without breakfast, without the proper health attention, personal hygiene attention that they need, the supports they need at home. All of those specialist teachers and guidance counsellors and things that we talk about in our submission would go a long way to supporting those students on the ground in their classrooms.

That lack of attention and the position of those students in those low socio-economic areas, if unattended, does nothing but add to the cost down the road, as I have said, to support those students throughout their school years, particularly in their adolescent and high school years.

Mr. Peter Tabuns: Thank you very much. I appreciate the answers.

Mr. Sam Hammond: Thanks.

The Chair (Mr. Pat Hoy): And thank you.

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair (Mr. Pat Hoy): Now I'd ask the Ontario Coalition for Better Child Care to come forward, please. Good afternoon.

Ms. Andrea Calver: Hello. How are you?

The Chair (Mr. Pat Hoy): Very well, thank you. You have 10 minutes for your presentation. There could be up to five minutes of questioning, which will come from the government in this round. Just state your name, and you can begin.

Ms. Andrea Calver: Okay, thank you. My name is Andrea Calver. I'm the coordinator of the Ontario Coalition for Better Child Care. I want to thank you for having us here today.

The Ontario Coalition for Better Child Care is Ontario's advocacy group for early learning and child care programs all across Ontario. Our goal is a universal, affordable, high-quality system of early learning and child care for all children and all families.

Child care programs have been historically underfunded. We are the poor cousins of other vital services like health and education. As an example, municipalities who deliver child care services have not seen that funding adjusted for inflation in 15 years. So every year in our sector we're asked to do more with less. And it's an excellent question to ask, "Well, just how have early learning and child care programs managed to survive?"

Our child care system depends on full-fee-paying parents. Child care subsidies provided by the government are available to families who can't afford the high cost of child care, but they only match what full-fee-paying parents are paying, and most parents are paying $40 to $60 a day—or $10,000 to $15,000 a year—per child. So parents have reached the breaking point of what they can afford to pay for child care services. Because of underfunding, we have kept our centres open by ever increasing those parent fees and by paying low wages to the incredibly hard-working staff who work in this sector.

So every year we're here at this committee to tell your committee how important it is to provide adequate funding for early learning and child care programs. But we're also here to tell you this year that Ontario's early learning program threatens to make the financial crisis facing early learning and child care programs even worse.

In 2012, half of Ontario's children will be in full-day learning, and child care programs will be transitioning to provide care and education for younger children, from infants to four years old. Younger children require higher staff ratios. Many child care centres looking to specialize in younger children are projecting further fee increases of between 15% and 30%, and parents simply can't afford that.

The other side of the coin is that Ontario has a shortage of registered early childhood educators, not because we don't graduate enough from our community colleges, but because 41% of early childhood educators are working in other fields. Without qualified staff, a child care centre is just a building.

The future of child care depends on attracting and retaining staff to work in child care, so in November, we met with the early learning division to discuss our plan for stabilizing child care. We propose a new direct grant to limit fee increases, and we propose a new direct grant to raise the wages and stabilize our child care sector. The full details are available in our submission, and I'm happy to tell you that we have fully costed the program. But without this stabilization, fees will rise dramatically, and some child care centres will no longer be viable and will have to close.

Now, we do acknowledge the stabilization funding announced last year by the government. That funding is over five years. Over five years, funding will grow to $51 million for additional fee subsidies and to $12 million for one-time capital funding. That funding will address vacancies in child care centres and small capital projects, but it will do nothing to limit fee increases to parents or to raise wages of staff. So we are calling for $300 million over two years to stabilize the early learning and child care system, with $100 million in the 2011 and an additional $200 million in the 2012 budget.

Ontario would not be the first province to implement direct grants for limiting parent fees and for raising wages. Both Quebec and Manitoba have direct funding to child care centres that have lowered the fees and have raised the wages, and that has resulted in affordable, high-quality care, in a reduction of child and family poverty, and in increased test scores for children in school, increased workforce participation for parents, and higher tax revenues for the government.

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Early learning and child care is a vital service. Research has shown us that the early years are critical for brain development, as well as social and emotional development of children; early learning and child care is vital for families who depend on these programs in order to go to work or go to school; and early learning and child care is also fundamental for our communities and our economy.

Our communities need child care, and we can't afford to lose it.

With that, I'd welcome any questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Andrea, for that presentation. There's a lot in here, and I'm trying to ingest it quickly.

A couple of questions, if you don't mind. You know, it's wonderful that you're back-to-back with the last presentation. The two are quite a juxtaposition, and I think highlight the fine balance that the government is trying to find, because we hear you and we heard the presentation before you as well, in terms of service delivery and who should be delivering that service.

I just want to make sure that I have this correct for the committee. The ask today that you've come to finance committee with is for $100 million in this budget, 2011?

Ms. Andrea Calver: Yes.

Ms. Leeanna Pendergast: And $200 million in 2012?

Ms. Andrea Calver: Correct.

Ms. Leeanna Pendergast: And I read somewhere where you repeated that you want that to be sustainable, repeated—so you want $300 million every two years?

Ms. Andrea Calver: The major impacts from early learning will actually hit in 2012 when half of the children are in the full-day learning program, and we recognize that. That's why we see a two-year commitment as a very good step, because municipalities and child care centres need time to plan. In fact, next year's budget is late to be able to make adjustments in order to accommodate the changing reality of early learning.

Our coalition, and the early learning and child care sector, has done absolutely everything we can to support the province's early learning program. We think it's terrific that four- and five-year-olds will have a full day in the schools. We were very shocked and disappointed when the government made the decision to allow child care programs to operate the after-school programs, in part because the sustaining of child care—there was money to be saved there, and that money was to be directed to younger children.

We've done everything we can to support the government's initiatives, but we costed what it would cost to stabilize child care, and it's $300 million. We recognize that not all those costs are in this year, but that's what it would cost to limit the parent fee increases and increase the wages of staff. We can absolutely accept that in early learning and child care, we're going to be specializing in younger children. We can accept that, but along with that needs to come adequate funding to be able to do a good job.

Ms. Leeanna Pendergast: So I found it on page 4: "Commit to $300 million in new permanent provincial spending."

Ms. Andrea Calver: Correct. Now, we can accept that down the road, if child and family centres are ever to be, that that would have an impact, but if child care is to play a role as the centre for a child and family centre, we have to survive to be there, to play a role, in whatever transitions there are in our sector. This funding of $300 million stabilizes child care, and it ensures that when the government develops new plans for early learning and child care, our programs are still stable, viable, and they still exist to be part of a transformation.

We recognize there are enormous problems with the early learning and child care system, but our biggest problem is that we face the grim reality that over the next few years, without limits to parent fee increases or additional money for wages, we will actually see child care centres close. Licensed child care only serves 20% of the children in Ontario, and we cannot afford to lose a single space. This is the amount of money needed to be spent to keep our programs open, viable and around in order to be part of a transformation.

Ms. Leeanna Pendergast: Excellent answer; thank you.

Just a point of clarification on page 2: "Federal statistics show that 41% of trained early childhood educators are currently working in other fields." That's a federal statistic. Is that across Canada?

Ms. Andrea Calver: It is a federal statistic but I believe it's actually for Ontario. It is absolutely what we know in child care. Nobody goes into early learning and child care for the money, but at some point staff simply have to provide for their own families. Average wages in this sector are $14 an hour. Our stabilization plan sees a very doable way that we can raise the wages of most registered early childhood educators to $19 an hour. That is what's needed to be able to provide the staffing.

It's not that ECEs aren't out there; it's that they're working in retail; they're working in other organizations. We need to bring them back. Without staff, a child care centre is just a building. Many programs spend 80% of their money on staff. That money really needs to be there so we have the quality staff to provide the programs.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Andrea Calver: Great; thank you.

ONTARIO FEDERATION OF LABOUR

The Chair (Mr. Pat Hoy): Now I call on the Ontario Federation of Labour to come forward, please. Good afternoon. You have up to 10 minutes for your presentation. There could be five minutes of questioning; in this round, it will come from the official opposition. I'd just ask you to state your name for our recording Hansard.

Mr. Sid Ryan: Okay. Thank you very much for the opportunity to come and make a presentation. My name is Sid Ryan. I'm the president of the Ontario Federation of Labour. With me is Chris Schenk, the past director of research for the Ontario Federation of Labour, who helped us prepare our brief here today.

We've provided you with copies of our brief. At the beginning of that you'll see, in the introduction, basically the seven areas that we're looking at with some recommendations, so if I could sort of quickly go through it.

Of course, one of the key areas that we're concerned about in the Ontario Federation of Labour is the economy and resulting employment loss. As you'll note from the figure on page 5, you can see that we're still 25% below the jobs that we had prior to the recession. So yes, we've recovered 75% of the jobs but we've still got a 25% loss.

Many of the jobs that are replacing the pre-recession-type jobs are in fact part-time. They're what we refer to as precarious work. These are folks who may work in the hotel industry, may work in the service industry primarily. As I say, their jobs are not in the same category as the ones that we've lost in the manufacturing sector. Wages are much lower, very rarely do they have pension plans, and in most cases they've got very few, if any, benefits at all. They're not the types of jobs you can build an economy on. They're not the kind of jobs you can certainly raise a family on and put children through university.

This is a whole new shifting of the economy. What we're proposing is that we take a look at a pan-Canadian massive investment in infrastructure along the lines that the Canadian Labour Congress is calling for. These would be jobs in the new green industries and massive investment in basic municipal infrastructure: roads, sewers, health and educational facilities, mass transit, passenger rail, affordable housing, energy conservation through building retrofits, and renewable energy. Right now is a good time to be doing it because 10-year bonds are running at about 3%. So if we're going to invest in this type of program, now is the time to be doing it.

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At the same time, we've noticed that a lot of our companies—we've got foreign nationals moving in to Canada and buying up a lot of the industries. For example, on the weekend we had a massive demonstration down in Hamilton around the purchase of the old Stelco by US Steel. Granted, this is a federal government issue in terms of the Canada Investment Act, but we do think that the Ontario government has a role to play because we do know that you put some money up front into the pension plans to enable US Steel to purchase the old Stelco. The concern we've got is that there are no proper guarantees that there will in fact be a net Canadian benefit, which is what the Investment Canada Act talks about.

Unfortunately, the corporation in this particular case, US Steel, reneged on the deal within six or eight months of signing the document. We had originally 3,100 employees down at the new US Steel. Within a matter of months, 2,200 of them were laid off, and the remaining 900 were pushed out on strike—not even on strike: pushed into a lockout.

What we're asking of the Ontario government is to put some pressure on the federal government to take a look at reforming the investment act such that "net Canadian benefit" actually has to mean some form of benefit to workers, whether it be job security—in this particular deal, it was meant to be a three-year deal; they reneged on it—but also with respect to the preservation of pensions and the preservation of benefits. That, we feel, is really, really important as we move forward in this new economy.

In terms of poverty reduction, the government made a commitment a number of years ago that by the year 2013 we would see a massive reduction in poverty or the elimination of it in 25 in 5, and we're not seeing that. We're two and a half years now into that program, and we've yet to see the promise being fulfilled. While, obviously, we support the 25 in 5 concept, the operationalization of that has not taken place in such a way that we're seeing a significant reduction in poverty. We would like to see, obviously, the government fulfilling their promise in that area.

We'd also like to take a look at the recently established social assistance review. We want that to proceed in a timely manner, and that a special diet allowance be protected and improved for vulnerable people.

Also, let's take a look at the minimum wage such that it never falls below the LICO, low-income cut-off, and is increased annually to reflect the cost of living.

We note in our presentation that 12.5% of children in this province are living in poverty. All told, we're looking at 1.6 million Ontarians. That's a pretty shameful figure, actually, in a country like Canada and a province like ours.

Moving into the future, we're looking at the new jobs of the future. In fact, if you're looking at a middle-class job—and I don't particularly like that expression—you basically need a post-secondary education, college or university, just to be able to make it into the so-called middle class. Consequently, the affordability of post-secondary education becomes a huge issue for families of modest means. Therefore, we would like to see the implementation of a tuition freeze. We know that it's 24% more expensive in Ontario than most other provinces in this country in terms of affordability of post-secondary education. That gap has got to be closed to be able to open up post-secondary education to more families, particularly now that we know that grade 12 just does not cut it anymore in terms of getting a decent-paying job. Let's give these young people an opportunity to be able to participate in the new economy that we hope to develop over the next number of years.

There's a whole series of recommendations, but given my time constraints here, I'm not going to go through all the recommendations. If you follow the report, you'll see that we've got at least 13 recommendations in that area that we'd like to see.

This is an area that you may wonder why it's here in terms of the budget submissions, but on page 10, we made reference to protracted strikes. We're seeing a proliferation in Ontario of very long strikes, even though the number of collective agreements remains pretty well the same. Ninety-eight per cent of all collective agreements—and we're talking about thousands of collective agreements—are signed every year without having to enter into any form of strike situation. The few that remain are having a huge impact on the economy. The strikes are lasting way longer than they've done in the past. Anybody here from the Sudbury area will know that the Vale Inco strike went on for a little over a year. It had a real impact on the Sudbury region and surrounding areas. We know there's a strike right now in Brantford that has gone on for almost two and a half years. The one I talked about on the weekend in Hamilton—it's a lockout. It's into its third month already, and it is expected to last a very long time. So we're asking for some kind of protection here.

One of the issues in British Columbia and Quebec that has certainly shortened strikes is the implementation of anti-scab legislation. We had it in this province when the NDP were in government. It works exceptionally well. Certainly in BC's case, they've had right-wing governments there for a number of years now. They don't go near that piece of legislation because it's working. We would like to see this government take a serious look at the implementation of anti-scab legislation in order to reduce the length of these strikes and the number of strikes that we're having in the province.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Sid Ryan: Okay, then.

I'd be remiss if I didn't talk about pensions. Yes, I appreciate the fact that the Legislature has approved a motion that says we will expand the Canada pension plan. I cannot emphasize the importance enough. The Tories at the federal level have reneged on that agreement. It's hugely popular with Canadians. Where we polled, 85% are saying that they definitely want to see an expansion of the CPP. Unfortunately, Tory Mr. Flaherty reneged; he betrayed workers in this province. He turned around by saying that what we'll do instead is come up with some sort of a glorified savings plan, a pooling of pension resources, which will be run by the very folks who brought us the recession in the first place: the banks and the insurance companies. He's now handing that over to the banking system, and we're saying that it's completely the wrong way to go. I don't know where their provincial cousins stand. Maybe in question period they'll let me know where they stand on the question of the expansion of the Canada pension plan. I do know that the Ontario Liberal government and the NDP are in favour of this, and we'd like to hear from our Tory friends. This will become a federal election issue, and I dare say it will spill over into the Ontario election, because a lot of Canadians out there have been hurt badly by these savings schemes brought in by the federal Tories.

Putting your money into the stock market, we know, is like playing Russian roulette with your pension income and security. It's not something that we want to see, and I know the Canadian public doesn't want to see it.

I'll finish on that point, because I see you're getting anxious there to let the Tories at me. There's a lot of other stuff I couldn't get to here because we've only got 10 minutes, but at the end of the day, most of the issues you'll find in here go to the quality of life of Ontarians, and that's what we'd like the government to be focused on as you bring in this next budget.

The Chair (Mr. Pat Hoy): Thank you. The questioning does indeed go to the official opposition. Mr. Arnott.

Mr. Ted Arnott: Thank you for your presentation.

For many years, the Ontario Federation of Labour has participated in these pre-budget consultations. We've seen each other at these hearings through the years, and we appreciate the input that you provide to the committee as we move forward in providing our advice, in turn, to the Minister of Finance, hoping that he will listen to this committee and do the right thing with the upcoming provincial budget.

You focused extensively on the situation with respect to jobs. You pointed out that the jobs that have been lost as a result of the recession have not yet been replaced. As a partial solution, you recommend a public investment program, which has also been called for by the CLC, you say here. You would invest in "basic municipal infrastructure, roads, sewers, health and educational facilities, mass transit, passenger rail, affordable housing, energy conservation through building retrofits, and renewable energy."

When we entered into the economic downturn, I certainly put forward my best advice to the government and suggested that infrastructure investments would be a good use of the taxpayers' money at that time and that we should focus particularly on investments that would enhance our economic competitiveness over the long run, as well as investments which would enhance and protect our environment going forward.

In my riding, I also have a significant number of constituents who are concerned about hospital projects. You mentioned health care specifically. The provincial government is expected to spend $2 billion this year on the capital hospital projects, and I'm told that $40 million of that $2 billion will be spent on what they call small capital projects, hospital projects of a value of less than $10 million. At the same time, I understand that there's a backlog of about $400 million worth of requests for funding under this program, so what they spend is about one tenth of what the request is.

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Last Monday night, I attended a meeting at the town of Halton Hills where the town of Halton Hills council was asked to put in $4.5 million towards the hospital project that the Georgetown Hospital is interested in undertaking. They're hoping that the hospital foundation will also raise $5 million.

So my question to you is, do you think that $40 million is enough for small capital projects for hospitals? Do you have any more suggestions with respect to your overall recommendation with regard to health care? Would you support an expansion of that funding envelope?

Mr. Sid Ryan: Well, I'll tell you, I'm delighted you went into health care because I didn't get a chance to get there earlier.

First off, I believe that both the Tories and the Liberals are completely on the wrong path when it comes to the financing of our capital infrastructure with respect to hospitals. Both of you support the public-private partnership, which is nothing but a complete and total rip-off of taxpayers in this province. Clearly we've demonstrated time after time through freedom-of-information requests—that took us years to get through the Liberals, and we could never get them from your government—as to the actual costs of public-private partnerships. Clearly what we're doing is siphoning off, we reckon, between 25% and 40% into pure profits for private sector corporations as the result of trying to fund our infrastructure using public-private partnerships, when in fact we should be using taxpayers' dollars, which we can borrow at far cheaper rates. There's no added cost of signing these contracts which go on and last for years, which always go into massive cost overruns. All we're doing is just feeding the pockets, if you will, of Bay Street lawyers who come up with these complicated contracts which they won't open up to the public unless we put in freedom-of-information requests, and then we find out after the fact that literally hundreds of millions of taxpayers' dollars have been wasted.

Peel region is a perfect example. Roughly $500 million in over costs it cost the taxpayers as a result of using this scheme that you're talking about, public-private partnerships.

Mr. Ted Arnott: You brought that up.

Mr. Sid Ryan: I am bringing it up, but you raised capital infrastructure investments, and this is exactly what that fund is about: It's about public-private partnerships. It's a rip-off of taxpayers. You should be shamefaced sitting there asking us, will we put more money into the pockets of the private sector, when we should be looking at public investment, the way we've always built hospitals in this province, the way we've always built infrastructure in this province. So that's the way forward if you want to save money by all means. Then you might have more money for the envelope that you're talking about.

Forty million dollars clearly is not enough for small capital projects—

Mr. Ted Arnott: Thank you.

Mr. Sid Ryan: —but the mechanism that you're trying to use to get money into the system is completely wrong. I'd ask both of the parties, the Liberals and the Conservatives, to go back and rethink. If you're really serious about saving taxpayers' money, stop ripping them off with these public-private partnerships and come up and be open and be honest. Auditors General in Canada and Ontario, in most provinces and in the UK, have all condemned the use of public-private partnerships as a means of funding public infrastructure. So I'd ask both of you, please, back off and let's get into public investment in publicly run public facilities in this province.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Sid Ryan: Thanks very much. Thanks for that question, by the way.

ONTARIO HEALTH COALITION

The Chair (Mr. Pat Hoy): Now I call on the Ontario Health Coalition to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning in this round will come from the NDP and Mr. Tabuns. I just ask you to identify yourself for our Hansard.

Ms. Natalie Mehra: Thank you. My name is Natalie Mehra. I'm the director of the Ontario Health Coalition. I want to thank the committee for this opportunity to present to you today. I know that this committee has heard from health coalitions across Ontario so I will try not to repeat too much of what they have already presented to you.

I want to highlight a few of the key points that we've been trying to raise across the province and put a human face on the impacts of the policy choices that are being made, as well as perhaps give a few more details about our key recommendations.

The first point that we wanted to raise across Ontario, and I think the crucial point, leading as we are into an election year provincially, is that health care spending is not unsustainable. To the extent that the government has attached itself to the TD Economics report calling health spending the "Pac Man" that ate the budget and other over-the-top rhetoric about health care unsustainability, we want to strongly take issue with this and encourage you to switch directions in public rhetoric around health care spending. In fact, the evidence is very clear that health care spending is not unsustainable. In fact, eminent economist Robert Evans in British Columbia I think put it best when he said that health care is as sustainable as we choose to make it to be. That approach is much more in keeping with the long-standing values and priorities of our communities and of the province of Ontario and, certainly, of the governing party.

I've included in our submission a fairly thorough critique of the TD Economics report. I won't go into it in much detail, except to say that the prescriptions of the TD Economics report are in fact quite dangerous for the public health system. What they propose is experimenting with two-tier health care—private, for-profit clinics. While at the same time moving away from fee-for-service funding for physicians, they propose moving towards fee-for-service funding for hospitals. Among a bunch of rather innocuous recommendations, they call upon the government to throw the door wide open to health care privatization, something that would be guaranteed to worsen shortages, be inflationary, deprive our local hospitals of scarce staff and resources, and increase costs, as well as increasing privatization in the health system.

At the end of the day, the TD Economics report is fundamentally incompatible with the principles of the Canada Health Act, and we are quite concerned that the government actually allowed that report to be released in the way that it was, attached by name to the Ministry of Finance. We think that that's giving credibility to an approach that is antithetical to the core election platforms, both last provincial elections, of the governing parties and the majority of Ontarians.

In terms of health care spending, separating the rhetoric from the reality is quite easy. In fact, Ontario is in the middle of the pack in terms of health care spending across the country. As a proportion of GDP, our spending on health care has actually increased only 1% from the height of the economic cycle in the mid-1980s and again in the mid-2000s. So this is not a picture of spending out of control. The best measure, of course, of our ability to sustain health care spending would be as a proportion of GDP, and if you look at those figures, it is going up. There is cause to look carefully at what we're doing, and certainly we think that there's cause to contain some of the excessive administrative costs in the system, some of the exorbitant salaries that we're seeing come out of the health care system. But in terms of a Chicken Little type crisis, the rhetoric is over the top.

When we look at comparisons with the rest of the country, Ontario's health care spending is actually second last per capita in the country, but our private health care spending—that is, the amount that Ontarians have to spend out of pocket for health care—is actually the most in the country. So while we're showing rather poorly on public health care spending, we're showing very poorly on the amount of the private burden that citizens have to bear in health care spending. You'll see these charts under section 2 of our submission.

The reason, then, that the Ontario government can claim that health care spending is out of control or eating up a larger proportion of the provincial budget while, in fact, when compared to the rest of the country, it doesn't look like we're spending anything extraordinary at all is that the Ontario budget as a whole—all spending on programs and services—is low, and it's been historically low in Ontario. It's been low well before this government came into power, but certainly pursuing repeated rounds of tax cuts has reduced the fiscal capacity of the province. This would be the key budget trend that we would want you to look at.

1410

If you look at the charts under section 2, you can see the comparison of Ontario's spending in total programs and services compared to the rest of the country. Compared to the rest of the country, we actually are third last, after Alberta and Saskatchewan, in total public spending as a percentage of our GDP—that's the provincial GDP—and we're dead last in terms of spending on all programs and services per person. So it's easy to say that health care is 47% of the provincial budget when the pie itself is relatively small compared to other jurisdictions.

As an exercise, in the remaining chart on that page, we show what it would be like if Ontario actually pursued fiscal policies closer to those of the rest of the provinces. What if you compared Ontario's health care spending to total public spending in the rest of the country, the total average public spending on all programs and services of other provinces? If you do that, you see that Ontario's health care spending would be 38%, not 48%, of total program spending, considerably less and actually in line with where we were approximately 10 years ago when I started as Ontario Health Coalition director.

The next page shows you the cumulative impact of the tax cuts, and that really is the reason for the figures that we're seeing today. So if you combine the personal income tax cuts offset by the health premium introduced by the McGuinty government, the corporate income tax cuts, the employer health tax cuts, other tax cuts and the direct debt-carrying charges, you'll see that, even offset by the recession in 2008, we had less revenue-generating capacity by $15 billion as of 2009-10. Had we not been in the fallout to the recession, it would be closer to $18 billion. That is the reduced fiscal capacity—$18 billion—

as a result of the tax cuts. That puts pressure on all programs and services, including health care, and it's why health care looks like a larger proportion of the provincial budget.

In terms of health care spending, the part of the health care system that is always put under attack first is the hospital sector. For the last three years successively, hospital spending in Ontario has been kept at less than the rate of inflation. What that has meant is very concrete hospital cuts across the province. If your income is less than the rate of inflation—these are for global budgets—what you see is ongoing hospital cuts. The fact is that Ontario is actually falling further behind the rest of the country in terms of hospital spending. We're now $2.5 billion behind the average per capita spending of the rest of Canada.

In concrete human terms, that has meant new user fees for patients. It's meant health care privatization, despite promises not to privatize the health care system. Cuts to physiotherapy all across Ontario have meant that Ontarians now have to pay $75 to $100 for an initial assessment and $50 to $70 for each physiotherapy appointment. For a person, then, who has hip or knee surgery, that's thousands of dollars of new out-of-pocket costs as a result of the health care cuts that have happened just over the last few years. It has meant operating rooms closed in hospitals such as Ottawa's hospital for six weeks this year in order to save money. It's meant cuts—

The Chair (Mr. Pat Hoy): You have about one minute.

Ms. Natalie Mehra: Okay.

It's meant cuts to a whole host of clinics, from pain clinics to diabetes education to physiotherapy. It's meant backlogs in hospital beds. It's meant hospitals seriously over capacity, such as those in Sudbury and Ottawa.

In addition to the fact that hospital funding is shrinking as a proportion of health care spending, so too is home care funding shrinking as a percentage of health care spending. That means that at the same time as hospitals are cutting services, home care has to more sharply triage or limit who it can take on, and you'll see the chart on the last page.

Our recommendation, the one that I'd like to focus on, obviously, is to cancel the corporate tax cuts. We recommend getting a much firmer grasp on increased administrative costs in health care; I'm happy to elaborate on that. But the one that I'd like to spend my last 30 seconds focusing on is the employer health tax. According to economist Hugh Mackenzie, who just ran the numbers this week, the elimination of employer health tax loopholes, that is, the three major loopholes—payrolls under $600,000, partnerships and self-employed people—would have generated $1.9 billion in this current fiscal year. It's a significant tax loophole, perhaps one of the most significant in Ontario, and it could be a major step towards rebuilding the province's fiscal capacity and taking some of the pressure off of all of the public services that we provide.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Natalie, thanks very much for coming in and making that presentation. We had some of that previously, but you've filled it out quite well.

You said that you're interested in expanding on the cost of administration and CEO salaries. Would you do that now?

Ms. Natalie Mehra: Sure. I think that there are some particular areas to look at. Home care is one that I think is crucial we look at. At this point, home care funding goes through no less than four sets of separate administration before it ever reaches the front lines of care: the Ministry of Health, the LHINs, the CCACs, community care access centres, the provider agency's administration, and then finally the nurses and personal care workers who actually provide the care.

According to the Provincial Auditor's report that was released in December, 30% of CCAC home care budgets are spent on administration. That was not required prior to the introduction of competitive bidding. According to the documents from the CCACs, there are more than 1,000 provider agencies in Ontario, and that means duplicate administrations. It means that you might have home care workers driving out from two different companies to households that are right next door to each other, duplicating the travel costs etc. And all of that is required just in order to maintain enough companies in each area so that you can have this kind of farcical competition.

In truth, there really isn't competition. The market has consolidated. There are now about six corporations that run the vast majority of home care in Ontario. They write the bids all across Ontario—and they know how to win bids, and that's why they win them. So it's favoured the large for-profits and the large not-for-profits, and there really isn't competition. But at the same time, you're maintaining a massive administrative burden to provide services that are really provided by the worst-paid workers in the whole sector, and it's one of the most unstable sectors in health care.

The other is, of course, the LHINs and the combined hospital administrative costs, and the plethora of consultants' reports, and this sort of trend towards a huge technocracy in health care at the expense, really, of putting money towards front-line care.

Mr. Peter Tabuns: You quantified the cost to the home care system of a competitive bidding administration. Can you give us a similar number when it comes to LHINs and hospitals, the amount that is absorbed by a very large and apparently growing bureaucracy?

Ms. Natalie Mehra: It's hard to say, but we have anecdotes from people all across Ontario. For example, our local coalition vice-president in Lambton was the director of nursing for years at her local hospital. The size of the administration there has more than trebled from the time that she was the director of nursing. A nurse was telling me that when she started work at the London hospital, administration was one department in a building. Now it takes up an entire separate building, a whole building of offices to do the hospital administration. The trend towards a ridiculous number of measures that have not contributed to improving patient care or increasing accessibility I think is quite problematic.

But more problematic is that the goal of health policy, the focus of health policy, is supposed to be to measure and try to meet population need for services. That's why we have a public health system. At this point, health planning is really totally divorced from trying to measure and meet population need for services. I think that we've gotten caught up in a lot of technocracy and forgotten the fundamentals.

Mr. Peter Tabuns: Could you just touch briefly as well on the impact of P3 financing for hospitals on the availability of funds for actual care?

Ms. Natalie Mehra: From the data that's been released publicly, the difference between the borrowing costs for the private sector financiers is about 100 basis points from public funding. So, depending on the size of a project and the duration, that can be absolutely huge. In the Brampton project, the provincial auditor found that the difference was 99—it was a significant sum, almost enough to build an entire hospital.

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Among the new slew of P3 projects, we're now seeing pretty dramatic cost increases from the inception of the projects to the substantial completion of the projects—Niagara being one that has increased from a hospital that was supposed to be under $200 million to now more than a $750-million project.

The latest one that we have been following has been in Oakville. We don't know the total cost of the project, but the local share, which is supposed to be 10% of the total, is $500 million—an astonishing figure that means a local tax increase for residents. It raises a lot of questions about what the total cost of that hospital is going to be.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

ONTARIO AUTOMOBILE DEALER ASSOCIATION

The Chair (Mr. Pat Hoy): Now I'd ask the Ontario Automobile Dealer Association to come forward, please. Good afternoon. I've noted that you've been in your seat for a few moments now, so you know how it goes here. You have 10 minutes for your presentation, and there could be up to five minutes of questioning, coming from the government in this case. Simply state your name for our recording Hansard, and you can begin.

Mr. Geoff Wilkinson: Good afternoon, committee members. I apologize; my colleague was supposed to join me this afternoon, but he wasn't able to make it. His name is Mark Durant. He is the chairman of the Ontario Automobile Dealer Association. Hopefully, I won't take up the full 10 minutes in terms of my presentation.

My name is Geoff Wilkinson. I'm the executive director of the Ontario Automobile Dealer Association.

The Ontario Automobile Dealer Association, or OADA, is a not-for-profit trade association representing the interests of approximately 500 members in Ontario, from Burlington to the west, Barrie to the north and Oshawa to the east. Our members represent both import and domestic manufacturers and sell anywhere from 50 to a few thousand new cars each year and a similar amount of used cars.

I'd like to thank the government for recognizing the difference between a new automobile dealer and a used automobile dealer within the classification of dealers in the new Motor Vehicle Dealers Act regulations. New automobile dealers are different than used dealers in that they have invested millions of dollars in inventory, premises, equipment and staff. They have different foci, philosophies and values and contribute differently to their local and provincial economies.

The average new car dealer employs 43 people, so it would be fair to say our membership employs approximately 21,500 Ontarians. OADA members sell approximately 60% of the 576,000 new vehicles sold annually in Ontario, which represents revenues of approximately $8.6 billion, which amounts to $690 million in provincial taxes. This does not include tax revenues on used vehicle sales or on service.

Dealers are community leaders and philanthropists. As a whole, our members donate millions of dollars each year to local charities and community causes and donate countless numbers of hours volunteering on community boards and service clubs. The OADA recently partnered with the Canadian Cancer Society for members to sell daffodil pins within their dealerships in the month of April, and participating dealers will donate money for test drives during the second week of April.

I'd like to thank the government for their support of the Canadian automotive manufacturers. Although providing financial support to manufacturers was a tough decision at the time, I believe it was the right decision. I'd like to further thank the government for applying the HST to private sales of used automobiles, which helps in the fight against curbsiders in our industry.

Although sales for 2010 were up 7.9% over 2009, we're still navigating through a delicate economic time. The HST has taken some getting used to, and we're still working with members, tax experts and tax departments to verify rules. We were surprised with the definition of "large business" as including $10 million or more in revenues. Most of our members are small businesses that happen to sell high-revenue product. This definition means our members are not able to recapture tax credits within the first five years that we otherwise would have been eligible for.

The OADA worked alongside other trade associations and stakeholders in communicating our member positions on changes to the Motor Vehicle Dealers Act regulations which were introduced in January of last year. Ontario's automobile dealers are now one of the most highly regulated industries in the nation. Consumers have been given a very strong voice when it comes to regulating this industry.

Having said this, the OADA is supportive of the disclosure requirements outlined in the regulations. Although we may not agree with 100% of the content, the spirit of this legislation will improve the image and integrity of the industry. Similarly, we may not always see eye to eye with the Ontario Motor Vehicle Industry Council, or OMVIC, on the interpretation of specifics within the act, the regulations or the Consumer Protection Act, but we fully support the work they do investigating dealers, curbsiders and other industry stakeholders not acting honestly, legally or in good faith.

In late 2009, OMVIC introduced a new fee of $5 per vehicle sold. This fee was brought about to assist OMVIC in increasing their staff to facilitate the broader role of the council under the new Motor Vehicle Dealers Act regulations. A tire stewardship program was also introduced in late 2009 that requires a mandatory fee per new tire. In most cases, the manufacturers have absorbed these fees and are passing them on seamlessly to dealers and to consumers.

The WSIB premiums for the service rate class for automobile dealers will be increasing 9.9% in 2011. Electricity and heating costs are expected to rise over the coming year, and many dealers that were responsibly recycling their used motor vehicle oil in regulated low-emission furnaces are unable to or afraid to do so because of a moratorium on burning recycled motor oil south of the French River, imposed on our industry in 2009.

The OADA lost approximately 30 members last year due to the tough economic climate and General Motors's cancellation of 234 Canadian franchise agreements. This number is significant, but it's not as high as we had originally thought it would have been. This is evidence of the resilience of Ontario's new automobile dealers.

Access to credit was better in the mid to later part of last year. Prior to this, the banks had tightened the availability of credit to dealers' inventory and had increased rates on inventory and property, citing a higher risk for this industry. New automobile sales are strongly tied to positive economic news, and we're looking forward to continued moderate growth for 2011 in the provincial and national economies, which will bode well for our industry.

As small businesses, new car dealers are affected by tax increases, WSIB premium increases, additional fees—be they environmental or other industry-related fees—and administrative costs for adding or changing processes to comply with programs, legislation or regulations. Although some of these things may be unavoidable, we ask that you continue to dialogue with the OADA and other stakeholders in consideration and decision-making. Our success is your success. Thank you.

The Chair (Mr. Pat Hoy): And thank you. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Mr. Wilkinson, for being here today, and thank Mark on our behalf for almost being here today.

We had a busy week travelling the province last week. We heard from a lot of people all over the province, all areas of the province, and I must say that you are a unique presentation today. So I thank you for being here on behalf of your 500 or so members, you said?

Mr. Geoff Wilkinson: Yes.

Ms. Leeanna Pendergast: We don't have the information in front of us. I'll request a copy of the report, but if you can just go over some of those numbers you gave us at the beginning when you were saying that new car dealerships—probably in the province, over 21,000 people are employed; $8.6 billion in revenue; $690 million in taxes; donating money to charities, and working in co-operation with groups like the Canadian Cancer Society. That sure sounds like you have quite a large contribution to our communities in the province, and we thank you for that, for all the work that you do. Those are significant numbers. Sometimes we don't stop to think about the contributions that certain sectors make, so that's why it's so important that you're here today to share this information.

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Thank you for your comments about the government's contribution to the automotive manufacturers and the support. We appreciate your comments and of course your comments thanking the government for applying HST to private sales. Again, another positive impact to your sector.

I suspect the question that I'm getting to—everyone's wondering, "Where is she going with this?" As a finance committee, I heard you say a couple of things at the end there, but if you could just prioritize the one or two things that you really want this committee to hear that will impact you as a sector directly and what you do for the people in our communities. I hear you saying, "continue moderate growth," because that's tied to new car sales. I heard you talking about continuing to dialogue with you in the sector. So if you could just prioritize for us as a committee what you'd like us to take back to inform the spring budget.

Mr. Geoff Wilkinson: Sure. I think the focus on the economy is very important for us. Again, our industry is so tied to the economy in terms of that positive messaging that's out there. So whenever we hear good news about the economy in terms of job growth, in terms of a decrease in the size of the deficit, those are all very positive things for us. When consumers can look ahead to their future and see that they are going to be employed over the next number of years and don't have to worry about their employment situation, they know that they'll be getting at least a cost-of-living increase, that helps them to go out and make those bigger purchases, such as an automobile. I'd say that's definitely one area.

I think another area is around the WSIB and the premium increases there. I know that the government is working with the WSIB in terms of some of the reports that the WSIB is putting out in terms of fixing some of the challenges that are there. We do see that these type of increases such as 9.9% are heavy burdens to small business owners such as car dealers.

The other part, around fees and around the types of things that we saw such as the OMVIC fee, is that those types of fees as well impact small businesses. Even if they are passed on to the consumer, the consumer still sees those and understands that those are an additional cost to purchasing a new vehicle. So I would say that those types of fees are very important in terms of the perception of the consumer, not only to the car dealership but also to government.

Ms. Leeanna Pendergast: Excellent; thank you. I hear you focusing on jobs as well, which is a priority of this government. You talk about the small business aspect. Can you just briefly comment on how the government's tax package has allowed for small business with the business inputs—how it has allowed you as a small business to move forward?

Mr. Geoff Wilkinson: I can't really comment myself personally in terms of what those tax measures have meant to our dealers early on in the process, but they are very important because, again, these are small businessmen. Things like even the availability of having employees and the right types of skilled workers are very important to dealers simply because, in terms of the technicians that are required, they need to be trained; they need to be experts within their area. It's more than just being a mechanic now; there are all the computer skills that are required of those things as well. I think the training aspect of what the government can do in terms of training as well as apprenticeship programs is very important to us.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Mr. Pat Hoy): Now I ask the Ontario Public Service Employees Union to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning, this time from the official opposition. I just ask you to state your names for Hansard.

Mr. Smokey Thomas: And I'll talk fast. My name is Smokey Thomas. I have with me Randy Robinson. Randy is our political economist. I'm the president of OPSEU. I'd just like to say thanks for the opportunity to present our views on Ontario's next budget.

Our union represents about 125,000 Ontarians working in 500 bargaining units that span the entire public sector. As the public sector has been very much in the news of late, I want to make it very clear who we are.

If you're lying on your kitchen floor with an explosive pain in your chest radiating up your left arm, the person you most want to see is one of our ambulance paramedics. If you're horrified by news stories of children being exploited, neglected, beaten and killed, then you know why we need children's aid workers. If you or anyone you know has been touched by cancer, it was likely one of our professional lab technologists who first identified what kind of cancer it was. It was likely one of our radiation therapists or a pharmacy technician who delivered the prescribed course of treatment.

If you know that Ontario has the safest highways in North America, then you know why we need transportation enforcement officers on the road to put unsafe trucks out of work. If you care that the food you eat and the water you drink is safe, then you know why we have provincial inspectors.

Our members maintain the security of the blood supply. We make sure health cards and birth certificates are secure documents that are only issued to people who are legally entitled to them. We keep alcohol out of the hands of children—and drunks. We help people with disabilities live with the dignity they deserve. We give women and families a safe haven from domestic violence. We help people overcome mental health issues. We help raise your kids at daycare. We educate and train the workforce of the future. We protect Ontario's cultural heritage. We guard accused murderers. We make the courts work, for people and business. We enforce air and water protection laws. We protect our fish and wildlife and our forests and streams.

I represent the people who have chosen to serve their communities and to uphold the values that we share as Ontarians. I've been working with and for OPSEU members for more than three decades. I am always impressed by their commitment to the public, their incredible knowledge and their deep frustration at politicians who stand in the way of better service. Yet today, those who serve the public are under attack.

Despite the fact that, prior to the recession, Ontario consistently had the second-lowest program spending of any province in Canada, despite the fact that real wages in the provincial public sector in Ontario only returned to 1992 levels in 2008, and despite ongoing productivity improvements, we are seeing public sector bashing on a level we haven't seen since the mid-1990s.

We live in a time when well-funded forces in business and politics are taking advantage of the recent recession, the current budget deficit and ongoing economic uncertainty to further an agenda that aims to make Ontario more profitable for them and less livable for the rest of us. There is no reason why the need to address a budget deficit calls for a redistribution of wealth, especially one that moves money from lower-income, lower-net-wealth individuals to those at the top of the pyramid. Yet that is exactly the strategy adopted by the current government in its last two budgets.

Following on the 2009 budget, Ontario's Tax Plan for Jobs and Growth lists tax reductions for businesses that will total more than $8 billion a year when fully phased in. These tax cuts include donations to corporations like the Royal Bank of Canada, whose profits in 2009 were more than $3.8 billion and whose CEO, Gordon Nixon, struggled to keep a roof over his head on an income of just $12 million. These tax cuts come with a price tag.

Somebody has to pay for them, and it won't be Mr. Nixon or his fellow CEOs.

Corporate tax cuts are being paid for in three ways: first, through vicious cuts to key public services, as in the recent wave of bed closures in mental health. The government plans to eliminate 2,000 more jobs in the Ontario public service alone, despite admitting that Ontario has the second-cheapest public service per capita of any province in Canada.

Second, Ontarians are paying for corporate tax cuts through wage cuts for nursing home workers, college admissions clerks, correctional officers and anyone else who happened to choose a career in the public service.

Third, Ontarians are paying for corporate tax cuts through the HST. While income tax cuts and other tax credits offset much of the impact, many Ontarians do not file tax returns. Of these people, a disproportionate number are poor and will pay the full amount of the HST. But even people whose income is unaffected by the HST will be affected by it by what they lose in public services. The tax plan says that the overall tax cut package "will reduce Ontario revenue by $3.4 billion over the first four years." In our view, this is almost certainly a lowball estimate. This tax plan is an assault on public services and the funding that sustains them.

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Of course, it is the government's view that the negative effects of its tax policies can be mitigated by taking money out of the pockets of developmental service workers, workplace safety inspectors and conservation officers. Rarely in my memory has a government come forward with a policy as blatantly unfair as the McGuinty wage freeze policy. All of the money saved through the wage freeze, which could run as high as $1.8 billion a year when fully phased in, will go to pay for corporate income tax cuts. None of it will go to save jobs, protect services or pay down the deficit.

Twenty per cent of OPSEU members make less than $20,000 a year; 40% make less than $40,000. If inflation runs at 2%, the $20,000-a-year part-timer in a group home will pay $400 a year to fund the corporate tax cuts in the first year and $800 a year in the second year. Even if her wages in year three manage to keep up with inflation, she will pay that $800 again in year three, in year four and on and on. Over five years, she will pay $3,600. How can this be right, when she's paying for bonuses for CEOs who have so much money they can't spend it all?

Corporate tax cuts will not bring jobs and prosperity to Ontario. Ontario corporations have enjoyed either federal or provincial corporate tax cuts for the last 10 years, yet in that time, the rate of investment has actually gone down.

There is no need to get corporate taxes below those of our competitors; they already are. The 2010 Competitive Alternatives study by KPMG showed that Canada has lower overall corporate taxes than any of our key competitors, except Mexico. There are no major American or European cities with lower overall corporate taxes than the Toronto region, KPMG says. And we all believe KPMG.

Even the federal government acknowledges that corporate income tax cuts are pretty much the worst way to boost GDP growth. The best ways are measures to help low-income people, investments in public housing and investments in public services in general. Any one of these expenditures creates a multiplier effect that is roughly five times greater than that provided by corporate tax cuts.

I often ask business leaders, "Do you think it is possible to have a society that is both prosperous and compassionate?" Not one person has ever said no. Yet somehow Ontario has gone astray. The wealth of the few now trumps the needs of the many.

With all the money in this province, how can we have more than 400,000 children growing up in poverty? How can the Premier literally be telling people on social assistance to eat less food while he is inviting CEOs to take another trip to the trough? Something has got to change.

It is true that the current crisis demands a redistribution of wealth. But it cannot be a redistribution of wealth from the bottom to the top; it must go in the opposite direction. The promise of trickle-down economics is an empty promise.

The time for a different vision has come. According to a poll of 1,500 Canadians taken last week, only one in 10 Canadians believes corporate taxes should be lower.

To reduce the inequality that is hurting our province, we propose the government take the following steps in the upcoming budget:

—commit to adequate funding of health care, post-secondary education, environmental protection and all public services, including those that serve the most vulnerable Ontarians;

—rescind the wage-freeze policy, effective immediately;

—implement the demand of the Put Food in the Budget campaign and increase funding for all adults on social assistance and Ontario disability support by $100 a month—and that's all they're asking for. It needs to be about $300 a month more, but I guess they'd settle for $100 and sort of half-starve;

—restore the general corporate income tax rate to the June 30, 2010, level of 14%;

—introduce a financial transaction tax of one tenth of 1% on equity and derivative transactions on the Toronto Stock Exchange, the Robin Hood tax, as some people call it; and

—introduce a high-income surtax of 10% on the incomes of those earning $300,000 a year or more. Those individuals can pay more taxes and they'll still be rich. I'll never have to worry about that one.

My members want an Ontario where parents can believe that their kids will be able to reach their full potential and make a positive contribution to society. We want an Ontario where we value the social bonds that help people and communities thrive as much as we value private gain. We want an Ontario where every man, woman and child can afford the necessities of life and dream of a brighter future.

I just would like to close by saying that it really, really, really begs the question of everyone in this room who's going to have input into this budget: How can you put the greed of a few ahead of the needs of so many?

Thank you. We'd be happy to take questions now.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Barrett.

Mr. Toby Barrett: Thank you, OPSEU, for presenting. Much of your presentation centred on your concern with tax cuts for business, whether it's—and you list it here: elimination of the capital tax, reducing corporate income tax and tax reductions through the HST. Just looking at the broader picture of tax cuts, I guess some of my questions are: What tax cuts would you favour? Income tax cuts, for example, for workers?

Mr. Smokey Thomas: No. We'd just like to see you put taxes back on corporations and the rich. What I believe is needed in Ontario is a full and frank discussion of all our taxation. I think we could all agree that there are some unfair taxes. We might disagree about which ones are unfair, but I would like to see that kind of a debate happen. In the meantime, the government needs to have enough tax revenue coming in so that it can operate and look after all Ontarians, not just their rich friends.

Mr. Toby Barrett: Okay. With respect to all of our taxes, and there are a lot—well, there are a number of different categories. What about tax cuts for consumption taxes like the HST—obviously not for business, in your position, but, say, for gasoline or home heating oil?

Mr. Smokey Thomas: The HST was one huge tax grab, and in my mind, there are some things in there that shouldn't have HST on them. Do you know what I mean? They could take the tax off several things. The necessities of life shouldn't have the HST applied.

Mr. Toby Barrett: Necessities? Okay. Say, home heating and electricity, perhaps, or a share of electricity?

Mr. Smokey Thomas: Well, they borrowed a bunch of money to give us a 10% tax break—didn't they?—on electricity.

Interjection.

Mr. Smokey Thomas: Yeah.

Mr. Toby Barrett: Looking at it the other way, what tax increases would you favour? As you said, tax increases on corporations, but what about income taxes?

Mr. Smokey Thomas: I'll turn this one over to my finance guru here.

Mr. Randy Robinson: On the personal income tax, the one that we have targeted is a 10% surtax on income over $300,000. Where we get the $300,000 figure is that that happens to be the number that we've tested in polling, and the number we got last August was that 81% of Ontarians agree with that.

In terms of other taxes, the Robin Hood tax on the Toronto Stock Exchange right now: The amount of trading done at the TSX is about $1.4 trillion a year, so a tax of one tenth of 1% would be $1.4 billion at current rates. But, of course, as trading expands, that number would go up.

Those would be two of the ones of the three that we listed.

Mr. Toby Barrett: What kind of tax is there on the Toronto exchange—

Mr. Randy Robinson: There isn't. It's just the commissions of the traders, which are unrelated to taxes.

Mr. Toby Barrett: Yes. Any other tax increases you would think of? The carbon tax? That's something that's been discussed on occasion.

Mr. Randy Robinson: Well, I think one of the main ones that we're trying to focus on is just getting the general corporate income tax rate back to 14%, which it was on June 30 of this past year. It will change on July 1. That would be our number three big one.

Mr. Toby Barrett: Okay. Government plans to eliminate 2,000 more jobs in the Ontario public service. Now, your union has 125,000 people. How many people are in the Ontario public service?

Mr. Smokey Thomas: Well, the OPS—we have about 44,000 members left who work for the government directly. I think there are about 63,000 and change in the whole OPS still.

What we've observed across the province is that while front-line workforces have been shrinking in hospitals, front-line health care and the government, management has not shrunk at all and, indeed, is expanding. I can cite you several examples if you'd like. After the fact here, I could send you some stuff. A hospital in Peterborough laid off 65 front-line workers but created three brand new management positions in the same announcement. The private sector has about one manager for every seven workers; the OPS has about one for 10. But broader public service hospitals now are at about one to four, one to five.

I'm not in favour of anyone losing their jobs, unless, of course, it's a bank CEO, but I have a personal dislike for them.

Mr. Toby Barrett: I'm sorry, what?

Mr. Smokey Thomas: A bank CEO. I wouldn't mind seeing some of them lose their jobs. They've done it to us long enough.

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But in the hospitals, if you look for savings, you could look for savings in management. I don't want anybody to lose their job, but what value is there if you're a manager and you're making 15% to 20% more than the front-line workers but you manage nothing or nobody? I've raised this with the Minister of Health on occasion. She asked us to get her some numbers. I said, "Well, ironically, we've had a freedom-of-information request into your ministry for about a year and a half, that you've been blocking, trying to get these numbers." So we've just gone through phone books, literally hospital by hospital by hospital.

So there's money to be saved in the government, but it's not taking away—it's not saying to the conservation officer, "You've only got gas for two days a week to go out and do your patrols." It's looking at who really runs the darn thing. If you want to save, there are savings, and I'm submitting there are savings to be had in management all across the board.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Smokey Thomas: We left you a card there; join the citizens—people for corporate tax cuts. Thanks. There's more to come on that one.

WILFRID LAURIER UNIVERSITY

The Chair (Mr. Pat Hoy): Now I call on Wilfrid Laurier University to come forward, please. I know that you've been sitting there quite some time now, so I think you know how the program works here: 10 minutes for yourselves. Make your presentation; the questioning will be from Mr. Tabuns of the NDP. Just state your names, please.

Dr. Max Blouw: Thank you, Mr. Chair, and good afternoon, committee members. My name is Max Blouw. I am president and vice-chancellor of Wilfrid Laurier University. With me is Brian Rosborough, director of government relations for the university.

Thank you for inviting us to present today. It's a pleasure to be with you. This is the second year in a row that Laurier has made a submission to this committee. This repetition reflects our desire to work in partnership with the government of Ontario and with the Legislative Assembly. We wish to advance what we believe are shared goals of high-quality, accessible post-secondary education that recognizes the value of teaching and learning, that values our students and our institutions, and that underpins Ontario's cultural, social and economic prosperity.

We are grateful that a number of important initiatives in last year's provincial budget responded directly to our 2010-11 submission, including the need to update base funding for two universities for significant enrolment growth since 2005; the need to fund additional post-secondary spaces to meet growing demand, and that demand is growing enormously; and the commitment to work with stakeholders towards more sustainable public sector pension plans.

This year, our submission focuses primarily on the need for capital investment in the post-secondary sector and for capital investment in Laurier in particular. Ontario has the opportunity to regain a position of national and international leadership and competitive advantage through investment in post-secondary education. It's an opportunity that our competitors in both emerging and transitioning economies understand very well. President Obama's State of the Union address captured this imperative very well. He said: "We know what it takes to compete for the jobs and industries of our time. We need to out-innovate, out-educate and out-build the rest of the world."

The same is true for Ontario. To do this in Ontario, we need additional capacity in the system, including tens of thousands of additional spaces in our universities. Universities have attracted less than 1% of provincial capital investment in the past couple of years. We will prosper only with a significant additional investment going forward. Laurier's submission includes an integrated plan for capital investment in our multi-campus success story, including investments in Waterloo, Brantford and in a proposed new campus in Milton. Our proposals reflect the need for immediate growth in university enrolment. They also reflect the ever-increasing demand for Laurier's programs and for the opportunities for student engagement for which Laurier is renowned.

Laurier is building on its success with complementary multi-campus programming that reflects the goals of our current and prospective students, the leadership of our faculty and the imagination of our partners and, most importantly perhaps, the aspirations of the communities that we serve in our wonderful province.

In Waterloo, provincial infrastructure investment will increase capacity and innovation in business education, which is essential for the capitalization of new ideas and new technology. Our friends at the University of Waterloo generate many wonderful new technologies. At Laurier, we generate the outstanding business graduates who take those technology companies and make them globally successful. It's a huge contribution to the overall knowledge-based economy in the province.

Our submission includes proposals for two new buildings on our Waterloo campus that over 10 years will allow us to increase enrolment substantially, to repurpose existing space more effectively and to bring industry and community into the university increasingly.

At Laurier Brantford, provincial infrastructure development will support increased enrolment and help build a unique community partnership to bring much-needed recreation and athletic facilities to a community that is being revitalized as a result of post-secondary education. Laurier Brantford illustrates the transformative nature of an investment in post-secondary education in a community. In that community, working together with six partners—the YMCA, the Six Nations, Nipissing University, Mohawk, the Six Nations Polytechnic, and the municipal government—we propose to jointly build a new YMCA facility that will support community recreation, post-secondary athletics and recreation, and act as a new conduit for relationship-building amongst our partners and between our partners in the wider community. It will certainly support increased enrolment at the Brantford campus.

We have also included a proposal for a new learning commons at Brantford that will allow us to grow further while offering students learning, teaching and student support resources that will define innovative universities in the future.

In Milton, a new Laurier campus will bring post-secondary education to an area of the greater Toronto region that is defining rapid and sustainable growth and is poised to become a centre for green technology and innovation. A Milton campus would build on Laurier's multi-campus success story and create capacity in North America's fastest-growing community.

The year 2011 is a celebration year for the Laurier community as we mark our 100th birthday. For Laurier, it has been 100 years of inspiring lives of leadership and purpose. As we build on the success of our first 100 years, we're looking forward to the decades ahead and to Ontario's future in the 21st century.

The decisions Ontario makes today regarding investment in post-secondary education will determine whether it is a leader or a follower in the century ahead. I invite you to review our submission in detail to see the opportunities it provides, and I invite you to support Laurier over the next 100 years of inspiring further leadership and purpose. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. We'll go to the NDP's Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much for coming in today and for making this presentation. In the context of all of the post-secondary education facilities in Ontario, how does your proposal fit in? You're right; you're asking for money for PSE in general and you in particular. Why you in particular?

Dr. Max Blouw: Of the traditional universities in the province, Laurier has grown faster than any other. We were a small undergraduate university for decades. Currently, we have about 17,000 students in four different locations. We've become a multi-campus university. We continue to grow very rapidly. We are meeting the needs of the province for very, very well-educated people who can launch us forward, not only with economic prosperity but cultural and social prosperity as well.

I believe that Laurier has undertaken all of this growth in a remarkably sustainable way. In other words, the student experience continues to be extraordinarily strong. We value the kind of experience students receive at smaller institutions, therefore, as a growth strategy. We aim to minimize the growth at our fastest-growing location in Waterloo to deflect more of that growth to Brantford and, we hope, to Milton. Milton is in, I think, desperate need of a post-secondary institution. I believe, in fact, that building a post-secondary institution there would not be very different from having started, say, the York campus in York region 55 years ago. Look what that's done not only for the province, but for the country as a whole. I think it's an important imperative.

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Mr. Peter Tabuns: I understand the logic of your argument.

One of the concerns that I've heard from both faculty and students on occasion is that they have buildings but they don't have enough teachers, teaching assistants or support to actually provide a person-to-person, student-to-teacher ratio that allows them to learn the way they need to learn. Are you finding yourself hard-pressed on operating costs?

Dr. Max Blouw: We are indeed hard-pressed on operating costs, but at Laurier we've made some very tough decisions, and one of those is to have a fixed ratio between faculty and students. That is a matter of institutional policy and collective bargaining. So we have diverted resources to the classroom at times when perhaps it might have been very tempting to do other things. As a consequence of doing that, we have a rather high deferred maintenance budget. Our deficit is quite substantial. The capital resources that we are requesting in this proposal will help us to renew our infrastructure and to reduce that deferred maintenance cost to some extent.

Mr. Peter Tabuns: It's an interesting perspective you put out there. What portion of what you're asking for would deal with your deferred maintenance, and what portion would deal with new spaces for new students?

Dr. Max Blouw: All of the request will deal with new spaces for new students. What we will be able to do with new space is to then undertake renovation of existing space to bring it up to standard. I doubt very much that we'll be able to do away with any of our existing stock. We're saturated. We have to rent space in Waterloo very quickly because we simply are completely out of space there. With the development of a large new building, we can actually empty a building, renovate it over the course of a year or a year and a half and so on. So it will have a domino effect of benefits.

Mr. Peter Tabuns: I have no further questions. Thank you.

Dr. Max Blouw: I notice that there's a Laurier100 bag under the table at the end of the room, celebrating our 100th anniversary.

Thank you very much for the opportunity to be with you.

The Chair (Mr. Pat Hoy): Congratulations.

MEDTRONIC OF CANADA

The Chair (Mr. Pat Hoy): Now I call on Medtronic of Canada to come forward. Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and in this round, it will come from the government. I'd ask you to state your names for our recording Hansard.

Mr. Neil Fraser: Thank you for the invitation to come today. My name is Neil Fraser. I'm president of Medtronic of Canada. With me is my colleague Sylvain Beaudry, who is our director of government affairs and health policy. We're very pleased to provide input to this committee.

I'd like to start by talking about our company. We are one of the largest medical technology companies both in Canada and the world; within Canada, established here in Ontario in 1972 as a subsidiary of our Minneapolis-based parent. We currently employ over 600 people across Canada, and probably half of those would be in Ontario. Our presence in Canada is significant and growing. Our headquarters is in Brampton. We also have a distribution centre in Mississauga, a manufacturing and R&D facility in Montreal, and sales offices across the country.

Medtronic is a pioneer in developing medical technologies such as the pacemaker, which was developed by our founder. Many of our technologies are minimally invasive. The products and services that we provide are designed to enhance and extend the lives of Canadians. We specialize in a variety of disciplines in medicine, with surgical tools and devices for things such as cardiac rhythm, like the pacemaker; Parkinson's; chronic pain; spinal deformities; diabetes; cardiovascular disorders and many other conditions.

Medical devices improve the accuracy of diagnoses, enhance the treatment and cure of diseases, and reduce the impact of long-term disabilities. In short, they help provide better medical care and improve patient outcomes.

Every day, we work with physicians, nurses, administrators and other stakeholders on these therapies and the value that they bring to the health system.

In these challenging economic times, we want to be part of the solution and not the problem. We understand the importance of developing and implementing public policies that are focused on improving patient outcomes—such as recovery time reduction and emergency room visit reduction—without jeopardizing the long-term sustainability of the system.

As we enter the new fiscal year of 2011, Medtronic, like other stakeholders in the province, is acutely aware of the challenges facing the government of Ontario. Forty-six cents of the dollar that the government spends goes to health care. Clearly, the current mode of funding is unsustainable. In the longer term, the government will need to find innovative approaches—such as broader use of devices, as one example—to deliver health care.

At Medtronic we're experts at innovation not only with the devices that we develop but also in delivering system solutions, such as a recent example we call the "hospital of the future," which allows a digital command centre in the operating room to improve the flow of devices, reducing back orders, providing electronic device registration and better aligning the product mix with the usage patterns that are found in the hospitals.

Medtronic can be an important partner of the government of Ontario. We want to work together with the government to help them to spend smarter and to spend in ways that maximize access to therapies without sacrificing the long-term sustainability of the system.

Within this context, we have two recommendations for the committee today. One is about leveraging the economic potential of the medical device sector in Ontario. Second is embracing the value that technology brings to the health care system.

Over the past year, the Open for Business plan of the provincial government identified the medical device technology sector as a potential growth industry for the province. We appreciate the focus from the Ministers of Economic Development and Trade as well as Health and Long-Term Care, working together to try and develop solutions to issues and barriers that are facing the sector in Ontario.

Among the many issues that came forward were procurement and access to the market; adoption of new medical technology; the role of health technology assessment in the health sector—and this is an arm of the Ministry of Health that assesses the economic value of technology; engaging the global device industry—which we represent—in the Ontario technology strategy; and also looking at cost containment versus innovation. How do you do both?

All of these are very important issues to address. Due to time constraints here, I'm going to focus on procurement and access to the market.

Ontario hospitals rely on something called a tendering process. This is based on guidelines that were developed by the finance group Ontario Buys for the procurement of medical technology. This process has become increasingly complex and has required a significant allocation of resources by the industry just to cope with the requirements.

As a company and a sector, we're concerned about the direction that the ministry is taking in amending the current procurement guidelines. We support the principles of competitive tendering and of professional procurement; however, we believe that it should support and recognize the value of innovation in technologies to patients, clinicians and the health care system and should reward features that bring new capabilities and options to the clinical pathway. In short, it should not be exclusively about price, but rather assess the full value that that technology brings. It's imperative that Ontario Buys and the Ministry of Finance work with the medical technology sector to develop guidelines and terms and conditions that do not curtail innovation and investment in Ontario.

As I mentioned, almost half the provincial budget is currently going to health care, and this is increasing in the 5% to 8% range annually, until 2014, when the current federal-provincial accord is due to expire. We believe that the Ontario government must use the 2011 budget to start to examine how and where it's spending money on health care services and to determine if there are opportunities to improve on the investments. Is the government really getting the best value for the money it's investing in health care?

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We believe that the government could improve patient outcomes cost-effectively by rethinking the investments it makes in therapeutic treatments for a variety of diseases and conditions. For example, clinical evidence increasingly demonstrates that, in certain areas, medical device technologies can be more cost-effective than drugs, although the cost is all up front, whereas the drug costs are spread over the life of the patient. But devices can be site-specific in their delivery. Because they're anchored with electronic circuitry, there's tremendous certainty of the delivery of therapy, unlike with drugs.

In this vein, we urge the government to take advantage of the recommendations of the Ontario Health Technology Advisory Committee, OHTAC, an expert advisory committee that advises on the adoption and funding of new medical device technologies and treatments. One area that they identified was the area of so-called "neuromodulation," which relates to a field of neurosurgery called functional and stereotactic neurosurgery. This area involves the use of pacemaker technology in the central nervous system to manage symptoms of chronic diseases, such as Parkinson's, chronic neuropathic pain, incontinence and depression and many other conditions. In 2005, OHTAC provided positive recommendations on the cost-effectiveness of this therapy for patients. However, today, six years later, government funding is still well below conservative estimates of the OHTAC recommendations of 2005.

In 2011, less than 10% of patients who need this technology or could benefit from it will actually receive it. It's important to note that Ontario is a laggard in terms of this area compared to other Canadian provinces and other countries of the developed world. As per OHTAC's recommendations, Ontario requires additional funding in this area to meet the current patient demand. This could be an example of somebody who is in chronic pain who may not be able to work. The result could be that they could go back to work.

The Chair (Mr. Pat Hoy): You have about a minute.

Mr. Neil Fraser: Thank you. So, in short, as per OHTAC's recommendations, we ask the Ontario government to boost its support in this area. The estimate is currently $15 million annually, which would cover the cost of the technology and associated support programs in this area. This investment would be in line with the government of Ontario's newly established Ontario Brain Institute. While we applaud the creation of the institute, it's key that the government of Ontario not only support research but also clinical programs that provide therapies to the sufferers of such diseases.

In summary, then: As the provincial government prepares the budget, we encourage it to continue working with the medical device sector through the Open for Business initiative to address issues affecting the investment climate here in Ontario. We specifically ask the government to work more closely with us on these models to ensure transparency, simplicity, and that value is emphasized and not just price.

Moreover, we would urge the government to re-examine how it spends on therapeutic treatments and to consider the OHTAC recommendations in this field of neuromodulation.

Thank you for your time. We'd be pleased to answer any questions.

The Chair (Mr. Pat Hoy): The questioning goes to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Mr. Fraser and Mr. Beaudry, for being here. That was quite a fascinating presentation, and a unique one, to say the least. That's a lot to take in, but I'm going to talk to you about the medical device sector and what Medtronic does. It's going to be interesting.

I have a couple of very specific questions, if you don't mind. The development of medical technologies: You talk about Medtronic working to improve patient outcomes, reducing recovery time and emergency room visits. Obviously, that's the mandate of this government, and working to the alternative level of care, the continuum of care, moving patients out of the ER and aging at home.

My first question is: To date, what kind of conversations have you been involved in, or what role do you see yourself playing as this whole piece unfolds?

Mr. Neil Fraser: Do you mean generally, or specific to neuromodulation?

Ms. Leeanna Pendergast: No, with the government.

Mr. Neil Fraser: We've been actively involved in the Open for Business process. We're a member of MEDEC, which is the association of our industry. We've provided specific examples and case studies for them to use in these discussions, and we certainly support that process.

Ms. Leeanna Pendergast: So this would be the partnering you're doing with the Ontario government, developing new approaches to delivering health care.

Mr. Neil Fraser: Yes, and we're also partnering with OHTAC on the assessment of technologies and giving them presentations on developing areas that are of interest to them, such as telemedicine, for example. You can communicate with our devices trans-telephonically and avoid repeat visits to the hospital for follow-ups and that sort of thing, so it does keep patients at home as well.

Ms. Leeanna Pendergast: Excellent. On page 5 you talk about working more closely with the Ministries of Economic Development and Trade and Health and Long-Term Care. Is there a plan for that? Is that a continuous dialogue that's happening?

Mr. Neil Fraser: Yes. It has been going on since about September, I believe, or maybe even June. So it's an ongoing process.

Ms. Leeanna Pendergast: Thank you for those comments. I want to focus on the neuromodulation piece, just because of the possibilities there and the pacemaker technology. On page 8, you talk about how "in 2011, less than 10% of patients who need neuromodulation therapy … actually receive it." Where do you get those statistics?

Mr. Neil Fraser: Just from epidemiology and from the OHTAC recommendations. It's in their specific report from 2005.

Ms. Leeanna Pendergast: For 2005?

Mr. Neil Fraser: Yes.

Ms. Leeanna Pendergast: Okay. And when you talk about OHTAC's recommendations, that's where you get the $15 million annually? Is that where the $15 million annually comes from?

Mr. Neil Fraser: That's correct. So it's relatively modest.

Ms. Leeanna Pendergast: As the finance committee, I wanted to ask: As a result of that relatively modest, as you say, $15-million investment, what are the ripple-effect savings? You did touch briefly on chronic care and chronic illness, and we're talking about aging at home and moving people out of hospitals. Can you speak to that? Sometimes it's nice to have a balance between the $15-million ask and then what the savings would be in terms of that.

Mr. Neil Fraser: Most of these neurological disorders—whether it's pain or Parkinson's or depression—can affect people, really, of all ages. Many of them are on narcotic drugs. People with movement disorders are on some highly specialized drugs. They're not necessarily old, so they will be on these drugs for the rest of their lives. It's highly variable. I'm sorry I don't have a direct figure, but it could be as much as $50,000 a year to maintain a patient with a chronic neurological condition.

Ms. Leeanna Pendergast: So we're also talking about maintaining them out of hospital?

Mr. Neil Fraser: Yes, but they would still also be required to come for follow-up, and they may have to go to emergency at times if the drug is not working. Again, the drug is a very statistical product; it's not always effective, whereas devices are more effective.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation.

Ms. Leeanna Pendergast: I've got to talk faster. Thank you. Too many questions; too little time.

Mr. Neil Fraser: Thank you very much. It's a very technical area.

ONTARIO HOME BUILDERS' ASSOCIATION

The Chair (Mr. Pat Hoy): Now I ask the Ontario Home Builders' Association to come forward. Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning; in this case, it will come from the official opposition. I'd ask you to just state your names for our recording Hansard, and then you can begin.

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Mr. Bob Finnigan: Okay. I'm Bob Finnigan.

Mr. Mike Collins-Williams: Mike Collins-Williams.

Mr. Bob Finnigan: Mr. Chairman, members of the committee, good afternoon. My name is Bob Finnigan, and I am the president of the Ontario Home Builders' Association. I'm also the chief operating officer of Heathwood Homes. We primarily build multiple- and single-family homes in the GTA and we are an Energy Star builder. I'm a volunteer member of the association and, in addition to my business and personal responsibilities, I'm very dedicated to the housing industry. Joining me is Michael Collins-Williams, OHBA's director of policy.

The Ontario Home Builders' Association is the voice of the residential construction industry across Ontario. Our association includes 4,000 member companies, organized into 29 local associations across the province. The residential construction industry is the largest and most important industry in the province. Our sector supports over 334,000 jobs, paying some $16.9 billion in wages and contributing $34.4 billion to the provincial economy. Putting those numbers aside, I think all you really have to do is look south of the border to understand just how important a healthy and strong housing market is to the broader economy.

In 2010, we had a very strong pre-HST spring market in the single detached homes sector. However, in the later half of the year, we did see a substantial slow-down of low-rise sales due to both price levels and land supply issues. In the high-rise condo market, there has been year-long strength and these sales were the main reason for the overall increase of about 20% in housing starts over the previous year.

Low mortgage rates, improved consumer confidence and the continuation of the investor market supported the real estate sector in 2010 and created many new jobs on construction sites across Ontario. In 2011, we are anticipating the housing market to level out with a slightly more moderate pace of activity. Builders are fairly cautious and we are prepared for a subdued year in 2011 in terms of economic performance as there still is a lot of uncertainty regarding consumer debt, exports and the global financial environment.

Right now, it is absolutely critical that the provincial government continue to strongly support job creation to ensure a sustainable recovery. Our members are very concerned about unemployment. Quite simply, if somebody is worried about whether or not they will have a job in the near future, they certainly aren't going to purchase a new home or consider a major renovation.

OHBA strongly believes that continuing to devote stimulus funding into key core infrastructure projects is the best method to create jobs, while also laying the foundation for future productivity gains. Infrastructure also improves the quality of life in Ontario by reducing congestion and ensures we remain competitive in an increasingly globalized economy. I don't think anybody in this room needs reminding that we face major congestion issues in south-central Ontario, and while we support many of the initiatives started in the last couple of years to combat congestion, we've got a long way to go. OHBA supports major transportation corridor projects such as high-order transit lines in Toronto, GO Transit electrification, the mid-peninsula corridor highway, the 407 eastward extension, as well as upgrading key border crossings with the United States.

We have been very supportive of economic stimulus plans geared towards infrastructure investment and job creation. We also recognize that the economic stimulus of previous budgets will shift to a new period of budget austerity. So while the total amount of funding towards infrastructure will likely decline, it is critical that the upcoming budget and the 10-year capital infrastructure plan focus on core infrastructure as priority investments. The OHBA defines core infrastructure as roads, transit, water and waste water facilities that support overall economic expansion.

We recognize that the shift to a harmonized sales tax has some benefits to the broader economy, specifically manufacturing, but harmonization has brought about significant taxation implications, impacting new home buyers and homeowners contemplating a renovation. I'll discuss new housing first.

OHBA strongly supported the enhancements the province made in June 2009 to replace the initial proposed regressive dual threshold sales tax with a progressive tax structure that is now applied to new homes. This was an enlightened approach to taxation, and we are strongly advocating for the federal government to take the same steps as Ontario to enhance the outdated GST structure as it applies to housing. We want to be very clear that while we support the positive measures taken to improve the tax structure and reduce the overall tax burden, it still represents a substantial net taxation increase for homes valued over $400,000.

In light of this issue, a reasonable and good alternative is, over time, to regularly review the threshold and to consider eventually matching the $525,000 threshold used by the British Columbia government. This would substantially improve housing affordability for the middle class new home buyer and provide an opportunity for the federal government to adopt the same threshold in a progressive tax structure and set the stage for a truly harmonized tax policy across Canada.

With respect to residential renovations, we have serious concerns that the cumulative 13% sales tax burden has been a godsend for the underground economy. Many new homeowners are going to avoid paying the sales taxes by hiring unscrupulous trades and simply paying cash. This has become an all-too-common occurrence in communities across the province, and I know that everyone in this room has a friend, family member or neighbour who has hired someone to do renovation work for cash.

Please keep in mind that this isn't a small problem in an insignificant sector of the economy. The residential renovation sector accounts for some $20.3 billion in investment activity and supports approximately 195,000 jobs in this province. Recently, the Altus Group estimated that underground renovation contracts represented some $5.2 billion in unreported economic activity just prior to the implementation of the HST. This number has obviously grown significantly in the months since the new tax was implemented.

With the GST having already steered a sizable proportion of renovations to the underground, we know that the tax increase was like throwing gasoline onto a fire. Yes, HST credits are available, but it's only on the building materials portion of the contact. The much larger labour and overhead components have no input tax credits, and the real problem is that single line at the bottom of a contract that says "13%," to which the all-too-common response is, "What will it cost me if I pay cash?"

This isn't a small issue that can be swept under the rug, as many illegitimate businesses will hope you do. We are talking about billions of dollars in illegal economic activity, and, quite frankly, we can't afford not to do something to tackle this growing problem.

There are many obvious negatives attributes to underground construction work. Health and safety standards of workers in the underground are not likely to be met and aren't enforced. Warranties are generally non-existent. Consumers suffer with little or no recourse in the event of shoddy or unsafe workmanship, which exposes consumers to both financial and liability issues. Lastly, all levels of government stand to lose billions of dollars in revenue leakage, as cash operators aren't just avoiding sales taxes, but they also aren't reporting income or corporate taxes, and they're not submitting premiums to CPP, WSIB or employment insurance.

To mitigate the impact of the cumulative 13% sales tax on the underground economy, we strongly recommend that both the provincial and federal governments introduce permanent home renovation tax rebates for their portions of the sales tax. We advocate that these rebates should go directly to consumers to encourage the collection of receipts from legitimate business that are submitted to the CRA at tax time every spring. This would, in turn, create a paper trail that governments and the CRA could utilize to track and catch those trying to cheat the system.

Let me conclude by stating that we are cautiously optimistic that we've survived the worst of the recession, but the residential construction industry is very cautious about the future. As one of the key drivers of the provincial economy, OHBA members pour billions of dollars into the provincial treasury and allow for the expansion of the municipal property tax base. We look forward to the upcoming provincial budget with the hope you have listened to both our concerns and positive suggestions to support job growth by making significant infrastructure investments.

I'd like to thank you for your attention, and I look forward to any questions you may have.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Miller of the official opposition.

Mr. Norm Miller: Thank you very much for your presentation today. I guess I'll start with the beginning of your presentation, where you were talking about overall fiscal policy. You said that you're concerned with the overall deficit and debt. What would you like to see, and what are your concerns there?

Mr. Bob Finnigan: Well, we know that the province is running a substantial deficit, and the concern is that we've been spending, and we know the spending is going to slow down. So our infrastructure wish is that hard items such as roadways and sewers, the infrastructure spending that supports expansion of the economy in the long run—that's where we would wish to see continued spending.

Mr. Norm Miller: Obviously, there's been a lot of infrastructure spending in the last year and a half or so. Was there enough investment in those core things that support economic growth? Obviously, they're not the sexy things; sewer and water are below the ground, and you don't see them. It's not like a new recreation facility or pool.

Mr. Bob Finnigan: Yeah. Unfortunately, those things don't materialize overnight. The money is directed there, but we don't see the instantaneous results. It takes many years of ongoing support for those to keep the wheels turning. The lack of infrastructure spending over the previous decade had really caught up with us, so we've got a long way to go.

Mr. Norm Miller: So that's kind of key. It's a kind of building block for your industry, for the economy and for jobs.

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Mr. Bob Finnigan: Certainly in our industry, it's being able to see where our raw resources are, and our raw resources are land, either redevelopment land or raw land. The only way you can get at those is if they're serviced. So that's key.

Mr. Norm Miller: In your report, you also talk about—you've got it highlighted here—escalating taxes, charges and fees. I assume that's also things like WSIB. Can you give me an example of what these taxes, charges and fees are?

Mr. Bob Finnigan: In the last year, the HST was the biggest thing to come in and affect the homes over $400,000. But it's the development charges, land dedication fees and building permit fees—to the point where Ontario's cities are some of the highest in the country. For example, in Toronto, the total GICs on a unit with a median price of $843,000—

Mr. Norm Miller: Sorry, total which?

Mr. Bob Finnigan: Government-imposed charges.

Mr. Norm Miller: Okay, thanks.

Mr. Bob Finnigan: So that's everything from DCs, land dedication, building permits, PST, GST. In the city of Toronto, on an average-priced house today, we are at $141,000 in direct charges—Ottawa is $65,000; Hamilton is $57,000.

Mr. Norm Miller: And those are some of the highest costs in the country.

Mr. Bob Finnigan: It all adds to the price of a house, so it decreases affordability. And it's across all three levels of government. It's not specific to any one. Municipal charges are quite large.

Mr. Norm Miller: Do you see the HST—I know there's a threshold; you said above $400,000. I've talked to a builder who is more into high-end sales in my own riding, where sales just stopped. Has that been the effect on the higher-priced homes? Are they negatively affected?

Mr. Bob Finnigan: Absolutely. I mentioned earlier that before July, the first half of the year, low-rise sales—the average price of a new home in Toronto is over $500,000 today. There was quite a run-up before June 30 to beat the tax, so to speak, and after that the market softened considerably. Basically, it's about $6,000 to $8,000 more per $100,000 over $400,000 than it was before; i.e. a $500,000 house is $6,000 to $8,000 more than it was before June 30, and a $600,000 house is $12,000 to $16,000 more. It affects affordability. And that's on top of the other charges that we talked about before.

Mr. Norm Miller: Your recommendation for the affordable housing strategy: You support the inclusion of secondary suites in the strategy. Can you expand on that a bit?

Mr. Bob Finnigan: When we were asked to comment on that, secondary suites, in our estimation, were the low-hanging fruit. There are many existing houses that can accommodate a secondary suite, whether new or resale. There's a wide range of municipal requirements. Some municipalities outlaw them completely. So we encouraged that that be looked at in terms of a simple solution to providing more affordable units within a given market.

Mr. Norm Miller: As a provincial policy.

Mr. Bob Finnigan: As a provincial policy.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO SECONDARY SCHOOL TEACHERS' FEDERATION

The Chair (Mr. Pat Hoy): Now I ask the Ontario Secondary School Teachers' Federation to come forward, please. Good afternoon. You have up to 10 minutes for your presentation. This time the questioning will come from the NDP and Mr. Tabuns. I'd just ask you to identify yourself before you begin.

Mr. Ken Coran: Thank you, Chair. My name is Ken Coran. I'm the president of the Ontario Secondary School Teachers' Federation. To my left is Lori Foote, our director of communications and political action.

I believe that you have the four-page presentation we have—uncharacteristic of our usual 35- or 36-page document. What I'll try to do is sum up, because I'm sure you've had six or seven presentations from OSSTF throughout the province.

Interjection.

Mr. Ken Coran: Two or three.

There's a general format to them, so what I want to do is not go over it line by line, but just sum up some of the issues and let you know that we are fully aware of the fact that the deficit was $24 billion, went down to $21 billion and now is at $19.3 billion. So we are aware of the financial concerns that are out there but wanted to stress to you—and we say this because we represent workers in the elementary system, in the secondary system, in the university system and also in all four of the boards: the public board, the Catholic board, the French public and the French Catholic board. So when we put a paper together, we put it together with a lot of, obviously, different interest groups and a lot of input from people in different sectors of the education community.

The main theme I want people to leave this room with is that the government has put a lot of money into education and we are very respectful of that, we're very appreciative of that, but we also feel that that is the right investment. We all know how society is changing and how the job opportunities are changing, and it's only through education that we can maintain Ontario as a leader in this country and in the world with regards to being able to produce things, to innovate things and to be leaders.

The key component—and this would be my critique, I guess. The government has put a lot of money into the elementary panel with the JK/SK initiative, which is very important. They're putting more and more money also into post-secondary, which is very important, but in education there's a lifeline there, there's a progression. We want to make sure that the secondary school component is not lost in the early and the post-secondary, because if that middle portion isn't strengthened and maintained and funded properly, then the money you put in at the start doesn't really make that much of a difference to the money you're putting in at the end. So there's got to be that progression there.

One of the things we would like to see, especially in the secondary panel, is maybe more course offerings and more help for some of the special-needs students.

Just recently I was at a public school boards' association meeting and there was a great presentation from a society that represented mental health issues. They are saying that one in five students now has a mental health issue. Money invested in education will better service those students and possibly stop a lot of the costs that could be incurred if those conditions aren't treated in the proper setting and at an early age. So we wanted to make sure that there was funding for a lot of special-education students and to treat some of these students with high needs, because one in five students is a pretty high percentage of problems that could arise later on in life.

The other thing we wanted to see in the secondary panel was to try to get back to the focus of some of the trades in schools. At one time there were a lot of trades. A lot of the students have different strengths and weaknesses. A lot of the boys, especially, would really elevate themselves in the vocational schools and in getting access to those trades. We know it's costly to put the right equipment into the trades, but we should get back into that and make sure that those programs are in the secondary schools.

The other big one: It's more of a cost-saving one and it's a little bit more controversial. It deals with school configuration. As you've been throughout the province, in different communities, you know that there are different areas of growth and different areas of declining enrolment. One way to address those would require consultation with the unions and with school boards, obviously, but it would be school configuration. To us, it makes no sense if you have one school that is over capacity and another school that is under capacity. There should be a way of maybe moving students from, let's say, a kindergarten to grade 8 school—to make that a kindergarten to grade 6 school and then put the grade 7s and 8s with the high school kids in 9 to 12. So let's share some facilities and make better use of them. That way, if some have to be closed, you won't be closing them in the communities where you could make some changes as to the school populations.

It's just a way of breaking down some barriers and looking at better use of facilities. We believe that the taxpayers would very much appreciate something like that, because there are criticisms that some schools are underutilized and some are bursting at the seams. So that's one thing we would be prepared to work on with whatever group to make sure that we could achieve some savings of that nature.

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Another big issue is adult education. If we have schools that are being underutilized, let's use some of those facilities at night, or during the day, if that's possible, for adult education. You can go to the StatsCan website and just look at a breakdown of the languages that people are speaking—we're multicultural, and there's a lot of diversity out there. The first ones are obviously going to be English and French, and the next one is Chinese, then it's Italian, Spanish, German, Portuguese, and then you go to Punjabi, Tagalog, Tamil. So our culture is changing. Any student in school likes to involve their parents, and if they don't like to, their parents would like to be involved in their kids' education. We have to make sure that there is the ability to communicate so that they can understand what's going on. We believe that more funding should go into adult education so that we can facilitate that family-sharing of ideas and make sure that everyone gets into Canadian culture and understands it. That's an issue we've always put forward.

You can see that a lot of these issues are not real big budget items; they're more budget-specific to education and the grants that go to the school boards.

The other one that we conclude with is—there are two of them; one is universities. The government is spending a lot of money on infrastructure for universities and colleges, and rightly so, but we just want to make sure that the people are there to work in these buildings, that those buildings are maintained and that the facilities are used to the greatest ability.

The last one is Ministry of Education initiatives. It's great to have new ideas, and it's great to put them forward, but in education it takes a long time for an initiative to actually produce a result. If we could slow down some of those initiatives, which might even be a cost savings to the Ministry of Education—let's slow some of them down and make sure that the people who have to implement these initiatives are trained properly, have time to work with the students, have time to share ideas, and make sure that new initiative, which could be a great initiative, gets to conclusion. Too many times, if there are too many new things that happen, you can't grasp all of them and you can't fully realize the great extent that some of them are trying to achieve in those improvements.

So we've broken it down. I've superficially touched on a lot of those, but I think you get the idea that education is important. The money that goes into education is only going to prove to possibly reduce other things. We would stress even blending some ministries together. Adult education: There's a perfect opportunity to use some stuff from the Ministry of Citizenship and Immigration and put it together with the Ministry of Education. There are ways of looking at budgets so that maybe you could realize more bang for the buck.

The Chair (Mr. Pat Hoy): Thank you. Mr. Tabuns from the NDP will ask questions.

Mr. Peter Tabuns: Ken, thanks very much for coming in today. Thank you for this presentation.

The special education issue: When we had OSSTF here with your members, many of them talked about the difficulties they were facing in class, trying to deal with not just one student who had difficulties, but multiple students in some cases. Can you give us a sense of the shortfall in addressing the needs of special education students and the impact it's having on classes?

Mr. Ken Coran: There was a survey that was done, and the results haven't even been released, but a lot of the educators said the greatest difficulty in improving student success or improving the achievement was just based on the fact that they can't deal with as many students as they have. If you're doing differentiated instruction, you're trying to get the best out of an individual student, and you have to have either an educational assistant there to help you or a smaller class, because it's really personal attention that drives a student's progress. So the more we could either reduce class sizes or get educational assistants in there or speech and language pathologists, all the resources that are going to be used to deal with some of these students—that would certainly help.

We know that the government is going to release its new special-ed funding allocations in the very near future. They've done a thorough review over years, so we're interested in seeing what that results in. Those results will be out this month. It's the same old saying: The more attention you pay to something, the greater the likelihood of success.

Mr. Peter Tabuns: Adult education: I've had an opportunity to go to a city adult learning centre here in Toronto. You have people who are dealing with very large student loads, getting a good reception. Could you speak a bit more about the kind of resources that should be going into adult education? I get the sense that those programs are run very tightly, with not a lot of room for the people who are actually delivering them.

Mr. Ken Coran: In adult education, really, there are two components, which are very different. There are continuing-ed teachers and continuing-ed instructors. A continuing-ed teacher delivers a credit course. So people who are trying to get a high school diploma would take their courses from a con-ed teacher. A con-ed instructor is one who would do things such as English as a second language.

There are very few cities now in Ontario that still offer those programs through adult day school, and it was primarily through cutbacks in funding. With the cutbacks in funding, the school boards obviously didn't have the funding to continue those programs, so they have somewhat died out. There are still some centres in Ontario—London has adult day school, as does Toronto and, I believe, Ottawa, but very few in other parts of the province.

The same thing with the instructors: supply and demand. A school board can't really plan on having a program that would be a continuum because they'd never know where the supply and demand is. It's the same as, for baseball fans here, the Field of Dreams: If you build it, they will come. So if you have a program that people are respected in, those programs will continue because there's a need for them. It has just been funding problems that have not allowed that to happen.

Mr. Peter Tabuns: Thank you both. I really appreciate the presentation and the answers.

The Chair (Mr. Pat Hoy): And thank you.

CANADIAN FEDERATION OF STUDENTS

The Chair (Mr. Pat Hoy): Now I call on the Canadian Federation of Students to come forward. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning; in this round, it'll come from the government. I just ask you to state your names for our recording Hansard.

Ms. Sandy Hudson: My name is Sandy Hudson.

Ms. Nora Loreto: And my name is Nora Loreto.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Sandy Hudson: Thank you for the opportunity. Again, my name is Sandy Hudson. I'm the Ontario chairperson for the Canadian Federation of Students. The federation represents over 300,000 members across the province and over 600,000 members across the country.

In this presentation, I intend to make clear to all what these 300,000 members, their parents and their families are thinking about coming into the coming election. I also just want to make clear that the media is certainly listening to what these folks are concerned about when it comes to post-secondary education because we just received our seventh gold star on one of our media releases, from Canada NewsWire, which just means that we've been having a number of media releases that have been the most-accessed media releases of the day when it comes to post-secondary education. So folks are paying attention and they are concerned.

Tuition fees in Ontario are the highest in the country. Students are paying an average of $6,300 this year for an undergraduate degree and $9,000, on average, this year for their graduate education and can expect to pay as much as $30,000 for a professional degree in this province.

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Student debt in this province is also at a record high—at $37,000, if we take into account both OSAP loans as well as private lines of credit and private loans that students are accessing. In short, I think that this just demonstrates that we are facing an access crisis, as students find it more and more challenging to succeed while trying to afford the incredible personal, up-front cost of post-secondary education. For those students who do manage to get their foot through the door, I can tell you from personal experience that it is impossible to measure up to your more wealthy classmates when you're trying to hold down three part-time jobs just to make ends meet.

The people of this province, and I would hope that you as well, believe that access to post-secondary education shouldn't be dependent on how wealthy or economically disadvantaged one or one's family is. But the way that the system currently operates, we are entrenching and further exacerbating the divide between the rich and the poor in our society, and Ontarians are well aware of this.

A recent poll that we conducted along with the Ontario Confederation of University Faculty Associations just this month stated that 73% of Ontarians believe that post-secondary education should be of a high priority, and about 70% are concerned about the affordability of post-secondary education.

In addition to the ethical question that I've highlighted, the inaccessibility issue also endangers the economic and social health of this province. We have to realize that students are graduating with mortgage-sized debts. This is going to impact how they are going to participate in our economy, and it's going to impact their ability to access high-cost professional programs like law and like medicine. It's also going to impact our ability to fill the 70% of newly listed jobs that all require a post-secondary education.

Post-secondary education is no longer an option; it's a necessity to become a middle-income earner. That is something that should be afforded to all people of this province. But if the government and future governments continue the example that has been set over the last few years, we will see low- and middle-income earners denied the economic mobility from which generations of post-secondary graduates before them have benefited.

Students this year, and year after year after year, have called upon the government to address the access problem. We're recommending that the budget make clear the government's commitment to access and equity in post-secondary education by immediately implementing a tuition fee freeze that is fully funded and province-wide at the college and university level. In addition, the government has the ability to provide better financial assistance. I think that you will all like this one because it is cost-neutral and very creative: We're recommending that the government reallocate funding for provincial tax credits that are related to post-secondary education into upfront, need-based grants.

We also have to discuss funding for post-secondary education. Because of the increased reliance on tuition fees and the steady withdrawal of funding from the post-secondary sector by the government since the 1980s, students today are paying about half of the true cost of a post-secondary education in what should be a public service. The result is that students in this province experience the worst student-faculty ratios in the country, and colleges and universities contend with the lowest per-student funding of post-secondary education in the entire country and, indeed, most of North America.

The result of this has been the complete erasure of departments and programs at various institutions and an unfortunate reliance on sessional and part-time instructors. These instructors are often teaching at up to three institutions in the province and have little time to devote to the academic development that students require. In order to address the funding issues, we're asking that the government commit to increasing per-student funding by at least 2%.

In our submission, you'll note that our vision for post-secondary education is one that is holistic and suggests a multi-ministerial approach to addressing major problems throughout the sector. We believe that this approach better reflects the widespread benefit that education has to many aspects of our economy and our society. For example, we recommend that the Ministry of Infrastructure respond to the issue of deferred maintenance at our institutions. We have a situation where the shortfall of deferred maintenance amounts to $2 billion. This means that there is a lack of proper classroom and laboratory space and a lack of office space for graduate students, instructors and academic support staff. This undoubtedly affects the quality of education that our students are receiving.

We made a submission at the consultations for the 10-year infrastructure plan, and we recommend that funding be injected to address the backlog in deferred maintenance. We hope that funding will amount to at least $300 million. We're also appealing to the Ministry of Energy and hoping that a commitment will be made to provide funding for the energy retrofitting of deferred maintenance, which will amount to long-term savings for the government on energy costs.

There's no doubt that there's much to be done to address the issues facing students in the post-secondary sector, but the most pressing issue in the minds of our members and in the minds of their families is the inaccessibility of post-secondary education. We look forward to a budget that is going to make access and equity a reality for more Ontarians.

Thank you very much.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. The questions will come in this round from the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Sandy and Nora, for being here and for your presentation today on behalf of the Canadian Federation of Students.

I have just a couple of technical questions. I was reading—fabulous submission; it's going to be a lot of night reading, but thank you—about who the Canadian Federation of Students are. So I open to page 1, and I see the representation of all of your 37 student unions. Is the federation across Canada, and you're the Ontario chapter? Is that how this works?

Ms. Sandy Hudson: Yes, it is.

Ms. Leeanna Pendergast: Okay. We heard from several, probably, of your members throughout the province as we travelled last week: in the north, the east, the west, the southwest, all over the province. And some of the things that we're hearing from you today—we've heard other things as well, so I'm going to ask you your thoughts on some of the stuff that we've heard from your student unions that we haven't heard from you today. But I'm also going to—oh, well, I want to start with your seventh gold star. Congratulations.

Ms. Sandy Hudson: Thank you.

Ms. Leeanna Pendergast: That should have been the first thing out of my mouth. That's fabulous. Well done—very impressive.

Look, I'm an English teacher and a high school vice-principal. When I look at these numbers, I need a calculator, because we're a budget committee. When I open to pages 2 and 3, is this the ask? I got to $34 million plus $60 million plus $136 million, $10 million, $117 million, $120 million. Do we have sort of a total rough estimate of what the millions add up to?

Ms. Nora Loreto: I'll take the question. We haven't added up the total ask.

Ms. Sandy Hudson: Did you add it up?

Mr. Bas Balkissoon: It's $900 million.

Ms. Nora Loreto: Yes. The sector is in dire need of funding across the board. We recognize that decisions are being made with an eye to certain priorities. With an eye to the election, we're going all out with our recommendations, and we hope to see at least some of our recommendations reflected in your budget.

Ms. Leeanna Pendergast: Well, that's a good strategy. Start with the $900 million and take it from there.

Ms. Sandy Hudson: We thought so.

Ms. Leeanna Pendergast: Just a couple of more points of clarification: On page 3, you talk about, for instance, the Ministry of Energy—$100 million for 5% of existing deferred maintenance backlog—and the Ministry of Northern Development and Mines. I fast-forwarded to page 17 to see that cost estimate of $10 million for on-campus housing. We heard that some of the northern universities have up to 40 campuses or communities that they serve as well as several campuses. Where do you get these numbers? Where do you get, for instance, that for the north, the campuses there would need $10 million to expand on-campus housing? When we were up north, we didn't hear these numbers. I'm just looking for some consistency.

Ms. Nora Loreto: Sure. A lot of these estimates come from the requests of our membership, who have identified that, because of low vacancy rates in their communities, it's almost impossible to find housing. These would be small grants to encourage campuses to build more residence spaces to ensure that students had access to living that was, in costs, in line with their budgets.

Ms. Leeanna Pendergast: Okay. So these are estimates from the Canadian Federation of Students—

Ms. Nora Loreto: From the Canadian Federation of Students, yes.

Ms. Leeanna Pendergast: —and not necessarily from whatever ministry you've named?

Ms. Nora Loreto: No. We do our own research. Any of these numbers, if you want them broken down further or our methodology behind them, we can explain all of that, yes.

Ms. Leeanna Pendergast: Excellent.

I'm going to go back to your summary of recommendations. Student financial aid, the tax credits: We've heard consistently, I think, that students prefer the up-front help as opposed to the tax credit at the other end, and tuition freezes or grants. I'm specifically interested in decreasing the parent contributions. I don't see that in your submission, but I have three teenaged sons who are ready to go to university, so I'm interested in where you stand on the parental contribution decrease.

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Ms. Sandy Hudson: We are in favour of that. The fact of the matter is that the way that OSAP calculates need does rely very heavily on parental contribution. We've heard time and time again from our membership that that often amounts to an amount that is awarded to students that is not at all adequate to assist them in the financial assistance that they need to access post-secondary education. That can be for many reasons: from not having a relationship with parents anymore to not taking into account the financial realities of the family that aren't asked for in the OSAP document.

Ms. Nora Loreto: If I can add, we had to pare down our recommendations, because obviously we've got a lot of ideas for how to improve OSAP. One of our documents, which we submitted last year to the post-secondary education secretariat, had about 29 suggestions on how to reform OSAP, and that was absolutely there. So if you're interested in seeing the rest of our suite of OSAP reforms, we'd be happy to get that to you.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. Unfortunately, the time has expired.

Ms. Sandy Hudson: Thank you.

HAMILTON ROUNDTABLE FOR POVERTY REDUCTION

The Vice-Chair (Mrs. Laura Albanese): Now I call on the Hamilton Roundtable for Poverty Reduction to come forward. You will have 10 minutes for your presentation, and that could be followed up with up to five minutes of questioning. This round will be coming from the official opposition. Whenever you're ready, you may start. If you could please identify yourself for the purposes of Hansard.

Mr. Craig Foye: My name is Craig Foye, and this is a fellow member of the Hamilton Roundtable for Poverty Reduction, Sandy Leyland. Thank you very much for the opportunity to speak to you today. I'll speak first, and I will try and leave ample time for my colleague Sandy to speak.

We appear before you today in order to try to communicate an emergency situation with regard to the inadequacy of provincial social assistance rates, and also with regard to the inequitable clawback of the Ontario child benefit from Ontario families who are also in receipt of provincial social assistance benefits. The overarching message that we would like to leave you with today is that we are in an emergency crisis situation with regard to poverty levels, and particularly with regard to the depth of poverty that we're seeing in our communities across Ontario. Because this crisis has been with us for some time, it's sometimes tempting to forget the importance of remedying the situation, particularly in difficult economic times. We would suggest to you, however, that these are precisely the times when it becomes most important to remedy the situation. It is vital to remedy the situation, we would suggest to you, both for the present and for the future of our community.

For the present, we are seeing numbers of people accessing our food banks in our communities which are unprecedented, and we are seeing rampant economic evictions at the Landlord and Tenant Board. Homelessness and dire poverty are everywhere in our communities, and there's no question that many families in our communities are faced with the tragic choice every month of paying the rent or feeding the kids, particularly those families on provincial social assistance rates.

For the future, we know that the levels of poverty in our community will have dire repercussions for the future of public health, education levels, crime levels and employment levels in our community. It is crucial to note that inaction on economic security issues in our community now is like a mortgage on the future of our communities in Ontario.

The legal clinic regularly witnesses individuals on provincial social assistance rates who are unable to meet even their most basic subsistence needs on those benefits, particularly single, unattached individuals, whose benefits have actually substantially decreased since 1994.

Some of you may recall that our clinic in Hamilton previously drafted a proposed piece of legislation that was introduced as a private member's bill on June 4, 2007, by MPP Ted McMeekin from Hamilton. That act was called An Act to establish the Ontario Social Assistance Rates Board. The rates board would have been an expert panel that would have recommended social assistance rates to the government of Ontario on an annual basis, based on an analysis of the actual cost of rent and other basic necessities in communities across Ontario. Since that time, we've continued to advocate with government to implement a process for determining evidence-based social assistance rates.

Our first recommendation to this committee is, whether in the form of an extra panel or some other mechanism, we strongly suggest that the government of Ontario immediately take steps to introduce evidence-based social assistance rates in Ontario, that is, rates that are based on the actual cost of rent, food and other basic necessities.

As a second recommendation, in the interim, we would respectfully request that the government of Ontario immediately institute emergency benefits that would help individuals and families in Ontario ensure that they can pay for basic necessities while they await the completion of the social assistance review. I should mention that we do applaud the government very strongly for the introduction of the social assistance review. We suggest that it is strongly needed. However, there is an emergency situation, and we would ask that the government implement some types of emergency benefits, such as the healthy food allowance being suggested by the Put Food in the Budget campaign, or a housing allowance, as has been suggested by the Housing Network of Ontario and others.

We also take a moment to speak for a number of groups in our community who have been concerned for some time with regard to the implementation of the Ontario child benefit. These groups have been organized in our community by a professor emeritus from McMaster University School of Social Work named Sally Palmer, have actually written to the Premier, have spoken with the minister with regard to this, and we speak to you again today. We've supplied a chart as an attachment to our submission today. It's showing that, in fact, the full financial benefit of that Ontario child benefit is not being received by families who are in receipt of provincial social assistance. Further, between those families who are on provincial social assistance, there is inequitable treatment of how much of that they receive. That is because with the increases in the Ontario child benefit, there has been a concurrent concomitant decrease in the basic needs allowance portion of provincial social assistance, as well as some other social assistance benefits. The round table agrees with this dedicated community and professional groups that, in fact, it is short-sighted and extremely unfair to penalize those children whose families are in receipt of provincial social assistance.

The chart, I should mention, was provided to us by our sister legal clinic, the Income Security Advocacy Centre in Toronto. They unfortunately were not able to present to you, were not chosen to present to you. We would suggest that you seriously look at their recommendations when they come in their written submissions.

As our third recommendation, we respectfully request that the government of Ontario immediately reverse the cuts to provincial social assistance benefits for families in Ontario so that they receive the full amount of the Ontario child benefit without any related clawback of their provincial social assistance benefits. Thank you.

Ms. Sandy Leyland: My name is Sandy. As Craig said, I just want to tell you some stories that I've had. I've been a member of the round table since it started five years ago, and I'm living in poverty. I'm well educated, but I cannot find a job.

In July, I was laid off from my job. By January 2007, I had to go on welfare. I went from making just under $1,100 a month to trying to subsist on $520 a month and pay my rent from $425 a month. Thankfully, I had a forgiving landlord who helped me out through that. At the same time that I had to go on welfare, I was also diagnosed with breast cancer. So I had dual stress; I'm surprised I don't have major ulcer problems today because of it—trying to handle a fresh diagnosis of cancer and trying to live on welfare.

Then I was able to go on ODSP, which increased my budget by some, but it's really hard. Unless you have been poor, unless you have lived in poverty, you have no idea of the daily stress of trying to make ends meet, of trying to have your kids have shoes on that are not held together with rubber bands or duct tape. It's inhuman, the treatment we get. I don't think it's meant to do that, but it's number crunching. What you're doing is you're hurting a huge number of people who are trying their very best.

Most people on welfare and ODSP don't really want to be there. Some have to be there because they cannot work and some of them—but most of us want to work. Jobs are disappearing from Hamilton at a rapid pace, and trying to subsist on no money is just terrible. It's dehumanizing us. We feel like we're being punished for being on assistance. What we need is enough money to live on so that we can go out and rent affordable housing.

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I had to move out of my apartment, and it took me six months to find a place. The reason I had to move out was because it was overwhelmingly covered with black mould. I couldn't live there any longer. I had to go; my health depended upon it. It took me six months to find a place that is adequate, not even good. I live on the second floor of a house, and my main door coming into the apartment is a closet door. It's not even standard; it's below code. But it took six months.

My son and grandson live together—a 16-year-old and a 38-year-old—and they have to share a bedroom. He's on welfare; he cannot afford a two-bedroom apartment. A 16-year-old boy should have his own room, and the dad needs his own room, too, so they could have a small space that is private where they can sit and read a book or play a video game or whatever. They can't afford that. They really need to have that. It's a struggle. I help them sometimes. I'm struggling, but I still have to help my boys if they need a bag of milk or a loaf of bread. Whatever they might need, I'm there to give it to them, but I really shouldn't have to. They should be able to have enough money.

My oldest son's apartment is on the third floor of a house. There's no hinge on the bottom of his door. He has gone to the building inspectors; he has done everything he's supposed to do, but there's still no hinge on the bottom of his door. And there's only one door going into his apartment—he has no fire escape—but he has to live there because he can't afford to live anywhere else. He's constantly improving and going through whatever the welfare department and career development have in Hamilton to improve and give himself better chances to get a job. He has done a welding course. He got his training for forklift operation. It's extremely frustrating.

This stress makes a lot of people depressed. Our health is being greatly impacted by the fact that we can't live a decent life; we can't eat healthy.

Because of the cancer I had—I'm in remission now—I have to take a chemo pill every day, and that impacts the calcium deposits in my bones. My radiologist told me a couple of weeks ago that she wants me to be on supplements—vitamin D, calcium—and to eat a lot of cheese, drink milk and eat yogurt. I can't afford the cheese, I can't afford the supplements, and I don't like yogurt. I can get a glass of milk once a day. That's all I can have, because I can't afford to drink any more milk than that. So my health is being impacted by the fact that I'm on ODSP. My son, my grandson—their health is impacted; their lives are greatly impacted because of the inadequate amount of money that we have to live on.

The Chair (Mr. Pat Hoy): Thank you. We'll move to the questioning now. It's the official opposition. Mr. Barrett.

Mr. Toby Barrett: Thank you. There's no question that many sectors in Hamilton have been kicked in the teeth in the last number of years.

You talked about the clawback of the Ontario child benefit. It has come to my attention—I don't know whether this refers to social assistance recipients in general—that if people on ODSP, for example, are receiving family support for their children through the Family Responsibility Office, FRO, apparently that's clawed back. Oftentimes, it would be a single parent who is on ODSP, for example, and the money is for the children, as I understand it. That money is subtracted from their cheque from the Ontario government. Does this also occur with other social assistance programs?

Mr. Craig Foye: Child support payments were set up to be deducted, dollar for dollar, under current provincial policy. So that is true, Mr. Barrett. There is currently a case at the Ontario Court of Appeal dealing with those benefits for adult children. So there is some grey area right now there, with regard to some children. However, under current provincial policy—the way the ministry interprets it—those are deducted dollar for dollar.

Mr. Toby Barrett: From the recipient?

Mr. Craig Foye: Yes.

Mr. Toby Barrett: Certainly, that is the case with ODSP, as I understand.

Gail Nyberg's social assistance review has been completed and some recommendations were made, but from what I understand now, it has been replaced by another review. We won't hear about that until after the election, probably months after the coming election. Any comments on that? Where do we stand with this Gail Nyberg inquiry?

Mr. Craig Foye: My understanding is that the Social Assistance Review Advisory Council last year was set up to do two things: first of all, to make recommendations with regard to the scope and the process for the upcoming social assistance review, and to also make some recommendations for changes that could be made immediately to the system. I know that there were a number of recommendations made, first by that advisory council, I believe, last summer. Four or five of those recommendations were implemented by the government. I believe that the rest of those recommendations remain non-implemented right now.

You are correct that the social assistance review is scheduled to take 18 months, which does leave it to after the next provincial election. We think that's a very important review. However, as our submission sets out, we do think that this is an emergency situation right now. At the community legal clinic we're well placed to comment on that emergency situation. I regularly see people on provincial social assistance. I often act as duty counsel, for instance, at the Landlord and Tenant Board. I regularly see families where I have to advise them to be evicted, because they're, say, on Ontario Works, and, never mind being able to enter into a repayment agreement with their landlord; they can't even afford their next month's rent because of the low level of benefits they're on.

So this is going to have serious effects for our community. I would suggest that it's an emergency situation and therefore that is why we submit that the government, in anticipation of the completion of the social assistance review, should implement something like a healthy food benefit or a housing allowance to ensure that people can eat and remain in their homes while in receipt of provincial social assistance.

Mr. Toby Barrett: This committee, actually for a number of years, has been receiving input on ways of alleviating poverty. One thing we've heard for a number of years is the importance of reducing barriers to people on social assistance—or ODSP, for that matter—barriers to work, and to encourage employers to accommodate people, to eliminate, again, the clawback where half the money you make is used to fund the program; things like clawing back those FRO payments; limits on assets you can have in the bank. Any thoughts on that kind of stuff?

Mr. Craig Foye: Certainly. We definitely do agree. A lot of the things that you're mentioning, Mr. Barrett, are in the recommendations of the Social Assistance Review Advisory Council. For instance, asset levels have been recommended by various agencies, including the Income Security Advocacy Centre. Their written submission is coming, and I think that will be a very important written submission for this committee to heed.

Asset levels, if I can just pick one issue that you've brought up there—unfortunately, our current system right now really requires, particularly for Ontario Works, that people become totally destitute before they're able to receive benefits. I think we can all take some type of notice here that if you're forcing individuals and families to become totally destitute before you give them help, then it's going to be a very long road back before they're going to be in a position to be productive participants in society again.

Mr. Toby Barrett: Thank you.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

Mr. Craig Foye: Thank you very much.

The Chair (Mr. Pat Hoy): For the committee, our next presenter has cancelled.

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CANADIAN HEARING SOCIETY

The Chair (Mr. Pat Hoy): If the Canadian Hearing Society would come forward, please. Good afternoon.

Mr. Chris Kenopic (Interpretation): Good afternoon.

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation.

Mr. Chris Kenopic (Interpretation): Thank you very much for the invitation. It's great to see so many of you. I did see you in London while our regional director presented, and then in Thunder Bay you met another one of our regional directors, so I'm not going to repeat the messages that have been given to you to date.

Again, we're focusing on mental health and employment services that the Canadian Hearing Society does offer. We're talking about the programs that we would like to support.

Across Ontario we know that there are 4,100 individuals who are recipients of Ontario disability support program, ODSP, which gives us a cost of $4.3 million. We know that across Ontario there are 8,200 recipients of Ontario Works who are deaf or hard-of-hearing, which brings us to a total of $4.8 million. ODSP and OW: That would be a grand total of $9.1 million that are being spent.

At CHS we have our employment services, and we're asking for $2.6 million in an increase. That is about the specialized services that we can offer. We work with individuals who have hearing loss to accommodate their communication needs and support them in seeking employment. Unfortunately, across the province of Ontario many deaf, deafened and hard-of-hearing individuals, whether they have degrees, certificates, what have you, are still not able to find employment because of the barriers. People who are being hired, typically what happens is, the employer is more worried about the hearing loss than the abilities that that person has. They worry about training them because of the hearing loss, and we see that as an ongoing barrier. Myself as a deaf person, I understand those frustrations; I have been through those in the past. I have seen them time and time again.

Speaking of mental health, across the province of Ontario we know that there is $410 million that is being spent annually for community mental health care in Ontario. One per cent of individuals are deaf and don't have any access whatsoever to those services; that would constitute $4 million for that 1%. I want to ask you to look at expansion now for those who are not only deaf but deafened and hard-of-hearing and think about that number; that would bring us to $40 million.

Community mental health programming for deaf and hard-of-hearing individuals is completely—well, there isn't any, except for Connect, which we run on a $3-million budget; that's it. When we think about the numbers of those individuals who truly need a service such as ours, it far exceeds what we can offer.

We have so many deaf and hard-of-hearing people who are in institutions, psychiatric institutions and whatnot, and we know that it sits at about $250,000 to house someone in an institution. But they are sometimes spending up to $1 million on somebody who is deaf or hard-of-hearing because of not having the accommodations. So they're expending a great deal on these individuals to keep them in institutions when they don't belong there.

Our services know of about 12 to 15 individuals in institutions who have not received the appropriate support, counselling, and have not been given what they need. That's at a cost of $15 million for those individuals. It's very unfortunate. I know that that's not what we want to see; we don't want to see these dollars being spent in that way. CHS, as well as the government, wants to be accountable in the spending to ensure that our clients are getting the support that they need.

Our request is that CHS have an additional expansion, and that would be at $4.3 million, the court diversion program at $2 million, and then employment services at $2.6 million, which would be $8.9 million in total.

Over the past five years, we have been receiving an annual base funding amount, 2%. That has been good, but what we've looked at is the actual cost over the past years. and it's about $250,000. That's $50,000 that we're receiving. And we do appreciate that; we do. But more or less what we call that is a band-aid solution, because it's not enough. It's not enough to really cover the true expense of the program, the clinical support that's happening for each of our consumers in the mental health and addictions programming that we offer.

The actual cost, on an annual basis, should be 7%, which would bring us to a total of $1 million. That would be about $200,000 annually as an increase. I think that just is more realistic, to ensure that we're able to provide the services and able to expand the services for mental health, for counselling, for clinical support.

We think about the risk-based funding and the way it has been progressing. We know that we have the programs and everything has been status quo, more or less. We haven't been able to expand. We haven't been able to really reach those far-lying rural areas. We've been limited in our scope. We've had to be limited within the full-time staff equivalents that we've had: Within the northern Ontario area, we've had to cut one staff member, and I have to say, we just don't have the ability to provide the services. We have a collective agreement in place, and every year, the unionized staff get an increase. The funding doesn't keep up with that, which causes us, in the end, to have to cut staff.

When we think about those rural areas, we have one staff member travelling a great deal of distance just to meet with one consumer or another. And then, of course, accommodation is another issue on top of that.

We're hoping that all of this information is beneficial for you and will help you give some consideration to this request. We're not coming here and saying that we need the money; we're coming here to say that we want to work with you. We want to look at the big picture, because we need to see changes. We need improvement. It has been neglected for far too long.

CHS has been here. We've had CHS day at Queen's Park. We've met with many MPPs, and we've done that over the past five or six years. I don't know how much longer this will hold out. We're in the position now where we need to cut more staff. We need to cut more mental health services that we currently are offering, and as a consumer I take that very seriously, because I know that consumers such as myself across the province are needing this service. We can't neglect it.

So I'm asking you today to please listen, to please work with us, so that we can make changes for the better. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the NDP. Mr. Tabuns?

Mr. Peter Tabuns: Chris, thank you very much for the presentation today. Can you tell us if there are other jurisdictions in Canada that address the issues that you are presenting to us, address them in a way that's far more thorough and actually changes the situation that deaf and hard-of-hearing people are facing?

Mr. Chris Kenopic (Interpretation): I think that you should in fact be very proud of the mental health services that we offer, because we are the only service of its kind in North America: the one that provides clinical support services to the consumers we work with. We have training. We know that there are many US agencies and states that are contacting us, asking us for our expertise and training and what have you. We provide the services not just to culturally deaf—so those using ASL—but also deafened and hard-of-hearing individuals as well. So we know that we're able to provide that specialized service, and we're able to do that.

Mr. Peter Tabuns: Can you give us a sense of the scale of the waiting lists of people who have indicated they need your services and whom you can't get to immediately?

Mr. Chris Kenopic (Interpretation): Yes, we can. We have a waiting list, and I am personally opposed to waiting lists in the whole intake process. I say that because I'm a consumer, and I understand the frustrations: that so many consumers, when they need communication, when they have a need, are needing that immediately. Right now, we have 250,000 individuals across the province who need the service. We're providing this service currently to about 500 individuals. That's it. That's at capacity.

We only have 19 clinical counsellors. We've had to let two or three of them go, as I said, because of the increase in cost. We are even more restricted than we were even recently. So the service is limited. I would, again, want to point out that in the rural areas, more than northern Ontario, it's even worse than it would be in southern Ontario.

Mr. Peter Tabuns: And those people who are not able to access your services, how are they making do?

Mr. Chris Kenopic (Interpretation): They attempt mainstream mental health services but then you're talking about accommodations. It's very difficult to even find an interpreter in the first place, and then to have the interpreter, or captionist, if that's the preferred method. Then, of course, there are the language issues.

Our language is American Sign Language, which means that now we have a service provider that we're trying to communicate with but going through and working in a second or third language. It presents even more barriers, so the clinical support that's needed isn't necessarily given with those mainstream service providers because they don't understand the depths, they don't understand the communication barriers, they don't understand the barriers in general that are faced.

For example, if I had a hearing family, the depression that I would feel because I can't communicate with my family. I know they don't understand me and my communication so I need to make changes to myself to work with my family. A mainstream provider wouldn't understand that. They wouldn't understand the daily barriers. They don't understand the needs an individual would have. That's where Connect would be able to understand those needs, have the response, have the resources and the support to support this person so that they're then able to become healthier and deal with those issues.

I hope that answers your question.

Mr. Peter Tabuns: Yes, it does. In fact, I thank you for all those answers. It was very helpful to me.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Chris Kenopic (Interpretation): Thank you very much for the invitation. Have a great day.

The Chair (Mr. Pat Hoy): Our last group has not arrived yet, so we'll recess until they do, or until 5 o'clock.

The committee recessed from 1632 to 1642.

SHARE THE ROAD CYCLING COALITION

The Chair (Mr. Pat Hoy): The committee will now come back to order. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. It'll come from the government, in this case. I'd just ask you to identify yourself for our recording Hansard, and then you can begin.

Ms. Eleanor McMahon: Good afternoon, Mr. Chair. My name is Eleanor McMahon, and I'm the CEO of the Share the Road Cycling Coalition, an Ontario-based cycling policy and advocacy organization. It's nice to see you again. I see many familiar faces around the table.

Mr. Chair, I do have my remarks, but I also have a leave-behind, as called for, so I'm going to skim through this very quickly with you. Most of the committee members who know me know that I'm a fairly fast talker, but even I can't do this many slides in 10 minutes, so I'll do my best.

I should start by saying that I was in your neck of the woods, Mr. Chair, last week and spoke at a Windsor-Essex county health forum. So I'm hoping that you'll be hearing from your local mayors and councillors about what we discussed.

I do want to just begin my presentation in a light-hearted way, with a picture of Copenhagen. I had the pleasure of being there this summer at a global cycling conference, but this is how they remove snow in Copenhagen, which gets as much snow as many Canadian cities, and still they manage to have one of the largest cycling populations in the world. There are more bikes than people in Copenhagen, as many of you know. Of course, I look at this as a future state of cycling in Ontario, where if we clear it, they will come, and if we plow it, they will cycle. I always like to get in that cycling is fun, fast, cheap and good for you.

I'm going to just briefly talk about who we are and some of the benefits and then make the case for an Ontario bicycling investment fund. It wouldn't be the finance committee if I didn't ask for funding, and so, like any good advocate, I'm going to do that.

Briefly, as many of the committee members know, I'm here today as the CEO of a growing cycling movement, but because of a sad loss. My husband was killed. He was an OPP sergeant. We tragically lost him in a cycling collision in 2006. It is because of him that I'm here, and it's because of him, and in his memory, that we work to make our roads in Ontario safer and better for cyclists.

In response to that tragedy, we got going and spent a couple of years doing an environmental scan, a significant amount of research. And as many, again, of the committee members will know, I've travelled internationally and looked at best practices in cycling, both in the US and in Europe. Our mandate is really all about uniting cycling organizations and cyclists from across Ontario and working with the municipal sector, partners like AMO and OGRA, to really give municipalities the tools they need to become more bike-friendly. I spend my time trotting around the province and talking to mayors and councillors. In fact, I was headed to Sudbury tomorrow but because of the impending weather had to cancel my trip.

Our objective is simple: to make Ontario more bike-friendly and to get people on bikes more often.

A bit of a word on our focus: Harnessing political will is a big part of what we do, talking to groups like this, Mr. Chair, if I may, and certainly promoting cycling whenever and wherever we can.

This is a bit of a highlight slide on our work. We have two Ontario bike summits behind us; some of those on your committee have attended and spoken at those. A green paper on cycling in Ontario which we contributed is part of the MTO's process on creating a bike policy for Ontario. One is now written. We expect it to be released imminently. Thousands of cyclists engaged in rides and events across Ontario; eight are planned in communities across Ontario this summer.

Of course, legislative change: I'm happy to say that in my husband's memory, Greg's Law was passed and went into effect December 1. Bill 26 is an amendment to the Highway Traffic Act dealing with suspended drivers. I thank members of the Legislature for that. Two private member's bills have come out of our legislation. They both have gone through second reading, one I'm happy to say tabled by Mr. Miller dealing with paved shoulders and another by the transport critic Cheri DiNovo of the NDP, dealing with the three-foot passing law.

Of course, there's our bicycle-friendly communities program.

Here are some of our partners, Mr. Chair and members of the committee.

Of course, why cycling? Well, there's growing recognition that cycling contributes to mitigating and tackling all of these pernicious problems. It also adds to our wealth through tourism and leisure. I am going to talk about that in a moment because there is a growing list of municipalities in Ontario that are reaching out for cycling tourism as a mechanism for economic growth.

That said, however, the economic benefits of cycling are not fully understood. Consequently, it's not viewed as a mainstream mode of transportation, and that has led to a systematic underinvestment. When we look at making the economic case for cycling, I'd just like to share very briefly some of the data many of you will already know.

I've talked about climate change mitigation. Of course, Ontario has its own objectives. We see cycling as part of that portfolio in terms of mitigating climate change impacts.

We all know about obesity and the growing obesity epidemic in our children. Some statistics that are compelling: We quoted a study in our green paper on cycling. In 1971, 85% of Canadian children rode a bike or walked to school. I know; I was part of that. I'm of a certain age. Now it's less than 15%. This, of course, has contributed significantly, I would argue, to the growing obesity epidemic in our children. They bus increasingly, or their parents drive them to school for all kinds of important reasons. I'll get to that later in terms of some evidence.

Again, just more information: One study I like to quote is the one at the bottom, the archive of internal medicine study in Holland where they looked at 30,000 subjects in a broad age range and looked at their decreasing mortality rate because of their cycling habits. Of course, they've calculated, interestingly enough, in the Netherlands, where cycling is a way of life, that 20 minutes a day nets you 10 billion euros a year in savings in terms of your health care costs—impressive indeed.

More statistics, this time from Health Canada, of course: The bottom line is that active transportation and cycling save money and save the planet.

A bit of an overview for you in terms of what Ontario is doing compared to our neighbours: There's a considerable amount in the United States; that's just some legislative constructs that they enjoy that we do not. The US has taken up the challenge of active transportation driven largely by energy security, liveability and an increased desire to lessen their reliance on oil, interestingly enough. That won't surprise you. But what are they going to spend? It's $5 billion on cycling in the US over the next 10 years.

We don't have a federal construct in this country. I am part of a national effort. We won't talk about that today, but I think there's room for Ontario to make the case through the minister and elsewhere that we should have an active transportation strategy federally. We're one of the few western countries that don't have one.

Of course, when you look at what they've spent in the US versus what we've spent, and what their politicians say—this quote is from the Secretary of Transportation; I was there when he said it: "Bicyclists have a full partner in working towards liveable communities"—a significant statement.

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Again, our neighbour right here in Canada, Quebec, has spent $200 million and they net $134 million a year—impressive figures. BC has a fund to which municipalities can apply for grants. That's the $31-million Bike BC fund. Again, it's fairly significant.

In Ontario, I think this committee will know what the picture for transportation looks like. Active transportation is not part of that envelope, unfortunately. We would like to see that happen. Why? Because there needs to be a more equitable share of Ontario's resources for people who want to cycle now but can't and don't, and for all the reasons we've discussed.

Why don't Ontarians cycle? We did a survey last year and we looked at why. Some 60% of them said they're too frightened to cycle. That's not surprising, but they also said in large measure that they would if governments invested in infrastructure. Imagine if we converted 10% of the people who aren't cycling now. I'm not actually interested in the people who are cycling now, God bless them. I'm interested in getting those people who aren't cycling to get on their bikes, even for 20 minutes a day, given the important health outcomes.

Here's just a little bit of the survey work that we did and here are the results. AMO was included in this survey in four broad areas. Their number one priority: They want the Ontario government to fund infrastructure—-86% of them, an overwhelming measure; education; public awareness and promotion, promoting cycling; and, of course, enhanced legislation, making our roads safer. All of those made the list. All of this is on our website. Our green paper is a living document and this is against the drop of some growing popularity.

I want to talk very briefly now about cycling tourism. At our AMO booth last year I saw probably 200 mayors, at least, over the two days that I was there. The number one priority for them, closely followed by safety, was economic development and tourism.

I'm on a task force for a trail along Lake Erie that's being developed and discussed, and one joining Sault Ste. Marie and Sudbury. We are having three bike summits this spring to discuss tourism in places like Guelph, Sault Ste. Marie and Peterborough. Why? Because municipalities want to discuss this. They see it as a way to embrace cycling, they see it as a way to get their people healthier, and they see it as a way to really focus on developing that economic development.

I do want to just add quickly that there is right now—it has been written—a comprehensive bicycle policy the MTO has developed. I would ask members of the House to look at that when it comes out and give it their full attention. It's in the government's hands. Actually, it's in Minister Wynne's hands as to when it gets released. We're hoping it will be in this election year very soon and that we'll have a chance to discuss it.

I'm going to go through these as my final points very quickly because we do have some fresh polling and I thought it was important to share it with you.

There is a myth out there that tends to frame the cycling conversation, that it's a polarized discussion, cyclists versus motorists. We found that it was quite the contrary. The people we polled said that cyclists and motorists are equally responsible for making our roads dangerous and causing accidents and, consequently, both need to take more responsibility for sharing the road.

Some 71%, a large measure, agreed that we should bring cycling back into the schools as part of the curriculum, and that's certainly on our radar screen.

Of course, safety and education for drivers is something that we're talking about with the Ontario Association of Chiefs of Police and some of our other partners.

I thought this was important to share with you, in this slide deck at least, that investing in bike lanes and traffic signals to make cycling safer does not have to cost very much money, 70% of respondents replied. This is also important, I thought, because, again, it begins to address the myth that cycling is a cost-add when indeed it is a cost saver and a contributor to our economy.

Finally, we are asking for this committee to consider our request as part of the pre-budget consultation. As you will know, the HST came in last year. The piece of that which applies to bike parts and bicycles and accessories, we are informed by the industry, is $20 million. We would ask that you consider redirecting those funds, understanding that deficit reduction is a critical priority, to the kinds of things that I've talked about and shared with you today very briefly—the priorities of municipalities, which include infrastructure, safety and education, and ways to promote cycling and make it safer; and ways to level the playing field with our neighbours to the south and our neighbours in Quebec and certainly our fellow Canadians in British Columbia.

So, really, that is our ask. We hope that you agree that investing in cycling holds tremendous potential in terms of our economy and lowered health care costs.

I'm going to leave it at that, Mr. Chair. That's probably the fastest I've ever spoken. Thank you very much. I appreciate your time.

The Chair (Mr. Pat Hoy): Thank you. We go to the government for the questions.

Ms. Leeanna Pendergast: Thank you, Ms. McMahon, for that presentation.

Ms. Eleanor McMahon: Thank you. Breathless, as it was.

Ms. Leeanna Pendergast: Well done—a lot of material, and very succinct. But thank you so much for being here, because in our travels across the province as a committee, this is the first we've heard on this topic. So it's extremely important that we hear from you today, and, of course, our condolences for your husband, Greg. Thank you for everything that you continue to do in his memory and for cyclists in Ontario.

A couple of points of clarification I just wanted to make, and then I'm going to turn it over to my colleague Mr. Dickson beside me. I hear you saying that to create policies and legislation, we need the political will—and that would be at no cost. A finance committee loves to hear that.

Ms. Eleanor McMahon: Yes, free. "Free" is a good word.

Ms. Leeanna Pendergast: We don't use that word, though.

Ms. Eleanor McMahon: Or revenue-neutral.

Ms. Leeanna Pendergast: Exactly. And then the infrastructure, of course, would be an investment.

The Ontario bicycle policy coming out from MTO is highly interesting, and that's something that we should take a look at. Are there costs attached to that?

Ms. Eleanor McMahon: I have seen a draft of the policy, and my understanding is that there will be some cost. But, again, officials and your colleague Minister Wynne have tried to work within the framework of revenue neutrality, along the same lines, recognizing, again, that some investments will be required. It's hard to avoid those kinds of investments because it's infrastructure-related.

But I think there's a growing appreciation. Very quickly, I'll tell you that at least three municipalities that I know of, and a growing number, have passed paved shoulder ordinances, for example. Why? Because there's growing recognition that paved shoulders reduce the cost of the road maintenance over time, they're safer for vulnerable road users like cyclists and even pedestrians in our rural areas, and they just make good, sound economic sense. So investing in paving some of our shoulders, as has been discussed by Mr. Miller and others, is a contributor rather than an overall cost, I would wager.

Ms. Leeanna Pendergast: I wanted to know about the strategic partnerships. I see on page 5 that you've listed your partners. I was specifically interested in what kind of community partnerships you've established, but I'm going to fast-forward—so I leave time for my colleague—to page 16, where you say that schools should teach cycling as part of the curriculum. How exciting is that? My background is 22 years as a teacher and a high school vice-principal, and I know that when kids are engaged and active, we avert a lot of other diversionary issues. Where are you at with that discussion and how that might look?

Ms. Eleanor McMahon: That's very much in process. We are hoping to make that an ongoing debate this year. And if I may, and I'm getting ahead of myself here, we're looking at having a bike summit in Ottawa at the end of June to have the conversation about children's health in the built environment and the contribution that a failure to keep up, I would say, with investments in infrastructure—how that has contributed to the degradation of our children's health.

This isn't a finger-pointing exercise; this is about how we can work together as planners, as municipal officials and as provincial governments to really look at this piece. It's a growing body of research in Canada, and there is—because I was just in Ottawa at the Public Health Agency of Canada—a group of officials who are working at the provincial and territorial level to mitigate those impacts and to look at how we can address these situations of getting kids to school.

There is an active and safer school program in Canada. It's mostly walking-focused. We are partnering with Green Communities Canada to look at extending that, to look at more riding-to-school programs, as exist in a growing number of US states. This is where I got the example from. I have a friend in South Carolina who runs the state coalition there. And at one of the schools in Columbia, where they piloted bike trains, they now have over 400 children riding their bike to school every day.

Ms. Leeanna Pendergast: And so that discussion would include the Ministry of Education, the schools, the teachers, the unions, the federations and, of course, the parents?

Ms. Eleanor McMahon: Right, and that work has already started through school trip planning, through Active and Safe Routes to School, through the discussions they've had with school boards. We're hoping to pilot two programs in Halton region, where I live, and one in Durham region this year. It remains to be seen where those end up, but that's our intention.

Again, it's discussions with school boards and local community groups that have driven that conversation, and it's folks who have come to us and said, "Can we make this happen?" So that's part of the growing interest from several areas: parents, educators, school board officials looking to lower transportation costs and get away from the chaos outside the school in the morning.

When you look at incidents of collisions around schools, children are getting hit outside schools. People talk to me about liability of children on bikes, but we can manage that piece. Kids are getting hit outside the school when they get dropped off by parents, so I think that needs to be part of the conversation.

When I was in Holland three years ago, just very quickly, I sat in a classroom and watched as teachers walked their kids through the paces in grade 1, because that's where they start in Holland. Then, in grade 6, after five years of in-classroom education, they have an on-road bike test. We'd like to see this happen, and we're working very much towards that end now.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Eleanor McMahon: Thank you, Mr. Hoy.

The Chair (Mr. Pat Hoy): The committee is adjourned until 9 o'clock tomorrow morning.

The committee adjourned at 1701.

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