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

**Tuesday 1 February 2011**

## **Journal des débats (Hansard)**

**Mardi 1<sup>er</sup> février 2011**

**Standing Committee on  
Finance and Economic Affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Pat Hoy  
Clerk: Sylwia Przedziecki

Président : Pat Hoy  
Greffière : Sylwia Przedziecki

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

## COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Tuesday 1 February 2011

Mardi 1<sup>er</sup> février 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 for our February 1 pre-budget consultations.

### ONTARIO COUNCIL OF HOSPITAL UNIONS

**The Chair (Mr. Pat Hoy):** I would ask the Ontario Council of Hospital Unions 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'll come from the official opposition. I'd just ask you to state your name for our recording Hansard.

**Mr. Michael Hurley:** My name is Michael Hurley and I'm the president of the Ontario Council of Hospital Unions of CUPE. I'm very grateful for the opportunity to be able to make some comments in advance of your deliberations around the upcoming provincial budget.

First of all, I'd like to talk about social assistance rates in the province of Ontario. You may not think that that's a relevant concern for a union that represents workers in Ontario's public hospitals, but the fact that social assistance rates are so low in Ontario means that people are unable to feed themselves properly. The impact of malnutrition, of being improperly clothed, of having inadequate housing, of not being able to access drugs etc., has health impacts far down the road, which results in increased rates of hospitalization and, as a result, burdens the health care system.

The stated policy of the Ontario government is for health promotion, but it's hard to imagine how a single person who receives \$580 a month on social assistance in a city where a room costs \$400 a month and where the estimates of what's required to feed a person are \$205 a month, and who therefore has no money left for clothing or any other product, can sustain themselves. The rates of social assistance in the province of Ontario are 55% lower than they were, in real terms, before the previous Conservative government cut the rates, and they really do need an increase in the upcoming budget. That's far more important than corporate tax cuts, which are only going

to favour corporations, which are already doing very nicely.

The other part of social assistance that I'd like to comment on is the special diet allowance, which is currently under review and which provides a special nutritional supplement for people who have significant health conditions and who need to be properly fed. That program, we fear, is being cut by stealth because of its rate of utilization. We believe that it's improper that a province as well off as Ontario cannot imagine that people who are sick, many of them children, on social assistance would not receive help to be able to feed themselves properly to stave off conditions which are going to result in increased utilization of the health care system.

I'd also like to comment on the government's infrastructure program. I'd really like to implore you to reconsider the program of constructing new hospital infrastructure through private-public partnerships. The cost overruns on the first four P3s are close to \$1 billion, according to the Ontario auditor, and we know that these hospitals are approximately 30% smaller in terms of both beds and staff and much more expensive to operate. The Ontario hospital system, as you know, already receives about \$260 less per capita than any hospital system in any other province. We are the most efficient measured by length of stay and measured by the number of beds we have against the thousands of the population and by the staff we have. We're already the most efficient hospital system. These 24 P3 hospital projects are going to burden that system.

They're also going to result in the cannibalization of smaller rural hospitals which are now tied into larger institutions. In the case of Sault Ste. Marie, for example, which is being redeveloped as a P3, hospitals in its orbit—for example, Matthews Memorial on Richards Landing—are under threat of closure as hospitals try to deal with their fiscal situation and also the additional costs of the P3 regime. So we'd really ask you to reconsider that.

We'd ask you to reconsider the competition that's in place in the home care system. It has resulted in a turnover, according to Elinor Caplan's study, of about 57% a year in providers. It has resulted in a labour market where people earn \$12.50 an hour, have no guarantee of employment, have no pensions or benefits and as a result migrate as quickly as they can into the institutional sector where those conditions exist. As a result, elderly people

who are being discharged from hospital are finding a rapid turnover in their caregivers.

This situation does not exist in other provinces. In other provinces, there is comparability between the institutional sector and the community sector and there is not a purchaser-provider operation; there's not this privatization of the home care system, which is really disadvantaging people who are being pushed out of hospital—and pushed out of hospital they rapidly are, because we've closed 19,000 hospital beds in Ontario in the last 15 years. As a result, there's a push, particularly on elderly patients. I mention a woman who has been discharged from a Windsor hospital. She's dying; has two months to live; was forced out to make room for a younger patient because there aren't the beds. Our hospitals have patients stacked in ERs; they're sleeping in broom closets in communities like Sudbury.

There hasn't been sufficient investment. With the exception of Quebec, we spend the least amount of money on our hospitals. There has been a tremendous impact in terms of shortages of beds and of staff. This budget needs to make an investment in these facilities and this budget has to make a commitment to hospitals so that they can plan on a multi-year basis.

Those would be my comments. Sorry to race through them.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning, as I said, will go to the official opposition. Mr. Arnott.

**Mr. Ted Arnott:** Thank you very much, Mr. Hurley, for your presentation on behalf of your membership. We do appreciate it, and I'm sure the committee will find it helpful as we continue these discussions going forward.

I want to draw to your attention a letter that this committee has received from the Groves Memorial Community Hospital in Fergus. You mentioned small hospitals in your presentation. I'm just reading very briefly an excerpt from it.

"Ten years ago, a meeting was held between the Ministry of Health and Groves Memorial Community Hospital. The attendees agreed that the hospital had a number of significant physical deficiencies and major renovations were necessary. The deficiency list included the following:

"—there were no wheelchair-accessible washrooms;

"—patient separation was not sufficient to readily allow protection from the spread of disease;

"—the emergency department was substantially undersized relative to the number of patients being treated. Patient confidentiality was impossible; and

"—various other deficiencies.

"The ministry asked that the community show its commitment to the hospital. Local residents and businesses responded to the fundraising challenge and raised \$15 million in short order. Later it was recognized that this major renovation would cost about the same as a new hospital, and it was decided that it would be more prudent to build a new campus-style facility. In early 2008 the hospital applied for a planning grant in the

amount of 15% of the estimated project. This would provide \$10,713,165 to advance design drawings and prepare the project for construction. The application still awaits a reply."

Ten years ago, the ministry and the hospital meet to talk about the need for a new hospital, and we're still waiting for a reply from the government to allow us to move to the next stage of planning for the new hospital. No one in our community thinks that there's going to be a new hospital built overnight, I don't think, but they do expect that the ministry would work with us to allow us to move to the next stage of planning.

**0910**

Could you comment on this in light of some of the previous comments that you made with respect to new hospital construction?

**Mr. Michael Hurley:** We're very anxious for communities like Fergus or St. Marys or Richards Landing or Thessalon. Ultimately, the plan is to take these community hospitals and convert them into glorified community health centres, to close down rural hospitals.

I suspect that it's perhaps one of the reasons why there has been a certain lack of attention to building a new facility there. I'm worried that the government is following the health care reforms in Great Britain. Many of the measures the government has put in place mirror the British model, including the LHINs, although they have a different name in Britain. But in Britain, there was a widespread closure of smaller community and rural hospitals when these kind of market reforms were introduced.

I think many communities are deeply committed to their community hospitals and I think that they rightly believe that a province as wealthy as Ontario should have hospitals in their communities. This is something we should all be concerned about.

**Mr. Ted Arnott:** You mentioned the LHINs in your answer just now. I would like to ask you what observations you would provide to this committee with respect to the performance of the local health integration networks or regional health authorities that the provincial government has established.

**Mr. Michael Hurley:** We're very concerned about the local health integration networks because they are a level removed from the government. The government is able to execute health care restructuring under cover of the LHIN. The LHINs themselves are not accountable; they're not elected. They work in secret; they're not consultative. So we have many concerns about local health integration networks.

**Mr. Ted Arnott:** Thank you very much.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

**Mr. Michael Hurley:** Thank you very much.

#### ONTARIO NURSES' ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I'd ask the Ontario Nurses' Association to come forward, please. As you've

seen, you have 10 minutes for your presentation. There could be up to five minutes of questioning. The questioning in this round will come from the NDP and Mr. Tabuns. I'd just ask you to state your name for our recording Hansard.

**Ms. Vicki McKenna:** Thank you, and good morning. My name is Vicki McKenna. I'm a registered nurse and I'm the first vice-president of the Ontario Nurses' Association. With me today is Lawrence Walter. He is ONA's government relations officer.

ONA is Canada's largest nursing union, representing over 55,000 registered nurses and allied health professionals and more than 12,000 nursing student affiliates. We provide quality patient care each and every day in all sectors, including hospitals, long-term-care homes, public health, the community, clinics and industry.

On the first page of our submission to the standing committee we summarize our full set of recommendations that will keep RNs caring for our patients across the health care system. This morning, I would like to focus on why the provincial budget must consider investments in nursing to be investments in quality patient care and why the budgets of our hospitals—and in particular the hospitals—must not be balanced at the expense of the valuable care that RNs provide to patients.

Government restraints on health care funding and, in particular, hospital global budgets have already resulted in thousands of RN job cuts and the consolidation of health care services throughout the province. The government's current plan to reduce Ontario's corporate income tax rate means reduced revenue, and that revenue will not be available to fund public health care, to fund our hospitals and to fund patient care provided by registered nurses.

A recent poll, for example, indicates that more Ontarians want the government to make health care a high priority and would protect this funding envelope from cuts. The public also believes that health care is the government's most important service. Some 90% of Ontarians also agree that reducing the number of nurses would really jeopardize the quality of the health care system.

Patient access to quality health care is severely compromised when nursing jobs are eliminated, when nursing hours are reduced and when vacant nursing positions are not filled, which we have seen spread across this province as a strategy for hospitals to balance their budget. For registered nurses, this amounted to the elimination of over 2,500 RN full-time equivalent positions for our patients. This has meant a loss of 1,950 hours for each and every direct-care RN position eliminated, and this also equates to 4.3 million hours of RN care that has been cut since the spring of 2009.

This simple fact, based on the evidence, is that health outcomes for Ontario patients suffer when fewer nurses are available to provide quality care, and our patients, we believe, are being put at risk. The research shows that for each patient added to a nurse's workload, complication and mortality rates increase by 7%. There's also strong

research evidence that a nursing staff mix with a higher proportion of registered nurses is related to lower hospital mortality rates.

Another factor is Ontario's aging workforce. There are now more than 27,000 registered nurses, or almost one third of the current RNs employed in the workforce, that are eligible to retire in the coming years. Instead of policies that result in cutting nursing jobs and reducing nursing hours, we should be working hard to train more nurses and retain each and every nurse that we have working in Ontario.

The number of RNs per population remains the second lowest in Canada. Ontario has 644 RNs per 1,000 population, compared to the non-Ontario average of 717. This means that significantly more than 9,000 additional RNs are currently required just to reach the non-Ontario average ratio.

We believe Ontario can do better. RNs are experts in quality patient care, and they should be treated like experts and cherished, not treated as disposable. We respectfully submit that, based on an extensive body of research evidence, health care funding priorities must focus on creating and protecting RN positions, particularly in the hospital sector, and focus on targeted retention initiatives, such as late-career and mid-career nursing initiatives, amongst other funding priorities to educate new registered nurses.

We recommend that the government provide annualized dedicated funding for late-career initiatives, instead of the current process, where the approval is late in the fall, which does not allow sufficient time for employers to utilize the funds prior to the end of the fiscal year.

We also urge the government to adopt an overall funding policy to retain current full-time equivalent RN positions, including the current RN vacancies, employed in hospitals, where implementing initiatives can make significant progress moving toward the non-Ontario RN per population ratio as quickly as possible.

Further, we submit that part of the solution to achieving progress and training more RNs is to mandate colleges and universities to provide additional bridging seats from the RPN education programs to the RN education programs. A further component of achieving progress is to ensure additional second-entry RN programs, such as the two-year post-grad program at U of T.

We also recommend a policy be adopted that actively consults with nurses regarding the impacts on patient care prior to any planned nursing and clinical service reductions being contemplated or implemented.

The Public Hospitals Act provides that each hospital put in place a fiscal advisory committee, and that staff nurses are to be represented and make recommendations to the hospital board with respect to the operation, use and staffing of hospitals. The Ontario Nurses' Association, again, sits before this committee to tell you that hospitals are not complying with this legislative requirement. We urge the government to direct hospitals to comply with current legislative requirements, including staff nurse input in decision-making related to the

administrative, financial, operational and planning matters in hospitals.

Our patients need the government's help. Nurses also need help for themselves. Their workloads are causing injury and affecting their ability to provide quality care. Fewer hospital nurses means more complications and worse outcomes for our patients, including patients not being discharged as quickly as they could be, which would of course free up beds for patients waiting to be admitted.

Fewer nurses in the community means not being able to keep up with the increased demands for home care services, and as a result of the volume of hospital discharges, our patients are not getting the care they need. Fewer public health nurses means they're not being able to provide important programs, such as the Healthy Babies, Healthy Children program. Public health nursing is the foundation of proactively keeping communities healthier. A reduction in overall acute care costs is obvious if we support initiatives that address conditions at an earlier stage, rather than addressing the higher cost at a later stage of illness.

**0920**

Fewer RNs in long-term care means they are left trying to coordinate, plan and care for an excessive number of residents at one time. You may recall that the coroner's inquest at Casa Verde recognized that this situation was disastrous and had disastrous consequences for resident care. This inquest recommended a daily care standard for residents. Current government policy to address staffing issues in long-term-care homes, however, is to implement voluntary staffing committees to address staffing within existing funding rather than to reinstate mandatory staffing levels and care standards. We are advocating for staffing and care standards being regulated. There is a need for three and a half hours of daily care per resident. The research evidence supporting this staffing standard is comprehensive, and we urge the government to implement this standard of care for Ontarians.

Investments in safety save the system and reduce injuries and cost of treatment. Quality, healthy work environments reduce the illness of nurses and save the system significant cost. Investment in nurses, improvements in their work environments and improvements in their safety are investments in quality care and better health outcomes for patients. We believe that if we take action now and reverse the decisions that have been taken to reduce RN jobs, we can get back to providing the quality of care that our patients deserve.

Our members are looking to the government for a firm commitment that another round of rationing hospital care will not take place, once again, by eliminating registered nurses. Patient care is clearly being put at risk. We urge the government to put a halt to nursing positions being eliminated, whether through layoff, attrition or reduced nursing hours. Our patients can't lose 1,950 hours of care for each nursing position eliminated and achieve positive clinical outcomes.

Achieving the government's target of 9,000 net new nursing positions will be challenging when nursing reductions occur at the rate they have over the last year and a half. Research shows that our patients are better off with quality nursing care; on this point, we must all agree. Our recommendations are submitted with the goal of refocusing government on initiatives to restore quality RN care in our hospitals as a top priority and at a renewed pace. Ontarians deserve no better, and our members, the nurses of Ontario and our allied health professionals, are looking for a signal from this government that the government is committed to health care, to quality care and to the important service that our members provide.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation. This round of questioning will go to the NDP and Mr. Tabuns.

**Mr. Peter Tabuns:** Vicki, Lawrence, thanks very much for being here this morning, and thanks for making this presentation.

There are a few questions that I want to touch on, and the first is the regulated minimum staffing for long-term-care facilities. You referenced the Casa Verde inquiry. Why was there an inquiry, and what did they find when they said, "We need this level of care"?

**Ms. Vicki McKenna:** This was a horrific incident that occurred at Casa Verde, where a resident actually was murdered at the Casa Verde site. There were a number of things in the situation itself where the care of the patients and the admission of a patient to that particular organization—there were gaps, and there were not enough trained staff in that area. The recommendations were extensive, but the reality was that there was a patient admitted there without the required steps, without the adequate staffing to assist and provide care, and a patient was attacked and murdered at Casa Verde.

**Mr. Peter Tabuns:** So I gather that, notwithstanding the recommendations to increase or to set minimum hours, that has not happened? What we have, as you said, are these voluntary staffing—

**Ms. Vicki McKenna:** Yes. The key is "voluntary," and that has not gone well.

**Mr. Peter Tabuns:** When that word comes up, you know it's not mandatory.

**Ms. Vicki McKenna:** No.

**Mr. Peter Tabuns:** The implementation of wage parity for home care nurses and allied professionals: Could you talk a bit about the impact of the current underpayment?

**Ms. Vicki McKenna:** What we see happening in Ontario, across the sectors—and for those who don't know, other provinces have parity across sectors, so you don't have the migration of health care workers from, say, hospitals to home care to public health to CCACs. There's comparable and measurable consistency across the sector. What we have happening in home care, in particular, is that they're contract workers often, they are paid at a lower rate, and they also have inconsistent hours that they might be able to access in order to provide

income for their families. The working conditions for our home care nurses are sadly deficient. We find that many of those nurses who work in the home care setting in people's homes right across this province love it. They love to work with the patients, but many have said, "I just simply can't afford to work in this sector any longer," and will move to an alternate place, often a hospital or some area where they can be guaranteed hours, guaranteed work and guaranteed income.

**Mr. Peter Tabuns:** And what does that mean for patient care, if you have this constant turnover of nurses?

**Ms. Vicki McKenna:** This is exactly the situation of the fragmentation that you may or may not have heard about already, but I'm sure you will through these budget sessions. Fragmentation of patient care is very detrimental to patient outcomes and to how well patients do with respect to their complication rates and their recovery rates. Fragmentation of care has been studied enormously in Canada, in the US and right across the UK. We find fragmentation of care to be one of the number one dissatisfiers for patients and also for the care providers.

**Mr. Peter Tabuns:** The last question I have is this point you raise about health and safety in the workplace. What sort of injuries are you seeing amongst nurses, and what impact does it have, really, on their ability to deliver the care they're supposed to deliver?

**Ms. Vicki McKenna:** I mentioned also that we're an aging workforce, but that doesn't mean that our younger nurses aren't as severely impacted. As you can imagine, physically the work is demanding. We have a lot of lift injuries that are occurring on a regular basis. We're the most injured and sickest workforce in Canada and in Ontario as well. That's not a happy banner that we like to be carrying around. The work is intense. The workloads are heavy, and not to say that exposure rates are quite high—those things are a part of our work. There are safety measures, equipment and supplies that are readily available for health care workers; however, they're not always available in their workplace. So we have been working very hard at employer sites to try to ensure that our nurses have safe work environments, but there are budget constraints, we're being told, and these things are more and more difficult to achieve. Therefore, our nurses are becoming injured.

I didn't talk about nursing overtime rates in Ontario, but they're tremendous, and those nursing overtime rates also equate to a more fatigued workforce, which then leads to more injury and illness. We are in a vicious cycle right now, and we're very concerned about that. Some of our nurses are saying that they just can't do it anymore.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much. Our time has expired.

#### WOODBINE ENTERTAINMENT GROUP

**The Vice-Chair (Mrs. Laura Albanese):** Now we call on Woodbine Entertainment Group to come forward. Good morning. You will have 10 minutes for your presentation, and that could be followed with up to five

minutes of questions. In this round the questions will go to the government.

**Ms. Jane Holmes:** Thank you very much, Chair and members of the committee. I appreciate the opportunity to make this presentation to you today on behalf of Woodbine. As an operator in a heavily regulated industry, Woodbine is licensed by a number of provincial regulatory agencies. This is not unique to our industry, and many businesses face similar fees imposed by government bodies and departments which impact the organization's operating costs.

The province is only one level of government requiring fees for services and licensing. While all businesses have faced challenges during the recent economic downturn, many of us have scrutinized the bottom line to reduce our operating expenses to meet the declining revenues that we're receiving. Unfortunately, we have no control over the imposition of user fees.

For the purposes of this presentation, I have defined "user fees" as a fee, charge or levy for a service, facility, authorization, permit or licence provided under the authority of an act of Parliament which results in a direct benefit or advantage to the person or organization paying the fee.

#### 0930

As a business, we understand the appropriateness of user fees for proprietary services. However, increasing fees with no corresponding increase in service or performance is seriously eroding our businesses' competitiveness. These agencies are increasing their prices without consultation with their stakeholders, particularly self-funded agencies. Fees have been increasing and, in most cases, there has been no corresponding increase to the services or the response times.

The layering of costs on businesses, particularly during a time of economic downturn, places an excessive financial burden on businesses. I have calculated that for Woodbine Entertainment Group, or WEG, in 2010, those provincial fees were 1.5 times our net revenue. When municipal and federal fees are added, the total fees exceed three times the company's net revenue.

Woodbine Entertainment's concerns about these fees are as follows: There needs to be more parliamentary oversight when user fees are introduced or changed. There needs to be greater stakeholder participation in the fee-setting process. There needs to be an establishment of standards to which departments and agencies must adhere; otherwise, the user fees collected should be reduced to reflect the unachieved performance by that department or agency. Woodbine also thinks that there's a requirement for a more comprehensive stakeholder impact and competitiveness analysis when new user fees or fees are contemplated to be increased. There should be increased transparency with respect to why fees are applicable, what fees are charged, what costs are identified as recoverable and whether performance standards are being met. Finally, we think that there should be an independent dispute resolution process to address complaints when agencies do increase their fees.

We think it is time that parliamentarians take greater ownership of user fees. What began as a legitimate attempt to fully recover costs for proprietary services has developed into something that is beyond what was contemplated. Departments and agencies of the provincial government have, in many cases, expanded the concept and introduced user fees or increased user fees beyond what is reasonable and, more often than not, without any reference to increased service, performance or consultation.

We urge this committee to recommend that the minister address the issue of increasing user fees, particularly with no improvement to existing services or delivery. The collective impact of these fees is inconsistent with the government's Open for Business strategy. Thank you.

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

**Ms. Leeanna Pendergast:** Thank you, Jane, for being here this morning, and thank you for that presentation. As we travelled the province all last week, I must say this is a unique presentation and it's really important that we hear this. It's a topic that we may not all be very familiar with, so I appreciate your comments this morning.

I would like just a little bit of clarification, if you don't mind. It's just that it's pretty hard to take so much information in so quickly. It's refreshing in a way, as a finance committee, that when I saw the word "fees," I was expecting big numbers, but when I hear your presentation, I don't see you necessarily asking today for a financial contribution, which is very interesting. I hear you saying that the fees were implemented originally to recover costs.

**Ms. Jane Holmes:** Right.

**Ms. Leeanna Pendergast:** But now, the fees are extended beyond what is reasonable.

**Ms. Jane Holmes:** Yes.

**Ms. Leeanna Pendergast:** Can you elaborate on that a little more, please?

**Ms. Jane Holmes:** I'll use a couple of examples with different agencies. One example I will use that's pertinent just to the horse racing industry is with the Ontario Racing Commission. The racing commission is allowed to tax the parimutuel wagering 0.5%. When slots were introduced into racetracks, they identified that there were a greater number of participants in the industry, a greater need for regulation, they came to the industry and together we agreed that we would provide a voluntary levy. We discussed what areas that levy should go into—to increase the training of the judges, to increase communications and improve technology, different areas like that. Somewhere, that voluntary levy became a regulatory levy. Then they came back to the industry, but there was consultation, so initially we were fine with that.

The next area was that there was consultation about increasing a levy to look at the whole issue of medication control. Again, that one was done in conjunction with the industry.

Most recently, they introduced a service deficit fee because they went over budget. Without consultation

with the industry, they just imposed a new licensing fee on top of all of the participants in the horse racing industry. So that's one example where it's happened.

Another one: We're very concerned about WSIB in terms of the unfunded liability and the cost that's going to have for the industry and for our business, in particular.

Our biggest issue is, if there's no new service being provided and everybody has to live within their means, why as an agency can they—as do many of the agencies—go beyond their means and expect stakeholders to pick up the costs, when we're all going line by line looking at our bottom line in terms of how we reduce our costs to continue to stay in operation?

I want to add for the benefit of the committee that Roy Cullen, who was our federal MP in Etobicoke North, actually introduced a private member's bill when he was in government that addressed this issue, which is why I became aware that it is something that could be done. I do have copies of that legislation, if you're interested in seeing it, with me. Basically, what he did and what he looked at—and he had all-party support at the federal level—was to require that agencies and departments, where they want to increase fees, actually have a formal process of stakeholder consultation and then a presentation to government members to justify any such increases in fees. I think that's what we're looking for: to have some sort of oversight so that they can't make increases without a due process taking place.

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

#### CANADIAN MANUFACTURERS AND EXPORTERS

**The Chair (Mr. Pat Hoy):** Now I ask the Canadian Manufacturers and Exporters to come forward, please. Good morning, 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. Please state your names for our recording Hansard.

**Mr. Ian Howcroft:** Good morning, Chair and committee members. My name is Ian Howcroft and I'm vice-president of the Canadian Manufacturers and Exporters, Ontario division. With me is Paul Clipsham, our director of business intelligence and policy.

Canadian Manufacturers and Exporters is Canada's leading trade association and the voice of manufacturing and global business in Canada and here in Ontario. I'd also like to note that we're celebrating our 140th anniversary this year, so we have a long history of working with government.

Our association directly represents more than 10,000 leading companies nationwide. More than 85% of our members are small and medium-sized companies, and as Canada's leading business network, we work through various other organizations, including the Canadian Manufacturing Coalition, which we chair, where we

touch about 100,000 different organizations and companies from coast to coast. Our membership and network accounts for about 82% of manufacturing output and is responsible for about 90% of the country's exports.

Despite the recent economic challenges, the manufacturing and exporting sector continues to be the largest business sector in Ontario, with approximately \$270 billion in annual output. It's also responsible for employing directly 800,000 individuals in Ontario. Perhaps even more telling, there's about 1.2 million more who have jobs indirectly dependent on manufacturing. For every dollar invested in manufacturing, it generates over \$3.25 in total economic activity. Manufacturing and exporting are at the cutting edge of Ontario innovation: 54% of all private sector research and development takes place in this sector.

**0940**

We continue to emerge from a deep and very protracted recession. I know I don't have to tell people on this committee about what we've gone through. Manufacturers and exporters have been particularly hard-hit and negatively impacted by what's gone on in the last couple of years, the most tumultuous economic downturn since the Great Depression in the 1930s.

However, there are some positive signs and some hope for greater optimism going forward. Our forecast for the coming year is that manufacturing investment and exports will outpace the GDP growth throughout 2011. Ontario is once again leading the economic charge, based primarily on the resiliency of our industrial and manufacturing base. Companies are adapting rapidly to changing circumstances, which they must do, and they are taking the necessary steps to survive in the new global reality. However, there are still many challenges and uncertainties out there.

Much of the credit for the recovery has to go to the Ontario government's tax reform package, which we have fully supported. We strongly supported the HST, corporate tax rate reductions, the elimination of the capital tax, and the Smart program that we partnered with the government to deliver. These have allowed manufacturers to make investments in their companies, in skills and training, and it's also supported by a report that we recently issued, the Economic Impact of Corporate Tax Reductions, which is being sent to all MPPs, which demonstrates a strong correlation between reduced taxes, increased investment in machinery and equipment and, ultimately, job growth, an increased standard of living and increased quality of life.

While the outlook for manufacturers and exporters is generally more positive, as I have said, there are significant risks to this outlook, including: the higher and volatile Canadian dollar; global financial turmoil; a possible surge in interest rates; international trade restrictions; cost competitiveness; and what we're currently seeing and witnessing in the Middle East. We cannot afford to be complacent. Other jurisdictions are moving aggressively to attract and retain manufacturing investment dollars, and we encourage the government to imple-

ment additional measures that will free up cash for manufacturers to make investments in innovation, productivity, and ultimately enable them to hire more people. Under the present fiscal conditions, it is critical to focus limited government resources on interventions that will drive new private sector investment in innovation, productivity and skills development.

We have been a strong supporter of the government's Open for Business initiative, and we have worked closely with a number of ministries to effect a meaningful reduction in the regulatory burden that manufacturers face. While we have made progress in some areas, we know there is still considerably more work to be done.

There is a danger that the significant progress that has been achieved on tax reform will be eclipsed by other risks that could dampen investment confidence. Examples of these include rising energy and electricity prices; the WSIB unfunded liability, which exceeds \$12 billion; pension reform measures; higher pension costs; and the new regulations in environment, health and safety areas. The government must take action to ensure that the overall business environment is favourable and sufficiently competitive to grow manufacturing investment in Ontario. In this context, we will highlight some of the key issues we'd like to see in this year's budget.

In 2008, CME was granted \$25 million, which we used to create our Smart program, which allowed us to invest in over 400 companies throughout the province to deal with improvements to productivity in lean, IT and energy efficiency. This program allowed us to see about 15,000 jobs created or retained in the province, and again, 400 companies received individual support to allow them to deal with their productivity programs. This targeted investment is still needed, particularly as other stimulus funding is coming to an end. We are at a watershed where we need to continue to invest in manufacturing and hope that we will see continued growth.

I will now ask Paul to talk about a couple of the other targeted reform recommendations we're making.

**Mr. Paul Clipsham:** Thanks, Ian. As mentioned, CME is supportive of the harmonized sales tax and the implementation approach. However, we're concerned that the input tax credit restrictions continue to be a constraint on investment and growth. Therefore, we would encourage the government to eliminate the ITC restrictions as quickly as fiscally possible.

There are also three areas that CME feels should be addressed, including monetization of all existing and future tax credits, complete elimination of the corporate minimum tax, and property tax equity for manufacturers.

In order to generate cash flow for companies that are not currently profitable or those that are looking to make significant new investments, the budget should make all new and existing tax credits refundable. During difficult economic times, when companies need to invest, they require immediate cash flow support. If they are in a loss position and they often cannot immediately benefit from tax credits, making tax credits refundable will provide more effective stimulus for companies to sustain their

investments in innovation throughout this economic period.

The following existing credits should be considered for refundability: the scientific research and experimental development tax credit; and the corporate minimum tax credit, which we also feel should be eliminated.

The CME also recommends new tax credits to encourage investments in targeted areas including green energy deployment, research and development, investments made to upgrade or retool manufacturing equipment and machinery, and training.

These measures would include provision of a refundable tax credit for new investments in manufacturing and processing equipment, and a refundable employer training tax credit to encourage investment in skills development and training to ensure a continuous improvement focus at a time when such investments are most needed.

As mentioned, we also recommend the complete elimination of the corporate minimum tax. As well, inequities in the property tax system continue to be widespread in Ontario, with industrial taxpayers bearing a disproportionate burden. On average, industrial rates are about 30% higher than commercial rates and nearly 400% higher than residential rates. Whatever the historical rationale for this disproportion certainly no longer exists, so we recommend that the property tax rates for manufacturers and industrial facilities be reduced to those of commercial wherever such disparities exist across the province.

Furthermore, the province needs to move much more quickly to eliminate the capping and clawback mitigation measures. These clawbacks result in taxpayers paying more than their current value assessments so that other taxpayers pay less. This is neither fair nor equitable and should be eliminated immediately.

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

**Mr. Paul Clipsham:** Okay.

We do have a number of other non-tax priorities, some of which Ian has already referenced, so just in summary, those are the regulatory burdens. We continue to be supportive of the Open for Business approach, but we need to see some further tangible benefits from that. Energy is an ongoing priority for our members. We're supportive of the long-term energy plan and we want to work with the government and others to ensure that the increases over the next five years can be managed by manufacturers and exporters.

Thanks very much, Chair, and to the committee, for your time. We're happy to take any questions.

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

**Mr. Norm Miller:** Good morning and thank you very much, Mr. Clipsham and Mr. Howcroft, for your presentation this morning. I have a couple of quick questions and I know Mr. Barrett wants to ask one about regulations as well.

I'll start with the HST and input tax restrictions. Is Ontario unique in the provinces or other jurisdictions in putting these input tax restrictions in place? The way I

understand it works is that if you're a company that has \$10 million in sales or more, there are restrictions on three or four different categories of things and you aren't able to benefit from the restriction. I know, as a line item in the budget, it totals some \$1.3 billion each year for up to eight years; it varies.

Is Ontario unique, and what sort of negative effect does that have on your businesses, which aren't able to get the money back that they pay out on the HST?

**Mr. Paul Clipsham:** Thank you for that question. Ontario is not unique. I think Ontario chose to go more the route of the Quebec model, which also has input tax credit restrictions. We had proposed more along the lines of the Atlantic provinces, which have fewer, if not none, of the restrictions that we see in Ontario. Again, a lot of the impetus for doing it in the first place is to eliminate some of those systemic administrative challenges within the system. So to put in these input tax credit restrictions actually requires, from the business perspective, to do more to administer the HST. That's why we've recommended to eliminate those as quickly as possible, which the government has committed to do, but certainly we'd like to see those go—

**Mr. Norm Miller:** But eight years is the time frame; that's a long time.

**Mr. Paul Clipsham:** In business terms, that's a long time.

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**Mr. Ian Howcroft:** We won't get full value of the HST until those are fully implemented.

**Mr. Norm Miller:** And it's a significant amount. I'll press on because I know Toby wants to ask a question.

You said cost pressures, energy costs, WSIB: Can you talk a bit about that? I'm going to wrap up one other question into it. We've had lots of groups saying that the government should do away with corporate tax cuts. You're asking that the corporate minimum tax be eliminated. Can you justify that and also talk about these cost pressures? Then I'll pass it on to Mr. Barrett.

**Mr. Ian Howcroft:** Sure. The corporate minimum tax doesn't generate a lot of revenue. It's an administrative burden. We have just released a report on the benefits of corporate tax reductions, and it shows that when you're reducing corporate tax, it allows companies to invest, to hire more workers, to help generate more wealth that can be distributed throughout the economy to maintain the quality of life, the standard of living that we have. It's directly proportional as to when you're reducing corporate taxes, you see more employment being created because companies have the wherewithal and the financial resources to invest in hiring, in innovation, in dealing with the productivity challenge that we must deal with as a province and as a country because we are falling further behind.

**Mr. Toby Barrett:** You may not have gotten to this part: You've identified problems with regulations. You list a number of environmental pieces of legislation: toxics reduction, waste diversion, air standards, the Green Energy Act. As you've indicated, we agree with

much of the intent of this legislation, but you're indicating that there's regulation that doesn't really achieve that kind of an intent. I'm assuming it ends up with more paperwork for your members. I certainly hear this from smaller organizations, smaller employers. Any specifics on this? I know it covers a big area.

**Mr. Ian Howcroft:** That's why we're pleased with the Open for Business initiative to allow us to deal with some of these process issues, not to gut standards. I'll cite, because of the time constraints, the environmental area: We've been working on the Toxics Reduction Act. We think major changes have to be made on that to allow companies to invest time and resources in productive areas and not just the regulatory burdens. Examples that we cite include copper and zinc. Companies that produce copper wire, copper pipe—members of ours—aren't trying to reduce copper; it's listed as a toxic in Ontario. I think we're probably the only jurisdiction in North America that lists copper that way, so companies have to come up with a toxics reduction strategy even though they are producing, selling and trying to build a business around the production and use of copper. It's something that we want to see addressed to deal with the regulatory burdens, the cost to do something that's not going to have any change in what the company is doing. In fact, it's contrary to what the company is trying to do.

**Mr. Toby Barrett:** We may have to sort out whether to actually make amendments to the legislation or whether we can do it just by changing regulations.

**Mr. Ian Howcroft:** Yes. There are different ways you can approach this. We think we need to make some regulatory changes, but we also think we could go back to—sure, we're still meeting the intent of the legislation, but make some changes that make it easier to achieve those goals that we all agree with but deal with some of the regulatory burdens that we're learning from experience and some of the unintended consequences that are challenging manufacturers throughout Ontario.

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

**Mr. Ian Howcroft:** Thanks very much.

#### CANADIAN FEDERATION OF INDEPENDENT BUSINESS

**The Chair (Mr. Pat Hoy):** Now I call on the Canadian Federation of Independent Business to come forward, please. Good morning, gentlemen. You have 10 minutes. The questioning in this case will come from the NDP and Mr. Tabuns. Please identify yourself for our recording Hansard.

**Mr. Satinder Chera:** Thank you, Mr. Chair. My name is Satinder Chera. I'm the vice-president for Ontario with the CFIB. I'm joined today by my colleague, Plamen Petkov, the federation's Ontario director.

On behalf of our 42,000 small and medium-sized business members in Ontario, we appreciate the opportunity to appear before you in respect of our pre-budget recommendations. I should say that this is a pretty

exciting year for small and medium-sized firms, not only in Ontario but right across Canada. Recently, 2011 was designated as the Year of the Entrepreneur, and deservedly so. Our sector creates most of the new jobs in our economy. It accounts for roughly half the employment and is a pretty good barometer for how the economy is going to actually perform.

If I could take you to the right side of the kits that are in front of you, there is a slide deck there. Right on slide number 2, "CFIB Business Barometer & GDP": When we've matched our members—we survey them on a monthly basis, and when we've matched it with actual GDP, in terms of how the economy performs, our members are a pretty good barometer for where the economy is going to go. Again, not a surprise; they account for half the economy.

When you go to slide number 3, the most recent results of our barometer show that there has been a healthy uptick in terms of optimism in the province of Ontario. Again, as a result of that, where Ontario goes, generally the national average goes as well. So this is pretty positive and encouraging feedback from our members.

Slide number 4, employment plans in Ontario: Again, I think it's safe to say that our members are holding their own. The vast majority of them expect to make no changes. It is of course disconcerting to us that there are more that are looking to decrease employment than to increase. This is something that I know the Premier and the finance minister have talked about in terms of employment. From our standpoint, we think that there are a number of measures that the government can take to help support this important sector.

When you go to slide number 5, when you look at the recent recession, for example, while large businesses were cutting back employment it was actually the small and medium-sized sector that was creating it. Again, this is another good reason to be supporting and to embrace entrepreneurs as part of the upcoming budget.

When you go to slides number 6 and 7, we've given you a bit of feedback from our members on how they weathered the recent recession; whether it's working longer hours, taking a cut in their own pay, taking on more debt. There's no question that even for small firms they had to make some pretty big sacrifices, the kind of sacrifices that I think they also expect governments to make in terms of their own fiscal house.

Slide number 7 talks about, again, some of the sales and marketing changes that our members had to make. There's no question that the recent recession was pretty deep and it was pretty fundamental in terms of, no place on this planet was spared. There have been some fundamental changes. As a result of that, certainly our hope is that as entrepreneurs continue to rev up, as they continue to count for more of the economy, that the government will take the upcoming budget and embrace the Year of the Entrepreneur by bringing in some very specific measures to help our members.

With that, I'll turn it over to my colleague Plamen to take you through our budget recommendations.

**Mr. Plamen Petkov:** Thank you, Satinder.

Slide number 8 illustrates the top priorities for Ontario small businesses. This is actually based on an annual survey that we do with our members across the province. We do it face to face with small business owners. Based on the latest results, the top issues for small businesses in the province right now are total tax burden, government regulation and paper burden, government debt and deficit, and workers' compensation. Accordingly, our recommendations for the 2011 provincial budget are based on these four areas.

In terms of taxation, it is clear that small businesses indicate that payroll taxes are the types of taxes that affect the growth of their business the most. It's increases in EI and CPP premiums and increases in WSIB premiums that really limit the capacity of small and medium-sized firms to create jobs. Payroll taxes are followed by sales taxes and corporate income taxes on that list.

A couple of years ago at CFIB, we created an index that actually allowed us to compare taxation levels in all 10 provinces across the country. If you look at slide number 10, the very first column is the payroll tax sub-index. Back in 2009, Ontario ranked third from the bottom, with an index of 4.8 out of 10. Considering that payroll taxes have been going nowhere but up in the last couple of years, we wouldn't be surprised if Ontario's ranking has actually worsened since then.

When it comes to regulation and paper burden, we estimate that Ontario businesses of all sizes spend about \$11 billion a year to comply with regulations from all levels of government. When you look at the chart on slide number 11, it is very clear that the smallest firms out there, those with fewer employees, actually pay a lot more for compliance than larger businesses. So the burden is really on smaller businesses when it comes to compliance costs.

In our latest survey on regulation, our members shared a very interesting observation with us. Over 25% of Ontario respondents indicated that they would not have started their business had they known the full impact of the regulatory burden on their business. Again, it's clear that small businesses expect a lot more from governments at all levels to proactively address and reduce red tape.

The next few slides deal with Ontario's finances. We created an index that allows us to map government spending numbers with increases in population and inflation. It is very clear on slide number 13 that in the past decade, Ontario's spending has exponentially out-paced inflation and population growth, and that gap continues to grow.

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In terms of the provincial deficit, based on some very conservative projections that we recently came up with, only a spending freeze in absolute terms will allow the provincial government to balance the budget in the medium term, as promised. If spending levels remain consistent with GDP growth levels, that goal will not be

achieved in the near future. If spending is consistent with inflation increases, then we will not have a balanced budget before 2020.

The same pattern applies to the provincial debt. It is only through a spending freeze that we'll be able to keep debt levels near 30% to 35% of the GDP.

Finally, when it comes to workers' compensation, it is obvious from the list that we have on slide number 16 that many small firms in various sectors of the economy will pay a lot more than the average 2% rate increase on WSIB premiums. Again, as I mentioned earlier, this constitutes a huge burden for small businesses. It really prevents them from growing and from creating additional jobs, and this is happening at a time when we rely on the small and medium-sized sector to actually help reduce Canada's unemployment rate. Again, these increases are just for 2011. There are significant, double-digit increases in some of these sectors, and more are planned for 2012.

Finally, we have a list of specific recommendations in all four areas that I just talked about. We also have a more detailed document in your kits, on the right-hand side, and we have more information for each and every one of these recommendations.

Thank you for the opportunity to address you today, and we'll be glad to take any questions that you might have.

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

**Mr. Peter Tabuns:** Thank you very much for coming in and making the presentation today.

When I talk to some of the small businesses in my riding—restaurants, retailers—they are finding that the HST on their inputs is starting to affect their cash flow. Is that something that's coming up amongst your members?

**Mr. Satinder Chera:** There's no question, Mr. Tabuns, that the HST is one that has had I would say somewhat of a negative impact on the smallest of firms. The feedback that we received from our members is—and, again, it's preliminary. But most of the concerns seem to be centred around cash flow, in that, for businesses that previously did not have to charge the PST, they're now having to impose that.

There are also concerns around being able to access rebates. For example, we had a member who had about \$30,000 worth of inventory. He was not able to clear it by December 31. As a result, he does not qualify for, for example, the actual rebate. So, \$30,000 worth of inventory—he's not quite sure what he can do.

Our recommendations to the government have been a number of different things. One is that we think that looking at a rate reduction in the future would be a positive step forward. It certainly would help all businesses. We also think, in terms of the transitional dollars that have been given to small firms—topping that up. We know that, for example, \$400 to \$1,000 really isn't going to cut it for a lot of businesses. Small firms, for example: One member said that she has to spend about \$5,000 to

upgrade her software and buy a new computer as well. That's going to be a bit of a challenge for them.

One of our key recommendations in this area, Mr. Tabuns—and, again, it links to the regulatory issue—is that small firms have a really tough time working with governments in terms of the requirements that are imposed upon them. One of the areas that we're asking the government to take a serious look at is to push the federal government to adopt an HST code of fairness. In other words, CRA would be required to do some basic things in terms of responding to small businesses in a timely manner. If there's a disagreement over an HST-related issue, it would be sent out to a third party as opposed to having it done internally. In other words, there would be an appeals mechanism.

These are some of the measures that some other provinces have taken. It's not yet in place. We did say before that it's not a bed of roses on the other side, either. CRA sometimes is one of biggest thorns in the sides of our members, federally. So certainly that's one of the areas that we think, in the short term, can certainly help to alleviate the pressures associated with this tax change.

**Mr. Peter Tabuns:** Okay. Thank you very much. I don't have any other questions.

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

#### CO-OPERATIVE HOUSING FEDERATION OF CANADA, ONTARIO REGION

**The Chair (Mr. Pat Hoy):** I ask the Co-operative Housing Federation of Canada, Ontario region, to come forward, please. Good morning. You have 10 minutes for your presentation. The questioning in this case will come from the government, possibly up to five minutes. If you'd just state your names for our recording Hansard, you can begin.

**Ms. Nicole Waldron:** Thank you. Good morning, everyone. Thank you for this opportunity to make a pre-budget presentation to the standing committee. We're here on behalf of more than 125,000 residents living in 555 non-profit housing co-ops across Ontario.

My name is Nicole Waldron. I'm the vice-president of the Ontario council of the Co-operative Housing Federation of Canada. With me today is Harvey Cooper, our manager of government relations, who will answer any questions you may have.

Housing co-operatives are committed to playing a significant role in meeting the affordable housing needs of Ontarians. In our presentation, we will focus our remarks this morning on a key number of practical suggestions that the Ontario government should consider as it prepares its 2011 budget.

With Ontario only beginning to emerge from its deepest recession in many decades, the 2011 budget should focus on economic recovery and helping Ontarians who are shouldering the burden of the economic downturn.

The lack of housing that key workers can afford is a major roadblock to growth and investment in Ontario.

Affordable housing construction can play a pivotal role in economic recovery. It provides significant economic stimulus, creates jobs, has a larger multiplier effect, uses locally produced materials, and provides a valuable public asset for the long term.

Like transit, highway construction, hospitals, schools, bridges and sewers, affordable housing is a major capital component of Ontario's infrastructure. Since 2004, affordable housing has been identified by the Ontario government as a key infrastructure priority. Nonetheless, there has been no government commitment to affordable housing as a core infrastructure sector to be funded on a continuing basis. Beginning with the 2011 budget, Queen's Park should commit to including funding for affordable housing in each year of its expected 10-year infrastructure plan.

A key finding of our annual housing report, *Where's Home?*, is that over the next 10 years, demand for affordable housing is conservatively estimated at 10,000 units a year. We have copies of this report here if any MPP is interested, and it looks like this.

The need for affordable housing in Ontario is urgent and growing. According to the latest data, current municipal social housing waiting lists across the province stand at 141,000 households. Against this backdrop, the co-operative housing sector welcomed the recent release of the province's much-anticipated long-term affordable housing strategy.

Unfortunately, there appears to be significant gaps in this housing plan. The strategy contains no funding to actually build any new affordable housing. At a minimum, housing observers expected that the strategy would include a commitment of provincial funding for the next three years, from 2011 to 2014, of the existing federal-Ontario affordable housing program, AHP. This program is due to expire just a couple of months from now, on March 31, but the strategy made no mention of the program and its looming expiry.

To date, according to the province, under the various components of the AHP agreement and the extension signed in 2009, approximately 3,500 units per year since 2005 have been built or are in the construction or planning stage. While extending the AHP would not fill the existing need, it would allow the existing program to continue without interruption and make a critical contribution to meeting that need.

The planning, approvals and building cycle of any housing project is usually in the three- to five-year range. The start-stop approach to funding affordable housing over the last couple of decades has been very damaging. With no certainty that government funding will be available, it is impossible for the affordable housing development sector to ensure that there is a continual flow of projects in the pipeline.

The province's affordable housing strategy speaks of the need for the federal government to make a long-term commitment to its historical role in funding affordable housing. But this challenge to Ottawa carries little weight in the absence of any commitment by Queen's Park to

being an active partner going forward in funding affordable housing development.

In 2005, the McGuinty government stepped up and matched federal AHP funding that was on the table. In 2009, Ontario again matched federal funding with an impressive \$1.2-billion contribution under the two-year social housing renovation and retrofit program, fondly referred to as SHRRP.

However, a number of other housing initiatives in this province were accomplished with unilateral federal dollars totalling just under \$400 million. In view of this, it is critical in the 2011 budget that Ontario signal to the federal government that the province is fully committed to extending funding for the AHP for three more years and is looking for an early commitment from Ottawa to contribute its share.

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The long-term viability of much of Ontario's social housing stock now administered by municipalities is at serious risk. Many of the properties are 30 to 50 years old and require major capital investment, which has been borne out by a series of studies. Ontario is to be commended for the step it has taken in the last two budgets to begin to refurbish the social housing infrastructure which is aging. As mentioned, the joint funding from the federal-provincial SHRRP program is particularly welcome. However, as valuable as this program is, it provides one-time funding and will not come near to making up for the funding shortfall or providing a long-term solution.

There are a significant number of low-cost steps that the province could take to preserve the physical assets of our existing affordable housing stock for generations to come. A few of these are outlined in more detail in our complete submission, including making the Infrastructure Ontario loan program more accessible for community-based housing providers to do necessary capital repairs, and allowing co-ops and non-profits to borrow additional funds for capital improvements with an extended amortization period that would allow them to afford to repay the additional debt.

In addition to having a shortfall of affordable housing supply in Ontario, we also have a growing affordability problem for low- and moderate-income households. Shelter costs constitute the largest regular expense for most families and singles. The province's recent strategy documents, both for affordable housing and poverty reduction, acknowledge that the lack of housing that low-income people can afford is a co-contributor to deepening poverty. Excessive housing costs simply crowd out other necessities for many low-income Ontarians.

There is currently little in the way of housing assistance for the working poor. Lengthy waiting lists and subordination to priority may often preclude access to many Ontarians who are desperate to find an affordable place to live. Ontario should ensure that any new housing supply programs penetrate down to levels of true affordability for low-income households. The affordable housing program has not yet achieved this. Some units

are rented at a below-market rate, but rents are not adjusted based on income, and the very neediest households can't afford to live in this housing.

One very cost-effective way for the province to increase affordability for qualifying households would be to take advantage of the existing supply of rental units and co-ops, non-profit and private sector buildings, and other rent supplements to these landlords.

Rising energy costs are a top-of-the-mind issue for many Ontarians, particularly for those of low and modest means. Many thousands of social housing households who are receiving rent-geared-to-income—RGI—assistance pay their own utilities on top of their rent. The province uses a utility allowance schedule, setting out the level of assistance that RGI residents who pay their own utilities will receive. These schedules have not been revised since 1999, prior to the downloading of the social housing to municipalities. Meanwhile, rates paid by residents for electricity, heat, natural gas and water have increased substantially.

For many years, the co-op housing sector has called on the province to take action on this critical issue that is contributing to escalating energy poverty in Ontario. We were disappointed that the recent affordable housing strategy did not include an action plan to deal with this concern. The 2011 budget presents an opportunity to rectify this omission.

As I close, co-operative housing in Ontario is a well-documented success story. For almost four decades, co-ops have provided good-quality affordable housing owned and managed by the members who live there. We feel that some of the key directions that the province should signal in its 2011 budget are clear: make investment in affordable housing a cornerstone of Ontario's economic recovery plan; ensure that affordable housing construction is a targeted sector for Ontario's infrastructure investments; show leadership and commit provincial funding to extend the existent affordable housing program, which should help leverage federal contributions; preserve and renew the existing stock of community housing for future generations; take steps to make sure housing is more affordable to low-income Ontarians; and revise outdated utility allowances for low-income residents in community housing.

We are anxious to roll up our sleeves and work with the government and MPPs of all parties to ensure that all Ontarians have a decent place to call home.

Once again, we thank the members of the committee for giving us this opportunity to express our views today. If you have any questions, Harvey will take them now.

**The Chair (Mr. Pat Hoy):** Thank you. You must have practised; you had eight seconds left.

**Mr. Harvey Cooper:** You said it was under 10 minutes.

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

**Ms. Leeanna Pendergast:** Thank you, Nicole and Harvey, for being here this morning. Thank you for your presentation and thank you for the work that you do on

behalf of the Co-operative Housing Federation of Canada. That was a very comprehensive presentation.

I think what I'd like to do is begin at the end, because that's how I read a novel. I go to the end—

**Mr. Harvey Cooper:** Saves time.

**Ms. Leeanna Pendergast:** I'm also a teacher, right? So, give me the bottom line, and we'll work back from there.

Your comments, Nicole, about rolling up our sleeves and working together—that's really what I want to focus on, because if you look at—let's go back to page 10: introduce a \$100 monthly healthy food supplement; fully index social assistance; increase the OCB to \$125 a month. We've heard this across the province, and every time we hear it, if you think about the ask getting larger and larger and larger, then you kind of have to look at the fine balance. So now I'm back at the beginning of your presentation on page 3. You talk about the government should focus on economic recovery and helping Ontarians—absolutely. That's the fine balance that we need to hear from you, and how to achieve and maintain that balance.

I guess what I want to do is just give you a quick picture of what we've heard in the last week of travelling the province, and then put to you the question of the priorities that you come with today. We've heard from social action committees. In Thunder Bay, we heard that the government should look at an outreach strategy, that affordable housing is part of the whole social infrastructure question—invest in early learning, invest in transit, invest in affordable housing.

We heard from the Alliance to End Homelessness that affordable housing should be embedded in the poverty reduction strategy. We heard from EOLO, the Eastern Ontario Landlord Organization, the idea that there has to be an affordable housing strategy, a 10-year strategy. And we heard from the Anglican Church here in Toronto yesterday that municipalities play a role in this as well.

That said, the big question is: Have you and your group talked about a long-term plan? What role do you play in that particular discussion?

**Mr. Harvey Cooper:** Thanks very much for that, Ms. Pendergast. I know you're a strong supporter of housing co-operatives in Kitchener-Conestoga, where we have seven, and I think 370 units as well.

I think the key issue is balance. If we have to zero in in our submission, the one thing that we think the government should be doing—there are a number of things you listed, and obviously choices have to be made—is that there isn't an existing program. There are concerns about the program, but it's out there; it's producing units. The data we came up with based on the province's information is about roughly 3,500 units a year. We're very, very concerned that that agreement with the federal government—half the money is coming federally and the municipalities are bringing various reductions to the table as well, development charges and property taxes etc.—is going to expire in less than two months. We're very concerned that if there's no program

out there, we're back to the drawing board in terms of, we all know what the state of waiting lists is, particularly in the urban areas across the province.

To be absolutely candid, part of the reason I think we've gotten into the difficult situation we're in is that we've had programs since the postwar period, when a lot of public housing was built; there were all kinds of programs to assist private landlords: capital grants and tax reductions in the 1960s and early 1970s. From the early 1970s right up until the mid-1990s, we had a very successful non-profit and co-operative housing building program; we were seeing 15,000 to 20,000 each and every year. From the mid-1990s up until 2004-05, very little was done. What happened was, the swimming pool was drained. If you don't build any units for a decade, it's going to take you a long time to recover.

So our message to the province of Ontario—and this isn't a partisan, political issue. I think we all have an interest in affordable housing. It's not only units; it's making sure people can afford them. You need an ongoing program year over year over year. We can squabble about how much that is—how much money, how many units—but not to fund it would be, frankly, a very difficult situation to start up again. As Nicole mentioned in our presentation, it takes three to five years, and that's if you've got zoning approvals, to get any project off the ground. To start at square one is not, I think, a scenario that any of us wants to see. What we're hoping we're going to see—we didn't see it in the affordable housing strategy; we hope to see it in Minister Duncan's budget in late March—is Queen's Park putting money on the table to build affordable housing, and looking for their federal partners to match them.

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

1020

#### CANADA'S RESEARCH-BASED PHARMACEUTICAL COMPANIES

**The Chair (Mr. Pat Hoy):** Now I ask Canada's Research-based Pharmaceutical Companies to come forward, please.

**Mr. Hugh O'Neill:** Good morning.

**The Chair (Mr. Pat Hoy):** Good morning. You have 10 minutes for your presentation. Questioning will come from the official opposition. I just ask you to identify yourself for our recording Hansard.

**Mr. Hugh O'Neill:** Sure. My name is Hugh O'Neill; I am the Ontario chair for Rx&D, Canada's Research-based Pharmaceutical Companies, and also the CEO of Sanofi-aventis Canada.

Thank you for the opportunity. In last week's State of the Union address, President Obama summarized the vision for his country by declaring that the United States needed to—and I want to quote here—“out-innovate, out-educate, and out-build the rest of the world.” Cutting the deficit by gutting our investments in innovation and

education is like lightening an overloaded airplane by removing the engine.

Why did I start there? As I said, my name is Hugh O'Neill. I am the chair of the Ontario committee for Rx&D; I'm also the CEO of Sanofi-aventis Canada. Rx&D represents over 5,600 men and women working for approximately 50 member companies in Canada. Globally, the Sanofi group, my organization, is the fourth-largest pharmaceutical company in the world. We invest \$6.3 billion annually in R&D. We are also Canada's largest investor in innovative biopharma R&D, investing over \$180 million in Canada in 2009.

Today, I hope to share with you our industry's perspective on two interrelated ideas that, we believe, if addressed together, can help to mitigate the looming health care crisis, address our collective challenges and improve the quality of life of Ontarians. Those ideas are innovation and sustainability.

Before I do that, I'd like to address two major misconceptions about our industry. The first misconception that we believe is getting in the way of very productive dialogue is that innovative drug costs are the main driver of health care growth. Innovative medicines—it's important to understand this—comprise just over half of the drug budget, about 5% of the total health care budget. Even if 100% of the funding for innovative medicines was eliminated, we would still have 95% of our health care sustainability problem. Investing in medicines is not the driver of health care costs, and it's simply not possible to address sustainability if cost-cutting is the only goal.

The second myth is that drugs are the fastest-growing component of health system costs. The reality is that the drug budget grew from \$3.21 billion in 2008 to \$3.36 billion in 2009, a 4.8% increase. This growth, we know, is driven primarily by demographic trends, not growing pharmaceutical prices. Moreover, the drug budget growth in 2010 is expected to drop to 1.2% when compared to a roughly 6% to 7% increase in overall health care costs.

Let's talk a little bit about innovation. In much the same way that the troubles with the global economy have had a devastating impact on the Ontario economy, so, too, have the changes in the global innovation ecosystem dramatically lessened the ability of Ontario to compete for R&D dollars against Brazil, Russia, India and China, the BRIC countries, whose cost structures for research are fundamentally different than here in Canada.

Ontario accounts for less than 1% of the global sales of branded pharmaceuticals and contributes significantly less than that to the overall global profitability of our business. It attracts only one tenth of 1% of the global R&D dollars that our industry invests every year. In this global context, I'm here to tell you that from a biopharmaceutical perspective, Ontario needs to do more to attract its share of our overall global R&D dollars.

One of the biggest reasons for Ontario's poor showing is Ontario's record of investing in our innovations. Only one in five new products that we bring to market is broadly reimbursed by Ontario public drug programs.

Canada ranked 23rd out of 29 countries in the IRAM report from a positive CDR-recommendation perspective. Within Canada, Ontario falls behind most provinces in terms of time to listing and percentage of drugs listed.

Since 2007, Ontario has twice altered its reimbursement policies to exercise its market power over pharma companies. Less than one month after the last round of policies were implemented in 2010, we learned of yet another new initiative from Ontario, this time with a plan to further commodify innovation by initiating and leading a pan-Canadian bulk purchasing alliance. The message that this sends to our global headquarters and to my leadership across the organization is that Ontario views our innovative products as commodities and that its singular focus is leveraging its buying power, not leveraging its knowledge economy. Although Rx&D companies spend close to \$570 million in R&D to support Ontario's knowledge-based economy, the current policy environment in Ontario makes sustaining this investment extremely challenging.

Ontario's standing in the global context flows from, in part, its approach of lack of funding incremental innovation in the drug program. Let me explain to you what I mean. Progress in the creation of new drugs, or any technology, for that matter, almost always comes in small increments. When you compare a new drug to the drug that preceded it, you may only find small differences in the benefits it offers, but these increments accrue with time in an extremely competitive drug ecosystem.

Let's talk a little bit about a technology that may be more familiar to each of us in this room, and that is the BlackBerry from Ontario's Research In Motion. If you look back at the original BlackBerry 950, which was developed in 1999, it was a low-resolution screen that could display about eight lines of text. It can email, but you can't call on it, you can't access the Web; it's basically a sophisticated pager. For those of us who have the new BlackBerry Torch, it's a super-clear touch screen. It connects to email and calendaring systems seamlessly. It takes pictures, plays your music and connects to the Web. It can listen to a song playing on the radio and tell you who the artist is and what song is playing. You can control it with your voice. These two devices are vastly different; however, if you pick two adjacent devices within a continuum of that development, the differences would be very small from the first 950 to the second one, all the way through to today. Technology journalists, even now, are arguing over whether the new Torch is even better than the previous one.

Why is this important? Because incremental innovation in pharmaceuticals has followed a similar path. If we look between 1995 and 2002, the death rate from HIV/AIDS in Canada dropped by about 80%. Between 1980 and 2002, the death rate due to heart attacks in Canada fell by 67%, and for bronchitis, asthma and emphysema, the death rates have fallen by 75%. Gastroenterology wards in hospitals dedicated to ulcer surgery no longer exist. The majority of this impact has been because of advancement in pharmaceutical care.

The bottom line on this is, if we don't invest in incremental innovations, you won't accrue the macro-innovations that dramatically increase our ability to improve the health of Ontarians.

Our industry's role in Ontario's innovation economy is one aspect of the value that we contribute to the health care system, but the role of innovation perhaps is more important to Ontarians broadly when it comes to the sustainability of our health care system. Much has been written about the sustainability of the health care system, in Ontario and around the world; with 50% of the current provincial budget going to health care and the looming baby boomer generation entering their peak health care need years, rightly so. The notion of health care sustainability has become the central logic of most health care reform initiatives. What is concerning, however, is that instead of making investments to improve the productivity of health care investments, governments have pursued cost-cutting as the main health care system reform focus.

We agree that the sustainability of the health care system is the single thing we all need to address. However, as I mentioned earlier, doing more with less requires innovation, not cost containment. The appropriate use of innovative medicines and vaccines can help the Ontario government manage its overall health care budget by lowering or avoiding costly expenditures in other parts of the system, particularly in primary care. Innovative medicines are proven cost-savers, as they help patients live longer, more productive lives, reduce costs related to employee absenteeism and productivity, and lessen demands on other components of the health care system by reducing hospital stays and surgeries.

One of the best illustrations of this is the Asheville diabetes management project that was done in Asheville, North Carolina. By increasing access to innovative medicines, it demonstrated that although prescription costs increased, direct medical costs decreased in every year over the five-year study period. The net financial benefit was insurance savings per patient per year of \$2,700 in the first year, growing linearly to \$6,500 in the fifth year. In addition, sick days were reduced in every year, generating significant productivity savings. In the end, \$4 was saved for every \$1 invested in the program. As importantly, key health outcome metrics of diabetes control improved in every year of the project.

Another example of this in Ontario is the impact on hospital staff and resources resulting from fewer Ontarians getting their flu shot this year. Recently, the Premier and the Minister of Health asked Ontarians to get flu shots to build their immunity against the flu and to ease the increased burden that flu cases were placing on hospitals.

**1030**

This brings me to my final point. If we are to be successful at stemming the tsunami of diabetes, Alzheimer's disease and cancer that will overtake our health care system in the coming years, we have to work together. Governments, patients, physicians, pharmacists, nurses and pharmaceutical companies must work col-

laboratively and value the contribution that each brings in a coordinated campaign to eradicate disease and foster health promotion.

In conclusion, Rx&D companies are urging the Ontario government to support an innovation agenda that will contribute to the sustainability of the health care system. To this end, we recommend the following three things:

(1) That we expand the scope of Ontario's current product listing agreements to capture additional value for the health care system through collaborations such as chronic disease management programs, adherence and compliance programs, and research and development partnerships.

(2) That we develop an innovative medicines procurement system that supports and recognizes the value of innovation to Ontario.

(3) That we improve the rate of positive formulary listings for innovative medicines and accelerate the time to listing.

Our industry is very interested in working with the Ontario government to help solve the health care sustainability issues in this province and to strengthen our economy. We believe that Ontario can emerge out of its current deficit situation in a position of economic strength with sustainable health care for its citizens fuelled by innovation. By working together—and I mean by working together as a group, as a partnership—we can make Ontario and Canada one of the best places for innovation in health care in the world. Thank you very much.

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

**Mr. Toby Barrett:** Thank you for your presentation on the importance of research in pharmaceuticals in our health care system. As a rural MPP—you have a face in small-town Ontario: the main street pharmacy. Certainly in my area and much of Ontario, they've been going through some tough times, but people have trust, almost affection—many people have affection for their local pharmacist. From a public relations point of view, if you will, these pharmacies serve you well. They are under threat, many of them; we're concerned. I think of several towns in my area. If I lose the drugstore, that means a 20- or 25-mile drive for people in that community to get to the nearest drugstore.

Many of the local pharmacies are angry with the present provincial policy. What are your company or other companies doing to help out?

**Mr. Hugh O'Neill:** I think there are two areas that I'd like to point out. One is, we strongly support the role of pharmacists. We actually think pharmacists can play a role as a health care practitioner and that the government should be working with them to reimburse them for cognitive services to help patients. What I mean by that is, historically, pharmacists have been reimbursed based on the drugs they actually fulfill. What we're saying is, changing the reimbursement system to pay them to help get patients through the management of their disease, to help to coach them on what they should be doing to stay

compliant, to stay on their medicine, to follow their doctor's orders, to do the necessary lifestyle changes. There's a real value in that. What has been shown is that that has actually decreased costs elsewhere by paying pharmacists that way. So it's really about changing the model, about letting pharmacists become a health care provider and practitioner as opposed to just the dispenser of the medicine.

**Mr. Toby Barrett:** Okay. I don't have a brief; I couldn't take all the notes. Your company I think is—what?—third-largest in the world or something?

**Mr. Hugh O'Neill:** Fourth.

**Mr. Toby Barrett:** Fourth-largest. I read this in *The Economist*. Something like—I'm not sure—20% of pharmaceuticals and medicines worldwide are apparently counterfeit. I've seen some of this in India, Nepal, countries like that. Here in the province of Ontario, close to 50% of tobacco is counterfeit. We can't seem to control it in this society. Are those figures accurate? And what is your industry doing? That's incredible to think someone would be purchasing a substance, say for diabetes or something, and it's phoney or bogus.

**Mr. Hugh O'Neill:** It's extremely alarming. I will tell you what we have done and where the industry is on this. We are constantly working to make our packaging and make our product less likely to get access to counterfeit.

Now, that also challenges enforcement. There are laws on the books now, especially here in Canada and other markets, that are specifically designed to mitigate counterfeit medicines, but enforcement becomes absolutely critical. We are working with Health Canada here locally as well as with the RCMP nationally and within provinces, and the FDA down south, to get at some of this. I will tell you that it is extremely alarming for us that a patient goes to a drugstore after seeing their physician, thinks they're going to get a certain drug to treat a certain disease, and what they end up with has no active ingredient and actually ends up hurting them.

We are working closely, even with radio frequency technology on our products, in order to put it into the supply chain to secure the supply chain. But it takes an enormous amount of time to turn that supply chain. It has to go all the way through wholesalers as well as pharmacists.

**Mr. Toby Barrett:** Is there any of this stuff being smuggled in or shipped into Ontario or Canada? Are there examples?

**Mr. Hugh O'Neill:** I'll just speak from my own personal experience in my own organization. We know that we have some counterfeit issues coming out of Ontario, yes, and we're working closely with local law agencies to address that, as well as with Health Canada.

**Mr. Toby Barrett:** Good.

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

**Mr. Hugh O'Neill:** Thank you very much.

#### COLLEGES ONTARIO

**The Chair (Mr. Pat Hoy):** Now I ask Colleges Ontario to come forward, please. Good morning. You

have 10 minutes for your presentation. The questioning in this round will go to the NDP and Mr. Tabuns. I just ask you to identify yourself for our recording Hansard.

**Ms. Linda Franklin:** Thank you. I'm Linda Franklin. I'm the president and CEO of Colleges Ontario. Beside me is Tony Tilly, the chair of Colleges Ontario and the president of Fleming College, and Marsha Josephs and Bill Summers from our staff.

Thank you, folks, for the opportunity to appear before you today to chat a little bit about the 2011 pre-budget consultations. You've got a copy of our budget submission. Today, in the interests of time, we're going to focus on three key issues: why the government must stay the course, in our view, and continue to invest in colleges; enrolment funding; and deferred maintenance.

As many of you know, and it's certainly been in the media for quite a while now, Ontario is facing a skills shortage crisis that is coming at us like a tsunami. It's a perfect storm that's brewing. With the aging population and the emerging knowledge economy, we need more people with post-secondary credentials than ever before. The government has set a goal of a 70% post-secondary attainment rate; it's an ambitious goal, given where we are today. We don't believe that that number, even though it's ambitious, is even high enough for the next 20 years.

The economic downturn has slowed retirements as well as job growth temporarily, and it's managed to mask that problem that's coming at us—but only temporarily. There is no question that even though we have a bit more time than we thought we might have to deal with this crisis, Ontario must be vigilant about the impact of our aging population on the workforce.

As well, even though there are many people still looking for work and jobs needing to be filled, many of the unemployed cannot move into those jobs because they don't have the skills required.

You'll know that we have communities like Kitchener, Waterloo and Cambridge, RIM's hometown, where there are difficulties filling high-skilled positions at the same time that we have unemployed folks looking for work who don't have the necessary skills to fill those positions. This is a microcosm of what our entire economy will look like in the next few years unless we do something now to address that challenge.

The former president of Seneca College, Rick Miner, completed a report just a few months ago that many of you will be familiar with, *People Without Jobs, Jobs Without People*. It identified, I think for the first time, that double challenge of a shrinking workforce coupled with the need for increasing skill levels to manage the jobs of the knowledge economy. His report found that in the coming years, we'll need to increase educational attainment so much that almost 80% of our workforce will need some form of post-secondary credential.

In British Columbia, there was a recent headline that said, "Skills Shortage Threatens to Delay BC Power Lines: With infrastructure maintenance piling up, who will build BC's expanding power grid?" This is just the

tip of the iceberg, and if we can't find ways to answer that question in BC, in Manitoba, in Ontario, or in Newfoundland, then we will not keep businesses here or in our country.

**1040**

Today, in fact, representatives of the community college system across Canada are in Tanzania helping their government establish a community college system. Why? Because when Intel cancelled plans to build a major manufacturing plant there—because they didn't have enough skilled workers—the country realized it had to find a way to change the future.

In Ontario, frankly, we're lucky. We're way ahead of this curve. We recognized quite a long time ago that post-secondary education is critical. We've been spending time and energy establishing a community college system, building it and funding it, along with universities. Even so, this challenge hasn't gone unnoticed by our own business community. A recent PricewaterhouseCoopers survey of Canadian CEOs showed that one of their top concerns is the availability of skilled workers for the future.

They're not alone; the challenge is a global one. Countries like the United States and Australia are making significant investments in post-secondary education to address this crisis. The US government is pouring money into post-secondary education, even during a recession, because they realize that, in the future, a strong, productive economy will require countries, in Barack Obama's words, to "out-educate" the competition. That's the challenge in front of us.

Clearly, if we want businesses to stay and invest in Ontario, innovating and creating good jobs, we have to ensure that we have the skilled workforce to help them reach those goals. But it isn't just about increasing levels of education, I'd submit; it's also about having a workforce with the right education. In the recent State of the Union address, President Obama said, "Because people need to be able to train for new jobs and careers in today's fast-changing economy, we're ... revitalizing America's community colleges."

Jobs of the future will require practical and specialized skills, the kinds of skills community colleges teach. And increasingly, as our workforce contracts, employers will need new workers to hit the ground running as soon as they are hired. That's also what community colleges do. Today's students recognize this and, as a result, our enrolments are climbing rapidly.

Investing in human capital is critical to economic success. Investing in Ontario's colleges, we believe, will help our economy and help people get the necessary skills they need for good jobs.

I'm going to turn it over to Tony now.

**Dr. Tony Tilly:** Good morning. The government is to be commended for investments made through Reaching Higher, as there have been positive results. We see this in our key performance indicators, where, even in this difficult economy, 85% of the colleges' most recent graduates found work within six months of graduation.

The recent credit transfer announcement is welcome news for colleges. We believe this is a good first step to saving students time and money as they get the theoretical and practical training they need to be competitive.

In these tough economic times, we recognize that the government will have tough choices to make. We encourage the committee to recommend that the government continue to invest in colleges because, by doing so, you are investing in the future health of the province.

On enrolment: More and more students have realized the need for further education. As a result, colleges face a significant enrolment challenge. A college's ability to provide quality and access is in jeopardy because funding has not kept pace with enrolment. College enrolment is up 6% this year, and we are seeing more people choosing colleges to get the necessary training they need for the transitioning economy. We expect this trend to continue.

Investments in colleges are necessary if the government is to reach its goal of a 70% post-secondary attainment rate. It is also important to recognize that an estimated 40% of high school students don't go on to post-secondary education. We cannot let these people drift into poverty.

Aboriginal individuals, the disabled, first-generation Canadians and low-income workers are traditionally under-represented in post-secondary education, and we must change this reality for their future and the future of our economy. As we reach out to students who traditionally have not gone on to post-secondary education, we do need additional resources to provide the supports they need to succeed. Even so, there is no question that we must continue to reach out to them, because we know that a college education is the best route to a good job and a means for lifting families out of poverty.

To do this job effectively, colleges are requesting \$108 million to address enrolment pressures so that we can continue to provide Ontarians with the high-quality, job-specific education they need to succeed in this economy.

Now to deferred maintenance; this is the other area we would like to speak to. We are pleased that the government is developing a 10-year capital plan, as this has been a constant source of uncertainty for many years. As a result of many years without such a plan, colleges are facing a significant deferred maintenance backlog. The estimated deferred maintenance backlog in the colleges is in the \$550-million- to \$750-million range, recently confirmed by the Auditor General. The current level of annual provincial funding to the colleges is \$8.7 million. The Auditor General recommended that the Ministry of Training, Colleges and Universities work with the colleges to tackle the deferred maintenance backlog. Colleges are requesting \$100 million for infrastructure renewal, to help us begin to tackle the critical deferred maintenance challenges our campuses are facing.

**Ms. Linda Franklin:** In conclusion, folks, we realize these are big numbers, and we realize that we've been lucky, because, frankly, Ontario governments traditionally over the years have supported higher education; not

always an easy decision, and in tough times, really not an easy decision. But it's the right decision, we think, and a decision that we believe needs to continue.

We think the government has to protect and build on the gains that have been made in post-secondary education because these gains are critical to our economy. We only stand here today in the relatively good position we're in because of years of investments by governments in education.

We think it's more important than ever that we ensure higher education and skills training is provided to greater and greater numbers of people from all socio-economic groups, and we have to ensure that supports are in place to help learners complete their education. There's not much value in getting a whole bunch of access if, at the end of the day, students come in and don't graduate. Clearly, that's a challenge for all of us.

We think we can demonstrate, because we have over the past many years, that investing in colleges produces great results: high-quality, relevant training that lets our graduates enter the workforce ready to contribute fully to the future. That investment has never been as important as it is today—for young people, for workers needing retraining and for the health of the province's economy.

Thanks very much.

**The Chair (Mr. Pat Hoy):** Mr. Tabuns will be putting the questions.

**Mr. Peter Tabuns:** Thank you all very much for coming in and making this presentation. I would say that people around this table have some understanding—maybe a fair bit of understanding—of the value of education.

The numbers that you've presented, the two asks—let's go first to the \$108 million for addressing enrolment questions. What does that break down into? What does that give us?

**Mr. Bill Summers:** That is an estimate of the amount of enrolment in the past two and a half years and forecast for next year in terms of our growth that the province is not currently funding. So there is a lag in the way the province funds our enrolment. When you measure what we're funded for now and the growth since then and what we're projecting for next year, it's about 20,000 one-year student experiences, which translates to roughly the \$100-million figure.

**Mr. Peter Tabuns:** So that's for faculty, support, operations—

**Mr. Bill Summers:** Exactly. All the costs that are required to support a quality learning experience for the student.

**Mr. Peter Tabuns:** And if those funds weren't provided to you, what would be the consequences?

**Mr. Bill Summers:** I could make one comment, and Tony may wish to. Every time the costs are not met it contributes to an erosion in either the quality or the access agenda. Colleges don't have the resources to provide the supports that students need to be as successful as they can be. It does, unfortunately, contribute to an erosion in the quality of the education and sometimes in

the colleges' ability to bring in and support some of the at-risk student populations.

**Mr. Peter Tabuns:** So when you say "quality," what that translates into is larger class sizes, less after-hours support, less administrative support for the people who are doing the front-line teaching. Is that correct?

**Dr. Tony Tilly:** That's very much it. From an individual college perspective, your alternatives include larger classes, fewer program hours, less support through counsellors, special needs and the like. It's an inside-the-classroom and an outside-the-classroom adjustment that you have to make.

**Mr. Peter Tabuns:** So this \$108 million is just to preserve the status quo. Right.

The \$100 million for infrastructure renewal and the scale of deferred maintenance you're looking at: What are the consequences if the \$100 million is not provided?

**Mr. Bill Summers:** The backlog continues to escalate in terms of the size of it. In addition, it's a bad management system to let your physical plant deteriorate. But there can also be occupational health and safety issues that come as a result of it. It certainly can impact the quality of the learning experience for the students if they're in facilities that are not well maintained. So it's a debt that everyone understands just gets worse and worse.

1050

**Mr. Peter Tabuns:** So has anyone done a projection of the increased cost of repair in the future from failure to act now?

**Dr. Tony Tilly:** We have, through our plant managers, statistics on that. The point that we'd like to make is: The colleges were created in 1967. A lot of the early growth was in the 1970s, so we have structures that are essentially at that 40-year mark now. It's a matter of refurbishing everything from heating, ventilation, air conditioning, to all of the other upgrades that are associated with deferred maintenance. Pushing those off, at this stage, makes it more expensive and also postpones the savings that we would like to achieve through upgrading energy efficiency and other ways in which we need to green our existing stock of buildings.

**Mr. Peter Tabuns:** All of that makes sense to me. Can anyone provide us with the quantities on that?

**Dr. Tony Tilly:** I cannot provide that off the top of my head. I can certainly get that information.

**Mr. Peter Tabuns:** If you could get that information to us, give it to the Clerk, Sylwia, so she can circulate it to the rest of us. That would be very useful.

**Dr. Tony Tilly:** I appreciate the opportunity.

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

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

#### CHILDREN'S MENTAL HEALTH ONTARIO

**The Chair (Mr. Pat Hoy):** Now I ask the Children's Mental Health 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 just ask you to identify yourselves for the purposes of our recording Hansard, and then you can begin.

**Ms. Bronwyn Loucks:** My name is Bronwyn Loucks.

**Ms. Camille Quenneville:** Good morning. My name is Camille Quenneville.

**Ms. Bronwyn Loucks:** Thank you, Mr. Chairman and members of the committee, for the opportunity to be with you today. As mentioned, I'm here representing Children's Mental Health Ontario as both a board member and as chair of the youth action committee at CMHO. But I'm really here today to tell you about my personal story and why I feel so compelled to advocate for a sustainable system of child and youth mental health services across Ontario.

I grew up in Chesley, Ontario, a small, rural community in Bruce county. Growing up, I seemed like a confident little girl, one who grew from a strong foundation of self, built from love of her family, her creativity and her academic pride. However, inside of me, different themes were emerging, and they were developing into strong currents that would manifest into an anxiety and an eating disorder. In grade 8, my treatment for anxiety and bulimia began. Looking back, I can only imagine what a shock and scare it was for my parents and friends to find a way to help me.

**The Chair (Mr. Pat Hoy):** If you could just move back a little bit, you're a little too close.

**Ms. Bronwyn Loucks:** Sorry.

Our family doctor worked hard to help find us services. There were no professional supports anywhere near where I grew up—no psychiatrists or psychologists. I was eventually treated in a residential facility in Owen Sound for three months, away from family and friends. This distance was, in fact, a relief. I was grateful not to have to face the stigma associated with mental health issues in my community.

My parents and I travelled all over looking for services, to London and Durham county, in addition to Owen Sound. Even with my parents' relatively sophisticated knowledge of the health care system and my family doctor, we struggled immensely. There was no clear or quick treatment path.

My story, while it contained many struggles for my family, friends and me, is really one of success. Beginning in grade 8, I received treatment, and was really unhealthy throughout all of my high school years. I remember those years as feeling overwhelmed, feeling as though I was moving through a tornado, thoughts whipping around me, muddling me up and confusing me. I eventually received treatment, and became involved with Keystone Child, Youth and Family Services in Owen Sound.

As a board member at Keystone, I was encouraged to become involved in a youth group called The New Mentality, at the time a partnership between the Provincial Centre of Excellence for Child and Youth Mental

Health and Children's Mental Health Ontario. The New Mentality, a program I am still involved with and care very deeply about, brings together young people in a supportive environment to talk about mental health and to reduce stigma.

I am now in my fourth year at Queen's University, studying fine arts. In looking back, I am so grateful for the counsellors who I was fortunate enough to see on an ongoing basis, who allowed me to feel comfortable seeking their guidance and help. I am also so thankful to have been involved with The New Mentality, for being placed in a supportive environment and network which encouraged me to feel comfortable with myself, to overcome the guilt and stigma associated with mental illness and, ultimately, to heal.

However, throughout my involvement with The New Mentality, I have met and I continue to meet young people who are not nearly as lucky as me. They do not have supportive friends or families. They do not have an advocate in their family doctor or anyone else who can help them navigate the system and encourage them not to give up. They continue to struggle to get the help they need, regardless of where they live in the province. In fact, my voice here today represents the 10,000 young people waiting for mental health services in Ontario.

In front of you is the pre-budget submission from Children's Mental Health Ontario. You'll note the request for funding of \$200 million over the next four years. The board of Children's Mental Health Ontario determined that \$29 million of the \$50 million called for in funding for this year is needed to increase the capacity in the system and manage wait-lists.

Children's Mental Health Ontario collects data through the brief child and family phone interview, an intake tool used in our member agencies. This data has revealed that it takes, on average, six months before 90% of children and youth identified with a mental health issue have begun treatment. This is unacceptable and it is heartbreaking. These children and youth, my peers, are diagnosed and suffering from a wide range of social, emotional and behavioural issues. These include bullying, violence, defiance, ADHD, eating disorders, depression, self-harm, anxiety and addictions. These are incredibly painful illnesses that can, if left untreated, stop a child from advancing to furthering their education and fulfilling a dream, among other things. It is so hard to imagine a physical health issue being ignored or left untreated in the same manner as mental health issues in children and youth.

Along with the need to reduce wait times and provide more and efficient services to young people is the need to invest in evidence-informed practices. CMHO's member agencies are implementing evidence-informed practices as efficiently and effectively as possible, but need financial assistance and ongoing training and support to ensure that a uniform level of service is received regardless of where a child or youth lives and undergoes treatment in Ontario.

The Provincial Centre of Excellence for Child and Youth Mental Health at CHEO and the Ministry of Child

and Youth Services, in conjunction with CMHO member agencies, can determine which programs should be funded and expanded. CMHO has requested that this work be undertaken with particular attention paid to excellence, innovation and regional balance across Ontario. A total envelope of \$11 million is requested for this effort.

Finally, \$10 million is requested to immediately focus on system infrastructure, to encourage the implementation of the policy framework, which was completed more than four years ago by the Ministry of Child and Youth Services, and to address the lack of database management and information technology capabilities, which informs practices.

The requested injection of \$50 million this year will significantly improve services for young people who continue to wait, and the full implementation of \$200 million over four years will address the chronic lack of programs and services available to my peers.

Thank you so much for your kind consideration in allowing me to tell my story here today. I really have faith that we can do better as a province, and I'm sure that you do too. We stand with all of our child and youth-serving colleagues, especially those who serve kids with extraordinary needs to ensure that they have a future all Ontarians desire.

Camille and I look forward to your questions.

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

1100

**Ms. Leeanna Pendergast:** Thank you, Bronwyn, for your presentation, and Camille, for being here.

Bronwyn, I want to thank you for your personal stories. Those are always the ones that become so meaningful. It takes the words off the page. Thank you for that, and I congratulate you for your studies in fine arts.

There's so much I have to ask about, I have such limited time, and I want to let you speak. We heard throughout the province as we travelled last week, from provincial advocacy groups and from mental health organizations, about a lot of things, but an underlying theme is children's mental health and to support and fund children's mental health.

I wanted to go through some of the particulars of what you're asking for in terms of \$24 million to manage a wait-list. What would that look like? The \$11 million for evidence-informed programs: What does that look like?

But in case I run out of time, I really want to start with saying that we hear you. The government has a committee that's just finished, as you know, their tour of the province and presented a report to the minister on mental health in the province. Children's mental health plays a large role in that report. Also as a high school vice-principal, I was at seven different high schools, two rural. My largest concern was supports for children's mental health in schools and that co-operation with schools.

I'm concerned about the wait-list comments that you make. You said a six-month wait-list for service when

identified. I'm going to ask you, as a vice-principal now, what work are you doing in terms of those who haven't been identified? I mean, I see a lot of requests for money for programs that exist, but what supports are there for community groups, parents or schools for the identification process, because that seems to be a huge area of concern?

**Ms. Camille Quenneville:** There were a number of questions in there. I'm going to tackle the last one.

**Ms. Leeanna Pendergast:** Sorry.

**Ms. Camille Quenneville:** No, I'm grateful for that.

I just want to start by saying I agree with you. I don't ever recall a time that I've been associated with this cause where there has been as much attention as there has been certainly in the last year through the media, certainly through MPPs and your work here at Queen's Park, the select committee and the minister's advisory committee. We know we're on the radar. I think the issue is that something has to be done. There seems to be an identification; as you point out, everyone's come to the table and agreed that this needs to be tackled. I think we just need to get there at this point.

To answer your initial question about what we're doing for kids who aren't identified, that's probably the biggest hurdle that we face, because we know that one in five children across Ontario is going to struggle before they're 18 with a diagnosable mental health issue. Bronwyn pointed out the litany of different diagnoses that exist. The difficulty is, to be quite frank with you, that the wait times within our agencies are so long that it's really a detriment to identifying more kids because all you're doing is warehousing them on longer wait-lists. So there's a reluctance on behalf of educators to talk to their community provider because they realize that, in many cases, that's a dead end. There's a reluctance on the part of GPs and family doctors for the same reason.

Our concern is the immediate 10,000 that we know of who really, really need treatment, and then to work to reduce the stigma to get those people to come forward to try and get help. Part of the difficulty is that parents don't want to actually accept that there may be an issue with their child. It's most frequently, as you would know, their teacher who will come to the parent and say, "There's something happening with your child in the classroom." The difficulty then is what to do about it because the supports aren't there.

If I may, I'd like to touch on your question about the \$24 million with regard to wait-lists. That's to build capacity within the system. That's looking at adding services directly into the 90 community-based mental health agencies that are accredited in Ontario. It's providing dollars for social workers, for psychologists and, on a good day because they're so rare, child psychiatrists to be able to do that work locally in communities. There are three professionals, if you will, and one administrative staff that make up the \$24 million in total.

The additional \$5 million, for a total of \$29 million in that area, goes directly to talking about and dealing with youth suicide, which is becoming an increasingly

significant issue in our communities. It has always been very much under the radar, if you will. Lately, there's been a lot of attention paid to this issue. It continues to be an example of what happens when the system completely fails and these kids don't get the help they need.

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

#### CANADIAN AUTO WORKERS

**The Chair (Mr. Pat Hoy):** For the committee, none of our next three presenters are here yet or prepared to give their brief—

**Mr. Ken Lewenza:** If I can just—I apologize. I can do it without Jim Stanford, if the committee wishes, unless you guys wanted a smoke break or something.

**The Chair (Mr. Pat Hoy):** No. We'll hear from you, then. I was advised that he was waiting for the other person.

**Mr. Ken Lewenza:** I do apologize. Jim Stanford may join me, and if he joins me during the course of the presentation, I'll introduce him appropriately.

Before I begin, Patrick, I want to wish you the very best in your future endeavours and thank you for your public service. To the rest of the legislators, I'm not sure whether you're seeking re-election or not. I obviously follow Pat because he's from southwestern Ontario, but I want to wish all of the legislators the very best. Through you, I want to acknowledge the good work of public service, of all legislators, quite frankly, outside of partisan politics, because I think public service is a noble cause. So Patrick, good luck in your retirement and thank you for your contribution to the province of Ontario—and others who may be contemplating retirement.

On behalf of the Canadian Auto Workers union and its roughly 120,000 members in Ontario, thank you for the invitation to appear before your panel today to express our views and priorities for the provincial budget. We offer our comments and suggestions in a constructive, non-partisan spirit.

We recognize the difficult and competing pressures which the current Ontario government is attempting to balance. And while we do not endorse every decision this government has made, it is only fair to commend the positive initiatives that have been taken in many areas: support for the automotive industry and manufacturing in general; environmental initiatives like the Green Energy Act and its made-in-Ontario manufacturing policy—I think that's incredibly important for the future in terms of government dollars being used to invest in the province of Ontario; and obviously, we commend the government for a higher minimum wage, full-day kindergarten, cutting the cost of generic drugs and others.

At the same time, we can't collectively sit on our laurels. There's much more that needs to be done. Hundreds of thousands of Ontarians are desperate for good jobs, for security, for public services. They are suffering, and they deserve better from this province and from this government.

Let me say a few words about the general economic and fiscal climate of this year's budget. We all know that the present deficit was caused by the recession and that the recession was caused by the private financial industry. It amazes me that there is so much anti-government rhetoric these days, whether it's about the deficit or taxes or whatever, from the Tea Party in the US and from their friends in Canada—what I might call a Tea Party North. Our central problem was clearly not caused by government. It was caused by the private sector—and I believe each and every one of you are aware of that—and by private banking, in particular; we can't forget that.

The finance minister has laid out a gradual timetable for eliminating the deficit by 2017-18; we endorse this timetable. We reject the fearmongering of those like the Tea Party who demand much faster deficit reduction. Cutting government programs is the last thing our economy needs. The recovery is already too weak. I've listened to a couple of presentations prior to my presentation, and I think the services are incredibly important.

The budget will get a bit of a boost, I know, thanks to the turnaround last year at General Motors and Chrysler. Again, I must commend the government for its support in the auto rescue. I thank each and every one of you for that support. We said at the time that it was not a bailout; it was an investment. The Tea Party North scoffed; they said it was more money down the drain. We were right; you were right. The companies are back on their feet, and tens of thousands of people are still working and paying taxes. The federal government says that it saved 52,000 jobs; we in the CAW would suggest it's more.

This year, Ontario will receive a budgetary gain because the companies' shares are rising in value. That's great, and I want to encourage you to hold on to those shares. Again, I think everybody recognizes that the IPO at General Motors was a great success. There's an anticipation of an IPO coming out of Chrysler Corporation, and each and every one of you should know that if the share value at General Motors reaches \$55, every single dollar will be repaid back to government, and the same would apply for Chrysler Corporation. It has a turnaround plan that is nothing short of miraculous at this particular time. So again, I would ask government to consider maintaining their shares in those companies as long as they possibly can to use those shares as leverage for future investment. You need to have leverage today to obviously get investments from auto companies, recognizing the global challenges we have. They will be worth even more in the future. More importantly, you can use those shares, like I said, to leverage more investment in the province of Ontario.

#### 1110

Programs like Ontario's AMIS programs, where the participants with companies on new investments are far more effective than the corporate income tax—we do not support the corporate tax cuts of this government or of the Harper government. The auto companies themselves have told us there will be no difference in investment in Ontario. Remember, US companies have to pay a mini-

num of 35% tax on their global profits. If we cut our taxes below 35%, then the US government takes the difference. Think about that. We cut taxes to companies, they tax at 35% in the United States as a result of being a US-based company, so the tax breaks we give them go back to the US government. It's trickle-down economics. All we do is transfer revenue from one government to the United States government. That is insane, as I suggested, but that's what we're doing when we follow trickle-down logic.

Our written brief makes a number of specific proposals and suggestions. I don't have time in my 10 minutes to go through all of them, so let me just summarize.

We need legislative protection for workers who lose their severance when a company goes bankrupt, and we've all experienced in each one of our workplaces that experience in the last couple of years.

We need stronger training and adjustment programs like Second Career. It is very popular, but it must be extended and improved to meet the needs of the future. We also need basic skills and literacy training.

We need better standards in health care, especially long-term care, where many of the facilities are privately owned. There should be at least 3.5 hours of care per patient per day. Many of us in this room have been advocating for support for those clients in long-term-care facilities. Government has been publicly sympathetic in this particular area, but, again, we haven't changed the regulations to protect those obviously vulnerable folks in long-term care.

We need to improve the ability of workers to get a decent income from their jobs. That's just as important for reducing poverty as social security programs are. We propose boosting the minimum wage to \$11 per hour, taking action to level the playing field in collective bargaining so workers have a fair shot at forming a union and getting a first contract, and regulations limiting precarious work. If anybody takes a look at the data, every place in every country where there's a strong union, there's obviously strong opportunity to reduce poverty. There's a connection, and I would ask everybody to understand that, and I'm sure you do.

Finally, we propose further investments in child care, social assistance and other essential public programs.

That's it. Again, my time is up. I'll admit, these are challenging times to be a finance minister, almost as challenging as being a union leader. Yes, we've got a cyclical deficit, not the biggest in history, but big. But that cannot stop us from doing things we need to do to improve the quality of life for citizens in the province of Ontario.

I would also like to raise to the finance committee and ask for your advocacy work. Let me give you an example of a crisis today. In the community of Lakeshore, we have La Chaumiere seniors' home—not a long-term-care facility; a seniors' home—with 65 residents. In the last seven weeks, workers have not been paid by this employer. We are using all of our legal tools and processes to get these workers paid, but there are 65 residents in

that home who are feeling more insecure each and every day as a result of this crisis.

I would ask all of the provincial legislators to advocate the possibility of government taking over this facility in the interests of the 65 seniors who are in there. Rest homes today, folks, aren't the rest homes of the past. Half of the residents in there are suffering from some kind of a disability, whether it's schizophrenia or diabetes. If I pull our members out, then, quite frankly, 65 people are vulnerable, and we're not prepared to do that. Our members have been very respectful in the process and I would ask for your advocacy work. I've already contacted the minister for seniors asking for her support in that particular area, and I'd ask for your support.

Last but not least, if I can, I want to raise a situation, Mr. Hoy, in your riding: International Truck. This government and previous governments supported International Truck, both at the provincial and federal levels, to keep that plant here and keep it operating in lieu of moving to Mexico, and for the last 18 months, our members have been laid off. I would ask the government to use the power of government, the power of the loans that they provided them to keep production in Ontario, to force International Truck to find a resolution. Obviously, the economy in the United States is not going that well. Trucks are not under demand. But this is a huge employer in the community of Chatham. They need the support of all levels of government to get this plant operating and get people back to work.

I would like to thank all of the legislators again for giving me this opportunity, and once again, I want to acknowledge the legislators of all political parties for their work. Those who are retiring: The CAW offers you nothing but the best moving forward.

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

**Mr. Ken Lewenza:** I'm old enough to have worked with your dad, so be careful.

*Laughter.*

**Mr. Norm Miller:** Thank you for your generous comments this morning. Welcome, Mr. Stanford, as well. I don't think we've got your written presentation—

**Mr. Ken Lewenza:** Excuse me, folks. This is Jim Stanford. He's the Canadian Auto Workers' economist, and obviously does a lot of work for the province of Ontario and others.

**Mr. Norm Miller:** I guess my first question would be just about the general challenges for the automobile sector in Ontario, what you see as being the big challenges. We've heard from lots of groups now. This is our seventh day on the road. We heard also that China—I think they said that China was going to produce and consume more automobiles this year than Europe and Japan combined. We've heard concerns from business about increasing costs—WSIB, energy costs. I wonder if you could tell us what you see as the future of the auto sector and the challenges in Ontario specifically.

**Mr. Ken Lewenza:** I still believe Canada has some huge advantages in the area of productivity. The reality is

that when we're measured against any member throughout the world by independent studies, quite frankly, our productivity and the quality of our membership are, again, ahead of many.

Obviously, I believe our universal public health care program continues to give a competitive advantage to the auto industry. I believe—and again, this is up for public debate, but one of the ideas of the HST was to stop the pyramiding of taxing and then give an advantage to manufacturers as a result of eliminating the pyramiding taxes, ultimately reducing prices in the province of Ontario.

I think there's still a lot of constructive work that has to be done in the province of Ontario and the automobile industry, but again, we are in a situation at this particular time as a result of investment in the last couple of years—and the new products that are coming out: We've positioned ourselves as well as we possibly could for the three to four years ahead, but what we have to start talking about is investment beyond that three- or four-year product cycle, and we are in the process of doing that.

On top of that, again, I don't want to have a debate about this particular issue, but I do think that we have to continue to talk about reciprocal trade—value, dollar for dollar, on our trading countries. If we don't have reciprocal trade, then long-term, I think our entire manufacturing base is in jeopardy. I'd ask everybody to consider that in your deliberations.

Again, I think the auto industry has positioned itself and the CAW has done everything in its power to ensure that we maintain the productivity and equality to ensure that consumers got the best protection for the vehicles they build.

**Mr. Norm Miller:** Mr. Barrett has a question. You mentioned literacy training as being something you see. Is that specific—I know you represent lots of different sectors. Can you just expand on that briefly? Then I'll hand it over to Mr. Barrett.

**Mr. Ken Lewenza:** Unfortunately, during the course of the recession, a lot of our members lost their jobs, and people more generally. We don't have an unemployment rate of 10%, which is much higher on an official perspective, without recognizing that some of the people who are falling out of the workplace were in workplaces for 25, 30, 35 years. They got that job without those particular skills. Quite frankly, when those workplaces close and we open up temporary adjustment programs to provide the support that's necessary, we are finding a great deal of concern with the lack of skills in those particular areas. If we're going to prepare this economy for the future, we've got to look at those senior people who lost their job through no fault of their own and prepare them with a sense of confidence that they'll be able to read, write and do all of the necessary things to be vibrant in the province of Ontario.

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

**Mr. Toby Barrett:** Yes. CAW worked with just about everybody during that auto sector turnaround. The

Steelworkers down my way, in Hamilton and Nanticoke, are locked out—Local 1005 is locked out; 8782 is back. One concession they had to make: New hires will now have a defined contribution pension, rather than a defined benefit pension. During the turnaround and the work that your union was doing, what tradeoffs did you have to make?

**1120**

**Mr. Ken Lewenza:** I think the analogy is not comparable, because Chrysler and General Motors were going into bankruptcy, which forced all sides to make significant sacrifices that you wouldn't do in normal times. For example, we delayed COLA payments for retirees moving forward. We were forced, quite frankly, for new entries into the pension plan, to pay a dollar an hour, but they continue to be in the defined pension plan like every other member. There's no difference; the only difference is, new hires will pay a dollar per hour into a defined pension plan moving forward.

**Mr. Toby Barrett:** Is that defined benefit?

**Mr. Ken Lewenza:** Defined benefit, yes.

Again, when you take a look at US Steel, I do believe government can play a role in that particular area, because here's a company that was given investment by government through the foreign investment act, and at the end of the day, there was some security around jobs. The jobs are not there today. So whatever we can collectively do to get those workers back to work would make a lot of sense. I thank you for your question.

**The Chair (Mr. Pat Hoy):** Thank you for your kind remarks and your presentation this morning.

**Mr. Ken Lewenza:** Thank you all.

#### INSURANCE BROKERS ASSOCIATION OF ONTARIO

**The Chair (Mr. Pat Hoy):** Now we'll have the Insurance Brokers Association of Ontario come forward, please.

Good morning, gentlemen. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning. In this round, it will come from the NDP and Mr. Tabuns. I'd just ask you to state your names before you begin.

**Mr. Peter Burns:** Good morning. My name is Peter Burns. I'm the president of the Insurance Brokers Association of Ontario. I'm joined here today by Randy Carroll, the CEO of our organization.

**The Chair (Mr. Pat Hoy):** Go ahead.

**Mr. Peter Burns:** IBAO represents over 11,000 insurance brokers who serve millions of consumers in communities right across Ontario. Insurance brokers are well-educated, dedicated professionals with very strong community and industry ties. Our priority is to protect the interests of consumers when they purchase an insurance policy right through to when they may need an independent advocate at the time of a claim.

We would like to thank you for the opportunity today to discuss two concerns: fraud in auto insurance and

credit scoring. Unfortunately, despite the best efforts of the government, the presence of fraud continues to exist. While there are numerous ways to combat fraud, IBAO supports industry-proposed solutions to change the legislation on processes and deadline dates that insurers are currently mandated to follow when dealing with medical and rehabilitation clinics.

Some of the current legislation does not provide insurers with the opportunity for a fair and thorough investigation process on submitted claims prior to releasing funds to the clinic. This leaves much room for error and ultimately fraud, and in the end the cost is put back on consumers.

We also support the idea that direct payments should be made only to the health care professional providing the service and should only be permitted where the insurer and the service provider mutually agree to enter such an arrangement, which includes consideration whether the consumer consents. Furthermore, releasing funds directly to clinics causes additional questions on whether consumers are receiving the full benefit of their coverages prior to maxing out their statutory accident benefits.

For example, if we were to put consumers in control of submitting claims and receiving the payout, this would cause less room for error and ultimately fraud, and consumers could actually verify that the claim correlates with the treatment they received.

We are encouraged that the issue of fraud is being discussed at Queen's Park and in the media. We are eager to work together with legislators and regulators to come up with solutions to deal with this insidious problem and ultimately lower the overall cost of auto insurance.

The second topic I'd like to discuss is also one of IBAO's top priorities: banning the use of credit scoring to price home and other property insurance. Unfortunately, a growing number of insurers are using a consumer's credit score to increase premiums or, in some cases, deny coverage altogether—a practice that is negatively affecting consumers.

Most consumers assume that credit scoring is being used to determine if they can pay their premium. This is not the case. It is not about determining one's ability to pay. Insurers tell us that the use of credit scores helps them predict a consumer's likelihood to make a claim, even though there is no relationship to the characteristics of the property being insured.

Most consumers understand that their proximity to a fire hydrant or the fact that they have a theft alarm can impact their rates. They do not, however, understand what their credit score has to do with the likelihood of their home catching fire or being hit by lightning.

Indeed, they are not even aware of the practice. In November, the Insurance Brokers Association of Ontario conducted a province-wide poll on the issue of credit scoring to determine Ontarians' awareness of the issue. This scientific poll was conducted by MRP market research. MRP surveyed 802 Ontario residents over the age of 18, weighted by region, age and gender to reflect Ontario demographics.

The first question asked was to gauge consumers' awareness about the use of credit scoring in insurance. Specifically, we asked, "In Ontario, are you aware that insurance companies use consumer credit scores when determining what a consumer pays for home insurance?" Seventy-five per cent of Ontarians said that, no, they are not aware that credit scores are used to price home insurance. Given that a majority of insurers are using this practice indicates that insurers are not doing a good job informing their customers that they are using very private and sensitive information about them.

We then asked if they would support banning the use of credit information to determine the price of home insurance in Ontario. In particular, we asked, "Currently, to protect privacy and ensure all consumers have access to affordable coverage, insurance companies are banned from using consumer credit scores when determining how much a consumer has to pay for automobile insurance. Would you favour or oppose extending this ban to home insurance in Ontario?" Seventy-six per cent of Ontarians strongly or somewhat favoured extending the ban; 11% strongly or somewhat opposed extending the ban.

We are aware that most people do not know what their credit score is, how it is determined or even if it is accurate, which often it is not.

With this poll, we know that insurers are not being transparent about their use of credit. In addition, when consumers are made aware of this, they oppose this practice.

As part of their defence of credit scoring, the Insurance Bureau of Canada holds up a voluntary code of conduct it has developed for the use of credit scoring. IBAO would like to point out that, to our knowledge, no insurer in Ontario that uses credit scoring is in compliance with this voluntary code of conduct. There is also no effective enforcement of this code of conduct in the event that an insurer declared whether it was or was not complying with the code.

The creation of this code of conduct is merely a public relations exercise to deflect criticism away from this unfair practice. It is intended to give consumers and regulators a false sense of security that consumers are protected, which they are not. In any event, no use of credit scoring is acceptable or fair to consumers whether there is a code of conduct or not.

The use of credit scoring impacts consumers who can least afford it: retired seniors, newcomers to Canada, single-income families and small business owners who have utilized lines of credit.

In 2005, the Ontario government banned the use of credit scoring in the rating of automobile insurance. However, most consumers often maximize the discounts available by purchasing their property and automobile coverage from the same provider. As a result, some insurers are circumventing existing prohibitions by exploiting the fact that credit scoring is allowed on home policies.

The result is drastically increasing home insurance premiums, as well as the creation of an affordability and

availability problem for many of Ontario's insurance consumers.

**1130**

Ontario's insurance brokers are committed to protecting Ontarians. We believe that the use of credit scores in home and other personal property insurance is unfair and not in the best interests of consumers. It is for these reasons that the Insurance Brokers Association of Ontario is asking this committee to protect consumers and help fix this problem. We are asking that this committee's final report recommend that the Minister of Finance ban the use of credit scoring from all personal property lines, as has been done in auto insurance. This can be done legislatively by passing Bill 130, the Homeowners Insurance Credit Scoring Ban Act, 2010, currently before this House, or something similar to it.

We also believe a ban can be enacted with regulatory authority currently granted under the Insurance Act. Specifically, a regulation can be passed using the unfair and deceptive acts and practices, or UDAP, provision in the Insurance Act. Regulation 7/00 under part XVIII of the act bans the use of credit scoring in auto insurance under UDAP. The Ontario government could use similar language to extend the ban to home and personal property insurance.

Last year, the provinces of New Brunswick and Newfoundland announced their intent to ban the use of credit scoring entirely. In conclusion, we are simply asking that Ontario follow their lead and, indeed, its own public policy precedent established in automobile insurance and ban the use of credit scoring entirely from home and other personal property insurance.

Thank you. We would be pleased to entertain your questions.

**The Chair (Mr. Pat Hoy):** The questioning goes to the NDP and Mr. Tabuns.

**Mr. Peter Tabuns:** Thank you very much for the presentation this morning and for having done the research you did.

I don't understand why those insurance companies are using credit scores if there's not a correlation with actual risk. What's the advantage to them?

**Mr. Peter Burns:** The advantage to the insurance companies is that they have proven that it is an accurate predictor of risk. We don't dispute that. However, there are many other areas they can use to predict risk on a home insurance policy without using this one. It's not indicative of how close the fire hydrant is or whether they've put a new roof on their house, or that sort of situation.

**Mr. Peter Tabuns:** I guess I'm puzzled. Why is it that a bad credit score would say that you were a bad risk for a house fire? I understand why—

**Mr. Peter Burns:** We can't answer that question.

**Mr. Randy Carroll:** I don't really—sorry, Peter. I don't understand the correlation from a risk perspective. The house is the house. It's either made of wood or brick; it either has a fire hydrant or it doesn't. It has an alarm

system. It's had a sewer backup problem or it hasn't had a sewer backup problem.

It was interesting: We were on our way here and we were talking to a Canada Post worker, asking her what the potential of a strike is, and she said, "Well, I hope there isn't a strike coming, because I haven't planned for it." That same person probably lives in a fairly immaculate home and takes very good care of her home and, as a result of something that she can't control, will probably be forced, with some undue pressure, to manage her finances. This has nothing to do with risk itself. It doesn't make her a bad risk in the eyes of—that she's going to put in a fraudulent claim. It's a totally different issue. So I can't tie the two together well. I'm really in the same position you are.

**Mr. Peter Tabuns:** But there must be instances, then, in which insurance companies are offering uncompetitive rates. If I ask two or three different insurance companies to insure my home, one of which comes and looks at the house and says, "It's all brick. You've got a sprinkler system. I can give you a low rate," and someone else looks at the credit score and says, "I don't like your credit score"—I don't quite understand what's driving them on this.

**Mr. Peter Burns:** That comment speaks to the future potential availability problem that we might have in the province. If we have this group of consumers who have bad credit scores, they can't get insurance for their homes, and if the insurance companies won't write them at an affordable price, we've got a real problem on our hands. Where are we going to place those consumers in the future?

**Mr. Randy Carroll:** It's an indicator of risk, but it's a lazy way to underwrite.

**Mr. Peter Tabuns:** Okay, so it's a weak indicator of risk as opposed to actually doing an inspection and doing physical assessments.

**Mr. Randy Carroll:** I like that one, yes. That's right.

**Mr. Peter Tabuns:** Okay. I understand that.

The other question, then, dealing with fraud: It makes sense to me that you take on the fraud issue. It's very expensive. The Globe and Mail had a very good article laying out the organized nature of the fraud rings that are in operation.

I have a concern with the solution you're proposing, and I'd like to hear your thoughts. If I think of individuals who've been injured in a traffic accident and the disruption to their income, if they have to put money out up front to the clinic and then come back and claim, yes, they may know they actually went to see the doctor, but they may not have the up-front cash and they may not have the ability to sustain the cash-flow burden, waiting for a cheque to come in. Maybe I'm misunderstanding what you've proposed. Could you talk to that?

**Mr. Randy Carroll:** We weren't suggesting at any point in time that dollars have to transact before treatment; just, really, who actually is able to receive the dollars as a result of the treatment. I'll come back to a homeowners' correlation, if I can. A couple of our insur-

ers are actually sending out invoices to consumers after there's been a loss on their house, and what they're doing is giving the consumer an opportunity to take a look at what was actually billed and what was paid for. What was billed and what was paid for, in some cases, is different than what was actually done. I think the same concept is here on the auto side. We've got treatment that's billed for that hasn't taken place and is being paid for. If we involve the consumer in that process, I think we'll actually be able to target a bit more of the fraud that's taking place.

**Mr. Peter Tabuns:** So you're actually asking that the payment have to go through the hands of the consumer who, in fact, verifies that, "Yes, I did get that chiropractic or physiotherapy treatment."

**Mr. Randy Carroll:** Because when we're talking to insurers what we find in some of the files that they've shown to us is that because of SABS they have to pay for the treatment, because if they don't pay—

**Mr. Peter Tabuns:** What's SABS again?

**Mr. Randy Carroll:** Under the statutory accident benefits schedule, if they don't pay the treatment in time, then they could be in non-compliance. That internal process really needs to be looked at, and I think we can actually save some really good dollars and hopefully reduce rates at the end of the day.

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

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

**Mr. Randy Carroll:** Thank you for your time.

#### METRO TORONTO CHINESE AND SOUTHEAST ASIAN LEGAL CLINIC

**The Chair (Mr. Pat Hoy):** Now I call on the Metro Toronto Chinese and Southeast Asian Legal Clinic to come forward, please. You have 10 minutes for your presentation, and the questioning in your case will come from the government. If you'd just state your name, you can begin.

**Ms. Avvy Go:** Good morning. My name is Avvy Go, and I'm the clinic director of the Metro Toronto Chinese and Southeast Asian Legal Clinic. We're a community-based legal clinic that provides free legal services to low-income Chinese and Southeast Asian communities in Toronto. We're also a founding member of the Colour of Poverty Campaign, which is a province-wide network to address the growing racialization of poverty in Ontario.

I'm going to start my presentation with some kind of contextual observations. For many racialized community members, the key to economic success is access to secured employment with decent pay, yet to many this remains a dream, not a reality. By 2017, one in five Canadians will be a "visible minority." Yet, by any economic and social measure, immigrants, as well as members of racialized communities who are Canadian-born, are falling behind.

Most recent immigrants, both men and women, experience higher unemployment rates and earn less in-

come than their Canadian-born counterparts, despite their higher level of education. The employment and income inequities experienced by immigrants are shared by racialized community members who are born in Canada to immigrant parents. Their annual incomes are also significantly lower than those who were born to native-born parents. Canadian-born members of racialized communities who have an even higher level of education than other Canadians are faring the worst. In other words, racialized community members, be they immigrants or Canadian-born, are falling behind.

Poverty in Ontario has also become racialized. I've attached a table to my written submission which shows the poverty rates broken down by various groups across Ontario and, as you can see, members of racialized communities are two to four times more likely to live in poverty in most cities across Ontario. If we don't take any measures to reverse these trends, the gaps along racial lines will continue to grow. As such, a good starting point for the 2011 budget discussion is to look at where and how the Ontario government can leverage both its spending and legislative power to eliminate disparities and promote equality among all Ontarians.

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Our recommended strategies focus on the following three areas: The first is employment and labour market strategy; the second is equitable access to social services and education; and finally, a targeted poverty reduction plan.

We have three specific points under the employment and labour market strategy. First, we need to bring back mandatory employment equity in Ontario to level the playing field for all racialized communities and other historically disadvantaged groups. This should be accompanied by an establishment of an employment equity secretariat and an anti-racism and equity secretariat.

Second, we need to strengthen employment standards legislation to protect and enforce workers' rights, particularly those working in precarious situations. We believe, unfortunately, that the recent passage of Bill 68, the Open for Business Act, is a step backward, in the wrong direction. The government needs to appropriately modernize the employment standards legislation, but it also needs to increase the resources of the Ministry of Labour to actively prosecute employers who break the law.

Third, we need to make diversity count. As a tendering process for the 2015 Pan Am Games, Toronto 2015 has adopted a diversity policy to encourage opportunities for racialized groups, aboriginals, people with disabilities and women. This is an investment strategy that has been missing at the provincial level. Provincial investments can and should be used as leverage to make businesses across Ontario implement equity-based hiring practices. The example of 2015 should be applied to all business transactions, large or small, that the provincial government enters into.

On the issue of equitable access to services and education, we urge you to adopt the recommendations of the Colour of Poverty Campaign to implement a number of

initiatives in order to advance better service access and better learning outcomes for racialized groups. These include, among other things:

(1) Augment the provincial funding formula for publicly funded elementary and secondary schools by introducing an equity in education grant to eliminate growing racially defined learning outcome disparities.

(2) Develop comprehensive equity policy frameworks within both the education and health systems.

(3) End the three-month OHIP waiting period for all newcomers to this province.

(4) Build a comprehensive housing strategy to address the issue of homelessness as well as inadequate housing and substandard housing conditions that many members of racialized communities are living in.

On the issue of poverty reduction, we welcome the social assistance review and the selection of the two commissioners for the review. We believe that the move from social assistance to employment and income generation is not an event but a process that occurs over time and requires addressing the issues of equitable access to employment based on a commitment to social justice. We urge that these principles be incorporated into the review.

But the review is only part of the poverty reduction strategy that this province has committed to implement. To be successful, an effective poverty reduction strategy cannot ignore the intersectionality of race, gender, ability and other factors. We recommend two particular measures that, if implemented, will help determine whether the poverty reduction strategy is reaching those who are most marginalized.

First, collect and track disaggregated data to identify racialized and other systemic disadvantage in order to help get a full picture as to who and why are the poor in this province. Second, establish clearly defined goals and benchmarks in order to measure and monitor the progress of any poverty reduction plan as it relates to racialized and other historically disadvantaged communities.

In conclusion, we believe that the real test of a good government comes not when the times are good, but when the times are bad. It is only then that we can find out whether the government we elect is truly committed to protecting the interests of all people, especially those who are most dependent on the support that our society can offer to survive and thrive. Be the best government that you can be by investing in those who are the most marginalized in our society. Thank you.

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

**Ms. Leeanna Pendergast:** Thank you, Avvy, for that presentation. Thank you for the work that you do on behalf of—this is a long one—the Metro Toronto Chinese and Southeast Asian Legal Clinic. Is there a shorter acronym?

**Ms. Avvy Go:** Not really. We're too lazy to change the name, also.

**Ms. Leeanna Pendergast:** Thank you for the work that you do and also for the Colour of Poverty Campaign—excellent. Thank you. Your concluding comments are absolutely outstanding; well said.

I want to start by saying that the McGuinty government is committed to putting people first—all people, as you say. As you point out, at times that requires difficult decisions, and so our commitment to full-day learning. We've heard across the province how that is raising the base and addressing the first steps of the poverty reduction strategy as well as our commitment to health care and education.

As an educator, I smile when I say that because I come from a history of previous governments and the cuts to those. So we've been able to restore our public services and now protect our public services.

I hear you saying very, very clearly that this has to address all people. I wanted to just look at page 5, again with a particular interest in education, where, interestingly enough, you talk about specific legislative and policy changes. I don't see a lot of dollar asks here for the finance committee, which is always interesting.

**Ms. Avvy Go:** I guess the dollar ask will be the equity in education grant.

**Ms. Leeanna Pendergast:** That's what I wanted to talk about. Do you have specific dollars for that? I want to talk about how that policy framework would look.

I was on the safe schools action team. We travelled the province to make sure that every school in the province has an equity and diversity policy in the schools. You take that a step further and talk about health care. You also talk about measurement and accountability. Could you elaborate on that, please?

**Ms. Avvy Go:** Yes. Maybe I'll take education, the all-day kindergarten, as an example, which is a great initiative that your government introduced. What happened, in effect, is that—for instance, I'll take you to a particular community in Scarborough, Teesdale, which is one of the most impoverished communities.

Because of the way that the all-day kindergarten is developed, it allows a school board to start with schools where they already have the infrastructure to allow for that all-day kindergarten, so that tends to happen in areas and schools where they already have the capital investment and they have the facilities and the personnel to allow that to be implemented. Schools in poor areas, where they don't have the space or the human resources to integrate the process, would not have the all-day kindergarten. Teesdale would be an example of that.

I think that goes to the question of whether such an example of an equity in education grant will then invest some of that money in some of the poorest neighbourhoods, poorest schools, so that they can have the capital funds to integrate that policy. If you have a policy to look at measuring the schools that are having that policy and what students from what background are benefiting from it, then you will know whether the policy of all-day kindergarten is affecting the most marginalized in our community. That's just one example of how all these different components will come together.

**Ms. Leeanna Pendergast:** That's a wonderful example. Thank you. So there's no dollars attached to the grant? That's a tough one, isn't it?

**Ms. Avvy Go:** Right. I mean, how much are our children worth? It could be a percentage of the budget, for instance, a percentage of the education budget. I'm not an economist here who can give you the dollar figure.

**Ms. Leeanna Pendergast:** Okay. And are you suggesting, on page 5 as well, when you say "publicly funded education and health systems in the province," that this framework that you're putting forward and the idea of an equity in education grant be extended to the health care system?

**Ms. Avvy Go:** Yes, because I think if you look at all the studies that are done, including studies by WHO, increasingly, poverty and racism are recognized as social determiners of health. If you're poor, if you experience discrimination, you're more likely to live in poor health. Also there are many studies in Canada looking at inequitable access to health care. I know from my clients' perspective, and also because I'm actually a member—although I'm not speaking here as such—of the Health Professions Appeal and Review Board. We see issues around patients having difficulties in accessing different services.

All of these issues need to be looked at. Without an integrated policy that is based on principles such as equity, you will not be able to tell whether or not people have equal access to services and, if not, who is not able to access and how do we address those inequities.

**Ms. Leeanna Pendergast:** We've heard about strategies for disproportionately poor communities, so this is a piece that could be added to that that we haven't heard.

**Ms. Avvy Go:** Correct.

**Ms. Leeanna Pendergast:** Thank you so much, Avvy.

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

We are recessed until 1 p.m.

*The committee recessed from 1150 to 1302.*

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will come to order.

#### ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

**The Chair (Mr. Pat Hoy):** For our afternoon session, our first group to speak is the Ontario Association of Children's Aid Societies. If you would come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this round, 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.

**Ms. Mary Ballantyne:** Thank you. My name is Mary Ballantyne, and I'm the executive director of the Ontario Association of Children's Aid Societies. With me is Virginia Rowden. She's the director of policy at the Ontario Association of Children's Aid Societies.

Thank you very much for having us here today. I'm going to give you a little bit of an overview of our issues.

Children's aid societies have the exclusive mandate to protect children from abuse and neglect, through legislation. It's a highly prescribed and regulated field with very strict timelines for responding to allegations of abuse and neglect.

The Ontario Association of Children's Aid Societies acts as the voice of 51 of the 53 children's aid societies and is very conscious of the fiscal situation in Ontario and supports the government's efforts to strengthen the economy. We have been actively involved in participating in government efforts to contain costs, reinvest, and protect public services.

The children's aid societies have engaged, again, in a new government-led change—this time, with the commission that has been appointed to promote sustainable child welfare. Included in that is the work that's now being done on the amalgamation of more than a dozen of the children's aid societies.

Despite the work that has been going on around cost containment and significant structural changes, almost a quarter of the children's aid societies continue to struggle with accumulated historical deficits. Volunteer boards are really having to make very difficult decisions about taking out increased lines of credit and deferring payments and are quite concerned about this as a way of doing business.

Children's aid societies are well managed and are really starting to achieve the results that were set out in the 2006 policy shift, really wanting to stress the importance of the work that's being done to try to have families not be as dependent on children's aid societies, but noting that many families still do require the extensive service of a children's aid society. Fewer children are coming into state care and more children are being adopted and living with kin, and in traditional aboriginal care. We have the second-lowest rate of children in care in Canada and we are really working at investing in and using more family- and kin-based care, but we still need to continue in our efforts to do that. We would ask the government to take action in the interest of our children and families.

We do have four recommendations for you. The first one is on page 7. This first recommendation has to do with our youth. The children who grow up in a children's aid society have all experienced trauma, tragedy and loss, and they're behind their peers in many ways. The reviews that have been done in children's aid societies note that about 82% of the children have special needs; almost half of the children—46%—are on some sort of psychotropic drug; and only 44% of them are graduating from high school. These children do have many needs, yet by the time they reach the age of 17—and for sure when they are 18—they are no longer considered children in care of a children's aid society. Their status changes, and our ability to care for them as we would want to care for young people isn't there.

Many of us here probably have children between the ages of 18 and 25 and know about the amount of service and support those kids need, but a child growing up in a

children's aid society doesn't have that support past the age of 18, even though they have significant needs.

What we're asking is to look at legislative and regulatory pieces that prevent us from being able to take care of these kids. We'd like to look at those so that they can stay in foster care past the age of 18, that we can provide their health and dental care up to the age of 25 and that we can ensure that they have financial and clinical help so that they can complete their education, at least to one level of post-secondary.

The second recommendation that we have is on page 8, and this recommendation looks at investing in permanent families. We are working very hard to find adoptive homes, legal custody and kinship homes for many of the children so that they don't have to grow up in children's aid society care, so that they can have a permanent family. But with many of the children, as I mentioned, with very high needs, they do need support to be adopted. So we'd be looking at being able to offer longer-term subsidies so that children can be adopted and health and dental supports for children that are being adopted, as well as some post-secondary education supports for them. In addition, there are about 1,500 adoptive families waiting to be assessed, but there are not the resources available in the children's aid societies to do that.

The third area that we would be looking at is aboriginal children. A few facts, and I think we're all aware of those: 2% of the population are aboriginal children, yet 21% are crown wards. Many of the other indicators for aboriginal children, whether it be poverty, health, depression, addiction, graduation rates—they all need attention. So we're looking at providing adequate funding for a range of services for aboriginal children, working with the aboriginal communities to determine what services are most appropriate, a unique funding model to recognize the realities of serving that group, and also a unique and special set of standards and compliance.

### 1310

The fourth area is to enable a sustainable agenda—this is on page 10. This is sustaining and stabilizing the child welfare sector as it currently is. The rate of growth in child welfare did expand a few years ago, all in line with the policy direction—it was planned and predicted. We are seeing that rate of growth drop now, as many of our programs are being put in place to help keep children at home and find a more cost-effective way of serving them, but we still have \$40 million in historical debt for children's aid societies that is making it very difficult for them to run. Even this year, the ministry has gone in and found about \$35 million of costs that are exceeding our allocation. There is also about \$21 million in the next couple of years that will be accrued because of the increase in pension, \$4 million coming because of a Revenue Canada decision about taxes needing to be paid for private foster care, and for the amalgamating agencies that I spoke to earlier, there is assistance needed for them.

As we move forward, we would like to thank the government for the work that has been done on looking

at administrative burden and working with children's aid societies over this past year. We would also like to ask, though, that the mental health, social assistance and other reform agendas be coordinated and that there be assistance for children's mental health, addiction, women's abuse services and other services that affect children and families in our communities, as their support and their ability to help children and families has a significant effect on how well children are protected. Thank you.

**The Chair (Mr. Pat Hoy):** And thank you. The questioning will go to Mr. Miller of the official opposition.

**Mr. Norm Miller:** Thank you very much for your presentation. At the outset, you said you represent 51 of 53 children's aid societies?

**Ms. Mary Ballantyne:** Yes.

**Mr. Norm Miller:** Who don't you represent?

**Ms. Mary Ballantyne:** There are two aboriginal children's aid societies in northwestern Ontario, Weechitewin and Abinoojii.

**Mr. Norm Miller:** Okay. Thank you. One of the challenges, your four points you were making, is the historical and in-year debt. How long has it been going on like this, where you had these deficits that have carried forward from one year to the next? Is that correct?

**Ms. Mary Ballantyne:** Yes. For a few agencies, that historical debt goes three, four, even five years, but for a large number of agencies, the historical debt issue has really been in the last two years and, most specifically, this past year. It has meant that approximately half of the agencies have been financially compromised this year just because they are carrying that debt forward.

Also, children's aid societies are not in a position to be able to accrue money to pay down that debt. The way the rules work, any surplus that they may gain in a particular year actually has to go back. So they really have no capacity to pay down the debt, yet by having to carry it year over year, it really compromises their ability to do business.

**Mr. Norm Miller:** Has the government indicated how you should deal with it, then, if they're not providing the means to?

**Ms. Mary Ballantyne:** There has been lots of work done with the government this year to come to a better understanding of where the debt has come from and why it continues to be there. Certainly there has been work in the ministry to understand that, and that has been going forward. We are very hopeful—and it's one of the pieces we're wanting to put forward here—that that can be cleared so that agencies can go forward and continue with the work of the sustainability commission and also the other work that is starting to see some really good results.

**Mr. Norm Miller:** Another one of your points was "stay at home till 25." I gather, the way the system works right now, a youth becomes 18 and all of the sudden a lot of supports end for them, despite the fact that they may not have finished their education or gotten a job or moved on to where they can be self-sustaining. Is that correct?

**Ms. Mary Ballantyne:** Yes, exactly. At the age of 18, children are no longer deemed to be children in children's aid society care, so their supports about being able to remain in foster care, medical support and dental support are gone. We do provide some living support until the age of 21, but at the age of 21, there is no emotional support or financial support. For many of those children, they're just beginning a post-secondary education. For many, they don't even bother starting because they know they won't have the capacity to carry on without some support. For those who are in the middle, it really does compromise their ability to move forward. As we all know with our own children at those ages, there's lots of support needed beyond the age of 18, especially if they're going to be able to move on post-secondary.

**Mr. Norm Miller:** It's true; that is an age—it's a critical age, I would call it—in terms of—as a parent of four kids, I have two of them who are around that stage right now.

**Ms. Mary Ballantyne:** Yes. I have three who are right there, and the thought of letting them go at 18 and saying totally goodbye to them at 21 is scary.

**Mr. Norm Miller:** There are groups out there that are asking for Ombudsman oversight of children's aid societies. Do you have a perspective at all?

**Ms. Mary Ballantyne:** Children's aid societies are very highly regulated. Most of our work is actually dictated through regulation standards. There are many, many reviews in ways that it is regulated. Also, there have been bodies such as the CFSRB, the Child and Family Services Review Board, that have been put in place to ensure that families do have their concerns heard and that those things can be rectified; there are complaint procedures within agencies. There is already a lot that is in place to ensure that things are happening the way they should be.

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

**Ms. Mary Ballantyne:** Thank you.

#### ONTARIO CONVENIENCE STORES ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I ask the Ontario Convenience Stores Association to come forward, please. As you noted, you have 10 minutes for your presentation. The questioning in this round will come from Mr. Tabuns of the NDP. I'd just ask you to state your name for our Hansard and then you can begin.

**Mr. Dave Bryans:** Great. Dave Bryans. Good afternoon, everyone. Thank you for the opportunity to speak to you on behalf of Ontario small businesses. I'm Dave Bryans. I'm the president of the Ontario Convenience Stores Association. I represent over 7,500 convenience retailers across the province. We're community retailers in every town, city and village. We're located in everyone's area.

While our members may be small businesses, together they pack a big economic punch. Ontario convenience

stores conduct \$15 billion a year in sales, employ over 50,000 people in Ontario and serve three million customers a day in the province.

As you consider budget plans for 2011, there are two important issues I'd like to speak to you about today that are impacting our small businesses: the multi-billion black market in cigarettes in Ontario and the accompanying massive avoidance of provincial tobacco taxation that continues in Ontario, something that's costing the Ontario government hundreds of millions of dollars in revenue; and the detrimental combined effects of provincial hydro rates and the HST.

Many people don't realize it, but convenience stores are a partner with the Ontario government. Our stores sell more age-restricted products than any retailer in the province. Members of the Ontario Convenience Stores Association take the responsibility very seriously and exercise great care in the sale of products such as tobacco, lottery tickets and even alcohol. About 200 of our stores act as agency stores for the LCBO, independently serving communities throughout the province.

Several years ago, as part of our responsible community retailing initiative, we also launched what we believe is the toughest age-verification program in Canada: We Expect ID. We Expect ID was created in order to eliminate the chance of mistakes in determining the age of our customers. Currently, in 7,500 stores across the province, We Expect ID uses swipe card technology to read the age information that's magnetically encoded on the back of the Ontario-issued driver's licences. This eliminates the chance of age calculation errors and helps us prevent young people from buying products like tobacco and the government's own lottery in our channel.

Despite the large investment in time and money, our industry continues ensuring that Ontario's laws and regulations for age-restrictive products are enforced. We know that just outside of our stores, there is a massive black market in perhaps the top age-restricted product, and that is tobacco. The legal tobacco market in Ontario is very tightly regulated, and the sales of tobacco products are carried out under some of the toughest restrictions in North America. Our retailers comply with these regulations under the continuous and close scrutiny of the Alcohol and Gaming Commission of Ontario, the Ontario Lottery and Gaming Corp., Smoke-Free Ontario, as well as Ontario's 36 health boards and over 200 inspectors across the province.

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Tobacco remains a significant category for convenience stores, with some smaller, family-run stores relying on its sale for up to 75% of their yearly income. However, over the last decade, we've seen steady growth in the black market for cigarettes in Ontario. What started small has grown to huge proportions in recent years. While there is no way to precisely gauge the size of the illicit market, independent research in the last few years tells us that somewhere between one third and almost one half of all the cigarettes in Ontario are illegal or contraband.

Contraband cigarettes do not adhere to any government-mandated regulations or warnings and are sold at a fraction of the price of legal tobacco. The RCMP tells us that this illegal market in tobacco generates huge profits for 175 organized crime groups they've specifically identified as being active in the illegal trade. Hundreds of smoke shacks have cropped up throughout the province where all forms of legal and illegal tobacco are sold without tax and in stores that do not comply with any of the provisions at all of the Smoke-Free Ontario Act.

What does this mean for you as members of the Standing Committee on Finance and Economic Affairs?

For our businesses, the impact has been enormous. Stores have lost as much as half of their typical revenue from the sale of legal cigarettes, but, more importantly, they've lost additional revenue from the sale of other products that customers typically purchase when buying tobacco: snacks, drinks, lottery tickets, newspapers, and the list goes on.

For government, the losses are as big, if not bigger. In 2007, the Auditor General of Ontario estimated that the lost taxes to the Ontario treasury alone were \$500 million each year. However, when making that determination, the rate of contraband in Ontario was nearly 25%. Since then, some studies indicate that the market may have grown to as much as almost 50%. By extension, the tax losses to the illegal contraband tobacco market could be as high as \$1 billion each and every year.

As the old saying goes, "A billion here and a billion there, and pretty soon you've got some real money." With Ontario grappling with a significant budget deficit, we feel this issue is a critically important one to address from a fiscal responsibility standpoint, a law-and-order standpoint, and also a fairness standpoint for businesses like ours.

We expect the government to enforce the laws equally across the province, and it is not unreasonable for honest retailers like ours to expect the province to step in and help when many stores are going out of business because they can't compete with a market dominated by organized crime rings.

What can the government do to address this in the budget process? Increasing the resources for law enforcement is a necessary step, as well as increasing the number of Ontario tax revenue officers, ensuring that tobacco taxes on legal cigarettes are being paid and collected. Also, we think it's critical that the Ontario government not impose any new taxes or additional regulations on the legal sale of tobacco until such time as the government demonstrates a real seriousness in correcting this problem. Continuing to tinker with the well-regulated legal market while the illegal one is left unchecked would be a misuse of resources.

However, we believe that there is an important step the Ontario Ministry of Finance can take to help address the problem of this illegal market and the massive tax avoidance that takes place, and that is to adopt the same taxation model for tobacco that already exists for

gasoline, lottery tickets and alcohol. For each of these, the government applies its taxes at the manufacturing or wholesale levels and not at the retail level. Tobacco is the only high-tax product where this does not happen.

Moving the point of taxation wouldn't solve the problem entirely, but it would make a big difference to reduce the illegal market, and making this shift would certainly allow the government to collect millions more in provincial tobacco taxes.

In 2002, the members of this committee saw the merits of this solution. At that time, legal cigarettes, which are marked by a yellow tear tape, were being diverted from tax-free stores on aboriginal reserves back into legal channels to avoid paying Ontario taxes. The Ministry of Revenue moved to combat tobacco tax avoidance by shifting the collection of the provincial sales tax to the wholesale level, where provincial tobacco taxes are collected. This was done to change the point of tax collection to the wholesale level to combat what was then seen as a growing bootlegging problem.

However, with the introduction of the HST, the problem of tax avoidance has become much worse. When the HST was introduced in mid-2010, the price of legal tobacco actually increased by 8%, widening the price difference between legal and illegal cigarettes and creating a greater incentive for people to turn to the black market.

Unlike most other products, where HST replaced the provincial sales tax and the goods and services tax at the point of retail sale, there was no provincial sales tax charged on tobacco products at the retail level. This meant that the profit margin for bootleggers for yellow-banded cigarettes jumped from 5% to 13% overnight, laying the groundwork for a resurgence of bootleggers of legal tobacco in addition to the incentives for illegal cigarettes. By shifting the retail taxes on tobacco up to the wholesale level, the government can not only help reduce the illegal market in cigarettes but can also capture millions in taxes currently being avoided.

When it comes to issues like these, the convenience store industry has a certain amount of expertise and can be a valuable partner to this government. We collect billions in taxes and revenues on behalf of this government: \$1.4 billion in lottery sales each year out of our channel, and billions in tobacco and gasoline taxes. We can help you find good, workable solutions and we believe we should play a part in the government's deliberations on these types of issues.

The final issue I want to bring to your attention as you deliberate on the 2011 budget is the impact of Ontario's skyrocketing electricity rates and the negative impact the introduction of HST has had on our members. The nature of convenience retailing means our member stores have high electricity usage rates. People come to our stores for warm beverages in the winter and cold drinks in the summer, and our high traffic means the cost for heating and cooling can be quite high. Add HST on top of electricity rates, and the costs of doing business in Ontario

are adding to an already stressed convenience retailing industry.

We know that rising electricity rates are something every person and business in Ontario is facing, but specifically for our industry, the combination of growing government regulation, increasing taxes and costs of doing business, as well as a runaway trade in contraband tobacco, have collectively put enormous pressures on our members, particularly the family-run stores. As a result, stores across the province are closing. In fact, over the last two years, almost 1,500 stores in Ontario have closed.

Besides relief with energy costs, one way this government can help alleviate some of the pressures on small businesses like convenience retailers is by allowing them to receive some compensation for the tax collection function they perform on behalf of the provincial government. Such a system was in place for certain firms for provincial sales tax collection prior to the introduction of HST. Given the multi-billion-dollar scope of the taxes convenience store retailers collect on behalf of the government, this kind of program would be a welcome addition and help retailers defer the cost of acting on the government's behalf.

In closing, I'd like to say that the things we're asking this government to consider for this budget process—revisions to how tobacco is taxed, increased resources for law and tax enforcement officers and a system to compensate retailers collecting tax on behalf of the government—aren't particularly difficult for this government to do. In fact, much of what we've suggested here today will mean more revenue flowing into the provincial coffers. But most of all, as small business people, our members need the government to act on these issues.

When big box stores come into new communities, many politicians cry foul and worry for the impact on the small businesses in the area. For convenience stores, the biggest threat to the livelihood of the small business people who often run them has been the inaction by government on issues that should and must be tackled, but aren't. That's why we believe that the future government in Ontario will be the one that understands that small businesses are the engine of economic growth in this province.

On behalf of the convenience store industry, I look forward to working with the Ontario government and thank this committee for the opportunity to speak today.

**The Chair (Mr. Pat Hoy):** We'll go to Mr. Tabuns of the NDP.

**Mr. Peter Tabuns:** First of all, thank you very much for coming in today and making that presentation.

I want to go to this question of moving the tax collection function from the retail up to the wholesale level. You note that in 2002, you made the recommendation and it was adopted. What is the situation now?

**Mr. Dave Bryans:** Tobacco taxes have three levels of taxation. The manufacturer has excise and duty. When it's then manufactured and moved to the wholesaler in Ontario, it adds on provincial tobacco tax. In 2002, the

government put PST into that rather than leave it, because there were some problems with retail. The third level is HST.

If HST was put into PTT, or collected collectively, we would eliminate a whole level of the possibility of avoiding tax by the movement of cigarettes around the province of Ontario. This would help the government. In 2002, the Ontario government realized a \$150-million profit by just moving the PST into the provincial tobacco tax.

**1330**

Governments can sort out how to divide out their taxes. That's a pretty easy computer model. But I think this would start correcting contraband for all of us. Then we could take on the baggie situation out in New York, and all of a sudden we start having some action. But, so far, there is no action, and I think we have to do something.

**Mr. Peter Tabuns:** Your proposal is very elegant, very clear. Was there pushback from the wholesalers when this was implemented?

**Mr. Dave Bryans:** Oh, no. The wholesalers get a benefit to collect the tax for the government. No, no, there was never—the wholesalers gladly did it. And it's still there. The provincial tobacco tax is about \$24 that's collected by every wholesaler under revenue Ontario. The only thing we're saying now is, now that there's the HST—which we were sort of opposed to, as many would remember—now that it's out there, that's fine; the ship's left the dock. Because this is like gasoline: You don't get tax added at the pump; when you buy beer or alcohol at the LCBO, you don't get tax added, so there's no way to avoid this tax; and when you buy your lottery ticket, it's \$2, not \$2 plus tax. So there's no underground economy. We've allowed this underground economy to flourish in Ontario by allowing three levels of tax collection that allows it to move freely around the province.

**Mr. Peter Tabuns:** Okay. I think what you're putting forward makes a lot of sense and is very helpful for us.

I don't have further questions, but I do want to say thank you.

**Mr. Dave Bryans:** Thank you very much.

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

#### DEAFBLIND ONTARIO SERVICES

**The Chair (Mr. Pat Hoy):** Now I ask DeafBlind Ontario Services to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning in this round will come from the government. I'd just ask you to state your name for the purposes of our recording Hansard, and then you can begin.

**Ms. Roxanna Spruyt-Rocks:** I'm Roxanna Spruyt-Rocks.

**Ms. Diane Gabay:** And I'm Diane Gabay.

**Ms. Roxanna Spruyt-Rocks:** Thank you for the opportunity to present the serious issues facing the deaf-

blind in Ontario. I will speak specifically about the situation at DeafBlind Ontario Services and for the intervenor sector as a whole.

But first, I'd like to share this statement: If 95% of what we learn comes from our ears and eyes, imagine the challenges it is to be deaf-blind. Now imagine that a significant amount of your funding for intervenor services, your key to independence through communication and life-skills assistance, is cut. This is the proposed scenario for Ontarians with deaf-blindness.

Deaf-blindness is a complex disability that combines varying degrees of both hearing and visual impairment, making it unique to each individual. Although a person who is deaf-blind may not be completely deaf or may not be completely blind, they do not have enough of either sense to navigate their environment independently. All individuals whom we support experience challenges with communication and mobility, and most have additional physical disabilities and medical issues.

Since 1989, DeafBlind Ontario Services has enabled individuals who are deaf-blind to live more independently by providing residential and other specialized services.

Each of our residents requires a unique level of support, individually tailored to their specific communication and mobility needs. Even with this severe disability, our residents have the capacity to build their life skills, gain independence and contribute to the greater community with the support of specially trained intervenors and specialized housing that caters to their needs.

Intervenors for the deaf-blind vary from interpreters for the deaf, because they also mediate between the individuals and their surroundings. Instead of translating words through sign language, an intervenor assists the deaf-blind to safely navigate the world around them. The philosophy of intervenors is: Do with, not for. An intervenor does not act as a caregiver, but assists people who are deaf-blind with communication and information.

Since 2004, DeafBlind Ontario Services has been working with MCSS on transforming intervenor services. The guiding principles supporting the transformation include equitable access to intervenor services and a sustainable service system; and, above all, funding to support the specific, unique needs of this specialized population through a standard assessment process.

We received communication from the ministry in September 2010 informing us of a proposed funding model. The majority of our residents were assessed as falling in the case mix group that would experience as much as a 45% reduction to the current level of service that we provide.

Currently, the majority of our residents have intervenor services for eight hours per day each, and then they share an intervenor for the remaining 16 hours. This time is imperative to the activities of daily living and communication. With the proposed funding allocation model, this important time will be reduced to only two hours, five days a week.

A 45% reduction in service will have a disastrous impact on our service delivery model and the Ontarians

that we serve. This certainly does not meet the objective of funding intervenor services according to an individual's needs within a sustainable system, given that the highest level of funding falls far below what is currently or has ever been provided in our 23-year history.

DeafBlind Ontario Services' model of service delivery is critical to our residents' growth and achievement of independence in their lives. It cannot and it must not be determined by the government's reduction in funding. With less support for the deaf-blind, these individuals will have severely limited access to the community, paid and volunteer jobs will be inaccessible to the people we support, social relationships will be severed and quality of life dramatically reduced. Their homes will essentially become institutions.

DeafBlind Ontario Services has participated in numerous meetings with MCSS staff on this issue, along with other service providers in the sector, to achieve a positive outcome that is fair and equitable to all deaf-blind Ontarians. The ministry has heard loud and clear that the proposed funding allocation model is flawed and needs to be reworked. The ministry has committed to work with us to find the best possible solution, and we're committed to continue to work with them.

Analysis has clearly shown that there is simply not enough funding available to meet the needs of deaf-blind Ontarians and the objectives of the transformation agenda of intervenor services to be equitable and sustainable. MCSS has advised us that they have a fixed funding envelope to work with. Clearly, any allocation model based on inadequate funding is going to result in service reductions.

We believe strongly that it is the government's responsibility to prioritize funding where it is needed the most. The intervenor portfolio is a small one, at about \$25 million. In order to maintain the critically needed intervenor services for the deaf-blind sector, it would cost \$2 million yearly for the next five years. This additional funding would maintain our current levels of service and address the pressures of new people coming into the service.

We urge this committee, in the strongest possible terms, to be the voice for the deaf-blind in Ontario and to ensure that the additional funding is budgeted to solve this and keep the sector sustainable. Thank you.

**Ms. Diane Gabay:** Good afternoon. Once again, my name is Diane Gabay. I am the chair of the board of DeafBlind Ontario Services. I'm also a mother to a young man who is congenitally deaf-blind.

My son Charles, whom we nicknamed "Shalom," is 31 years old. Shalom has been deaf-blind since he was six months old. In addition to being deaf-blind, Shalom has other health issues. He cannot walk or feed himself and is developmentally delayed. He needs to be supported 24/7. In 1994, he moved into a DeafBlind Ontario Services home in Richmond Hill with two other young men who are also deaf-blind.

Although Shalom cannot verbally communicate, it is through his intervenors that we were able to discover that

he loves to have the sun shine on his face in the summer-time while he's swinging on a tire, that he loves to feel the wind blow in his hair while he's going on a boat ride. He loves the rough and tumble of playing with a dog or going for a walk with his buddies. He will laugh, giggle or scream and let you know what he likes or does not like.

For my son, the support of an intervenor is essential. An intervenor is his means of communicating with and understanding the world around him. Without the support of an intervenor, Shalom would be trapped in his body, unable to participate in life, literally in a prison—I'm sorry.

**1340**

My family is extremely pleased that he is receiving the daily level of support he requires in order to live a normal, happy life. His intervenors help him with all of his daily activities such as bathing, eating, dressing and, most importantly, communicating and going out into the community. Without the level of support that he now receives, he would not be able to function at all.

As chair of the board of DeafBlind, I know first-hand how hard we have worked to promote the DeafBlind vision and mission; how, in consultation with MCSS, we have developed programs, come up with standards of excellence, trained our valuable intervenors and so much more. But the work is never finished, and as we are now facing severe cuts in our budget, I shudder at the thought of what the future might look like for our residents and my son.

Now, I'm going to ask everyone in this room to stop for a second. Look around you and listen to what's going on around you. Well, lucky for all of you, because our residents and my son are not so fortunate.

Can you imagine what it would be like to be deaf, blind and unable to care for yourself? Without assistance, you would be sitting in a corner all day, unable to participate in the world around you. The proposed funding cut to DeafBlind Ontario Services would reduce my son's beautiful group home to nothing more than an institution. Please, do not turn a blind eye and a deaf ear to this situation. Thank you, and once again, I apologize.

**The Chair (Mr. Pat Hoy):** Nothing to apologize for. The questioning will go to the government. Ms. Pendergast.

**Ms. Leeanna Pendergast:** Thank you, Roxanna and Diane, for your presentation today. Thank you for the work that you do on behalf on the deaf-blind and your commitment to continue to work with MCSS. Diane, thank you for sharing your personal story about your son Charles.

**Ms. Diane Gabay:** Thank you for listening.

**Ms. Leeanna Pendergast:** It's the narrative that really brings a story alive for us and helps us to see the implications of what you're presenting. Thank you for that personal story. Charles, as you mentioned, is in Richmond Hill and you have a very strong supporter in MPP Reza Moridi, the MPP for Richmond Hill, who is a strong supporter as well of the deaf-blind.

We've heard from people across the province in the last seven days. You were very well organized; a great group. We also heard from Deafblind in London; we heard from Julia, who is deaf-blind; we heard her story. You know, Diane, when you talk about, "Don't let the body be somewhere that they're trapped," we see that; we understand.

The question is—and I'm going to try to share my time with my colleague—that intervenors and supporting those services is just one piece of a larger puzzle. We've heard also that the support services—Diane, you outlined the health care and all the other things that intervenors could be doing if they had the time and the support. We also heard in Windsor from the hearing association that they would like to see money go into diversionary tactics as well because the communication piece is so big. We heard a narrative about an individual who needed diversionary supports to avoid some future problems.

I guess because it's such a big picture and the ask doesn't seem very big, is this what you would say is a first step? When you're talking about \$10 million over five years, is this the first step? And if you had a chance to look down the road and say what would be a next step—because then I see in your next line, after saying intervenor services, \$10 million, so \$2 million over five years, "the additional funding would maintain current levels and the pressures of new people coming into service." I have a concern about that. Not only are there people on waiting lists, but what is the anticipated level of need in new services?

**Ms. Roxanna Spruyt-Rocks:** We've had lots of discussion with MCSS, and because it's a finite program with a limited pot of money, they're trying to spread the current \$25 million over what they're trying to provide with the case mix models, and trying to address for the next three years about eight new people coming in for service. Thank goodness, it's a very small disability group in the province of Ontario. It's a very vulnerable disability group, probably—and I'm sure you've heard this—one of the most vulnerable. Just picture yourself deaf-blind.

What we're trying to do for the next five years is to address those issues. We were looking at \$10 million over five years, whether it's \$5 million up front—that would be great—and then slowly—but with all due respect, we also realize the position that the government is in, wanting to be fiscally balanced and not putting more pressures than we need to, but we're in desperate need in this sector.

We applaud the government. In the past, they have been supportive of us, and dollars have come to our sector, but for the last few years, we have not seen them.

**Ms. Leeanna Pendergast:** So this is your long-term plan.

**Ms. Roxanna Spruyt-Rocks:** This is our long-term.

**Ms. Leeanna Pendergast:** Excellent. Ms. Carroll?

**Hon. Aileen Carroll, P.C.:** Thanks.

**The Chair (Mr. Pat Hoy):** You have about 90 seconds.

**Hon. Aileen Carroll, P.C.:** Oh. Gee, my one chance to talk.

I would share Leeanna's comments and just say to you that I encourage you to continue to work closely with the ministry. There are many of us who have heard your dilemma and are joining you. I had three of your colleagues come to my office in Barrie. They were tremendous ambassadors of what they do, being able to convey to me just what you were trying to convey, that the lives of people before they came to the group homes, when they were in institutions, were to sit alone, day after day. With the work of the intervenor, they get to do volunteer work; they have the opportunities, as you mentioned, sometimes for paid work.

We are under tremendous pressures, and it's very hard to make choices. I think you have a very, very important tale to tell. Certainly, I am hoping to tell or have told your tale as well.

**Ms. Roxanna Spruyt-Rocks:** Thank you.

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

#### ONTARIO ASSOCIATION OF CHILDREN'S REHABILITATION SERVICES

**The Chair (Mr. Pat Hoy):** Now I ask the Ontario Association of Children's Rehabilitation Services to come forward. Good afternoon. As you've heard, you have 10 minutes for your presentation. The questioning in this round will come from the official opposition. I'd just ask you to identify yourselves for our recording Hansard.

**Ms. Linda Kenny:** My name is Linda Kenny.

**Ms. Carol Lloyd:** I'm Carol Lloyd.

**Ms. Tina Shier:** Tina Shier.

**The Chair (Mr. Pat Hoy):** Go ahead.

**Ms. Linda Kenny:** Good afternoon. We're pleased to be here this afternoon. My name is Linda Kenny and I am proud to represent the Ontario Association of Children's Rehabilitation Services. We call that OACRS. I will be sharing my time today with my colleagues Carol Lloyd and Tina Shier from the Easter Seals.

I bring you greetings from our 21 member children's treatment centres and from the chair of our board of directors, Caroline Stone. A parent from Ottawa, Caroline would have liked to have joined us today, but the conflicting priorities of being a mom and winter in Ontario meant that she could only join us in spirit.

As many of you know, OACRS is the united provincial voice of Ontario's children's treatment centres. Our members provide essential rehabilitation services to children with developmental, physical and communication challenges. Every year, we see 65,000 children, youth and families come through our doors. Together, families and service providers embark on a journey to unlock the potential in children. Most of you around the table today will know first-hand of the great work that some might call everyday miracles that happen in our communities all across Ontario.

We know that Ontario is a great place to raise a family. We're fortunate to have a wonderful education and health care system. We have a strong and publicly funded children's services system to provide extra assistance that families may require. In April, OACRS and its members were delighted when the government announced \$9 million in new funding. At that time, we pledged to make sure that investment had a tremendous impact. We look forward to sharing the data after our first year of the new funding, but I can tell you, at this early stage, we appear to be on track and estimate that we've got about 2,800 children and 75 jobs that have been impacted in the first year alone.

**1350**

Today, though, we're here to talk to you about early learning. The government has moved forward with a bold new plan to introduce full-day kindergarten across Ontario. Families are welcoming this initiative. The first year of implementation has been well received. We've seen 15% of eligible children in Ontario enrolled, with a plan to ramp up to 100% by 2015.

Nevertheless, we come before you today with a caution: Children with extraordinary needs, children such as those served in children's treatment centres, are under-represented in these early numbers. There are a variety of reasons for this. Schools need time to make their physical space accessible, and extended-day options need to be in place. We know that plans are under way to address some of those issues.

Of more concern to us are those parents who are opting to keep their children out of full-day kindergarten, even when that option exists in their neighbourhood schools. Parents tell us of their concerns with the transition of their children into the kindergarten environment. They fear that they will have to forgo valuable therapy supports for their children. These supports are critical for the development, well-being and potential of their children. If the supports don't follow the child into the classroom, the child is not going to be able to take full advantage of what the government is offering. Families right now are having to choose between school and therapy.

This is likely manageable in the short term. Our concern, though, is that as the program unfolds over the next couple of years, without early planning for effective transitions, we will have created unintended barriers for children who require specialized supports.

As you can imagine, delayed entry for this cohort of children will isolate them from their peers, impact their strong start in school and certainly impact their learning potential. We don't believe that that's the intention of anyone. We do believe, however, that the time to act is now, during the planning and implementation phase.

We are respectfully requesting that the government in general and the Ministry of Education in particular target a modest sum—\$15 million—of the whole funding envelope for full-day kindergarten. These targeted funds, 1% of the total \$1.5-billion estimated investment, should be designated for specialized support services to ensure the seamless and integrated transition of children with moderate or complex needs.

To illustrate this point, I'd like to briefly mention some exciting work happening in a few communities. Going back to the government's investment of \$9 million that I spoke of earlier, in the communities of Chatham, Sarnia and the city of Kawartha Lakes, the CTCs in those areas invested their share of those new funds in developing partnerships with several local schools. Designated teams providing occupational therapy, physiotherapy and speech and language therapy attend children on-site at school to provide individual or small-group therapy, to engage and encourage families, and to provide consultation and support to educators.

Since September, 306 children in 29 schools have benefited from these pilot programs. Interestingly, 52 new students have been identified, diagnosed and are now receiving treatment simply because the teams were present. Those are children who were previously unknown to any service provider.

The benefits are becoming evident: children receiving services from the CTCs experience continuity and seamless transition; families are more involved and engaged; early intervention for those newly identified children; and strong relationship-building with educators, teachers, ECEs and school administrators.

For this year, the initiatives are small in number and relatively low in cost. The positive outcomes for children are priceless. However, as the number of neighbourhood schools continues to increase, the sustainability of initiatives such as this will be at risk.

In order to ensure that all children can benefit from what the government is offering, we seek the support to maintain and expand these successful partnerships.

Again, we would respectfully remind the committee that we are not petitioning for new resources; rather, we encourage you to recommend that \$15 million—1% of the full-day kindergarten funding envelope—be targeted for the provision of vital specialized services to provide children with special needs the tools they need to successfully transition to school, to make families more resilient and to expand the capacity of our excellent education system to welcome all children and enhance child development and progress.

Before I conclude, I'd like to draw your attention to the back of our written submission. At the beginning of my remarks, I spoke of our good fortune to live in a jurisdiction that valued strong health care, education and a children's services system. On behalf of our partner organizations, the children, youth and families we collectively represent, and the dedicated and passionate staff and volunteers we are engaged by, I'd like to invite Carol Lloyd to speak with us now.

**The Chair (Mr. Pat Hoy):** You have about three minutes left in your presentation.

**Ms. Carol Lloyd:** Okay. I just wanted to point out to the standing committee that the pages that you'll see at the back of the document you received are in fact key messages that are the outcome of a collaborative initiative and discussion that the five organizations listed on the sidebar engaged upon.

Basically, I think the key messages that we want to get across are that all of us in Ontario want the best for our children. Sometimes in Ontario there are families and children that are vulnerable. This results oftentimes from lifelong ongoing needs, or it may be situational in nature. There may need, at some point in their life, to be some time-limited assistance and support.

We also want to emphasize again that all of our children deserve the absolute best opportunity to achieve their potential. None of us want to see any children left behind. We appreciate also that elected officials—our representatives—balance competing priorities that on a daily basis you have to compromise and juggle. Our position is that the well-being of children remains a non-partisan focus.

You will note that there are five components here that we've looked at, one being that, as I mentioned before, all children deserve to dream and achieve and develop into well-adjusted, productive adults. Children benefit from a province that welcomes them and supports and believes in them. There are some stats here that at least one in five Ontario children and families require that additional assistance. We feel it's neither fair nor smart to leave these children behind. We also have experienced that a strong system of service requires us to plan and build responses that are collaborative and responsive through a continuum of service.

What we would like to get across to the standing committee also is that economic prosperity will not be achieved unless children and families have access to fundamental services that they require to overcome barriers and benefit from all that Ontario has to offer. Our collaborative request to the standing committee is to make recommendations to the Minister of Finance that invest in the importance of children, especially those with extraordinary needs, so that they all will have the future they deserve and can contribute to the future of Ontario.

**Ms. Linda Kenny:** Thanks, Carol. Mr. Chair and members of the standing committee, I'm sure that if I were to ask each of you, each and every one of you would have had a personal experience with at least one of these organizations in this document, or if not you personally, someone very close to you. We urge you to think about those experiences—about the faces and the stories attached to those experiences—when you make your recommendation.

We know that in your role in this committee you hear may petitions and we are asking that you commit to the future of Ontario by investing in its children.

**The Chair (Mr. Pat Hoy):** Thank you. The question goes to the official opposition. Mr. Miller.

**Mr. Norm Miller:** Thank you very much for your presentation this afternoon. First of all, just about children's treatment centres: You stated in your document that they serve 65,000 children. Geographically, do you cover pretty much the whole province?

**Ms. Linda Kenny:** The entire province, yes.

**Mr. Norm Miller:** So for my own selfish interests, then, in the Parry Sound–Muskoka area—

**Ms. Linda Kenny:** One Kids Place.

**Mr. Norm Miller:** One Kids Place in North Bay, then?

**Ms. Linda Kenny:** That's correct.

**Mr. Norm Miller:** Okay; that's what I was guessing.

**Ms. Linda Kenny:** There may be 21 centres around the province, but they all have a boundary jurisdiction. I think that at last count we had about 70 sites around the province.

**Mr. Norm Miller:** And One Kids Place runs satellites in other communities as well?

**Ms. Linda Kenny:** That's correct.

**Mr. Norm Miller:** Okay. That's what I assumed, but I just wanted to make sure I had that correct.

You're concerned, with the new full-day learning program, that there are barriers to children who may participate in full-day learning because parents are worried about giving up the supports they already have to be able to participate in full-day learning?

**Ms. Linda Kenny:** We're very supportive of full-day learning; we think it's a great option for kids served in our sector. We want to make sure that those kids transition seamlessly and effectively into full-day kindergarten. Our urge is that we plan for that now, at the beginning of the planning of full-day kindergarten, so that we're not creating those barriers.

**Mr. Norm Miller:** At this point, with the first 15,000 kids, are there parents who are deciding not to enrol their kids in full-day learning because they're afraid of giving up the supports they have? Is that the situation?

**Ms. Linda Kenny:** Some of the situations that we have been made aware of—we know a story of a parent who pulled her child out at Christmastime because the model of having her child go to school all day and then try and do his therapy after school was just not effective for a four-year-old.

1400

**Mr. Norm Miller:** So would the answer be that they'd get the therapy during the school day somehow?

**Ms. Linda Kenny:** Yes, as part of the classroom.

**Mr. Norm Miller:** And that's what this \$15 million would support?

**Ms. Linda Kenny:** Absolutely, yes.

**Mr. Norm Miller:** Okay. Thank you very much.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

## ADVOCIS

**The Chair (Mr. Pat Hoy):** I'd ask the Financial Advisors Association of Canada to come forward, please. Good afternoon. I noted you were sitting at the back and should likely know how we progress now. The questioning will come from the NDP and Mr. Tabuns. If you'd just state your name for our recording Hansard, you can begin.

**Mr. Greg Pollock:** Great. Thank you, Mr. Chairman. I'm Greg Pollock, the president and CEO of Advocis. With me is Marian Passmore, our assistant director of

regulatory affairs. I'd like to again thank you for the opportunity to appear before you today.

Advocis, the Financial Advisors Association of Canada, is the largest and oldest voluntary professional membership association of financial advisers and planners in Canada. Some 6,000 Advocis members in Ontario provide comprehensive financial planning and investment advice, retirement and estate planning, risk management, employee benefit plans and disability coverage to more than one million Ontario households and businesses. Our members sell life and health insurance, mutual funds and securities. Many Advocis members are independent owners and operators of small businesses, entrepreneurs who create thousands of jobs in communities across the province and throughout Canada.

Advocis members maintain lasting relationships with their clients based on trust. They help clients both young and old—individuals, families and businesses—to set financial goals, to manage risks, to save consistently and to invest prudently.

Advocis promotes the professionalism of financial advisors based on education, best practices, proficiency and ethical standards. We do this through our code of professional conduct; through guidance on best practices; through our errors and omissions program, which protects consumers; through professional designations supported by a comprehensive curriculum and rigorous standards; and through mandatory continuing education.

Ontarians need financial advice in order to manage their own financial priorities: to plan, to save consistently and to invest prudently over the long term. Advocis believes that Ontario needs a competitive market for financial services that offers consumers a range of choices, including access to small business financial advisers. Advocis believes that access to professional financial advice is needed by the majority of people in Ontario in order to lead to good consumer financial outcomes in a host of areas, such as planning for a child's education, long-term health and in the area of retirement income savings. Advocis strongly supports reforms to facilitate retirement saving and to improve retirement income adequacy for all Canadians, both now and into the future.

We'd like today to bring to your attention a number of important facts and a few issues that we believe the government of Ontario should consider when it identifies priorities for the coming fiscal period.

Professional financial advisers help Ontarians save and plan for their future financial needs. People who rely on financial advisers' advice accumulate more financial wealth and are better prepared for retirement than people who do not receive advice. This has been shown to be the case regardless of the age and annual income of individuals, and was documented in the Value of Advice, published in July 2010 by the Investment Funds Institute of Canada.

We believe Ontarians are best served by a competitive market for financial services that continues to offer consumers a range of choices, including access to small business advisers.

Advocis strongly supports reforms to facilitate retirement saving and improve retirement income adequacy for all Canadians, both now and into the future. The government should implement practical reforms now which can improve the ability of Ontarians to save for their future.

Advocis believes that Ontario should follow the lead of Alberta, Saskatchewan and Manitoba in protecting consumers who are sold creditor mortgage insurance, creditor disability insurance and other forms of incidental insurance by regulating in this area. Advocis recommends that sellers should be required to be trained, licensed and supervised, and should carry errors and omissions insurance. The companies and individuals selling these products should also be required to comply with consumer disclosure requirements.

On the regulatory front, we believe the ability of independent financial advisers to serve Ontarians is threatened by overly prescriptive regulation. We have seen ever more rules with the Ontario Securities Commission and the industry regulators that it oversees: the Mutual Fund Dealers Association and the Investment Industry Regulatory Organization of Canada.

Increasing regulatory and compliance costs threatens to put professional financial advice out of reach of many consumers. The increasing regulatory burden and cost of compliance for smaller market participants is making it more costly to serve clients and is contributing to increased concentration in the delivery of financial products and services. Ever fewer large financial entities offer consumers less choice, particularly in smaller communities.

With respect to the incidental selling of insurance, all too often, consumers who are taking out a mortgage or loan are sold insurance by individuals who are not licensed and not adequately trained and supervised. All too often, consumers who believe they were paying for peace of mind for themselves and their families find out later, when coverage is denied, that the peace of mind was an illusion.

Currently, the sale of incidental insurance, such as creditor mortgage insurance, creditor disability insurance and travel insurance, sold at financial institutions, car dealerships, travel agencies, sales finance companies and other entities that sell insurance incidental to the sale of another product, is not regulated in Ontario. This is a major regulatory gap.

Consumers are at risk of having their insurance claim denied as a result of inadequate disclosure and the lack of any individual accountability on the part of the seller. This can have a devastating impact on consumers and their families who discover, months or even years down the road, that their claim on the insurance is denied.

For example, Peter Chisholm was denied his travel insurance claim after his heart attack in Barbados on the basis that he had a pre-existing condition. This is despite having disclosed that he had an angioplasty eight months before the trip. No one told him that certain exclusions would apply. He was denied coverage for the \$33,000 claim due to his taking a new prescription drug during the six months before the trip.

Alberta, Saskatchewan and Manitoba have introduced regulations to protect consumers who purchase incidental insurance products. To date, Ontario has done nothing. Ontario should seize the opportunity and re-take the lead by establishing the highest standard of consumer protection in this area.

We recommend that:

—sales representatives for these products should be required to hold a provincial licence, pass certain educational courses and be adequately supervised;

—individual licensees should participate in continuing education and carry appropriate insurance, like other insurance agents in the province; and

—companies and individuals selling these products should comply with enhanced consumer disclosure requirements so that consumers can be adequately protected.

Consumers should be given a reasonable cooling off period, for example, and should be informed that similar products are available through other distribution channels. Consumers should also be given an explanation of the underwriting process and when the underwriting will occur.

Finally, just on improving retirement income and financial security, Advocis believes that employees and employers should be encouraged to participate in retirement savings plans. Specifically, we believe the government should focus on improving the regulatory environment for defined contribution plans; harmonizing regulations between the provinces and federally; removing barriers and establishing incentives to encourage employment-based retirement savings plans; to consider, along with the federal government, tax changes to place defined contribution plans on a more equitable footing with defined benefit plans; and to improve the situation for those who contribute to RRSPs.

Mr. Chairman, I'd like to thank you and the committee for the opportunity for appearing here today. I'm certainly open to some questions.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will come from Mr. Tabuns.

**Mr. Peter Tabuns:** First of all, thank you very much for taking the time to come down here today and make a presentation.

The question of regulation of financial advisers: Obviously, we're all going to have to do a balancing act—my colleague on the other side there has used these terms a lot in the last few days. We saw what happened in Quebec with Earl Jones and the Ponzi scheme, and Bernie Madoff operating outside the regulatory framework. So authorities that regulate and are responsible to the population as a whole don't want that sort of thing to be reproduced. At the same time, you're right: We want affordable financial advice available to people not just in big cities but across Ontario. You're concerned about the regulation. Where do you see a dividing line that would allow us to usefully say, "This works. It protects the population, and it works and allows this sort of business activity to continue in a practical way"?

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**Mr. Greg Pollock:** Thanks, Mr. Tabuns. Just a couple of things with respect to that question: First of all, we're not opposed to regulation at all. We want smart regulation. We want regulation where there's some identified problem, and there's a solution that needs to be found. We need regulation that involves input from advisers who are on the ground and who are dealing with clients day to day. Often, some of the regulators in the country will consult with dealers and with the companies, but they're not consulting with the individuals who are actually dealing with those clients day to day who could bring another perspective—not that those perspectives aren't warranted.

You made a little bit of an allusion to the whole issue of the regulation of advisers themselves. When I spoke about the regulation of financial advice in this presentation, I'm speaking more to the distribution of financial advice and products and the regulation of those products, "know your client" forms and so forth.

With respect to the regulation of advisers, we would agree that some form of oversight that, in effect, would build confidence in the public is warranted. Certainly, we would be interested in a discussion that would lead to—I don't know if it would be the formation of a profession, because it's a complex industry. We have insurance licensees, we have mutual fund registrants, and we have securities registrants and so forth, folks who are selling group benefit health insurance plans and group pension plans. There's a large group in there, but we have put our minds to this, and we do believe that if you create that kind of body, then you hold that body accountable, and that body will hold their peers accountable.

Certainly, Earl Jones was not a financial adviser—he didn't have a licence—but he could actually put up a card that said, "I'm a planner. Please put your faith in me." We don't want to see those kinds of individuals in the industry either.

**Mr. Peter Tabuns:** No, I didn't think you did.

**Mr. Greg Pollock:** No, not at all.

**Mr. Peter Tabuns:** Just on the whole question of making sure that those who sell incidental insurance are educated and regulated, you gave one example of a case where a person had not been actually fully informed as to whether or not their coverage would be effective if they had a problem. How big a problem is this?

**Mr. Greg Pollock:** That's a very good question. I don't have a specific answer to that, but I will say that there's a recent study out of the UK where they have done a very detailed investigation on this issue, and we're going to pursue this study. The preliminary results of the study are showing that in 85% of the cases, individuals that have been, in their mind, underwritten for a particular product, in fact have not been underwritten appropriately, and there is an exposure there. This could be a very serious issue, and one that could be easily addressed, in our view, through appropriate licensing and education.

**Mr. Peter Tabuns:** I don't have further questions, but I thank you for that information.

**Mr. Greg Pollock:** All right. Thank you.

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

MULTIPLE SCLEROSIS SOCIETY  
OF CANADA, ONTARIO DIVISION

**The Chair (Mr. Pat Hoy):** Now I ask the MS Society of Canada, Ontario Division, to come forward, please.

**Mr. Yves Savoie:** Good afternoon.

**The Chair (Mr. Pat Hoy):** Good afternoon. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from the government. I just ask you to state your name for our recording Hansard.

**Mr. Yves Savoie:** Thank you. My name is Yves Savoie. I'm the president of the Ontario division, and I'm also the CEO of the MS Society of Canada. Mr. Chair and members of the committee, thank you very much for your invitation to speak to you today in connection with our pre-budget recommendations for your consideration.

The Multiple Sclerosis Society of Canada has a mission to be a leader in finding a cure for MS, all the while providing programs and services to enhance the quality of life of people who are touched by MS.

Today I'm going to touch on four areas we've noted in our pre-budget submission, and the key recommendations. The first area will be the creation of a registry for people with MS; second, the development of an Ontario brain strategy; thirdly, supporting family caregivers; and finally, the extension of energy rebates for people with disabilities.

I suspect that many of you have heard from constituents about CCSVI. CCSVI is the theory advanced by Professor Paolo Zamboni, in Italy, in which he posits that an obstruction in the drainage of blood from the brain to the heart may cause buildup of iron and as a result cause inflammation, which constitutes possibly the trigger for MS. Currently, the treatment for CCSVI is not offered in Ontario nor is it offered elsewhere in Canada, as evidence on the safety and efficacy of CCSVI continues to be very limited and does not yet reach the standards required by provincial governments and physicians.

We've acted swiftly to accelerate the pace of discovery and, with our US counterparts, are jointly funding \$2.7 million in research studies to actually look at the connection between CCSVI and MS and to explore the question of what is the gold standard for diagnosing the obstructions that could be treated with angioplasty.

We continue to work with governments across the country on this front, and there have been a number of developments. You may have heard that the government of Saskatchewan committed \$5 million to support clinical trials. The government of Manitoba earmarked half a million dollars for clinical trials if and when such trials are warranted. The government of Newfoundland funded a smaller observational study for individuals who are seeking experimental treatment abroad. And the government of Alberta promised up to \$1 million for an

observational study/registry and committed to fund a treatment trial when it is ethical and able to proceed.

We've called on the government of Ontario to make similar commitments, and today I'm going to focus on our ask to create a registry. Registries are longitudinal databases that provide important information that promote better decision-making—better decision-making in the context of better information about risk factors and prognosis about a particular disease state; in this context, MS. They serve as an important guide for people who are involved in clinical care of people with MS, people who are involved in health policy, but also people with MS who are making choices about which treatment options they want to pursue.

Registries have been developed in other jurisdictions in Canada. With a disease like MS, where there is so much variation in the course of the disease and there are so many treatment options—it's a very happy thing that has grown over the last 15 years—having systematic data that informs and enlightens those choices is really critical.

The costs associated with MS are estimated to be about \$1 billion in Canada—this is an estimate of the Canadian Institute for Health Information—more than all infectious diseases combined. I think it's important to have the kinds of tools that a registry would provide to inform policy decisions and clinical decisions in serving people with MS.

Another initiative that would help better manage chronic diseases and the socio-economic costs that are associated with them is the creation of an Ontario brain strategy. Just recently, in late 2010, the government announced funding to create the Ontario Brain Institute. It's an announcement which we applauded. Yet, along with other partners from neurological charities interested in diseases of the brain like Alzheimer's and Parkinson's, we recognize that research is just one piece of the response to the reality of people living with neurological conditions. Adequate community supports and supports for caregivers are the other prongs.

It's estimated that over one million Ontarians live with a neurological condition, and that one in three will be affected by mental illness in their lifetime. As our population increases and ages, the incidence of these conditions will likely climb to one in two Ontarians. The economic costs of brain conditions are estimated to outweigh those of cancer and cardiovascular disease combined. That is why we are inviting a commitment to the development of an Ontario brain strategy that would encompass strategies in supporting the right and age-appropriate care for people living with a disease and their carers and caregivers, in terms of supports to those who are providing informal caregiving—and obviously continuing investments in the area of research for diseases of the brain.

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I also want to touch briefly and further on the question of supports for family caregivers. The Ministry of Health and Long-Term Care estimates that one in five Ontarians

is caring for a loved one, and they contribute to over 70% of caregiving needs. This is happening informally. Among people who care for younger adults with disabilities, which is often the case for individuals who care for loved ones with MS, we know that 30% declined promotions and 50% had to quit work to continue caring for their loved ones.

We are concerned, obviously, that the burden of informal caring has a huge impact on families, but additionally, as Ontarians, we are concerned that these burdens are also burdens for our economy, for the productivity and economic health of Ontario. That is why we would encourage parliamentarians, in considering the budget submissions for 2011, to convene a task force of employers, government, health benefit providers and caregiver representatives to provide and test policies to support caregivers in the workplace and to favour continuing attachment of caregivers at work. It requires flexible approaches, obviously, to help caregivers continue to be meaningfully engaged in contributing to our workforce.

Finally, I want to touch briefly on our request for you to consider extending energy rebates for Ontarians with disabilities in the wake of rising energy prices, particularly in light of the policies to increase energy as it relates to peak hour pricing. About 15% of Ontarians live with disabilities. People living with MS and other disabilities have a special need for utilities and other electrical devices to help them manage their overall health and well-being.

I'll just give you an example about MS that is very invisible. MS produces all kinds of physical symptoms, but for many people with MS, one of the first symptoms is a very high level of intolerance to heat. As our summers are extremely hot, the MS Society has a program that helps people with MS purchase air conditioners for their home to actually make it sustainable to live through the warmest days of summer—a good thought on a day like today.

Other people with MS obviously use power scooters, stair gliders or power wheelchairs. All of those things require electricity. Those batteries are recharged, those stair gliders and those air conditioners which allow people to live comfortably in their homes. A volunteer with the MS Society who lives in Oshawa did very detailed estimates of what the incremental costs to him are going to be, in terms of his utility bills, just on account of those costs that relate to those devices that are required by reason of his disability. That's \$600 a month.

The reality of energy rebates has already been contemplated, as the government has extended rebates to northerners and to seniors. Our request is for the government to consider extending such a rebate to Ontarians who receive the disability tax credit and, as such, have already been confirmed as being significantly disabled.

I thank you very much for listening to our presentation, and I would be delighted to entertain a few questions.

**The Chair (Mr. Pat Hoy):** Very good. The questioning will come from the government side. Ms. Carroll.

**Hon. Aileen Carroll, P.C.:** Thank you for your excellent presentation. You suggest a number of initiatives to get the brain cells working, and that's always a good thing for all of us on these wintry days.

How long do you have for questions?

*Interjection.*

**Hon. Aileen Carroll, P.C.:** Five minutes. I want you to have half of it, so I'll talk fast.

**Mr. Yves Savoie:** That's okay.

**Hon. Aileen Carroll, P.C.:** I've had a particular interest in CCSVI, which you may know, and I think the points you make here under that heading are very good indeed. I think we've reached the point where the need for empirical data is acute because of the hope—the lack of it, perhaps—the accompanying media attendance to this is creating. That becomes, as you would know better than any of us, a major issue within the MS community. I think you're asking for pan-Canadian studies—clinical trials, rather; it's very astute. It will come forward here as a result of the pre-budget hearings as to whether or not research and innovation or the Ministry of Health will see an Ontario role there, but good for you to bring it forward.

I think too, as you've mentioned, Newfoundland and Saskatchewan and other provinces have gone there. I don't think we've heard any murmurings out of Ottawa. The federal minister has taken a very small-c conservative position on this. I think a federal role, when you're talking pan-Canada anything, is important, but good for you to bring it to our attention.

I also think your comment on the inventory, another part of the creation of empirical data, is vital. Newfoundland's project is a bit of an inventory, but very confined to a relatively small group of people returning to Newfoundland, having had the procedure overseas. So I have in the past and will continue individually—I'm glad you've brought it here—to support the clinical trial approach. I think it's really the main route.

The ethical dilemma is very real for doctors. It's also very real for the hospitals, because, as you know, the final decision on whether or not to perform that procedure rests with individual hospitals in Ontario, and I don't think a lot of people realize that.

Obviously, I think you did a great presentation. The brain strategy, whether that's the umbrella under which we cluster the impact of disease and this huge grey tsunami that's happening, I don't know. The caregivers' piece is vital and has been for a long time. As we age, you need more; as we get disease, you need more. The stresses on family create their own set of dilemmas.

If you'd like to comment any further, please jump in.

**Mr. Yves Savoie:** Maybe I'll add a point about the request on the registry for CCSVI, just to make sure that you understand that we have made that request of all provinces and of the federal government. We have made that request of Minister Matthews and we have had very fruitful discussions with her officials. We've also made the request of the federal government, through Minister Aglukkaq, to play a funding and coordinating role.

It is right that some governments have moved, but to attend to the question of the registry in a systematic and comprehensive way, many people—and we are among them—agree that it requires a coordinated response, one that involves—and Ontario is fundamental in this because of the size of the province in terms of its population. Any pan-Canadian approach really must include Ontario.

I'm quite happy to say that the responses we're receiving from governments that represent different political parties have actually been very favourable, so I'm confident that we may see movement here. But I would ask all of you, with your colleague Minister Matthews and others, to continue to advocate for this, because, as you've said, the state of science and of information available on CCSVI today is still at the preliminary stages. People with MS obviously have a right, which we honour and respect, to make the choices that are their own to seek treatment overseas, but any information that is available to help enlighten that choice in terms of the risks associated—as you know, there was a tragic death in Ontario in October. Those are the kinds of things that would be possible with a registry. It would be an important asset for MS research.

**Hon. Aileen Carroll, P.C.:** I think we need the registry and the data for not just those who go overseas, but to bolster the argument, should it need to be bolstered, that the procedure should be made available.

**Mr. Yves Savoie:** Absolutely.

**Hon. Aileen Carroll, P.C.:** Thank you, Chair.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

**Mr. Yves Savoie:** Thank you very much, Mr. Chair. Thank you to the members as well.

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## CUPE ONTARIO

**The Chair (Mr. Pat Hoy):** I'd ask CUPE Ontario to come forward, please.

You have 10 minutes for your presentation. The official opposition will be asking the questions in this round. I just ask you to identify yourself for Hansard.

**Mr. Fred Hahn:** Certainly. My name is Fred Hahn, and I'm the president of CUPE Ontario. I want to thank the committee for the opportunity to present CUPE's views on the budget for 2011.

With more than 240,000 members, CUPE is the largest union in the province. CUPE members are your neighbours; they care for you at your local hospital; they collect your recyclables and your garbage from the curb; they plow your streets and cut grass in parks and playgrounds; they produce and transmit electricity; and when the storm hits in the middle of the night, they restore the power. They take care of your children in child care centres and in schools all across Ontario and your aging family members in long-term-care facilities; and they make life better for some of the most vulnerable citizens in Ontario, including those with developmental

disabilities. They do this every day, in every riding of the province, and it helps make Ontario a good place to work and live, but it also equips us as a union to provide a positive contribution toward the planning for the provincial budget.

Today, Ontario faces two competing budget strategies: the path of investment and job creation or the path of cuts to programs, services and staffing. The 2011 budget cannot take both paths. That won't work, and it will please no one. CUPE was supportive when the government invested to get through the recession, because it was the right thing to do for the economy and for our communities. We disagree, however, when government goes the opposite direction and cuts funding to public services, and we shake our heads when government promises billions in new tax giveaways to banks and big corporations, effectively kneecapping its capacity to fund public services or to assist in deficit reduction.

The 2011 budget requires a consistent direction, not a mission-impossible attempt to straddle two contradictory strategic approaches. Making the right budget choices means accepting one simple fact: Ontario doesn't have a spending problem; it has a revenue problem. Ontario's economy has not recovered such that we no longer need to invest. More than 400,000 Ontarians used food banks last year, an increase of 7.4% from 2009. Ontarians are still reeling from the effects of the recession, and even more shocking, children—almost 150,000 of them—made up 40% of those using food banks.

For a provincial government, there's no better path to meeting these challenges or balancing the budget than investments that put money into local economies and increase tax revenues.

Consider this: \$1 invested in public child care generates \$2.42 of new economic activity; \$1 invested in public transit generates \$2. That's public spending that, through multiplier effects, generates further economic activity that would actually increase provincial revenues. Ontario's corporate tax cuts, however, failed to produce new jobs and actually worsened the province's revenue problem.

Decreases in corporate taxes in Ontario have been matched almost step for step by a decline in investments in machinery and equipment. Between 2000 and 2009, the combined Canada-Ontario corporate tax rate dropped from 44.6% to 33%, but instead of increased investment there was a corresponding drop in business investment compared to GDP, from 8% down to only 5.7%. A quick reference to Europe provides stark contrast to those who believe in the inverse relationship between corporate taxes and a robust economy. Germany's combined corporate tax rate is 30%; in Ireland, it's 12.5%. It's clear to the whole world which country boasts a stronger economy. Continuing with annual corporate tax cuts will force us to choose between providing vital services and reducing the deficit, and that's a choice we won't have to make if we take the prudent approach of cancelling ill-timed and unnecessary corporate tax cuts.

In a recent KPMG study of different countries, corporate tax rates in Canada came in second, with only Mexico

boasting lower corporate tax rates. The same study shows that, of 41 major international cities, Toronto ranks near the top, at number 5, with a low business tax environment. It's ironic that the Liberals' federal leader, Michael Ignatieff, criticizes corporate tax cutting, saying that it's imprudent in the extreme to borrow \$6 billion to give a tax break to large, already powerful corporations when you're running a deficit. He characterizes the debate over cutting corporate taxes as a fundamental disagreement on the economic policy of the country.

In his 2010 technical paper, *Deficit Mania in Perspective*, economist Hugh Mackenzie shows that tax cuts have reduced Ontario's fiscal capacity by approximately \$18 billion a year, an amount, coincidentally, almost exactly equal to the size of the provincial deficit.

This is all to say that Ontario doesn't have a spending problem, but a revenue problem. Fixing that problem includes rolling back Ontario's corporate tax levels to where they were in 2009. Ontario has a deficit because it did the right thing and it invested to get our communities through an economic crisis. Ontario's deficit is not the result of public services.

Ontario ranks near the bottom, number 8 out of 10 provinces, in program spending as a share of its GDP. Spending on the public sector has steadily shrunk as a share of total employment, going down from 23% in the mid-1970s to only 18% in 2009. Wages and salaries as a share of government spending have been dropping for 25 years, from 52.3% in 1981 down to 39.4% in 2007. Contrary to popular perception, public sector wages actually fell behind private sector wage settlements for 16 out of the last 18 years. According to the Ontario finance ministry, public sector wage settlements are now averaging at 1.7%, which in the context of a 2% inflation rate in Canada means that real wages, salaries and purchasing power are actually declining.

The combination of high unemployment, inflation and stagnant or dropping real incomes, aggravated by highway-robbery credit card interest rates, has led to record levels of household debt. A combination of falling real incomes and record levels of personal or household debt means that 2011 is not the right time to pull money out of the economy. That's why a continuation of any compensation restraint would hurt the recovery.

Ontario's economy needs families earning incomes that allow them to invest in homes and appliances, in cars and in post-secondary education. The right budgetary strategy will support decent incomes by discontinuing wage freezes, by adjusting labour legislation to restore card check union certification and anti-scab legislation, and by restoring social assistance rates. These are key components of an anti-poverty lens on the provincial budget.

Every study shows that workers who are able to unionize are able to achieve better standards of living. That's ultimately better for the economy, and it's why card check certification for all workers should form an important part of the 2011 budget.

There are real fiscal costs to government for ignoring poverty. The federal and Ontario governments are losing

at least \$10.4 billion, some say as much as \$13.1 billion, a year due to the costs of poverty, a loss equal to somewhere between 10% and 16% of the provincial budget. This economic reality, combined with social justice principles, dictates that this budget should fully restore social assistance levels to at least the bare subsistence level they were at prior to huge cuts in 1995.

Rounding out the big picture of threats are international trade deals that impinge upon Ontario's right to use its own economic levers to improve our economy. Today, CETA, the Comprehensive Economic and Trade Agreement that Canada is negotiating with the European Union, will soon see provincial offers tabled with the EU. In particular, we worry about CETA's impact on EU access to procurement at the provincial and municipal levels and for the broader public sector. We must protect procurement as a key economic lever, available to communities for local economic development. We need the right to decide to support local job creation and capacity-building. CETA will tie the hands of locally elected politicians in decision-making. Local priorities will not be reflected in local procurement contracts, and communities will suffer. That's why the 2011 budget is the right place for Ontario to make it clear that they won't sign trade agreements that compromise our ability to use all of the economic levers we have at our avail.

Investments in social and physical infrastructure are the best way to create jobs and to grow the economy. They are the best way to build a better Ontario. I want to leave you with just a few of the many examples that we have detailed in our written submission of what this could mean in different sectors.

A better Ontario is about implementing the early learning program as it was originally meant to be implemented. For every \$1 million spent on child care by government, 40 jobs are created, and the economy reaps more than \$2 million in GDP growth. Contrast that with \$1 million worth of corporate tax cuts: less than five jobs are created, and a meagre \$250,000 worth of GDP growth is the result. The better investment for Ontario is clear.

A better Ontario is about protecting quality health care in our hospitals and ancillary health facilities. As the Ontario Health Coalition notes, on a per capita basis, health care spending in Ontario is the second-lowest in all of Canada. A better Ontario is where health care budgets increase to meet the needs of our communities.

Making things worse, privatization through P3 financing models eats away at resources, wasting millions of dollars in the case of P3 hospitals alone that could be directed to patient care. A better Ontario is one where the government stops P3 financing.

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A better Ontario is about prioritizing the next generation today by freezing post-secondary tuition fees. The Canadian Federation of Students shows that investing in post-secondary education brings real economic returns. According to the 2001 census, the median employment income in Ontario was \$25,052, but for those with a

bachelor degree it was \$39,000, offering approximately a 56% return.

Not only CUPE believes in publicly provided university tuition. Even the US state of Georgia introduced free tuition for those students achieving a B-plus or better.

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

**Mr. Fred Hahn:** I'll wrap it up. I took a little longer than I'd thought. I appreciate that.

There are other investments that we would encourage you to read in our presentation, but I really want to reiterate that we believe that there are two competing budget strategies, either investing to create jobs or making cuts to programs, services and staffing. The government does not have a spending problem; it has a revenue problem. We would urge the government to commit to a path of investing. We think that, coupled with the right corporate tax rate, will ensure that the fragile recovery continues and that we have the resources we need to build a better province.

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

**Mr. Norm Miller:** Thank you, Mr. Hahn, for your presentation this afternoon. First of all, I think it's fairly clear that your organization does not agree with corporate tax cuts.

**Mr. Fred Hahn:** That's fair to say.

**Mr. Norm Miller:** Okay, good. In last year's budget, the finance minister made a request for a two-year wage freeze. Do you think this is a reasonable request?

**Mr. Fred Hahn:** We believe it does nothing to help the economy. In fact, economic figures demonstrate that. One of the big thrusts of our brief is that you'll see that the best way to help the economy is to make sure that people actually have money to spend in their local economies—at the local gas station, the grocery store. That does nothing to help the economy, we believe.

**Mr. Norm Miller:** In your brief, you state towards the end of it: "Ontario faces two clear and competing budget strategies: invest to create jobs or make cuts to programs, services and staffing that all Ontarians need. Any attempt to please everyone by straddling both paths will fail."

Do you feel that this is what the government is trying to do, go down two paths at the same time?

**Mr. Fred Hahn:** There are clearly different voices in the province that call for different strategic directions. There are those who call for spending cuts as a way to deal with deficits, there are those who call for investment, and there are those who say that maybe you can do both, maybe you can balance.

What we're trying to say clearly in our brief is that we believe the only path is one of investment. That is the most expedient way, in our view, to use the levers of government to assist the economy and ultimately the people of the province of Ontario.

**Mr. Norm Miller:** Thank you very much. I have no further questions.

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

#### RETAIL COUNCIL OF CANADA

**The Chair (Mr. Pat Hoy):** Now I'd ask the Retail Council of Canada to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning will come from Mr. Tabuns of the NDP in this case. Just simply state your name before you begin, and you can do just that.

**Mr. Gary Rygus:** Good afternoon. My name is Gary Rygus. I'm the director of government relations for the Retail Council of Canada. On behalf of Retail Council members operating across the province of Ontario, thank you for the opportunity to appear before the committee today.

The Retail Council of Canada has been the voice of retail since 1963. We have members who operate more than 43,000 storefronts nationally, 16,000 of which are in Ontario. We represent an industry that touches the daily lives of most people in the province. Our members represent all retail formats: department stores, specialty, discount and independent stores, and online merchants. While we do represent large, mass retailers, a significant number of our members are, in fact, small, independent merchants.

As an employer, retail is number two in Ontario, with more than 806,000 jobs, generating over \$150 billion in sales. Retailers invested over \$2 billion in Ontario in 2010 and will continue to invest in the province.

According to Statistics Canada, sales were up year-to-date 4.9% as of November, as compared to being down 3.5% in a similar period in the previous year. The 2010 year-end sales will be up about 5% to 6%. Ontario is in the bottom third of provinces, along with Saskatchewan, and Newfoundland and Labrador. Retailers hope to generate sales in the 3% to 5% range for 2011.

The average wage for full-time sales staff is about \$16.70 per hour.

Consumer debt remains at an all-time high and this will have an effect on disposable income and discretionary purchasing going forward. According to a recent Nielsen survey, Canadians remain cautious when it comes to opening up their wallets. More than half of Canadians surveyed feel the country is still in recession despite the fact the economic downturn officially ended in October 2009. This creates challenges for retailers. In addition, the global financial crunch continues to make it tough to forecast future sales, especially with slowly recovering economies in many countries.

Faced with these challenging circumstances and a turbulent economy, the government must focus on improving the conditions for economic development. The government must foster a positive job-creating environment.

The Retail Council supports the leadership Ontario has shown with the adoption of the HST as part of its tax reform package. The government should continue the

changes that were introduced in the 2009 budget, which includes reducing corporate income taxes. Stay the course.

However, more needs to be done for controlling business costs. We offer a few recommendations.

First of all, Ontario must freeze its minimum wage level at the current \$10.25, as it leads the nation. Businesses have faced an over 26% increase in the last three years in minimum wage. Even with a year for no adjustment, Ontario will continue to be in the top tier for minimum wage in Canada. In addition, Ontario should establish a third party group to review and recommend adjustments to the minimum wage. During these difficult economic times, the government must create an environment that supports job creation. Minimum wage increases do not create jobs. The increases cause retailers to shift from full-time jobs to part-time positions and to reduce part-time hours.

The government needs to find additional ways to reduce taxes and charges, and support job creation. As a support to small business, the Retail Council recommends raising the employer health tax exemption threshold from \$400,000 to \$1 million. At its current level, Ontario is uncompetitive with other provinces that have payroll-type taxes. To further support hiring of full-time staff, the government should provide a one-year employer health tax holiday for employers.

Creating a funding review process for the WSIB is a positive step towards establishing a framework for placing it in a long-term sustainable position. The Retail Council supports a balanced approach to this review that includes examining all aspects of WSIB operation, not just the employer premium side of the equation. RCC looks forward to participating in the Arthurs review.

As a payroll charge, raising WSIB premiums for 2011-12, in some cases by almost 20% depending on the rate category, is not supportive of hiring additional staff. At a minimum, the WSIB increases should be capped at a reasonable level of 5% to allow businesses to plan for such changes. The Retail Council recommends that the government take a second look at these increases.

As well, RCC recommends the government work with other provinces to harmonize product stewardship programs. We remind the government that retailers must be permitted flexibility to show environmental levies separately on sales receipts. This approach is consistent with the approach used under the HST and allows for consumer education to take place.

Fast-track the Open for Business initiative. Change the way government creates legislation. Adopt a business lens focus when creating legislation by asking the question, "Does this legislation add economic value?" Quantify the changes, and contain sunset provisions for legislation. Adopting this approach will require a significant adjustment in government policy development.

Now is the time to take up the challenge to create jobs.

On behalf of the Retail Council of Canada, I thank you for your time. I remind you, with the pending storm that's coming in, that it's less than 340 days until Christmas. The Retail Council asks that you please remember

to shop each and every day at your local retailer. The jobs you support and save may be those of friends and family. The Ontario economy will thank you.

**Ms. Leeanna Pendergast:** You're the first man that's ever said, "I want you to shop." Wonderful. Oh, sorry, Chair. I'm out of order, but I can't help it.

**The Chair (Mr. Pat Hoy):** Thank you. You've concluded your remarks?

**Mr. Gary Rygus:** Yes.

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

**Mr. Peter Tabuns:** Mr. Rygus, thanks very much for coming in today, and thanks for preparing this brief.

You represent people who run big box outlets as well as those who have storefronts on main streets all over this province. Is there a diversion in their interests these days? Certainly, if I run a small store on a main street in my riding, dealing with big box retailers poses very substantial problems. Do you have to address those issues within your organization?

1450

**Mr. Gary Rygus:** It's a very good question. I think that all retailers share similar goals. Job creation is one of those goals. Being able to offer goods and services at reasonable, competitive prices would be another, and the ability to open and operate when consumers want. These are all common challenges that retailers face. I don't know that it's any different for one company versus another, size being irrelevant. Some of them can handle it perhaps better than others when it comes to, for example, government regulation.

**Mr. Peter Tabuns:** When the convenience store operators were in here earlier today, one of their concerns was dealing with rising energy costs, particularly because they provide goods and services at peak times to the public. Can you tell us if this poses a challenge to your members?

**Mr. Gary Rygus:** Another very good question. I think it's natural that retailers have store offers that perhaps conflict with the time-of-use piece. What we're forced to do is to become a bit more energy-efficient in the way we heat and air condition our buildings and in the type of lighting that we use. But a lot of that depends on capital budgets. So it's a challenge that retailers are working through.

**Mr. Peter Tabuns:** Sorry, let's go back to that for a moment: It "depends on capital budgets." Do most of your retail members own the buildings within which they operate?

**Mr. Gary Rygus:** No.

**Mr. Peter Tabuns:** So in most cases, then, for them to make a capital investment, it would be on a leasehold property that they may well be leaving within five years or 10 years. It's hard for them to recover that capital investment.

**Mr. Gary Rygus:** In some cases, yes.

**Mr. Peter Tabuns:** Okay. So when you say that they've taken steps to improve their energy efficiency, can you tell us what kind of steps are most common?

**Mr. Gary Rygus:** Other than the ones that I've mentioned to you, nothing comes to the top of my mind. Perhaps I can get back to you after the meeting.

**Mr. Peter Tabuns:** Okay. In fact, if you could provide that information to the clerk to circulate to us, that would be very useful.

**Mr. Gary Rygus:** Okay.

**Mr. Peter Tabuns:** I don't have further questions at this time, Mr. Chair. Thank you.

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

#### CANADIAN PARAPLEGIC ASSOCIATION ONTARIO

**The Chair (Mr. Pat Hoy):** We'll have the Canadian Paraplegic Association Ontario next. You have 10 minutes for your presentation. The questioning will come from the government, in this case. I just ask you to state your names for the purposes of our recording Hansard. We have a fellow over here who controls the microphones for you. Go ahead.

**Mr. Peter Athanasopoulos:** Thank you for the opportunity to address the committee today. My name is Peter Athanasopoulos, and I'm here representing the Canadian Paraplegic Association Ontario. I'm here as well with my colleague Audrey King, who is a retired psychologist from the Holland Bloorview centre and also one of the co-founders of Citizens for Independence in Living and Breathing. Also, my colleague here today is Miriam Turnbull, who's representing the College of Respiratory Therapists of Ontario. Thank you for the opportunity to speak today.

We're here to further discuss a plan to develop a province-wide, evidence-based respiratory support program in Ontario. We've had the opportunity to work with our partners, to speak with the committee across the province. We're proposing a plan to develop a community-based program that will save the government money and eliminate blockings of ICU beds in hospitals.

We'd like to have a discussion today and talk about some cost savings, and doing that in a more effective way with more quality-assured service.

Before we get into the cost modelling, I'd like to bring it over to my colleague Audrey, who can give you some personal experience around the benefits of living as a ventilator user in the community.

**Ms. Audrey King:** I guess I'm here showing you what can be done when you use a ventilator.

I myself had polio when I was about nine years old. I was totally disabled, in an iron lung—which is probably the first kind of ventilation—for two months, and I was in the hospital for about two years. Over the 60 years since, I've used every kind of ventilation, including 24/7 ventilation with a tracheostomy, which I had for about two years.

When I came home after two years, I came back to my family. I was able to get on with school after about a six-year period due to accessibility problems and so on. I

graduated from high school, went to university, got my master's degree in psychology and did an all-but-dissertation Ph.D. As Peter said, I worked for 30 years at what is now called Holland Bloorview.

When I began working, there was no Wheel-Trans, there were no curb cuts, and there was not much acceptance of people with disabilities. So I very soon got into advocacy issues, and you see the benefits of that around Wheel-Trans and so on. I then got very involved in quite a number of other advocacy issues. For example, I'm one of the co-origina-tors of some of the personal support programs that the province of Ontario offers. First, we developed supportive housing, then we went on into the outreach, and now we have direct funding, which is of particular benefit for many ventilator users.

I also got involved in establishing Citizens for Independence in Living and Breathing. The goal of our group was to educate people—people using ventilators, family members and professionals. We held three or four conferences where people came from coast to coast. We were involved in quite a few government committees and government responses, such as the Regulated Health Professions Act.

In addition to that, I've been involved in speaking internationally on ventilator issues and on disability issues in general. About four years ago I was in Japan, for example, speaking in three different cities about the programs for disabled people and so on in Ontario.

Peter mentioned that I'm now retired. I am retired, but I am not exactly on the shelf. I'm still involved in many issues. For one thing, my 99-year-old mother lives with me. She is pretty well totally helpless now; she has dementia and is pretty well bedridden. It feels very much like a full-time job, managing her caregivers and the things that she needs, medical appointments and so on, because of course I have to do it through other people. I have learned even more about advocacy now, and this is where I'm at.

If we look back, if people are given opportunities to live in the community, in the long run we can generate programs which save a lot of money and which enable people to have a much better quality of life by living and contributing in the community, not only as a volunteer but paying taxes.

**Mr. Peter Athanasopoulos:** With the right services and supports, we can inspire multiple success stories like Audrey's: to live in the community independently. With an immediate investment of \$14.8 million a year, we can bring 50 more people home who are currently in hospital today. Currently, you are spending \$52 million a year to have these individuals live in hospital. We are proposing that we can do that in a more effective way, at a higher quality of service, with an investment of \$14.8 million.

**1500**

In June 2010, a report was completed by action force Ontario in which a demonstration occurred where 30 people who were living in hospital were sent home through this demonstration project and saved the government approximately \$20 million. We'd like to continue

the work through this program, and we'd like to work with the government to bring more cost savings and a higher quality of service in Ontario.

I brought with us today Miriam Turnbull, who is a respiratory therapist by profession and, as well, one of the key players in this demonstration project, who can share some examples of how successful this program was in bringing 30 people home from living in hospital.

**Ms. Miriam Turnbull:** I'll keep it very brief. Thank you for this opportunity.

We used a very simple approach. We took home 30 individuals ranging in age from babies to seniors—77 was our eldest gentleman. Client-centred and inter-professional collaboration using current infrastructure: That's how we did it. It sounds way too simple, I know, but the inter-professional team had a common goal: to get these people from ICU to home. We used the current infrastructure of agencies that staff nurses and personal support workers, the community respiratory provider employs the community RTs, and we used the hospital staff to start that training journey while the patient was in the ICU.

That same individual rolled from ICU out, got on a TransCare and went to their home with an RT in that vehicle with them. Then the community RT team took on further training of that care team at the bedside, one-on-one, avoided folklore and made sure that each staff person working with the individual not only heard the information but could demonstrate a competency in what they were doing.

That's as simple as it was. The 24/7 support piece, we offered, again, on a client-centred basis. Where the individual was extremely stable and required little nursing care, it was a personal support worker or an attendant care individual; where they needed more nursing, nursing was involved to the level that nursing was needed. Then the RT piece was primarily a trainer to train them to do the RT role when the RT wasn't there and offered 24/7 support, primarily by telephone.

In that model, we were able to maximize the dollars spent by using the right people in a very grassroots, if you will, model of care. We managed risk and safety in all instances, and all of those people continue to reside in the community, without incident, with the exception of four whom we took home in a more palliative state and offered them the opportunity to die with dignity at home. Thank you.

**The Chair (Mr. Pat Hoy):** You have about a minute left, if you have any other comment.

**Mr. Peter Athanasopoulos:** We can open the floor for questions.

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

**Ms. Leeanna Pendergast:** Thank you, Peter, Audrey and Miriam, for being here today. Thank you for your advocacy on behalf of the Canadian Paraplegic Association Ontario. Audrey, thank you for your work with Citizens for Independence in Living and Breathing and for your story today; Miriam, for what you do for

respiratory therapists; and, Peter, of course, for the organized approach that you've taken to this. You get the homework star, today, though, because of the letter that you brought. I wanted to take some time to look at the letter and say that we heard from the Association for Persons with Physical Disabilities in Windsor. We heard about an outreach strategy that was being requested and the amount of dollars that that kind of program or strategy could save.

And the letter, in your homework that you've done to present to us today—I'd like to just discuss that for a moment. In Thunder Bay, again, we heard from the Canadian Paraplegic Association, requesting support for respirators, for respiratory outreach programs—so, a consistent request, and again in Ottawa.

What I hear from you consistently is that this is dollars saved for the government, and a finance committee really loves that approach. There is an ask here, but when you look at the ask compared to the dollars saved, it is quite remarkable. I thank you for the information you're providing.

I just wanted to look at page 1 of the letter. I don't know if you want to speak to it or if you want me to speak to it, just to go over the establishing of this Ontario-wide program, as you call it, moving 50 more people in Ontario who require support out of an ICU bed into their homes and then, as Audrey has pointed out, all the other positive ramifications of being in the home. If you wouldn't mind just going over those numbers, I think it's worth reiterating for the committee and for Hansard.

**Mr. Peter Athanasopoulos:** Absolutely. Utilizing the report funded by action force Ontario optimizing respiratory support therapies—

**Ms. Miriam Turnbull:** It's HealthForceOntario.

**Mr. Peter Athanasopoulos:** HealthForceOntario—my apologies—we were able to take an average of what the cost per day was for a person who required the highest level of service versus the lowest level of service. The highest level of service ranged from \$1,200 a day versus as low as \$136 a day. Taking that average and those different levels of needs that those people had, we took an average of \$808 a day versus the amount it would cost in an ICU hospital bed, which is approximately \$3,000 a day, and in a community hospital around \$2,200 a day.

Without the right community supports, these people are stuck in that hospital. They're there for years. We can provide numerous stories where we've had people at Sunnybrook, where we've had people at Toronto East General living three, four, sometimes five years in these hospital settings because there are no supports to live in the community.

We've demonstrated that we're able to do that now through this demonstration project. We're proposing through this analysis that we can do it effectively, and we want to put a team together, get it right and bring these people home.

I don't know what more specifics you would like me to describe with the numbers. We can provide you costs

per day. We're offering 24/7 services, and we know those numbers. We brought a report here today that can spell it out for you.

**Ms. Leeanna Pendergast:** That's excellent. I think my colleague MPP Albanese has a question around location and how that works in terms of hospitals.

**The Chair (Mr. Pat Hoy):** You have about 90 seconds.

**Mrs. Laura Albanese:** Okay, I'll be brief. Thank you for sharing your story. I commend all the work you've done, especially in advocacy. I understand also you're a caregiver for your mom right now. It's fascinating.

I had a couple of questions. I'll sum them up really quickly. First, what would be the first steps in the building of this community base? Would it have to be near a hospital or near a setting where these people are now being taken care of? Second, do we have enough respiratory therapists? Those are the two main questions that I would ask.

**Mr. Peter Athanasopoulos:** I will answer the first question. I will turn it over to Miriam for the second question.

The first question: We're in constant communication with the experts in Ontario who have the ability to provide direction and recommendation to developing a provincial respiratory outreach program. We would like to work with our experts on developing the operationalization of that, using that report as a guide to be able to develop it.

There's more work to be done in terms of how we can create a model system that's the best system in the country to develop a program. We know we have the experts in the field to develop this in Ontario, and we want to utilize their expertise and bring the information into the community. That's the first part. The second part, I think Miriam would answer better.

**Ms. Miriam Turnbull:** There are enough RTs. First of all, community respiratory providers employ RTs who are not utilizing all their competencies and could expand to care for this group of people. As well, there are RTs looking for work in Ontario at this point in time. We expanded the program to add Conestoga College just recently, so we have more RTs than the demand at this point, which is a nice spot to be in.

**Mrs. Laura Albanese:** That's great. Thank you.

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

## ONTARIO PORK

**The Chair (Mr. Pat Hoy):** Now I ask Ontario Pork to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning will come from the official opposition, in this case. I'd just ask you to state your names for our recording Hansard, and then you can begin.

1510

**Ms. Wilma Jeffray:** My name is Wilma Jeffray. I'm chair of Ontario Pork.

**Mr. Patrick O'Neil:** I'm Patrick O'Neil, staff at Ontario Pork.

**Ms. Wilma Jeffray:** As a background, I farm hogs, cattle, grains and oilseeds in Bruce County. I am chair of Ontario Pork, which is the marketing board that represents the pork producers of the province.

As you are aware, Ontario Pork's beef and hog farmers have come together to partner with the provincial and federal governments to establish a price risk insurance program modelled on the successful grains and oilseeds program. Funding and launching the risk management program for hogs in the current year, 2011, is our number one priority. This is what I want to talk about today, and I welcome any questions you might have in the discussion period.

Over 80,000 Ontarians make their living on farms and more than 700,000 Ontarians work in the agri-food industry, including over 82,000 in food processing, 130,000 in food manufacturing, 171,000 in retail and 321,000 in food service. Every one of these 700,000 jobs flows out of the goods produced by primary agriculture.

Sales from market hogs alone were over \$660 million in 2010. Beyond the jobs created on-farm, Ontario's hog producers support several key industries, including feed mills, nutrition companies, farm equipment and construction companies, veterinarians, pharmaceutical suppliers, genetics and breeding companies, transporters, live animal processors, further processors, wholesalers, exporters and the rest of the food industry.

The point, quite simply, is that our industry's impact is felt throughout the provincial economy, especially among our suppliers in rural Ontario. The recent downturn in our industry has already led to underutilizing our rural infrastructure. At least one feed mill has shut down completely; there have been massive layoffs at the Burlington processing plant; transport companies have closed or been sold; and veterinarians have merged practices, with many having had to switch to pet care. Every time a supplier or a customer downsizes or goes out of business, our rural economy suffers and our industry loses valuable infrastructure.

Ontario's hog sector has been devastated in recent years as losses have mounted due to a series of shocks outside of the industry's control. A rapidly strengthening Canadian dollar, surging feed prices, trade barriers such as US country-of-origin labelling and the effects of H1N1 have compounded to cause the hog industry to shrink at an unnatural level.

The hog industry is cyclical and producers are used to managing losses. Producer profits in 2000 and 2001 helped to offset losses in 2002 and 2003, but the latest string of losses is both unprecedented and historic.

As you can see in figure 1, which is on the next page, losses in the industry have extended from 2006 to 2010, the longest sustained period of losses ever recorded. Cumulative losses to hog producers over that time reached nearly \$600 million, approximately equal to the value of all of last year's production. Surging feed prices mean that the picture for 2011 still remains uncertain.

Ontario producers are not helped by the fact that producers in other provinces have received far more government support during this crisis. A simple look at the provincial share of government expenditure on agriculture demonstrates the unlevel playing field the industry is facing.

In 2008-09, only 34.6% of total government expenditure on agriculture in Ontario came from the provincial government. This compares to levels of 60% in Alberta and 67% in Quebec.

Figure 2, which is on the next page, shows that Ontario's productive sow herd, represented by the blue line, has fallen by more than 20% since 2007 as producers have reacted to the sea of red ink. During the same period, Quebec's sow herd declined by a mere 6.5%. Now Ontario processors face stiff competition from imported meat from Quebec, while facing ever greater difficulty finding live animals to run their plants. The difference is stark, especially when considering the many natural advantages that Ontario's better soil and warmer climate provide.

Ontario has a long history as a major exporter of live animals and pork products. If the current trends are left unchecked, Ontario now risks becoming reliant on imports at a time when consumers are asking for locally produced food. In 2010, imports of pork into Canada will set a new record, with more than 180,000 tonnes coming into the country, primarily from the United States.

Even in the face of these challenges, though, our industry continues to innovate. Recently, the industry has focused on getting large retailers to source Ontario pork instead of US. Costco recently has begun sourcing Canadian product in Ontario stores using the Pork Marketing Canada label. An experimental exhaust filtration system on barns to halt the spread of disease is another way our industry is continuing to innovate despite the rough times.

In the face of the challenges facing the industry, Ontario Pork developed our program proposal in close consultation with our members. Through county meetings, our annual meeting and three intense policy days, members discussed the problem and various potential solutions. The final policy day meeting on September 17, 2010, featured an in-depth discussion with overwhelming support from the delegate body.

In November, an hour-long telephone town hall was held where we dialled our entire membership, revealing that 85% of producers would participate in the program and nearly 80% of producers were willing to help support and lobby for the program. Feedback from our membership makes it clear that effectively launching the program is the number one priority of our members.

Governments do provide support to agriculture, and for that we are thankful. The Ontario government provided ad hoc funding to partially offset 2007 losses, and the federal-provincial AgriStability program has provided some help to the industry. We are also thankful for Minister Mitchell's work providing access to OMAFRA staff and promoting the need for predictable and bankable farm programs.

Unfortunately, AgriStability has some significant shortcomings. It provides unequal support to diversified farmers who grow multiple commodities, and once a downturn in profitability stretches over two years, AgriStability is not designed to offer meaningful support.

We believe we have a solution: a price insurance program based on the successful risk management program for grains and oilseeds. The program would cover 100% of the difference between the support price and the industry average market price for all who participate. This would guard against the extreme fluctuations and costs, giving producers time to adjust.

I'd like to explain a few of the features of the program. First, the program is a complement to the current AgriStability federal-provincial program. Producers must be enrolled in both programs and would receive the higher of AgriStability or the RMP. Participation in both programs is voluntary.

Second, the program will be funded by producer premiums as well as government contributions—initially by the provincial government and then hopefully by the federal government. We are actively lobbying the federal government to participate.

Producer premiums will be set at 30% of the additional costs associated with long-term program payouts, making the program fiscally sound and responsible. At the 30% premium level, substantial market discipline would continue to exist and govern producer actions. Producers would have every incentive to keep costs under control, run efficient operations, manage production volumes wisely and innovate.

Our implementation plan calls for a transition into the full insurance program to start in 2011. This transition period would allow farmers and the ministry staff to prepare to meet their full program obligations. Ontario Pork has modelled the program. In 2009, the year with the worst losses in the last decade, the provincial share of the program would have paid out approximately \$70 million to producers.

Ontario Pork has worked closely with other commodity groups through partnerships such as the Ontario Agriculture Sustainability Coalition, or OASC for short. The coalition includes commodity groups representing grains and oilseeds, horticulture, and livestock, as well as general farm organizations like the Christian Farmers and the Ontario Federation of Agriculture—basically, it's all of non-supply-managed agriculture.

In the fall, Ontario Pork and the Ontario Cattlemen's Association announced plans to formally work together to build on OASC's accomplishments.

In conclusion, the program, as I say, is urgently needed. It's the number one priority of local producers. It is affordable and will remove the need for future ad hoc payments. It will stabilize the second-largest industry in the province, allowing it to continue to innovate and add value. And its benefits will be felt immediately throughout the entire economy, especially in rural Ontario.

I'd like to thank you all for the opportunity of presenting. If you have questions of any sort, I'd be happy to have them.

**The Chair (Mr. Pat Hoy):** Very good. The questioning will go to Mr. Arnott.

**1520**

**Mr. Ted Arnott:** Thank you very much for coming here today to make this presentation to the Standing Committee on Finance and Economic Affairs. I think it's so vitally urgent that the issues you've brought forward this afternoon are heard by all of us, especially the government members, who are in a position, hopefully, to advocate for the pork producers in the province of Ontario.

For my part, as the MPP for Wellington–Halton Hills, I had a chance to attend the annual general meeting of the Wellington County Cattlemen's Association on Saturday, January 15, and on Thursday, January 27, I had the privilege of attending the Wellington County Pork Producers' annual general meeting. I know that we're looking forward to hearing from the Ontario Cattlemen's Association. Their brief, I'm sure, will have a lot of similarity to the points that you've made.

I'm sure there will be questions from other parties, but the way we're doing it, we're going in rotation, so it is our turn to respond to what you've said. For my part, again, I would restate what I've said at these two meetings in my riding. I'm in total support of the government bringing forward the risk management program that you have been advocating for some months and years now. It was the Minister of Agriculture and Food who actually challenged farm and commodity organizations to come forward with a proposal. You've done your homework; you've brought it forward to the government.

I realize that the federal government has yet to make a commitment and I would certainly add my voice to your request to the federal government to make a commitment, as you've said. Certainly, there is a realistic and practical suggestion that you've brought forward to encourage the provincial government to get started and to take the producer contribution and take the traditional contribution that the provincial government would normally make—40% of the total cost of the program from senior levels of government—and get started and get it rolling and then put further pressure on the federal government. So thank you very much for your presentation.

The question that I have is based on something that I heard at the Wellington pork producers' meeting. Mike Petkovic, who is the current president of our association, indicated the number of pork producers who have actually left the industry in the last three or four years in Wellington county. Do you have any data as to how many pork producers have actually left the industry across the province in the four years since we've seen these losses? I ask that question, again, as a way of showing the government how important this is and how serious the situation is without immediate action on their part.

**Mr. Patrick O'Neil:** In fact, our numbers of producers have been in decline for several years. It is due to two factors. One is that our farms are always trying to innovate and become more efficient and put as many

animals through the farm as are environmentally sustainable. We've seen a very substantial downturn. I don't have the immediate numbers to compare from 2005 to today. I can tell you that over the last year, we lost over 300 producers. More than 10% of producers left the industry only in the last year. Again, the volume of sows in the province—productive industry—since 2007 has fallen by more than 20%.

We've seen an extreme impact on the number of producers leaving, the number of businesses and the amount of product being produced. So it is severe. We're reacting. In fact, the federal government had a program that started about two years ago. It was a nationwide program to help producers get out of the business. Ontario, unfortunately, used that program disproportionately. The producers in Ontario are exiting far beyond the rates of the rest of the country.

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

**Mr. Patrick O'Neil:** Thank you very much.

#### PTP ADULT LEARNING AND EMPLOYMENT PROGRAMS

**The Chair (Mr. Pat Hoy):** Now I ask PTP Adult Learning and Employment Programs to come forward. Good afternoon. You have 10 minutes for your presentation. In this round, the NDP will ask the questions. I'd just ask you to state your name for our recording Hansard, and then you can begin.

**Ms. Barbara McFater:** Okay. My name is Barbara McFater.

**Ms. Claudia Abello:** My name is Claudia Abello.

**Ms. Barbara McFater:** I'm the executive director of PTP Adult Learning and Employment Programs in Toronto. I'm also the chair of the board for Community Literacy of Ontario, a network of 105 community-based agencies across Ontario. On behalf of both organizations, I thank you for the opportunity to present today.

In 2009, the Ontario government invested an additional \$90 million over two years, \$45 million each year, to expand literacy and essential skills training for up to 13,000 additional learners. PTP would like to thank the provincial government for this important and significant government investment and for the opportunities it has provided.

I know that today you've heard from a few other people on this matter, the Ontario Literacy Coalition and a couple of networks. So I'm going to take the opportunity to speak from PTP's perspective, tell you a little bit about us, our history, the work that we do and the risks that we face if this funding doesn't continue.

PTP began as a project in 1992 under the Metro Toronto Movement for Literacy. At that time, the provincial government invested in literacy programs to meet the needs of thousands of laid-off workers during a critical period of labour adjustment, something similar to what's happening now. In 1998, PTP was incorporated

and became the largest community-based not-for-profit literacy agency in the country.

As the 1990s came to an end, our client base shifted from approximately 85% EI recipients to approximately 85% receiving Ontario Works benefits. At that time, there was a need for programming to shift as well. PTP chose to move away from the more traditional model of literacy—academic upgrading—to what we now refer to as workforce literacy. We have spent the last 12 years designing and developing workforce curriculum, assessment tools and resources to support workforce preparation. We've trained and worked with hundreds of programs across Ontario, the Arctic and Canada sharing our tools, resources and expertise. We're now considered a leader in workforce literacy programming in the country.

At PTP, many who enter our programs face multiple barriers to employment. For example, most have limited access to higher education and training. Many are sole-support parents. Most are living below the poverty line. Many lack a high school diploma. Some have learning disabilities. Many face health and wellness issues. Some have been involved in the justice system and faced incarceration. Some live in substandard housing. Some have struggled to overcome addictions or substance abuse. Often, these are linked with literacy.

Over the years, we've expanded programs and services to meet the needs of our clients. We partnered with Seneca College to deliver academic upgrading. We now offer a pre-employment development program with support from Toronto Employment and Social Services. With MTCU support, we expanded our job search activities and now offer a full suite of employment services.

PTP programs and literacy programs in the province have always been cost-effective. Since 1998, PTP has been contracted to deliver LBS programming to 510 participants for 125,000 contact hours each year: total funding, \$1,034,300; average cost per participant, \$2,028. Most participants stay, on average, for eight months; some longer, depending on their literacy levels and learning goals.

Since 2006, in partnership with Seneca College, PTP has been contracted to deliver academic upgrading to 40 participants and 6,000 contact hours each year. This is for part-time, teacher-led classes. Total funding for operations is \$163,000; average cost per participant, \$4,075. Over the last year, we were assigned to deliver to 26 more learners, at an average cost of \$2,374.

I would like to share with you what PTP has accomplished over the past two years with this additional investment. We expanded literacy and basic skills programs, meeting the needs of an additional 226 learners. In partnership with Seneca College, we expanded our evening hours for academic upgrading to include four new subjects for students pursuing post-secondary—chemistry, biology, computer training and GED preparation—in addition to English and math; at the end of December 2010, 78% of exited learners had moved on to training and education. We provided itinerant academic

upgrading services to women coming out of abusive situations and who are participating in WoodGreen's Homeward Bound program, a program that supports participants through college and a life of self-sufficiency.

We also delivered two sessions that we designed and delivered of an innovative new pre-culinary program offered in partnership with George Brown and Food-Share. Students described their participation in this program as transformative. We expect about 70% of these students to apply to academic upgrading/further education and about 25% to do a job search. That's what we would be facing losing the funding for.

There is a strong need for PTP to sustain the current level of programming to meet the needs of Ontarians looking to upgrade their skills. Literacy and academic upgrading programs are an integral part of the Employment Ontario network of programs and services. We underpin and strengthen the Employment Ontario system by supporting people in reaching their literacy and academic upgrading goals en route to employment, further training and education. Those of us offering programs are well positioned to work within this system to work together with our community partners, employers and employment and social service agencies to engage in local labour market planning and initiatives. We feel this would not be a good time to limit our capacity to serve Ontarians.

#### 1530

Why invest in adult literacy? Because it's an investment in people. There are both social and economic benefits of improving the literacy levels of adults. At PTP, we take a broad view of literacy and work toward holistic outcomes that take the whole person into consideration. It is an important part of the work that we do. Our work is socially valuable and leads people towards economic self-sufficiency. It provides people with the skills needed to access further training, education and employment. It encourages more labour market participation and civic engagement. Literacy gains and skills development, combined with an increase in confidence, add up to hope for the future.

It is difficult to speak in terms of purely economic benefits when considering investing in people. However, the reality is the following: People who improve their literacy skills and move on to jobs are less likely to depend on the government for assistance. People who improve their literacy skills and become employed contribute to the economy by being part of the labour force.

It turns out in the end that what's good for the economy is also good for many individuals. This is often what people want when they enter literacy programs: to be self-sufficient and to contribute to society; to be part of the labour force; to have better skills and a decent, secure job with a liveable wage; and to have self-respect and dignity.

We truly hope that the current level of funding continues. Why? Literacy programs are cost-effective and efficient and contribute to the social and economic betterment of people who participate. The new invest-

ment comes after 10 years of being flatlined. PTP has not received an investment in our program since 1998. This investment needs to be sustained in order for us to continue at our current capacity. We are stronger now and better positioned to support the work of the Employment Ontario network of programs and services, and the demand for training remains strong.

If the current investment ends on March 31, 2011, as we have been told, PTP will be returning to a 1998 level of funding and, perhaps, along with others, will be closing classes and delivering fewer hours of instruction. Students will be displaced and there will be nowhere to send them. There will be limited access for those seeking help to upgrade their skills. In summary, there will be a significant shrinking of literacy programs across Ontario, the closing of classes, the laying off of staff, the end of partnerships we have all worked hard to develop to better serve our learners and, finally, a weakened Employment Ontario network.

In order for this not to happen, and on behalf of PTP and all literacy programs in Ontario, I respectfully request that the two-year enhanced funding continue at the current level of investment and be converted into permanent, core funding.

In the end, it's always hard to measure impact. What is the impact we're having on participants? We have hundreds of success stories. But today, in closing, I just want to read to you one piece that was written by one of our students who just graduated from our LBS pre-culinary program last week. This program will be ending without continued funding.

We don't need to know Tyrone's entire back story; we only know that he has one. He came into the program on social assistance, found respect, encouragement, and support—all in an innovative, nurturing learning environment. Tyrone's next steps will be to enter the Daily Bread Food Bank's pre-culinary training program. This will be followed by job placement and, hopefully, a full-time job. Tyrone wrote this piece to express the impact the program had on him:

"Never again

"Will I go to a football game where the teams both display unsportsmanlike conduct

"Never again

"Will I drink Ballantine's rye alcohol

"Never again

"Shall I walk in the deep valleys of the shadow of death

"Never again

"Do I wish to see all the poor starving children in the world go without food

"Never again

"Shall there be any domestic violence, gang-style shootings and wars between other countries

"Never again

"Shall mankind destroy the precious planet we call earth

"Never again

"Shall I go to prison."

Thank you for your time today and for giving me this opportunity to present.

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

**Mr. Peter Tabuns:** Barbara, Claudia, thank you very much for coming today and making that presentation.

When you talk about your client base, as I understand it, your agency serves people across the city and the literacy network serves people right across this province. Is that correct?

**Ms. Barbara McFater:** Yes.

**Mr. Peter Tabuns:** And most of your clients now are people who are unemployed, on Ontario Works, who are looking to develop the skills so they can actually work.

**Ms. Barbara McFater:** Yes.

**Mr. Peter Tabuns:** Are they successful at doing that? Are they able to go on from your programs to actually secure and hold a job?

**Ms. Barbara McFater:** Yes, they can. We have a 70% success rate, and the reason we do is because we've spent the years developing other programs to support this client group. We have pre-employment development programs for those who aren't quite ready to come into the literacy, their academic upgrading. We're really fortunate to have been given funding last year—these are the programs that Claudia oversees—to deliver the full suite of employment services under Employment Ontario, which is a wonderful system. We have an opportunity to do job searches with clients, to do job matching, to do job development, to do job coaching. We really have all the systems in place to ensure that people move on to employment, because that's what they want.

**Mr. Peter Tabuns:** So in fact, if we reduce or eliminate these programs, we are going to reduce the number of people who are able to leave the OW system and actually stand on their own feet?

**Ms. Barbara McFater:** Exactly. And we do have clients who are on unemployment insurance, as well, and some on ODSP. Again, I think that the investment—it's really cheap; I hate to be crude. But the amount of money that we spend—I was just listening on the way in. They're going to spend \$5 million tomorrow to clean the city. It was like, "Wow." That sort of gives me an idea of what the government has to face: \$5 million to clean up a snowstorm. For \$1 million a year, the impact we have on adults and their lives, to improve them towards leading a better future, is incredible.

**Mr. Peter Tabuns:** The people who come to you, have they gone through school and simply never completed? How is it that they come to you without having literacy skills?

**Ms. Barbara McFater:** Literacy: It's a range of problems. Often, people struggled in school, dropped out of high school. Then you have single mums who had babies early; young men with learning disabilities, a lack of skills, who end up in the justice system. People are often poor and haven't had good educational experiences. We also deal with a lot of adults who come from overseas. Often, when you see the hot spots in the world, we end

up with people in our programs who are refugee claimants and struggling to find their way here and haven't had literacy in their home countries. So it's a wide range.

**Mr. Peter Tabuns:** Okay. I don't have further questions, but thank you so much for coming in.

**Ms. Barbara McFater:** Thank you very much for allowing us to present today.

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

#### ONTARIO CATTLEMEN'S ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I ask the Ontario Cattlemen's Association to come forward. Good afternoon. As you've witnessed, you have 10 minutes for your presentation. The questioning this time will come from the government. I'd just ask you to state your names for our recording Hansard, and then you can begin.

**Mr. Richard Horne:** Good afternoon. My name is Richard Horne. I'm a staff member with the Ontario Cattlemen's Association.

**Mr. Curtis Royal:** Curtis Royal, president of the Ontario Cattlemen's Association.

**Mr. David Stewart:** David Stewart, executive director of the Ontario Cattlemen's Association.

**Mr. Curtis Royal:** Good afternoon. As I stated, my name is Curtis Royal. Along with my wife, Dianne, I own and operate Royal Farms in Simcoe County, a feedlot and crop producing enterprise. This year, it is my privilege to be the elected president of the Ontario Cattlemen's Association, which speaks for 19,000 beef farmers in Ontario.

As you are aware, Ontario's beef and pork farmers have come together to partner with the provincial and federal governments to establish a price risk insurance program. Establishing a cattle price risk insurance program for our producers in the current year, 2011, is our number one priority. This is what I want to talk about today.

Beef production, including cow/calf producers, feedlot operators and the service sector firms that support us, is integral to Ontario's economic success, especially in rural Ontario. Ontario's beef industry has recently been measured to contribute \$938 million to Canadian GDP, with over 13,000 direct jobs. This number can be doubled when meat processing, value-added food manufacturing and food service jobs are included. These are significant numbers on a provincial scale, but the industry's contribution is particularly important in Ontario's rural agricultural heartland.

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However, this vital industry, producing needed, high-quality, locally produced food, is in decline in Ontario. We want and need to partner with the provincial and federal governments to turn this situation around.

Since 2003, Ontario's productive beef cow herd has declined 18.4%, while the productive sow herd has declined over 20% since 2007. When the numbers come in, we expect further retrenchment for 2010.

We are very concerned that further comparable cuts in production would threaten the viability of Ontario's world-class value-added meat processing sector. Without a primary source of supply, these value-added industries will not be sustainable and will move elsewhere.

These declines are the result of several factors, including border closures owing to BSE and H1N1 and historically high feed and other input costs. The decline has also brought increased competition from imports.

Cumulative losses for beef sectors over the past three years have been pegged at over \$300 million.

US beef imports to Canada are on the rise, increasing by more than 50% from pre-BSE levels. These imports are targeted to Canada's most important market—Ontario. Imports from the US alone have increased over fivefold, from 21,500 tonnes in 2004 to 121,000 tonnes in 2009, a level that, if produced locally, would have supported 2,221 additional jobs in Ontario.

Added to this are the threats coming from competing jurisdictions from within Canada. The government of Alberta has increased its direct provincial funding support to its beef industry. Quebec's support to its beef industry through its ASRA program has ensured that, as Ontario's industry declines, its producers survive. As a result, the ability of Ontario's consumers to buy locally produced food is eroding, along with the jobs that beef production supports throughout the value chain.

In response to the state of their industry and understanding that solutions needed to be found before the next crisis hit, farm groups from across Ontario were encouraged to come together to discuss their options and find a common solution. We would like to thank our Minister of Agriculture, Food, and Rural Affairs, the Honourable Carol Mitchell, for recognizing that farmers need stable, predictable and bankable programs which help reduce our business risk. We also want to thank all of the MPPs who have given their time to listen to their local farmers promoting this program and have offered their support and words of encouragement.

The OCA's advisory council reviewed the options, and we also undertook unprecedented consultations with our members to develop an insurance program tailored to their industry, drawing on the lessons learned from the recently extended grains and oilseeds program. As a result of these consultations through county meetings and town halls, including an hour-long telephone town hall held to involve the entire membership, our producers have endorsed the program and told us that establishing this program in 2011 is their number one priority. The program would protect producers against fluctuations in both price and cost of production and would see insurance premiums paid by farmers to government, thereby allowing all partners to share in and limit their future risks.

While the current federal-provincial AgriStability program has been valuable to local farmers in managing risks to their profit margins in the short term, the program does not sufficiently protect against issues that affect markets over the longer term. As we have discussed,

since 2003, beef producers have had declining and mostly negative margins, making them ineligible for support under AgriStability. Many, if not most, livestock producers in Ontario are now ineligible for the very program that was supposed to assist and stabilize the industry. We are in a peculiar situation where producers most in need of financial assistance now can't get it.

It must be kept in mind that the forces that have caused this situation are totally out of our control. Beef producers were hit with BSE-induced border closures in 2003, a year which was supposed to be our peak earning year. Given the subsequent feed hikes, input cost increases, currency appreciation and other uncontrollable shocks to the market, beef producers have not been able to recover.

We believe that the cattle price risk insurance program is the answer and fills a gap in the suite of agriculture programs available to livestock producers.

I now want to review the primary features of the program.

First, the program is a complement to the current AgriStability federal-provincial program. Producers must be enrolled in both programs and would receive the higher of the AgriStability or RMP program. Participation in both programs is voluntary.

Second, the program will be funded by producer premiums as well as government contributions, initially by the provincial government and then, hopefully, by the federal government. We are actively lobbying the federal government to participate.

There would be sub-programs for the three areas of our business: cow/calf operations, backgrounding and feedlot operators. Producer premiums will be set at 30% of long-term program payouts, making the program fiscally sound and responsible. At the 30% premium level, substantial market discipline would continue to exist and govern producers' actions. Producers would have every incentive to keep costs under control, run efficient operations, manage production volumes wisely, and innovate.

The program would be fair to all producers no matter their size. The program would cover 100% of the difference between the support price and the market price for all who participate. The support price would be recalculated annually by OCA and OMAFRA, based on a pre-agreed formula.

Finally, while the program is not mandatory, those who participate must accept mandatory industry-wide production practices. These mandatory practices will move the industry forward and would include requirements for producers to attend verified beef workshops, ensure cow and calf vaccination, traceability and premise ID standards, and other requirements. An audit program would be put in place to ensure that producers remain compliant with these mandatory standards or risk becoming ineligible to participate.

The program is also fiscally responsible for the government and taxpayer. First, producers will be contributing 30% of the cost. Implementing the program

would eliminate the need for most forms of ad hoc crisis funding in the future, such as the OCHHP program in 2007. It would also save both levels of government payments toward AgriStability in years when there were payments from the new price risk insurance program.

Our implementation plan calls for a transition to a full insurance program to start in 2011. This transition period would allow farmers and ministry staff to prepare to meet their full program obligations.

We also believe that this risk insurance program provides benefits not only to producers but to the public as well. First, as I mentioned, the program assures Ontarians that their beef producers are meeting the highest standards of production. It would help the industry turn the corner and reverse its decline. The viability of local food production in Ontario is overwhelmingly endorsed by consumers and it would maintain their ability to secure locally produced beef. Any payouts made would be almost entirely spent in rural areas and would add to rural GDP and direct job creation, helping to grow the rural and provincial tax base.

In conclusion, this insurance program would reduce or eliminate the need for ad hoc government support for both the pork and beef industries in the future and provide a platform to strengthen the agriculture and agri-food industries as a major provincial economic engine for Ontario. The program would help sustain the rural economy of Ontario in the long term, particularly in communities that still rely on a strong food and agribusiness industry and a healthy farm sector. The program is affordable and would capitalize on the growing consumer demand for locally grown, safe, environmentally responsible food.

Thank you, and I would welcome any questions.

**The Chair (Mr. Pat Hoy):** The questions will come from the government side. Ms. Pendergast.

**Ms. Leeanna Pendergast:** Thank you, Curtis, for that presentation, and thank you for all the work that you do as president of the Ontario Cattlemen's Association. And thank you, Richard and David, for being here as well.

I'm just going to jump around in your document and ask a couple of questions, if you don't mind—probably more points of clarification than questions.

I want to start by thanking you for your comments about the Minister of Agriculture, Food and Rural Affairs. Of course, Carol Mitchell, the honourable minister, gets it. The member from Huron-Bruce is committed to this. We heard Wilma and Patrick from Ontario Pork. I see in your very helpful brochure, actually—somewhat glossy but very helpful brochure—that it's a concerted effort, that you're working together. It's [beefporkrmp.ca](http://beefporkrmp.ca); that's just a little plug for you. Of course, my riding of Kitchener-Conestoga is largely rural as well, so there are a lot of farmers there.

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My first question was about the cattle price risk insurance program as part of the AgriStability program, but you actually answered that for me, Curtis, on page 5: that it's a complement to that federal program. So I jump to

the brochure and see that you're recommending a 60-40 federal-provincial split that the province kick-start: that the province "act immediately to kick-start and fund their share of the program." I guess my natural question would be, what happens, then, if the feds don't come to the table? Where does that leave the industry?

**Mr. Curtis Royal:** Well, we're actively lobbying to get both levels of government there. We certainly hope that the province is going to come forward here very soon, but we're still going to keep actively lobbying the federal government to participate and make this a fully funded program. That is our main goal. I guess, at the start, we will have to start off with a 40% program, but we're certainly going to keep absolutely lobbying the federal government to make this a fully funded program.

**Ms. Leeanna Pendergast:** So is the program designed in stages, then, when you say it will be a 40% program versus a 100% program?

**Mr. Curtis Royal:** Well, I guess if the province is the only one that comes on to start it, to get it going here for us, all we'll have is the 40% share of the province. But we certainly would like them to come on stream right now, and we could start up a complete, 100% fully funded program.

**Ms. Leeanna Pendergast:** Because, ironically, you say on page 6 that it's to eliminate the need for ad hoc funding.

**Mr. Curtis Royal:** Yes.

**Ms. Leeanna Pendergast:** Okay. On page 7, you talk about local food production, the viability and the ability to secure locally produced beef. In my riding, we have Foodlink. I did a resolution in the House, the buy local, eat fresh—that whole idea of working together in the agri-food industry.

You talk about the program being affordable and capitalizing on growing consumer demand for locally grown, safe food. Are there any unforeseen costs in this that we might not see upfront?

**Mr. David Stewart:** We aren't aware of any unforeseen costs. I mean, we've talked to the people from OMAFRA and the minister's office about this extensively, and we believe that they have a very good handle on what we're looking for.

**Ms. Leeanna Pendergast:** We love to hear that as a finance committee, that you've had the discussions, that what you see is what you get, that this is the ask and there are no other unforeseen costs to this. Excellent. Thank you very much for your time.

Richard, you know, I wasn't going to say, but I can't help myself, being the teacher that I am: Do you get teased about your last name?

**Mr. Richard Horne:** I actually thought you were going to make a comment about my face.

**Ms. Leeanna Pendergast:** No, I'm resisting on the black eye, the shiner, yes.

**Mr. Richard Horne:** I learned to deal with it. You have to have a thick skin.

**Ms. Leeanna Pendergast:** It's not connected to the shiner, right?

**Mr. Richard Horne:** No.

**Ms. Leeanna Pendergast:** Thank you for your presentation.

**Mr. Richard Horne:** Thanks so much, Leeanna.

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

#### LIFELABS MEDICAL LABORATORY SERVICES

**The Chair (Mr. Pat Hoy):** I'd ask LifeLabs Medical Laboratory Services to come forward, please. As you've seen, you have up to 10 minutes for your presentation. The questioning will come from the official opposition, in this case. Just state your names for our recording Hansard, and you can begin.

**Ms. Monette Greenway:** Hi. My name's Monette Greenway, vice-president of business development and Ontario government relations for LifeLabs.

**Ms. April Gamache:** And April Gamache, vice-president, operations, LifeLabs.

**Ms. Monette Greenway:** Thank you for the opportunity to speak with you today. We're pleased to be here on behalf of LifeLabs Medical Laboratory Services to participate in the standing committee's 2011 pre-budget consultations. Before we offer the committee—and, through it, the Ontario government—our recommendations for the 2011 budget, I'd like to give you some background on LifeLabs.

LifeLabs is Canada's largest provider of community laboratory testing services and a vital member of a patient's extended health care team. If you see your physician, he will often give you a form to take to a patient service centre nearby to have your blood sample taken and analyzed; that might be us. We provide medical laboratory testing to patients under the OHIP plan—tests spanning from cholesterol and glucose to cancer markers—that help in the prevention, diagnosis, monitoring and treatment of illness and disease.

Lab results, it is estimated, constitute about 70% of a patient's medical record; furthermore, up to 80% of clinical treatment decisions are based on the results from laboratory tests. In short, the work we do is crucial to improving patient outcomes and ensuring the effective working of the health care system.

In Ontario, LifeLabs employs approximately 2,000 people and operates more than 120 specimen collection centres and 10 testing labs located in all regions of the province. In addition, we perform more than 550,000 visits to patients each year in their home, long-term-care facility or retirement residence through our mobile lab service. In total, we serve the medical lab testing needs of more than one third of Ontarians. Of this, greater than 50% of our patients are served in rural Ontario communities.

LifeLabs is proud to be a founding member of the provincial colon cancer check program and the Ontario Laboratories Information System, which is a precursor to a full patient eHealth record.

As mentioned, our services are paid for by the provincial government under OHIP. Total funding for all community medical laboratory services in Ontario will be approximately \$655 million in 2010-11, which is less than 2% of total health care expenditures in the province. To put this in perspective, we deliver exceptional value, processing about the same test volume as hospital labs, but at 35% lower cost to the system. The current OHIP funding agreement for community lab services expires in March this year.

Regarding the 2011 budget, LifeLabs supports the government's fiscal and health care policy priorities which aim to create jobs, reduce the deficit and maintain strong public services for its residents, including a health care system that is driven by high quality and accessibility for everyone, regardless of where they live in the province.

We're also acutely aware of the fiscal challenges currently facing the government, which, if not addressed, threaten its ability to meet these priorities. As the policy area comprising the largest portion of the provincial budget, the health care sector must take a leadership role in ensuring that government program spending is efficient and effective in delivering results.

At the same time, LifeLabs and the community lab sector in Ontario is facing challenges of its own, including increasing demand pressures, inflation and wage pressures. Annual patient volume growth has averaged about 10% over each of the past three years, where provincial government-capped funding rose by less than 2% annually during this time. Underfunding the provision of our services by this magnitude is completely unsustainable over the long term.

Moreover, our sector has been negatively affected by the implementation of the HST on July 1 of last year, representing an effective 2% cut in funding. While we support the government's decision to modernize the tax system and believe that, in the long term, it will lead to new investment in Ontario for many sectors, the community lab sector, as a private sector provider of publicly funded services, is not among them.

Therefore, as the government prepares the 2011 budget, LifeLabs urges it to consider taking the following actions: enhance the role of community labs in the healthcare network to deliver more value; and develop a solution to the HST challenge currently confronting our sector.

Let me speak first to the enhancement of the role community labs play in the health care system to deliver value. Despite this sector's central role in the Ontario health care system, which is hard to overstate, community labs are often overlooked in the public policy-making process. The result is a diminishing opportunity to realize the full potential across the health care system. This could be addressed by involving community labs more actively in the planning process. Some examples of what I mean can be found in the following areas.

I'll focus first on hospital outpatient lab closures. Over the past two years, 35 Ontario public hospitals have,

without notice, transferred outpatient—non-urgent—lab testing services to Ontario’s community lab sector. This is the equivalent of almost \$25 million in gross OHIP billings. LifeLabs has absorbed hospital outpatient closures in the GTA, Thunder Bay, Sault Ste. Marie, Hamilton, Midland and many more. Closures have amounted to almost 50,000 patients per month who used to use hospital labs for routine testing services now coming to community labs. While we agree that the community is the proper place for these patients to access medical lab testing services, funding for these services has not followed the patient. By not being involved in these decisions, our ability to ensure that these patients are well serviced is compromised.

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I’ll now speak about inappropriate utilization and chronic disease management. Inappropriate test utilization—that is, the overprescribing of some tests and the underutilization of others—is a key source of cost and clinical inefficiency in the community lab system. There is work currently taking place on a tripartite basis involving our sector, the OMA and the ministry to address issues related to overprescribing. LifeLabs supports this work; however, we believe that more can and must be done on the other side—that is, on the underutilization of certain tests—so that the government’s objectives, particularly in the area of chronic disease management, can be achieved.

Diabetes is a good example, where relatively cheap preventive testing programs can save nearly \$5 billion in follow-on costs from untreated disease. This committee heard staggering numbers from the Canadian Diabetes Association last week: By 2020, nearly 27% of the population of Ontario will be living with diabetes or pre-diabetes. According to current trends, many of these people will not access the medical lab testing services they require to keep healthy. The result will be tragic patient outcomes and explosive health system costs. We have already proposed a program to help the government avoid this. Effective implementation of preventive screening and monitoring could save an estimated \$4.7 billion over 10 years. We’re still keen to partner with the government on this initiative.

I’ll now talk about supporting patient access to community lab services in rural and northern Ontario. Earlier this month, the government released the report of the rural and northern health care panel and is now seeking public input on its recommendations. This initiative is of great interest to us. LifeLabs has the largest geographic footprint of all community medical lab service providers in Ontario. We’re providing services to nearly 70% of all rural areas—25% more than the next provider. In northern Ontario, for example, we operate 11 patient service centres and two testing laboratories, offering all patients the same state-of-the-art testing technology, regardless of where they live. We’re proud to offer such coverage and believe that we are well positioned to help the Ontario government address the unique challenges associated with delivering health care services in rural, remote and northern communities.

By enhancing the roles of community labs in the health care system, the value delivered on these issues and many more significantly increases. Specifically, we believe we can deliver greater value by working with government.

As evidenced through the migration of hospital test volumes to labs, the health care system already recognizes that for non-urgent lab testing, community labs provide excellent value. LifeLabs supports this trend but asks that funding follows the patient, as legislated in the Excellent Care for All Act.

We want to work with government to target appropriate utilization to ensure maximum benefit of our services and to deliver improved patient outcomes and health system cost savings. This applies particularly in the area of chronic disease management, like diabetes.

Turning to the development of a solution to the HST challenge that currently confronts our sector, the recently implemented tax harmonization—HST—in Ontario will cost LifeLabs \$3.8 million annually in new taxes to operate. The impact on our company and sector is felt through the application of HST to such items as testing materials, and medical supplies and equipment. Given that we provide public health care services, the costs of which cannot be passed on to patients, our company bears the full weight of these additional costs.

While the provincial government has taken steps to ensure that hospitals and other public medical facilities would not be affected by the tax harmonization plan, it has so far not addressed the issues facing our sector. We believe that the government can strengthen community-based publicly funded lab services by treating our sector equally with the province’s hospitals. At a minimum, the provincial government should support a change to federal GST legislation.

In conclusion, LifeLabs is a crucial part of Ontario’s health care system. We provide patients and physicians with access to the vital medical lab information needed to make key health care decisions. We have a significant geographic footprint in Ontario, with operations located in many underserved areas of the province.

However, as the government prepares the 2011 budget and we approach the end of the current OHIP funding agreement for publicly insured medical lab services, we ask it to consider doing the following: enhance the role of community labs in the health care network to deliver more value; and develop a solution to the HST challenge currently confronting our sector.

LifeLabs’ history of delivering high-quality, accessible lab services for nearly 40 years shows that we can be an effective partner in delivering results.

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

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

**Mr. Norm Miller:** Thank you for your presentation. I guess I’ll start with a little bit about LifeLabs. You employ 2,000 people; you have 120 centres. Does your

geographic footprint cover pretty much the whole province, or is it concentrated?

**Ms. Monette Greenway:** We cover 92% of the population of Ontario and 70% of the geographic footprint.

**Mr. Norm Miller:** What is the 30% you're missing, then—where there are people, at least?

**Ms. Monette Greenway:** Again, 92% of the population is covered. We can provide you more information about exactly where, from a geographic—

**Mr. Norm Miller:** You're in northern Ontario?

**Ms. Monette Greenway:** Correct.

**Mr. Norm Miller:** Great. You were talking about the financial challenges that you're facing and the funding that's not keeping pace with it. We certainly heard from other groups about things like energy bills and WSIB as being cost pressures, and I think you stated wages and inflation as well. Are the energy and WSIB costs that you're facing increasing significantly as well?

**Ms. Monette Greenway:** Those would factor into the overall wages and consumer price index costs, so yes, they would be a natural contributor to that cost increase.

**Mr. Norm Miller:** Does all of your funding come from the government? I think you said that you received a 2% funding increase. Was I correct on that?

**Ms. Monette Greenway:** Yes. The vast majority of our funding comes from the government; about 95% of our funding comes from the government.

**Mr. Norm Miller:** The other 5%: Is that paid by people using the services?

**Ms. Monette Greenway:** That's correct: businesses, insurance companies and so on.

**Mr. Norm Miller:** Okay. One of your points was the negative effect of the HST. You're not able, through input tax credits, to recapture monies you spend on HST, so that the hit for you is—I think you said 2% or \$3.8 million. Is that correct?

**Ms. Monette Greenway:** Correct.

**Mr. Norm Miller:** So that's quite significant. How do you make up that hit?

**Ms. Monette Greenway:** We're not really able to make up that hit. It's something that is borne as a cost to our process. We feel that, because we are serving in a similar fashion the same base as hospitals, we should be treated in a similar way with regard to the HST.

**Mr. Norm Miller:** Okay. And you talk about hospital outpatient lab services closing, and that you aren't part of the process. Does this mean that the LHIN, the local health integration network, doesn't involve you in discussions about coverage when they make a decision to close a hospital lab? Is that what you're saying?

**Ms. Monette Greenway:** As we're suggesting, we want to be a stronger part of the public policy planning process. We would like to have the opportunity to be more proactively engaged in those LHIN discussions, for example, so that we can offer enhanced value as they're considering the changes they need to make on a regional basis.

**Mr. Norm Miller:** Otherwise, they close a lab at a hospital, and you hear about it in the news and decide

you'd better be staffing up to cover the extra demand that's coming your way?

**Ms. Monette Greenway:** Yes. We try to reconcile it. We know that volume will be coming our way: How can we best address that? We've certainly been taking steps to enhance the process of our patient service centres, the workflow in the patient service centres and investing in certain areas to make sure that we enlarge them so we can serve a larger volume.

**Mr. Norm Miller:** You talked about the over-prescribing of some tests and underutilization of others. I didn't quite follow that. Could you explain that to me?

**Ms. Monette Greenway:** Sure. A recent example would be vitamin D, where, through media—Oprah—there is commentary about vitamin D benefits, so there are requests through physicians to get vitamin D levels tested. We saw a 2,500% increase in volume of vitamin D testing—very significant. Fortunately, this is an example where we were able to work with the ministry and have that addressed. Vitamin D testing is available; however, it's supported by OHIP only in certain areas.

There are other examples of testing that is over-prescribed and where we could take costs out of the system. That's the overutilization.

Then, what we call underutilization: For example, in diabetes, there are specific tests that are indicators of pre-diabetes that are not being used frequently enough. That comes back to the chronic disease management program, where, again, through a process where we identify diabetes patients and remind them of the need for their ongoing testing regimen, even if 70% of diabetes patients controlled their blood sugar levels, it would reduce thousands of hospitalizations and surgeries. That all adds up.

**Mr. Norm Miller:** Thank you.

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

**Ms. Monette Greenway:** Thank you very much for the opportunity.

1610

## SOCIAL PLANNING TORONTO

**The Chair (Mr. Pat Hoy):** Now I ask Social Planning Toronto to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning this time will come from the NDP. I just ask you to state your name for our recording Hansard, and then you can begin.

**Mr. Winston Tinglin:** Winston Tinglin, Social Planning Toronto, and with me is the vice-chair of the board, Tam Goossen. We'll share the presentation.

**The Chair (Mr. Pat Hoy):** Very good. This gentleman will control the mike for you.

**Ms. Tam Goossen:** That's great. Thank you for the opportunity to make the presentation.

Social Planning Toronto is an independent, non-profit organization, whose work links community-based research with community action. As a city-wide research

and community-planning resource to the community as a whole and to a broad range of organizations and groups, we work to enhance the quality of life of all Toronto residents.

We have a membership of nearly 200 agencies that includes a wide cross-section of the non-profit community that provides a broad range of prevention and support services to adults, youth, children and families in this city. Social Planning Toronto has community planners that are based in Scarborough, Etobicoke, York and parts of North York, areas that have seen rapid social and economic changes over the past 10 to 15 years and face many challenges today.

We believe the provincial budget process at the end of the day is all about setting priorities for the kind of province we want to live in. In our view, decisions about the budget should be made looking through a lens that asks whether any changes move us closer to a more livable, thriving and healthy Ontario, a vision that we fully share, or if they take us further away from that goal.

**Mr. Winston Tinglin:** In this submission, we want to focus on initiatives that will promote economic recovery while advancing the provincial government's commitment on poverty reduction. We recognize that the government is under pressure to exert fiscal restraint, which is often interpreted to mean cuts to programs and services. But we urge the province to keep in mind the age-old caution never to be penny wise and pound foolish—to chart a course, instead, towards a long-term vision of an Ontario that is a livable, thriving and healthy place for all.

With our unemployment rate at 8.1%, we are still far from our pre-recession level of 6.5% and far from achieving the goals set by the poverty reduction strategy. Basically, we're saying this evening that now is the time for bold government action. Continued investment in the economy during this time of tenuous recovery we see as essential.

We want to focus on three areas in particular—three particular areas of investment. They are normally seen as weights or burdens on the province, but actually, we come from a different perspective: We see them as investments in the infrastructure of the province that really bring huge benefits. The areas we've cited for attention are housing, community services and education. We feel that, in the long run, investments in these areas lead to better health for all Ontarians and ultimately lower health costs. We see this as an essential part of any successful strategy to build a living, thriving and healthy Ontario.

I want to start by talking very quickly about housing. When the provincial government released its long-term affordable housing strategy last November, we were pleased with many of the ideas, including consolidating housing and homelessness programs for easier navigation of the system and allowing rent-g geared-to-income tenants extra leeway in declaring income changes. However, it's clear there is something missing, namely—surprise, surprise—money.

There are still over 140,000 Ontarians waiting for affordable housing, and over 75,000 in Toronto alone. What's now needed most is funding for a new affordable housing supply. Investing dollars in affordable housing will create both short-term and long-term jobs, foster stable and inclusive communities and, at the same time, effectively advance achievements under the poverty reduction strategy.

We have a number of recommendations we'd like to leave with you, one being expansion of the long-term affordable housing strategy to incorporate funding for 8,000 to 10,000 new, affordable units per year over the next decade; and extending funding for the affordable housing program for another three years, maintaining the current level of funding.

We also think action should be taken to provide funding for maintenance and repairs of Ontario's existing affordable housing stock to deal with an enormous backlog. Right now, TCH estimates that the repair backlog is about \$200 million plus.

We also recommend introducing a universal housing benefit provided monthly to all low-income Ontarians, whether they are on social assistance or not, to help address the gap between tenant incomes and housing costs.

I want to go on to talk about community services and community infrastructure. In July 2010, Social Planning Toronto, along with the Social Planning Network of Ontario, published the results of a survey. It was called A Recovery-Free Zone, which followed up on a previous survey in 2009, which we called Hard Hit, looking at the impact of the recession on the infrastructure of non-profit service agencies right across the province.

Agencies reported dramatic increases in food bank and meal program use, more demand on employment services and job training programs, increased use of bankruptcy and credit counselling services, and impacts on the health services, mental health counselling and suicide and crisis intervention programs. Everything just went up in demand. In fact, service providers today are dealing with more crisis situations and people with more complex problems requiring specialized support. At the same time, paradoxically, we have a situation where the agencies, with this mounting demand and heightened pressures, are dealing with falling revenues, increasing layoffs and reduced staffing, and having to make do right across the board. In fact, as someone put it, the sector as a whole is actually in a recession that hasn't ended yet and has no signs of ending right now.

**The Chair (Mr. Pat Hoy):** They're asking me if you could back up just a little bit from the microphone.

**Mr. Winston Tinglin:** Sorry.

**The Chair (Mr. Pat Hoy):** You have a very strong voice and it carries well.

**Mr. Winston Tinglin:** Thank you.

There's a palpable sense of being under siege. The wider implications of these developments are not too hard to discern.

Is that better?

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

**Mr. Winston Tinglin:** Thank you.

A social service and community infrastructure that is seriously battered and almost breaking at its seams; That's the situation facing us.

We are recommending that the government address this issue through at least two steps: first of all, making budget investments to maintain the effectiveness and viability of programs and services provided through this network and infrastructure that forms that base that the community relies on; and secondly, extending stimulus funding to establish a job creation program geared to the needs of the not-for-profit sector that, in effect, enhances opportunities for individuals desirous of working in the sector, but also increasing the stability within the sector in terms of labour support and the staffing it needs that helps it to be more effective in planning and delivering the programs and services needed by Ontarians.

We also feel that this is the time to initiate discussions with key community service agency stakeholders to identify reforms and investments that will ultimately shore up the capacity of the sector to sustain and strengthen their respective communities.

We'd like to put in a word as well in support of a campaign that the Social Planning Network of Ontario and a wide range of organizations have been working on over the last several months, and that's what we call the Put Food in the Budget campaign. Basically, what we're asking for is that, pending the results of the social assistance review and the panel's recommendations—which we hope will, in effect, make recommendations that result in rates that reflect the actual cost of living—the provincial government adopt as an interim measure an initiative of introducing a \$100 food supplement for all adults living on social assistance. That's a \$100 food supplement on a monthly basis. This is a recommendation we really feel is more than needed. Some immediate action needs to be taken on it, and what better opportunity than in this budget?

**1620**

We further recommend that the province immediately reinstate the special diet allowance for social assistance recipients on Ontario Works and the Ontario disability support program.

Now Tam is going to talk about some changes we would like to see in education and some developments we think are progressive there.

**Ms. Tam Goossen:** First of all, it's about the early years. We applaud the provincial government for delivering on their plan to implement full-day kindergarten for children four to five years of age, as recommended by Charles Pascal in his report, *With Our Best Future in Mind*. We're expecting that this report, which recommends an integrated and seamless day plan for early and middle childhood care and learning, will be fully implemented, as it represents a progressive vision for a highly educated and productive Ontario.

As we celebrate the implementation of this new kindergarten program, we would ask that the province, in

a systems approach, also plan for impacts on the stability of child care programs for children zero to three years, on planned school closures and on community use of schools programming.

Now the middle years: The Pascal report also recommends that there should be after-school programs led by staff knowledgeable about the developmental needs of children from six to 12 years, guided by current best practices in programming. However, we in the Middle Childhood Matters Coalition found only a small number of full-week after-school programs available to middle years children relative to the population of children six to 12 in Toronto.

We recommend that the provincial government make investments in programming to ensure the continuous care of children six to 12 years of age, as recommended in the Pascal report. Furthermore, given the localized and increasing rates of poverty—one in six children in Ontario still live in poverty, as you all know—we recommend that an equity lens be mandated to the plan; also, that the province create a new equity in education grant with targeted and protected funding, which would be used solely for providing programs to mitigate social and economic disadvantages affecting students.

Now about school space: The provincial government has made important strides in facilitating the opening of school space for children, youth and the broader community through the community use of schools program, helping to make schools the heart of the community while making neighbourhoods safer and more welcoming. This effort must be continued. In order to meet the promise of investing \$66 million annually in the community use of schools program by 2012 from the current rate of approximately \$32 million, we recommend that a continual increase over the next two years be added to the current budget and that all funds be protected to ensure accountability.

We applaud the provincial government's decision to consult with school boards about developing guidelines around student activity fees, fundraising and corporate partnerships. We also commend the government for its commitment to conduct a review of the education funding formula. A change of course is urgently needed.

Poverty impacts our students' learning opportunities and leads to inequitable outcomes. Currently, families are required to subsidize public education through the payment of course and student activity fees and student council fundraising. Many Ontario families are suffering in this time of economic hardship and cannot afford to cover these costs. Corporate partnerships are not the solution as they, too, lead to inequitable opportunities across the system.

Our provincial government is responsible for health and welfare and the provision of equal education for all children across this province. Social Planning Toronto, therefore, recommends that the province move forward with its promise for a broad and inclusive public review of the funding formula and reinvest in the opportunities and outcomes of all our students, including the most

vulnerable, ensuring that all our schools can equally deliver quality education for all our children.

Thank you very much for the opportunity.

**The Chair (Mr. Pat Hoy):** Thank you. Now Mr. Tabuns will have the questions.

**Mr. Peter Tabuns:** Winston, Tam, thank you very much for coming out late this day and making a presentation. We appreciate it.

I want to go first to this whole question of the state of the social service network, because I've had agencies come into my office who feel that, through underfunding and through legal requirements they have to meet, they are close to the breaking point. In writing your report, you talk about the stress that the agencies are facing. Can you enlarge a bit more or even give us some concrete examples—you don't have to name an agency—but a sense of what actually is happening to those agencies delivering those services?

**Mr. Winston Tinglin:** One of the most significant things is that to run these agencies, you need core funding. That's hard to come by. Basically, the funding formulas used by most funders, including the province itself, don't recognize some of these core, central supports that an effective or efficient agency, or one that does want to run its business well, needs to have in order to do that, so they are constantly paring back, doing a lot of make-dos and so on and so forth. As a result, planning for the long term is so hard to do under those circumstances because, typically, the agency is running from project to project to project and losing staff.

Staff retention is a huge problem that people talk about. For the kind of work that they do, they need qualified staff, but they just can't retain them. They get them, it becomes a little training ground, and in the next moment, the staffer is off somewhere else. They can't retain their staff. Those are just two concrete ways in which it helps.

With the increase in demand, it means that you have less assurance of quality of service delivered because you're simply trying to cope all the time. It's a very high stress environment, and from talking to EDs, worker burnout is a big factor. We're making a really hard pitch for, please, can we at least hang onto what we've got and avoid any further erosion of that network? Because it's going to crumble.

**Mr. Peter Tabuns:** What kind of financial commitment do you need from the provincial government, and what will be the consequences if that commitment is not met?

**Mr. Winston Tinglin:** Do you want to comment on that?

**Ms. Tam Goossen:** I want to emphasize the point that, as we all know, Ontario as a whole, but urban centres like Toronto really have been the centre for I would say—what?—half of the immigrants that come to Canada. So that need is real, and as a society, we really have been benefiting from all the contributions that have been made by immigrants. But the settlement service has

been so important, and it's basically done by these agencies.

What we've recently heard as well is, because of the cut by Citizenship and Immigration at the federal level, that is actually going to be a real concern, because actually, what has been announced is only the beginning. That's why it's all the more important that the province really keep its share of responsibility to make sure that the newcomers who come to Ontario, especially to places like Toronto, Ottawa and other centres, are not going to be left behind. We've had horror stories, and we can hear them from our contacts with the staff on the ground. What they have been doing is actually relieving a tremendous social pressure so that society can function. It's a tremendous responsibility.

Talking about staff burnout, don't forget, all of these agencies have voluntary boards. There's a tremendous amount of volunteers who have contributed to these service agencies. There's board burnout.

We also have to think about fundraising for these agencies: Because they don't just rely on government funding, the fundraising part is also very important. In order to have the civil society work well, that actually is a bigger piece, in addition to the staff and to clients, whose needs have risen tremendously without the matching services to help them.

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**Mr. Winston Tinglin:** Quickly, there are two things that could be done. One is to ensure that the funding formula used reflects actual costs. That's a real concern. Because of the way in which the different funding envelopes are structured, it is hard to have the real program delivery costs accurately reflected. There needs to be some leeway there.

The other thing is to think in terms of what can be done to put the funding on a multi-year basis, as distinct from simply the six-month project or the one-year project, because you're back to square one.

Those are two simple ways in which the province can provide some leadership and support to the sector.

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

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

**Mr. Winston Tinglin:** Thank you very much for this opportunity. We appreciate it.

#### ONTARIO ROAD BUILDERS' ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I ask the Ontario Road Builders' Association to come forward, please. I suspect that when you're finished that's exactly what most of us are going to do: hit the road.

**Mr. Rob Bradford:** Just enough time left.

**The Chair (Mr. Pat Hoy):** The committee's not aware of it, but you are our last presentation of the day.

**Mr. Norm Miller:** What about the Certified Management Accountants?

**The Chair (Mr. Pat Hoy):** They're not here. They're in Kent.

**Mr. Rob Bradford:** So that was a hint to move it along, Mr. Chair?

**The Chair (Mr. Pat Hoy):** You have 10 minutes for your presentation; there are five minutes of questioning, from the government in this case. I ask you to state your names for our recording Hansard.

**Mr. Rob Bradford:** Thank you, Chairman Hoy, and thanks to the members of the committee for seeing us today.

My name is Rob Bradford. I'm the executive director of the Ontario Road Builders' Association. Joining me today is Karen Renkema, who is our director of government relations.

Just very briefly, a background: Our association represents the majority of contractors in Ontario who build the provincial highways and build and maintain our municipal roads and bridges as well as our transit infrastructure and all nature of heavy civil construction.

We employ about 30,000 people at peak season, and our associate members—who produce the products, equipment and services we need—employ an additional 25,000 workers in a good year. These employment numbers are pertinent to a couple of the remarks we're going to make to you later today.

I'm just going to give you a little bit of background, and then I'm going to leave it to Karen to get into some of the nitty-gritty of what we're recommending, asking, requesting—however you want to phrase it.

Just a few statistics on the economic impact of our industry, and we use here what they call the job model that was developed by the Federal Highway Administration and Boston College: Every time we invest \$1.25 billion in highway construction, we create 19,585 jobs. The dollar value of goods and services produced across all sectors of the economy as a result of that kind of investment is \$6.097 billion, which implies an overall spending multiplier of approximately 4.8.

Our association is like any other trade organization. We've been around since 1927. We advocate for the importance of infrastructure investment. We are strong promoters of health and safety in the workplace. Environment is another one of our key issues. We generally work to make the road-building industry more efficient and more productive.

Today, we're going to focus solely on an issue that we hope isn't going to be forgotten in times of recession and government fiscal constraint, and that's the subject of continued investment in our core infrastructure assets. We're going to talk very briefly about both short-term and long-term investment.

I'd like to begin, though, by recognizing this government's achievements and dedication to infrastructure over the past seven years since we launched ReNew Ontario. I think it's important to touch briefly on that because we have made some demonstrable progress in attacking our infrastructure deficit.

ReNew Ontario—you'll recall that was a five-year plan—provided a five-year plan for investing and a strategy for tackling our ever-increasing infrastructure deficit. ReNew Ontario provided greater certainty to our industry in Ontario by providing a clear and targeted plan for business on where and how investment would take place. A good example of that and a key business tool developed by the government is the Ministry of Transportation's five-year northern and southern highway plans.

Through ReNew Ontario and the ISF funds, investment in transportation infrastructure provided good-paying, skilled and sustainable jobs in our industry. More recently, as a follow-up to the five-year ReNew Ontario plan, we also commend the government for its commitment to the infrastructure stimulus funding.

Although some within both Parliament Hill and Queen's Park circles have been critical of the ISF program, we believe it has absolutely achieved what it set out to do: It created good-paying jobs across Ontario, it spurred further capital investment in plant, equipment and resources in our industry, and it began to address the province's huge infrastructure deficit.

We believe the ISF program was a significant factor in creating the increased employment numbers we've seen over the past six months in our industry as well as making inroads in repairing and building the lifelines for our economy. We figure the ISF funding created or maintained 10,500 jobs in our sector. Those are jobs that didn't exist last year or jobs that would have disappeared with the recession that we hopefully are crawling our way out of.

Though it's stating the obvious, we'd like to recognize that the ISF program is a good example of how both the federal and provincial governments were able to partner in a program that enabled the municipalities to leverage what little money they have and develop some pretty strong infrastructure programs over the last couple of years.

We think taxpayers have received great value for money over the past two years. Although there was a lot of work in our market, it also got very competitive. We had construction contractors from other sectors slipping over to the civil infrastructure side. Because of the increased competition, we've seen tender price indexes declining at a rate of 7% to 10% a year for the past year and a half. That means that construction is a bargain right now.

Finally, I'd like to recognize the work of the Ministry of Transportation, particularly over the past couple of years. With reduced resources themselves, they've delivered a highway program in the neighbourhood of \$2 billion. There had to have been some tremendous effort to get that work on the street and to develop project-ready work for the future.

We encourage the continuous strategic planning investment by the Ministry of Transportation and the Ministry of Infrastructure and, in fact, by the government of Ontario as a whole to ensure that taxpayers' dollars are

spent on the most important and crucial pieces of our public and core infrastructure and that the budget allotted for our highways and bridges continues to be devoted to critical assets.

I had the motherhood part of this presentation. I wanted to give you a little bit of background and tell you that, in the last five to seven years, the infrastructure investment we've seen has been good. There has been progress. It has allowed us to begin attacking our infrastructure deficit. But I'm going to turn it over to Karen now, and she's going to talk to you about some of our recommendations, both over the short and the long term.

**Ms. Karen Renkema:** Thank you, Rob, and thank you, Mr. Chair and committee members, for having us here today.

As Rob said, he had the easy job. I'm going to focus a little bit more on our most crucial recommendation for the government to consider through pre-budget deliberations. That's actually the short term: what's going to happen over the next couple of years.

I'm not going to make a case for infrastructure investment; Rob did, to a certain extent. It is included in the information that we gave you. In addition to that information, we will be sending the committee clerk some appendices that lay out some of our recommendations in more detail as well.

Today, I'm going to focus on short-term infrastructure. While we applaud the government and Minister Chiarelli for starting and striving to introduce and implement a 10-year infrastructure plan, we are most concerned about the short term. We will be providing the committee clerk with an appendix to the information in front of you which will outline some of our recommendations on the long-term 10-year plan. Some of them include how we can build infrastructure more effectively and affordably. That is of most interest to the government as it grapples with the deficit-cutting measures in this budget.

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Since I mentioned the D-word—deficit—we do want to recognize the challenges that confront the provincial government for the 2011-12 budget cycle and the need to reduce the provincial deficit. However, we must also recognize that we can't take our foot off the gas pedal too quickly. Our economy is still showing signs of vulnerability, specifically on the employment side of the ledger. The ISF program was a success, and we appreciate the extension of the ISF monies. However, that does not mean there is net new money available to the construction sector for 2011-12 and specifically our sector, which is currently very heavily reliant on public sector dollars.

Our members are quite concerned with what 2011-12 will look like. Until a long-term 10-year plan that will address long-term municipal and provincial infrastructure investment can be implemented, we are left with an industry that has ramped up investment in our resources and our employment over the past two to three years. We are told by many of our members that there are not too many projects left in the pipeline at this time.

I spoke a little bit about our heavy reliance on the public dollar, but let me talk a little bit about what Rob spoke to, about the tender price index and what's going on right now on the private sector side of the construction industry. According to the December 2010 labour force survey published by Statistics Canada, employment in construction fell by approximately 27,000 across Canada, the first notable decline since July 2009 after the ISF program was implemented. This data further illustrates the effects of declining investment in the key construction markets, as well as the anecdotal evidence that ORBA is receiving from its members regarding a lack of new investment or projects to sustain current levels of employment in the industry.

Furthermore, it's important to note that the investment in both residential and IC and I construction markets, primarily the public sector, have not yet reached pre-recession levels, further putting stress on construction employment as a whole. Contractors took out approximately \$2 billion worth of building permits in November 2010, which was down 6.8% from October and a decline of 16.3% in comparison to November 2009. The Statistics Canada November 2010 issue of the building permits also notes a sharp drop in the national level. The sharp drop in building permits was the largest in Canada since February 2009.

In short, the private sector is experiencing some pressures. Its declining building permits in comparison to 2009 illustrate our concern about what 2011-12 looks like for the overall construction sector but specifically the engineering portion of the construction sector.

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

**Ms. Karen Renkema:** Therefore, our recommendation is short-term infrastructure investment. We're not suggesting to the committee or to the government that we need to have an ISF 2 program; we are suggesting that we can't take our foot off the gas pedal too quickly in this situation. We are very concerned about our employment numbers for the coming year. Rob spoke a little bit about the bargain that construction is right now. I think we have a tremendous opportunity to sustain some of the momentum we have had over the past couple of years with investment in some of our critical assets.

Therefore, we suggest that we have an opportunity to look at some of the existing programs that the government has already introduced, such as the northern highways program, interprovincial trade routes, transit-supportive initiatives such as HOV lanes and bus lanes, connecting links, and rural arterials and bridges. Those are already programs that are in place and able to be quickly funded if the government so wished to look at investing in critical and core infrastructure.

We also suggest that, if we move in that direction, the tender calls and the announcements be made very early. We saw that with the infrastructure stimulus fund program—the announcement was made a little bit later in the summer and the money wasn't able to be spent in 2009; we saw 80% of the money spent in 2010. If we

want to keep the momentum going, keep the employment numbers there, we would suggest that those announcements be made very quickly so that tender calls can be implemented within the next three months. Thank you.

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

**Ms. Leeanna Pendergast:** Thank you, Chair. I've been thanking him for seven days in a row. I think we're getting pretty close to the end.

Thank you both for being here today, Karen and Rob, and thank you for your presentation. It really helped to hear you talk, because when I first looked at the presentation, I saw "Ontario Road Builders' Association" and thought that you wanted roads—which you're saying you do. But I appreciate your look at the whole picture.

We've heard from construction, home builders and manufacturers across the province, and after listening to you today, I really hear that big picture from you as well. I hear consistently from you to continue to invest, short-term and long-term.

When I look at page 5 of your presentation, those are significant numbers that you employ. Contractor members employ at least 30,000 persons and the association members employ 25,000 workers; that's on top of the 30,000, so we're talking about 55,000 workers. These are significant numbers.

I flip to page 8, and the core infrastructure you're talking about—just to clarify, you're saying, "If there is inadequate transportation capacity—roads or transit...." So you're supportive as well of transit initiatives?

**Mr. Rob Bradford:** Absolutely. We've undergone a change in the last number of years or so. We still call ourselves the road builders' association, but we recognize that transportation infrastructure is really what we've got to bite into—that's roads, buses. It's all the same to us.

**Ms. Karen Renkema:** Yes. Within the greater Toronto area, of course.

**Mr. Rob Bradford:** I think that if there's one point that we've tried to make today it's that we've put a lot of people to work over the last year and it has been a great help in getting us out of the recession. We're very worried, without some signs of continuation next year, that those jobs will be in jeopardy. I think that's the bottom-line message to the government.

**Ms. Leeanna Pendergast:** The infrastructure investments you refer to—thank you for your comments on ReNew Ontario, the five-year plan. This government has made historic investments in infrastructure over the last five years, as well as Minister Wynne's continued commitment to the programs, Karen, that you named specifically.

You talked about continuing strategic planning. I'm wondering if you have a voice at that table. Is there a role that you play in advising the government or in that strategic planning?

**Mr. Rob Bradford:** Do you want to take that?

**Ms. Karen Renkema:** Sure. We've been involved with the Ministry of Infrastructure as they have been trying to put together their 10-year plan and looking at

some of the key priorities on it. I think one of the recommendations that we've brought to this committee and that will be included in some of our further material is, as far as strategic planning, looking more at the big picture, about how we implement infrastructure and how it can be more affordable to the taxpayer and make a little bit more sense as we move forward.

One of those issues in strategic planning that we've talked a little bit about is regulatory reform: looking at perhaps a process to look at all the different regulations that impact infrastructure investments, specifically that key, core part of the economy, and understanding how we can maybe make things run a bit smoother and make some regulatory reform so it can be done in a quicker process but also a more affordable process. That's one of the recommendations we brought forward to the 10-year plan and we are involved in that. We do appreciate the consultation that Minister Chiarelli has provided over the past year or so through the 10-year planning process.

**Ms. Leeanna Pendergast:** Excellent. And that paper you referred to, you will send it to the clerk?

**Ms. Karen Renkema:** Absolutely, yes.

**Ms. Leeanna Pendergast:** That would be great. Then the committee will all get a copy.

Are you going to cut me off, Chair?

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

**Ms. Leeanna Pendergast:** One last time.

**The Chair (Mr. Pat Hoy):** The time for questioning is near to an end.

On the point of sending us information: Our written submissions deadline is at 5 o'clock today, so technically you can't do that. If you want to send it to the individual members, you could.

**Ms. Karen Renkema:** I will do that, then, yes.

**Mr. Rob Bradford:** We will make sure you get copies.

**The Chair (Mr. Pat Hoy):** The written submissions end at 5.

**Ms. Karen Renkema:** Sure.

**The Chair (Mr. Pat Hoy):** So with that, I thank you for your submission today.

**Mr. Rob Bradford:** Thank you, folks.

**Ms. Karen Renkema:** Thank you very much.

**The Chair (Mr. Pat Hoy):** I want to remind the committee of two important dates. The research officer will provide a summary of witnesses' presentations by 5 p.m. on Thursday, February 10, as per our agreement. He has got a bit of time for that—or whomever. And recommendations must be filed with the clerk of the committee by noon on Friday, February 18.

**Mr. Norm Miller:** Recommendations, like motions or—

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

**Mr. Norm Miller:** —by February 18.

**The Chair (Mr. Pat Hoy):** So with that, we are adjourned.

I think this is my last time out.

*Applause.*

*The committee adjourned at 1650.*



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